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## 1.1 FOREWORD BY THE EXECUTIVE AUTHORITY



**Honourable Ms M Govender  
Member of The Executive Council for  
Human Settlements and Public Works**

It gives us immense pleasure to submit the 2011/12 to 2015/16 Strategic Plan of the KwaZulu-Natal Department of Human Settlements. The Strategic Plan incorporates the Multi Year Housing Development Plan (MYHDP) and the Annual Performance Plan (APP) of the Department.

A key attribute of a successful organisation is its ability to plan for the future. We are living in times of constant change. Planning affords us the opportunity to imagine and craft the future and put in place measures to deal with unforeseen events. By so doing we are able to mitigate the impact of changes that have the potential to steer us off the course that we have chartered for ourselves. A pre-requisite for effective planning is a sound understanding of our present context and conditions.

This strategic plan is informed by a careful analysis of factors that impact on the achievement of Departmental goals. As such, the timing of this review has allowed us to take stock of factors such as the current global, National and local context, risk and constraints that impact on our ability to deliver as per the original targets that had been set. As it should, this multi year plan has taken into account changes in the policy and operating environment that have occurred since our last strategic review.

In line with the prescribed requirements in the review of strategy, the Department convened a strategy review session from the 19<sup>th</sup> to the 20<sup>th</sup> July 2010, to review our strategy, to inform this multi year plan and to effect the necessary changes to our five-year strategic direction.

The review focused on issues of capabilities and commitment. Given our experience over the years and the requirement to deliver on the totality of our mandate against the background of service delivery and housing backlogs and the context of growing impatience among potential beneficiaries, this multi year plan has taken into account the management of risk and the establishment of effective systems as specific additional areas of focus.

The performance targets contained in this plan have been reviewed against general and specific risk factors. Previous strategic plans always incorporated a section that dealt with constraints and the measures put in place to address them. We have improved on our approach in that we have 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 focusses on the management of risk. This strategic objective is accommodated in the area of focus concerned with strengthening democracy and service delivery. We however retain the requirement to manage risk 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 an inability to deliver on stated targets. We have established through the strategy review that there are risks involved which are institutional and systemic and which, if not addressed, will impact adversely on the achievement of our targets.

In this regard, 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 Needs Research and Planning, Housing Development Implementation, Planning and Targets and Housing Asset Management. Furthermore we will continuously investigate organisational development opportunities in order to rationalise and improve our structure. We will be appropriately positioned in the regions and where necessary will re-structure regions. We will utilise policy development to address organisational issues including the future of the R293 staff.

The strategic review has enabled the department to sharpen the details of the focus areas that impact on national and provincial priorities. 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;
- Addressing of institutional and systemic constraints;
- Identification and addressing of risks in the process of delivering human settlements;
- Strengthening governance and service delivery;
- Ensuring job creation through the delivery of integrated, sustainable human settlements of good quality;
- 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;
- Addressing the gap in the provision of housing to the middle income group;
- Fighting fraud and corruption to eliminate wastage, improve service delivery and deliver housing of good quality;
- Provision of housing for vulnerable groups including those affected by HIV/AIDS and Military Veterans from non-statutory forces;
- 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. We confirm that the main thrust remains unchanged. The strategic review has introduced a business re-engineering and performance enhancement dimension. Greater

emphasis has been placed on addressing challenges that may lead to the failure to achieve our targets.

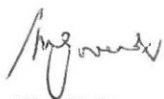
All our programmes continue to indicate clear contributions to the achievement of national and provincial priorities. The department remains committed to promoting sustainable, integrated, development. To this end, the department will continue to strengthen its regional capacity and ensure that there 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.

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 will use the land and social housing projects identified in the 1998 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. It is only recently that one financial institution has signed a memorandum of agreement with the Department of Human Settlements and further progress in this regard is anticipated. 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.

We are therefore pleased submit the Strategic Plan (incorporating the MYHDP and APP) with confirmed performance targets. In conclusion, we wish to stress 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 institute timeous corrective measures.

Inkosi inkosi ngesizwe, Ikhansela ikhansela ngentuthuko, Umuntu umuntu ngekhaya, Isizwe isizwe ngokweseka nokubambisana nobuholi baso!  
“Masisukume Sakhe i- KwaZulu-Natal”



**Ms M Govender, MPL**  
**Executive Authority**  
**MEC: Human Settlements and Public Works**

## 1.2 OFFICIAL SIGN OFF

It is hereby certified that this Annual Performance Plan: Was developed by the management of the **Department of Human Settlement in KwaZulu-Natal** under the guidance of Ms M Govender (MPL). It takes into account all the relevant policies, legislation and other mandates for which the **KwaZulu-Natal Provincial Department of Human Settlements** is responsible. It accurately reflects the strategic outcome oriented goals and objectives which - **KwaZulu-Natal Provincial Department of Human Settlements** will endeavour to achieve over the period **2011-2014**

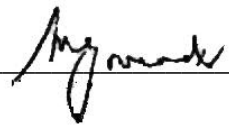
**Ms Shirmala Pillay**  
Chief Financial Officer

Signature: \_\_\_\_\_ 

**Ms Gabi Gumbi-Masilela**  
Accounting Officer

Signature: \_\_\_\_\_ 

Approved by:  
**Ms Maggie Govender**  
Executive Authority

Signature: \_\_\_\_\_ 

## 2. GLOSSARY OF TERMS

<b>APP</b>	Annual Performance Plan
<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>MYHDP</b>	Multi Year Housing Development Plan
<b>KZNDOH</b>	KZN Department of Human Settlements
<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 Human Settlements
<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. OVERVIEW BY THE ACCOUNTING OFFICER AND ANNUAL PERFORMANCE PLAN UPDATES**



**Ms Gabi Gumbi-Masilela**  
**Head of Department**  
**KwaZulu-Natal Department of Human Settlements**

#### **3.1 Overview**

The strategic review session held in July 2010 confirmed for the department the need to review the current delivery model adopted by the department. KwaZulu-Natal is one of the largely rural provinces with huge housing backlogs, which according to the 2001 census is estimated at approximately 820 000 units. The current delivery trends has shown that while the department is making good efforts to ensure that backlogs are eradicated the focus of attention remained in the urban areas and very limited attention was paid to the rural areas. This matter has since been reviewed and the department has now embarked on the strategy to turn the delivery trajectory around to make a dent in the rural areas.

There were a number of policy and delivery challenges experienced during last year that had an impact on delivery, namely;

- Policy consideration on the issue of one umuzi one house- this approach faced a barrage of opposition from various quarters. To this end the department will be running a series of consultative session with various communities' structures to provide clarity, seek inputs and to analyse the impact thereof going forward. One of the key stakeholders seeking this consultation is the Provincial and Local Houses of Traditional Leaders;
- Capacity challenges- due to the vastness of the province and the large number of municipalities the department also added to the challenges. This lack of adequate capacity on the ground resulted in a number of poor built houses most of them requires rectification, this poor monitoring and management undermines progress made so far ;
- Poor Monitoring- the lack of a monitoring and evaluation unit in the department was also a challenge in the sense that there was actual verification of progress which would serve as the check and balance for the implementation phase of the projects;
- Non performance of service providers- in a number of cases there were a number of service providers who remain non performing and unaccountable and did not comply with their contractual obligations, in some cases they took over five years of planning while communities await their services;
- Poor contracts and contract management – a review of the existing contracts showed that there are weaknesses with the departments contracts, this was seen as



a major risk and the review sought to strengthen the contracts to ensure accountability and shifting the risk away from the department to other parties;

- The problem of stalled project for various reasons amongst other bulk infrastructure backlogs, land and EIA blockages remains a challenge, which required a particular strategy to address. The department has looked at various options and is working on a number of proposals;
- Poor beneficiary management- The other critical challenges facing projects and delivery is the poor beneficiary management in most municipalities. This challenge has opened up some fraudulent occupation of houses by people who do not qualify for low cost housing.

### **3.2 Outlook of the New Financial Year**

The challenges above presented opportunities for the department to review its own strategies, namely

- In line with Outcome 8 targets the department has aligned the upgrade of informal settlements targets to that of rural housing and will dedicate 60% of its allocation and efforts to delivering on the two targets. In this regard the department has upped its target for rural housing to ensure consistent move towards backlogs eradication;
- The other key focus area will be the robust attention to be given to the ever growing gap market category, whose plight seems quite elusive as the demand grows. This is forcing the department to intensify the rollout of other instruments such as the rental market to accommodate this group;
- The move to extend the rental market and the CRU programme beyond the urban areas to smaller rural municipal towns who are grappling with scarce skills and capacity;
- Working tirelessly with the Housing Development Agency to ensure the mobilization of adequate land or human settlements;
- Promoting inclusionary housing to ensure that communities are properly integrated and equally served in the rollout process and as part of the targets;
- The department will also seek to find solutions to the problem of bulk provision and will engage various stakeholders to ensure that options are found to better service the sector ;
- The provision of the stop gap measure intervention of water tanks in the rural areas will see the delivery of human settlements in the rural areas further providing dignity and hope to rural communities who are hit by severe service delivery backlogs; and
- There is also a greater need to find the lasting solution to the problems of the poor maintenance and poor management of the hostels and the department will seek to find a solution to this problem going forward.

As we march forward to the new financial year we are mindful of the challenges and would continue to seek lasting solutions that would positively contribute towards the effective eradication of backlogs, providing communities with dignity and hope. The department and staff are committed to getting the process in place for optimum delivery and finding lasting solution to the challenges we face.

### **3.3 Programme Description**

#### **3.3.1 Programme 1: Administration**

The strategic objectives of this programme are to strengthen governance and service delivery, address institutional and systematic constraints and identify and address risks in the housing delivery process. While the HOD remains responsible for the management and control of the Department as Accounting Officer, the Chief Financial Officer renders financial management support and the Chief Operations Officer renders operational support on all service delivery activities. This programme's current business units are currently subject to review for realignment to improve administrative support and improve service delivery.

Whilst the purpose of this programme is to identify and eliminate bottle-necks, as well as continuously improve the flow of financial, administrative and management information, 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.

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

This 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 timely 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 IDPs, housing sector plans and housing sector policies.

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

More effort is required in the capacitating 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.

##### **3.3.2.2 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.

### **3.3.2.3 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 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.

### **3.3.3 Programme 3: Housing Development**

#### **3.3.3.1 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 Bill 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.

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

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.

#### **3.3.3.3 Rural Housing Development**

The provincial priority of "promoting rural development and urban renewal" justifies the department's role in rural housing development. Statements made by the Minister in 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".

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

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 Minister has been able to make reference to the number of jobs created in all housing projects launched in 2006/07. The aggressive delivery of units within the Presidential Job Summit Programme will contribute immensely to the achievement of job creation targets.

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

Lack of access to funds and lack of technical skills 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.

### **3.3.4 Programme 4: Housing Asset Management and Property Management**

The Programme is administrated through the Property Management and the Rental Housing Tribunal Components. Property Management Component is responsible for the management of the Departmental Properties and their maintenance and also the implementation and monitoring of the housing projects through the various subsidy mechanisms in terms of national and provincial policy. The Rental Housing Tribunal Component is responsible for the regulation of good relationships between tenants and the landlords. Property Management has evolved over the years due to policy shifts and now handles four major sub-programmes.

#### **3.3.4.1 Property Management**

Property Management has as one of its focus areas 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, thereby reducing our rates and taxes bill and only holding properties which contribute to the achievement of our strategic objectives. The targets set for the transfer of the old housing stock has been reviewed and reduced due to the various challenges that are being encountered.

The EEDBS transfers of properties to beneficiaries are still going pretty slowly for many reasons. The generally poor economic climate in the country and a specific situation of some of the beneficiaries makes it difficult for them to pay their portions of the transfer costs and there is an increased difficulty for some beneficiaries who partially qualify for subsidization and still need to raise bonds in order to take ownership of the properties including the impact of the new credit regulations by the commercial banks. The poor and inhabitable condition of the old housing stock in some instances make transferring it to beneficiaries not practical and creates a very bad impression that the government intends dumping useless properties to beneficiaries who may not be in a position to rectify the houses. This is another area where the Department is incurring huge costs of maintaining these properties whilst still not transferred to qualifying beneficiaries intended post their upgrading. Municipalities with the old housing stock whilst they do not have internal capacity to manage transfers are not helping much in speeding up the process as they sometimes try to use the EEDBS transfer process to meet their own ends. In this instance they attempt to use the transfer process as means of collecting outstanding monies for services and also impose some restrictions that are in their bylaws which all frustrate the process of transfers. Various mitigating strategies are put together by the Department to try and intervene and facilitate the speeding up of the transfer process. These include providing capacity and funding to municipalities, regular meetings with stakeholders where constraints are discussed and advice provided the upgrading of the old housing stock, etc.

### **3.3.4.2 Community Residential Units, (CRU's) Sub-programme**

This sub-programme deals with the creation of the rental housing opportunities for the lower income peoples within the income range of R0 to R3,500. This sub-programme is intended to assist people who are earning low income and that cannot be accommodated within the formal rental housing market. The sub-programme includes the provisions for the upgrading and conversion of the old hostel housing stock in to family units and creating conditions in these properties that are habitable for the residents. The service delivery targets of this sub-programme have been reviewed and reduced due to them being unrealistic as they were not properly aligned with the budgets available, the high costs for the delivery of units and the delays in the alignment and approvals of the previously approved business plans with the Community Residential Policy provisions. The use of the previously approved business plans has been considered pending the approval of the reviewed business plans and funding reprioritization by the Department.

The biggest challenge facing this programme in KwaZulu-Natal is the lack of its long-term sustainability as the CRU residents are not honouring their commitments in terms of the payments of rentals, and for the services that are consumed e.g. water and lights. Due to the high volume of the old hostels in the province of which ninety percent is concentrated under eThekweni Municipality, the focus of the Department has always been on the upgrading of the old hostels as opposed to the development of the new CRU properties in areas where there were no hostels in the past. The matter of the long-term viability of the CRU's is currently under intensive investigation whilst we proceed with the implementation of the sub-programme

### **3.3.4.3 Social Housing Sub-programme**

Social Housing as part of the National Rental Strategy intended to create rental housing opportunities for the primary group of beneficiaries earning within the range of R1,500 to R3,500 and the secondary group provides for income band ranging from R3,500 to R7,500 household income. The Department has done pretty well on this programme in relation to all other provinces and we are now going to intensify the delivery of units based on the lessons learned in the earlier stages. We have delivered 1,831 units to date and 3,420 units are at different stages of construction and approval. Major challenges facing this sub-programme are the lack of internal capacity to manage it, inadequate co-ordination of efforts amongst the various stakeholders and the general lack of adequate funding particularly for the Capital Restructuring Grant. Interventions are being put in place to mitigate against the stated challenges amongst which is the drafting and approval of the Provincial Rental Strategy including a five year performance plan that is being commissioned, the final establishment of the Social Housing Regulatory Authority and the review of the Departmental organogram in order to provide for all the staffing needs and requirements for the rental programme.

The rental properties and sales debtors are all housed in the Departmental Debtor System and the Asset Register. The historical challenges relating to the poor data integrity of both the Debtor System and the Asset Register is a serious cause for concern. With the impending dis-establishment of all the Housing Funds Nationally and the ultimate incorporation of the accounting records of the fund into the Vote, the process to cleanse the data and move towards a clean audit is currently underway and we are confident that this process will provide certainty to the cost of the assets in the departments books and set the course to finding a lasting solution on the matter.

#### **3.3.4.4 Rental Tribunal Support**

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.

#### **3.4 Conclusion**

This strategic review and annual performance plan will assist the department in addressing challenges that are likely to impact negatively on the targets presented to the Executing Authority. The department will use this strategic review to introduce new measures to address challenges. More emphasis will be placed on business systems and organisational developmental responses. In cases where a re-arrangement and re-prioritisation is required, the necessary budget adjustments will be made.

## **PART A: STRATEGIC OVERVIEW**

### **4. OVERVIEW OF STRATEGIC PLAN (EXECUTIVE SUMMARY)**

#### **4.1 Vision**

*Innovative champions of change in the housing sector to improve the quality of life for all in KwaZulu-Natal.*

#### **4.2 Mission**

*To create an enabling environment for the development of sustainable human settlements in partnership with stakeholders to improve the quality of life for all in KwaZulu-Natal*

#### **4.3 Values**

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

- Honesty;
- Love;
- Health and Vitality;
- Trust; and
- Personal Freedom.

### **5. LEGISLATIVE AND POLICY MANDATES**

#### **5.1 Legislative and other mandates**

The KwaZulu-Natal Department of Human Settlements derives its mandate from various pieces of legislation. Some of the legislation is specific to the housing sector, other pieces of legislation are directly impacting on the housing industry, while other pieces of legislation are indirectly impacting on the housing industry. These pieces of legislation are described below as follows.

##### **5.1.1 Legislation Specific to the Housing Industry**

###### **Constitution of the Republic of South Africa, 1996 (Act. No. 108 of 1996)**

The Act introduces a new Constitution for the Republic of South Africa and identifies the housing delivery as a concurrent competence of the provincial and national spheres of government (Schedules 4A and 5A of the Constitution in particular). Section 26 of the Constitution guarantees the right to have access to housing. The State is mandated to take steps to achieve the progressive realization of this right. It provides that where the function in Schedule 4A and 5A can best be administered locally, a provincial or national department could by agreement assign/delegate such function to a municipality provided that the municipality has capacity and resources do follow the function.

### **Housing Act, 1997 (Act No. 107 of 1997)**

The Act provides for the facilitation of a sustainable housing development process. For this purpose, it lays down general principles applicable to housing development in all spheres of government. The Act defines the functions of national, provincial and local governments in respect of housing development and to provide for the establishment of a South African Housing Development Board, the continued existence of provincial boards under the name of provincial housing development boards and the financing of national housing programmes.

The Act outlines the responsibilities of the various spheres of government in relation to housing delivery. The Act further provides for municipalities to be developers in the housing development process. However, this provision neither precludes the Department from being a developer nor from engaging in public-private partnership ventures in housing development.

### **Housing Consumers Protection Measures Act, 1998 (Act. No. 95 of 1998) as amended by Act No. 27 of 1999)**

#### **Act 95 of 1998**

The Act makes provision for the protection of housing consumers, and to provide for the establishment and functions of the National Home Builders Registration Council.

#### **Act 27 of 1999**

The Act amends the Housing Consumers Protection Measures Act, 1998, so as to rectify certain cross-references, to remove ambiguity in the wording of certain sections, to make further provision for regulating measures, to make better provision for the necessary phased implementation of the Act.

### **Rental Housing Act, 1999 (Act. No 50 of 1999)**

This Act defines the responsibility of government in respect of rental housing property to: -

- Create mechanisms to promote the provision of rental housing property;
- Promote access to adequate housing through creating mechanisms to ensure the proper functioning of the rental housing market;
- Make provision for the establishment of Rental Housing Tribunals;
- Define the functions, powers and duties of such Tribunals;
- Lay down general principles governing conflict resolution in the rental housing sector;
- Provide for the facilitation of sound relations between tenants and landlords and for this purpose to lay down general requirements relating to leases; and
- Repeal the Rent Control Act, 1476.

The Act establishes the Rental Tribunal to regulate and promote sound relations between landlords and tenants. More importantly the Act seeks to define the government's responsibilities with regard to rental housing. There is clear requirement to stimulate the rental housing market.



### **Sectional Titles Act, 1986 (Act. No. 95 of 1986, as amended by Acts Nos. 24 & 29 of 2003)**

The Act provides for the division of buildings into sections and common property and for the acquisition of separate ownership in sections coupled with joint ownership in common property. The Act further provides for: -

- The control of certain incidents attaching to separate ownership in sections and joint ownership in common property;
- The transfer of ownership of sections and the registration of sectional mortgage bonds over, and real rights in sections;
- The conferring and registration of rights in, and the disposal of, common property;
- The establishment of bodies corporate to control common property and for that purpose to apply the rules; and
- The establishment of a sectional titles regulation board.

### **Abolition of Certain Title Conditions Act, 1999 (Act. No. 43 of 1999)**

The Act provides for the abolition of certain conditions in terms of which the consent or permission of the holder of an office under the Republic, is required for the alienation or transfer of immovable property from one person to another.

### **Prevention of Illegal Eviction and Unlawful Occupation of Land Act 19 of 1998**

The Act prescribes a process for dealing with land invasions. The Act prohibits unlawful evictions but seek to highlight procedures that must be followed for the eviction of unlawful occupiers.

### **Home Loan and Mortgage Disclosure Act of 2000**

The Act promotes fair lending practices by encouraging financial institutions to disclose information and identifies discriminatory lending patterns.

### **Disestablishment of South African Trust Limited Act of 2002**

The Act disestablishes the South African Trust and transfer functions relating to obligations.

### **Constitutional Court judgment of 2000, on the enforceability of social and economic rights.**

The judgment stresses that the State must take reasonable steps to realize the right afforded by Section 26 of the Constitution and that such measures must take into account the degree and extent of the denial of the right they endeavour to realize.

### **KwaZulu-Natal Housing Act, 1998 (Act No. 12 of 1998 as amended)**

The Act enables the promotion, facilitation and financing of housing facilities

### **Housing Development Schemes for Retired Persons Act, 1988 (Act No. 65 of 1988) as amended by Act No. 20 of 1998**

#### **Act No. 65 of 1988**

The Act regulates the alienation of certain interests in housing development schemes for retired persons.

### **Act No. 20 of 1998**

The Act amends the Housing Development Schemes for Retired Persons Act, 1988, so as to amend the definition of “housing development scheme”, to provide that land subject to a housing interest may be occupied only by a retired person or the spouse of a retired person, and to repeal section 10 of the Act.

### **National Building Regulations and Building Standards Act, 1977 (Act No. 103 of 1977)**

The Act provides for the promotion of uniformity in the law relating to the erection of buildings in the areas of jurisdiction of local authorities, and for the prescribing of building standards.

### **Construction Industry Development Board Act, 2000 (Act No. 38 of 2000)**

The Act provides for the establishment of the Construction Industry Development Board (CIDB) to implement an integrated strategy for the reconstruction, growth and development of the construction industry. The CIDB Act mandates the Board to establish and maintain a National Register of Contractors and a National Register of Projects. The KwaZulu-Natal Department of Human Settlements will be required to appoint CIDB Registered contractors on all their housing delivery projects, except where the contractors in particular are registered with the NHBRC. All projects above R200 000 (R0.2 million) will also have to be registered with the CIDB. The implementation of the CIDB Register of Contractors and the Register of Projects is the 30<sup>th</sup> August 2005.

## **5.1.2 Legislation Directly Impacting on the Housing Industry**

### **Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000)**

The Act gives effect to Section 217(3) of the Constitution by providing a framework for the implementation of the procurement policy contemplated in Section 217(2) of the Constitution of the Republic of South Africa.

### **Housing Consumers Protection Measures Act, 2007, Act 17 of 2007**

The Act further amends the Housing Consumers Protection Measures Act, 1998, by providing enhancements to words and definitions, use of funds and nature of offences regulated in terms of the Act. It clarifies the scope of application of the said Act and provides for late enrolment and non-declared late enrolment. It also provides for owner builders to apply for exemption, and extends claims to include roof leaks. It also provides for an appeals process for defaulters.

### **Social Housing Act 2008, Act 16 of 2008**

This Act promotes the creation of a sustainable social housing environment and defines the functions of national, provincial and local governments in respect of social housing. It also provides for the establishment of the Social Housing Regulatory Authority in order to regulate all social housing institutions obtaining or having obtained public funds. It provides for the undertaking of approved projects by other delivery agents with the benefit of public money and gives statutory recognition to social housing institutions.

### **Housing Development Agency Act, 2008, Act 23 of 2008**

This Act establishes the Housing Development Agency and describes its functions and Powers. The objects of the Agency are to: -

- Identify, acquire, hold, develop and release state, communal and privately

owned land for residential and community purposes and for the creation of sustainable human settlements;

- Project manage housing development services for the purposes of the creation of sustainable human settlements;
- Ensure and monitor that there is centrally coordinated planning and budgeting of all infrastructure required for housing development; and
- Monitor the provision of all infrastructure required for housing development.

### **Public Finance Management Act, 1999 (Act. No. 1 of 1999)**

The Act regulates financial management in the national government and provincial governments, to ensure that all revenue, expenditure, assets and liabilities of those governments are managed efficiently and effectively. The Act also provides for the responsibilities of persons entrusted with financial management in those governments, and to provide for matters connected therewith. This Act is aligned to other prescripts regulating the employment of public servants including: -

- Public Service Act 1994;
- Public Service Regulations, 2001;
- Public Service Laws Amendment Act, 1997 and 1998;
- Skills Development Act, 1998; and
- PSCBC and GPSSCBC Collective Agreement;

### **Broad Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003)**

The Act establishes a legislative framework for the promotion of black economic empowerment and to empower the Minister of Trade and Industry to issue codes of good practice and to publish transformation charters. The Act further provides for the establishment of the Black Economic Empowerment Advisory Council.

### **National Environmental Management Act, 1998 (Act No. 107 of 1998) as amended by Act No. 8 of 2004**

#### **Act No. 107 of 1998**

The Act provides for co-operative environmental governance by establishing principles for decision-making on matters affecting the environment, institutions that will promote co-operative governance and procedures for co-ordinating environmental functions exercised by organs of state. The Act further provides for the prohibition, restriction or control of activities which are likely to have a detrimental effect on the environment, and to provide for matters connected therewith.

#### **Act No. 8 of 2004**

The Act amends the National Environmental Management Act, 1998, so as to insert certain definitions and substitute others, to make further provision regarding environmental authorisations, to make certain textual alterations and to provide for the registration of associations of environmental assessment practitioners.

### **Communal Land Rights Act, 2004 (Act No. 11 of 2004)**

The Act provides for legal security of tenure by transferring communal land, including KwaZulu-Natal Ingonyama Land, to communities, or by awarding comparable redress. The Act also provides for:

- The conduct of a land rights enquiry to determine the transition from old order rights to new order rights;
- The democratic administration of communal land by communities;
- Land Rights Boards; and
- The co-operatives performance of municipal functions on communal land.

### **Communal Property Associations Act, 1996 (Act No. 28 of 1996)**

The Act enables communities to form juristic persons, to be known as Communal Property Associations in order to acquire, hold and manage property on a basis agreed to by members of a community in terms of a written constitution. Public Service Legislation (regulating the employment of public servants)

### **Deeds Registries Act, 1937 (Act No. 47 of 1937)**

The Act consolidated and amend the laws in force in the Republic relating to the registration of deeds.

### **Extension of Security of Tenure Act, 1997 (Act No. 62 of 1997)**

The Act provides for measures with State assistance to facilitate long-term security of land tenure and to:

- Regulate the conditions of residence on certain land;
- Regulate the conditions on and circumstances under which the right of persons to reside on land may be terminated; and
- Regulate the conditions and circumstances under which persons, whose right of residence has been terminated, may be evicted from land.

### **Land Administration Act, 1995 (Act No. 2 of 1995)**

The Act provides for the delegation of powers and the assignment of the administration of laws regarding land matters to the provinces. It also provides for the creation of uniform land legislation.

### **Reconstruction and Development Programme Fund Act, 1994 (Act No. 7 of 1994)**

The Act provides for the establishment of a Reconstruction and Development Programme Fund.

## **5.1.3 Legislation indirectly impacting on the Housing Industry**

### **Municipal Finance Management Act, 2003 (Act No. 56 of 2003)**

The Act seeks to secure sound and sustainable management of the financial affairs of municipalities and other institutions in the local sphere of government. The Act also establishes treasury norms and standards for the local sphere of government.

### **Corruption Act, 1994 (Act No. 94 of 2004) as amended / repealed**

The Act provides for the strengthening of measures to prevent and combat corruption and corrupt activities. The Act further provides for:

- The offence of corruption and offences relating to corrupt activities;
- Investigative measures in respect of corruption and related corrupt activities;
- The establishment and endorsement of a Register in order to place certain restrictions on persons and enterprises convicted of corrupt activities relating to tenders and contracts;
- Placing a duty on certain persons holding a position of authority to report certain corrupt transactions; and
- Extraterritorial jurisdiction in respect of the offence of corruption and offences relating to corrupt activities.

### **Expropriation Act, 1951 as repealed by Act No. 63 of 1975**

The Act provides for the expropriation of land and other property for public and certain other purposes.

### **National Heritage Resources Act, 1999 (Act No. 25 of 1999)**

The Act introduces an integrated and interactive system for the management of the national heritage resources. The Act also aims to promote good governance at all levels, and empower civil society to nurture and conserve their heritage resources so that they may be bequeathed to future generations.

### **Standards Act, 1993 (Act No. 29 of 1993)**

The Act provides for the promotion and maintenance of standardization and quality in connection with commodities and the rendering of services, and for that purpose to provide for the continued existence of the South African Bureau of Standards, as the national institution for the promotion and maintenance of standardization, and control thereof by a Council.

### **State Land Disposal Act, 1961 (Act No. 48 of 1961)**

The Act provides for the disposal of certain State land and for matters incidental thereto, and to prohibit the acquisition of State Land by prescription.

## **5.2 Policy Mandates**

### **5.2.1 Provincial and National Housing Policies**

#### **Comprehensive Housing Plan for sustainable human settlements (Breaking New Ground Housing Vision, 2004)**

The current housing mandate restricts subsidies to households earning less than R3 500 per month. This was premised upon the assumption that the end user finance would be accessed for the construction of houses by the income groups above R3 500 per month. This unfortunately has not happened.

To address this problem a new subsidy has been introduced to accommodate medium income level of R3 500 to R7 000 pm. Furthermore the existing 3 subsidy bands are to be collapsed so that all households earning below R3 500 will be able to access a uniform subsidy amount. The latter adjustment is aimed at addressing housing bottlenecks in respect of households earning above R1 500 who are currently unable to access a complete housing structure under the existing subsidy but also lack the means to raise finance for the balance required.

## **National Housing Code**

Part 3 of the National Housing Code provides a framework for the administration of the various housing support mechanisms in the form of subsidies (i.e. project-linked; individual; project-linked consolidation subsidies; institutional subsidies; relocation assistance; rural subsidy; and the people's housing process.

## **Implications of national policy / strategic thrust**

The review and generation of this housing development 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.

## **Other Provincial Policies**

- Transitional housing policy;
- Policy to cope with the effects of Aids on housing;
- Rural housing policy;
- Policy directive on individual subsidies;
- Policy on people's housing process;
- Policy on payment of individual subsidies;
- Close out procedure;
- Provincial Guidelines: preparation funding;
- Additional rural guidelines.
- Integrated Sustainable Rural Development Programme;
- Urban Renewal Programme;
- Housing for Extra-Parliamentary Military Veterans Housing Policy Framework;
- Guidelines for Tranche Payments;
- Project approvals and National Homebuilders Registration Council enrolment guidelines;
- Guidelines for the application of the locational variation allowance;
- Premier's Flagship initiative on war on Poverty Initiatives;
- Project Consolidate;
- Municipal Integrated Development Plans;
- Provincial Growth and Development Strategy; and
- King 3 Report on Corporate Governance.

## 6. HOUSING SITUATION ANALYSIS

### 6.1 Housing Delivery Environment – Housing needs and delivery to date

LOCAL AUTHORITY	Traditional dwelling/hut/structure made of traditional materials	House/flat/room in back yard	Informal dwelling/shack in back yard	Informal dwelling/shack NOT in back yard	Total	Delivery to date
Ethekwini Municipality	60,182	28,440	27,293	123,098	239,013	120,444
Ugu District Municipality	62,649	4,765	1,891	4,396	73,701	12,134
UMgungundlovu District Municipality	54,541	8,129	5,006	16,538	84,214	38,651
Uthukela District Municipality	58,738	2,647	1,260	2,777	65,422	32,652
Umzinyathi District Municipality	53,049	2,334	692	1,322	57,397	5,917
Amajuba District Municipality	13,429	4,029	3,246	4,388	25,092	12,200
Zululand District Municipality	65,695	3,289	1,058	2,818	72,860	12,119
Umkhanyakude District Municipality	51,095	3,265	1,408	2,445	58,213	11,970
Uthungulu District Municipality	72,135	3,586	1,890	6,507	84,118	4,715
iLembe District Municipality	49,945	3,645	3,500	10,360	67,450	20,664
Sisonke District Municipality	39,128	1,764	1,364	2,541	44,797	8,734
<b>KWAZULU-NATAL</b>	<b>580,586</b>	<b>65,893</b>	<b>48,608</b>	<b>177,190</b>	<b>872,277</b>	<b>280,200</b>

TEMPLATE: Typology information: Census 2001 and Housing Subsidy System



## PART B: PROGRAMME AND SUB-PROGRAMME PLANS

### 7. PROGRAMME STRUCTURE

The programme structure of the Department remains the same, however with the Outcome 8 approach having been fully entrenched the programme structure will be reviewed and aligned to the outcome based approach. 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 structure.

<b>Programme</b>	<b>Purpose</b>	<b>Sub-programmes</b>
Administration	To identify and eliminate bottle-necks, as well as continuously improve the flow of financial, administrative and management information, as well as to strengthen governance and service delivery.	<ul style="list-style-type: none"> <li>• Corporate Services..</li> </ul>
Housing Needs, Research and Planning	To research and quantify the housing backlog in the province, research and identify the appropriate technology in the housing delivery process and ensure that all stakeholders are involved in the continuous appraisal of housing delivery systems and the improvement thereof.	<ul style="list-style-type: none"> <li>• Administration;</li> <li>• Policy;</li> <li>• Planning; and</li> <li>• Research.</li> </ul>
Housing Development	Is responsible for the implementation and monitoring of housing projects through the various subsidy mechanisms in terms of national and provincial policy.	<ul style="list-style-type: none"> <li>• Administration;</li> <li>• Financial Interventions;</li> <li>• Incremental Interventions;</li> <li>• Social and rental Interventions; and</li> <li>• Rural Interventions.</li> </ul>
Housing Asset Management, Property Management	To manage ex-NPA and own affairs stock and fast track the transfer of the stock to qualifying beneficiaries in terms of the EEDBS. 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 the allocation includes a provision for maintenance thereof.	<ul style="list-style-type: none"> <li>• Administration;</li> <li>• Sale and transfer of Housing Properties; and</li> <li>• Housing Properties Maintenance.</li> </ul>

## **7.1 Programme 1: Administration**

### **Situation analysis**

The programme reflects in its activities proactive support for integration and establishment of sustainable human settlements. It is therefore important that all components including support and non-core programmes indicate commitment to the new housing vision.

### **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.

The strategic objectives of the Administration programme are to: -

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

#### **7.1.1 Office of The Head of Department**

The function of the office of the HOD is to provide a strategic direction to the Department of Human Settlements, and to monitor organizational performance to ensure achievement of the strategic objectives. The office of the HOD is also responsible for stakeholder management and political - administrative interface by establishing and maintaining strategic partnerships with all the department's strategic stakeholders.

#### **Strategic Objectives**

- Eradication of Slums in KwaZulu Natal ;
- Strengthening Governance and Service Delivery;
- Ensuring Job creation through Housing Delivery;
- Accelerating Housing delivery in rural areas;
- Accelerate the hostels upgrade and redevelopment programme;
- Creating rental / social housing opportunities;
- Building Capacity of Housing Stakeholders (especially Municipalities);
- Promotion of Homeownership;
- Provision of housing for vulnerable groups;
- Ensuring the provision of incremental housing;
- Implementation of Financial Services Market Programme;

## Legislative Mandates

- Constitution of the Republic of South Africa, 1996 (Act. No. 108 of 1996)
- Housing Act, 1997 (Act No. 107 of 1997)
- Housing Consumers Protection Measures Act, 1998 (Act. No. 95 of 1998) as amended by Act No. 27 of 1999)
- Rental Housing Act, 1999 (Act. No 50 of 1999)
- Sectional Titles Act, 1986 (Act. No. 95 of 1986, as amended by Acts Nos. 24 & 29 of 2003)
- Prevention of Illegal Eviction and Unlawful Occupation of Land Act 19 of 1998
- Home Loan and Mortgage Disclosure Act of 2000
- Disestablishment of South African Trust Limited Act of 2002
- Constitutional Court judgment of 2000, on the enforceability of social and economic rights.
- KwaZulu-Natal Housing Act, 1998 (Act No. 12 of 1998 as amended)
- Housing Development Schemes for Retired Persons Act, 1988 (Act No. 65 of 1988) as amended by Act No. 20 of 1998
- National Building Regulations and Building Standards Act, 1977 (Act No. 103 of 1977)
- Construction Industry Development Board Act, 2000 (Act No. 38 of 2000)
- Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000)
- Housing Consumers Protection Measures Act, 2007, Act 17 of 2007
- Social Housing Act 2998, Act 16 of 2008
- Housing Development Agency Act, 2008, Act 23 of 2008
- Public Finance Management Act, 1999 (Act. No. 1 of 1999)
- Broad Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003)
- National Environmental Management Act, 1998 (Act No. 107 of 1998) as amended by Act No. 8 of 2004
- Communal Land Rights Act, 2004 (Act No. 11 of 2004)
- Communal Property Associations Act, 1996 (Act No. 28 of 1996)
- Deeds Registries Act, 1937 (Act No. 47 of 1937)
- Extension of Security of Tenure Act, 1997 (Act No. 62 of 1997)
- Land Administration Act, 1995 (Act No. 2 of 1995)
- Reconstruction and Development Programme Fund Act, 1994 (Act No. 7 of 1994)
- Municipal Finance Management Act, 2003 (Act No. 56 of 2003)
- Corruption Act, 1994 (Act No. 94 of 2004) as amended / repealed
- Expropriation Act, 1951 as repealed by Act No. 63 of 1975
- National Heritage Resources Act, 1999 (Act No. 25 of 1999)
- Standards Act, 1993 (Act No. 29 of 1993)
- State Land Disposal Act, 1961 (Act No. 48 of 1961)

## **7.1.2 Office of the Chief Financial Officer**

The component oversees the provision of sound financial, supply chain and assets management, within the department in order to ensure full compliance to the requirements of the PFMA and DORA. The departmental risk management strategy and internal compliance assessments are in addition managed from this unit.

### **7.1.2.1 Financial Management**

The objective of the component is to provide Financial Management services in terms of coordinating budgetary reporting processes and overseeing the preparation of the Annual Financial Statements.

In addition, relevant mechanisms to prevent fruitless and wasteful, irregular and unauthorized expenditure are implemented.

The section also administers departmental debtors.

### **Strategic Objectives**

- Prepare the budget and monitor expenditure against budget;
- Process and control accounts payable;
- Control financial systems;
- Prepare financial statements;
- Reconcile MHOA and other housing project accounts;
- Loss control;
- Safeguard financial documents; and
- Revenue Management.

### **Legislative Requirements**

- Payment Policy and procedures;
- Public Finance Management Act;
- Payroll Control Policy;
- Voucher Control Policy and procedures;
- Practice notes;
- Departmental Delegations;
- Policy for Subsistence and Travelling Allowance;
- Loss Control Policy; and
- Debt Management and write off policy.

**Table 2: Quarterly Output Targets**

Quarterly outputs	Performance indicator	Total 2011/12	Target			
			Q1	Q2	Q3	Q4
Payment of invoices	Payment of invoices within 30 days of receipt.	100%	100%	100%	100%	100%
Budget Preparation	Compliance with all Budget circulars.	100%	100%	100%	100%	100%
Annual Financial Statements	Timeous submission of AFS	31 May 2010	31 May 2011			
Management of Ledger Accounts	Compliance to PFMA and practice note	12	3	3	3	3
Banking and reconciliation	Monies in the Bank Statement are correctly allocated	Daily	100%	100%	100%	100%
Printing and distribution of IRP5s	Compliance to the Income Tax Act	Annually	1 June 2011			
Monthly and quarterly reports in terms of PFMA and DORA	Accurate report submitted timeously to National Housing and Provincial Treasury:	12	4	4	4	4
	Monthly report – 15 <sup>th</sup> of each month. Quarterly report – 15 days after the end of each quarter.	4	1	1	1	1

**Challenges to within the component**

- HSS not fully utilized;
- Non-co operation from the other directorates;
- Payments delay (Non adherence to procurement policies, lost invoices);
- Communication weaknesses (Paymasters, losses);
- Office space; and
- Vacant posts.

### **7.1.2.2 Supply Chain Management**

The objective of the component is to provide support to other directorates by ensuring that all Supply Chain Management processes and legislation are fully implemented when procuring goods and services.

The section is also responsible for the management of stores and movable assets of the department.

#### **Strategic Objectives**

- Monitor and evaluate Supply Chain Management processes of the department;
- Manage the procurement of goods and services;
- Manage stores and movable assets of the department;
- Manage the disposal of assets;
- Develop departmental SCM policies; and
- Ensure compliance with all Supply Chain Management prescripts.

#### **Legislative Mandate**

- Constitution of South Africa;
- Public Finance Management Act;
- Preferential Procurement Policy Framework Act;
- Asset Management Framework;
- Supply Chain Management Framework(SCM);
- Guide for Uniformity;
- Practice notes;
- Movable Asset Management Policy;
- Cell phone policy;
- Departmental SCM Delegations;
- Guidelines for SCM Practitioners Bid Committee members; and
- SCM Code of Conduct.

**Table 3: Quarterly Outputs**

Quarterly outputs	Performance indicator	Total 2011/12	Target			
			Q1	Q2	Q3	Q4
Update and monitor departmental database of accredited service providers	Value for money Rotation of service providers.	100%	100%	100%	100%	100%
Procurement of goods and services.	Compliance with all SCM circulars.	100%	100%	100%	100%	100%
Training of Bid Committee members	No of bid committee members trained.	100%		100%		
Conduct Annual Assets Audits.	Up to date Asset Register of movable Assets	1		31 July		
Monthly Reconciliation of BAS and Hardcat	Reconciliation of the two systems	12	3	3	3	3
Monthly stocktaking of Stores items	Correct levels of inventories	12	3	3	3	3

### Challenges

- Incorrectly classified items;
- Unauthorized movements of assets;
- Lack of storage space; and
- Unavailability of committee members (last minute cancellations).

### 7.1.2.3 Assets Management

The objective of this Directorate is to provide administration support to the department in terms of conducive working environment, inclusive of telecommunications, fleet management as well as proper records keeping.

### Strategic Objectives

#### Provision of the following services:

- Facility management (inclusive of GIAMA);
- Fleet Management services;
- Support Services;
- Records Management;
- Security Management; and
- Office Support to regional office.

**Legislative Mandates / Policies to comply with:**

- National Road Traffic Act 93 of 1996;
- Provincial Archive Act 5 of 2000;
- National Archive and Record Services Act of S.A. 43 of 1996 as amended;
- Government Vehicles Circular 4/2000;
- Subsidized Vehicles Circular 5/2003;
- Government Immovable Asset Management Act 2007 (GIAMA);
- Public Finance Management Act 1 of 1994;
- Occupational Health and Safety Act 85 of 1993;
- Control of Access to Public Premises and Vehicle Act 53 of 1995;
- Promotion to Access to Information Act 2 of 2000; and
- Protection of Information Act 84 of 1982.

**Departmental Policies**

The following policies for the Department will be developed within the above legislative mandate: -

- Departmental Telephone policy;
- Departmental state vehicle policy, including subsidies vehicles;
- Departmental records management policy; and
- Departmental uniform and protective clothing policy.

**Table 3: Quarterly Outputs**

Quarterly outputs	Performance indicator	Total 2011/12	Target			
			Q1	Q2	Q3	Q4
Facilities Management						
<ul style="list-style-type: none"> <li>• Compilation of User Assets Management Plan</li> </ul>	Departmental User Assets Management Plan	1	1	100%	100%	100%
<ul style="list-style-type: none"> <li>• Provision of Office Accommodation</li> </ul>	Signed lease agreements	3	0	1	0	2
<ul style="list-style-type: none"> <li>• Management of staff houses</li> </ul>	Reconciliation of Rentals and allocation	32	6	8	8	10
Fleet Management Services						
<ul style="list-style-type: none"> <li>• Acquisition of state vehicles</li> </ul>	New state vehicles	0	0	0	0	10
<ul style="list-style-type: none"> <li>• Service, repairs</li> </ul>						



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and licensing of state vehicles.	State serviced vehicles and licensed.	123	20	30	40	33
• Management of subsidies vehicles		67	15	18	21	13
• Reconciliation of cost for state vehicles	Fuel claims processed Reconciled First Auto report	123	21	27	34	36
<b>Support Services</b>						
• Management of departmental telecommunication	Effective telecommunication	100%	100%	100%	100%	100%
• Management of support services contracts	Effective services rendered	100%	100%	100%	100%	100%
• Management of courier services	Timeous delivery and collection of post	100%	100%	100%	100%	100%
<b>Record Management</b>						
• Management and safe keeping of records, including responding to SIU and auditor general records request.	Effective record management	100%	100%	100%	100%	100%
<b>Security Management</b>						
• Ensure safety and security	Effective security services	100%	100%	100%	100%	100%
<b>Office Support to Regional Offices</b>						
• Render support to Regional Offices	Provision of Support to Regional Offices	100%	100%	100%	100%	100%

**Challenges to within the directorate**

- Time constrained in respect of acquisition of office accommodation through Department of Public Works; and
- Critical vacant posts.

### 7.1.2.4 Risk Management and Advisory Services

The objective of the component is to provide Risk Management and Advisory Services in the Department by:-

- Undertaking internal and external audit review services to the Department and at Municipalities,
- Undertaking forensic investigation services in the Department; and
- Provide risk Management Review Services within the Department.

#### Strategic Objectives

- Provide Risk Assessment review within the activities of the Department;
- Perform Audit Assignments within the Department via an approved audit program;
- Perform Audit Assignments at Municipalities via an approved audit program;
- Conduct system reviews on internal controls within the organization;
- Undertake investigations within and outside the Department;
- Provide Management assurance on activities of organization; and
- Co-ordinate and correlate audit activities of external audit teams.

#### Legislative Requirements

- Constitution of the Republic of South Africa, 1996 (Act. No. 108 of 1996);
- Public Finance Management Act, 1999 (Act. No. 1 of 1999);
- KwaZulu-Natal Provincial Anti Corruption Strategy; and
- Corruption Act, 1994 (Act No. 94 of 2004) as amended / repealed.

**Table 5: Quarterly Outputs**

Quarterly outputs	Performance indicator	Total 2011/12	Target			
			Q1	Q2	Q3	Q4
Provide Audits and investigative services within the Department and at Municipalities	As per approved plans	60	14	16	16	14
Provide assurance that resources of the department are utilized effectively and efficiently and assets are adequately safeguarded.	As per approved plans	16	4	4	4	4
Management of audit and investigative matters.	Quarterly Audit Assignments and targets outsourced investigations	18	3	4	6	5
Provide Risk Management Review Services within the Department	Quarterly Reports	5	1	1	1	2
Provision and review of policies, plans and strategies on fraud prevention and risk management.	Bi-Annual Review	6	1	1	2	2

## **Challenges to within the component**

- Limited resources; and
- Key vacant posts.

### **7.1.2.5 Corporate Services**

The section oversees the provision of sound Corporate Services to the department. These four components currently report directly to the Head of Department as they do not fall under a General Manager, but this anomaly is addressed in the revised organisational structure by the creation of a General Manager: Corporate Services.

### **7.1.3 Human Resource Management**

The objective of this Directorate dedicated to provide human resource management support services within the department.

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

The programme's policies, priorities and strategic objectives are aligned to the relevant legislative prescripts, national and provincial priorities.

#### **Progress analysis**

The Business Unit has been involved in the job evaluation process that started with the filled posts. The number of six HR policies was developed. It complied with the development and submission of all HR Plans and Skills Development Plans in terms of compliance legislation.

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

A comprehensive programme of skills audit, job profiling and skills match for each post will be embarked upon in order to ensure that employees with the right skills are placed against the right posts.

The following HR Plans will be reviewed/ adjusted: -

- HR Plan;
- Workplace Skills Plan;
- Social Plan; and
- Employment Equity Plan.

The Unit will also embark on the policy development programme and reduction of grievances.

**Table 6.1 Salary Levels and Vacancies per Programme – at 31 March 2010**

Salary Level	Programme Description				Grand Total
	Programme 1: Administration	Programme 2: Housing Needs, Research and Planning	Programme 3: Housing Development	Programme 4: Housing Asset management, Property Management	
1	-	-	-	-	-
2	6	-	-	92	98
3	26	-	7	132	165
4	13	-	2	20	35
5	5	1	3	16	25
6	30	3	14	45	92
7	78	13	19	74	184
8	18	5	33	15	71
9	15	4	19	3	41
10	12	2	37	1	52
11	2	3	3	2	10
12	6	2	11	2	21
13	5	3	5	2	15
14	-	1	1	-	2
15	1	-	-	-	1
16	1	-	-	-	1
Vacancy	29	5	18	10	62
<b>Total</b>	<b>247</b>	<b>42</b>	<b>172</b>	<b>414</b>	<b>875</b>

**Table 6.2 Employment and Vacancies by Salary Bands (at 31 March 2010)**

Salary band	Number of posts	Number of posts filled	Vacancy rate (%)	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	98	98	-	-
Skilled (Levels 3-5)	222	221	0.5	-
Highly skilled production (Levels 6-8)	364	331	9	13
Highly skilled supervision (Levels 9-12)	146	119	18.5	-
Senior Management (Levels 13-16)	20	19	0.5	-
Contract Workers (Levels 3 - 12)	25	25	0	22
<b>Total</b>	<b>875</b>	<b>813</b>	<b>7.1</b>	<b>22</b>

**Table 6.3 Employment and Vacancies by Programme**

Personnel numbers	at 31 March						
	2010 Actual	2011 Target	2012 Target	2013 Target	2014 Target	2015 Target	2016 Target
Administration	231	265	269	275	275	275	275
Housing, Needs, Research and targets	37	39	41	43	43	43	43
Housing Development	154	180	180	180	180	180	180
Housing Asset Management, Property Management	413	437	438	438	438	438	438
<b>Total</b>	<b>835</b>	<b>912</b>	<b>928</b>	<b>936</b>	<b>936</b>	<b>936</b>	<b>936</b>
Total personnel costs (R'000)	157,750	173,880	182,443	191,980	211,178	232,296	255,526
<b>Unit cost (R'000)</b>	<b>189</b>	<b>189</b>	<b>197</b>	<b>205</b>	<b>226</b>	<b>248</b>	<b>273</b>

**Table 6.4 Post Status per Salary Band – at 31 March 2010**

Count of Post Class Description	Post Status Description	
Salary Level	Active : Filled	Active : vacant
Lower Level (1-2)	98	
Skilled (3-5)	225	
Highly Skilled Production (6-8)	347	
Highly Skilled Supervision (9-12)	124	
Senior Management (13-16)	19	
Contract Workers (3-12)	25	
Vacancy		61
<b>Total</b>	<b>838</b>	<b>61</b>

**TABLE 6.5 Employment and Vacancies by Programme - at 31 March 2010**

Programme	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Programme 1:Administration	247	221	10.5	13
Programme 2:Housing Needs, Research and Planning	42	37	11.9	0
Programme 3:Housing Development	172	154	10.5	0
Programme 4:Housing Asset Mgt, Prop Mgt	414	404	2.4	9
<b>TOTAL</b>	<b>875</b>	<b>816</b>	<b>6.7</b>	<b>22</b>

**TABLE 6.6 Employment and Vacancies by Salary Band - at 31 March 2010**

Salary Band	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Lower skilled (Levels 1-2), Permanent	98	101	-3.1	0
Skilled (Levels 3-5), Permanent	222	221	0.5	0
Highly skilled production (Levels 6-8), Permanent	364	331	9.1	0
Highly skilled supervision (Levels 9-12), Permanent	146	119	18.5	0
Senior management (Levels 13-16), Permanent	20	19	5	0
Contract (Levels 3-5), Permanent	5	5	0	5
Contract (Levels 6-8), Permanent	17	17	0	16
Contract (Levels 9-12), Permanent	3	3	0	1
<b>TOTAL</b>	<b>875</b>	<b>816</b>	<b>6.7</b>	<b>22</b>

**TABLE 6.7 Employment and Vacancies by Critical Occupation - at 31 March 2010**

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Administrative related, Permanent	90	77	14.4	1
All artisans in the building metal machinery etc., Permanent	64	67	-4.7	0
Artisan project and related superintendents, Permanent	3	3	0	0
Auxiliary and related workers, Permanent	11	11	0	0
Cleaners in offices workshops hospitals etc., Permanent	107	107	0	0
Client inform clerks (switchboard reception inform clerks), Permanent	6	5	16.7	1
Communication and information related, Permanent	1	1	0	0
Computer system designers and analysts., Permanent	1	1	0	0
Finance and economics related, Permanent	8	8	0	0
Financial and related professionals, Permanent	6	5	16.7	0
Financial clerks and credit controllers, Permanent	46	43	6.5	0
Food services aids and waiters, Permanent	1	1	0	0
General legal administration & rel. professionals, Permanent	3	2	33.3	0
Head of department/chief executive officer, Permanent	1	1	0	0
Human resources & organisational development & relate professional, Permanent	13	9	30.8	0
Human resources clerks, Permanent	43	40	7	13
Human resources related, Permanent	4	3	25	0
Information technology related, Permanent	1	1	0	0
Inspectors of apprentices works and vehicles, Permanent	28	28	0	0
Language practitioners interpreters & other communication, Permanent	1	0	100	0
Library mail and related clerks, Permanent	12	11	8.3	0
Light vehicle drivers, Permanent	14	14	0	0
Logistical support personnel, Permanent	2	2	0	0
Material-recording and transport clerks, Permanent	16	15	6.3	0
Messengers porters and deliverers, Permanent	10	10	0	0
Other administration & related clerks and organisers, Permanent	130	113	13.1	7
Other administrative policy and related officers, Permanent	108	98	9.3	0
Other information technology personnel., Permanent	5	3	40	0
Secretaries & other keyboard operating clerks, Permanent	18	16	11.1	0
Security guards, Permanent	11	11	0	0
Senior managers, Permanent	20	19	5	0
Trade labourers, Permanent	91	91	0	0
<b>TOTAL</b>	<b>875</b>	<b>816</b>	<b>6.7</b>	<b>22</b>

**Table 6.8 Specification of Measurable Objectives and Performance Indicators**

<b>Sub-programme: Human Resource Management</b>						
<b>Key Measurable objectives</b>	<b>Performance Indicator</b>	<b>Target</b>	<b>Quarter 1 Planned outputs</b>	<b>Quarter 2 Planned outputs</b>	<b>Quarter 3 Planned outputs</b>	<b>Quarter 4 Planned outputs</b>
Ensure the development of human resource plans, policies and strategies are in place	Approved human resource policies	6	Identification and drafting of policies	Consultation and approval of 2 policies	Consultation and approval of 2 policies	Consultation and approval of 2 policies
	Approved human resources plan	30 June 2010	Establishment of HR steering committee Development/ adjustment of HR plan Submission of HRP to DPSA Submission of HRP implementation plan	Implementation of HR Plan	Ongoing	Ongoing Reviewing of the HR Plan
	Approved EE and annual EE reports	30 June 2010	Review/ align the plan	Implementation of the plan	Submit annual EE reports	Implementation the EE plan
	Approved HR strategies	Retention and recruitment strategies	Identification and research	Development and consultation	Approved and implementation	Monitoring and evaluation
	Number of information sessions conducted	24	6	6	6	6
	Approved HR delegations of authority	31 July 2010	Develop and align	Consultation and approval	Implementation	Ongoing
Ensure promotion of sound labour	Reduced rate of grievances and misconduct cases	Varies	Create database of all grievances, disputes, Misconducts and	Training of supervision handling of	Development of comprehensive	Ongoing



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organisation			discipline on Persal Develop a code of conduct policy	disciplines and grievance Implement code of conduct policy	strike management plan Ongoing	
	Number of information sessions conducted	24	6	6	6	6
Effective Implementation of Employee Wellness Programmes (EWP)	All programs fully operational	All employees on level 1-12	Health VCT Screening, individual and Substance abuse programmes	Health VCT Screening, Individual and Substance abuse programmes	Health VCT Screening, individual and substance abuse programmes	Health VCT Screening, individual and substance abuse programme
		All employees	HIV Counseling and Testing (HCT) Campaign	Work and play programme	Outreach programme	AIDS day and Red Ribbon Campaign
Ensure effective and efficient recruitment and selection processes	10% reduction of vacancy rate	100% compliance	Identification of critical funded post	Advertising of critical funded posts Filling of advertised posts	Ongoing	Conduct headcount to eliminate ghost employees
	Bulk verification of qualifications	816	Schedule completed and submitted to SAQA for verification	Ongoing	Capturing on Persal	Ongoing
		Varies	Implementation of phase 1 of OSD	Implementation of phase 2 of OSD Verification of qualification	Implementation and finalization of phase 2 of OSD	Finalize phase 3 of OSD Verification of experience
	Placed employees	100% compliance	Identification of all employees who are out of adjustment	Placement of supernumerary staff	Ongoing	Ongoing
Ensure	Accurate and	100%	Management of leave	Ongoing	Ongoing	Ongoing

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effective and efficient human resource administration and information management systems	timeous finalization of all service benefits matters	compliance	Management of exits Management of compliance with collective agreements			
	Enhanced quality of HR information	100% compliance	Updating of job titles on Persal	Survey questionnaire to be developed to submit their particulars to update Persal	Capturing to update Persal	Ongoing
		100% compliance	Updating the establishment control	Abolish old establishment structure on Persal	Ongoing	Ongoing
Ensure rendering of organisational efficiency services	Approved organizational structure	100% compliance	Collection of inputs Research trends Drafting of organizational structure	Consultation with stakeholders Approval of the organizational structure	Approval and implementation of the organizational structure	Change management
	Approved job evaluation results	All unevaluated posts	Job evaluation of posts	Ongoing	Ongoing	Ongoing
	Number of information sessions conducted	24	Six	Six	Six	Six
	Improved work methods and procedures	100%	Ongoing	Ongoing	Ongoing	Ongoing
Ensure the development and implementation of HRD strategies, plans and programs	Approved Workplace Skills Plan	100% compliance	Conduct skills audit Finalization and submission of WSP Finalization and submission of HRD Implementation Plan Finalization and submission of	Implementation of WSP Computer training Development of RPL program Development of learnership programme	Awarding of bursaries Implementation of internship program Implementation of RPL program	Ongoing Ongoing Ongoing Implementation of

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			Monitoring and evaluation report Submission of training expenditure report	Implementation of ABET program		learnership programme
Ensure effective implementation of Employee Performance Management and development systems	Improved employee work performance	100% compliance	Management of annual performance assessment reports and forth quarterly reports for the previous year Management of performance agreement including SMS Quality assurance	Sitting of committees for assessment of reports  Management of 1 <sup>st</sup> quarterly review reports	Management of 2 <sup>nd</sup> quarterly review reports Management of half yearly assessments reports	
	Information sessions conducted	24	Six	Six	Six	
Facilitate, co-ordinate and communicate Service Delivery Improvement Initiatives	Approved Service Delivery Improvement Plan	30 June 2010	Review of SDIP & approval.  Review of Service Commitment Charter.  Review of SDIP Implementation Plan  Compiling and approval of Annual Citizens report	Workshop on SDIP  Workshop on Service Commitment Charter  Monitor the implementation of Batho Pele Plan	Monitor the implementation of SDIP  Monitor the implementation of Service Commitment Charter	Ongoing  Ongoing  Ongoing
	Approved policies	2	Development of Code of Conduct policy and policy on handling complaints from public	Development of service standards  Workshop	Information sessions	Information sessions

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Co-ordinate the implementation of Batho Pele Revitalisation strategy	Batho Pele Flagship projects implemented	Varies	Know your service rights campaign	Approval of policies Departmental Service programme Public Week Implementation of Change Management Engagement Programme	Departmental service Excellence Award Conduct unannounced site visits Know your service rights campaign	Implementation of Project Khaedu
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#### 7.1.4 Legal Services

The key objectives of the component are the following :-

- The provision of legal support services to the directorates of the Department;
- To provide legal advice and manage litigation thus preventing exposure to financial and reputational risks; and
- To ensure compliance with applicable legislation and good governance.

This section is responsible for provision of professional legal support and advisory services.

#### Strategic Objectives

- Provision of legal advice;
- Management of litigation;
- Ensuring legislative compliance;
- Conducting legal Research;
- Drafting and checking of contracts and legal documentation; and
- Developing /drafting of new legislation.

**Table 7: Quarterly Outputs**

Quarterly Outputs	Performance Indicator	Total 2011/12	Target			
			Q1	Q2	Q3	Q4
Provision of legal advice (opinions)	Number of opinions provided	100 %	100%	100%	100%	100%
Drafting and checking of contracts	Number of contracts drafted and checked	100%	100%	100%	100%	100%
Litigation Management	Number of matters defended/instituted	100%	100%	100%	100%	100%

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Research and Maintenance of legal library/resource centre	Number of Updated statutes and case reports	100	25	25	25	25
Legal Compliance	Number of workshops	4	0	0	2	2
	Number of legal bulletins	4			2	2
Legislative drafting and vetting	Number of new legislation drafted and existing legislation drafted.	100%	100%	100%	100%	100%
Provision of information in terms of the PAIA legislation	Number of responses to requests for information	100%	100%	100%	100%	100%

**Challenges (internal)**

- Limited resources
- Time and human resource dependant

**7.1.5 Communications**

The communication provides and maintains strategic communication services to the Department and both its internal and external stakeholders in line with the relevant policies. Effective communication services are rendered by this component to promote a corporate image for the department among internal and external clients.

**Strategic Objectives**

- Implement departmental public relations activities
- Produce departmental publications
- Implement departmental media liaison activities
- Implement strategies for the promotion of a corporate departmental identity/culture

- Keep up to date with regard to the applicable prescripts, policies, procedures, technologies and new developments to be able to render an effective and efficient communication service.
- Streamline all communication activities and facilitate two-way communication within the department with a view to creating an empowered employee base.
- Maintain positive corporate image, evaluate and monitor public perception about the department

### Legislative Requirements

- KZN Provincial Communication Policy;
- Promotion of Access to Information Act;
- Public Finance Management Act, 1999;
- Public Service Act, 1999; and
- Basic Conditions of Employment Act, 1997.

**Table 8: Quarterly Outputs**

Quarterly Outputs	Performance Indicator	Total 2011/12	Target			
			Q1	Q2	Q3	Q4
Stakeholder communication	Participate in inter-governmental campaigns and forge partnerships with stakeholders in government	4 Comm Forum Meetings Izimbizo and helpdesk exhibitions as and when requested	1 (May 2011)  100%	1 (Aug 2011)  100%	1 (Nov 2011)  100%	1 (Feb 2012)  100%
Communication tools management	Electronic Newsletter	4	1 (Apr 2011)	1 (Jul 2011)	1 (Oct 2011)	1 (Jan 2012)
	Annual Report	1		(Aug 2011)		
	Internet	Weekly	100%	100%	100%	100%
	Intranet	Weekly	100%	100%	100%	100%

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				100%		
Image and corporate identity management	Maintain positive image, evaluate and monitor public perception about the Department:  Branding with new logo	1 dept buildings	May 2011			
Strategic events management	Participate in special events:  Budget Speech  Launches/ handovers/ site visits  HCE Roadshows	1  as and when requested  2	Apr 2011  100%  2 Apr 2011 May 2011	100%	100%	100%
Media management	Media clippings Department profiling in provincial government publications	Daily  As and when requested	100%  100%	100%	100%	100%

**Challenges within the component**

- Delays in filling of critical vacant senior management posts
- Limited resources



### Analysis of Constraints and Risks 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;
- Delays in the filling of posts;
- Inadequate 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; and
- Absence of stakeholder's relationship management system.

**Table 9: Risk Assessment and Risk Mitigation**

Risk Name	Risk Description	Current Controls
<p><b>Assets Management</b></p> <ul style="list-style-type: none"> <li>• Facilities : Adequacy</li> </ul>	<p>Inadequate premises (offices, parking, <i>inter alia</i>).</p> <p>Rental agreements with liability for repairs and maintenance being placed on the department (Tolaram house).</p> <p>Limited budget available for effective service delivery.</p> <p>Delays in rendering services</p>	<p>Vetting and approval by Provincial Committees</p> <p>Need assessments are done.</p> <p>Rental agreements in place.</p> <p>Norms and standards in place.</p>

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<p><b>Assets Management</b></p> <p>– Records Accuracy</p>	<p>Lack of disposal of assets  Delays in disposal of obsolete /redundant assets due to inadequate capacity  Assets are ineffectively utilised.</p>	<p>Bar Coding of assets  Loss control officers  Reconciliations are performed between HSS and BAS  Asset count  Monitoring  Asset Register  Electronic access control</p>
<p><b>Financial Management</b></p>	<p>Inadequate monitoring of budget</p> <p>Cash flow management  Value for money  Non compliance with procedures</p>	<p>Programme and responsibility managers  Financial systems  Reporting  Budget control list  Medium term expenditure framework  Financial Delegations  Business Plans  Departmental Delegation  Budget Advisory Committee</p>
<p><b>Financial Management</b></p> <p>– Reliability of Information</p>	<p>Dissemination of information - internally and externally.</p> <p>Financial reporting.  Quality of data.  Internal and External Communication</p>	<p>Internal audits  Review of reconciliations  Segregation of duties  Draft policies and procedures on information integrity and dissemination.  Access to information manual  Communication policy  Automated controls (IT system)  Reconciliations are performed between HSS and BAS</p>

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<p><b>Financial Management</b></p> <p>– Transfer Payment : Utilisation Analysis</p>	<p>Transfer payments made to Municipalities not being utilised for their intended purpose.</p> <p>Outdated Agreements</p>	<p>Verification by the department before authorisation of release.</p> <p>Tripartite agreements (Dept of Human Settlements, Developer and implementing agent in place</p> <p>Tri partite agreements (Dept of Human Settlements, developer and implementing agent in place).</p> <p>Contracts with Municipalities stipulate terms and conditions for the utilisation</p> <p>Contracts with Municipalities stipulate terms and conditions for the utilisation of funds.</p> <p>Reconciliation component has been established in the department to monitor municipality</p> <p>Reconciliation component has been established in the department to monitor municipal funds.</p> <p>Policies in place prescribing conditions for Tranche release.</p>
<p><b>Fraud and Corruption</b></p>	<p>Non appointment of paymasters.</p> <p>Misuse of department assets</p> <p>Collusion with suppliers</p> <p>False S&amp;T claims</p>	<p>Validation by paymasters</p> <p>Declaration of interest</p> <p>Internal and bid committees</p> <p>Dedicated system administrators</p> <p>Access control</p> <p>Automated controls (IT system)</p> <p>Fraud Hotline</p> <p>Draft policies and procedures on information integrity and dissemination.</p> <p>Fraud prevention plan</p> <p>Risk assessment profile</p> <p>Segregation of duties</p> <p>Code of conduct</p>
<p><b>Record Management</b></p>	<p>Safekeeping of files:</p>	<p>Two persons to open mail</p>

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<p>– Information Security</p>	<p>Poor filing systems. Loss of key documents Tracking and movement of files</p>	<p>Central registry Tracking of documents Document management system Access control Document filing system Checklists for certain files</p>
<p><b>Intergovernmental and Interdepartmental Relationships:</b></p> <p>- Effectiveness</p>	<p>Lack of co-ordinated planning with relevant stakeholders in the building of houses by the department, impacts negatively of service delivery and the image of the department. Cooperation from key stakeholders. Lack of communication, coordination and cooperation.</p>	<p>Active participation with stakeholders: Department of Human Settlements actively participate in the IDP (Integrated Development Process). The department is assisting in developing municipal housing plans and utilizes them as a basis for investment decisions. The department is involved in the Economic cluster to develop the Provincial Spatial Economic Development Strategy. The Department, together with other government departments implements developments in a manner that is in line with the Sustainable Human Settlements.</p>
<p><b>Information Technology</b></p> <p>- Disaster Recovery</p>	<p>Disaster Recovery plans. Disruption to normal business operations</p> <p>Impact on achievement of goals</p>	<p>Disaster Recovery Plan Offsite storage of back- up tapes</p> <p>Network and system security Master Systems Plan Security Policy</p>
<p><b>Information Technology: Infrastructure</b></p> <p>- Adequacy</p>	<p>Inadequate restriction to information hubs. Inadequate backup procedures Lack of Confidentiality</p>	<p>Logical access control Physical access control Master Systems Plan Security and User Policies</p>
<p><b>Human Resources Management - People</b></p>	<p>Lack of appropriate skills in the Housing Sector. Equitable share to</p>	<p>Internal capacity: Communication of Human Resource needs to Human</p>

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<p>- Critical Skills Attraction and Retention:</p>	<p>Province not increasing to the same ration as grant allocation from National Department of Human Settlement.</p> <p>Insufficient training for departmental staff.</p> <p>Budget constraints to support the new structure.</p>	<p>Resource Management.</p> <p>Job evaluation process underway.</p> <p>Making use of external resources (Consultants)</p>
<p><b>Human Resources Management -People</b></p> <p>- Critical Skills Attraction and Retention</p>	<p>Failure by the department to implement EPMS.</p> <p>Lack of capacity and skills.</p> <p>Lack of development and training.</p> <p>The department may not be aware of the shortage in capacity to deal with the gap between human resources demand and supply, if it does occur.</p>	<p>Recruitment and selection panels</p> <p>Bursaries and internships</p> <p>Training plans</p> <p>Job evaluations</p> <p>Foreign Recruitment (Special skills only)</p> <p>Exit interviews</p> <p>EPMS</p> <p>Identification of critical skills / posts</p>
<p><b>Human Resources Management -People</b></p> <p>- Wellness Programs</p>	<p>Impact of diseases e.g. HIV and AIDS, TB etc. on labour and beneficiaries.</p> <p>Reduction in manpower to deliver services.</p> <p>Impact on the department's ability to deliver services.</p>	<p>Alignment of wellness activities to observation calendar.</p> <p>Information and awareness sessions held.</p> <p>Trained departmental counsellors/peer educators.</p> <p>Provincial guidelines on HIV/AIDS</p> <p>Employee wellness programme</p>

<p><b>Supply Chain Management</b></p> <ul style="list-style-type: none"> <li>- Processes</li> <li>- Implementation: Effectiveness</li> </ul>	<p>Provincial database: Unreliability of information on Provincial database due to non-vetting of the competencies of suppliers Urgent applications Unclear specifications Cover quoting</p>	<p>SCM performance - Complaints register &amp; suggestion box SLA's &amp; Contracts SCM delegations Business process guides Rotation of staff Declaration of interest SCM policies and procedures Internal and bid committees Procurement plans Vendor master file Accreditation of suppliers</p>
<p><b>Security Management Process Implementation</b></p>	<p>Insufficient or inadequate security monitoring.  Inadequate security controls into buildings.  Failure to design safe neighbourhoods.</p>	<p>Security guards CCTV (only within some premises) Visitors registers Magnetic tags</p>

### 7.1.7 Information Management Systems and Technology

The objective of the component is to manage the information technology and information system requirements through the provision of information technology services, information systems and information management support services to the department as well as the management of the information and resources centre.

#### Strategic Objectives

- Provide information technology services to the department;
- Provide information systems to the department; and
- Provide information management support in the department.

#### Legislative Mandate

- Constitution of South Africa;
- Public Finance Management Act; and
- SITA Act.

**Table 10: Specification of measurable objectives and performance indicators**

Key Strategic Objectives	Key Measurable Objectives	Performance Measure	2011/12 TARGET	QUARTERLY TARGETS			
				Q1	Q2	Q3	Q4
Strengthening governance and service delivery	Master System Plan	Reviewed or updated Master System Plan in place	1	-	1		-
	Disaster Recovery Plan	Updated or reviewed Disaster Recovery Plan in place	1	-	-	1	-
	Security and User Policies	Updated and or reviewed Network security policy in place	1	-	1	-	-
		Updated and or reviewed IT user policies in place	2	2	-	-	-

**Specification of measurable objectives and performance indicators**

Only the core performance indicators have been reflected in this document. Programme provides support function to the core of the department and therefore the performance indicators for this programme have not been reflected.

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**7.1.8 Reconciliation of Budget with Plan**

**Table 11: Summary of payments and estimates – Programme 1: Administration**

R'000	Audited Outcome			Main	Adjusted	Revised Estimates	Medium-term Estimates			Long-term Estimates	
	Audited 2007/08	Audited 2008/09	Audited 2009/10	Appropriation			2011/12	2012/13	2013/14	2014/15	2015/16
			2010/11								
Corporate Services	90,547	103,507	99,174	118,405	120,274	120,274	124,632	121,798	128,358	147,612	164,753
Unauthorised expenditure (1 <sup>st</sup> charge)				(9,303)	(9,303)	(9,303)	(9,303)				
<b>Total</b>	90,547	103,507	99,174	109,102	110,971	110,971	115,329	121,798	128,358	147,612	164,753



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

The key functions of the Housing Needs, Research and Planning Programme is to develop tools to guide the investment decisions of the Department and to provide policy and support to the housing delivery process. The sections below, outline the achievements for 2010/11, challenges faced in delivery and some of the key initiatives for the new financial year.

### **7.2.1 Sub Programmes**

The Programme comprises of three sub-programmes, namely, Integrated Planning, Policy and Research, and Capacity Building.

**7.2.1.1 Integrated Planning:** Provides planning capacity to the Stakeholders of the Province of KwaZulu-Natal in general, and Municipalities in particular. More importantly, this component ensures that the planning interventions support the Sustainable Human Settlement Strategy and KZN Housing Investment Allocation Formula and importantly, that the planning tools are translated into implementation. This will be achieved through district level forums focusing on the integration of government service delivery to achieve sustainable human settlements.

**7.2.1.2 Policy and Research:** Provides support in terms of undertaking research, formulating and disseminating the policy programmes of the department to all stakeholders. A key programme is the identification of new and innovative products to ensure the transformation of the housing products, in line with technological developments.

**7.2.1.3 Capacity Building:** Provides capacity to the stakeholders of the province of KwaZulu-Natal. The overwhelming capacity needs, identified within the housing sector, are broad thus placing much responsibility to this sub-programme. However, emphasis of the Capacity Building sub-programme is on municipalities by virtue of the stipulation made in terms of the Housing Act and recognising the lack of capacity within this sphere of government that is a key stakeholder in terms of the delivery process. Interventions will be customized to address the wide variety of capacity needs per municipality and this will be informed by the district forums. The areas of intervention identified by the Integrated Planning sub-programme translate into the focus for the Capacity Building Programme. The development of partnerships and capacity building of key stakeholders Such as Amakhosi, Councillors and Emerging Contractors will be a key output of the unit.

### **7.2.2 Situational Analysis**

The Planning and Development Programme has taken positive strides in positioning itself to provide the information and strategic guidance to the department as whole. The Programme has a central role in providing strategic direction to the department. It is therefore envisaged the strategic direction will be realised in terms of providing capacity

and tools to support the creation of sustainable human settlements in the strategic areas that the department has identified. This is reflected in the KZN Housing Investment Allocation Formula and will be the key focus of the Sustainable Human Settlement Strategy. The Slums Clearance Strategy will also feed into this process. The sections below will go into the detail regarding the specific projects that have been implemented.

### **7.2.3 Policies, Priorities and Strategic Objectives**

The strategic objectives of the programme are to: -

- Research and quantify the housing backlog in the province;
- Research and identify appropriate technologies in the housing delivery process;
- Develop policies and guidelines to facilitate the implementation of sustainable Human Settlement Programmes;
- Ensure that all stakeholders are capacitated and involved in the continuous appraisal of housing delivery systems and their improvement;
- Facilitate and integrate sustainable human settlement planning with other sectors;
- Educate stakeholders in sustainable human settlement planning and implementation;
- Align the housing budget through the application of the allocation formula and needs register; and
- Capacitate stakeholders for housing delivery through mentorship and training.

### **7.2.4 Achievements and Non- Achievements**

#### **7.2.4.1 Integrated Planning**

The department has continued with endeavours to support and ensure that all municipalities in the Province of KwaZulu-Natal have a Municipal Housing Sector Plan (MHSP), such that all municipalities have achieved this, with the exception of Msunduzi Municipality and Ethekwini Metro who are in the process of finalising theirs. The Department will continue to provide this support through assisting municipalities to review and enhance their MHSPs, ensure alignment to Outcome 8 Targets and Sukuma Sakhe Programme. The Department is pleased to have seen revival of the Sustainable Human Settlements Strategy which has been aligned to provincial outcome targets and its subsequent presentation to Cabinet Lekgotla. It is envisaged that the Informal Settlement Upgrade Strategy will be finalised by the end of the financial year to guide the department and municipalities to achieve the Millennium Development Goals regarding this intervention.

The New Dawn of Planning Project whereby assistance would be given to municipalities to review MHSPS was not achieved. This was due, to various reasons, including limited resources within the department, and change in approach to engagement through the district “family” of municipalities. Currently the terms of reference is being amended and refined to reflect this new direction.

#### **7.2.4.2 Geographical Information Systems (GIS)**

An important aspect of the planning related function is to develop a well resourced GIS unit that can spatially reference projects and datasets that can assist both the department as well as municipalities in fulfilling their roles in relation to planning.

Protocol agreements will be concluded to obtain supporting datasets that support this process.

The Department has made great strides in geo referencing all the human settlements projects and critical developments of other sectors that should be considered in the creation of sustainable human settlements, namely; Government Departments and State Owned Enterprises (SOEs). Going forward the department will enhance the existing datasets to reflect more statistical data eg. location and current commitments of implementing agents' projects to enable it to make investment decisions.

#### **7.2.4.3 Floodrisk Areas Project**

The achievements of this project include the development of software system to analyse and determine areas of potential risk. Various pilot projects have been undertaken to verify and confirm the results of the software system. This strategy is expected to be concluded in terms of revised terms of reference. Final data will be made available to municipalities to inform planning and investment decision making for human settlements. This project will also assist the province in its disaster management responsibilities.

#### **7.2.4.4 Rural Housing**

A strategy to identify priority rural areas that support the Provincial Spatial Economic Development Strategy (PSEDS) and Sustainable Human Settlements Strategy (SHSS) will be developed with input from various role players. It is recognized that priority areas have to be identified upfront, considering budget constraints and limited infrastructure funding. The Ingonyama Trust Board (ITB) and municipalities as key partners in this process. The question of densification and the provision of housing for professional persons will be prioritized.

In conclusion, the co-operation of all units within the department will be crucial to the success of this new way of conducting business. This co-operation will also be taken forth into the municipal planning so that development happens timeously and in an integrated manner.

#### **7.2.4.5 Research and Policy**

The Product Development sub-programme has continued to create platforms for various stakeholders for discussing, debating and informing human settlement policy, programmes, Innovation and Technology. These Platforms, together with the more efficient utilisation of electronic media has assisted in addressing the challenges experienced in soliciting inputs on critical human settlement policies and/or guidelines, whilst also widely disseminating information. This has ensured that the unit's targets for the previous year were exceeded, in spite of a 40% vacancy rate and non-filling of technical posts due to financial constraints.

#### **7.2.4.6 Policy and Guideline Development:**

Particular attention has been given to assessing and noting the practical realities in implementation of projects that may require the revision of policies and/or guidelines,

especially in quality assurance and development of guidelines for Emerging Contractor Development. Policies had also been finalised on Women and Youth in Housing; and Housing for the Aged in Disabled. An alternative strategy for the Premier's Flagship in the context of the Human Settlement's Department had also been finalised and this model will be rolled out to other areas in the province in the new financial year as part of the Sukuma Sakhe Campaign. The stakeholder engagement framework for policy development had also been finalised.

Policy frameworks and discussion documents on the limitation of the number of contractors and size of projects; sanitation in rural areas; and housing for professionals in rural areas had been drafted, whilst directives had been finalised to support the implementation of The Farm Resident's Programme.

The unit had finalised updates on key application packs (Rural, Institutional and Project Linked, whilst also finalising packs for rental types (Social Housing and Vulnerable Groups) and drafting an application pack for integrated residential projects to assist stakeholders with the implementation of programmes.

Policy reviews had also been drafted on occupational certificates, the material supply policy, joint ownership policy, and missing and deceased beneficiaries, to ensure that these are still effective and/or relevant.

The focus on rural and rental housing will continue in this financial year, in support of the outcome 8 targets. These include the following initiatives:

- Amended tripartite policy;
- Draft cooperatives model;
- Quality assurance assessment guideline;
- Finalise a framework limitation of the number of projects per implementing agent;
- Draft policy on housing for professionals (pending social cluster HOD's feedback on alternatives);
- Review of one house per umuzi policy;
- Review of the location variation major centres;
- Research report on alternative rural models;
- Case study reports on informal settlement upgrade, rectification, and agri-village projects;
- Research report on the needs of the aged and disabled;
- Research report on alternative energy sources for rural areas;
- Finalise agreements and Design of the KZN Innovation hub; and
- Draft policy framework on innovation and technology engagements.

In addition to the above, the component will be working closely with the National Department to resolve challenges in the implementation of the Finance Linked Individual Subsidy Programme (FLISP), gap market, rental housing and sanitation programme.

#### **7.2.4.7 Research:**

The unit has once again achieved its research targets for the previous financial year as both papers on agri-villages and rural housing needs had been completed. Reports were also finalised on the identification of a pilot project to test Self-builds: Cost Norms for Project Preparation Costs; Child Headed Households impact on house construction; and Investigating challenges in adherence to industry norms and standards

More attention will be given to research initiatives aimed at improving the creation of sustainable human settlements. Case study analysis will be undertaken record good practice models and lessons learnt. Policy enhancements and reviews will be undertaken to facilitate the challenges experienced in the finance linked individual subsidy and gap housing programme, and rental housing instruments. Rural development initiatives will continue to be explored to support the demographics of the province, and to support housing of professionals required in these areas. The development of guidelines will continue to support integrated development, the war on poverty.

#### **7.2.4.8 Product Development:**

This is a sub-activity of the research function. The unit had to renegotiate the allocation of land for the development of a KZN Housing Innovation Hub. This setback was beyond the control of the Department, however, time had been spent wisely in enhancing the model whilst land negotiations are being finalised. Further support had been obtained from partnering departments such as Education and Public Works which will result in more successful partnerships, thereby enhancing the sustainability of the initiative. Authority had been obtained to undertake key technical investigations relating to geotechnical and environmental investigations, whilst agreements are formalised.

This hub will be the Department's platform to engage innovators and show-case to the Province a basket of products to be considered in implementing housing development around the province, including green technology and indigenous knowledge systems. In addition to this, the unit will continue to expose stakeholders to approved systems through regular sessions, in partnership with the National Home Builders' Registration Council.

#### **7.2.4.9 Capacity Building**

The overall performance of the critical sub-programmes achieved their targets. It is worth noting that Ethekwini Metropolitan Municipality achieved Level II accreditation which assigns the function of planning and implementing their own projects. This will empower the municipality to make unilateral investment decisions, thus accelerating

housing delivery and reducing the municipal backlogs. This will also have a great impact in supporting the Outcome 8 Delivery Targets.

The Housing Consumer Education Programme continued to exceed the set target recording a number of 14 983 beneficiaries trained and also conducting five (5) road shows within the targeted districts. This programme extensively promoted the “One Home, One Garden” poverty alleviation program. The unit also conducted two (2) workshops as part of the Emerging Contractors’ Development Strategy. A Quality Assurance Workshop for building inspectors was held as part of the strategy to ensure homeowners receive quality housing in the province.

In terms of supporting and capacitating municipalities, eight (8) municipalities received computer equipment through the Flander’s Programme of providing equipment to municipalities.

Challenges were experienced with certain programmes and the non-performance of these Programmes had an adverse effect on delivery. The planned training for Amakhosi and Councillors could not take place due to challenges relating to the course content of the training material which has not been finalised. The Department remains committed to this programme as it is seen as a critical programme in support of the Rural Housing Development Programme as envisaged by Outcome 8.

The delays in implementing the Flander’s Program in terms of establishment of dedicated housing components within the municipalities were caused by slow response in signing of agreements and receiving council resolutions to implement the programme. Furthermore the funds were insufficient to attract the appropriate skills to be placed in municipalities, and as a result additional funding had to be sought from treasury which further served to delay implementation of the programme. Despite the above challenges, the Establishment Of Dedicated Housing Components is still continuing and it is targeted that the seven (7) municipalities will be able to function with newly employed staff by the end of the 2011/12 financial year. Efforts will be made to fast-track the signing of agreements and resolutions to assist the remaining municipalities.

Negotiations are currently taking place with the service provider for the Amakhosi and Councillor Training Programme. It is envisaged that training will commence in 2011/12.

All the outstanding issues pertaining to the Accreditation of Ethekwini will be dealt as means of ensuring that the accreditation agreements are signed. This will then be followed by close monitoring of the performance by the department. In addition to this, the programme will be expanded to enable future accreditation of aspiring municipalities.

The following key activities will be undertaken in support of the creation of sustainable human settlements: -

- Amakhosi and Councillor Training;
- Skills Development. Training, Support and Mentorship For Emerging Contractors;
- Facilitate Quality Assurance on Municipal And Departmental Building Inspectors;

- Educate housing consumers about their rights and obligations;
- Establishment of housing components in municipalities;
- Accreditation of Municipalities (Ethekeini); and
- Training of youth ambassadors on construction management NQF 5.

**Table 12: Analysis of constraints and Measures Planned to overcome them**

<b>Constraints</b>	<b>Measures To Overcome Constraints</b>
Poor Capacity of Municipalities to deliver on Human Settlements	Stakeholder engagement at the district municipal level Planning support to municipalities through New Dawn Of Planning Programme Implementation of Sustainable Human Settlements Strategy Establishment of Housing Components in Municipalities
Poor access to information and policy by stakeholders in sector	Departmental policy and research workshops Contractor and stakeholder forums
Poor use of innovative products to enhance delivery	Dissemination Of Information At Departmental Policy And Research Workshops Stipulating The Use Of Innovative Products In Departmental Priority Projects

**Table 13: Risk Assessment and Risk Mitigation**

<b>Risk Name</b>	<b>Risk Description</b>	<b>Current Controls</b>
Intergovernmental and Interdepartmental Relationships	Lack of co-ordinated planning with relevant stakeholders in building of houses by the department, impacts negatively of service delivery and the image of the department. Cooperation from key stakeholders. Lack of communication, coordination and cooperation.	Active participation with stakeholders: Department of human settlements actively participate in the idp (integrated development process). The department is assisting in developing municipal housing plans and utilizes them as a basis for investment decisions. The department is involved in the economic cluster to develop the provincial spatial economic development strategy. The department, together with other government departments implements



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		developments in a manner that is in line with the sustainable human settlements.
Stakeholder relationship management	Non alignment of planned initiatives. Delays in the dissemination of information. Lack of clear roles and responsibilities. Poor strategy of identification of key stakeholders.	Contractor and stakeholder engagement: Engagement of municipalities at district level Meetings and workshops are convened for dissemination of information. Policy communiqué distribution. Use of website and internet.

**Table 14: Description of Planned Quality Improvement Measures**

<b>Quality Improvement Measure</b>	<b>Process Description</b>
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	Housing sector plan manual to be reviewed with specific reference to integration requirements.  Implementation of sustainable human settlement strategy  Application of the kzn allocation formula to project prioritisation
Acquire & develop capacity of stakeholders, with particular reference to municipalities	In addition to technical and planning capacity, this process includes a focus on all stakeholders in the housing industry from a capacity perspective
Inform and engage stakeholders on relevant policy prescripts	Distribute material and organize relevant policy discussion sessions

### **7.2.5 Targets/Projections for 2011/12**

Below are the targets for 2011/12 for Programme Two. They are based on the performance in the previous year and the manner in which the programme seeks to forge forward with delivery. They should be considered in the context of information provided in 2.13. Above, this looked at the achievements and non-achievements of the programme.

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**Table 15: Specification of measurable objectives and performance indicators**

Key strategic Objectives	Key measurable Objectives	Performance Measure	2011/12 Target	Quarterly Targets			
				Q1	Q2	Q3	Q4
Capacity building for stakeholders in Human Settlements Sector	Innovation and Technology	Innovation Hub	1	-	-	-	1
	Training of Amakhosi	Number of Amakhosi's trained	300	-	-	-	300
	Provide training to Housing Consumer	Number of housing consumer training	10,000	2,500	2,500	2,500	2,500
	Establishment of Housing Components	Municipalities with Housing Components	7	-	-	3	4
	Quality Assurance for Municipal and Departmental Building Inspectors	Quality Assurance Training	200	-	-	100	100
Strengthening governance and service delivery	Review Housing Plans	Number of Housing Development Plans	24	6	6	6	6
	Review of IDPs	Number of Integrated Development Plans	61	61	-	-	1
	Human Settlement District Fora	Setting up of District Fora	10	5	5	-	-
	Package Housing Plans	Identify Projects for Packaging	10	-	-	5	5
	Rural Priority Strategy	Strategy Document Produced	1	-	-	-	1
	Development of policy guide for Housing Programmes	No. Of policy guideline developed	3	-	1	1	1
	Housing Research	No. Of research projects conducted	3	-	1	1	1

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	Skills development for Emerging Contractors	Well capacitated Emerging Contractors	20	20	-	-	-
Informal Settlement Upgrade Programme	Accreditation of eThekweni Municipality	Accredit Municipality and Implementation	1	-	1	-	-
	Informal settlement Upgrade Strategy	Strategy Document Produced	1	-	1	-	-
	Case study on informal settlement upgrade project	Case Study	1	-	-	-	1
Accelerated Rental and Social Housing	Input to National Revision on Rental Types	Formulate Report	1	-	1	-	-

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**7.2.6 Reconciliation of Budget with Plan**

**Table 16: Summary of payments and estimates - Programme 2: Housing Needs, Research and Planning**

R'000	Audited Outcome			Main	Adjusted	Revised Estimates	Medium-term Estimates			Long-term Estimates	
	Audited 2007/08	Audited 2008/09	Audited 2009/10	Appropriation			2011/12	2012/13	2013/14	2014/15	2015/16
				2010/11							
Administration	606	1,102	1,120	1,109	1,218	1,218	1,451	1,565	1,649	1,896	2,181
Policy	1,223	2,699	3,008	3,025	3,225	3,225	3,681	3,997	4,211	4,843	5,564
Planning	9,849	10,167	8,130	11,730	12,903	12,903	11,855	11,987	12,597	14,486	16,660
Research	7,713	6,793	5,803	10,528	7,772	7,772	11,381	12,074	12,778	14,695	16,899
<b>Total</b>	<b>19,391</b>	<b>20,761</b>	<b>18,061</b>	<b>26,392</b>	<b>25,118</b>	<b>25,118</b>	<b>28,368</b>	<b>29,623</b>	<b>31,235</b>	<b>35,920</b>	<b>41,304</b>

## 7.3 Programme 3: Housing Development

### 7.3.1 Situation analysis

The Programme is administrated through the Project Management Chief Directorate, and is responsible for the implementation and monitoring of the housing delivery through the various subsidy mechanisms in terms of national and provincial policies. This Directorate is also supported by the Directorates Contracts and Land Legal and Subsidy Administration.

The implementation process in the last financial year was greatly hampered by a number of factors which slowed down delivery, undermined monitoring and effective inspectorate. This was as a result of low skills base and capacity challenges within the department. While a number of service providers were engaged the environment it did not enhance the stability of service delivery. The environment was a bit unsteady, performance at its lowest, a lot of compromise on the quality resulting in a lot of poor end products in housing development across the board

At a technical level there were also a number of very critical challenges that exposed the department in various ways and required varying measures to counteract them, such as the non compliance to exceptional building standards by the contractors.

The Programme was however faced with significant challenges which includes amongst others, but not limited to the following: -

- 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 relevant skills within Project Management Chief Directorate
- Lack of capacity within the municipalities and key stakeholder departments which includes amongst others, Department of Co-operative Governance and Traditional Affairs,
- Lack of capacity in the housing industry in general terms; including Emerging Contractors;
- Complications and constraints in accessing developer and end-user finance (e.g. Finance-Linked Individual Subsidy Programme) ;
- Systemic constraints in project packaging process;
- Statutory requirements that impact on project packaging and planning;
- Socio-political impact on beneficiary allocation /identification;
- Lack of available bulk services/limit funding to support housing delivery programmes;
- Alignment of planning with Premiers Priority/Flagship Programme over the medium term and the Integrated Rural Development Strategy over the long term; and
- Lack of alignment of budget and programmes from the relevant sector departments in order create sustainable human settlements.

### 7.3.2 Policies, priorities and strategic objectives

The programme is at the forefront 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);
- Municipal and Provincial Infrastructural Grants and other key sectoral departmental grant allocations framework;
- Broad Based Black Economic Empowerment (BBBEE);
- Land Use Management System (LUMS); and
- Provincial Planning and Developmental Act.

The main objective of this programme is to promote the creation of sustainable human settlements. The bulk of the programme allocation is made up of the Housing and Human Settlement Development Conditional Grant.

The housing subsidy instruments implemented within this Programme include:

- Individual,
- Project linked,
- Institutional,
- Consolidation, and
- Rural

The implementation of Programmes such as the Rectification of housing units, disaster management and rehabilitation and Emergency Housing Programme are also an integral part of this programme. The sub-programmes within this programme have been aligned to the standardised budget structure for the housing sector, namely Financial, Incremental and Rural Interventions.

In an effort to achieve the targets of Outcome 8, the Programme plans to spend 60% on rural housing development, 30% to be utilised for the upgrade of informal settlements and a further 10% for land acquisition. The bulk infrastructure proposal will be put on the table for the top slicing of 10% seed funding for bulks in order to accelerate housing delivery. Due to high incidents experienced within the province as a result of disasters through fires, storm and floods, the database of service providers is being compiled per district to enhance response time by the department in assisting affected communities when these incidents happen.

### 7.3.3 Strategic Objectives

The key strategic objectives of the programme are to create sustainable human settlements through the following initiatives:

- Improve the quality of housing delivery, including systems, procedures and the products;
- Informal Settlements Upgrade ;
- Accelerate housing delivery in rural areas;
- Provide housing for vulnerable groups including those affected by HIV/AIDS;
- Ensure the provision of incremental housing;
- Implement Financial Services Market Programme;
- Provision of housing to military veterans;
- Implement the Enhanced People's Housing Process; and
- Implement poverty alleviation programmes.

### 7.3.4 Achievements and Non- achievements

In line with National and Provincial Priorities, a substantial increase in the overall housing delivery within rural has been experienced, particularly in those areas that have previously being excluded. The other area of achievement is the signing of Service Level Agreement (SLA) with NHBRC to assist with quality control on all projects being implemented. Through the assistance of NHBRC the department has been able to identify poorly built houses in different municipalities and relevant disciplinary actions currently being taken against service providers and staff responsible for this.

In line with the new Outcome 8 mandate, the Informal Settlements Upgrade / Slums Clearance initiatives has shown a positive move by government to deal with eradication of slums by 2014. Many projects on Informal Settlements Upgrade projects have been approved and are currently being implemented at various stages. The success in the packaging of five big priority provincial projects within various municipalities have shown a positive trend towards Integrated Sustainable Human Settlements that will ensure increased volume in housing delivery and job creation, as well as have significant impact on eradication of the housing backlogs currently experienced in the province.

In contrast, an underperformance has been experienced on properties transfers, which was largely attributed to lengthy delays in town planning and land legal issues, specifically in the more urban context where these issues are more prevalent. Delays in approvals from other key stake holder departments have also delayed the implementation of civil's construction, hence the shortfall on sites completed.

The Emergency Housing Programme which seeks to provide assistance in a wide range of emergency situations of exceptional housing needs also resulted in a marked increase with the provision of housing, as a result of the needs processed through the provincial flagship programme that identifies the most deprived households through the war on poverty profiling exercise undertaken in the most deprived wards of the province. On the hand the prevalence of inclement weather conditions in the Province, it is

anticipated that this Programme will continue to be effectively implemented to provide the disaster rehabilitation interventions.

To address another growing need of supporting the gap market, a concerted effort has also been made with the engagement of financial institutions to forge partnerships in housing development and hence the signing of Memoranda of Understanding with the leading Financial Institutions, namely ABSA, First National Bank and Standard Bank. Lack of effective progress in this regard has been a course of concern and growing frustration among the intended beneficiaries of this programme due to a high rejection rate experienced.

Objections have however been expressed by all Financial Institutions via the Banking Association of South Africa on the Finance Linked Subsidy Instrument Programme's policy prescripts and this has subsequently impacted on the implementation of the said policy and is therefore under review by National Department of Human Settlements.

The challenge of acquiring suitable and well located land has motivated the department to seek partnerships with the department of Rural Development and Land Reform (The DRD&LR) and the Housing Development Agency (the HDA). Notwithstanding funding limitations the Implementation Protocol Agreement signed by the Department and the DRD&LR serves as a vehicle for the acquisition of suitable land, however there has been indications of the funding constraints that has hampered this relationship being aggressively pursued and outputs realized. However some progress has been made in some of the land acquisition area, e.g. the department, eThekweni Municipality and the Housing Development Agency have finalised negotiations for the conclusion of an Implementation Protocol that will establish institutional arrangements for the identification, purchase and holding of land by the HDA for the creation of sustainable human settlements.

Although a provincial policy to assist non-statutory military veterans with housing was approved in February 2004, not much has been achieved in the implementation of this programme due to disagreements in the implementation approach between the Military Veterans association and the department. Discussions are however at an advanced level to take this process forwards. The new targets to be agreed on in the new financial year will see this part of our work fully supported by the department.

### **7.3.5 Narratives to Targets/Projections**

In line with the Department's strategic objectives as well as the new government's Outcome Based Approach to service delivery, the Programme aims to ensure that the strategic outputs and measures of Outcome 8: Sustainable Human Settlements and Improved Quality of Household Life are addressed by targeting its Project Linked subsidy Instrument towards the eradication of slums. In this regard for the period 2011-12 to 2013-14, an estimated 33,051 houses are expected to be constructed to address the eradication of slums, which will evidently make significant progress towards realising the achievement of the Informal Settlement Upgrading national target of 76,200 housing units by 2014. These targets are based on the assumption that key challenges would



however be addressed. This includes amongst others, suitably acquired land, capacity related issues.

Conservative targets have however been made for the Individual subsidy Instrument and are predominately for individuals in the income category (R0-R3500) who do not qualify

for credit at all, and who are not bound by the Credit Act. Significant challenges are also being experienced with the implementation of the Finance-Linked Individual Subsidy

Programme for the income bracket of R3501-R7000, where the Banking Association of South Africa have raised objections this programme's policy prescripts as well as the fact that applicants in this income category do not qualify for loans.

- In support of national agreement priorities as per Cabinet Lekgotla resolutions, as well as the departmental strategic objective of accelerating rural development, the programme will continue to effect strategies to promote more effective and sustainable rural development by projecting 43,871 housing units over the medium term period towards rural development.
- The implementation of the People's Housing Process which provides for community/beneficiary involvement in the construction of their houses will result in the houses construction of 4,211 over the medium-term period. As part of a National initiative, the Enhanced People's Housing Process methodology is being piloted within the Province; in partnership with the Habitat for Humanity in the eThekweni area in order ascertain the Programme's effectiveness and improvement measures so that this programme can be rolled out for implementation nationally.
- The Emergency Housing Programme seeks to address the needs of households who for reasons beyond their control, find themselves in an emergency housing situation such as the fact that their existing shelter has been destroyed or damaged, or that their prevailing situation poses an immediate threat to their life, health and safety. Due to the Province being continuously prone natural disasters/adverse weather conditions that destroy and/or damage houses, rendering households homeless and destitute, provision has been made on a progress basis to ensure that under these emergency circumstances the access to housing is provided.
- Other priory programmes inclusive of the Flagship Programme are also fully integrated into these targets in order to ensure that the Department is in a position to deliver on its mandate as well as implement measures that promote sustainable human settlements.

**Table 17: Specification of measurable objectives and performance indicators**

Key Strategic Objectives	Key Measurable Objectives	Performance Measure	2011/12 Target	Quarterly Targets			
				Q1	Q2	Q3	Q4
Development of sustainable human settlements	<b>Implementation of national housing programmes</b>						
	Individual	Number of beneficiaries approved	630	157	155	160	158
	Project Linked	Number of beneficiaries approved	11,048	2,520	2,576	2,900	3,052
		Number of houses completed	9,696	1,374	2,458	3,079	2,785
	Peoples Housing Process	Number of houses completed	1,552	286	369	483	414
	Disaster	Number of beneficiaries assisted	2,100	500	500	550	550
	Rural Housing	Number of beneficiaries approved	9,426	1,957	3,036	2,262	2,171
		Number of houses completed	13,271	2,238	3,144	3,907	3,982
	All subsidy instruments	Number of properties transferred	4,445	444	612	902	2,487
		Number of beneficiaries approved	21,384	4,634	5,852	5,407	5,491
		Number of sites completed	8,860	1,746	2,016	2,350	2,748
		Number of houses completed	25,987	4,065	6,221	7,967	7,334
	Hostel Redevelopment Programme	Number of units completed	778	46	162	247	323
	Social and Economic Amenities	Number of amenities completed	6	-	-	3	3
	Acquisition of land by Item 28(1) Certificate	Number of land parcels vested in the Provincial Government of KwaZulu-Natal	15	-	5	6	4
	Transfer of State Land to Municipalities	Number of Municipalities taking transfer of land	6	-	1	3	2
Drafting and packaging of agreements	Number of agreements packaged and signed	72	18	18	12	24	

For the 2011/12 Financial Year, it is intended that the Programme continue in its pursuit to meet its key objectives of accelerating rural housing development, eradicating slums, providing incremental housing, provision of housing opportunities under the emergency housing programme as well as utilising the People's Housing Process. 21,384 beneficiaries are to be provided with the opportunity of benefitting from a house and 51% of the houses to be constructed will pertain to rural development.

The Programme has identified a number of high impact projects, as part of the strategy/intervention to expedite the service delivery and create integrated sustainable human settlements, and these projects are expected to be implemented during this year. One such project is the Cornubia Housing Development which is an inclusionary housing project that has a potential yield of 50,000, and caters for different income groups and housing typologies. Phase 1 of the project of 5000 units has already been approved for implementation.

For the 2011/12 Financial Year, it is also intended that the implementation plan for the Military War Veterans be approved for implementation, utilising the normal incremental housing programmes. The Flagship Programme will also be fully integrated into the incremental housing programmes.

**Table 18: Description of planned quality improvement measures**

QUALITY IMPROVEMENT MEASURE	PROCESS DESCRIPTION
<p>Development of realistic target setting mechanism, which take into account complexity, capacity, disempowering institutional arrangements and approval and delivery timeframes</p> <p>Internal capacity building. More training and development in terms of inspections, contract and project management.</p>	<p>This process takes into account the capacity development requirements of all housing industry stakeholders. It also aligns planning processes.</p>
<p>Project Audit and Clean up.</p>	<p>To develop an updated database of projects, which should be aligned to the Housing Subsidy System? To identify and address projects that are blocked, stalled, approved but has not commenced, completed but have not been officially closed out.</p>
<p>Develop a standardized quality management control</p> <p>Develop capacity building programme for total quality management system for municipal building inspectors, IA's, contractors and provincial building inspectors</p> <p>Use of housing contractors graded by the CIDB and/ registered with the NHBRC</p>	<p>This process is aimed at ensuring total quality management throughout the entire housing development process</p>
<p>Scarce Skill retention policy</p> <p>Partnering with the private and public sector on delivery arrangements</p> <p>Develop and finalize the Provincial Sustainable Human Settlement Strategy to enhance the spatial planning of projects</p> <p>Develop a strategy to implement the interventions as identified in the Premier's Flagship)</p> <p>To implement delegations in support of housing</p> <p>Streamlining of the internal approval and contracting DOH processes with accountable timeframes</p>	<p>These interventions substantially contribute to improving service delivery.</p>

**Table 19: Analysis of constraints and risks and measures planned to overcome them**

Constraints	Measures to overcome constraints
Socio-political impact on beneficiary allocation /identification	The list of potential beneficiaries to be adopted by municipality's council, i.e. Council resolution and implemented as is any changes to be tabled and ratified by council. The department will closely monitor this process to ensure that this process is not left in the hands of the contractor and open to abuse. Municipal councils will be held accountable for the beneficiary lists
Performance of implementing agents	More effective review, streamlining and management of contracts have been addressed and enhanced monitoring has been escalated through on-going meetings with implementing Agents.
Capacity of municipalities to implement projects	Signing of service level agreements with municipalities and develop and implement a capacity building programmes. Department to assume role of developer in those municipalities that have major capacity challenges, however capacity development support will be targeted to the housing development planning role of municipalities.
Illegal renting of houses	Consider increasing rental stock and adopting strategies to escalate the property management capacity.
Delays in planning and environmental approvals	Increase the capacity of municipalities in planning and streamline the partnership with other sector departments responsible for planning.
Lack of infrastructure in some municipalities	Meaningful inputs in IDP's and SLA's with Municipalities
Insufficient suitably well located land for human settlements	Proper management of contracts signed with IAs on each project to ensure completion of projects within stipulated time frame. Recruitment of technically skilled staff to manage projects Need to encourage high rise in the design of houses
Management of contracts & internal capacity	
Reactive approach to the implementation of projects	Strengthen human settlement planning component to play a leading role in planning.
Non-alignment of sector- department's plans in support of housing delivery	Strengthen human settlements planning

**Table 20: Risk Assessment and Risk Mitigation**

<b>RISK NAME</b>	<b>RISK DESCRIPTION</b>	<b>CURRENT CONTROLS</b>
<b>Business Processes</b> - Internal Communication	<ul style="list-style-type: none"> <li>- Lack of effective communication.</li> <li>- No single source of information for the entire department's reporting requirements.</li> <li>- Suboptimal use of available information systems.</li> <li>- Lack of proper communication and interpretation of national policies.</li> </ul>	<ul style="list-style-type: none"> <li>- HSS updated</li> <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> <li>- Monthly submission of all required information.</li> </ul>
<b>Intergovernmental and Interdepartmental Relationships:</b> - Effectiveness	<ul style="list-style-type: none"> <li>- Excessive demand placed on projects by e.g. environmental impact assessments</li> <li>- affecting affordability and quantity of delivery.</li> <li>- Lack of direct control over delivery agents due to complex institutional arrangements.</li> <li>- Lack of co-ordination and integration.</li> </ul>	<ul style="list-style-type: none"> <li>- Prep funding</li> <li>- Prep funding is provided to mitigate the environmental impact.</li> </ul>
<b>Program Development Demands</b> - Foreigners Illegal Occupation	<ul style="list-style-type: none"> <li>- Inability to clear slums due to foreign</li> <li>- nationals resident in informal settlements</li> </ul>	<ul style="list-style-type: none"> <li>- Coordination with Home Affairs</li> <li>- Coordinate with Home Affairs to deport illegal foreign nationals.</li> <li>- Provision of rental accommodation to foreign national with valid Visas.</li> </ul>
<b>Program Development Demands</b> - Land Ownership and Recording	<ul style="list-style-type: none"> <li>- Non compliance with the minimum requirements in the Land Administration Act in terms of format of the consolidated register.</li> <li>- Lack of completion of all required</li> <li>- details regarding land in the register.</li> <li>- Lack of uniformity in the registers kept by the Regions may hamper</li> </ul>	<ul style="list-style-type: none"> <li>- Acquired a list of all state properties in the Province from the Office of the Surveyor-General</li> <li>- From the consolidated property list a register is being developed on all Provincial Properties managed by the Department.</li> </ul>

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	<ul style="list-style-type: none"> <li>consolidation of the Departmental register.</li> <li>- Poor safeguarding of information captured on the registers.</li> <li>- Lack of supervisory reviews.</li> </ul>	
<p><b>Program Development Demands</b></p> <ul style="list-style-type: none"> <li>- Low Income Housing Scheme Misuse</li> </ul>	<ul style="list-style-type: none"> <li>- Mismanagement and/or misuse of the low cost housing schemes</li> <li>- The failure to comply with the National Housing Manual, National Housing Code and applicable laws governing the State's low cost housing scheme.</li> <li>- Misconduct of officials, employees and municipal councillors employed by the State or appointed agents with regard to the</li> <li>- Administration of the State's low cost housing schemes.</li> </ul>	
<p><b>Program Development Demands</b></p> <ul style="list-style-type: none"> <li>- Access to Services and Land</li> </ul>	<ul style="list-style-type: none"> <li>- Failure by municipalities to make appropriate land available for housing development before disposing of it to the private sector.</li> <li>- Limited land for housing development – densification.</li> <li>- Delays in signing of contracts impacting negatively on housing development.</li> <li>- Inadequate human resources in land administration.</li> <li>- Incomplete record of contracts which may be caused by improper filing system.</li> </ul>	<ul style="list-style-type: none"> <li>- Extended moratorium.</li> <li>A</li> <li>- agreed to extend the moratorium.</li> <li>- Identify and acquire appropriate land for housing development.</li> <li>- Emphasis on the importance value to the municipalities of a well situated housing development.</li> <li>- Start Date</li> <li>- Due Date</li> <li>- Status</li> </ul>
<p><b>Project Management</b></p> <ul style="list-style-type: none"> <li>- Process Implementation: Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>- Slow moving projects</li> <li>- Non finalisation of the development programme</li> <li>- Missing beneficiaries.</li> <li>- Over run on the actual expenditure.</li> </ul>	<ul style="list-style-type: none"> <li>- Reconciliation team in place</li> </ul>
<p><b>Resource Capacity</b></p>		<ul style="list-style-type: none"> <li>- Resource capacity - Internal &amp;</li> </ul>

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<p>- Internal &amp; External</p>	<ul style="list-style-type: none"> <li>- Inadequate housing expertise, raw materials, project management skills to deliver houses.</li> <li>- Lack of support (human capacity) for social housing component.</li> <li>- Inability of housing institutions to manage the project.</li> <li>- Failure to sustain institutions in the long term.</li> </ul>	<p>external</p> <ul style="list-style-type: none"> <li>- Scholarship and internship programmes implemented at national and provincial level.</li> <li>- A youth forum implemented to attract youth to the industry.</li> <li>- General project management engagement with key suppliers to align demand with their supply.</li> <li>- Tripartite agreements in place.</li> <li>- Emerging contractor programme engaged to build capacity.</li> <li>- Operation Capital (OPSCAP) provides for funding capacity where lacking.</li> <li>- A Service provider database is currently in place.</li> </ul>
<p><b>Supply Chain Management</b></p> <p>- Contract Management: Adequacy</p>	<ul style="list-style-type: none"> <li>- Inability to attract big contractors.</li> <li>- Inadequate capacity to develop.</li> <li>- Low margins and red tape in the industry pushing contractors away from the housing sector.</li> <li>- Quality of service providers and poor construction quality.</li> </ul>	<ul style="list-style-type: none"> <li>- Inspection is conducted at each stage of completion of each house.</li> <li>- Projects have to be registered with the NHBRC</li> <li>- Projects have to be registered with the NHBRC which provides an inspection and warrantee over the product delivered.</li> <li>- Construction Industry Development Board in place to deal with standard for uniformity.</li> <li>- Construction Industry Development Board in place to deal with standard for uniformity in the construction process.</li> </ul>
<p><b>Supply Chain Management</b></p> <p>- Process Implementation: Effectiveness</p>	<p>Role of department in procurement process e.g. local authority level</p>	<p>Tripartite Policy in place.</p> <ul style="list-style-type: none"> <li>- Housing Code amended to include guideline documents on the Preferential Procurement Framework Act and the PFMA.</li> </ul>



### **7.3.6 Sub Programme: Intergovernmental Relations**

#### **7.3.6.1 Situation analysis**

It is believed that Sukuma Sakhe is a complete vehicle through which the spheres of government can operate in a successfully integrated manner. The programme now has its management structures in place which, if fully utilized, will work efficiently in the effective government resource allocation and utilization. The aim of this programme is to foster improve IGR to ensure effective delivery of services to the communities in an integrated manner. IGR will further ensure that the Department's strategic direction and plan is communicated and entrenched to all the municipalities to ensure proper alignment with the objectives of government broadly.

The Department has been identified as the catalyst in the programme and will endeavour to provide leadership by identifying key department and their level of involvement in the programmes. IGR will ensure that the environment for coordination is facilitated vertically and horizontally across the province, nationally and at municipal level. It must be understood that eventually all the interventions that are being identified will ultimately drive the departmental strategic direction; and this makes the programme an enabling tool to fast track service delivery in a targeted approach and the achievement of the MDGs. The department can also benefit from these already established structures to effectively play the coordination and leading role in development.

COGTA has assisted municipalities in the implementation of the act by supporting the establishment of district forums. The unit IGR will ensure that it promotes the single point of coordination and integration provincially, nationally and locally.

#### **7.3.6.2 Policies, priorities and strategic objectives**

- To win the fight against poverty;
- To strengthen inter governmental relations;
- To strengthen governance and service delivery;
- To promote integration and coordination across government; and
- To address the institutional and systemic constraints.

#### **7.3.6.3 Strategic Objectives**

The key strategic objective is to enhance service delivery through facilitating and coordinating inter-governmental programs and initiatives. To ensure alignment of the three spheres of government for efficient and effective delivery of services on the ground.

#### **7.3.6.4 Legislative Mandate**

The Intergovernmental Relations Framework Act, 13 of 2005

#### **7.3.7 Previous Year's Work Performance**

The IGR unit is fairly new and was formed in the midst of restructuring. The unit has not properly conceptualized its functioning and will endeavour in the new financial year to have clearly defined outputs and measurable objective aimed at facilitation the departments strategic thrust of the department and ensuring that there is efficiency and effective and coordinated delivery of services.

- Promoting both the vertical and horizontal coordination across the three spheres of government;
- Coordinate the realization of the human settlement objective by ensuring that the strategic plan of the department; and
- Will analyze the weakness and develop interventions to mitigate the weakness created by the silo mentality o service delivery.

### 7.3.8 Analysis Of Constraints

- The general lack of capacity in the department; and
- Properly defined outputs and deliverables for the unit.

**Table 21: Planned Quality Improvement Measures**

Quality Improvement Measure	Benefit
a. Develop a strategy to support the departmental IGR interventions	More focused approach to work which will yield efficiency
b. Improve coordination and integration between the department, other provincial departments, national department and municipalities	Duties carried out effectively and efficiently.
c. Develop a strategy to ensure integration within the department and other key stakeholders such as other provincial departments, national department, municipalities, state owned enterprises	More integrated intervention by the department and across departments and municipalities
d. Coordinate with the department of Environmental affairs to ensure speedy response to the EIA applications to fast track the building of human settlements	Ability of the department is able to effectively plan the timing of the delivery of human settlements will a degree of certainty
e. Ensure aligned intervention between COGTA and human settlement to support the planning mandate of the municipalities	Enhance the planning capacity of municipalities to enhance the level of human settlements planning
f. Coordinate with COGTA and The Ingonyama Trust Board on the training of amakhosi and the facilitation of the role of amakhosi in housing delivery	Enhanced role of amakhosi in housing delivery
g. Support the implementation of the tripartite agreements	Assist the department in identifying municipalities facing challenges in the implementation of the tripartite agreements

**Table 22: Specification of measurable objectives and performance indicators**

Key Strategic Objectives	Key Measurable Objectives	Performance Measure	2011/12 Target	Quarterly Targets			
				Q1	Q2	Q3	Q4
To enhance service delivery through facilitating and coordinating inter-governmental programs and initiatives	<b>Coordinate and oversee the implementation of inter-governmental initiatives</b>	Ensure that there is a strong partnership between COGTA and HS in supporting municipalities in their planning functions	100%	100%	100%	100%	100%
		Promote coordination between the dept of Environmental affairs and HS to enhance the EIA performance	100%	100%	100%	100%	100%
		Ensure that COGTA and municipalities deliver the bulk infrastructure services as outlined outcome 4 targets i	100%	100%	100%	100%	100%
		Full participation by the department in Sukuma sakhe	100%	100%	100%	100%	100%
		Coordinate the participation of the department of Agriculture ,sports and recreation etc to ensure partnership for the eradication of slums	100%	100%	100%	100%	100%
		Ensure coordination between the dep't of HS and other departments mandate to ensure integrated delivery and roll out of social amenities in any human settlement developed	100%	100%	100%	100%	100%
		<b>Participate in inter-governmental campaigns</b>	Handover of 16 houses during the 16 days campaign	20	30	30	30
		Ensure that all houses identified through the flagship programme are built and handed over to beneficiaries	100%	100%	100%	100%	100%
		Lead campaigns to empower municipalities and to outline the shared targets for outcome 8	100%	100%	100%	100%	100%

The above stated service delivery targets will only be attainable on receipt of the necessary capacity to deliver the targets and is mainly dependent on the cooperation of the technical support

**Table 23: Risk Assessment and Risk Mitigation**

RISK NAME	RISK DESCRIPTION	CURRENT CONTROLS
<p><b>Intergovernmental and Interdepartmental Relationships</b></p> <ul style="list-style-type: none"> <li>- Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>- Lack of co-ordinated planning with relevant stakeholders in the building of houses by the department, impacts negatively of service delivery and the image of the department.</li> <li>- Cooperation from key stakeholders.</li> <li>- Lack of communication, coordination and cooperation.</li> </ul>	<ul style="list-style-type: none"> <li>- The flagship programme</li> <li>- Department of Human Settlements actively participate in the IDP (Integrated Development Process).</li> <li>- The department is assisting in developing municipal housing plans and utilizes them as a basis for investment decisions.</li> <li>- The department is involved in the Economic</li> </ul>
<p><b>Human Resource Management -People</b></p> <ul style="list-style-type: none"> <li>- Critical Skills Attraction and Retention:</li> </ul>	<ul style="list-style-type: none"> <li>- Lack of appropriate skills in IGR.</li> <li>- Equitable share to Province not increasing to the same ratio as grant allocation from National Department of Human Settlement.</li> <li>- Insufficient training for departmental staff.</li> <li>- Budget constraints to support the new structure.</li> </ul>	<p>Internal LIMITED capacity:</p>
<p><b>Project Management</b></p> <ul style="list-style-type: none"> <li>- Process Implementation: Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>- There is a general lack of project management skills resulting in the lack of team work and the understanding/ appreciation of benefits thereof.</li> </ul>	<ul style="list-style-type: none"> <li>- Advocacy</li> </ul>
<ul style="list-style-type: none"> <li>- <b>Stakeholder Relationship</b></li> <li>- Management</li> </ul>	<ul style="list-style-type: none"> <li>- Non alignment of planned initiatives.</li> <li>- Delays in the dissemination of information.</li> <li>- Lack of clear roles and responsibilities.</li> <li>- Poor strategy of identification of key stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>- Meetings and workshops are convened for specific required activities</li> </ul>

### 7.3.9 Reconciliation of Budget with Plan

The allocation for the programme with the various subsidy programmes to be implemented is outlined below;

**Table 24: Summary of payment and estimates – Programme 3: Housing Development**

R'000	Audited Outcome			Main	Adjusted	Revised Estimate	Medium-term Estimates			Long-term Estimates	
	Audited 2007/08	Audited 2008/09	Audited 2009/10	Appropriation			2011/12	2012/13	2013/14	2014/15	2015/16
				2010/11							
Administration	48,878	68,868	57,654	56,047	53,841	53,841	57,194	67,955	71,608	82,359	94,702
Financial Interventions	95,951	176,242	469,317	251,454	363,816	483,816	457,963	266,700	335,036	385,291	443,085
Incremental Interventions	518,604	782,744	746,834	1,140,940	1,220,295	1,020,295	894,393	1,075,306	1,274,397	1,465,556	1,685,390
Social and Rental Interventions	268,226	143,024	147,637	355,531	178,380	178,380	475,956	331,264	321,559	369,792	425,262
Rural Interventions	274,724	321,683	668,654	1,019,842	707,077	707,077	683,660	962,466	846,347	973,299	1,119,293
<b>Total</b>	<b>1,206,383</b>	<b>1,492,561</b>	<b>2,090,096</b>	<b>2,823,814</b>	<b>2,523,409</b>	<b>2,443,409</b>	<b>2,569,166</b>	<b>2,703,691</b>	<b>2,848,947</b>	<b>3,276,297</b>	<b>3,767,732</b>

## **7.4 Programme 4: Housing Assets Management, Property Management**

The Programme is administrated through the Property Management and the Rental Housing Tribunal Components. Property Management Component is responsible for the management of the Departmental Properties and their maintenance and also the implementation and monitoring of the housing projects through the various subsidy mechanisms in terms of national and provincial policy. The Rental Housing Tribunal Component is responsible for the regulation of good relationships between tenants and the landlords. Property Management has evolved over the years due to policy shifts and now handles four major sub-programmes.

The transfer of old housing stock in terms of the Enhanced Extended Discount Benefit Scheme, (EEDBS) policy in order to promote private home ownership is one of the sub-programmes. The second sub-programme is the creation of rental housing opportunities through the upgrade of hostels and the building of new community residential units in terms of the Community Residential Units Policy, (CRUs). The third sub-programme is also on the creation of rental housing opportunities through the Social Housing Policy and the Social Housing Act through which the social housing units are developed by the Social Housing Institutions. The fourth sub-programme is the maintenance of the rental housing stock and its inherent upgrading and refurbishment for stock in poor state of repair in preparation for its transfer to beneficiaries in terms of the EEDBS Policy.

### **7.4.1 The transfer of the old housing stock in terms of the EEDBS Policy:**

The Ex-Own Affairs Old Housing Stock that is still held by the Department together with all the other old housing stock that is held by various municipalities qualify to be transferred to qualifying beneficiaries. The various qualifying properties include the former R293 properties and the Ex-Own Affairs properties and all these properties are generally characterized by very poor condition in terms of their state of repair. Most of them were originally poorly built and were not maintained properly resulting in further deterioration of properties. This situation makes it very difficult now to transfer most of the properties to beneficiaries without refurbishing or upgrading them.

The refurbishment of properties in instances where they are not safe to occupy and or posing threat to the life of the occupants is advocated by the Enhanced Extended Discount Benefit Scheme, (EEDBS) policy but the nature of what can be done in this process is now better explained under PART 3 OF THE HOUSING CODE 2004, UNDER FINANCIAL INTERVENTIONS: RECTIFICATION OF PRE-1994 RESIDENTIAL PROPERTIES. This is a new intervention in the Code that provides clear guidelines on what needs to be done and under what conditions.

The EEDBS policy and the Housing Code need to be read together in order to make the complete sense of what is permissible and what is not. The Housing Code also stipulate that the funding made available for the rectification as approved by the MEC, should not be regarded as an Individual Housing Subsidy allocation to a beneficiary but as a grant to the deserving project. The Department is already engaged in the refurbishment and upgrading of some properties in terms of the abovementioned provision and this will need to be handled as a sub-programme due to the big volume of properties that are

likely to be involved and the budget allocation that will be required. The primary condition of this exercise is that on completion of the refurbishment and or upgrading of properties

that they are transferred to qualifying beneficiaries in terms of the EEDBS policy if they are not yet under private home ownership.

#### **7.4.2 The Community Residential Units, (CRUs) Sub-programme:**

This sub-programme deals with the creating of the rental housing opportunities for the lower income peoples within the income range of R0.00 to R3 500.00. This sub-programme is intended to assist people who are earning low income and that cannot be accommodated within the formal rental housing market. The sub-programme includes the provisions for the upgrading and conversion of the old hostel housing stock in to family units and creating conditions in these properties that are habitable for the residents.

The biggest challenge facing this programme in KwaZulu-Natal is the lack of its long-term sustainability as the CRU residents are not honouring their commitments in terms of the payments of rentals, and for the services that are consumed e.g. water and lights. Due to the high volume of the old hostels in the province of which ninety percent is concentrated under eThekweni Municipality, the focus of the Department has always been on the upgrading of the old hostels as opposed to the development of the new CRU properties in areas where there were no hostels in the past. The matter of the long-term viability of the CRUs is currently under intensive investigation whilst we proceed with the implementation of the sub-programme.

#### **7.4.3 The Social Housing Sub-programme:**

Social Housing and CRUs are part of the National Rental Strategy intended to create rental housing opportunities and the distinction between the two is mainly that social housing caters for the higher income level. Social Housing provides for rental housing opportunities for the primary group of beneficiaries earning within the range of R1 500.0 to R3 500.00 and the secondary group provides for income band ranging from R3 500.00 to R7 500.00 household income.

**7.4.3.1 Social housing** is defined as “A rental or co-operative housing option for low income persons at a level of scale and built form which requires institutional management and which is provided by accredited social housing institutions in accredited social housing projects in designated restructuring zones.” Restructuring zones are geographic areas identified for targeted investment based on a need for social, spatial and economic restructuring of the area/s and specifically provided for in a local government Integrated Development Plan (IDP) and agreed and aligned to provincial priorities. Individual project sites do not constitute restructuring zones. Social Housing projects are at the moment being implemented under eThekweni and Umsunduzi Municipalities. There is a need to broaden the scope of areas within which social housing is delivered amongst which include KwaDukuza, uMhlathuze municipalities.



#### **7.4.4 The maintenance sub-programme:**

This sub-programme mainly focuses on the maintenance of the rental housing stock that is owned by the Department and is mainly the Ex-Own Affairs Old Housing Stock. Due to the origins of this housing stock and poor track record of the previous administrations in the building quality and maintenance level of these properties, the Department is paying a high premium as holding costs of the stock. The general high maintenance costs: a

huge rates and taxes bills; and the payments for services are incurred by the Department and the recovery of this costs is not guaranteed as many tenants are not honouring their lease agreement commitments in the form of the payments for rentals and services consumed.

The introduction of the Enhanced Extended Discount Benefit Scheme, (EEDBS) was intended to alleviate this situation but the processes involved are quite cumbersome and it is taking too long to have all the above mentioned properties transferred. The Department is reviewing various options in order to accelerate the rate at which these properties are transferred to beneficiaries. The huge bill that will and is being incurred for the refurbishment and the upgrading of these properties prior to being in a state at which they can be transferable to beneficiaries is a huge challenge due to prevailing poor economic climate and the inherent budget constraints.

The rental properties and sales debtors are all housed in the Departmental Debtor System and the Asset Register. The historical challenges relating to the poor data integrity of both the Debtor System and the Asset Register is a serious cause for concern. With the impending dis-establishment of all the Housing Funds Nationally and the ultimate incorporation of the accounting records of the fund into the Vote, unless the data within the Housing Fund is cleaned, the Vote will, once the Housing Funds records are incorporated, receive a qualified audit. The various committees with oversight roles over the performance of the Department are equally concerned about this situation which has been tabled with them and the Provincial Treasury. The current constraint which has been in place is the lack of funding in order to run the Operation Clean Audit exercise and the National Department of Human Settlements has been approached in order to source the necessary funding after which the stated exercise will commence.

#### **7.4.5 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;
- Inadequate funding allocations to sub-programmes;
- Complications and constraints in accessing developer and end-user finance;
- Systemic bottlenecks in project packaging process; and
- Systemic constraints in the subsidy approval process.

#### **7.4.6 Policies, priorities and strategic objectives**

##### **(i) Strategic Objectives**

The strategic objectives of the programme are to: -

- To promote private home ownership and maximize the number of properties transferred by using the subsidization in terms of the EEDBS and transferring state properties to qualifying beneficiaries;
- To create rental housing opportunities in partnership with municipalities, Social Housing Institutions, the National Human Settlements Department and other Stakeholders in the form of Social Housing Rental Accommodation;
- To upgrade public sector hostels creating humane living conditions for hostel residents by utilizing the Community Residential Units (CRU) policy and creating new CRUs in areas where there is demand for rental stock;
- To maintain the rental housing properties still held by the Department until it is transferred to beneficiaries in terms of the EEDBS; and
- The promotion and the regulation of healthy relationships between tenants and landlords.

##### **(ii) Specified policies, priorities and strategic objectives**

Specified policy frameworks are as follows: -

- The social housing policy;
- The community residential units policy; and
- Integrated Development Programme.

**Table 22: Description of planned quality improvement measures**

QUALITY IMPROVEMENT MEASURE	PROCESS DESCRIPTION
<ul style="list-style-type: none"> <li>▪ Source funding for the Cleanup of the Debtor System and Asset Register and dispose-off of all properties that are not supportive of human settlements developments.</li> <li>▪ Improve communication with all stakeholders involved in the transfer process of the old housing stock to private ownership.</li> <li>▪ Facilitate the joint review of the Old Hostel Upgrading exercise in order to establish a provincial policy position on how to deal with the old hostels.</li>   <li>▪ Facilitate the development and implementation of the provincial rental housing strategy in order to improve coordination of efforts and the delivery of rental housing opportunities.</li> <li>▪ Facilitate the scoping of the extent of the refurbishment work, source adequate funding for the rectification of the pre-1994 old housing stock in order to accelerate the transfer of the stock to beneficiaries and ensure the correct projections of funding requirements are made.</li> </ul>	<ul style="list-style-type: none"> <li>▪ A business plan intended to facilitate the full clean-up of both the Debtor System and the asset register needs to be implemented but funding is a constraint.</li> <li>▪ The delays with the transfer of old housing stock need to be resolved and all the inherent bottlenecks in the process removed.</li> <li>▪ The long-term sustainability of the old hostel stock is questionable due to lack of payments of rentals and for services and a long-term solution is being sought.</li> <li>▪ The National Rental Strategy that is being implemented is not well coordinated and a provincial strategy is long-overdue in order to improve service delivery.</li> <li>▪ The old housing stock remains untransferred to beneficiaries in some instances due to its poor state of repair and requires to be rectified prior to being able to be transferred in terms of the EEDBS policy.</li> </ul>

**Table 23: Specification of measurable objectives and performance indicators for 2011/2012**

Key Strategic Objectives	Key Measurable Objectives	Performance Measure	2011/12 Target	Quarterly Targets			
				Q1	Q2	Q3	Q4
Strengthening governance and service delivery	<b>Regulated the relationship</b>						
	Rental Tribunal	Number of cases resolved	1,320	330	330	330	330
	<b>Creation of Humane living</b>						
	Enhanced Extended Discount Benefit Scheme	Number of residential properties transferred to beneficiaries	8,000	2,000	2,000	2,000	2,000
	Community Residential Units	Number of units erected or upgraded	1,000	100	250	300	350
	Maintenance of all rental units	Number of units maintained	6,000	1,500	1,500	1,500	1,500
	Development of Social Housing Units	Number of units built or converted	2,000	200	400	600	800
	Rectification of the Pre-1444 Old Housing Stock	Number of units Rectified and or Upgraded	6,000	1,000	1,000	1,500	2,500

Notes:

1. The above stated service delivery targets will only be attainable on receipt of the necessary capacity to deliver the targets.
2. The budget reprioritization in order to allocate the necessary funding is essential towards the attainment of these targets without which they will not be attained.
3. The cooperation of the other stakeholders in the delivery process e.g. the NHBRC, Municipalities, State Attorney, SHIs and internal Departmental process, e.g. obtaining approval on submissions in time, have a direct bearing on the successful attainment of these targets.

#### 7.4.7 Rental Housing Tribunal

The Rental Housing Tribunal Component is responsible for the regulation of good relationships between tenants and the landlords. Whereas in the past the main purpose of the Rental Housing Tribunal has been to provide both administrative and technical support to the KwaZulu-Natal Rental Housing Tribunal, the strategic review has revealed

that there is a need for pre-emptive and pro-active measures. In this regard, the Rental Housing Tribunal Support Sub-Programme will:-

- Administer all disputes between landlords and tenants in residential properties in the KwaZulu-Natal Province;
- Market and promote the Rental Housing Tribunal and its activities to the public and stakeholders;
- Provide efficient, effective and economic administrative support functions to the KwaZulu-Natal Rental Housing Tribunal established in terms of section 4 of the Rental Housing Act (Act 50 of 1994);
- Facilitate the full participation of Municipalities in the implementation of the Rental Housing Act;
- Identify and develop specific programmes aimed at enhancing service delivery capacity of the Social Housing Institutions; and
- Educate tenants and landlords with regards to their rights and obligations

#### **7.4.7.1 Situational Analysis**

The Rental Housing Tribunal Support Sub-Programme was established in 2002, following the establishment of the KwaZulu-Natal Rental Housing Tribunal and the appointments of its members in 2002. This was necessitated by the enactment of the Rental Housing Act (Act 50 of 1994) which sought to:-

- Create mechanisms to promote the provision of rental housing property;
- Promote access to adequate housing through creating mechanisms to ensure the proper functioning of the rental housing market;
- Make provision for the establishment of Rental Housing Tribunals;
- Define government responsibility in respect of rental housing property;
- Define the functions, powers and duties of such Tribunals;
- Lay down general principles governing conflict resolution in the rental housing sector;
- Provide for the facilitation of sound relations between tenants and landlords and for this purpose to lay down general requirements relating to leases; and
- Repeal the Rent Control Act, 1476 and to provide for matters connected thereto.

#### **7.4.7.2 Legislative Mandate**

- The Rental Housing Act (Act 50 of 1994);
- Regulations Relating To Unfair Practices;
- Constitution Of The Republic Of South Africa (Act 108 of 1996);
- Housing Act (Act 107 of 1997);
- Sectional Titles Act (Act 45 of 1986);
- Prevention Of Illegal Eviction and Unlawful Occupation Of land Act (Act 14 of 1998); and
- Social Housing Act (Act 16 of 2008).

#### 7.4.7.3 Previous Years' Work Performance

**Table 24:** The work performance of the Sub-Programme for the 3 previous financial years is tabled here-under.

Year	Service Delivery Measures		
	Indicator	Target	Actual
2007/2008	Number of Cases Resolved	1,200	1,206
2008/2009	Number of Cases Resolved	1,200	1,621
2009/2010	Number of Cases Resolved	1,200	1,448

In terms of the marketing of the Tribunal and the establishment of Rental Housing Information Offices, for the 2009/2010 financial the following was achieved:-

**Table 25:** Performance Measures

Performance Measure	Target	Actual
Development Of The Marketing Strategy And Its Operational Plan	Development Of The Marketing Strategy And Its Operational Plan	Marketing Strategy and Its Operational Plan Developed
Number Of Functional Rental Housing Information Offices Created	3	1
Number Of Meetings / Presentations, Workshops / Information Offices Conducted In The Municipalities, Landlords / Tenants Formations and Social Housing Institutions	12	24

#### 7.4.7.4 Analysis of Constraints

Notwithstanding the fact that the targets have been met in the past 3 financial years it must be noted that there are challenges in the following areas:-

- Lack of human resources capacity within the component
- The 3-month statutory period for dealing with complaints lodged with the Tribunal; and
- Inability of municipalities to establish Rental Housing Information Offices within them.

**Table 26: Planned Quality Improvement Measures**

Quality Improvement Measure	Benefit
Sufficient office space for tribunal staff	Confidentiality and privacy will be guaranteed for complainants when lodging complaints
Adequate working space to address different needs	Speedy resolution of disputes
A strategically structured records management process	Improved Record-keeping

#### 7.4.7.5 Strategic Objectives and Polices

##### (i) Strategic Objectives

The strategic objectives of the Rental Housing Tribunal Support Sub-Programme are to:-

- Administer all disputes between tenants and landlords in residential properties in the KwaZulu-Natal Province;
- Market / promote the Rental Housing Tribunal and its services to the public / stakeholders ; and
- Provide efficient, effective and economic administrative support functions to the KwaZulu-Natal Rental Housing Tribunal established in terms of section 4 of the Rental Housing Act, (Act No 50 of 1994).

##### (ii) Policies

- The Social Housing Policy;
- The Community Residential Units Policy;
- The Housing Code; and
- EEDBS.

**Table 27: Risk Assessment and Risk Mitigation**

RISK NAME	RISK DESCRIPTION	CURRENT CONTROLS
<b>Asset Management</b>  – Availability and Need: Alignment	Poor planning and communication of needs. Lengthy and unclear procurement processes.  Poor service delivery.	Availability of furniture and equipment: Procurement committees in place. Procurement plans in place. Regular programme meetings held.
<b>Financial Management</b>  – Funding Allocations	Inadequate assessment of needs. Inappropriate allocation of budget. Increased demand of services. National economic crisis.	Budget constraints: Budget advisory committee in place. Medium Term Expenditure Framework (MTSF) plan. Business plans in place. Multi- year housing development plan in place. Procurement plans in place.

		Responsibility and programme managers in place.
<b>Intergovernmental and Interdepartmental Relationships</b>  – Effectiveness	Lack of co-ordinated planning with relevant stakeholders in the building of houses by the department, impacts negatively of service delivery and the image of the department. Cooperation from key stakeholders. Lack of communication, coordination and cooperation.	Active participation with stakeholders: Department of Human Settlements actively participate in the IDP (Integrated Development Process). The department is assisting in developing municipal housing plans and utilizes them as a basis for investment decisions. The department is involved in the Economic cluster to develop the Provincial Spatial Economic Development Strategy. The Department, together with other government departments implements developments in a manner that is in line with the Sustainable Human Settlements.
<b>Information Technology</b>  - Infrastructure: Availability & Accessibility	Lack of an Information Management Systems and Technology (IMST) policy. Lack of standard quality management system. Inefficient systems and processes. Suboptimal use of available information systems.	Management of IT resources: IT policy in place. Ad hoc communication via e-mails from IT section. Website committee. Monthly reporting to management. Annual IT assets audit. New Structure Approved. Service provider appointed to schedule applicants. Recruitment plan to prioritize filling of posts in place. Human Resource delegations in place to address appointment processes. Delegation of authority for filling posts in place. Filling of critical posts in Human Resource Management to manage staff recruitment.
<b>Human Resource Management -People</b>  – Critical Skills Attraction and Retention:	Lack of appropriate skills in the Housing Sector. Equitable share to Province not increasing to the same ration as grant allocation from National Department of Human Settlement. Insufficient training for departmental staff. Budget constraints to support the new structure.	Internal capacity Communication of Human Resource needs to Human Resource Management. Job evaluation process underway. Making use of external resources (Consultants)
<b>Project Management</b>	Delays in the municipal approval processes (council	Completion of Projects: Regular communication with



<ul style="list-style-type: none"> <li>- Process Implementation: Effectiveness</li> </ul>	<p>approvals, procurement) Lack of appropriate penalty clauses in the Memorandum of Agreement Non timeous completion of projects. Affects individual performance of staff and component.</p>	<p>municipalities. Use of terms of reference for appointment of service providers. Signed Memorandum of Agreement's with beneficiary municipalities.</p>
<p><b>Supply Chain Management</b></p> <ul style="list-style-type: none"> <li>- Process Implementation: Effectiveness</li> </ul>	<p>Lack of delegation of authority. Non-clarity of terms of references of various committees involved in the procurement process. Unavailability of committee members involved in procurement process. Lack of guidelines from SCM for internal clients.</p>	<p>Approval and Delivery Process – Procurement: Procurement committees in place. Delegations of Authority in place. Budget advisory committee in place. Monthly quarterly/annual programme progress reporting.</p>
<p><b>Stakeholder Relationship</b></p> <ul style="list-style-type: none"> <li>- Management</li> </ul>	<p>Non alignment of planned initiatives. Delays in the dissemination of information. Lack of clear roles and responsibilities. Poor strategy of identification of key stakeholders.</p>	<p>Stakeholder Engagement: Meetings and workshops are convened for dissemination of information. Policy communiqué distribution. Memorandum of Understanding's in place. Use of website and internet.</p>

**Table 28: Quarterly Service Delivery Measures**

Key Strategic Objectives	Key Measurable Objectives	Performance Measure	2011/12 Target	Quarterly Targets			
				Q1	Q2	Q3	Q4
Strengthening governance and service delivery	Administer all disputes between landlords and tenants in residential properties in the KwaZulu-Natal Province	Number of cases resolved	1,320	330	330	330	330
Market / Promote Rental Housing Tribunal and its activities to the public / stakeholders	To increase public understanding and awareness of the Rental Housing Tribunal and its services	Number of functional Rental Housing Information Offices created	4	1	1	1	1

**Table 29: Risks Assessment and Risk Mitigation**

<b>RISK NAME</b>	<b>RISK DESCRIPTION</b>	<b>CURRENT CONTROLS</b>
<b>Asset Management</b>  – Availability and Need: Alignment	Poor planning and communication of needs.  Lengthy and unclear procurement processes.  Poor service delivery.	Availability of furniture and equipment: Procurement committees in place. Procurement plans in place. Regular programme meetings held.
<b>Financial Management</b>  – Funding Allocations	Inadequate assessment of needs. Inappropriate allocation of budget. Increased demand of services. National economic crisis.	Budget constraints: Budget advisory committee in place. Medium Term Expenditure Framework (MTSF) plan. Business plans in place. Multiyear housing development plan in place. Procurement plans in place. Responsibility and programme managers in place.
<b>Intergovernmental and Interdepartmental Relationships</b>  – Effectiveness	Lack of co-ordinated planning with relevant stakeholders in the building of houses by the department, impacts negatively of service delivery and the image of the department. Cooperation from key stakeholders. Lack of communication, coordination and cooperation.	Active participation with stakeholders: Department of Human Settlements actively participate in the IDP (Integrated Development Process). The department is assisting in developing municipal housing plans and utilizes them as a basis for investment decisions. The department is involved in the Economic cluster to develop the Provincial Spatial Economic Development Strategy. The Department, together with other government departments implements developments in a manner that is in line with the Sustainable Human Settlements.
<b>Information Technology</b>  - Infrastructure: Availability & Accessibility	Lack of an Information Management Systems and Technology (IMST) policy. Lack of standard quality management system. Inefficient systems and processes. Suboptimal use of available information systems.	Management of IT resources: IT policy in place. Ad hoc communication via e-mails from IT section. Website committee. Monthly reporting to management. Annual IT assets audit. New Structure Approved. Service provider appointed to schedule applicants. Recruitment plan to prioritize filling of posts in place.

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		Human Resource delegations in place to address appointment processes. Delegation of authority for filling posts in place. Filling of critical posts in Human Resource Management to manage staff recruitment.
<b>Human Resource Management -People</b>  – Critical Skills Attraction and Retention:	Lack of appropriate skills in the Housing Sector. Equitable share to Province not increasing to the same ration as grant allocation from National Department of Human Settlement. Insufficient training for departmental staff. Budget constraints to support the new structure.	Internal capacity: Communication of Human Resource needs to Human Resource Management. Job evaluation process underway. Making use of external resources (Consultants)
<b>Project Management</b>  – Process Implementation: Effectiveness	Delays in the municipal approval processes (council approvals, procurement) Lack of appropriate penalty clauses in the Memorandum of Agreement Non timeous completion of projects. Affects individual performance of staff and component.	Completion of Projects: Regular communication with municipalities. Use of terms of reference for appointment of service providers. Signed Memorandum of Agreement's with beneficiary municipalities.
<b>Supply Chain Management</b>  – Process Implementation: Effectiveness	Lack of delegation of authority. Non-clarity of terms of references of various committees involved in the procurement process. Unavailability of committee members involved in procurement process. Lack of guidelines from SCM for internal clients.	Approval and Delivery Process – Procurement: Procurement committees in place. Delegations of Authority in place. Budget advisory committee in place. Monthly quarterly/annual programme progress reporting.

<b>Stakeholder Relationship</b>  – Management	Non alignment of planned initiatives. Delays in the dissemination of information. Lack of clear roles and responsibilities. Poor strategy of identification of key stakeholders.	Stakeholder Engagement: Meetings and workshops are convened for dissemination of information. Policy communiqué distribution. Memorandum of Understanding's in place. Use of website and internet.
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**7.4.8 Reconciliation of budget with plan**

**Table: 30: Summary of payments and estimates – Programme 4: Asset Management, Property Management**

R'000	Audited Outcome			Main	Adjusted	Revised Estimate	Medium-term Estimates			Long-term Estimates	
	Audited 2007/08	Audited 2008/09	Audited 2009/10	Appropriation			2011/12	2012/13	2013/14	2014/15	2015/16
				2010/11							
Administration	51,316	55,873	64,333	62,860	67,797	67,797	73,250	78,314	82,497	94,872	109,102
Sale and Transfer of Housing Properties	47,765	96,441	31,340	40,142	128,400	128,400	23,978	97,938	94,698	23,000	26,450
Housing Properties Maintenance	106,779	107,003	189,643	40,000	327,558	327,558	233,921	158,139	178,139	204,860	235,584
<b>Total</b>	<b>205,860</b>	<b>259,317</b>	<b>285,316</b>	<b>143,002</b>	<b>523,755</b>	<b>523,755</b>	<b>331,149</b>	<b>334,391</b>	<b>355,334</b>	<b>322,732</b>	<b>371,136</b>

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## 8. CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

Following the 2007 Housing Summit and taking into consideration deliberations on housing delivery held at various forums including the Housing Stakeholder Forum meetings, 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.

### 8.1 New projects, upgrades and rehabilitation

**Table 31: Summary of infrastructure payments and estimates**

R'000	Audited Outcome			Main	Adjusted	Revised Estimate	Medium-term Estimates			Long-term Estimates	
	Audited 2007/08	Audited 2008/09	Audited 2009/10	Appropriation			2011/12	2012/13	2013/14	2014/15	2015/16
				2010/11							
<b>New and replacement assets</b>	<b>10,780</b>	<b>36,407</b>	<b>43,816</b>	<b>60,000</b>	<b>32,528</b>	<b>32,528</b>	<b>19,774</b>	<b>-</b>	<b>-</b>		
<b>Existing infrastructure assets</b>	<b>84,684</b>	<b>86,304</b>	<b>67,230</b>	<b>60,142</b>	<b>90,957</b>	<b>90,957</b>	<b>26,303</b>	<b>24,153</b>	<b>24,153</b>	<b>27,776</b>	<b>31,942</b>
Maintenance and repair	84,684	86,304	67,230	60,142	90,957	90,957	26,303	24,153	24,153	27,776	31,942
Upgrading and additions	-	-	-	-	-	-	-	-	-		
Rehabilitation and refurbishment	-	-	-	-	-	-	-	-	-		
<b>Infrastructure transfer</b>	<b>1,192,916</b>	<b>1,398,019</b>	<b>1,993,269</b>	<b>2,698,464</b>	<b>2,441,444</b>	<b>2,436,444</b>	<b>2,344,443</b>	<b>2,472,786</b>	<b>2,611,449</b>	<b>3,003,166</b>	<b>3,453,641</b>
Current	-	-	-	-	-	-	-	-	-		
Capital	1,192,916	1,398,019	1,993,269	2,698,464	2,441,444	2,436,444	<b>2,344,443</b>	2,472,786	2,611,449	3,003,166	3,453,641
<i>Capital infrastructure</i>	<i>1,203,696</i>	<i>1,434,426</i>	<i>2,037,085</i>	<i>2,758,464</i>	<i>2,473,972</i>	<i>2,468,972</i>	<i>2,364,217</i>	<i>2,472,786</i>	<i>2,611,449</i>	<i>3,003,166</i>	<i>3,453,641</i>
<i>Current infrastructure</i>	<i>84,684</i>	<i>86,304</i>	<i>67,230</i>	<i>60,142</i>	<i>90,957</i>	<i>90,957</i>	<i>26,303</i>	<i>24,153</i>	<i>24,153</i>	<i>27,776</i>	<i>31,942</i>
<b>Total</b>	<b>1,288,380</b>	<b>1,520,730</b>	<b>2,104,315</b>	<b>2,818,606</b>	<b>2,564,929</b>	<b>2,559,929</b>	<b>2,390,520</b>	<b>2,496,939</b>	<b>2,635,602</b>	<b>3,030,942</b>	<b>3,485,583</b>

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**8.2 Revenue**

**Table 32: Summary of revenue**

R'000	Audited Outcome			Main	Adjusted	Revised Estimates	Medium-term Estimates			Long-term Estimates	
	Audited 2007/08	Audited 2008/09	Audited 2009/10	Appropriation			2011/12	2012/13	2013/14	2014/15	2015/16
				2010/11							
Provincial Allocation	210,295	224,107	243,265	263,704	267,030	267,030	283,444	297,690	313,698	360,752	414,866
Conditional grants	1,310,555	1,622,053	2,330,448	2,847,909	2,848,502	2,848,502	2,769,871	2,891,813	3,050,176	3,507,702	4,033,857
<i>Integrated Housing &amp; Human Settlement Dev. Grant</i>	1,310,555	1,622,053	2,180,448	2,714,109	2,714,109	2,714,109	2,769,871	2,891,813	3,050,176	3,507,402	4,033,857
<i>Housing Disaster Management grant</i>	-	-	150,000	133,800	133,800	133,800	-	-	-	-	-
<i>EPWP Incentive grant</i>	-	-	-	-	593	593	-	-	-	-	-
<b>Total Receipts</b>	<b>1,520,850</b>	<b>1,846,160</b>	<b>2,573,713</b>	<b>3,111,613</b>	<b>3,115,532</b>	<b>3,115,532</b>	<b>3,053,315</b>	<b>3,189,503</b>	<b>3,363,874</b>	<b>3,868,454</b>	<b>4,448,723</b>

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**Table 33: Departmental revenue collection**

R'000	Audited Outcome			Main Budget	Adjusted Budget	Revised Estimate	Medium-term Estimates			long-term Estimates	
	Audited 2007/08	Audited 2008/09	Audited 2009/10				2010/11	2011/12	2012/13	2013/14	2014/15
Tax receipts	-	-	-	-	-	-	-	-	-	-	-
Casino taxes	-	-	-	-	-	-	-	-	-	-	-
Horse racing taxes	-	-	-	-	-	-	-	-	-	-	-
Liquor licenses	-	-	-	-	-	-	-	-	-	-	-
Motor vehicle licenses	-	-	-	-	-	-	-	-	-	-	-
Sale of goods and services other than capital asset	304	338	324	341	341	341	375	412	434	500	574
Transfers received	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-	-	-	-	-	-
Interest, dividends and rent on land	22	92	90	90	90	90	94	103	109	125	144
Sale of capital assets	-	-	412	-	-	-	-	-	-	-	-
Financial transaction in asset and liabilities	18,927	975	5,729	602	602	1,507	667	735	775	891	1,025
<b>Total</b>	<b>19,253</b>	<b>1,405</b>	<b>6,555</b>	<b>1,033</b>	<b>1,033</b>	<b>1,938</b>	<b>1,136</b>	<b>1,250</b>	<b>1,318</b>	<b>1,516</b>	<b>1,743</b>



## **Conditional grants**

The Department receives conditional grant funding from the National Department of Human Settlements, 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.

During the year 09/10 the department received for the first time a Housing Disaster Relief Grant. This grant is to assist the department in reconstructing houses and related infrastructure damaged by storms in the Province in terms of the provisions of the National Housing Programme: Housing assistance in emergency circumstances.

## **Donor funding**

### **Capacity Building at municipalities**

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. In addition the project funded the salary of a housing manager in the municipality over the three year period of the agreement.

As a result of the success of the pilot project, the Flanders Government entered into a second funding arrangement during 2009, whereby the department would co-fund the provision of assistance to the remaining municipalities in the Province (44). In terms of the revised implementation plan, the project will be completed in year 2010/11 and therefore the budget has been provided throughout the MTEF period. Additional top up funding for this project has been provided from the 2009/10 MTEF.

### **Groutville Community Care Homes**

In 2005, the Department entered in an agreement with the Flanders Government in which the latter has provided co-funding for the Groutville Community Care Homes Project for Orphans and Vulnerable Children to alleviate the plight of the vulnerable groups in our society. The project was delayed due to land legal challenges which have since been resolved. A revised development programme will be completed during the year 2008/09 and in terms of this programme this project will be completed in year 2010/11.

## **9. CO-ORDINATION, CO-OPERATION AND OUTSOURCING PLANS**

### **9.1 Interdepartmental Linkages**

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

### **9.2 Local Government Linkages**

The alignment of municipal housing development programmes with the development agenda of the Province of KwaZulu-Natal is priority which has seen the intensification of the programme dedicated to ensuring that all municipalities in the province, have Municipal Housing Sector Plans (MHSPs). The rationale is that the MHSP will inform all decisions (location, resource allocation and timing) pertaining to housing development in any given municipal jurisdiction.

The Department embarked on facilitation of the KwaZulu-Natal Sustainable Human Settlements Strategy to ensure that there is planning synergy amongst all departments and municipalities. The intention is that all departments build onto the needs identified and prioritised in MHSPs of municipalities to ensure that all settlements are developed in a sustainable manner. For this to be achieved, substantial co-ordination between spheres of government, and among provincial departments is required. When the KwaZulu-Natal Sustainable Human Settlements Strategy is implemented and realised, it is envisaged that all settlements will offer the full range of services to its inhabitants and will be in this way sustainable. This is a vision that the Department is confident it will realise

### **9.3 Public Entities**

The Department does not have any public entities.

### **9.4 Public, private partnerships, outsourcing**

#### **9.4.1 MOU with Banking Association of SA**

- The National Minister of Human Settlements 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;
- There is now a need to support and collaborate towards targeted housing stock development to help release the R42 billion;
- KZN has entered into MOU agreements with ABSA and FNB; and
- Negotiations are currently underway with Standard Bank and Nedbank.

## **10. FINANCIAL MANAGEMENT**

### **10.1 Audit Queries**

The Department has for the year 2010/11 received an unqualified audit opinion. This mask significant progress by the Department, considering that, the Department has progressed from a qualified to an unqualified audit opinion and has maintained an unqualified audit opinion for the last four years.

The Department has compiled a plan to deal with all issues raised in the management report and progress on implementation being monitored through the office of the Chief Financial Officer.

### **10.2 Compliance with 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 is continuously being updated;
- Financial, HR and SCM delegations exist and are continuously being updated;
- Financial policies and procedures exist, and
- The Department structure aligned to the Breaking New Ground has been approved and a plan implement done and is being implemented.

## **PART C: BACKGROUND INFORMATION APPENDICES**

### **11. APPENDIX ONE: ANALYSIS OF SERVICE DELIVERY ENVIRONMENT**

#### **11.1 Environmental factors and emerging challenges**

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 Human Settlements (NDOH). However the implementing of these new programs will have to carefully factor the environmental factors and the emerging challenges within the housing sector.

While Government has made strides in tackling poverty and providing basic services to the people, 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. Key challenges affecting the housing service delivery environment are listed below.

Additional factors that Impact on Housing Delivery are captured below:

- 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 un-sustainability of many land reform initiatives owing to insufficient skills transfer and capitalization; and
- 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.

## 11.2 Demographic profile of the province

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	6.21
Ilembe	560 388	5.94	574 774	5.53
Amajuba	468 037	4.96	522 340	5.03
Umzinyathi	456 455	4.84	487 410	4.69
Sisonke	298 344	3.16	354 560	3.41
Total	9 426 017	100%	10 382 712	100%

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	14,799.776	15.68
DC27	Umkhanyakude	13,861.474	14.64
DC23	Uthukela	11,331.205	12.01
DC43	Sisonke	11,131.715	11.79
DC22	uMgungundlovu	8,934.899	9.47
DC24	Umzinyathi	8,589.661	9.10
DC28	Uthungulu	8,214.213	8.70
DC25	Amajuba	6,911.865	7.32
DC21	Ugu	5,047.505	5.35
DC29	iLembe	3,268.768	3.46
Ethekwini	Ethekwini	2,291.435	2.43
Total		94,383.020	100%

Spatial Representation of KwaZulu-Natal : Profile 2006

## 11.3 Provincial Spatial Perspective

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.

#### 11.4 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

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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.

### **11.5 Organisational Structure**

The structure of the department is currently being reviewed and will be confirmed during the next APP review

### **11.6 Delegations and performance agreements**

The Department has developed its procurement and financial delegations documentation. The delegations stipulate the level of responsibility and accountability for the various decisions that are required for the department to function properly. These performance agreements are now in place and will be implemented together with the new Orgnaogram presented above.

Other delegations to be reviewed / developed during the year in order to fast track delivery processes in the Department.

### **11.7 IT systems**

The IT systems being utilised are all outlined in Part B of the main document.

### **11.8 Financial management**

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

#### **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.

### **Movable asset management**

The Hardcat System is being populated with the assets of the Department. Reconciliations between Hardcat and Bas are done on a monthly basis and the department has begun a process of depreciating the assets in line with the Treasury guidelines.

### **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.

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

The Department has a Risk and Management Advisory unit Services that is, in terms of the newly approved structure under the Office of the Chief Financial Officer. 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 once the job evaluation process of this post amongst others has been completed.

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.