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## 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 strategic plan – 2009/10 to 2013/14 incorporating the Multi Year Housing Development Plan (MYHDP) and the Annual Performance Plan (APP). One of the attributes of successful organisations is the ability to plan for the future. As we live in an uncertain world that is liable to sudden change, planning gives us an 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. In order to be able to plan for the future you need to have a good understanding of the present conditions.

It is for this reason that the 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 risk and constraints that impact on our ability to deliver as per the original targets. As it should, this multi year plan has taken into account changes in the policy and operating environment that have occurred since the last strategic review was held.

In line with the requirements in the review of strategy, the Department held a strategy review session at UKZN (Durban Campus) from the 15<sup>th</sup> to the 16<sup>th</sup> July 2009, to review strategy in order to inform this multi year plan and to effect the necessary changes to our five-year strategic direction.

It 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 as a specific additional area of focus. Closely linked to management of risk is the monitoring of assumptions. Among the key assumptions is that economic growth will re-commence in the first quarter of 2010 and grow to a modest 2 % by the year end.

The performance targets contained in this plan have been reviewed against general and specific risk factors. In the previous plans we always had a section that dealt with constraints and measures put in place to address them. We have improved on our approach in that we

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invited industry role players who are external to our department to identify and discuss challenges and attendant risk elements which have since been taken into account in the review of our strategy.

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

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 we will utilise policy development to address organisational issues including the future of R293 Staff.

The strategic review has enabled the department to sharpen the details of the focus areas that impact on provincial priorities and areas that are likely to impact on high profile milestones such as the 2010 FIFA World Cup. The detail of the contribution of the strategic review will be made clear in the department's programmes. It is therefore my pleasure to confirm the following focus areas:-

- Eradication of slums in KwaZulu-Natal by 2014;
- 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 human settlements;
- 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 affordable housing to the middle income group;
- Fighting fraud and corruption to eliminate wastage and improve service delivery;
- 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 the 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. We are putting more emphasis on the need to address challenges that may lead to the failure to achieve our targets.

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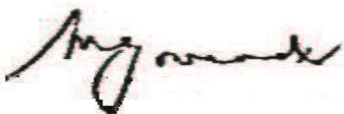
All our programmes continue to indicate clear contributions to the achievement of provincial priorities. The department remains committed to promoting sustainable integrated development. To this end, the department will continue to strengthen its regional capacity and ensure that there is increased participation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

The strategic review has enabled us to integrate housing delivery responsibilities with the realities of human settlement development.

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 to 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 take 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**

## 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)

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### **3. OVERVIEW BY THE ACCOUNTING OFFICER AND STRATEGIC PLAN UPDATES**



**Ms SZF Nyandu**  
**Head of Department**  
**KwaZulu-Natal Department of Human Settlements**

#### **3.1 Overview**

The strategic review session of the Department was attended by all Senior Managers, Managers and Project Leaders from Head Office and Regions. In keeping with Treasury Guidelines, the Executing Authority the Honourable MEC Ms M Govender presented on higher-level strategic objectives and provincial priorities. She placed emphasis on key aspects of the Provincial Growth and Development Strategy (PGDS). The Executing Authority suggested that the Department should adopt a “the business approach” in the execution of its mandate.

The Executing Authority’s presentation set the tone for the strategic review. The emphasis was definitely on business systems re-engineering and performance. The review compels the Department to identify critical areas of intervention in the 2009/10 period (and beyond) and to address them accordingly and timeously. It was agreed that it is no longer going to be acceptable to for the Department to be reactive by taking corrective action only after stated targets have not been met. Time has come for the Department to be proactive in its approach, with particular reference to synergistic planning and integration. In addition to performance, the review process identified the critical role of stakeholders in the housing delivery process. For this reason the Housing Summit held in September 2006 provided a platform for municipalities, developers, practitioners, suppliers, professionals, academics and other experts to make a contribution in the Departmental strategic review.

Programmes and components within the Department are critical in the realization of stated objectives and the achievement of targets. In line with the analogy presented by the Executing Authority, successful programme implementation “brings rewards to the beneficiaries namely shareholders and the community, in a manner that reassures board members and or the Cabinet as policy makers that the departmental officials are worthy and deserving of further shareholder investment”. This strategic plan review takes place in the second year of the Department’s five year plan. A summary of progress to-date and the Status Quo of programmes is discussed below.

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## **3.2 Programme Description**

### **3.2.1 Programme 1:Administration**

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

This unit has also engaged in a vigorous internal transformation process with the main objective of ensuring that the Department is well capacitated and equipped to respond to the housing delivery demands and challenges in the province. The strategic review process deliberately allowed managers in the support business units to deal with substantive issues in the housing delivery process. In the report back presentations it became clear that Programme 1 has moved from a peripheral to a central role player. In addition, it is noted that key positions in the financial and legal portfolios have been filled and gender representation has improved especially in the Senior Management Services levels.

### **3.2.2 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 timeous consolidation of housing needs into a comprehensive human settlement plan and the ability to utilise all funding allocated to the province. Management and staff in Programme 2 continue to play a major role in terms of providing support to municipalities in the preparation of IDPs, housing sector plans and housing sector policies.

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

It became evident during the Housing Summit that 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.

#### **3.2.2.2 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.

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### **3.2.2.3 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.

### **3.2.3 Programme 3:Housing Development**

#### **3.2.3.1 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.

#### **3.2.3.2 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.

#### **3.2.3.3 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".

#### **3.2.3.4 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.

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### **3.2.3.5 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.

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

#### **3.2.4.1 Asset Management**

Municipalities will play a major role in the finalisation of a provincial fixed asset register. Municipalities will be provided with a template which will be completed and which will form the basis of the provincial fixed assets register. Assistance will be provided to municipalities in the development of Municipal Infrastructure Investment Plans. Aspects of these plans will also form the basis of the provincial fixed assets register.

#### **3.2.4.2 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.

#### **3.2.4.3 Medium Density Housing**

The strategic review has identified areas for integration and coordination across key provincial interventions. This coordination must take into account Infrastructure Investment Planning trends in the province. Nodal development activities including designated Presidential Development Nodes and the well-documented Inanda/Ntuzuma/KwaMashu development node are being closely monitored for the identification of housing delivery opportunities in existing residential areas. The 2007/08 performance plan has taken into account medium density housing requirements associated with major infrastructural developments. These developments include the Dube Trade port and King Shaka International Airport, the new soccer stadium, the upgrade of the transport system and the expansion of commercial and residential property in and around Umhlanga Ridge.

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#### **3.2.4.4 Extended Discount Benefit Scheme**

The processing of subsidies and the packaging of projects in general has emerged as one of the factors that delay progress in the implementation of the Extended Discount Benefit Scheme. In addition, the lack of technical capacity and competency within municipalities has emerged as another contributory factor. This and other aspects will be addressed by the unit that addresses municipal capacity building.

### **3.3 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.



**Ms SZF Nyandu**  
**Head of Department**  
**KwaZulu-Natal Department of Human Settlements**

## **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.

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### **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;
- repeal the Rent Control Act, 1976.

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.

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**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

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### **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.

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### **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.

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**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;
- 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.

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### **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.

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## 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 makes 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;
  - Project Consolidate;
  - Municipal Integrated Development Plans;
  - Provincial Growth and Development Strategy; and
  - King 3 Report on Corporate Governance.
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## 6. HOUSING SITUATION ANALYSIS

### 6.1 Housing Delivery Environment

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
Ethekwini Municipality	60,182	28,440	27,293	123,098	239,013
Ugu District Municipality	62,649	4,765	1,891	4,396	73,701
UMgungundlovu District Municipality	54,541	8,129	5,006	16,538	84,214
Uthukela District Municipality	58,738	2,647	1,260	2,777	65,422
Umzinyathi District Municipality	53,049	2,334	692	1,322	57,397
Amajuba District Municipality	13,429	4,029	3,246	4,388	25,092
Zululand District Municipality	65,695	3,289	1,058	2,818	72,860
Umkhanyakude District Municipality	51,095	3,265	1,408	2,445	58,213
Uthungulu District Municipality	72,135	3,586	1,890	6,507	84,118
iLembe District Municipality	49,945	3,645	3,500	10,360	67,450
Sisonke District Municipality	39,128	1,764	1,364	2,541	44,797
<b>KWAZULU-NATAL</b>	<b>580,586</b>	<b>65,893</b>	<b>48,608</b>	<b>177,190</b>	<b>872,277</b>

TEMPLATE: Typology information: Census 2001

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The table on the previous page provides a status quo of the housing delivery environment within the province of KwaZulu-Natal. In addition to this information, data that is collated as part of the Municipal Housing Sector Plans Programme is also important to the Department of Human Settlements and its stakeholders. This is the information that is critical in developing the housing investment strategy for the province.

This information has culminated in a key investment tool, termed the Housing Allocation Formula. In addition to the information reflected above, key considerations related to development nodes and corridors within the province, were considered. This tool was developed for the specific purpose of having a forward-looking map that will stipulate specific areas that will be targeted and prioritised for housing development. Once this tool is launched to the housing stakeholders of the province of KwaZulu-Natal, it will provide a clear direction where housing investment is to be targeted. Importantly, the Housing Allocation Formula will also enable municipalities, together with the Department, to plan for housing delivery within their areas of jurisdiction, with a greater level of confidence, knowing when and what budgets are allocated to their area. In essence the Allocation Formula will allow for a more scientific, needs-based and transparent means of allocating housing subsidies.

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

There is increasing pressure on available land in urban areas coupled with prohibitive appropriation costs. Higher densities in urban areas place more pressure on existing infrastructure likes roads and bulk services. The newly established National Housing Agency will assist the department in ensuring that suitable land is acquired in arrears closer to economic hubs.

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

It is also important to manage development pressures in agricultural areas to ensure conservation of high value agricultural land. Agriculture in KwaZulu – Natal is a sector of huge significance to the country's food security and economy.

The introduction of wall to wall municipalities requires local government to extend their planning and land use activities to include rural and agricultural areas. Integrated development planning is intended to be a mechanism for balancing development priorities and sustainability. This must be seen within the context of providing housing in rural areas with pressures being placed on agricultural land.

#### **6.1.3 Rapid Urbanization**

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

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#### **6.1.4 Growing Unemployment and Informality**

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

#### **6.1.5 Delivery Capacity Constraints**

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

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

- Skewed and unequal spatial development;
  - Largely rural nature of the Province, dispersed settlements with a topography which adds to the cost of development and infrastructure provision;
  - Poor coordination, synergy and integration between departments, spheres of government and between municipalities and traditional authorities;
  - Critical shortage of professional skills such as engineering and project management which are critical for economic growth;
  - Slow pace of land redistribution programmes compounded by the 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.
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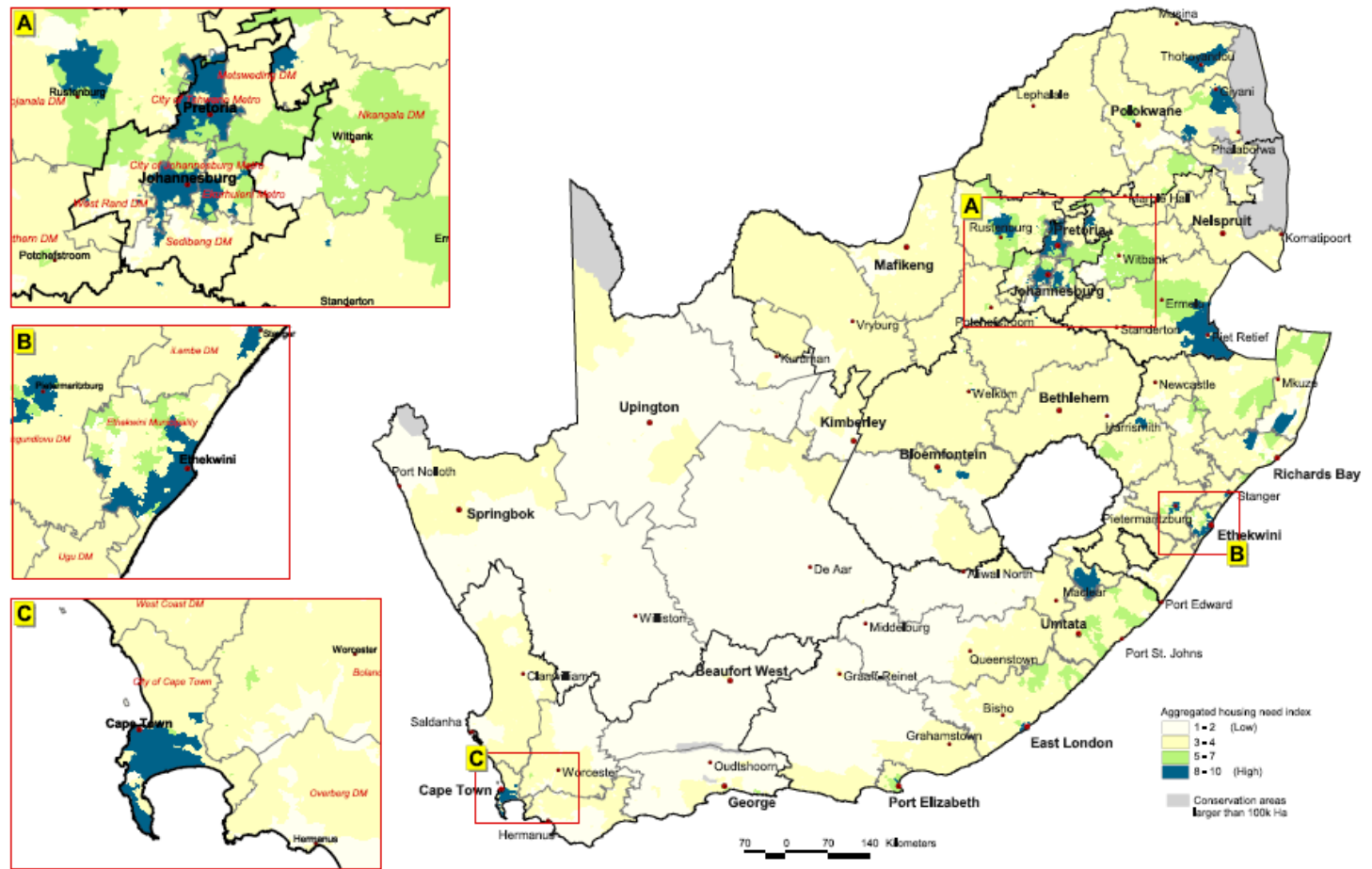
## 6.2 Spatial Analysis of Housing Delivery

### 6.2.1 Housing Need

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

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

**Aggregated index of housing need**

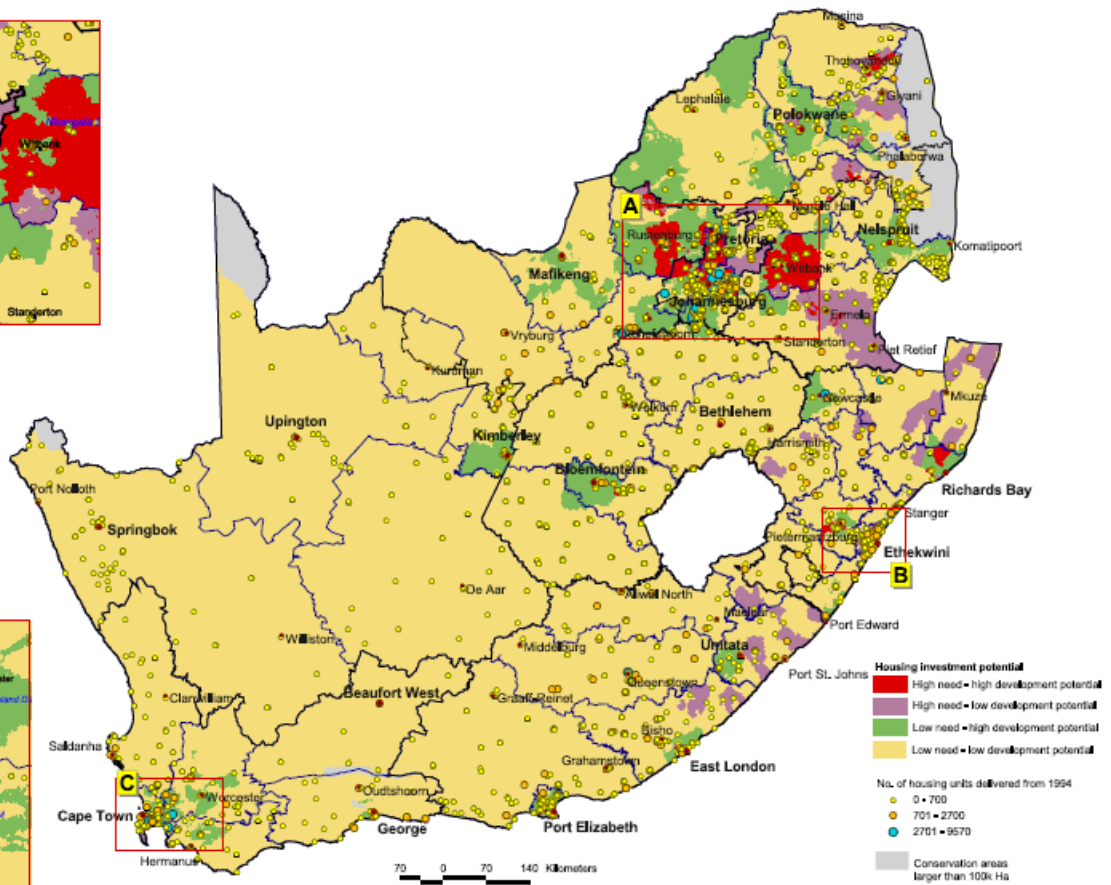
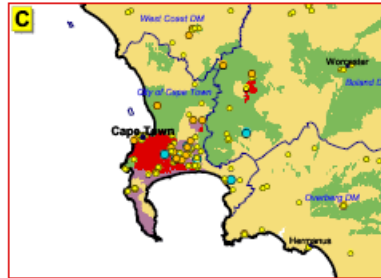
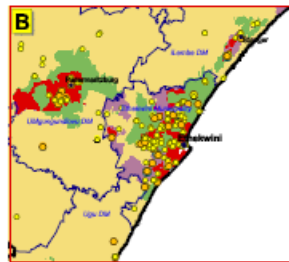
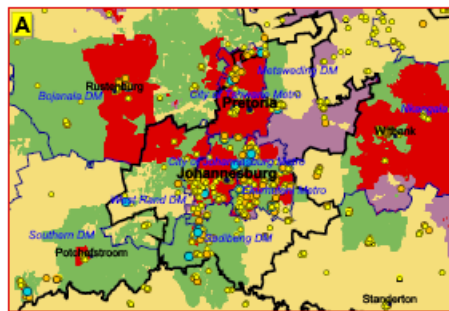


The illustration below shows the alignment of housing delivery from 1994 to March 2005 with the areas of housing need and economic potential. In KwaZulu-Natal it can be seen that the majority of housing delivery has taken place in the eThekweni and Msunduzi Municipal (Pietermaritzburg) areas, this shows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

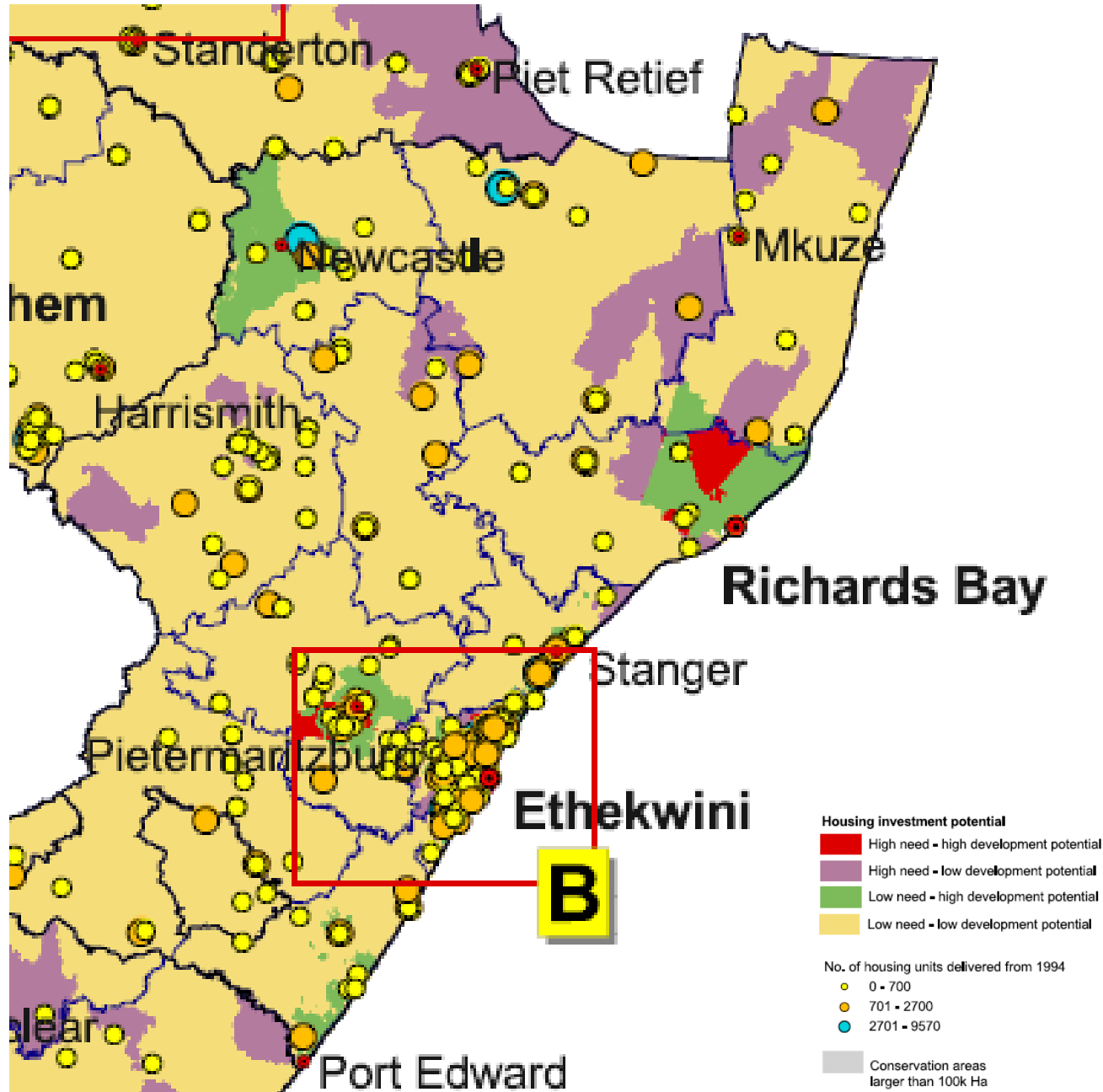
Housing delivery on the national scale seems to be well aligned with overlapping areas of medium-high need and development potential in the metropolitan areas, but areas around Witbank/Middelburg, Rustenburg and north of Richards Bay have medium to high need and development potential index values, with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

**Current housing delivery alignment**

**Housing delivery and housing investment potential**



KWAZULU-NATAL DEPARTMENT OF HUMAN SETTLEMENTS  
 Strategic Plan - 2009/10 to 2013/14  
 Incorporating  
 Multi Year Housing Development Plan and Annual Performance Plan



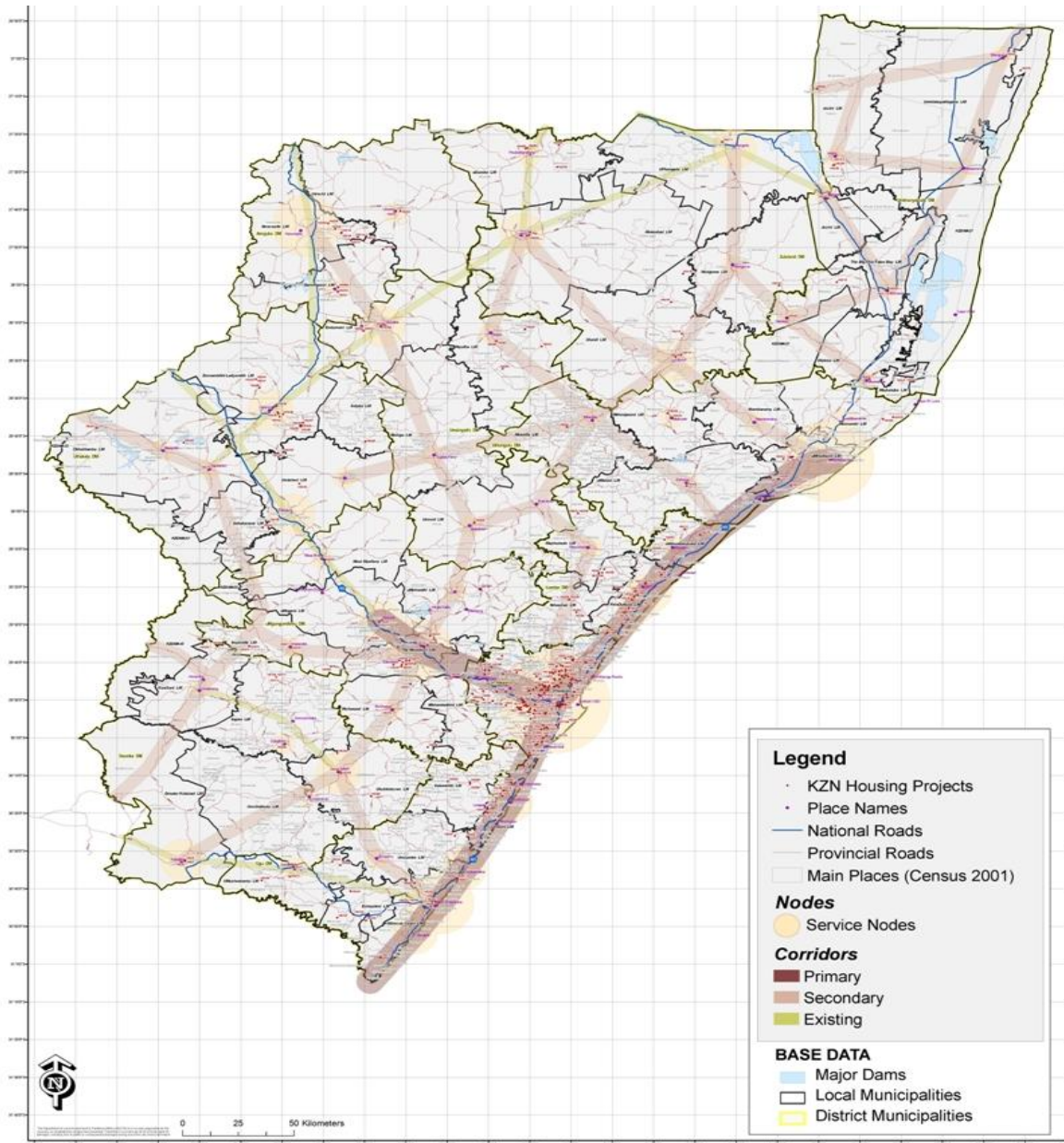
The alignment of the housing delivery illustrated on the previous page can be seen more clearly in the adjacent *Figure* extract of the map.

In the 2009/10 financial year, the performance of the department will be in alignment with areas of growth as shown in the detailed Housing Atlas of 2006. The concentrated housing needs around the municipalities of Msunduzi, uMhlathuze and eThekweni are indicative of urbanisation and economic factors which are the basis of growth. The success of the department in addressing accommodation and housing needs in these areas will lead to the reversal of the impact of apartheid planning.

### *Location of KZN Housing Projects*

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

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



### 6.3 Summary of Institutional/Organisational Housing Environment

The department is divided into 3 regions and are as follows;

#### **Northern Region:-**

- Umzinyathi DM;
- Amajuba DM, Zululand DM;
- Umkhanyakude DM; and
- Uthungulu DM.

#### **Inland Region:-**

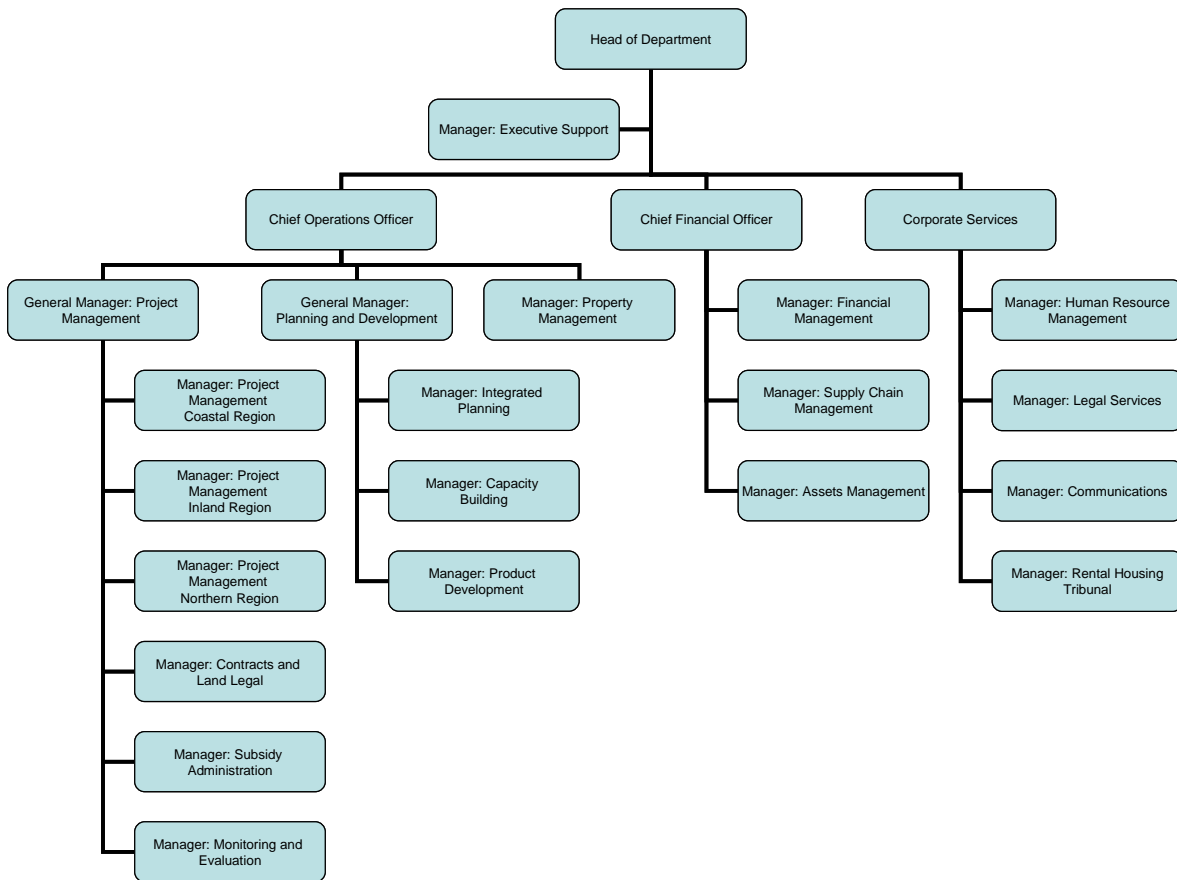
- Umgungundlovu DM;
- Uthukela DM; and
- Sisonke DM.

#### **Coastal Region:-**

- Ethekewini Metro;
- Ugu DM; and
- Ilembe. DM

The regional offices provide the fundamental and core services of the department to the municipalities in terms of Project Management, Property Management and certain land legal functions. Dedicated regional office staff is assigned to certain municipalities in order to build a good working relationship. This arrangement ensures that services are as close to the beneficiary communities as possible.

## 6.4 Organisational Structure



The organisational structure of the department as laid out above has been revised, the new organisational structure was approved during June 2008. The new structure is aligned to the Breaking New Ground strategy of the National Department of Human Settlements.

The functions of the various components are described more fully below.

### Chief Operations Officer

This office manages and is thus responsible for the core functions of the department and ensures that all service delivery targets are met.

#### General Manager: Project Management

The section is responsible for managing the delivery of housing initiatives through housing projects to provide low-cost housing in the various regions of the province.

#### Regional Managers: Project Management: Coastal, Inland and Northern Regions

The department's operations are separated into three regions being the Coastal, Inland and Northern regions. The respective Regional Managers: Project Management provide services to the various District and Local Municipal areas within their region. The Regional Managers: Project Management are responsible together with the respective municipality for the identification and packaging of Housing project applications and once approved by the MEC for the management, reporting on progress and closeout of the various projects..

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**Manager: Contracts and Land Legal**

The section supplies legal advice regarding land legal compliance, contract support for the housing projects and monitors legal compliance on housing processes. The component also facilitates the acquisition of well-located land and the disposal of other state owned land.

**Manager: Subsidy Administration**

This component manages the award and payment of housing subsidies and the management of the national Housing Subsidy System (HSS) and provides an efficient and effective beneficiary administration service, in terms of processing applications for subsidies of individual beneficiaries, registering and administering projects and providing a help desk facility for subsidy related questions.

**Manager: Monitoring & Evaluation**

This component is responsible for monitoring the effectiveness of the departments operations and for reporting these findings to management and external bodies. The acting manager assisting in this component was promoted during the financial year resulting in no staff being allocated to provide this function at year end.

**General Manager: Planning & Development**

This unit is responsible for the department's mandate to plan and prioritise the allocation of housing resources in the various parts of the province in accordance with the needs of the various municipalities as covered by the Integrated Development Plans (IDPs).

**Manager: Integrated Planning**

The section supports strategic planning processes in all three spheres of government, assists municipalities to develop and review their Municipal Housing Development Plans and reviews and maintains the Multi-Year Housing development Plan (MYHDP) as part of the Departmental Strategic Plan. In addition all relevant planning data will be captured into the departmental GIS to assist in management decisions.

**Manager: Capacity Building**

This unit ensures the achievement of greater co-operative governance between the province and municipal government. The department aims to ensure that the municipalities are capacitated and accredited in accordance with their capacity building efforts to enable them to assume the responsibility of being housing developers in terms of the new comprehensive plan for sustainable settlements.

**Manager: Product Development**

This component conducts research into the housing environment and develops policies in order to meet the objectives of providing adequate shelter to qualifying beneficiaries taking into account the specific needs of the Province.

**Manager: Property Management**

The component co-ordinates the maintenance of the departmental rental housing stock, the Social Housing requirements of the Province and the refurbishment of the old hostels and the conversion thereof to Community Residential Units. The department is in the process of transferring the rental housing stock to qualifying beneficiaries in terms of the Extended Enhanced Discount Benefit Scheme.

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### **Chief Financial Officer**

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

#### **Manager: Financial Management**

The Manager provides Financial Management services in terms of co-ordinating budgetary reporting processes and overseeing the preparation of the Annual Financial Statements. In addition, relevant mechanisms to prevent fruitless and wasteful, irregular and unauthorised expenditure are implemented. The section also administers departmental debtors.

#### **Manager: Supply Chain Management**

To give support to other Managers, ensure that all Supply Chain Management processes are fully implemented, effectively and timeously. The section manages the procurement of goods and services, stores and assets of the Department and administers the demand management process. Additional functions include monitoring and evaluating Supply Chain Management processes and ensuring compliance with Supply Chain Management prescripts.

#### **Manager: Assets Management**

The unit maximizes office accommodation provision within budget, provides for the residential accommodation needs of the Cuban Technical Advisors employed on contract and ensures effective utilization of all office support systems. In addition the section provides and maintains an efficient and effective transport system, renders registry services, provides security services and cleaning & maintenance services.

### **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.

#### **Manager: Human Resource Management**

The Manager renders Human Resource Management Services to the department. This entails implementing effective recruitment and acquisition processes, reinforcing and developing human capital investment programmes and efficient management of the Employee Performance Management and Development system.

#### **Manager: Legal Services**

The section provides Legal Services to the department in compliance with relevant legislative prescripts, policies and guidelines.

#### **Manager: Communications**

The component ensures effective and efficient corporate communication.

#### **Manager: Rental Housing Tribunal**

The Manager provides administrative and technical support to the KwaZulu-Natal Rental Housing Tribunal.

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## 6.5 Employment and Vacancies by Programme

Personnel numbers	As at 31 March					
	2009	2010	2011	2012	2013	2014
	Actual	Target	Target	Target	Target	Target
Administration	216	266	285	300	300	300
Housing, Needs, Research and Targets	35	36	38	50	50	50
Housing Development	150	241	250	270	270	270
Housing Asset Management, Property Management	421	327	289	268	268	268
<b>Total</b>	<b>822</b>	<b>870</b>	<b>862</b>	<b>888</b>	<b>888</b>	<b>888</b>
Total personnel costs (R'000)	138,797	160,976	172,287	180,040	180,040	180,040
<b>Unit cost (R'000)</b>	<b>169</b>	<b>185</b>	<b>200</b>	<b>203</b>	<b>203</b>	<b>203</b>

## 6.6 Employment and Vacancies by Salary Bands (at 31 March 2009)

Salary band	Number of posts	Number of posts filled	Vacancy rate (%)	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	152	152	0	0
Skilled (Levels 3-5)	205	203	1	19
Highly skilled production (Levels 6-8)	373	344	7.8	13
Highly skilled supervision (Levels 9-12)	123	101	17.9	0
Senior Management (Levels 13-16)	25	20	20	5
Contract Workers (Levels 9 - 12)	2	2	0	10
<b>Total</b>	<b>880</b>	<b>822</b>	<b>6.6</b>	<b>47</b>

## 6.7 Summary of Past Performance

The department in consultation with the National Department of Human Settlements, the National Treasury and the Provincial Treasury, has over the last number of years reviewed, refined and clarified the Performance Measures and Indicators utilised to measure the Service Delivery of the department.

Besides the challenges experienced over the years relating to capacity and resource constraints, the department has been able to achieve above the targeted performance and remarkable decrease the housing backlog within the province. The increase in the conditional grant over the past three years has also enabled the department to accelerate delivery in the various housing programmes. Below is the summary of the performance of the department over the past five years:

<b>Performance Indicator</b>	<b>2004/05 Actual</b>	<b>2005/06 Actual</b>	<b>2006/07 Actual</b>	<b>2007/08 Actual</b>	<b>2008/09 Actual</b>	<b>2009/10 Target</b>
Number of sites services	16,351	19,373	17,273	14,178	9,117	5,224
Number of houses built	24,404	24,925	20,366	24,406	26,951	20,050
Number of beneficiaries approved	23,041	33,773	35,266	22,523	18,148	20,283

## **7. HOUSING STRATEGIC ISSUES**

The following key Strategic issues have been adopted by the Department:

- 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 human settlements;
  - 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 affordable housing to the middle income group;
  - Fighting fraud and corruption to eliminate wastage and improve service delivery;
  - 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.
-

## **8. BROAD POLICIES, PRIORITIES AND STRATEGIC GOALS**

The following are the strategic objectives of the Department:

### **8.1 New Housing Vision**

The following objectives have been recently defined by the national Department of Human Settlements:

- Accelerating the delivery of housing as a key strategy for poverty alleviation;
- Utilizing provision of housing as a major job creation strategy;
- Ensuring property can be accessed by all as an asset for wealth creation and empowerment;
- Leveraging growth in the economy;
- Promoting social cohesion and improving quality of life for the poor;
- Support the functioning of the entire single residential property market to reduce duality within the sector by breaking the barriers between the first economy residential property boom and the second economy slump; and
- Utilizing housing as an instrument for the development of sustainable human settlements in supporting a spatial re-structuring.

### **8.2 Provincial Priorities**

The priorities of the KwaZulu-Natal Provincial Government as they apply to the Department, are the following:

- Nation building and good governance – creation of inclusive government and compassionate, non-racial and integrated society; efficient administration and elimination of fraud and corruption;
  - Sustainable resource management ;
  - Education and skills for all (in support of government priority programmes, building economy and creating jobs and nation building);
  - Social and economic infrastructure;
  - Fighting crime and creating safer communities;
  - Creating decent work and ensuring economic growth: First economy interventions, integration of second economy, building small business and cooperative movement, etc;
  - Rural Development, Agrarian Reform: (creating capacity for food security, income generation and export possibilities); and
  - Health for all – (reducing morbidity and mortality).
-

### 8.3 Alignment of the Department's strategic objectives with Provincial Priorities.

MTSF/Provincial Priorities	Departmental Strategic Objectives
<p>Nation building and good governance – creation of inclusive government and compassionate, non-racial and integrated society; efficient administration and elimination of fraud and corruption.</p> <p>Sustainable resource management</p>	<ul style="list-style-type: none"> <li>• Strengthening governance &amp; service delivery;</li> <li>• Addressing of institutional and systemic constraints</li> <li>• Identification and addressing of risks in the housing delivery process;</li> </ul>
<p>Education and skills for all (in support of government priority programmes, building economy and creating jobs and nation building)</p>	<ul style="list-style-type: none"> <li>• Building the capacity of Housing stakeholders (especially municipalities)</li> <li>• Ensuring job creation through housing delivery;</li> </ul>
<p>Social and economic infrastructure</p>	<ul style="list-style-type: none"> <li>• Promotion of home ownership;</li> <li>• Implementation of the Financial Services Market Programme.</li> </ul>
<p>Fighting crime and creating safer communities</p> <p>Creating decent work and ensuring economic growth: First economy interventions, integration of second economy, building small business and cooperative movement, etc.</p>	<ul style="list-style-type: none"> <li>• Eradication all Slums in KwaZulu-Natal by 2014:</li> <li>• Accelerating the hostel redevelopment and upgrade programme;</li> <li>• Creating rental / social housing opportunities;</li> <li>• Ensuring the provision of incremental Housing.</li> </ul>
<p>Rural Development, Agrarian Reform: (creating capacity for food security, income generation and export possibilities)</p>	<ul style="list-style-type: none"> <li>• Accelerating housing delivery in rural areas</li> </ul>
<p>Health for all – (reducing morbidity and mortality)</p>	<ul style="list-style-type: none"> <li>• Provision of housing for vulnerable groups, including those affected by HIV/AIDS;</li> </ul>

The strategic objectives of the department seek to address the Provincial Priorities, while at the same time ensuring that its goals (key measurable objectives) take into consideration the directives of the KwaZulu-Natal Executive Authority (EA), which seek to give direction to the implementation process of development agenda in the province.

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## 9. DEPARTMENTAL POLICIES, PRIORITIES AND STRATEGIC GOALS

### 9.1 Housing Policy Statement

National Strategies	How department is achieving this strategy
1. Supporting the entire residential housing market	Individual housing programmes Financed linked individual subsidy Integration of communities
2. Moving from housing to sustainable settlements	Upgrading informal settlements Changing housing typologies – densification, inclusionary housing and incentives Renewal of Inner City areas Improving the housing product Social and economic amenities programme
3. Applying existing housing instruments	Informal settlement upgrading instruments Strengthening the social housing instruments Enhancing the rural housing instrument
4. Adjusting institutional arrangements within government	Provincial Sustainable human settlements strategy Participation in the IDP review process
5. Building institutions with capacity	Capacity building programmes within the Municipalities – Flanders Programme
6. Enhancing financial arrangements	Partnerships with the Banking institutions Fraud prevention plan
7. Creating jobs and providing housing	EPWP through the municipalities Labour intensive approaches On site materials production
8. Building awareness and enhancing information communication	Road shows Housing consumer education Departmental Help desk
9. Implementing systems for monitoring and evaluation	Improving data systems Performance management Systems for monitoring and evaluation

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## 9.2 Housing Priorities

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

## 9.3 Housing Principles

Principle	Definition	Source/s
<b>Equitable access or Equity</b>	Access to a housing benefit without discrimination (subject to meeting qualifying criteria)	Departmental Vision, Housing Act, Housing Code, Departmental Strategic Objectives, Housing Act
<b>Adequate housing</b>	Refers to the concept of adequate housing as per Section 26 of the Constitution of the Republic of South Africa	
<b>Provision of housing which is “integrated”</b>	Spatially, economically and socially integrated to enable communities to develop to their maximum potential	
<b>“Sustainable” housing provision</b>	Housing which is provided in the context of integrated settlements which are environmentally, physically, economically, financially and socially sustainable	
<b>Subsidy assistance directed at targeted groups</b>	Limited public sector housing financial resources directed at those considered to have the greatest need for such assistance	
<b>Efficient and effective management of housing assets</b>	A responsible attitude to the management of departmental assets to achieve efficiency and effectiveness concerns	

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## **9.4 Housing Strategic Goals and Objectives**

### **9.4.1 The Strategic Objectives of the Department are:**

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

#### 9.4.2 Alignment of the Department's strategic objectives with provincial priorities

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

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

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### 9.4.3 Risks to achieving Housing Strategies (Provincial wide)

- Lack of appropriate monitoring and evaluation mechanisms resulting in additional costs
- Inadequate implementation of subsidy approval mechanism to qualifying beneficiaries
- Delays in the release of identified land for housing development due to illegal invasion.
- Inadequate mechanisms to address the proper utilization of funds transferred to municipalities
- Lack of approved HR policies, strategies, plans and procedures
- Lack of capacity of service providers (support services) to deliver
- Failure of IA'S to pay their sub-contractors - results in projects being blocked
- Lack of mechanism to enforce rental tribunal rulings
- Availability of affordable and suitable Land
- Alignment of MIG and Conditional Grants
- Over-demand for rental housing in urban areas in relation to supply resulting in informal settlements – spatial restructuring/Urbanization
- Capacity to deliver (internal and external- skills, internal processes, material supply)

## 10. INFORMATION SYSTEMS TO MONITOR PROGRESS

### 10.1 IT systems

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

#### 10.1.1 Housing Subsidy System (HSS)

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

- Strategic planning,
- Budgeting,
- Project expenditure management and
- Subsidy administration
- HSS On-line (viewing access available to all stakeholders)
- Project Monitoring

#### 10.1.2 Basic Accounting System (BAS)

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

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### **10.1.3 Debtors System**

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

### **10.1.4 Persal**

The PERSAL system is used to manage the department's personnel and the payment of salaries to the staff members as well as providing related reports.

### **10.1.5 GIS**

The department is rolling out a GIS system that will spatially reference all housing projects. In addition, data linking housing to other infrastructure development will be available to assist in guiding the investment from housing in the most economical and sustainable manner.

### **10.1.6 Hardcat**

Manage movable assets of the Department. Provincial Treasury is the custodian of the system.

### **10.1.7 Information Hub**

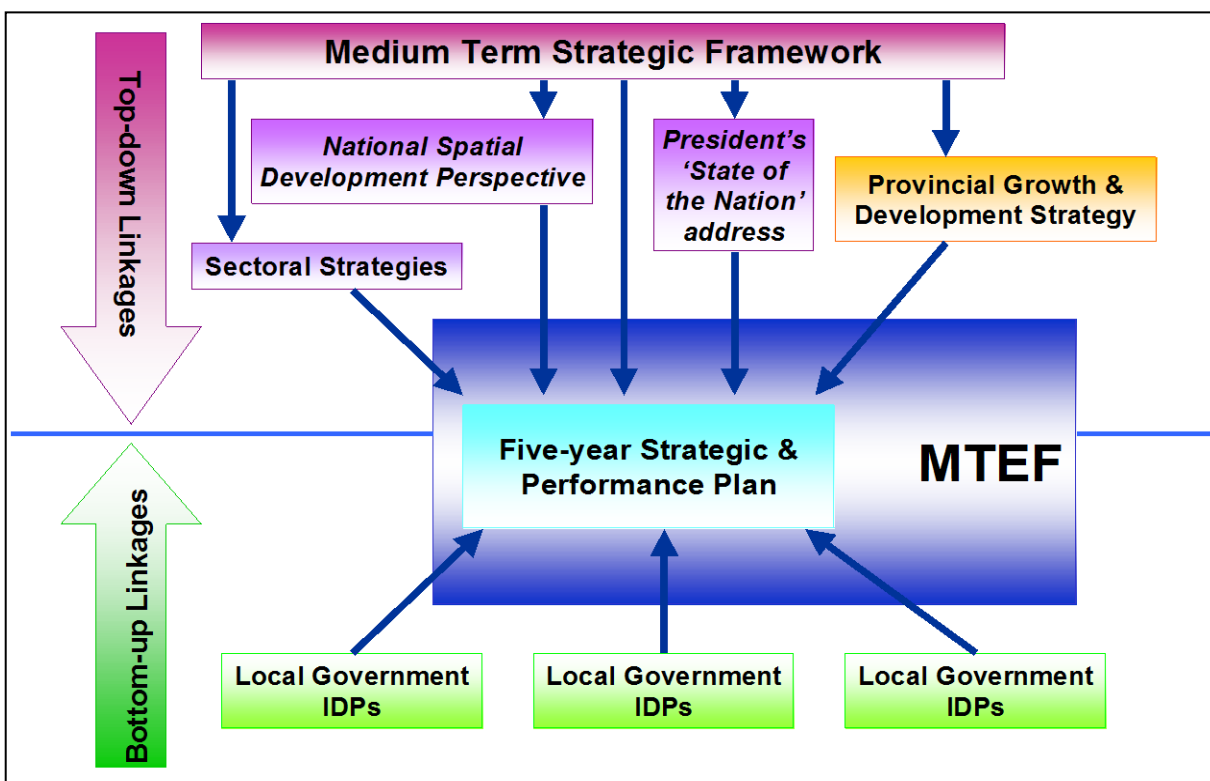
The roll out of an integrated information hub is being developed in order that information pertaining to sustainable human settlements and their implementation is readily available to housing development staff and the public in general.

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## 11. DESCRIPTION OF STRATEGIC PLANNING PROCESS

The strategic planning process is defined in Treasuries, framework and templates for provincial departments, for the preparation of Strategic and Performance plans. This process is outlined in the figure below. The has followed a similar process and has over the past years involved the relevant stakeholders such as the local municipalities, implementing agents, banking sector, provincial treasury and other stakeholders during the strategic planning workshops as these stakeholders are key in the achievement of the goals of the department.

### 11.1 Planning frameworks that inform the development of Five-year Strategic and Performance Plans



## PART B: PROGRAMME AND SUB-PROGRAMME PLANS

### 12. PROGRAMME STRUCTURE

The programme structure of the Department remains the same. 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.

Programme	Purpose	Sub-programmes
Administration	To provide strategic leadership, ensure sound human resources, financial and asset management, as well as implement and monitor corporate governance and support to the Department.	<ul style="list-style-type: none"> <li>• Corporate Services..</li> </ul>
Housing Needs, Research and Planning	To enhance and sustain the strategic direction of the department, by providing effective and efficient strategic planning, and policy support to the department.	<ul style="list-style-type: none"> <li>• Administration;</li> <li>• Policy;</li> <li>• Planning; and</li> <li>• Research.</li> </ul>
Housing Development	To promote effective and efficient delivery of sustainable human settlements. To accelerate the delivery of rental housing opportunities through social housing and community residential units.	<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 develop and implement mechanisms to manage departmentally owned housing stock and fast track the transfer of the stock to qualifying beneficiaries in terms of the EEDBS.	<ul style="list-style-type: none"> <li>• Administration;</li> <li>• Enhanced Extended Discount Benefit Scheme; and</li> <li>• Housing Properties Maintenance.</li> </ul>

## 12.1 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.

### 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 stakeholders relationship management system.
-

### Risk Assessment and Risk Mitigation

Risk Name	Risk Description	Current Controls
<b>Assets Management</b>  – Facilities : Adequacy	Inadequate premises (offices, parking, <i>inter alia</i> ).  - Rental agreements with liability for repairs and maintenance being placed on the department (Tolaram house).  - Limited budget available for effective service delivery.  - Delays in rendering services	- Vetting and approval by Provincial Committees - Need assessments are done. - Rental agreements in place. Norms and standards in place.
<b>Assets Management</b>  – Records Accuracy	- Lack of disposal of assets - Delays in disposal of obsolete /redundant assets due to inadequate capacity - Assets are ineffectively utilised.	- Bar Coding of assets - Loss control officers - Reconciliations are performed between HSS and BAS - Asset count - Monitoring - Asset Register - Electronic access control
<b>Financial Management</b>	Inadequate monitoring of budget  - Cash flow management - Value for money - Non compliance with procedures	- Programme and responsibility managers - Financial systems - Reporting - Budget control list - Medium term expenditure framework - Financial Delegations - Business Plans - Departmental Delegation - Budget Advisory Committee

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<p><b>Financial Management</b></p> <p>– Reliability of Information</p>	<p>Dissemination of information - internally and externally.</p> <ul style="list-style-type: none"> <li>- Financial reporting.</li> <li>- Quality of data.</li> <li>- Internal and External Communication</li> </ul>	<ul style="list-style-type: none"> <li>- Internal audits</li> <li>- Review of reconciliations</li> <li>- Segregation of duties</li> <li>- Draft policies and procedures on information integrity and dissemination.</li> <li>- Access to information manual</li> <li>- Communication policy</li> <li>- Automated controls (IT system)</li> <li>- Reconciliations are performed between HSS and BAS</li> </ul>
<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> <ul style="list-style-type: none"> <li>- Outdated Agreements</li> </ul>	<ul style="list-style-type: none"> <li>- Verification by the department before authorisation of release.</li> <li>- Tripartite agreements (Dept of Human Settlements, Developer and implementing agent in place)</li> <li>- <i>Tri partite agreements (Dept of Human Settlements, developer and implementing agent in place).</i></li> <li>- Contracts with Municipalities stipulate terms and conditions for the utilisation</li> <li>- <i>Contracts with Municipalities stipulate terms and conditions for the utilisation of funds.</i></li> <li>- Reconciliation component has been established in the department to monitor municipality</li> <li>- <i>Reconciliation component has been established in the department to monitor municipal funds.</i></li> <li>- Policies in place prescribing conditions for Tranche release.</li> </ul>

<p><b>Fraud and Corruption</b></p>	<p>Non appointment of paymasters.</p> <ul style="list-style-type: none"> <li>- Misuse of department assets</li> <li>- Collusion with suppliers</li> <li>- False S&amp;T claims</li> </ul>	<ul style="list-style-type: none"> <li>- Validation by paymasters</li> <li>- Declaration of interest</li> <li>- Internal and bid committees</li> <li>- Dedicated system administrators</li> <li>- Access control</li> <li>- Automated controls (IT system)</li> <li>- Fraud Hotline</li> <li>- Draft policies and procedures on information integrity and dissemination.</li> <li>- Fraud prevention plan</li> <li>- Risk assessment profile</li> <li>- Segregation of duties</li> <li>- Code of conduct</li> </ul>
<p><b>Information Management</b></p> <ul style="list-style-type: none"> <li>- Information Security</li> </ul>	<p>Safekeeping of files:</p> <ul style="list-style-type: none"> <li>- Poor filing systems.</li> <li>- Loss of key documents</li> <li>- Tracking and movement of files</li> </ul>	<ul style="list-style-type: none"> <li>- Two persons to open mail</li> <li>- Disaster Recovery Plan</li> <li>- Central registry</li> <li>- Tracking of documents</li> <li>- Document management system</li> <li>- Access control</li> <li>- Document filing system</li> <li>- Checklists for certain files</li> </ul>
<p><b>Intergovernmental and Interdepartmental Relationships:</b></p> <ul style="list-style-type: none"> <li>- Effectiveness</li> </ul>	<p>Units /Departments /Clusters /people working in silos.</p> <ul style="list-style-type: none"> <li>- Inadequate synergies in line functions.</li> </ul>	<ul style="list-style-type: none"> <li>- Monthly MANCO's</li> <li>- Strategic Planning</li> <li>- Quarterly performance reviews and reporting</li> <li>- Business Plans</li> </ul>
<p><b>Information Technology</b></p> <ul style="list-style-type: none"> <li>- Disaster Recovery</li> </ul>	<p>Disaster Recovery plans.</p> <ul style="list-style-type: none"> <li>- Disruption to normal business operations</li> </ul> <p>Impact on achievement of goals</p>	<ul style="list-style-type: none"> <li>- Disaster Recovery Plan</li> <li>- Logical access control</li> <li>- Physical access control</li> </ul>



<p><b>Information Technology: Infrastructure</b></p> <ul style="list-style-type: none"> <li>- Adequacy</li> </ul>	<p>Inadequate restriction to information hubs.</p> <ul style="list-style-type: none"> <li>- Inadequate backup procedures</li> <li>- Lack of Confidentiality</li> </ul>	<ul style="list-style-type: none"> <li>- Disaster Recovery Plan</li> <li>- Logical access control</li> <li>- Physical access control</li> </ul>
<p><b>Human Resources Management - People</b></p> <ul style="list-style-type: none"> <li>- Compliance with Acts, Regulations and Prescripts etc.</li> </ul>	<p>Non compliance with policies and procedures relating to contracts and payments.</p> <ul style="list-style-type: none"> <li>- Occupational Health and Safety</li> <li>- No Fraud Risk Assessment conducted.</li> <li>- Non compliance with Supply Chain Management.</li> </ul>	<ul style="list-style-type: none"> <li>- Prescribed reporting</li> <li>- Monthly MANCO's</li> <li>- Fraud prevention plan in place.</li> <li>- Disciplinary process</li> <li>- Draft Fraud Risk Management Policy.</li> <li>- Internal audits</li> <li>- Access to information manual</li> <li>- Treasury Regulations</li> <li>- Treasury regulations and prescripts are in place.</li> <li>- Responsibility manager signs to confirm receipt of service and the responsibility manager authorised payment of the invoice.</li> <li>- Formal signoff of completed documentation.</li> <li>- A checklist of documentation required for each stage is in place</li> <li>- Monthly monitoring</li> <li>- Suspense accounts are monitored through meetings and reconciliation on a <i>monthly basis</i>.</li> <li>- Departmental Risk Management &amp; Internal control</li> </ul>

<p><b>Human Resources Management -People</b></p> <ul style="list-style-type: none"> <li>- Critical Skills Attraction and Retention</li> </ul>	<p>Failure by the department to implement EPMDS.</p> <ul style="list-style-type: none"> <li>- Lack of capacity and skills. Lack of development and training. 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.</li> </ul>	<ul style="list-style-type: none"> <li>- Recruitment and selection panels</li> <li>- Bursaries and internships</li> <li>- Training plans</li> <li>- Job evaluations</li> <li>- Foreign Recruitment (Special skills only)</li> <li>- Exit interviews</li> <li>- EPMDS</li> <li>- Identification of critical skills / posts</li> </ul>
<p><b>Human Resources Management -People</b></p> <ul style="list-style-type: none"> <li>- Wellness Programs</li> </ul>	<ul style="list-style-type: none"> <li>- Impact of diseases e.g. HIV and AIDS, TB etc. on labour and beneficiaries.</li> <li>- Reduction in manpower to deliver services.</li> <li>- Impact on the department's ability to deliver services.</li> </ul>	<ul style="list-style-type: none"> <li>- Alignment of wellness activities to observation calendar.</li> <li>- Information and awareness sessions held.</li> <li>- Trained departmental counsellors/peer educators.</li> <li>- Provincial guidelines on HIV/AIDS</li> <li>- Employee wellness programme</li> </ul>
<p><b>Supply Chain Management</b></p> <ul style="list-style-type: none"> <li>- Processes</li> <li>- Implementation: Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>- Provincial database: Unreliability of information on Provincial database due to non-vetting of the competencies of suppliers</li> <li>- Urgent applications</li> <li>- Unclear specifications</li> <li>- Cover quoting</li> </ul>	<ul style="list-style-type: none"> <li>- SCM performance - Complaints register &amp; suggestion box</li> <li>- SLA's &amp; Contracts</li> <li>- SCM delegations</li> <li>- Business process guides</li> <li>- Rotation of staff</li> <li>- Declaration of interest</li> <li>- SCM policies and procedures</li> <li>- Internal and bid committees</li> <li>- Procurement plans</li> <li>- Vendor master file</li> <li>- Accreditation of suppliers</li> </ul>

<b>Security Management Process Implementation</b>	<p>Insufficient or inadequate security monitoring.</p> <ul style="list-style-type: none"> <li>- Inadequate security controls into buildings.</li> <li>- Failure to design safe neighbourhoods.</li> </ul>	<ul style="list-style-type: none"> <li>- Security guards</li> <li>- CCTV (only within some premises)</li> <li>- Visitors registers</li> <li>- Magnetic tags</li> </ul>
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### 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.

### Reconciliation of Budget with Plan

Summary of payments and estimates – Programme 1:Administration

R'000	Outcome		Main	Adjusted	Revised Estimates	Medium-term Estimates			Long-term Estimates	
	Audited 2007/08	Audited 2008/09	Appropriation			2010/11	2011/12	2012/13	2013/14	2014/15
			2009/10							
Corporate Services	90,547	103,507	93,006	93,538	93,538	109,102	115,417	121,285	139,477	160,399
<b>Total</b>	90,547	103,507	93,006	93,538	93,538	109,102	115,417	121,285	139,477	160,399

## 12.2 Programme 2: Housing Needs, Research And Planning

### Situation analysis

Programme Two has undergone a process of rigorous strategic review over the past financial year. The question that the members of the team asked themselves was the appropriateness of the strategic positioning of the programme with the Department in general and the housing sector in particular. This was the result of the recognition that this is the programme that has the function of 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 housing development in the strategic areas that the Department has identified (as will be reflected in the KZN Housing Investment Allocation Formula). In this regard, the sub-programmes have been reconfigured to place emphasis on key functions as reflected below:

- **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 KZN Housing Investment Allocation Formula and importantly, that the planning tools are translated into implementation.
- **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 capacity within this sphere of government that is a key stakeholder in terms of the delivery process. The areas of intervention identified by the Integrated Planning sub-programme translate into the focus for the Capacity Building programme.
- **Product Development:** 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.

### Quantification of the Housing Need

The housing need in the province of KwaZulu-Natal which informs areas of intervention for the Department of Human Settlements and this Programme, is informed by the information as reflected in the table below.

Region	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
KWAZULU-NATAL	580,586	65,893	48,608	177,190	872,277

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

### **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;
- Ensure that all stakeholders are involved in the continuous appraisal of housing delivery systems and their improvement;
- Facilitate housing sector planning;
- Integrate housing sector planning with other sectors;
- Educate stakeholders in housing sector planning and implementation;
- Align the housing budget with current and future housing needs; and
- Capacitate stakeholders for housing delivery through mentorship and training.

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

Specified policy framework are as follows;

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

### **Progress Analysis**

#### **Integrated Planning**

The sub-programme has been responsible for the development the Sustainable Human Settlements Strategy for the province of KwaZulu-Natal as mandated by the Social Cluster of Cabinet. This is a policy position of government which says that it is committed to the creation of sustainable settlements rather than the delivery of housing units for the people of KwaZulu-Natal. Implementation of this strategy and the related interventions will see the establishment of tools to enable integrated planning of various government departments and stakeholder in the delivery of developments.

The Integrated Planning sub-programme has invested much in availing resources in ensuring that all municipalities within the province of KwaZulu-Natal have a Municipal Housing Sector Plan. These plans are a key tool in identifying the housing need as well as planning for housing development for their area of jurisdiction. The 2008/9 financial year saw realisation of the goal of getting on board, all the municipalities onto this programme. Moving forward, Municipal Housing Sector Plans will be reviewed and suitable projects will be packaged for implementation.

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## **Capacity Building**

A great achievement for the sub-programme was facilitation and finalisation of the accreditation of eThekweni Municipality.

Whilst various capacity building programmes were undertaken, the programme of Establishing Housing Components within Municipalities was implemented at a faster pace. This is a programme mainly funded through donor funding made available by the Flanders Government. This programme will continue to be fast-tracked as it is a strategic intervention that will unleash the capacity of the housing sector, as a whole.

## **Product Development**

The Product Development sub-programme has been successful in creating platforms for various stakeholders for discussing, debating and informing on housing policy and programmes. Particular attention has been given in assessing and noting the practical realities in implementation of projects that may require the revision of policies and/or guidelines. This is with the intention of ensuring the alignment of policy and implementation realities, all the time.

The sub-programme has spearheaded the conceptualisation and development of a KZN Housing Innovation Hub which is envisaged to be launched in 2009/10 financial year. This 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.

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

### **Skills Shortage within the Housing Sector**

There is recognition that there is a skills shortage with the built environment and the housing sector. This factor impacts on the rate of delivery of housing in the province. This issue is being addressed in part, through the collaboration with tertiary institutions as well as through the Capacity Building programmes of the Department.

### **Capacity at a municipal level**

The Department is unable to implement planned projects at the municipal level due to lack of capacity. It is envisaged that this constraint will largely be addressed through the Flanders Programme which is aimed at ensuring that all municipalities within the province have a functional housing component.

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### Risks Assessment and Risk Mitigation

RISK NAME	RISK DESCRIPTION	CURRENT CONTROLS
<b>Asset Management</b>  – Availability and Need: Alignment	<ul style="list-style-type: none"> <li>- Poor planning and communication of needs.</li> <li>- Lengthy and unclear procurement processes.</li> <li>- Poor service delivery.</li> </ul>	<ul style="list-style-type: none"> <li>- Availability of furniture and equipment:</li> <li>- Procurement committees in place.</li> <li>- Procurement plans in place.</li> <li>- Regular programme meetings held.</li> </ul>
<b>Financial Management</b>  – Funding Allocations	<ul style="list-style-type: none"> <li>- Inadequate assessment of needs.</li> <li>- Inappropriate allocation of budget.</li> <li>- Increased demand of services.</li> <li>- National economic crisis.</li> </ul>	<ul style="list-style-type: none"> <li>- Budget constraints:</li> <li>- Budget advisory committee in place.</li> <li>- Medium Term Expenditure Framework (MTSF) plan.</li> <li>- Business plans in place.</li> <li>- Multi year housing development plan in place.</li> <li>- Procurement plans in place.</li> <li>- Responsibility and programme managers in place.</li> </ul>
<b>Intergovernmental and Interdepartmental Relationships</b>  – Effectiveness	<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>- Active participation with stakeholders:</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 cluster to develop the Provincial Spatial Economic Development Strategy.</li> <li>- The Department, together with other government departments implements developments in a manner that is in line with the Sustainable Human Settlements.</li> </ul>
<b>Information Technology</b>  - Infrastructure:	<ul style="list-style-type: none"> <li>- Lack of an Information Management Systems and Technology (IMST) policy.</li> </ul>	<ul style="list-style-type: none"> <li>- Management of IT resources:</li> <li>- IT policy in place.</li> <li>- Ad hoc communication via e-mails from IT section.</li> </ul>

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<p>Availability &amp; Accessibility</p>	<ul style="list-style-type: none"> <li>- Lack of standard quality management system.</li> <li>- Inefficient systems and processes.</li> <li>- Suboptimal use of available information systems.</li> </ul>	<ul style="list-style-type: none"> <li>- Website committee.</li> <li>- Monthly reporting to management.</li> <li>- Annual IT assets audit.</li> <li>- New Structure Approved.</li> <li>- Service provider appointed to schedule applicants.</li> <li>- Recruitment plan to prioritize filling of posts in place.</li> <li>- Human Resource delegations in place to address appointment processes.</li> <li>- Delegation of authority for filling posts in place.</li> <li>- Filling of critical posts in Human Resource Management to manage staff recruitment.</li> </ul>
<p><b>Human Resource Management -People</b></p> <p>- Critical Skills Attraction and Retention:</p>	<ul style="list-style-type: none"> <li>- Lack of appropriate skills in the Housing Sector.</li> <li>- Equitable share to Province not increasing to the same ration 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>	<ul style="list-style-type: none"> <li>- Internal capacity:</li> <li>- Communication of Human Resource needs to Human Resource Management.</li> <li>- Job evaluation process underway.</li> <li>- Making use of external resources (Consultants)</li> </ul>
<p><b>Project Management</b></p> <p>- Process Implementation: Effectiveness</p>	<ul style="list-style-type: none"> <li>- Delays in the municipal approval processes (council approvals, procurement)</li> <li>- Lack of appropriate penalty clauses in the</li> </ul>	<ul style="list-style-type: none"> <li>- Completion of Projects:</li> <li>- Regular communication with municipalities.</li> <li>- Use of terms of reference for appointment of service providers.</li> <li>- Signed Memorandum of Agreement's with beneficiary municipalities.</li> </ul>



	<p>Memorandum of Agreement</p> <ul style="list-style-type: none"> <li>- Non timeous completion of projects.</li> <li>- Affects individual performance of staff and component.</li> </ul>	
<p><b>Supply Chain Management</b></p> <ul style="list-style-type: none"> <li>- Process Implementation: Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>- Lack of delegation of authority.</li> <li>- Non-clarity of terms of references of various committees involved in the procurement process.</li> <li>- Unavailability of committee members involved in procurement process.</li> <li>- Lack of guidelines from SCM for internal clients.</li> </ul>	<ul style="list-style-type: none"> <li>- Approval and Delivery Process – Procurement:</li> <li>- Procurement committees in place.</li> <li>- Delegations of Authority in place.</li> <li>- Budget advisory committee in place.</li> <li>- Monthly quarterly/annual programme progress reporting.</li> </ul>
<p><b>Stakeholder Relationship</b></p> <ul style="list-style-type: none"> <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>- Stakeholder Engagement:</li> <li>- Meetings and workshops are convened for dissemination of information.</li> <li>- Policy communiqué distribution.</li> <li>- Memorandum of Understanding's in place.</li> <li>- Use of website and internet.</li> </ul>

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### Description of planned quality improvement measures

QUALITY IMPROVEMENT MEASURE	PROCESS DESCRIPTION
<p>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</p> <p>SLA between departments.</p> <p>Align budgets at cluster level.</p>	<p>Housing sector plan manual to be reviewed with specific reference to integration requirements.</p>
<p>Acquire &amp; develop capacity</p> <p>Dedicated programme to train, accredit and grade SMME's - Cuban officials to assist.</p>	<p>In addition to technical and planning capacity, this process includes a focus on all stakeholders in the housing industry from a capacity perspective</p>

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### Service Delivery Measures

Output Type	Performance Measures	2009/10	2010/11	2011/12	2012/13	2013/14
Amakhosi Training on Housing Delivery	No of Amakhosi Trained	140	140	-	70	-
Home Gardens Education	No of housing beneficiaries trained on benefit of Home Gardens	5,000	10,000	10,000	10,000	10,000
Provide Training to Housing Consumers	No of housing consumer trained	10,000	10,000	10,000	10,000	10,000
Review Housing Development Plans	No of housing development Plans reviewed and amended. No of housing projects packaged	17 5	51 10	51 15	51 20	51 20
Development of policy and/or policy guides for Housing Programme	No of policy guidelines developed	4	4	3	3	3
Housing Research	No of research projects conducted	2	2	3	3	3
Innovation and technology	Innovation hub established	-	1	-	-	-
Establishment of Housing Components	District and/or Local Municipalities with Housing Components	7	-	-	-	7

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**Specification of measurable objectives and performance indicators**

Key Strategic Objectives	Key Measurable Objectives	Performance Measure	2009/10 TARGET	QUARTERLY TARGETS			
				Q1	Q2	Q3	Q4
Capacity Building for stakeholders in Housing Sector	Monitor and Evaluate Accreditation Programme of eThekweni	Progress Meetings	4	2	2	-	-
	Training of Amakhosi	Number of Amakhosi's trained	140	-	-	70	70
	Home Gardens Education	No of housing beneficiaries trained on benefit of Home Gardens	5,000	-	-	2,500	2,500
	Establishment of Housing Components	District and/or Local Municipalities with Housing Components	7	-	-	-	7
	Provide training to housing consumers	Number of housing consumers training	10,000	41,00	2,021	1,940	1,939
Strengthening governance and service delivery	Review Housing Plans	Number of Housing Development Plans	17	-	-	-	17
	Package Housing Plans	No of Projects Packaged	5	-	-	-	5
	Development of policy guide for housing programmes	No. of policy guideline developed	4	1	1	1	1
	Housing Research	No.of research projects conducted	2	-	1	-	1

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## Resource information

Employment and Vacancies by Programme (see tables 6.5 & 6.6)

## Reconciliation of Budget with Plan

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

R'000	Outcome		Main	Adjusted	Revised Estimates	Medium-term Estimates			Long-term Estimates	
	Audited 2007/08	Audited 2008/09	Appropriation			2010/11	2011/12	2012/13	2013/14	2014/15
			2009/10							
Administration	8,299	8,846	7,440	1,263	1,263	1,109	1,865	2,084	2,397	2,756
Policy	1,223	2,699	2,800	2,967	2,967	3,025	3,234	3,398	3,908	4,494
Planning	3,165	2,423	4,968	11,519	11,119	11,730	11,127	11,690	13,444	15,460
Research	7,713	6,793	10,396	9,950	9,950	10,528	11,616	12,079	13,891	15,974
<b>Total</b>	<b>20,400</b>	<b>20,761</b>	<b>25,604</b>	<b>25,699</b>	<b>25,299</b>	<b>26,392</b>	<b>27,842</b>	<b>29,251</b>	<b>33,640</b>	<b>38,684</b>

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## 12.3 Programme 3: Housing Development

### Situation analysis

The Programme is administrated through the Project Management Component and is responsible for the implementation and monitoring of the housing projects through the various subsidy mechanisms in terms of national and provincial policy.

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

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

### Policies, priorities and strategic objectives

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

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

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

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

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## Strategic Objectives

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

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

## Progress Analysis

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

Although there has been progress with the development of Social Housing Policy, the institutions involved still have to go a long way towards achieving acceptable levels of sustainability. The proliferation of informal rental stock and the resultant slum conditions will be addressed through the Bill aimed at curbing the re-emergence of slums. The capacity and sustainability of Social Housing Institutions to implement the Social Housing Programme is critical to the success of this programme as well as to the affordability of this housing option to the qualifying beneficiaries. The Department is in the process of drafting a Social Housing Strategy to address some of the challenges faced in the implementation of this initiative and in aligning it with the Presidential Job Summit Programme. The Department has during the year 2008/09 been in the process of developing a strategy to accelerate social housing within the province. This process has included looking at best practices by countries including Netherlands who have succeeded in using social housing programme in dealing with housing backlog and also as a tool to slums clearance. The strategy will be finalised during the year for implementation from the 2009/10 financial year.

The delivery of upgraded units in terms of the Hostel Upgrade and Development Programme has been slow during the past financial year, however the challenges experienced have been addressed and there is sufficient capacity on the ground to deliver at the targeted. The department is considering various initiatives that would lead to securing sufficient funding for this sub-programme in order to accelerate service delivery. The budget for this programme has been increased remarkable from the 2009/10 financial year. All public sector hostels also do qualify for funding under the new CRU policy and as a result some hostel upgrade projects will be handled under the provisions of the CRU policy.

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

#### Risk Assessment and Risk Mitigation

RISK NAME	RISK DESCRIPTION	CURRENT CONTROLS
<p><b>Business Processes</b></p> <p>- Internal Communication</p>	<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>
<p><b>Intergovernmental and Interdepartmental Relationships:</b></p> <p>- Effectiveness</p>	<ul style="list-style-type: none"> <li>- Excessive demand placed on projects by e.g. environmental impact assessments 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>
<p><b>Program Development Demands</b></p> <p>- Foreigners Illegal Occupation</p>	<ul style="list-style-type: none"> <li>- Inability to clear slums due to foreign 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>



<p><b>Program Development Demands</b></p> <ul style="list-style-type: none"> <li>- Land Ownership and Recording</li> </ul>	<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 details regarding land in the register.</li> <li>- Lack of uniformity in the registers kept by the Regions may hamper consolidation of the Departmental register.</li> <li>- Poor safeguarding of information captured on the registers.</li> <li>- Lack of supervisory reviews.</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>
<p><b>Program Development Demands</b></p> <ul style="list-style-type: none"> <li>- Low Cost 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 councilors employed by the State or appointed agents with regard to the 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</li> </ul>	<ul style="list-style-type: none"> <li>- Extended moratorium.</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>resources in land administration.</p> <ul style="list-style-type: none"> <li>- Incomplete record of contracts which may be caused by improper filing system.</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>- Internal &amp; External</li> </ul>	<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>	<ul style="list-style-type: none"> <li>- Resource capacity - Internal &amp; external</li> <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's 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> <ul style="list-style-type: none"> <li>- Contract Management: Adequacy</li> </ul>	<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</li> </ul>

		<p>warrantee over the product delivered.</p> <ul style="list-style-type: none"> <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> <ul style="list-style-type: none"> <li>- Process Implementation: Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>- Role of department in procurement process e.g. local authority level</li> </ul>	<ul style="list-style-type: none"> <li>- Tripartite Policy in place.</li> <li>- Housing Code amended to include guideline documents on the Preferential Procurement Framework Act and the PFMA.</li> <li>-</li> </ul>

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### Description of planned quality improvement measures

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

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<p>(Development of a responsive approval process streamlining of the Government approval processes)</p> <p>Delegations (effective accountable forgiving delegations – fostering a learning delivery environment instead of a penal environment )</p> <p>Streamlining of the internal approval and contracting DOH processes with accountable timeframes</p>	
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**Priorities, Strategic Objectives and Key Measurable Objectives-**

<b>Key Strategic Objectives</b>	<b>Key Measurable Objectives</b>	<b>Performance Measure</b>	<b>2008/09 Actual</b>	<b>2009/10 Target</b>	<b>2010/11 Target</b>	<b>2011/12 Target</b>	<b>2012/13 Target</b>	<b>2013/14 Target</b>
Development of sustainable human settlements	<b>Implementation of national housing programmes</b>							
	Individual	Number of beneficiaries approved	667	802	2,600	3,050	3,660	4,392
	Project Linked	Number of beneficiaries approved	4,258	10,438	10,504	11,820	14,184	17,021
		Number of houses completed	12,162	6,593	10,076	9,093	10,912	13,094
	Peoples Housing Process	Number of houses completed	5,494	889	1,676	1,446	1,735	2,082
	Consolidation	Number of beneficiaries approved	97	-	-	-	-	-
	Institutional	Number of beneficiaries approved	189	-	84	500	600	720
	Disaster	Number of beneficiaries assisted	-	2,100	-	-	-	-
	Rural Housing	Number of beneficiaries approved	12,937	9,043	10,442	8,450	10,140	12,168
		Number of houses completed	6,877	11,474	15,347	19,855	8,500	10,200
	All subsidy instruments	Number of properties transferred	3,441	6,974	11,337	15,729	18,875	22,650
		Number of beneficiaries approved	18,148	20,283	23,630	25,220	30,264	36,317
		Number of sites completed	9,117	5,224	16,116	10,768	12,922	15,506
		Number of houses completed	26,951	20,050	31,120	34,069	40,883	49,059
	Hostel Redevelopment Programme	Number of units upgraded	5,000	1,200	4,000	4,500	4,500	5,400
	Social and Economic Amenities	Number of projects implemented	12	10	6	6	6	-

### Specification of measurable objectives and performance indicators

Key Strategic Objectives	Key Measurable Objectives	Performance Measure	2009/10 Target	Quarterly Targets			
				Q1	Q2	Q3	Q4
Development of sustainable human settlements	<b>Implementation of national housing programmes</b>						
	Individual	Number of beneficiaries approved	802	230	110	230	231
	Project Linked	Number of beneficiaries approved	10,438	1,021	1,533	3,484	4,400
		Number of houses completed	6,593	722	1,795	2,012	2,064
	Peoples Housing Process	Number of houses completed	889	365	134	130	260
	Disaster	Number of beneficiaries assisted	2,100	400	500	600	600
	Rural Housing	Number of beneficiaries approved	9,043	2,619	2,243	1,611	2,570
		Number of houses completed	11,474	2,059	2,688	3,133	3,594
	All subsidy instruments	Number of properties transferred	6,974	1,564	2,060	1,545	1,805
		Number of beneficiaries approved	20,283	3,879	3,886	5,325	7,193
		Number of sites completed	5,224	292	1,373	1,714	1,845
		Number of houses completed	20,050	3,329	4,909	5,563	6,249
	Hostel Redevelopment Programme	Number of units upgraded	1,200	294	302	302	302
	Social and Economic Amenities	Number of projects implemented	10	2	2	3	3

### Resource information

Employment and Vacancies by Programme (see tables 6.5.& 6.6)

### Reconciliation of Budget with Plan

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

#### Summary of payment and estimates – Programme 3: Housing Development

R'000	Outcome		Main	Adjusted	Revised Estimate	Medium-term Estimates			Long-term Estimates	
	Audited 2007/08	Audited 2008/09	Appropriation			2010/11	2011/12	2012/13	2013/14	2014/15
			2009/10							
Administration	48,878	68,868	64,657	65,151	63,151	65,350	69,839	73,420	84,433	97,098
Financial Interventions	94,942	176,242	313,989	373,017	373,017	251,454	198,500	105,850	121,727	139,986
Incremental Interventions	518,604	782,744	847,788	826,753	826,753	1,007,140	1,048,362	1,367,419	1,572,532	1,808,411
Social and Rental Interventions	268,226	143,024	269,134	285,184	285,184	355,531	420,971	413,046	475,002	546,253
Rural Interventions	274,724	321,683	772,881	656,315	656,315	1,019,842	1,403,496	1,406,314	1,617,261	1,859,850
<b>Total</b>	<b>1,205,374</b>	<b>1,492,561</b>	<b>2,268,449</b>	<b>2,206,420</b>	<b>2,204,420</b>	<b>2,699,317</b>	<b>3,141,168</b>	<b>3,366,049</b>	<b>3,870,955</b>	<b>4,451,598</b>



## **12.4 Programme 4: Housing Asset Management, Property Management**

### **Situation analysis**

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

### **Rental Tribunal Support**

During the year the Department will be developing the Rental Tribunal Corporate Identity which will ensure that the unit is better positioned to achieving its stated objectives. This process will entail finding a suitable office accommodation for the unit that will ensure that its independency status is not jeopardized and also that the is properly marketed.

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

The Discount Benefit Scheme was introduced to assist persons to acquire state financed rental housing, existing sales debtors to settle the balance on purchase prices of properties acquired from the public sector or to repay publicly financed credit that had been used for housing purposes. This programme applies to state financed properties first occupied before 1 July 1993 and stands or units contracted for by 30 June 1993 and allocated to individuals by 15 March 1994

The programme entails discounting of an amount up to the prevailing housing subsidies on the loan/purchase price/purchase price balance of the properties in question. The target is on both departmental and municipal owned properties

All Departmental properties are being handled in house now and applicants are being visited and invited to our offices to complete application. Municipalities are being provided with all the support they require to proceed with transfers of their own properties even though the pace is too slow and other interventions have since been employed to accelerate the pace of the process and this will continue in the coming financial year.

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

The objective of this programme is to manage former Natal Provincial Administration and Own Affairs stock. This stock includes residential properties, vacant land and a variety of other non residential properties. In terms of its mandate, all properties will on a progressive basis either be transferred to individual occupants in terms of the Discount Benefit Scheme or be disposed of in the open market. Some of these properties will also be devolved to the municipalities. In cases where transfer is not possible such stock will remain rental stock and a provision for maintenance thereof is made.

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In addition the functions of the Rental Housing Tribunal, which promotes stability in the residential rental housing sector by resolving disputes between tenants and landlords, are funded under this programme.

### **Strategic Objectives**

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

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

### **Progress Analysis**

The transfer of state properties to qualifying beneficiaries in terms of the EEDBS has been successful over the years as more than 65% of all qualifying properties have been transferred. The stock audit completed by the department on all outstanding state properties has given clear indication of all places where there are still concentrated pockets of properties to be transferred.

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

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

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

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### Risk Assessment and Risk Mitigation

RISK NAME	RISK DESCRIPTION	CURRENT CONTROLS
<p><b>Business Processes</b></p> <ul style="list-style-type: none"> <li>- Internal Communication</li> </ul>	<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>
<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>- Excessive demand placed on projects by e.g. environmental impact assessments 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>
<p><b>Program Development Demands</b></p> <ul style="list-style-type: none"> <li>- Foreigners Illegal Occupation</li> </ul>	<ul style="list-style-type: none"> <li>- Inability to clear slums due to foreign 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>
<p><b>Program Development Demands</b></p> <ul style="list-style-type: none"> <li>- Land Ownership and Recording</li> </ul>	<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 details regarding land in the register.</li> <li>- Lack of uniformity in the registers kept by</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</li> </ul>

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	<p>the Regions may hamper consolidation of the Departmental register.</p> <ul style="list-style-type: none"> <li>- Poor safeguarding of information captured on the registers.</li> <li>- Lack of supervisory reviews.</li> </ul>	managed by the Department.
<p><b>Program Development Demands</b></p> <ul style="list-style-type: none"> <li>- Low Cost 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 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>- 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>- Projects blocked.</li> <li>- Non finalisation of the development programme</li> <li>- Missing beneficiaries.</li> </ul>	<ul style="list-style-type: none"> <li>- Reconciliation team in place</li> </ul>

	<ul style="list-style-type: none"> <li>- Over run on the actual expenditure.</li> </ul>	
<p><b>Resource Capacity</b></p> <ul style="list-style-type: none"> <li>- Internal &amp; External</li> </ul>	<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>	<ul style="list-style-type: none"> <li>- Resource capacity - Internal &amp; external</li> <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's 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> <ul style="list-style-type: none"> <li>- Contract Management: Adequacy</li> </ul>	<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> <ul style="list-style-type: none"> <li>- Process Implementation: Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>- Role of department in procurement process e.g. local authority level</li> </ul>	<ul style="list-style-type: none"> <li>- Tripartite Policy in place.</li> <li>- Housing Code amended to include guideline documents on the Preferential Procurement Framework Act and the PFMA.</li> <li>-</li> </ul>

### Description of planned quality improvement measures

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

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### Service Delivery Measures

Key Strategic Objectives	Key Measurable Objectives	Performance Measure	2009/10 Target	2010/11 Target	2011/12 Target	2012/13 Target	2013/14 Target
Strengthening governance and service delivery	<b>Regulated the relationship</b>						
	Rental Tribunal	Number of cases resolved	1,200	1,260	1,320	1,308	1,440
	<b>Creation of Humane living</b>						
	Discount Benefit Scheme	Number of residential properties transferred	2,500	10,000	10,000	10,000	6,400
	Community Residential Units	Number of units erected	1,200	4,000	4,500	4,500	5,400
	Maintenance of all rental units	Number of units maintained	4,000	4,000	4,000	4,000	1,920

### Specification of measurable objectives and performance indicators

Key Strategic Objectives	Key Measurable Objectives	Performance Measure	2009/10 Target	Quarterly Targets			
				Q1	Q2	Q3	Q4
Strengthening governance and service delivery	<b>Regulated the relationship</b>						
	Rental Tribunal	Number of cases resolved	1,200	300	300	300	300
	<b>Creation of Humane living</b>						
	Discount Benefit Scheme	Number of residential properties transferred	2,500	329	700	700	771
	Community Residential Units	Number of units erected	1,200	294	302	302	302
	Maintenance of all rental units	Number of units maintained	4,000	1,894	1,000	1,000	106

## Resource information

Employment and Vacancies by Programme (see tables 6.5 & 6.6)

## Reconciliation of budget with plan

Summary of payments and estimates – programme 4: Asset management, Property Management

R'000	Outcome		Main	Adjusted	Revised Estimate	Medium-term Estimates			Long-term Estimates	
	Audited 2007/08	Audited 2008/09	Appropriation			2010/11	2011/12	2012/13	2013/14	2014/15
			2009/10							
Administration	51,316	55,873	58,098	58,877	58,277	62,860	66,549	70,018	80,521	92,599
Enhanced Extended Discount Benefit Scheme	47,765	96,441	36,656	36,656	36,656	40,142	48,171	20,000	23,000	26,450
Housing Properties Maintenance	106,779	107,003	90,000	152,523	152,523	40,000	30,000	15,000	17,250	19,838
<b>Total</b>	<b>205,860</b>	<b>259,317</b>	<b>184,754</b>	<b>248,056</b>	<b>247,456</b>	<b>143,002</b>	<b>144,720</b>	<b>105,018</b>	<b>120,771</b>	<b>138,887</b>

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### 13. 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.

#### 13.1 New projects, upgrades and rehabilitation

##### Summary of infrastructure payments and estimates

R'000	Outcome		Main	Adjusted	Revised Estimate	Medium-term Estimates			Long-term Estimates	
	Audited 2007/08	Audited 2008/09	Appropriation			2010/11	2011/12	2012/13	2013/14	2014/15
			2009/10							
<b>New infrastructure assets</b>	<b>10,780</b>	<b>36,407</b>	<b>120,000</b>	<b>77,477</b>	<b>77,477</b>	<b>60,000</b>	<b>60,000</b>	-	-	-
<b>Existing infrastructure assets</b>	<b>132,449</b>	<b>182,745</b>	<b>106,656</b>	<b>139,196</b>	<b>139,196</b>	<b>60,142</b>	<b>63,171</b>	<b>25,000</b>	<b>28,750</b>	<b>33,062</b>
Maintenance and repair	132,449	182,745	106,656	139,196	139,196	60,142	63,171	25,000	28,750	33,062
Upgrading and additions										
Rehabilitation and refurbishment										
<b>Infrastructure transfer</b>	<b>1,145,151</b>	<b>1,387,286</b>	<b>2,083,792</b>	<b>2,056,792</b>	<b>2,056,792</b>	<b>2,573,967</b>	<b>3,011,329</b>	<b>3,292,629</b>	<b>3,786,523</b>	<b>4,354,501</b>
Current										
Capital	1,145,151	1,387,286	2,083,792	2,056,792	2,056,792	2,573,967	3,011,329	3,292,629	3,786,523	4,354,501
<i>Capital infrastructure</i>	<i>1,155,931</i>	<i>1,423,693</i>	<i>2,203,792</i>	<i>2,134,269</i>	<i>2,134,269</i>	<i>2,633,967</i>	<i>3,071,329</i>	<i>3,292,629</i>	<i>3,786,523</i>	<i>4,354,501</i>
<i>Current infrastructure</i>	<i>132,449</i>	<i>132,449</i>	<i>106,656</i>	<i>139,196</i>	<i>139,196</i>	<i>60,142</i>	<i>63,171</i>	<i>25,000</i>	<i>28,750</i>	<i>33,062</i>
<b>Total</b>	<b>1,288,380</b>	<b>1,606,438</b>	<b>2,310,448</b>	<b>2,273,465</b>	<b>2,273,465</b>	<b>2,694,109</b>	<b>3,134,500</b>	<b>3,317,629</b>	<b>3,815,273</b>	<b>4,387,563</b>

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## 13.2 Revenue

### Summary of revenue

R'000	Outcome		Main	Adjusted	Revised Estimates	Medium-term Estimates			Long-term Estimates	
	Audited 2007/08	Audited 2008/09	Appropriation			2010/11	2011/12	2012/13	2013/14	2014/15
			2009/10							
Provincial Allocation	210,295	224,107	241,365	243,265	243,265	263,704	279,647	293,974	338,070	388,781
Conditional grants	1,310,555	1,622,053	2,330,448	2,330,448	2,330,448	2,714,109	3,149,500	3,327,629	3,826,773	4,400,789
<i>Integrated Housing &amp; Human Settlement Dev. Grant</i>	1,310,555	1,622,053	2,180,448	2,180,448	2,180,448	2,714,109	3,149,500	3,327,629	3,826,773	4,400,789
<i>Housing Disaster Management grant</i>	-	-	150,000	150,000	150,000	-	-	-	-	-
<b>Total Receipts</b>	<b>1,520,850</b>	<b>1,846,160</b>	<b>2,571,813</b>	<b>2,573,713</b>	<b>2,573,713</b>	<b>2,977,813</b>	<b>3,429,147</b>	<b>3,621,603</b>	<b>4,164,843</b>	<b>4,789,570</b>

### Departmental revenue collection

R'000	Outcome		Main	Adjusted	Revised Estimate	Medium-term Estimates			Long-term Estimates	
	Audited 2007/08	Audited 2008/09	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	310	310	310	341	375	412	453	498
Transfers received	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-	-	-	-	-
Interest, dividends and rent on land	22	92	24	87	87	90	94	103	113	124
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Financial transaction in asset and liabilities	18,927	975	605	1,500	1,500	602	667	735	808	889
<b>Total</b>	<b>19,253</b>	<b>1,405</b>	<b>939</b>	<b>1,897</b>	<b>1,897</b>	<b>1,033</b>	<b>1,136</b>	<b>1,250</b>	<b>1374</b>	<b>1511</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 will be receiving 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 2004, 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.

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

### **14.1 Interdepartmental Linkages**

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

### **14.2 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

### **14.3 Public Entities**

The Department does not have any public entities.

### **14.4 Public, private partnerships, outsourcing**

#### **14.4.1 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 bn
  - KZN has entered into MOU agreements with ABSA and FNB.
  - Negotiations are currently underway with Standard Bank and Nedbank
-

## **15. FINANCIAL MANAGEMENT**

### **15.1 Audit Queries**

The Department has for the year 2008/09 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 three 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.

### **15.2 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,
  - The Department structure aligned to the Breaking New Ground has been approved and a plan implement done and is being implemented.
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## **PART C: BACKGROUND INFORMATION APPENDICES**

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

#### **16.1 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
  - 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
-

## 16.2 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	298 394	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	14799.776	15.68
DC27	Umkhanyakude	13861.474	14.69
DC23	Uthukela	11331.205	12.01
DC43	Sisonke	11131.715	11.79
DC22	uMgungundlovu	8934.899	9.47
DC24	Umzinyathi	8589.661	9.10
DC28	Uthungulu	8214.213	8.70
DC25	Amajuba	6911.865	7.32
DC21	Ugu	5047.505	5.35
DC29	iLembe	3268.768	3.46
Ethekwini	Ethekwini	2291.935	2.43
Total		94383.020	100%

Spatial Representation of KwaZulu-Natal : Profile 2006

## 16.3 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

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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.

## 16.4 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:

<b>No.</b>	<b>Node</b>	<b>Classification</b>
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:

<b>No.</b>	<b>Corridor</b>	<b>Classification</b>
PC 1	eThekwini – Umhlatuze	Primary Corridor
PC 2	eThekwini – Msunduzi – Umgeni	Primary Corridor
PC 3	eThekwini – Ugu	Primary Corridor
SC 1	Umhlatuze – Ulundi – Vryheid	Secondary Corridor
SC 2	Kokstad – Umzimkulu – Msunduzi	Secondary Corridor
SC 3	Msunduzi – Nkandla – Ulundi	Secondary Corridor
SC 4	Ulundi – Nongoma – Pongola	Secondary Corridor
SC 5	Pongola SDI – Maputo	Secondary Corridor
SC 6	Port Shepstone – St Faiths – Ixopo	Secondary Corridor
SC 7	Maphumulo – Ndwedwe - Dube	Secondary Corridor
SC 8	Ukhahlamba Corridor	Secondary Corridor
SC 9	Weenen – Nkandla – Eshowe	Secondary Corridor
SC 10	Manguzi – Swaziland	Secondary Corridor

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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

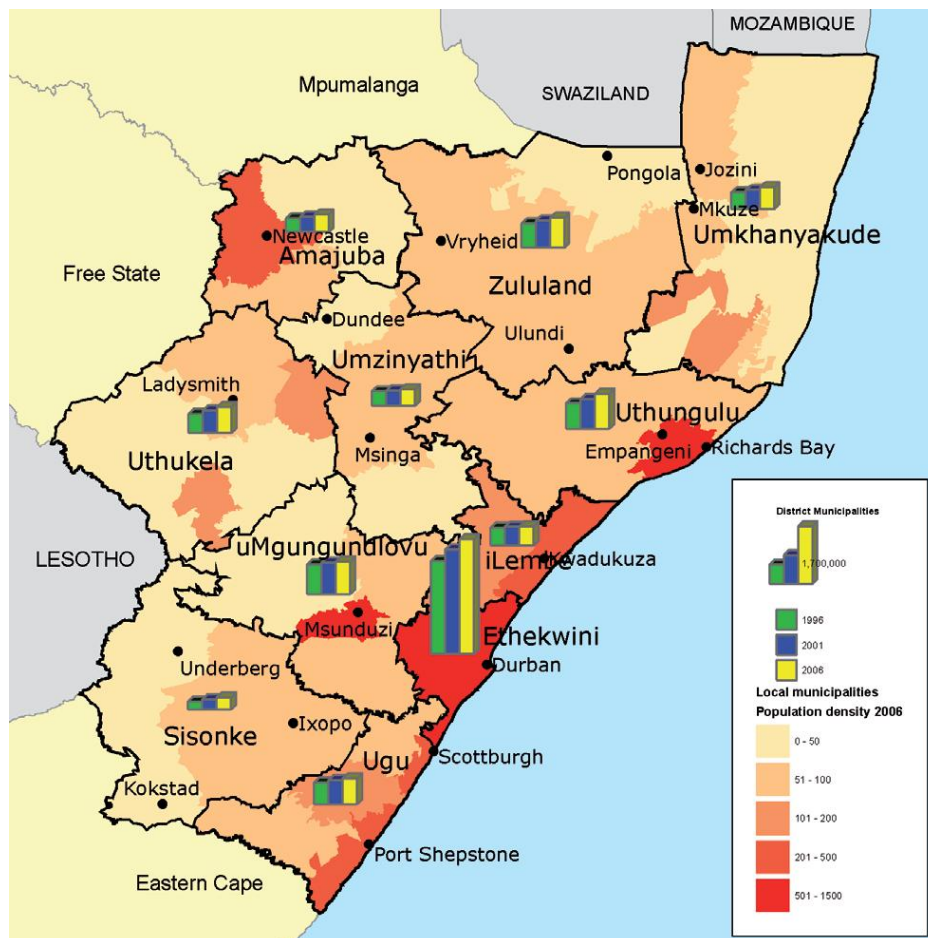
It is important to note that these nodes and corridors do not constitute a logistics network for the Province. It is imperative however that these corridors and nodes are supported by an adequate and appropriate network of services including transport, electricity, water, housing, health, education and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

## 16.5 Population Density

Population density varies widely across the province (see Map 11) with the highest concentrations of people living in the coastal conurbations of eThekweni and Richards Bay-Empangeni as well as Pietermaritzburg. These areas all have population densities of over 500 people per square kilometer. Other areas with relatively high population densities include the Newcastle Municipality, Hibiscus Coast, Umdoni (Scottburgh), KwaDukuza and Mandeni, which all have population densities of between 201 and 500 people per square kilometer. Much of the rest of the Province's local municipalities have relatively low population densities, characteristic of their predominantly rural economies.

These variations in population density reveal the challenges of servicing much of the population of the province. Low population density makes it difficult for local people to access services like education and healthcare, which are equally difficult to deliver on an equitable basis, further exacerbating the pull factors towards the urban centers. Cities on the other hand generally have higher rates of development and contribute a disproportionately high amount to GDP.

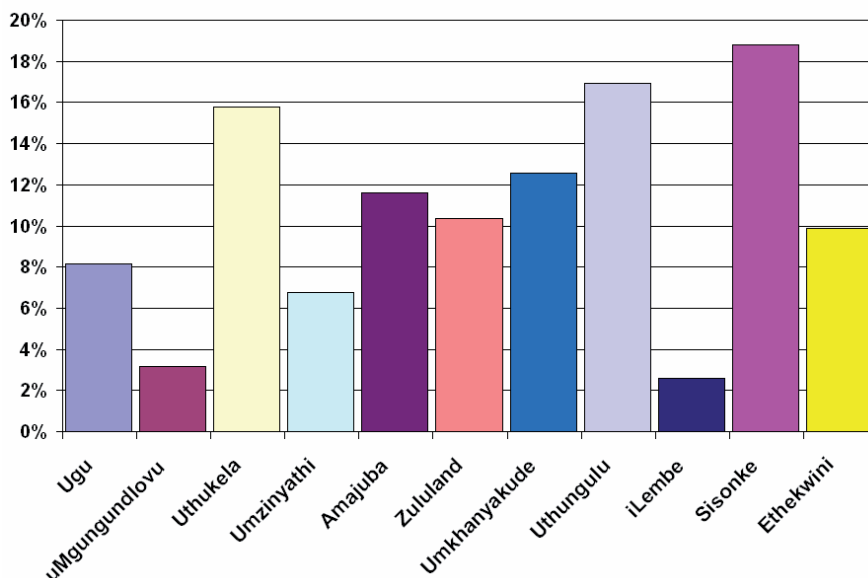
It is important to note when analysing these figures that the municipalities are not internally homogenous. Even eThekweni, unlike most other South African metropolitan areas, has substantial tracts of rural and sparsely inhabited land, while secondary cities like Vryheid, Newcastle and Ulundi are more densely populated than their surrounding areas. These centres serve as key sites for government service delivery and rural advancement, but often face severe developmental constraints. In both scenarios municipalities have to carefully manage the variant needs of different population concentration patterns.



*Population 1996, 2001 and 2006, as well as Population Density*

## 16.6 Percentage Population Growth (2001-2006)

Map 11 revealed that the populations of all district municipalities have grown over the period from 1996 to 2006, and this is confirmed in the accompanying graph showing population growth per district from 2001 to 2006. What is particularly note worthy about the data is that the fastest growth rate has not been recorded in eThekweni, shown in Figure 4, which might have been forecast due to predictions of migration to the city for economic benefits, but rather has been in the predominantly rural area of Sisonke (DC 43), which has experienced a growth rate far in excess of the national average. It must however be noted that Sisonke's growth rate is calculated off a smaller base population figure. Absolute population growth rates reveal the largest population increase has been within eThekweni since this district contains more than three times the population of any other district in KwaZulu-Natal totalling almost 3.4 million. Uthungulu (DC 28) has the second largest population totalling over 1 million people, the district includes Richards Bay, Empangeni and Uthukela (DC23) which includes Ladysmith and Estcourt have also recorded growth rates far in excess of eThekweni's. Ilembe (DC 29) and Umgungundlovu (DC22) have the lowest growth rates, at 2.57 and 3.15% over the five year period respectively.



Percentage Population increase per District / Metro Municipality (2001 to 2006)

## 16.7 Migration

Assessing the extent of internal migration is crucial for assessing the needs and development goals of communities and the Province as a whole. While Posel (2003) argues that it is difficult to differentiate between permanent and transitory migration, the data used in the accompanying graphs attempts to control for the effects of migrant labour and temporary absence.

## 16.8 In-Migration

The majority of migration into KwaZulu-Natal comes from the neighbouring provinces of Gauteng and the Eastern Cape, with only small numbers of migrants coming in from distant provinces such as the Northern Cape and North-West. While data on why substantial internal migration occurs is somewhat lacking, there is evidence to suggest that much of the migration that does occur is for economic reasons and is often non-permanent, resulting in the sending of remittances to the area of origin (Posel:2003). This can help to explain the high level of migration from relatively underdeveloped provinces like the Eastern Cape, while much of the migration from Gauteng may be due to returning migrants.

Inward migration to KwaZulu-Natal can be a source of vital skills and expertise, but can also increase the demands on basic services which, if not catered for can exacerbate current service delivery problems. While Posel (2003) suggests that the very poor are unlikely to move from rural areas as they are trapped by poverty, low skilled or untrained migrants also place pressure on local populations already facing high unemployment and job scarcity.

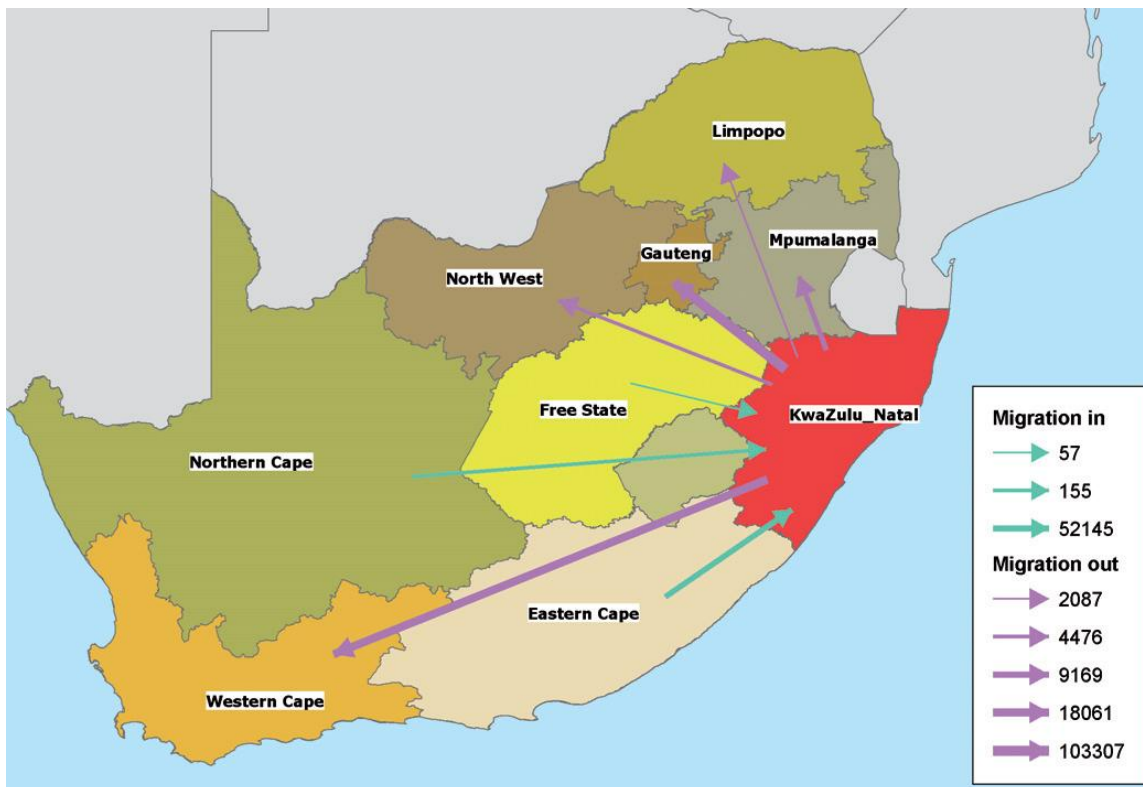
## 16.9 Out-Migration

With regard to outward migration, residents of KwaZulu-Natal are most likely to move to Gauteng, most likely in search of employment, and continuing a trend that has been in evidence for much of the last century. Other significant out flows are toward the Western and Eastern Cape and Mpumalanga.

Outward migration at these levels can have serious detrimental effects, particularly on rural areas likely to suffer the detrimental effects of the so called “brain drain” and resultant skills shortages. While difficult to curb, necessary improvements in job provision and basic services need to be made to encourage individuals with skills to remain part of the provincial economy. That said, migrants often retain close links with their families and dependants in their home provinces, and continued flows of remittances may help local communities.

The final migration Map shows the net migration figures for KwaZulu-Natal, the total number of immigrants from other provinces minus the number of emigrants. From this we can see that KwaZulu-Natal is a net exporter of people and skills to the rest of the country. Only the Eastern Cape is a significant source of net migration into the province.

Map - Net Migration (2001)



The final migration Map shows the net migration figures for KwaZulu-Natal, the total number of immigrants from other provinces minus the number of emigrants. From this we can see that KwaZulu-Natal is a net exporter of people and skills to the rest of the country. Only the Eastern Cape is a significant source of net migration into the province.

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## 16.10 Spatial Evaluation of Housing Projects

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

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

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

## 16.11 Key interventions for addressing settlement dynamics

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

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

## 16.12 Employment, income and economic sectors

KwaZulu-Natal plays a major role in the South African Economy and was the second largest contributor 16.5%, to South African gross domestic product (GDP) in 2003. The GDP of the Province was an estimated R202 billion in 2004, at basic values and current prices, and over the past decade, real per capita income in KwaZulu-Natal has increased from R14500 to R16000 (1994-2004) as the Province’s real GDP growth of 3.2% outpaced its population growth of 2.1%. However per capita income in the Province is still relatively low; in terms of GDP per capita KwaZulu-Natal was ranked only 5th of the nine provinces in South Africa in 2004.

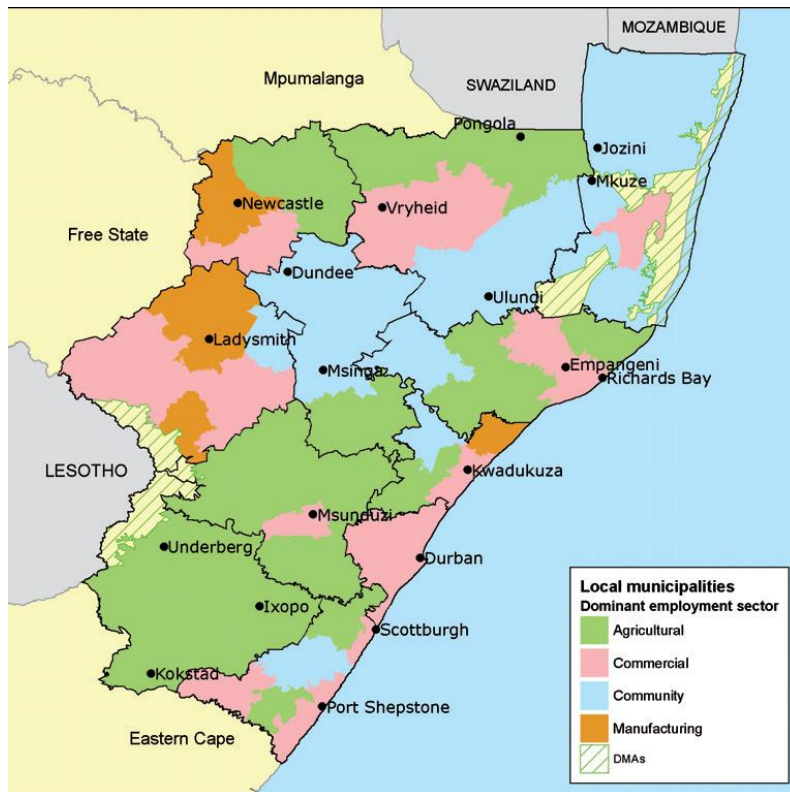
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### 16.13 Economic sectors

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

- **Agriculture and agri-processing:** This sector is key to addressing poverty in the province since most areas of poverty are rural. Its contribution to the provincial economy is currently small but it has the potential to increase this contribution significantly if its full potential were realized. The commercial agriculture sector is the major employer in the majority of municipalities and forms the economic anchor of these municipalities, whilst subsistence agriculture is by far the most important source of sustenance for rural households.
  - **Industrial development:** The potential for industrial development in the province is anchored by the nodes of eThekweni and Umhlathuze. The corridors between these two nodes and extending up to Howick form the primary zone of industrial development in the province. The cities of Newcastle, Ladysmith and Port Shepstone serve as important secondary nodes of industrial development potential.
  - **Tourism:** The primary tourism potential within the province is in the beach tourism, cultural tourism and eco-tourism markets. The areas of national tourism importance within the province are Southern Zululand, Dolphin Coast, Elephant Coast, the greater Durban and Pietermaritzburg region as well as the Drakensberg. Key tourism products of the province include arts and crafts routes in the Midlands Meander and Albert Falls, Durban, south and north coast beach tourism linked to cultural tourism in the interior, Zulu heritage and cultural trail, Battlefields route, Greater St Lucia & surrounding big five reserves as well as the Drakensberg region.
  - **Service Sector:** An analysis of the respective contribution of the various sectors to the economies of the districts in KZN indicates that with the exception of two districts, the service sector, which includes government services, is the largest contributor to district economies. The service sector is in fact the largest sector in the provincial economy, contributing 52,8% to the GGP. The sector comprises of the following:
    - Wholesale / Retail trade
    - Transport / Storage
    - Communication
    - Financial / Insurance
    - Real Estate
    - Business services
    - Community/ Social/ Personal services
    - Government services
-

### Dominant Employment Sector per Local Municipality (2001)



## 16.14 Employment

While there have been employment gains in the tertiary and Government sectors over the last decade, especially in community, social and personal services which is the biggest employer in this sector, manufacturing and other secondary industries remains the biggest employer even though it's contribution to GVA is only 46.6%. This disjuncture is particularly problematic as much of the secondary component is shedding jobs, in clothing and textiles for example, only 560 000 people remained employed in 2004, down from 850 000 in 1996. As these industries decline, the fastest growing tertiary industries like communications and transport, are unlikely to replace them as job providers partly as they are not very labour intensive and partly because of skills disjunctures. Thus secondary industry remains vital for the future success of the Province, particularly from an employment point of view.

### Increases / Decreases in Population and Employment

Over the period from 1996 to 2001 only eThekweni and the adjacent iLembe District Municipality (DC 25) saw increases in the employment rate, while all other districts saw a significant decline. Uthukela (DC23) and Zululand (DC 26) saw particularly dramatic increases in unemployment, with both seeing an increase in unemployment of almost 40%, a fact which cannot but have a devastating effect on the populations of those districts. In all districts where unemployment increased, with the exception of Uthungulu (DC 28), the population grew at a rate slower than the decrease in employment, indicating that significant numbers of jobs were lost over the period. In Uthungulu the

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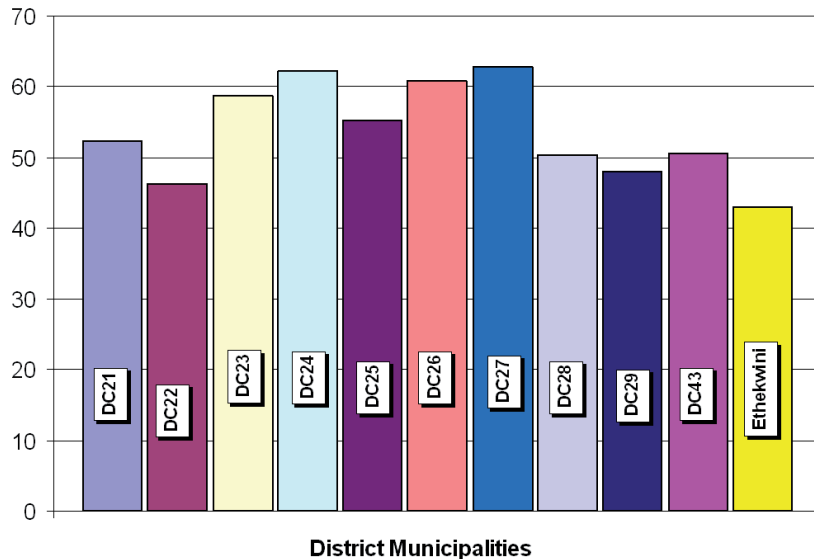
decrease in employment appears to be connected to the growth in the population of the area. The decline in employment in many districts is a worrying sign for the Province. Many of these districts are already heavily dependent on welfare grants and state assistance for survival, and this dependency looks set to rise. The fact that economic growth is occurring in the Province without an increase in employment in many districts shows that the phenomenon of jobless growth has been sustained. Future Government initiatives will need to focus heavily on labour intensive projects in order to help deal with this problem.

### Unemployment per District

Unemployment levels are very high across the province. Even eThekweni, with the lowest unemployment rate in the province, has over 43% of the population unemployed. Only two others, Umgungundlovu (DC 22) and iLembe (DC 29) have more than half of their populations in employment. The two districts with the worst employment rates, Umkhanyakude (DC 27) and (DC 24) both have unemployment rates of over 62%, meaning that almost two thirds of the people who are willing and able to work do not have jobs.

The variations in employment rates are partly due to the disjuncture between where people live and where employment is obtainable. Some estimates included in the 2005 KwaZulu-Natal Economic Review estimate that 48% of the population of KwaZulu-Natal live in local municipalities which contribute less than 1.5% of the Province's GDP.

Percentage Unemployed per District / Metro Municipality (2001)





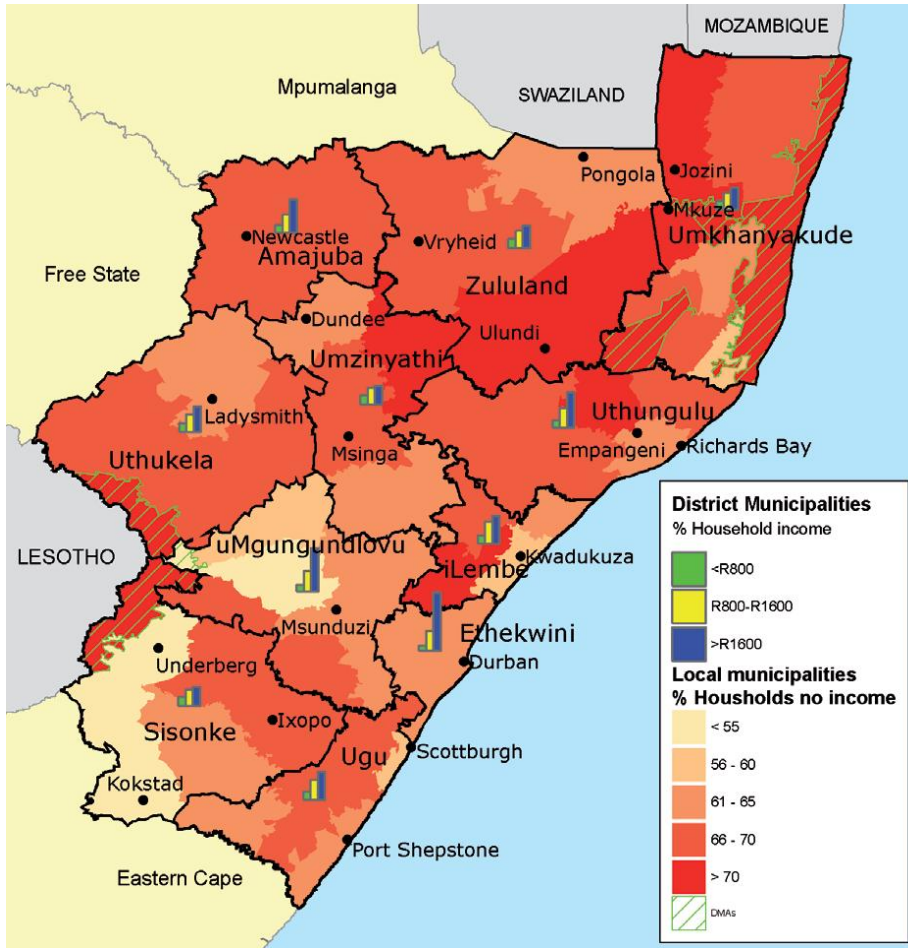
## **Unemployment and the Total Labour Force**

As high as the figures for formal unemployment at a district level, they conceal the fact that much higher levels of unemployment would be recorded if the entire labour force was taken into account. The total labour market is the population aged 15-65 and is divided into three categories: employed, unemployed and not economically active. The latter which include students, homemakers, the disabled, those too ill to work and anyone not seeking work, is not included when calculating the formal employment rates used thus far. What the district figures reveal is that in many districts the labour force exceeds the numbers of unemployed by more than 2:1. In a local municipality like Msinga for example, the employment rate is 21%, but if the entire labour force is taken into account we see that only 6% of the labour force is actually working.

## **Household Income per month**

The figures for district municipalities listed on the above map show that in all municipalities with the exception of eThekweni, the majority of households had an income below R800 a month. Only in eThekweni did more households earn more than R1600 a month than those earning less than R800 or between R800 and R1600. Map 28 also includes the distribution of those households without any income by local municipality. This reveals that very few areas have fewer than 55% of the households in the local municipality earning no income, with the situation being particularly bad in the former KwaZulu, across the north of the Province and through the west of the Province.

Household Income per Month (2001)

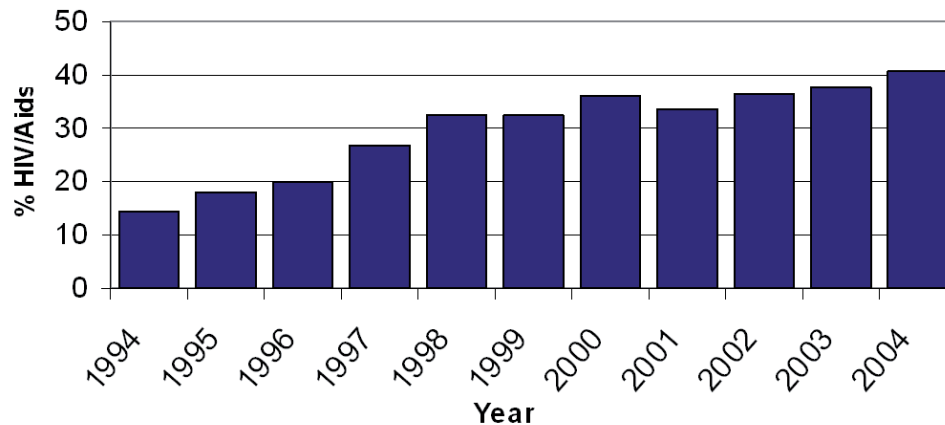


## 16.15 Health, Education, Welfare

### HIV/AIDS

An estimated 39,4 million people are infected with HIV/AIDS worldwide, of these 25,4 million are living in Africa (UNAIDS,2004). Within South Africa, KwaZulu-Natal has the highest rate of infections, and the accompanying graph shows that the percentage of the population with HIV/AIDS continues to grow at an alarming rate. While the infection rate was approximately 15% in 1994, it increased to over 40% in just ten years (figure 13 above). Apart from decreasing life expectancy, fertility and rural populations, the impact of HIV/AIDS is particularly serious in that it hits the poor particularly hard. Poor families are less likely to be able to afford the

Percentage HIV/Aids tests - POSITIVE (1994 to 2004)



drugs and nutritious diets necessary to remain productive while living with the disease, and thus lose further income propelling their dependants further into poverty. These dependants are then often faced with the prospect of living in child headed households or being supported by their grandparents on state pensions. It is likely to become increasingly difficult for these extended families to cope with the increased number of dependants caused by AIDS related deaths, and putting further strain on those who care for orphans.

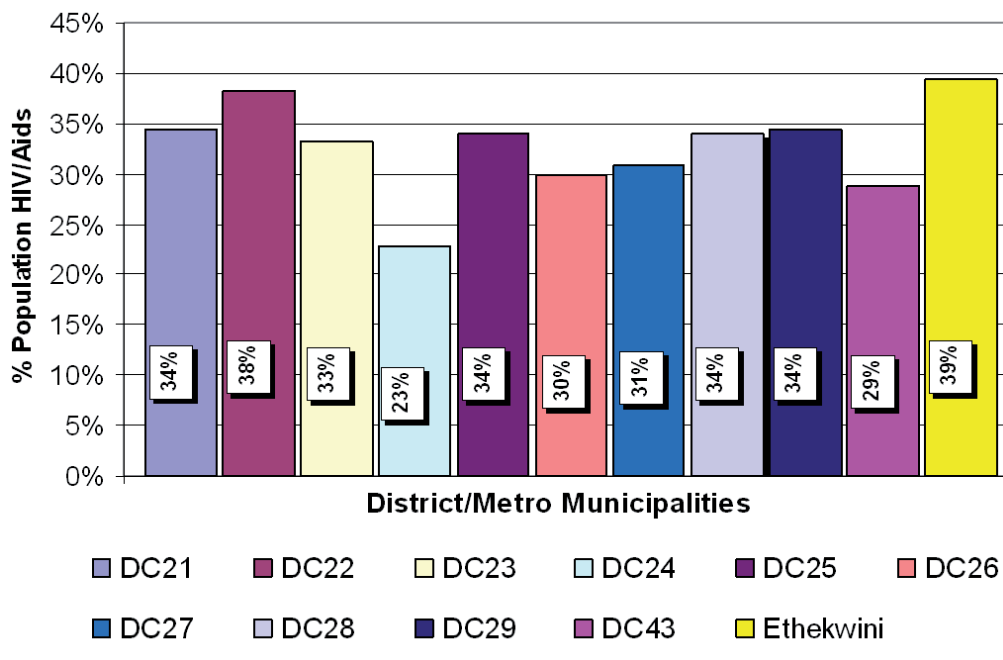
### Proportion of the Population Infected with HIV/AIDS

While it is unclear just how negative the impact on the economy will be, study by the Bureau for Economic Research (BER) predicted that the effects of HIV/AIDS would result in a decline in GDP of between 0.5 and 1 percent (Cosser, 2005), and education will be particularly hard hit with severe losses in the numbers of teachers lost to HIV/AIDS relative to the number of new teachers who qualify each year. Individuals with the disease often live for relatively long periods of time but are unproductive for that period if not provided with effective treatment.

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### Estimated Proportions of Population Infected with HIV/AIDS per District Municipality (2005)

In terms of the spatial distribution of the virus, eThekweni has the highest prevalence in the province, and has the highest rate of infection of any municipality in the country (eThekweni economic review). Umgungundlovu(DC22) also has a very high infection rate of 38%, and all districts apart from Umzinyathi (DC24) have infection rates over 29%, which appears to have reduced it's infection rate to 23%. What is clear is that while there is some variation in the extent of prevalence in the province, HIV/AIDS remains a major problem throughout.



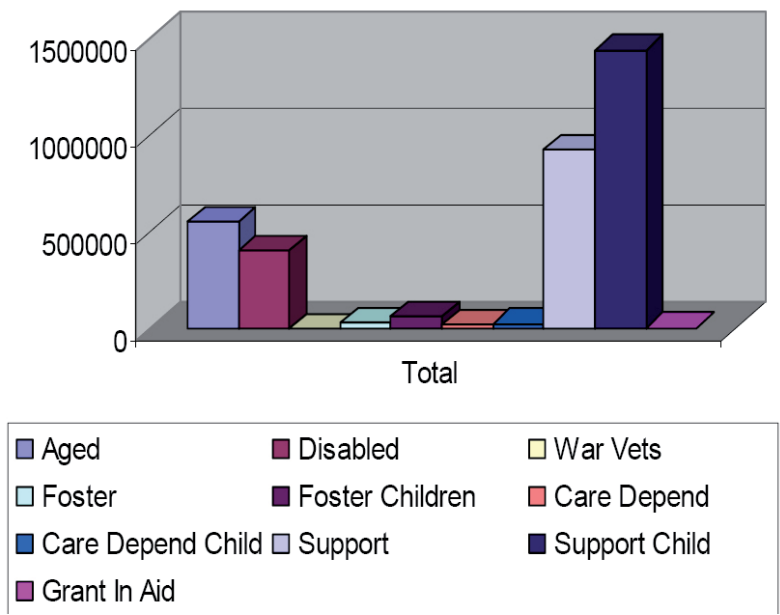
*Estimated % of population HIV/AIDS positive per District/Metro Municipality(2005)*

### Total Welfare Payouts by Category

14% of South Africa's national non interest expenditure is devoted to welfare payments. These payments have grown significantly since 2000 when they made up 2% of GDP and now comprise 3.4% of GDP. At present 12 million people access grants nationally, a quarter of the South African population which is a level much higher than that of comparable nations like Mexico and Brazil which have only 4% of their populations receiving grants.

Figure above shows that the vast majority of those who access grants in KwaZulu-Natal access either support grants, child support grants, old age pensions or disability grants. Grants such as those for the elderly and the disabled are often used to support extended families, and these grants are often crucial for the survival of rural economies.

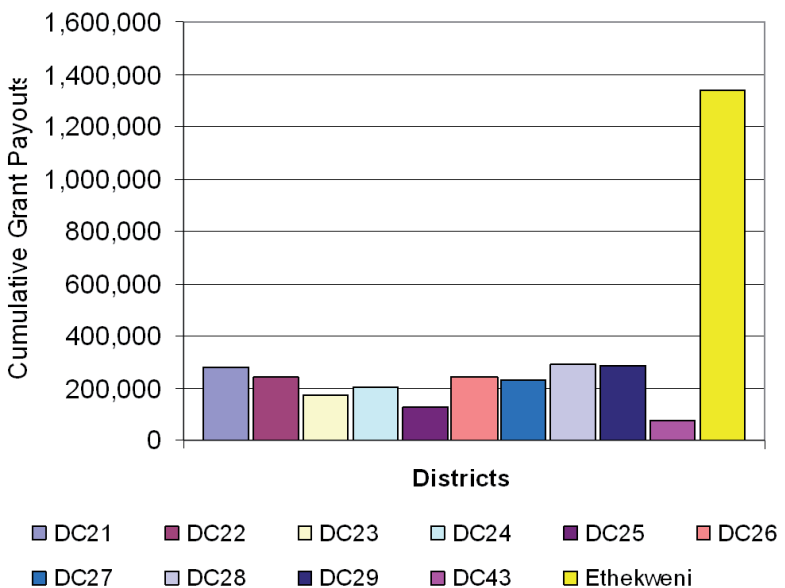
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Total Number of Welfare Grant Payouts per Category per Month (2004 to 2005)

**Total Welfare Payouts per District Municipality / Metropolitan area**

When we look at the distribution of grants we see that the vast majority of grants are paid out in eThekweni, which is unsurprising given the relative size of the municipality. That said, it is also likely that poor literacy and access to documents like birth certificates and identity documents may be preventing rural populations from making use of grants to the extent that they possibly could.



Total Number of Welfare Grant Payouts per District /Metro Municipality per Month (2004 to 2005)

Source: Department of Social Welfare and Population Development, 2005

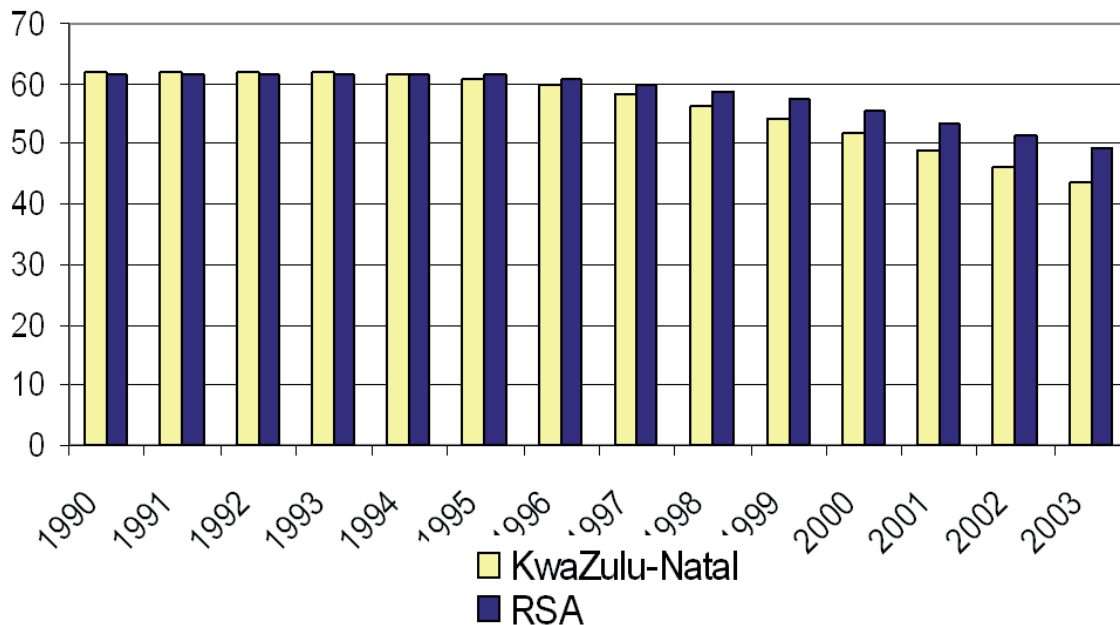
## Life Expectancy

Life expectancy has declined across South Africa since around 1996, and KwaZulu-Natal has seen a particularly severe decline, in both relative and absolute terms. While KwaZulu-Natal had a marginally higher average life expectancy for the first four years of the 1990s, by 2003 it had slipped to significantly lower than the South African average and had the lowest life expectancy of any province by 2007 (source: Statistics SA midyear population estimate).

The reason for this dramatic decline can be attributed in great part, if not entirely, to the impact of HIV/AIDS, particularly the impact of AIDS on infant mortality. Life expectancy figures are heavily impacted by infant mortality, especially when life expectancy is lower than 50. This means that life expectancy for those who survive beyond infancy can be somewhat higher than the official life expectancy figures.

In spite of this it is clear that South Africa and KwaZulu-Natal in particular is facing a substantial social well-being crisis. Declining life expectancy figures suggest other problems such as poor health care, ineffective HIV/AIDS prevention and treatment campaigns and high crime and social malaise. Declining life expectancy also presents other problems such as a decline in the number of economically active and healthy workers, and increased strain on social welfare and health care facilities.

Life Expectancy in comparison to RSA (1990 -2003)



## 16.16 Education

Education is one of the most important factors in the development of any economy, and this is particularly true in South Africa where a lack of appropriate skills is seen as one of

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the most important supply side constraints to growth. As such, the South Africa Government has allocated a far greater proportion of GDP to education than most other middle income countries, and spending is at levels which approximate that of the United Kingdom as a proportion of GDP.

The South Africa education system involves all three tiers of government. The National department is primarily concerned with the formulation of policy and also maintains control of the tertiary education sector, while the provincial government is primarily responsible for implementation and the effective administration of education. Local government also has an important role to play, in particular with regards to the delivery of services crucial for the effective operation of schools, FET centres and higher education.

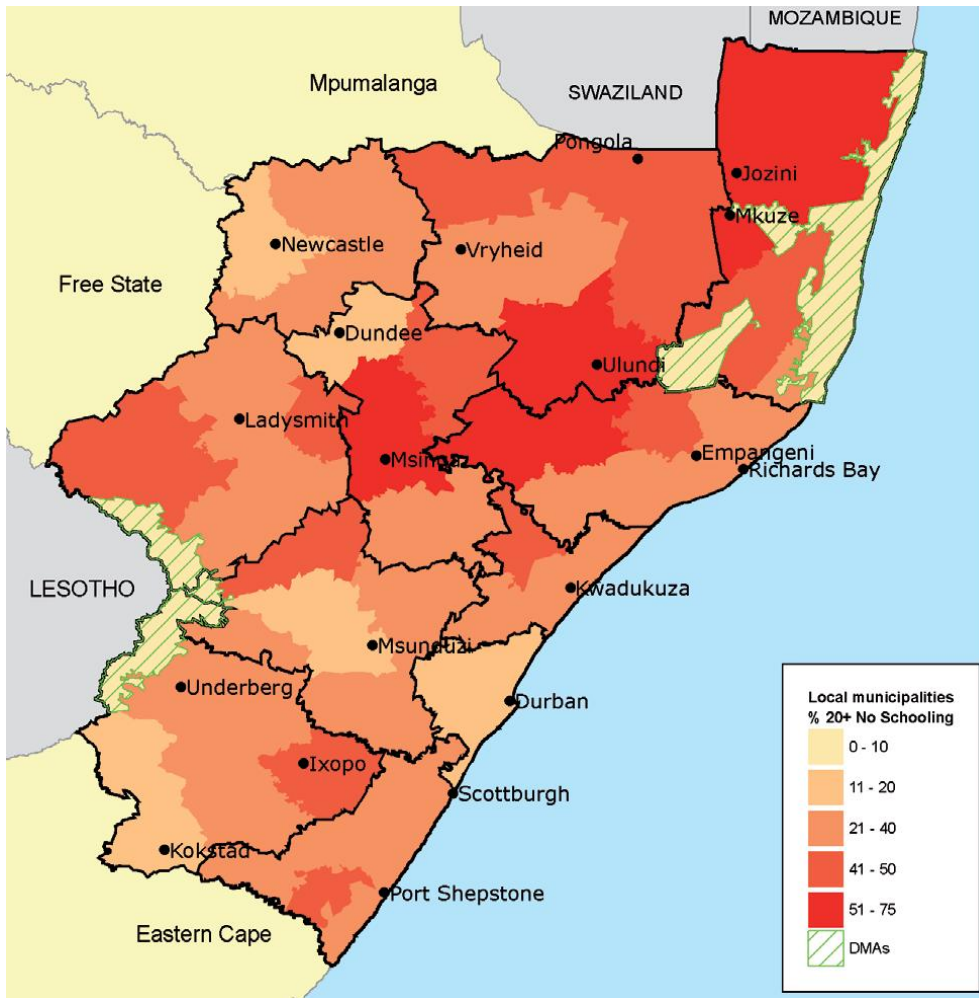
The following figures reveal two aspects of the state of education in the Province, educational attainment levels and the state of service delivery in the education sector. The first set of maps and figures is particularly important when it comes to ascertaining the growth potential and possible skills shortfalls in the provincial economy, and is mainly a factor of programmes instituted at national level and implemented at provincial level. The second set of figures is more applicable to local government, especially when it comes to the provision of water, sanitation and electricity to schools across the Province.

### **Adults with No Schooling**

The first set of statistics (map 17 below) reveals the proportion of adults in the province's municipal areas with no education at all. This figure only includes individuals over 20 who have not even completed Grade 1 level education. It is immediately apparent that there are enormous disparities when it comes to these figures, with areas such as eThekweni and Msunduzi having under 11% at this level, while most of the former KwaZulu homeland area has exceptionally high percentages of people who have not had the opportunity to attend school. Nationally 17.9% of the population (on average) had no schooling in 2001, the figure for KwaZulu-Natal is 22%. This is a marked improvement from the very high figure of 33.6% in 1996, but some areas still have very high numbers of people who haven't gone to school. The worst are Msinga (KZ244), Umhlabuyalingana (KZ271) and Jozini (KZ272) with rates of 68%, 54% and 51% respectively.

These figures can be explained in part by the rural nature of these areas as most educated people leave in search of jobs and opportunities. This has exacerbated already low levels of educational attainment which have resulted from a history of underdevelopment in facilities and teachers in the mostly black populations of these areas. An area like Msinga, which is 99% rural, is thus particularly hard hit as the few individuals from the area that are educated tend to leave, as will those who are educated in the future if the opportunities in rural areas are not improved. The lack of any formal education is a major developmental obstacle in these areas. Individuals without any education are unlikely to be able to find formal employment and face problems running their own business, whether it comes to learning how to access credit or balancing a budget. It is, moreover, more difficult for them to acquire further skills than their educated counterparts, exacerbating their relative disadvantages.

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*KwaZulu-Natal Spatial Profile - Department of Local Government and Traditional Affairs  
 Map 17 Percentage Population of Local Municipalities, over the Age of 20, without  
 Schooling per Local Municipality (2001)*



## 16.17 Policy Changes and Trends

(See PART A bullet number 5)

## 16.18 Housing Needs Indicators

### Formal Housing

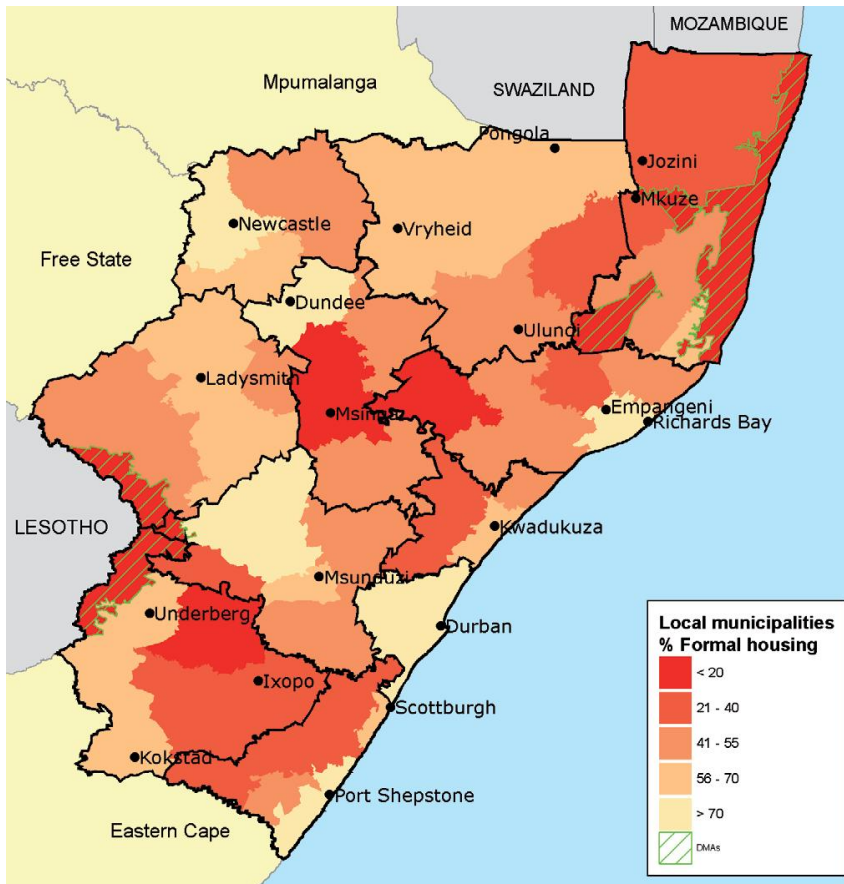
One of the Province's, and indeed South Africa's, most pressing needs is housing. Shortages of formal housing have provoked angry demonstrations across the country and condemn large swathes of the population to live in inhumane conditions. In addition, those who live in informal settlements, traditional housing or without formal land tenure are left without capital and unable to convert any improvements they make to their dwellings into realisable financial gains as they would if they had owned their properties. It is difficult to provide electricity and water to informal housing as these dwellings are often transitory, and even when there are not problems over land ownership may prevail. Provincially 11% of the population live in formal housing, 28% in traditional and 61% in formal accommodation, while the figures nationally are 16, 15 and 69% respectively.

The accompanying Map 32 shows that in large swathes of the Province many local municipalities have less than 20% of the population living in formal dwellings. The rest live in either informal houses, defined as any makeshift structure not erected according to approved plans, or in traditional housing, houses made of locally available materials in a traditional manner. In the municipalities with the least amount of formal housing, like Msinga where all service provision levels are particularly poor, Nkandla, Ndwedwe, Maphumulo and Ntambanana, the type of housing is predominantly traditional as the population is mostly rural. When one factors information into the scenario it appears that these areas may not be as urgently in need of formal housing as some areas with more formal housing, as traditional housing can still fulfill many basic requirements that informal settlements cannot. Moreover, residents living on communal land would not be able to use their houses as collateral even if they were constructed in western methods, and as such would lose out on many of the benefits associated with formal housing ownership.

eThekweni, Newcastle, Endumeni and uMhlathuze all have upwards of 70% of their residents in formal accommodation, but far less of their population in traditional housing than in informal housing. It is these more urbanised areas that face the brunt of what we normally associate with informal settlements. Thus eThekweni for example has 8% traditional and 19% informal housing, a level of informal housing higher than that in Msinga, which has amongst the least formal housing.

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## Proportions of Formal Housing per District / Metro Municipality (2001)

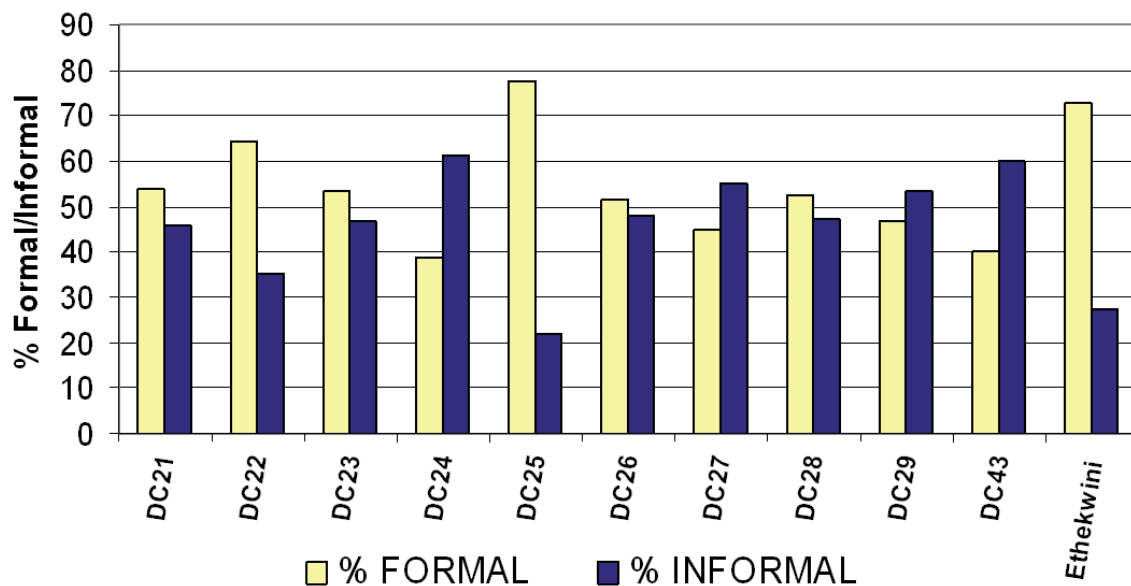


### Formal and Informal Housing per District

Analysis of district municipal data shows that Amajuba (DC 25) has the best ratio of formal to informal housing, with eThekweni also having over 70% in formal housing. Much of the rest of the Province compares rather poorly. Both Zululand (DC 24) and Sisonke (DC 43) have over 60% of the population in informal housing, with Umkhanyakude (DC 27) and iLembe (DC 29) also having over 50% in informal housing. These figures need to be analysed bearing in mind differentiation between the definition of informal housing, which includes traditional housing, used in the table, and the definition referred to above.

As much as there are major shortfalls, huge strides have been made in addressing the backlog of housing (Casale D and Desmond C. 2007). Government built over 1.5 million houses nationally between 1994 and 2003, and continues to invest heavily in housing provision.

Proportions of Formal and Non-Formal Housing per District / Metro Municipality (2001)



## 16.19 Evaluation of current implementation performance

### Evaluation of Performance

A key measurable of housing sector performance is the number of housing units constructed and the extent to which housing backlogs are being impacted upon. Tangible delivery is therefore fundamental to the housing programme. The main goal is to produce houses and create sustainable human settlements allowing for the development of communities, social cohesion and reduced levels of crime. It is therefore important to keep the momentum going in terms of quantity but also to focus on depth and quality in terms of the housing product. A significant increase in the housing subsidy quantum evidences government's commitment to improving the quality of the housing product and moving away from stereotyped settlement design. Delivery figures for the 2006/7 financial year will be made available in the Annual Report of the Department of Human Settlements.

### Impact on Targets in the Strategic Plan

The targets for the MTEF 2009/10 require the Department to improve performance in terms of the actual delivery of housing units. Therefore a concerted effort involving the Department of Human Settlements, municipalities, the private sector and civil society is required if the targets are to be reached.

Fundamental to this effort is expanding the role of local government, building capacity and the accreditation program currently focused on the Ethekwini Municipality.

## **Adjustments to be made**

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

## **17. APPENDIX TWO: ORGANISATIONAL INFORMATION AND THE INSTITUTIONAL ENVIRONMENT**

### **17.1 Organisational design**

The Strategic Review noted that delays in the implementation of the organisational structure and the need to urgently put in place an action plan to implementing the structure. This process involved the Job evaluation process which is to be completed for all posts during the year.

### **17.2 Organisational Structure**

Structure of the Department see Part A bullet number 6.4)

### **17.3 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.

### **17.4 IT systems**

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

### **17.5 Financial management**

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

(see PART A bullet number 5)

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### **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 began 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 posts 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.

## **18. APPENDIX THREE: DETAILED LEGISLATIVE AND POLICY MANDATES**

(refer PART A bullet number 5)

## **19. APPENDIX FOUR: SERVICE DELIVERY TARGETS**

### **Measurable objectives and performance indicators**

(refer PART B)

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