



KZN HOUSING

uMnyango:

WezeZindlu

ISIFUNDAZWE SAKWAZULU-NATALI

STRATEGIC PLAN

2005/6 – 2009/10

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Foreword by the Minister of Local Government, Housing and Traditional Affairs, Mr Mike Mabuyakhulu. Department of Housing KZN Strategic Plan.

I am pleased to submit the 2005/ 2010 strategic plan for the Department of Housing. The strategic plan has been subjected to thorough review at the Department's strategic planning workshop, held at Prince's Grant on the 17 September 2004 and reviewed in April 2005 to incorporate the Comprehensive Plan for Sustainable Human Settlements.

The strategic plan articulates the key priorities the department will pursue in the next five years in our efforts to reduce the housing backlog in the province and improve the quality of life for our people. This strategic plan is guided by National mandates and aligned to the Provincial priorities. It takes into account the clear programmes, deliverables and timeframes that government has pronounced in order to accelerate housing delivery thus fulfilling government's responsibilities on the people's contract to create work and fight poverty.

The key focus areas set for the Department of Housing in the next five years are:

- Eradication of slums in KwaZulu-Natal in the next five years;
- Accelerating housing delivery in rural areas;
- Accelerating the hostel redevelopment and upgrade programme;
- Moving briskly towards Rental Housing/Social Housing;
- Building the capacity of Housing stakeholders (especially municipalities);
- Completion of all blocked projects; and
- Contributing to the comprehensive response against HIV/AIDS.
- Ensuring the provision of incremental housing
- Implementation of Financial Services Market Programme

The thrust of these priority programmes is that they benefit the poorest of the poor; they are therefore a decisive intervention towards bridging the gap between the first and the second economy in our society. In pursuing these programmes we will place more emphasis on integration in planning, budgeting and implementation. We will ensure that we strike a balance between quality and quantity.

These priorities seeks to invest in community infrastructure in line with our provincial priorities and contribute extensively to the Expanded Public Works Programme in that they are labour intensive and focuses on training. The timeframes attached to some of the priorities indicate a serious political will to push back the frontiers of poverty by providing shelter to our poor communities. For the next years giant strides will be made to ensure the realization of our strategic objectives in line with our mandates.

In pursuit of our goal to eradicate slums in KwaZulu-Natal, in the next five years, we will before the end of the financial year compile a consolidated report on all slums in the province. We will also ensure that there is integrated planning and budgeting between the Department of Housing, Local Government and Traditional Affairs and Municipalities in order to ensure that all Housing projects are aligned to the Municipal Infrastructure Grant (MIG) programme and that they are prioritized in the Municipalities Integrated Development Plans.

This will help to ensure that there is coordination to housing delivery and that no housing project is built without the provision of basic services such as water, electricity, roads and sanitation.

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Another area that will get our serious attention as we implement our programmes will be the diversification of housing options to meet different needs of our clients. This will be done through the acceleration of the Rental housing programme. This programme will cater for our mobile people who are in urban areas for work reasons. We believe this programme will complement the slums clearance programme very well. We will also engage the private sector especially the banking sector to partner us in housing delivery by providing funding for our people in the lower income group.

Integration of communities will be our central focus as we vigorously implement our housing programme. We will ensure that previously disadvantaged communities are provided with housing opportunities in areas of economic activity like towns and cities. By so doing, we will be launching an assault on the previous apartheid spatial development strategy, which disintegrated communities on the basis of race.

These priorities are a clear indication of a serious change in approach to housing delivery in the province; it is, therefore, no longer business as usual. This strategic plan typifies a new frame of mind that should be implanted in all doings of managers and staff alike. It, therefore, heralds a new beginning.

Building sustainable communities and improving access to safe, secure and affordable housing are the cornerstones of the Department of Housing's strategies for the next financial years and will continue to shape our responses to the housing needs of our people. The 2006/ 2010 Strategic plan expresses our broad strategic priorities as we work to deliver people focused services. By delivering on these broader strategies, we are confident we will be well prepared to meet the challenges of the next three years and continue to make a real contribution to improving people's lives

With the introduction of the new National Housing Plan, we are now even more geared up to speedily eradicate homelessness in our province and break new ground in housing delivery.

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

"Masisukume Sakhe i- KwaZulu-Natal"

Mr Mike Mabuyakhulu, MPP
Minister Local Government, Housing and Traditional Affairs

GLOSSARY OF TERMS

AFS	Annual Financial Statements
BAS	Basic Accounting System
BEE	Black Economic Empowerment
CBA	Cost Benefit Analysis
CBO	Community Based Organization
CD	Chief Director
CFO	Chief Financial Officer
DOH	Department of Housing
DS	Debtor System
EA	Executive Authority
EPWP	Extended Public Works Programme
GAAP	Generally Accepted Accounting Practice
GIS	Geographic Information System
KZN SDF	KwaZulu-Natal Spatial Development Framework
HAC	Housing Advisory Committee
HH	Households
HOD	Head of Department
HSC	Housing Support Centres (HSC)
HSS	Housing Subsidy System
HDP	Housing Development Plan
IDP	Integrated Development Plans
LA	Local Authorities
LED	Local Economic Development
MANCO	Management Committee
MHDP	Municipal Housing Development Plans
MOU	Memorandum of Understanding
MHOA	Municipal Housing Operating Account
MEXCO	Management Executive Committee
MEC	Member of the Executive Council
MIG	Municipal Infrastructure Grant
NHFC	National Housing Finance Corporation
NHBRC	National Housing Builders Registration Council
PGDS	Provincial Growth & Development Strategy
PFMA	Public Finance Management Act
PHDP	Provincial Housing Development Plan
PHP	Peoples Housing Process
PLS	Project Linked Subsidies
PPP	Private Public Partnerships
SDF	Spatial Development Framework
SHA	Social Housing Associations
SHI	Social Housing Institutions
SLA	Service Level Agreement
SMME	Small Medium and Micro Enterprises

PART A: STRATEGIC OVERVIEW

KWAZULU-NATAL DEPARTMENT OF HOUSING

1. OVERVIEW OF THE STRATEGIC PLAN: HEAD OF DEPARTMENT

In considering the strategic direction, the Department is guided by the alignment of all of the following directives-

Premier's Decree that Pietermaritzburg is KwaZulu-Natal Administrative Head Quarters;

Minister of Housing's 10 year plan of breaking new ground in housing;

Provincial priorities including the Provincial Growth and Development Strategy (PGDS); and Departmental priorities pronounced to the Legislature by the MEC: Local Government, Housing and Traditional Affairs.

In translating these various directives into tangible outputs of desired outcomes, the Department's strategy ensures that its strategic goals cover all of them.

This strategic plan seeks to present in a holistic manner an integrated solution in overseeing the growth of local municipalities to the level of (*inter alia*) providing housing in KwaZulu-Natal by implementing priorities as outlined by the Executing Authority (EA), KwaZulu-Natal Cabinet (*Cabinet*) and the national Department of Housing (*Housing*). These priorities talk to one another and they all provide an opportunity for a renewed commitment to the ultimate objective of the effective and efficient delivery of houses together with other services to all and sundry in the province especially the poorest of the poor.

The EA's priority of slums clearance goes a long way in eliminating informal settlements (*a national priority*) and it contributes in eradicating poverty and inequality (*a provincial priority*). The EA's rural housing priority aligns itself well with the integrated sustainable rural development projects (*a national priority*) as well as one aspect of the provincial priority of rural development and urban renewal. It is only in the Department and the province where respective priorities single out the addressing of the HIV / AIDS pandemic. The national priority broadens the scope to provide housing subsidies to all disabled persons. This broader scope helps the Department not to lose sight of other disabilities in the province.

The extended discount benefit scheme is a national programme for entrenching home ownership. Implementing this programme with vigour is the EA's priority. This fast tracks the sale and transfer of erstwhile housing development board's properties to individual tenants. This EA's priority talks to the national priority of the transfer of State and Municipal houses. The latter, however, is broader in the sense that it includes the devolution of the housing stock that is not sold and other non-housing properties to respective municipalities.

The EA's priority of human settlement redevelopment is informed by the provincial priority of promoting rural development and urban renewal and the national priorities of :-(a) urban renewal and rural development nodes, (b) the urban renewal project, and (c) the integrated sustainable rural development project. The EA's rental housing, upgrading of hostels, and new green fields development priorities are also aligned to the above cited urban and rural development priorities of the national and provincial spheres. Seen through the provincial eyes, all these priorities are developmental in character.

They are intended to develop the infrastructure and human capacity in the province. This makes overseeing municipalities and traditional structures, and providing housing to contribute meaningfully in strengthening governance and in investing in the job creating economic growth along side other provincial departments and other stakeholders.

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For the financial year 2005 -2006, our role in capacitating housing stakeholders has been emphasised by the national department of housing.

Each programme is approached in a holistic fashion which makes the funding of each programme to be available for both its line and support activities. The daunting challenge is the baseline allocation of the Medium Term Expenditure Framework. Not all the activities required for the above directives are budgeted for, and the Provincial Treasury has requested all departments to remain within the baseline allocation.

Although this strategic plan is presented as a 5 year plan reviewable every beginning of the year, it is building up to longer periods than 5 years. In some strategic objectives final outputs are to be realized in line with vision 2014. In others, final outputs, like in the case of eradicating slums in this province, are to be realized in 6 years.

In other words, this is an output driven strategic plan based on tight delivery time frames and focusing on the two terms of the new government.

MR C.E.M. NTSELE
ACCOUNTING OFFICER/
HEAD OF DEPARTMENT
DEPARTMENT OF HOUSING

KWAZULU-NATAL DEPARTMENT OF HOUSING

2. VISION

“Together helping all people to house themselves”

3. MISSION

To effectively and efficiently manage the implementation of National and Provincial Housing Programmes in partnership with the relevant role players, and to provide adequate, affordable and sustainable shelter for qualifying citizens in KwaZulu-Natal.

4. VALUES

The supporting philosophy in the pursuance of our mission is vested in the core values that the Department espouses, which are:

- Honesty and integrity
- Fairness
- Diligence and dedication
- Discipline
- Efficiency and effectiveness
- Co-operation
- Transparency
- Accountability
- Responsibility
- Batho Pele Principles
- Professionalism
- Humility
- Mutual Respect
- Fiscal discipline
- Loyalty to the government of the day

5. MISSION OF THE SECTORAL SITUATION ANALYSIS

5.1 Summary of service delivery environment and challenges

(a) Scarcity of land for housing development

From the erstwhile housing board the Department inherited developed and undeveloped land. However, most of the undeveloped land is zoned for other purposes, like industry, commercial and other businesses. This undeveloped land must devolve to respective municipalities or be allocated as compensation to traders displaced during the apartheid era or be sold to members of the public. Most of the land suitable for housing is in both the municipal and private ownership. Land in private ownership is too expensive for housing development. Not all the land that was, in terms of the power of attorney, made by the Department of Land Affairs available to this Department to administer, is suitable for housing development. What compounds the administration of this land is the fact that when it was made available there was no funding provided for this administration. Funds are used from the Professional Services Item to secure it and now Municipalities are submitting rates bills for this land. The rates are likely to force the Department to cancel the power of attorney.

(b) Inadequate capacity in new municipalities

The Housing Act of 1997 makes municipalities housing developers. Most of the new municipalities are struggling with capacity even to do municipal work. However, the Flemish Government has donated money to assist the Department in developing housing components in certain municipalities as a pilot project. The Department is also running a national capacity building programme which caters for municipal officials as well.

5.2 Summary of organisational environment and challenges

(a) Organisational Structure

Current Structure as recently approved, incorporates the Sustainable Human Settlement Development Programme.

(b) Limited Operational Budget

For the past 3 years the operational budget motivation for increase has not been approved and yet the need against output commitment has increased.

(c) Unauthorised purchase of 27 properties

The properties were bought from June 2002 to October 2002. Some have been transferred to the ownership of the Department and others are having agreements in place but not transferred. These properties range from undeveloped or/and invaded land to hotels and flats. These flats will be utilised for rental housing projects.

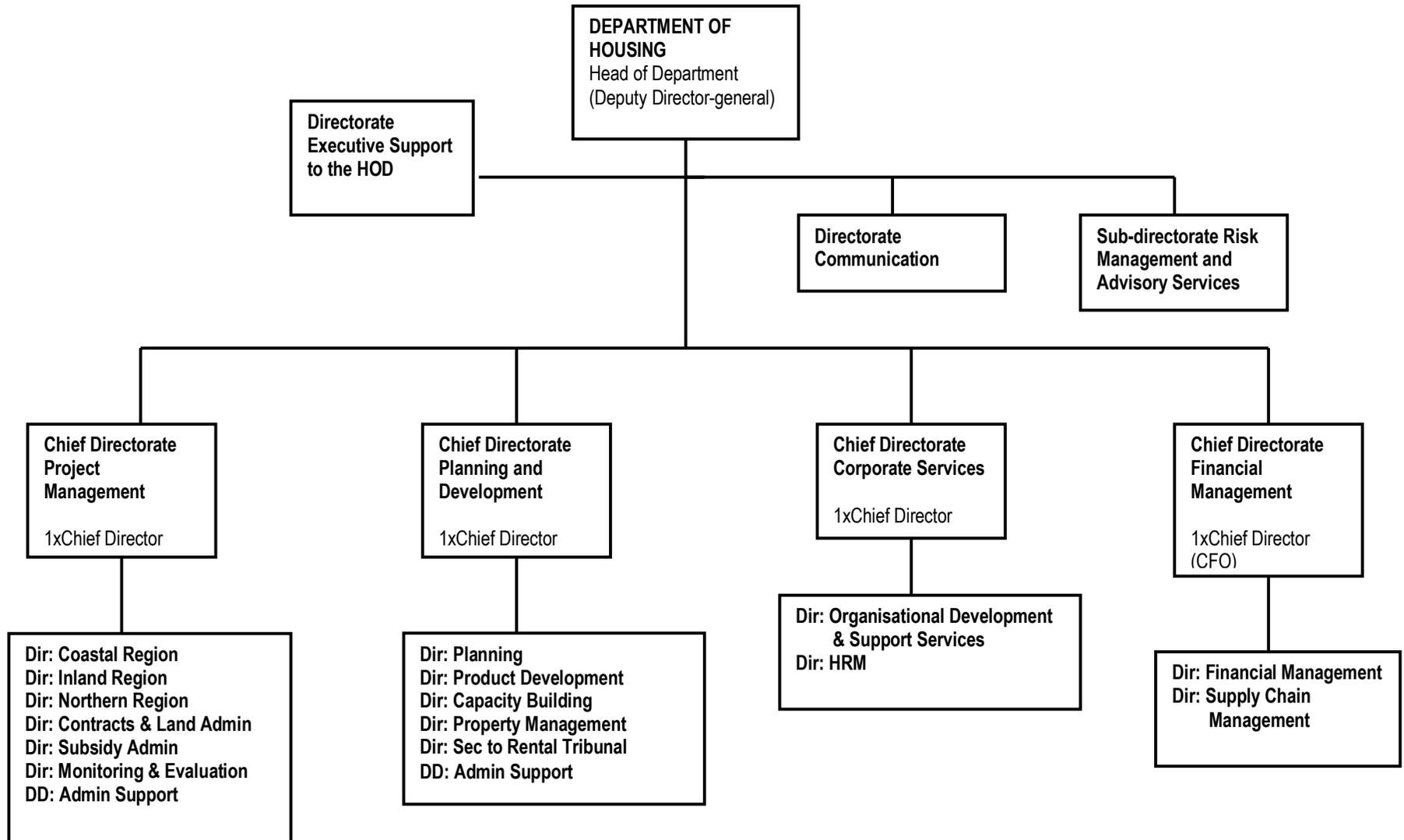
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(d) The move of Housing Head Office to Pietermaritzburg

Since 1999 the head office for the Department of Housing has been in Durban. In April 2004 the Premier decreed that administrative head quarters is now in Pietermaritzburg, which then compels the Housing Head Office to move to Pietermaritzburg. Seeing that the Department had not budgeted for such a move the challenge is now to find the relocation funding. The current year's budget (2005/6) will therefore be re-arranged to cater for the move.

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5.2.1 Functional Organo-gram and Relationship definition



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6. LEGISLATIVE AND OTHER MANDATES

The KwaZulu-Natal Department of Housing derives its mandate from the Public Finance Management Act (1999) and the Housing Amendment Act (1997). But most importantly, from the political directives of the Executing Authority.

- **Constitution of the Republic of South Africa 108/1996**

Section 26 guarantees the right to have access to housing. The State is mandated to take steps to achieve the progressive realization of this right. Schedule 4A makes the Housing function a concurrent national and provincial legislative competence. 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/agency such function to a municipality provided that the municipality has capacity and resources follow the function.

- **KwaZulu-Natal Housing Act 12 of 1998 as amended**

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

- **Rental Housing Act, 50 of 1999**

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

- **Housing Consumers Protection Measures Act of 1998**

The Act provides for the registration of builders and housing projects with the NHBRC. It regulates the building industry by formulating and enforcing a code of conduct.

- **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.

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▪ **The Public Finance Management Act (1999)**

The Act modernises the system of the financial management by enabling public sector managers to manage accountability in terms of eliminating waste and corruption in the use of public assets.

▪ **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.

▪ **Housing Act 107 of 1997 as amended**

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.

Policies as amended by the National Department of Housing

The current housing mandate restricts subsidies to households earning less than R3500 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 R3500 per month. This unfortunately has not happened. To address this problem a new subsidy has been introduced to accommodate medium income level of R3500 to R7000 pm. Furthermore the existing 3 subsidy bands are to be collapsed so that all households earning below R3500.00 will be able to access a uniform subsidy amount. The latter adjustment is aimed at addressing housing bottlenecks in respect of households earning above R1500 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.

7. BROAD POLICIES, PRIORITIES AND STRATEGIC GOALS

The following are the strategic objectives of the Department:

7.1. New Housing Vision

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

- 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.

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- 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.
- Utilizing housing as an instrument for the development of sustainable human settlements in supporting a spatial re-structuring.

7.2. Provincial Priorities

The following provincial priorities are espoused and committed to in pursuance and support of the national priorities by the KwaZulu-Natal Department of Housing:

- I. Strengthening governance & service delivery
- II. Integrated investment in community infrastructure
- III. Promote sustainable economic development and job creation
- IV. Capacity Building
- V. Implement a comprehensive provincial response to HIV/AIDS
- VI. Fight poverty and protect vulnerable groups in society.
- VII. Financial services market
- VIII. Incremental Housing
- IX. Rural Housing
- X. Rental & Social housing

7.3. Strategic Objectives

In February 2004 the Provincial Parliament was presented with a different set of strategic objectives. Strategies changed after the April 2004 general elections. Changed strategies led to corresponding changes in strategic objectives. They are now as follows;

- To eradicate all slums by 2010
- To strengthen governance and service delivery
- To ensure job creation by housing programmes
- To accelerate development of houses in rural areas
- To upgrade public sector hostels
- To ensure completion of all blocked projects by 2007
- To create rental housing opportunities
- To facilitate capacity building
- To promote homeownership
- To provide housing for vulnerable groups including those affected by HIV/AIDS

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Provincial Priorities	Departmental Strategic Objectives
Strengthening governance & service delivery	<ul style="list-style-type: none"> • To Strengthen governance and service delivery • Develop human Capacity
Promote sustainable economic development and Job creation	<ul style="list-style-type: none"> • To Promote integrated and functional Human Settlement.
Integrated investment in community infrastructure	<ul style="list-style-type: none"> • To eradicate all Slums by 2010
Integrated investment in community infrastructure (Continued).	<ul style="list-style-type: none"> • Provision of social and economic amenities.
	<ul style="list-style-type: none"> • To ensure completion of all blocked projects by 2007.
	<ul style="list-style-type: none"> • To ensure the provision of rental housing
	<ul style="list-style-type: none"> • Create rental housing opportunities Ensuring the provision of: <ul style="list-style-type: none"> ▪ Social housing • Rental housing • Hostel upgrade/ conversion
	<ul style="list-style-type: none"> ▪ To accelerate housing development in Rural Areas ▪ Ensure the provision of housing to Farm Workers. Collapsing the subsidy bands of income categories between R0.00- R3500 ▪ Extend the subsidy band from R3501 to R 7000 ▪ Inflation-linking the subsidy. ▪ Stimulating the residential property market
Implement a comprehensive Provincial response to HIV/ AIDS and protect vulnerable groups in society	<ul style="list-style-type: none"> ▪ To provide housing for vulnerable groups, including those affected by the HIV/ AIDS ▪ Transitional Housing, (HIV/AIDS & other vulnerable groups), provision of Communal Housing.

Table 1: Alignment of the Department's strategic objectives with Provincial Priorities.

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The strategic objectives of the department seek to address the Provincial Priorities as encapsulated in the Provincial Growth and Development Strategy (PGDS), while at the same time ensuring that its goals (key measurable objectives) take into consideration the Housing MEC's directives which seek to give direction to the implementation process.

8. INFORMATION SYSTEMS TO MONITOR PROGRESS

The Department relies on five information systems to monitor performance and progress. For monitoring the movement of projects from the packing phase to the close-out phase, it uses the housing subsidy system (HSS). For information on financial transactions, it uses the debtor system (DS) as well as the Basic Accounting System (BAS). The HSS and DS are managed by the national Department of Housing and this Department is only the user of them. Therefore, it cannot adapt them to new developments or unique circumstances in the Province. The BAS is a provincial financial system which national Treasury encourages all provincial treasuries to adopt. The DS informs on rent collected from the housing stock in addition to the information regarding the status of each property as rental sites, sold sites, etc. On the other hand the BAS informs on all other sources of revenue and expenditure as a whole. There is also the Persal which informs on staff matters. The fifth system is being developed by Provincial Treasury to inform on the management of both movable and immovable assets by individual departments.

A comprehensive Geographic Information System (GIS) has been implemented to track spatial locations and other relevant data of housing projects.

9. DESCRIPTION OF THE STRATEGIC PLANNING PROCESS

In line with responding to the Cabinet resolution of aligning the new priorities to departmental objects a strategic plan review process was initiated. Strategic planning process started with a one day workshop of senior and middle management. The outcome of the workshop was realignment of priorities for national Department of Housing, provincial priorities and the MEC's. The process that followed included Chief Directorates reviewing and realigning programme specific content and targets to these priorities and finally culminated with an agreed and signed off strategic plan document.

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PART B: BUDGET PROGRAMME AND SUB-PROGRAMME PLANS

Housing Delivery Structure – Programmes 2 and 3

SUMMARY OF PROGRAMMES

The activities of the Department are organised in the following three programmes:

- Administration
- Housing Planning and Development
- Project Management

The Housing Delivery Programmes are:

- Housing Planning and Development
- Project Management

Please note that the budget of the office of the MEC is in the Department of Local Government and Traditional Affairs.

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PROGRAMME	PURPOSE	SUB-PROGRAMME
Administration **	To render executive support services to the HOD to enable him to fulfill internal leadership and external liaison roles.	<ul style="list-style-type: none"> ▪ Office of the MEC* ▪ Risk Management & Advisory services ▪ Communications ▪ Corporate Services ▪ Financial Management ▪ Administration (optional) ▪ Product Development ▪ Planning ▪ Capacity Building ▪ Property Management ▪ Rental Tribunal
Housing Planning and Development	<p>To enhance and sustain the strategic direction of the department, by providing effective and efficient strategic planning, and policy and communications support to the department</p> <p>To develop and implement mechanisms to manage departmentally owned housing stock.</p>	<ul style="list-style-type: none"> ▪ Subsidy Administration (optional) ▪ Individual ▪ Project Linked ▪ Social and Economic Amenities ▪ Institutional (Rental Housing) ▪ Relocation ▪ Emergency Housing ▪ Rural Housing Stock ▪ Savings linked ▪ Consolidation Subsidy ▪ NB. <i>PHP cuts across all Subsidy Mechanisms</i> ▪ <i>Monitoring and Evaluation cuts across all programmes</i>
Project Management	To promote effective and efficient delivery programme.	<ul style="list-style-type: none"> ▪ Subsidy Administration (optional) ▪ Individual ▪ Project Linked ▪ Social and Economic Amenities ▪ Institutional (Rental Housing) ▪ Relocation ▪ Emergency Housing ▪ Rural Housing Stock ▪ Savings linked ▪ Consolidation Subsidy ▪ NB. <i>PHP cuts across all Subsidy Mechanisms</i> ▪ <i>Monitoring and Evaluation cuts across all programmes</i>

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10. PROGRAMME 2: PLANNING AND DEVELOPMENT

PROGRAMME DESCRIPTION		PROGRAMME STRUCTURE
<p>Housing Planning and Development</p> <p>Housing Planning and Development undertakes key functions for the Department viz. research and policy formulation, planning, information management including GIS, capacity building, institutional management.</p> <p>However, the majority of funding is allocated to the areas of the Hostel Redevelopment Programme.</p>	<p>2.1</p> <p>2.2</p> <p>2.3</p> <p>2.4</p> <p>2.5</p> <p>2.6</p>	<p>Sub-directorate: Administration -Support</p> <p>Directorate: Product Development</p> <p>Directorate: Planning</p> <p>Directorate: Capacity Building</p> <p>Directorate: Property Management</p> <p>Directorate: Rental Tribunal</p>

Table 3: Programme 2 - Description and Programme Structure

10.1. Situation Analysis

The Housing Planning and Research Programme is a housing support component. Its purpose is to provide housing support strategies. Its functions are to conduct research, develop policy and to prepare and maintain a Provincial Housing Development Plan in order to achieve integrated development as well as the development and maintenance of capacity building strategies and ensuring that institutional support is provided to the relevant organizations.

The delivery of housing is based on the Provincial Housing Development Plan (PHDP) which takes into account departmental priority programmes and indicates strategies to deliver in terms of these programmes. Budgetary requirements are also indicated to enable the National Department of Housing to motivate for funds from the National Treasury. The PHDP also operates within policy parameters and needs to incorporate reliable data on housing demand per municipality in the Province. The PHDP is also informed by Integrated Development Plans (IDPs) and the Provincial Growth & Development Strategy (PGDS)

On the Planning front, the Planning Component plays an active role in reviewing IDPs from a housing perspective to ensure that housing is planned in a strategic manner and there is continual engagement with district municipalities aimed at ensuring that district programmes are aligned to the housing programmes of the local municipalities.

A key focus area of the Planning Component is to assist local municipalities to develop Municipal Housing Plans. To this end user- friendly guidelines have been provided for all municipalities and some have started with the process of developing their plans using internal resources. Applications for funding have been received from others and monies from the Operational Budget will be used to fund the development of Municipal Housing Plans in three municipalities. To assist the others, the possibility of using the conditional grant is being explored.

Some of the key challenges are to maximize the horizontal and vertical linkages with relevant role players in all three spheres of government to ensure that housing development takes place in an integrated manner. Another challenge would be to effectively align housing programmes with land reform programmes.

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The research component was introduced in August 2003. In April 2004 this component was implemented with only 1 staff member appointed. Vacant posts since the end of 2003 need to be filled for the research component to fulfill its mandate.

Many of the processes in the department are performed either manually or partially automated with no integration between systems. This hampers information processing and availability, thus making reporting more difficult. There is a need to investigate the information requirements of the business units. In the absence of a Master Systems Plan, there is no alignment, co-ordination or integration of IT projects with the overall business strategy of the department. The use of technology to fully support business processes has not been exploited to its fullest potential. Top management needs to be ITC enabled so as to understand and appreciate the operational and management support tools that are available.

The Capacity Building function focuses on capacitating all stakeholders (namely: municipal and provincial housing officials, councilors, Amakhosi, implementing agents, emerging developers, section 21 companies, social housing institutions, NGO & CBOs, housing consumers, Implementing Agents, material suppliers, parliamentary housing portfolio committee members, Housing Advisory Committee Members, etc.) in housing so as to enhance their knowledge and skills in housing and related issues which will ultimately lead to effective and efficient housing delivery.

It is also a mandate of government to encourage Black Economic Empowerment. The dilemma the department is faced with in the construction industry is that there are few Black Developers to undertake housing development. To this effect, the department is implementing a Black Emerging Developer training programme which will lead to empowering them with all issues related to housing. They will be able to undertake housing development in a progressive, sustainable and successful manner.

A number of training programmes, workshops, seminars, etc. have been identified through a needs analysis of all stakeholders. The identified training programmes are conducted through various accredited service providers, including the capacity building officials conducting some of the training.

To assist municipalities to build their capacity to undertake housing development and provide housing consumer education a pilot project utilizing donor funding is implemented at 6 municipalities.

These municipalities are being assisted to establish dedicated housing components within their municipal structure and provided with furniture, information technology infrastructure and software, including part payment towards the salary of housing personnel. It is envisaged that the establishment of housing components at the remaining municipalities and provision of housing consumer education will be rolled out to remaining municipalities from the 2005 financial year.

A pilot project on housing consumer education has also been undertaken by the department at 8 municipalities. There are various modules identified in the training manuals to address the consumer education issues such as HIV/AIDS, Homeownership, etc. This programme is to be rolled out to all other municipalities.

Labour-Intensive jobs and training for employees in housing construction sector has been an ongoing function for the top structure construction. However, in terms of the new mandate from the State President this function need to be accelerated and done in accordance with the Expanded Public Works (EPWP) Guidelines.

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The accreditation of municipalities needs to be accelerated once capacity has been created in the municipalities from the 2005 financial year.

The function is performed with budget allocation from the Voted Funds.

During the period under review this programme is composed of the research & policy, planning, information management, institutional management and capacity building and legal services functions.

The capacity building function had an annual allocation from the national sphere to educate officials both in the province and municipalities about the housing function. Education was provided by universities. It spreads to municipalities where housing components are being established, furnished and computerized to link up with the provincial housing subsidy system and rental tribunal activities.

The institutional management component is assisting groupings to develop and register to be Section 21 companies. These institutions may take the responsibility of being housing developers. Others choose to be organizations which care for the aids affected and/or infected orphans. Three Social Housing Institutes have been accredited to build 5000 houses for the Presidential Job Summit. These are: First Metro Housing Association, eThekweni Housing Association and uMsunduzi Housing Association.

Property Management includes residential properties, vacant land, commercial and a variety of other non residential properties. In terms of its mandate all properties will on a progressive basis be transferred to individual private persons in terms of the Discount Benefit Scheme or the capital subsidy scheme will be disposed of on the open market. The devolution of properties to municipalities is another method of disposing of these properties. In instances where it is not possible to transfer ownership, such properties will remain as rental stock. In respect of such stock, provision is made for the maintenance thereof.

The KwaZulu-Natal Rental Housing Tribunal is a body constituted in terms of the Rental Housing Act (Act No 50 of 1999). The Tribunal is entrusted in terms of the Act to attend to the effective resolution of disputes between landlords and tenants. The Tribunal has already made a huge impact on the rental market as is evidenced by the exponential growth of the number of cases attended to by it. Technical and administrative support to the Tribunal is the responsibility of this programme.

The hostels unit deals with the redevelopment of hostels from single dormitory type of accommodation to mainly family units. Although the preference is towards family units, residents also have the choice of single and communal type of accommodation. The existing infrastructure is hopelessly inadequate to deal with the current load and will have to be upgraded. Most hostels are also plagued with overcrowding and informal settlements

Policies, Priorities and deceased estates

Delegation of powers: upgrading of land tenure rights Act 112 of 1999

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10.2 Policies, Priorities and Strategic Objectives

10.2.1. Policies

National Policies supporting Programme 2

The National Housing Code

Part 1: Chapter 3 – South Africa's Housing Policy in seven strategies:

- Stabilising the housing environment
- Mobilising the housing credit
- Providing the subsidy assistance
- Supporting the People's Housing Process
- Rationalising institutional capacities
- Facilitating speedy release and servicing of land
- Co-ordinating State investment in development
- Discount benefit scheme
- Managing assets, liabilities, rights and obligations

Provincial policies in support of programme 2

- Joint ownership policy
- Policy and criteria in respect of implementation of the proposed national norms and standards
- With respect to engineering services funded from the housing subsidy
- Supplementary norms and standards in respect of double residential structure developed on one site
- Procedure of payment of residual
- Policy on break-down of a co-habitation relationship
- Procedure on deceased beneficiaries in the subsidy application and administration process
- Policy on missing beneficiaries
- Confirmation of policy and procedure for material supply
- Policy on municipalities using funds from the housing operating account for community facilities
- Policy on granting of loans by the department for individuals who cannot obtain loan from a bank
- Beneficiary changes
- Delegated authority
- Zero-rating of housing subsidies for purpose of VAT
- Variation of the housing subsidy amount to cater for the special needs of to disabled persons
- Transfer of property to municipality where beneficiary cannot be found
- Access to housing subsidies by persons owning unsubsidised sites
- Guidelines for the implementation of the revised progress payment system of the housing subsidy scheme
- Ring fencing of projects packaged prior to Implementation date of the procurement policy
- Policy on disposal of religious and welfare sites
- Sales administration / deceased estates
- Delegation of powers: upgrading of land tenure rights Act 112 of 99

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10.2.2. Aligning Priorities, Strategic Objectives and Key measurable objectives (programme goals)

PROVINCIAL PRIORITIES	DEPARTMENTAL STRATEGIC OBJECTIVES	KEY MEASURABLE OBJECTIVES
Strengthening governance & service delivery	To Strengthen governance and service delivery	<p>Contribute to National policy processes and address gaps that hinder sustainable development</p> <p>Review the Provincial multi-year Housing Development Plan (HDP) in accordance with NHP.</p> <p>Assist municipalities to develop Municipal Housing Development Plans.</p> <p>Align the Housing Programme with IDPs</p> <p>Facilitate the strategy of acquiring well-located state owned and parastatal land</p>
Develop human capacity	To facilitate capacity building Programmes	<p>Facilitate, co-ordinate and implement training programmes</p> <p>Facilitate an increase in the involvement of BEE and SMME in housing</p> <p>Provide Housing Consumer Education</p> <p>Manage Donor Funded Projects to establish Housing Components within Municipalities</p> <p>Encourage PPP</p> <p>Ensure Accreditation of Municipalities</p> <p>Develop capacity of institutions</p> <p>Manage the establishment of vulnerable groups institutions</p>
Promote sustainable economic development and Job creation	To ensure job creation by housing programmes	Ensure skills development & jobs creation through Expanded Public Works Programme

Table 4: Programme 2 – Strategic Objectives and Key Measurable Objectives

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10.3 Analysis of Constraints and Measures Planned to Overcome Them

Spatial Planning; Sustainable human settlement should be taken within a broader framework which makes municipal structures and IDP's even more key to this process. Greater coordination should however be fostered by the Provincial Department of Housing.

According to MinMec doc 02-03 September 2004, integrated development planning instruments, provincial housing development plans and the national housing development plan must be consolidated to promote integrated delivery and coordinated funding prioritization.

Institution reform and Capacity building is also seen as a major challenge that must receive focus. The Capacity building programmes should therefore not only focus on Training and education but also organizational development of institutions for example, supporting systems, procedures and adequate re-sourcing. The following bodies have been given priority with regard to capacitation: Municipalities, Social Housing Institutions, PHP Institutions, Financial Institutions (to build financial literacy of low income earners) and Communities.

Accreditation of Municipalities will be one method used to ensure that municipalities can directly manage housing subsidy funds, they can plan, implement and maintain projects and programmes that are well integrated within IDP's and within the mandate of the Municipal Finance Management Act (MFMA).

Capacity building at the level of officials and communities will focus on:

- Capacity building of elected and appointed local officials to effectively incorporate housing/human settlement delivery objectives in local performance and service delivery agreements
- Training of community development workers with the emphasis on sustainable human settlement issues
- Formal qualification of senior local appointed officials in formal housing
- Roll out of a housing Consumer Education Programme
- Capacity building at the community level particularly with regard to informal settlement upgrading
- Retraining of provincial officials in line with transformation of roles and responsibilities

10.4 Description of Planned Quality Improvement Measures

RISKS	EXISTING CONTROLS	ACTIONS REQUIRED TO DEAL WITH RISKS
Lack of reliable data on housing demand	<ul style="list-style-type: none"> • Development of Housing Demand Database 	<ul style="list-style-type: none"> • Implement housing demand database at all municipalities
Housing Consumers are unaware/unclear about their roles and responsibilities in housing and roles of the different spheres of government	<ul style="list-style-type: none"> • Consumer education modules and communication strategy developed • Pilot consumer education conducted at 8 municipalities 	<ul style="list-style-type: none"> • Undertake consumer education vigorously
Financial Constraints	<ul style="list-style-type: none"> • Received only R1 million from Voted Funds for capacity building. 	<ul style="list-style-type: none"> • Source donor funding
Lack of housing developers & contractors in housing	<ul style="list-style-type: none"> • Limited Implementing agents contract jobs to emerging 	<ul style="list-style-type: none"> • Enforce that the Implementing Agents to

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RISKS	EXISTING CONTROLS	ACTIONS REQUIRED TO DEAL WITH RISKS
	<p>developers</p> <ul style="list-style-type: none"> • Black Emerging Developer Training Programme for emerging developers 	<p>contract Emerging Developer/Contractors</p> <ul style="list-style-type: none"> • Vigorously enforce Black Emerging Developer Training
New challenges due to HIV/AIDS	<ul style="list-style-type: none"> • Consumer Education on HIV/AIDS 	<ul style="list-style-type: none"> • Accelerate training on HIV/AIDS training
Section 21 companies (Housing Institutions) and development forums lack capacity to accelerate housing delivery	<ul style="list-style-type: none"> • Conducted training for some of the institutions 	<ul style="list-style-type: none"> • Accelerate training for all institutions
Lack of understanding of policies, roles and responsibilities by the different stakeholders	<ul style="list-style-type: none"> • Workshops, seminars, held on monthly basis • Training sessions on targeted subjects by accredited service providers • Attend Housing Forum meetings and information sessions • Data base of learners and service providers • Database for emerging developers 	<ul style="list-style-type: none"> • Accelerate training for all stakeholders • Web site to be enhanced • Situational analysis needs to be conducted to identify areas where training needs to be intensified. • Subject covered by learners to be included in database to identify new areas of training for learners • Conduct training for emerging developers on an ongoing basis.
Lack of capacity at local municipalities and local level	<ul style="list-style-type: none"> • 6 municipalities assisted with the establishment of housing Components • Dedicated housing staff to undertake housing development • Department Facilitators and Monitors assisting municipalities to undertake housing development • Housing Indabas at municipal level to capacitate all stakeholders at local level • Housing forum meetings to assist municipalities with the projects 	<ul style="list-style-type: none"> • Expedite the establishment of dedicated housing component within the municipal structure • Dedicated staff to undertake housing development in the remaining 44 municipalities • Conduct housing indabas at all municipalities • Attend all housing forum meetings to assist municipalities to identify needs and provide hands on training
Lack of financial resources for human resource development and infrastructure at local municipalities	<ul style="list-style-type: none"> • 6 municipality assisted with IT infrastructure and software to undertake housing function • 6 municipalities assisted with donor funding for salary of housing staff. 	<ul style="list-style-type: none"> • Provide IT infrastructure and software to 44 municipalities to undertake their functions
Insufficient Capacity in planning sub-directorate		<ul style="list-style-type: none"> • Filling of existing posts

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RISKS	EXISTING CONTROLS	ACTIONS REQUIRED TO DEAL WITH RISKS
Funding for municipal housing plans where municipalities cannot carry plans in house.	<ul style="list-style-type: none"> Provided funding from operations budget 	<ul style="list-style-type: none"> Explore possibility of using conditional grants
Effective management of MHDP development process	<ul style="list-style-type: none"> Memorandum of Understanding between province and municipalities. 	<ul style="list-style-type: none"> Project brief to guide the process

Table 5: Risks / Threats to Obtaining Objectives, Existing Controls and Required Controls and Actions

10.5 Specific Measurable Objectives and Performance Indicators

As a result of the new strategic direction outlined after the April 2004 general elections, the service delivery measures (alias specific measurable objectives and Performance Indicators) increased from 6 outputs (alias key measurable objectives) presented to the Provincial Parliament in February 2004 to 14 outputs (alias key measurable objectives) reflected in Table 6, 7 and 8 below. This trend is evident in programme 2 and 3 as well.

Programme 2 Key Measurable Objectives

Sub-programme: Planning

Strategic Objective	Key Measurable objective	Unit Measure	Base year 2004/05 estimates	Year 1 2005/06 (target)	Year 2 2006/07 (target)	Year 3 2007/08 (target)	Year 4 2008/09 (target)	Year5 2009/10
Strengthening governance and service delivery	Annual review of the provincial multi-year Housing Development Plan (HDP) in accordance with NHP.	Number of HDP's reviewed.	1	1	1	1	1	1
	Assist municipalities to develop Municipal Housing Development Plans.	No. of plans completed	8	Annual Review 40	Annual Review (50)	Annual Review (50)	Annual Review (50)	Annual Review (50)
	Align the Housing Programme with IDPs	No. of IDP's reviewed	11	15	25	30	40	50
	Participate in PGDS	Programme alignment to PGDS	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing

Table 6: Planning

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Sub -Programme: Capacity Building

Key Strategic objective	Key Measurable objective	Unit measure	Base Year 2004/05 estimates	Year 1 2005/06 (target)	Year 2 2006/07 (target)	Year 3 2007/08 (target)	Year 4 2008/09 (target)	Year5 2009/10 (target)
To facilitate capacity building for all stakeholders in housing.	Develop Stakeholder training programs.	No. of programs developed	10	5	5	8	10	12
	Facilitate an increase in the involvement of BEE and SMME in housing	No. of BEE and SMME's involved in housing delivery.	45	50	50	50	50	50
	Provide Housing Consumer Education	No. of housing consumers trained.	6000	10000	15000	20000	25 000	30 000
	Manage Donor Funded Projects to establish Housing Components within Municipalities	No. of Municipalities with dedicated Housing Components established.	6	44	44	44	50	50
	Facilitate Accreditation of Municipalities	No. Municipalities accredited.	0	1	1	2	-	-

Table 7: Capacity Building

Sub – programme: Product Development

Key Strategic objective	Key Measurable objective	Unit of measure	Year 1 2005/06 (target)	Year 2 2006/07 (target)	Year 3 2007/08 (target)	Year 4 2008/09 (target)	Year 5 2009/10 (target)
Strengthening governance and service delivery	Contribute to national policy processes and address gaps that hinder sustainable development.		Provincial Policy for rescue funding D & BEE policy completed	Rural, Hostel policies completed	Informal settlement policy evaluation Completed	Ongoing evaluation of policies on the comprehensive plan for the creation of sustainable human settlements	Ongoing evaluation of policies on the comprehensive plan for the creation of sustainable human settlements
	Develop innovative housing delivery products	No of products developed	3	4	6	3	2

Table 8: Product Development

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11. Property Management

This Directorate is mandated to attend to Hostel redevelopment and management of all the ex-Natal Provincial administration and own affairs stock.

11.1 Aligning Priorities, Strategic Objectives and Key measurable objectives (programme goals)

Provincial Priorities	Departmental Strategic Objectives	Key Measurable Objective
Strengthening governance & service delivery	To Strengthen governance and service delivery	Regulate the relationship between landlords and tenants Improve information & project management
Promote sustainable economic development and Job creation	To upgrade public Sector Hostels	Create humane living conditions for hostel residents
	To promote home ownership	Maximize the number of properties transferred Dispose of all vacant land Facilitate the disposal of non-residential properties Promote the devolution of assets Ensure that remaining rental units are well maintained

Table 9: Programme 2 – Strategic Objectives and Key Measurable Objectives

11.2 Analysis of Constraints and Measures Planned To Overcome Them

The constraints include the following:

- Lack of an up to date assets register
- Absence of a computerized maintenance system
- Huge arrears and the lack of suitable national policy to deal with it effectively and economically
- Difficulties associated with the procurement of materials and services
- Ineffective debtor system which does not meet with the business requirements of the policy
- Overcrowding and informal settlement hamper progress
- Poor levels of rental and installment repayment

The provincial treasury has appointed a service provider to implement a province wide assets register system. Once fully operational, the information will be invaluable source to guide the process of disposal in a more effective manner. The Department is attending to the approval of

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intervention policies to attend to the gaps highlighted and on the finalization of these policies a definite improvement in service delivery and levels of repayment is expected. Also the strategy to progressively dispose of properties will shift the responsibility for payment of rates, taxes and service charges to individuals thereby reducing Department's holding costs.

11.3 Description of planned quality improvement measures

Risks	Existing Controls	Required Controls/ Actions
Lack of effective assets register	Provincial Treasury has already appointed a service provider	Department will support system and actively pursue its implementation
Affordability of houses		Approval of realistic, simple and effective policies to attend to huge arrears
Inadequate policy to deal with the redevelopment of hostels		Revision of policy in line with on the ground requirements.
Revenue is not collected	Debt collection procedures Monthly statements	Dedicated unit to attend to collection. Placement of function to be investigated with a view to improvement.
Municipalities cannot write off debt		Legislation/policy needs to be reviewed
Insufficient IT support		Additional funding
Lack of personnel		Posts to be filled

Table 10: Risks/Threats & Controls

Sub-Programme – Hostels Upgrades and Home-ownership

Key Strategic objective	Key Measurable objective	Unit measure	Base year 2004/05	Year 1 2005/06 (target)	Year 2 2006/07 (target)	Year 3 2007/08 (target)	Year 4 2008/09 (target)	Year 5 2009/10 (target)
To upgrade public sector hostels.	Create humane living conditions for hostel residents	No of business plans approved	6	5	5	5	4	3
		No of units upgraded(24 hostels with 67000 units)	2300	3065	4500	10 000	15 000	20 000
		Complete database of residents (no of	1	3	2	-	Review of the hostel residents	-

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Key Strategic objective	Key Measurable objective	Unit measure	Base year 2004/05	Year 1 2005/06 (target)	Year 2 2006/07 (target)	Year 3 2007/08 (target)	Year 4 2008/09 (target)	Year 5 2009/10 (target)
		provincial owned hostels is 6)					database	
		No of ad-hoc complaints for maintenance reflected as a percentage.	100% Ad-hoc maintenance	75% Ad-hoc maintenance	50% Ad-hoc maintenance	30% Ad-hoc maintenance	20% ad – Ad-hoc maintenance	10% ad Ad-hoc maintenance
To promote homeowner-ship	Maximize the number of properties transferred	No of subsidies in terms of the Discount benefit Scheme	5000	10000	10000	10000	15 000	20 000
	Dispose all vacant land	No of land parcels (as a percentage of total)	10%	20% ¹ Database of properties	20%	50%	60%	70%
	Facilitate the disposal of non-residential properties	No of units (as a % of total)	5%	35% Database of properties	60%	65%	70%	75%
	Promote the devolution of assets	No of units transferred	1000	1000	500	500	-	-
	Maintain all rental units	No of housing units maintained	13200	10000	8000	8000	7000	6000

Table 11: Hostel upgrade and home-ownership

11.4 Table 12 -Reconciliation of Budget with Plan

Summary of payments and estimates - Programme 2

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited	Audited	Audited						
	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08		
Administration	57,915	58,526	53,731	52,657	53,227	53,227	62,489	62,619	65,608
Product Development	1,827	1,530	3,740	2,000	1,562	1,562	1,760	1,872	1,959
Planning	1,717	2,040	6,787	2,041	2,198	2,198	2,267	2,338	2,425
Capacity Building	2,146	2,550	0	2,673	4,230	4,230	4806	5483	5705
Property Management	104,185	190,870	192,731	213,164	213,018	213,018	219,865	232,350	243,968

¹ Once the database of land parcels have been identified the targets will be changed to actual numbers

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Rental Tribunal	0	0	2,150	2,600	2,600	2,600	3,200	3,400	3,800
	167,790	255,516	259,139	275,135	276,835	276,835	294,387	308,062	323,465

**Land Administration is now shown under Programme 3 – Project Management

12 Rental Tribunal

This Directorate makes provision for technical and administrative support to be given to the KwaZulu-Natal Rental Housing Tribunal.

12.1 Specific Measurable Objectives and Performance Indicators

Sub programme – Rental Tribunal

Key Strategic objective	Key Measurable objective	Unit measure	Base year 2004/05 estimates	Year 1 2005/06 (target)	Year 2 2006/07 (target)	Year 3 2007/08 (target)	Year 4 2008/09 (target)	Year 5 2009/10 (target)
To strengthen governance and service delivery	Regulate the relationship between landlords and tenants	No of dispute Cases resolved	1200	1200	1200	1300	1400	1500
	Improve information & project management	No of functional offices created	2	2	Review of objectives (2)	5	10	15

Table 13: Sub-Programme – Rental Tribunal

13. PROGRAMME 3: HOUSING PERFORMANCE / SUBSIDY PROGRAMMES

PROGRAMME DESCRIPTION	PROGRAMME STRUCTURE
Housing Performance/Subsidy Programme	3.1 Subsidy Administration
The Housing Performance / Subsidy Programme provides various housing subsidies. The housing subsidy programmes implemented by the Department are: Individual;	3.2 Individual
Project Linked;	3.3 Project Linked
Social and Economic Amenities;	3.4 Social and Economic Amenities
Institutional; Relocation, Rural Housing Stock and Savings Linked.	3.5 Institutional (Rental) Housing
	3.6 Relocation
	3.7 Emergency Housing
	3.8 Rural Housing stock
	3.9 Savings Linked
	3.10 Consolidation Subsidy

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Table 14: Programme Description and Programme Structure

Note: PHP cuts across all subsidy mechanisms

13.1. Situation Analysis

Until municipalities are in a position to provide accurate waiting lists which indicate the housing needs in their respective areas, it is not possible to present the exact demand for this programme. However, a demand for subsidy administration is evident from project planning right up to project close-out.

Within subsidy administration there is project preparation which involves the study of the five major criteria, namely, land issues, topography, community assessment, bulk infrastructure and environmental impact assessment. If the report is favourable then the project receives a conditional approval to release money for an in-depth feasibility study and final approval of the project. When the implementation takes place the project is monitored closely and inspected at certain developmental stages.

With regard to the subsidies, the major expenditure occurs through the project linked Subsidy (PLS) and people's housing process (PHP) projects. However, the difficulty to introduce from 2003/2004 financial year the beneficiary contribution in order to access the PLS has compelled the department to approve PLS projects from P1 to P4 and approve PHP route on P5.

This improvisation has paid off well this 2003/2004 financial year expenditure of the conditional grant. The next largest expenditure is the hostel redevelopment programme. It provides for both family and single units in a hostel.

The subsidy groups which are low budget spenders are consolidation, institutional, relocation, rural housing, savings-linked and individual subsidies. The last mentioned is used in cases where it is very clear that there is no room for corruption.

Since the introduction of the Additional Rural Guidelines in the course of 2003/2004 financial year the rural housing subsidy is promising to increase expenditure in traditional areas. As there is not much of relocation and right-sizing done in this province the relocation subsidy is at the lowest level of expenditure.

The Human Settlement Redevelopment Programme has been incorporated into Project Management Component. The remaining projects will be completed within the 2005/2006 Financial Year. In future it will be used to support the implementation of the Comprehensive Plan on creation of Sustainable Human Settlement.

13.2 Programme Policies, Priorities and Strategic Objectives

13.2.1 Policies

National Housing policies in support of Programme 3

National Housing Code

Part 3: Chapter 2 - Housing subsidy scheme – general rules 173

Chapter 3 - Housing subsidy scheme - project linked subsidies 196

Chapter 4 - Housing subsidy scheme - individual subsidies 218

Chapter 5 - Housing subsidy scheme - project linked consolidation subsidies 242

Chapter 6 - Housing subsidy scheme - institutional subsidies 253

Chapter 7 - Housing subsidy scheme - relocation assistance 275

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Chapter 8 - Housing subsidy scheme - people's housing process 297
 Chapter 11- Housing subsidy scheme - rural subsidy 349
 Comprehensive Plan for Sustainable Human Settlements

Provincial Policies in support of programme 3

- 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

13.2.2. Aligning Priorities, Strategic Objectives and Key measurable objectives for 2005/2006 Financial year (programme goals)

Output type	Performance measures	Performance targets	
		2004/05 Est. Actual	2005/06 Estimate
1. Housing delivery	<ul style="list-style-type: none"> • Total no. of projects approved in terms of Provincial Housing Development Plan • Informal Settlement upgrade/Slum clearance projects approved • No of rural projects approved • No of Greenfields projects approved • No of farm worker projects approved • No of Rental Housing projects approved • No of AIDS Housing projects approved • No. of subsidies approved <ul style="list-style-type: none"> - R0.00 – R3500 - R3501 – R7000 • No. of houses built in terms of Project Development Programme • No. of services completed • % of compliance with the norms and standards 	60	40
		10	15
		36	10
		12	6
		0	3
		0	3
		02	3
		21 293	34000
		0	5000
		39 885	40 000
		44 899	45 000
		100%	100%
2.. Project initiation and facilitation of new projects	<ul style="list-style-type: none"> • No. of subsidies 	20 000	20 000
3. Human Settlement Redevelopment Programme	<ul style="list-style-type: none"> • No. of projects completed 	25	48
4. Provision of Social & Economic Amenities	<ul style="list-style-type: none"> • No. of projects implemented 	0	2

Table 15: Programme 3: Priorities, Strategic Objectives and Key Measurable Objectives

Please note that the service delivery indicators that are reflected as zero for the actual performance only became applicable in the 2005/2006 financial year, with the implementation of breaking new ground in housing delivery.

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13.3 Analysis of constraints and measures planned to overcome them

The key measures planned to overcome the constraints and challenges outlined under the sub-programmes are addressed below.

- *Subsidy Administration*

The greater part of the first ten years of the present government did not have well developed municipal integrated development plans. It was a real constraint to engage in project planning outside IDP's. Most of housing development took place on available land all of which was made available by private developers. The monitoring of these housing projects was also outsourced to private consultants who were experienced in housing project management. In 2001/2002 financial year these experienced consultants were replaced by officials who were not necessary experienced in housing project management. The constraint faced by the department since then is lack of expertise in project preparation, project monitoring and inspection and project close-out. Within the department the constraint has been to place the personnel/administrative budget for this programme under the project linked subsidy sub-programme.

- *Individual subsidy*

Corruption which surfaced on individual subsidies is still making the department very careful about approving applications. The reluctance is forcing the department to require the conveyancers to carry all the costs upfront and only be paid transfer fees once the properties are registered in the respective names of beneficiaries. This arrangement is still corruption free.

- *Project Linked Subsidy*

Due to the introduction of the beneficiary contribution policy of R2479,00 by the National Department of Housing, projects are initially approved under this category up to an including the servicing of the sites. The construction of the top structures is approved at a later stage using the PHP whereby the beneficiary manages and/or provides sweat equity for the construction of the house. The contribution policy has led to certain constraints which include lack of account where this contribution must be deposited to link up with the approved subsidy amount and the approved project. Also the fact that this new policy has not been communicated to the members of the public is a constraint.

The department assisted by Provincial Treasury has finally found an account to deposit the contributions. At the Housing MinMec it was agreed that the national department of housing will drive the communication campaign about the contribution. As such, the implementation of decision to introduce contribution has been delayed until March 2005.

- *Consolidation Subsidy*

This subsidy is not very popular in the province. The measures planned to overcome apathy to use this subsidy include using the consolidation subsidy together with the urban renewal and human settlement re-development subsidy in addressing the problem of informal settlements.

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▪ *Institutional Subsidy*

In the department there is an institutional management component to nurture particularly housing associations. These housing associations include First Metro Housing Association, eThekweni Housing Association, Msunduzi Housing Association and uPhahla Housing Association at Newcastle. The level of development in these housing associations varies. For example, whereas First Metro Housing Association is accredited to handle Presidential Job Summit projects, others are not. Constraints in all housing associations is limited funding. Once these institutions are functioning they become the responsibility of the respective regions of the department for nurturing.

▪ *New Challenges*

The New National Housing policies encompassed in Breaking New Ground in Housing Delivery pose additional challenges in the Department's Strategic Direction. These are:

- Shortfall in funding for a portion of the Slum Clearance Programmes
- Identifying well located land for some of the slum clearance Projects
- Rolling out the Extended Public Works Programme
- Implementation of the Additional Rural Guidelines so that people in rural areas especially in Traditional areas can access Housing Subsidies
- Capacity of Institutions responsible for implementing projects for vulnerable groups
- Sustainability of Social Housing Institutions

PLANS TO OVERCOME THE CONSTRAINTS FROM NATIONAL OFFICE

▪ **The New Informal settlement Upgrading Instrument.**

The New human settlement Plan adopts a phased in-situ upgrading approach to informal settlements in line with international best practice. Thus, the plan encourages the eradication of slums (informal settlements) through in-situ upgrading in desired locations, coupled to the relocation of households where development is not possible or desirable.

▪ **Collapsing the subsidy bands**

The existing 3 subsidy bands are to be collapsed so that all households earning below 3500 will be able to access a uniform subsidy amount.

▪ **Extending the housing subsidy limit**

The subsidy limit is extended so that it can provide a credit and savings-linked subsidy for households falling within the income category R3501 to R7000 per month. This mechanism is intended to unblock the provision of housing towards households and to promote secondary residential property market.

▪ **Adjusting beneficiary criteria**

The qualification for housing subsidies will be made more flexible to cater for the diverse needs at community level. To accommodate people in social housing and emergency circumstances and to support the upgrading of informal settlements.

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- **Addressing Fraud and Corruption**

The CFO office in provinces will ensure the availability of an investigative unit which should work hand in hand with customer support unit. After care support will be given to beneficiaries so as to support and report back timeously to the investigative unit.

- **The Social Housing (Medium density) Instrument**

The concept of social Housing and its funding mechanism is being redefined. The viability of Social Housing Institutions has to be scrutinised and more support should be given to ensure required delivery. A new establishment grant has been suggested to deal with this capacitation challenge.

- **Rural Housing Instrument**

The human settlement plan will also deal with a comprehensive range of rural housing related issues, such as tenure, livelihood strategies and broader socio cultural issues.

13.4 Description of planned quality improvement measures

RISKS	Existing Controls	RISKS REDUCTION MEASURES
Accurate waiting list from municipalities to help identify the extent of housing delivery required		<ul style="list-style-type: none"> • Assist municipalities to capture housing requests.
Shortfall in funding for a portion of slum clearance programme eThekweni Municipality 's slum clearance programme was initially planned as a 13 year programme. This had to be reduced to six years which poses a challenge for funding availability and material supply. The shortfall is R2.4b over a six year period.		<ul style="list-style-type: none"> • Through accreditation, the additional funding to be made available to eThekweni from National Housing Department.
Capacity to ensure clearance of slums within the required time frame		<ul style="list-style-type: none"> • The department to establish dedicated capacity to implement the programme as per the MinMec September 2004 recommendations. • The department together with municipalities to appoint external experts to assist with project initiation, planning and management as per the MinMec September 2004 recommendations.
Acquiring well located land for some of the slum clearance projects		<ul style="list-style-type: none"> • Land to be identified through Municipal Planning process. • In addition state land which is suitable for housing Development is to be transferred at no cost to the

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		municipality.
Initiating the Extended Public works Programme	Pilot project has been identified for implementation	<ul style="list-style-type: none"> Ensure implementation and roll-out during the MTEF period
Implementing rural housing delivery through the Additional guidelines		<ul style="list-style-type: none"> Work shopping Amakhosi and beneficiaries. Co-ordinating with the other service providers such as the Water Affairs and Local Government and Traditional leaders.

Table 16: Risks, Threats & Controls

13.5 Specific Measurable Objectives and Performance Indicators

Key Strategic objective	Key Measurable objective	Unit measure	Year 1 2005/06 (target)	Year 2 2006/07 (target)	Year 3 2007/08 (target)	Year 2008/09 (target)	Year 5 2009/10 (target)
To eradicate all slums by 2010	Facilitate, fund, manage the provision of tenure and appropriate quality services and houses	Number of slum clearance projects approved.	20	20	30	40	50
To ensure successful completion of all blocked projects by 2007.	Ensure implementation according to plan of all blocked projects	48 projects to be unblocked and implemented.	20	28	-		
To accelerate development of houses in Rural areas	Facilitate the implementation of rural housing projects in line with national guidelines	No. of projects approved.	15	15	20	30	40
To create rental housing opportunities	Facilitate provision of affordable rental accommodation	No. of projects approved	3	6	10	15	20
To provide for vulnerable groups, including those affected by the HIV/AIDS	Ensure allocation of subsidies to vulnerable groups.	No. of projects approved	3	6	10	15	20
To strengthen Governance and service delivery.	Provide contract administration & Land-legal support	No. of project contracts concluded	70	80	80	100	120
	Provide an effective & efficient beneficiary administration service	Enhanced process for subsidy approval	Fully functional HSS	Fully functional HSS	Fully functional HSS	Fully functional HSS	Fully functional HSS
To ensure job creation by housing programs.	Jobs creation through Expanded Public Works Programme	No. of jobs created: designated groups	1500	3000	5000	10 000	12 500
To strengthen	Facilitate the strategy	Number of	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing

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Key Strategic objective	Key Measurable objective	Unit measure	Year 1 2005/06 (target)	Year 2 2006/07 (target)	Year 3 2007/08 (target)	Year 2008/09 (target)	Year 5 2009/10 (target)
governance and service delivery.	of acquiring well-located state owned and parastatal land	land parcels for vesting & transfer					
To provide housing for vulnerable groups.	Provision of housing for farm workers	No of projects approved,	3	3	10	15	20
	Provision of Social & Economic Amenities	No. of projects	2	6	20	30	40
	Completion of all Human Settlement Redevelopment projects	No. of Projects completed	48	0	0	0	0

Table 17: Programme 3 - Measurable Objectives

13.6 Reconciliation of Budget with Plan

Capital Budget by Sub-Programme (R million)

Table 18: Programme 3: Programme budget by sub-programme (R million)

Programme 3				Main budget	Estimated actual	Medium-term estimates		
Audited	Audited	Audited	2004/05			2005/06	2006/07	2007/08
R000	2001/02	2002/03	2003/04					
Subsidy Administration	8,115	2,693	2,696	5,493	5,493	5,540	5,817	6,108
Individual	5,242	9,422	42,775	44,000	44,000	45,965	48,569	50,997
Project Linked	554,547	521,837	627,134	432,138	427,138	440,688	463,663	486,848
Social and Economic Amenities	0	0	0	0	0	1,000	1,400	1,470
Institutional (Rental Housing)	20,756	46,361	66,447	57,500	57,500	60,070	63,470	66,643
Relocation			-	2,000	2,000	2,089	2,208	2,318
Emergency Housing	29,470	20,323	17,190	27,560	67,257	16,193	0	0
Rural Housing Stock		1,507	2,138	33,675	33,675	35,180	37,171	39,029
Savings Linked	0	0	0	0	0	5,000	5,500	5,775
Consolidation Subsidy	9,653	9,541	9,809	7,454	7,454	7,790	8,231	8,642
Total	627,783	611,684	768,189	609,820	644,517	619,515	636,029	667,830

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14. INFRASTRUCTURE EXPENDITURE PLAN

Table 19: Summary of infrastructure expenditure and estimates

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates			
	Audited	Audited	Audited				2004/05	2005/06	2006/07	2007/08
	2001/02	2002/03	2003/04							
Capital	665,165	755,287	912,304	748,463	748,463	748,643	783,466	896,514	888,508	
New constructions	564,291	565,798	721,185	538,616	538,616	538,796	563,601	664,164	644,140	
Rehabilitation/upgrading	20,743	39,194	55,731	60,000	60,000	60,000	66,000	72,000	76,000	
Other capital projects	80,131	150,295	135,388	149,847	149,847	149,847	153,865	160,350	168,368	
Infrastructure transfer							-	-	-	
Current							-	-	-	
Total	665,165	755,287	912,304	748,463	748,463	748,643	783,466	896,514	888,508	

This table presents a summary of infrastructure expenditure and estimates by categories for the vote. The infrastructure amounts reflected in this table relate largely to the Housing Subsidy conditional grant. As can be seen from the above table, apart from some fluctuations in the prior years, the estimated infrastructure expenditure shows a fairly consistent increase over the MTEF period.

15. MEDIUM TERM REVENUES

15.1 Summary of Revenue

Table 19.1: Summary of receipts and financing

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates			
	Audited	Audited	Audited				2004/05	2005/06	2006/07	2007/08
	2001/02	2002/03	2003/04							
Provincial allocation	153,400	161,304	157,728	160,195	160,195	160,195	170,221	180,849	189,891	
Conditional grants	722,647	745,804	822,390	776,023	776,023	776,023	799,659	934,457	1,142,153	
<i>Housing Subsidy Grant</i>	<i>697,647</i>	<i>720,318</i>	<i>796,390</i>	<i>748,463</i>	<i>748,463</i>	<i>748,463</i>	<i>799,659</i>	<i>934,457</i>	<i>1,142,153</i>	
<i>Human Resettlement Grant</i>	<i>25,000</i>	<i>25,486</i>	<i>26,000</i>	<i>27,560</i>	<i>27,560</i>	<i>27,560</i>	-	-	-	
Total	876,047	907,108	980,118	936,218	936,218	936,218	969,880	1,115,306	1,332,044	
Total payments	837,141	913,179	1,081,113	936,218	975,915	975,915	969,880	1,115,306	1,332,044	
Surplus/(Deficit) before financing	38,906	(6,071)	(100,995)	-	(39,697)	(39,697)	-	-	-	
Financing										
<i>of which</i>										
Provincial roll-overs	88,297	115,900	139,715		39,697	39,697				
Provincial cash resources	37	53,475								
Surplus/(deficit) after financing	127,240	163,304	38,720	-	-	-	-	-	-	

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15.2. Departmental Revenue Collection

Table 19.2: Details of departmental receipts

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited	Audited	Audited						
	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08		
Tax receipts	-	-	-	-	-	-	-	-	-
Non-tax receipts	1,034	1,202	620	1,125	1,125	1,125	1,193	1,264	1,327
Sale of goods and services other than capital assets	1,034	1,202	620	1,125	1,125	1,125	1,193	1,264	1,327
Fines, penalties and forfeits	-	-	-	-	-	-	-	-	-
Interest, dividends and rent on land	-	-	-	-	-	-	-	-	-
Transfers received	-	-	-	-	-	-	-	-	-
Sales of capital assets	-	-	-	-	-	-	-	-	-
Financial transactions	-	-	-	-	-	-	-	-	-
Total	1,034	1,202	620	1,125	1,125	1,125	1,193	1,264	1,327

16. CO-ORDINATION, CO-OPERATION AND OUTSOURCING PLANS

16.1 Inter-Departmental Linkages

In the province there are Cabinet Clusters where the Heads of Departments meet with members of the Executive Council and take decisions on matters of common interest. This is called the Cabinet Cluster. Heads of Department meet with the chairmanship of the Director-General at MEXCO business.

Other Departmental linkages include:

- office Planning and Advisory Committee
- Bi-lateral meetings with Provincial Treasury
- Public Sector Lawyer's Forum
- Provincial Transport Committee
- Housing Subsidy System Steering Committee with national Department of Housing and other provincial Departments
- Steering Committee for Provincial, Growth and Development Strategy

16.2 Local Government Linkages

- IDP review committee
- Housing meetings within municipalities
- Housing forums are established in all municipalities to plan future housing projects
- Housing policy meetings are conducted with municipalities to debate the implementation of new policies.

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16.3 Public Entities

Not applicable to this department.

16.4 Public, private partnerships, outsourcing

The Department has not yet entered into Private-Public partnerships.

17. FINANCIAL MANAGEMENT

17.1 Implementation of the PFMA

A Chief Financial Officer was appointed to assist the Accounting Officer in his responsibilities as set out in part 2 of Chapter 6 of the PFMA. Regular information sessions are held by the Chief Financial Officer.

17.2 Annual Financial Statements

The Department has only received one qualification for the previous financial year, due to the conversion of financial information from the financial management system to basic accounting system resulted in un-reconciled difference of R 6 612 196 which was disclosed in note 18.1 to the financial statements. The financial position of this Department was fairly represented, in all material aspects for the 2003/2004 financial year, in accordance with the prescribed accounting practice.

17.3. Cash-flow Management

Over expenditure occurred in two of the Programmes, which were mainly as a result of the conduct of the previous Head of Department, the cost of investigations and the establishment of a Commission of Enquiry, the rental for premises for the Pietermaritzburg Regional Offices as well as the payment of salaries to new ministerial staff.

Savings in the remaining three Programmes were primarily due to the conditional grant in respect of the Human Settlement Redevelopment Programme, the non filling of vacant posts as well as a constraint on the use of consultants in order to compliment the two programmes that over spent.

Losses in general and claims against the State were considerably lower than anticipated.

17.4. Moveable Asset Management

A composite register of all moveable assets in the Housing Branch is maintained in the Assets Component within Provisioning. The register reflects the number marked on the item, the order number (where available), and the acquisition cost (where available). An inventory of the items in each office is also maintained and cross-checked by physical stock take at least once per year. In the case of equipment, the expenditure on repairs is controlled against the acquisition cost of the item in order to ensure viability and replacement when necessary.

17.5. Budgeting, forecasting and financial Performance Reporting

The Department has an established Budgeting Unit to facilitate the budgeting process and to implement systems to enable reasonably accurate forecasting. Monthly reports according to the requirements of the PFMA are being forwarded and discussed with Provincial Treasury as well as Management.

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17.6. Risk Management and Advisory Services

The Department has established a Risk Management and Advisory Services unit under the office of the Head of Department. This unit comprises of two components (v.i.z) Audit Control and Investigations which reviews the reliability and integrity of financial information, provides Management with assurance that financial records, operational controls and procedures are accurate and reliable. The Investigation component undertakes investigations to establish irregularities, fraud, corruption and quantity losses and determine culpability.

The unit works closely with the shared Provincial Internal Audit Unit, which serves all Departments within KwaZulu-Natal. The compliancy requirements in terms of the PFMA has been met by this Department due to the shared services. A shared centralized audit committee exists for this Province.

17.7. Risk Management And Fraud Prevention

The Chief Financial Officer is performing the role of the Risk Manager in this Department amongst his other duties. A risk assessment has been conducted in the Department jointly with the shared Provincial Internal Audit Unit and a risk profile has been drawn up. A Fraud Prevention Plan has been developed and auctioned within the Department. This plan strives for the ultimate eradication of fraud, corruption, theft and maladministration by means of the application of the full spectrum of both pro-active and re-active measures.