

# ANNUAL REPORT

Vote 31

## 2012 - 2013



**human settlements**

Department:  
Human Settlements  
**REPUBLIC OF SOUTH AFRICA**

Building the future today, together



We have come a long way – Celebrating 20 Years of Freedom!



# DEPARTMENT OF HUMAN SETTLEMENTS

Vote 31, Annual Report for the year ended 31 March 2013

RP165/2013

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**CC SEPTEMBER (MP)**

I have the honour of submitting the Annual Report of the Department of Human Settlements for the period 1 April 2012 to 31 March 2013 for tabling in the National Assembly on 30 September 2013.

A handwritten signature in black ink, appearing to be 'T Zulu', enclosed within a large, loopy oval shape.

**T ZULU  
DIRECTOR-GENERAL  
DATE: 31 MARCH 2013**

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**General Information**

# **PART A**





## 1. DEPARTMENT GENERAL INFORMATION

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## 2. LIST OF ABBREVIATIONS AND ACRONYMS

AMCHUD	African Ministerial Conference on Housing and Urban Development
AU	African Union
BEPP	Built Environment Performance Plan
CD	Chief Directorate
CGICTP	Corporate Governance ICT Policy
CoGTA	Cooperative Governance and Traditional Affairs
CPD	Continuing Professional Development
CRU	Community Residential Units
CSOS	Community Scheme Ombud Services
DDG	Deputy Director General
DFI	Development Finance Institution
DG	Director-General
DHS	Department of Human Settlements
DIRCO	Department of International Relations and Cooperation
DoRA	Division of Revenue Act
DPME	Department of Performance Monitoring and Evaluation
DPSA	Department of Public Services and Administration
DRD&LR	Department of Rural Development and Land Reform
DTI	Department of Trade and Industry
EAAB	Estate Agency Affairs Board
EAH	Employer Assisted Housing
EMT	Executive Management Team
EWSETA	Energy and Water Sector Education and Training Authority
FLISP	Finance Linked Individual Subsidy Programme
FOSAD	Forum of South African Directors-General
GMHSA	Govan Mbeki Human Settlements Awards
GWEA	Government Wide Enterprise Architecture
H&H	Health and hygiene
HDA	Housing Development Agency
HDI	Human Development Index
HSDG	Human Settlements Development Grant
HSS	Housing Subsidy System
HRM	Human Resource Management
IBSA	India-Brazil-South Africa Dialogue Forum
ICT	Information and Communication Technology
IDP	Integrated Development Plan
IGR	Intergovernmental relations
IMS	Information Management Systems
IT	Information Technology
JCC	Joint Commission for Cooperation
KPI	Key performance indicator
MDI	Mortgage default insurance
MEC	Member of Executive Council
MEIA	Monitoring, Evaluation and Impact Assessment
MIG	Municipal Infrastructure Grant
MINMEC	Minister and Members of Executive Council
MoU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
NHBRC	National Home Builders Registration Council
NHFC	National Housing Finance Corporation
NURCHA	National Urban Reconstruction and Housing Agency
NUSP	National Upgrading Support Programme
NYDA	National Youth Development Agency
ODA	Official Development Assistance
OHS	Occupational Health and Safety
PDE	Professional Designation Exam



PFMA	Public Finance Management Act
PHP	People's Housing Process
PoA	Program of Action
PMU	Programme Management Unit
RDP	Reconstruction and Development Programme
RHIP	Rural Households Infrastructure Programm
RHLF	Rural Housing Loan Fund
SACTSP	South African Cuban Technical Support Programme
SAWIC	South African Women in Construction
SDI	Slum Dwellers International
SHI	Social Housing Institution
SHRA	Social Housing Regulatory Authority
SIU	Special Investigating Unit
ToR	Terms of Reference
UISP	Upgrading Informal Settlements Programme
USDG	Urban Settlement Development Grant
WASH	Water, Sanitation and Hygiene
WSA	Water Services Authority
WSDP	Water Services Development Plans
WUF	World Urban Forum
YIHS	Youth in Human Settlement

### **3. STRATEGIC OVERVIEW**

#### **3.1. Vision**

A nation housed in sustainable human settlements.

#### **3.2. Mission**

To facilitate the creation of sustainable human settlements and improved quality of household life.

#### **3.3. Values**

The core values guiding and regulating the department are based on the Constitution of the Republic of South Africa and supporting legislations and include:

- Accountability
- Fairness and equity
- Choice, quality and affordability
- Sustainability
- Innovation
- Batho Pele principles

#### **3.4. Strategic outcome-orientated goals**

The following are departmental strategic outcome-orientated goals informed by government outcome-based performance approach to Outcome 8:

1. Accelerated delivery of housing opportunities.
2. Access to basic services.
3. Efficient utilisation of land for human settlements development.
4. Improved property market.

## 4. LEGISLATIVE AND OTHER MANDATES

Please note that the legislative mandate of the Department remains the same as reflected in the previous annual report (2011–2012) save for the inclusion of the following:

Estate Agency Affairs Act, 1976

Following a Presidential Proclamation, the Department took over the administration of the Estate Agency Affairs Act, 1976, from the Department of Trade and Industry (DTI) during May 2012. The principal objectives of the Act are to:

- Establish the Estate Agency Affairs Board (EAAB) to regulate the conduct of estate agents.
- Establish the estate agents fidelity fund.
- Monitor trends within the real estate industry.
- Render education and training to estate agents.

**Other specific constitutional, legislative and policy mandates of the Department, including government policy frameworks, are:**

- Constitution of the Republic of South Africa
- Housing Act, 1997 (Act No. 107 of 1997)
- Comprehensive Plan for the Creation of Sustainable Human Settlements
- The Housing Consumer Protection Measures Act, 1998 (Act No. 19 of 1998)
- The Housing Development Agency Act, 2008 (Act No. 23 of 2008)
- Public Finance Management Act, 1999 (Act No. 1 of 1999, as amended by Act No. 29)
- The Social Housing Act, 2008 (Act No. 16 of 2008)
- The Division of Revenue Act, 2011 (Act No. 6 of 2011)
- The Rental Housing Act, 1999 (Act No. 50 of 1999)
- Home Loan and Mortgage Disclosure Act, 2000 (Act No. 63 of 2000)
- Inclusionary Housing Bill
- Sectional Titles Scheme Management Bill
- Community Scheme Ombud Service Bill
- Intergovernmental Relations Framework (Act No. 13 of 2005)
- National Development Plan

## 5. ORGANISATIONAL STRUCTURE



## 6. ENTITIES REPORTING TO THE MINISTER/MEC

Name of public entity	Mandate	Output	Current annual budget	Date of next evaluation
National Housing Finance Corporation (NHFC)	Mobilise funding into human settlements space in partnership with broad range of institutions	<ul style="list-style-type: none"> <li>Facilitate increased and sustained lending by financial institutions</li> <li>Expand housing finance activities through effective provision of housing finance opportunities</li> <li>Provide robust, timely, relevant market research</li> <li>Conduct business in an ethical manner to ensure continued sustainability of the NHFC</li> </ul>		November
Home Builders Registration Council (NHBRC)	Provide innovative quality products and services that will delight the customer	<ul style="list-style-type: none"> <li>Enforcement and compliance</li> <li>IT and technical support</li> <li>Home builder training and development</li> <li>Stakeholder relations</li> <li>Quality assurance</li> </ul>		November
EAAB	Improve compliance with the Estate Agency Affairs Act	<ul style="list-style-type: none"> <li>Build capacity of key stakeholders</li> <li>Professionalise the Estate Agency sector</li> <li>Improve the effectiveness and efficiency of the EAAB</li> <li>Increase stakeholder awareness of the EAAB and its role and services</li> <li>Effectively and efficiently control and manage the Fidelity Fund</li> </ul>		November
Housing Development Agency (HDA)	Facilitate the release of land and landed properties for human settlements development	<ul style="list-style-type: none"> <li>Identify land for human settlements development</li> <li>Validate and prioritise land for acquisition</li> <li>Prepare acquired land for development</li> <li>Sector support in land assembly (identification and planning/programming research)</li> <li>Monitor progress of development on land acquired with human settlement grant funding</li> </ul>	R97.5 mil	November

Name of public entity	Mandate	Output	Current annual budget	Date of next evaluation
National Urban Reconstruction and Housing Agency (NURCHA)	Ensure the availability of bridging finance to small, medium and established contractors building low- and moderate-income housing and related community facilities and infrastructure	<ul style="list-style-type: none"> <li>The certificate-based lending, for subsidy housing projects and infrastructure/community facility projects, will be the main form of lending for these programmes</li> <li>The Affordable Housing Programme will continue to be the cornerstone of NURCHA's sustainability and will grow in scale</li> </ul>	R100 mil	
Rural Housing Loan Fund (RHLF)	Empower low-income households in rural areas to access housing credit, by providing loans through retail intermediaries to its target market to be utilised for incremental housing purposes	<ul style="list-style-type: none"> <li>Community based organisations: likely to enable RHLF to reach the self- and informally employed market</li> <li>Employee-based organisations: strategy is to partner union owned trusts to deliver housing finance to membersBeneficiaries of other government programmes such as land restitution: to help with housing finance component in development</li> </ul>		
Social Housing Regulatory Authority (SHRA)		<ul style="list-style-type: none"> <li>Provide an effective administrative back office</li> <li>Undertake quality accreditation and monitoring and evaluation functions as provided for in the Social Housing Act</li> <li>Efficiently execute the investment function as provided for in the Social Housing Act</li> <li>Provide a pertinent programme for the implementation of the institutional grants as provided for in the Social Housing Act</li> </ul>	R32.2 mil	November



## 7. FOREWORD BY THE MINISTER

Over the last four years, we have been dedicated to the implementation of our mandate. We can state without any equivocation that a firm foundation has been laid towards a sustainable and integrated human settlements objective: Vision 2030.

The work of this report reflects our efforts, premised upon housing for the poor, the GAP market, and the middle- to high-income earners. All of these are critical and applicable for different requirements within the comprehensive human settlements environment.

The key focus going forward is maintaining momentum on the delivery of quality human settlements, which has been our key feature during this term of office.

A handwritten signature in black ink, appearing to be 'TMG Sexwale', written in a cursive style.

**TMG SEXWALE (MP)**  
**MINISTER OF HUMAN SETTLEMENTS**  
**DATE: 31 MARCH 2013**

## 8. OVERVIEW OF THE ACCOUNTING OFFICER

The 2012/13 financial year was the third financial year in which we existed as the Department of Human Settlements (DHS) and cemented the outcome-based approach in line with the National Development Plan.

It also marks the third year of the existence of a new system of an outcomes-based approach with relevant delivery agreements. To date there has been progress on outcome-based reporting and setting systems for provincial uptake of the outcome-based planning and project implementation. Through collaboration and coordination, Provinces as delivery agents were brought to the outcomes-based approach as they discharge their responsibilities to change the lives of citizens for the better.

These developments have inspired all of us to respond in a dynamic and sustainable manner and to redouble our efforts to restore dignity in the lives of citizens through the development and provision of sustainable human settlements. Through entities reporting to the Department, access to housing finance was facilitated, thus bridging the rural urban dichotomy in the human settlement environment.

We thus report that the human settlement sector has made reasonable strides and progress in setting the delivery framework and systems for the achievement of Outcome 8 targets. In the Informal Settlement Upgrading Programme we have improved outputs and have to date provided nearly 190 000 households with upgraded services and secure tenure. In 2011/12 we also took the necessary steps to ensure that households in the affordable sector increased their ability to access adequate housing.

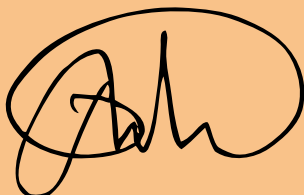
In this regard, the National Housing Finance Corporation has commenced with the necessary work to activate the Mortgage Default insurance programme. The department has also revised the finance-linked individual subsidy programme (FLISP) to improve the ability of households in the income category R3 501–R15 000 to access mortgage finance for housing, thus increasing access to housing finance and the provision of shelter and basic services.

In the 2012/13 financial year, the management of the Urban Settlement Grant continued to receive attention in the devolution of powers to the local sphere of government.

The Department went on a massive recruitment drive to implement the turnaround strategy aimed at repositioning the organisation to better discharge its responsibilities in providing integrated and sustainable human settlements. The new organisational structure was implemented in line with the approved strategic plan. Its evaluation shall be undertaken during the 2013/14 financial year. Employee development plans in the context of the performance management system continued to receive attention so as to give meaning to the Departmental strategy.

These successes reflect tireless efforts by all stakeholders in the human settlement sector to respond to the challenge of working differently and better. In a short period, a firm foundation has been laid for the provision of human settlements through a coordinated government effect. This annual report gives an account of this success as implemented through each programme in the Department.

You are thus invited to note our efforts within the available resources to address the human settlement challenges in the context of dwindling land mass available for governmental programmes and creative measures to better build sustainable human settlements. It is in creating the balance between governmental programs and private sector developments that you should note the macro benefit of housing programs to social and economic stability over the year under review.



**T ZULU**  
**DIRECTOR-GENERAL**  
**DEPARTMENT OF HUMAN SETTLEMENTS**  
**DATE: 31 MARCH 2013**