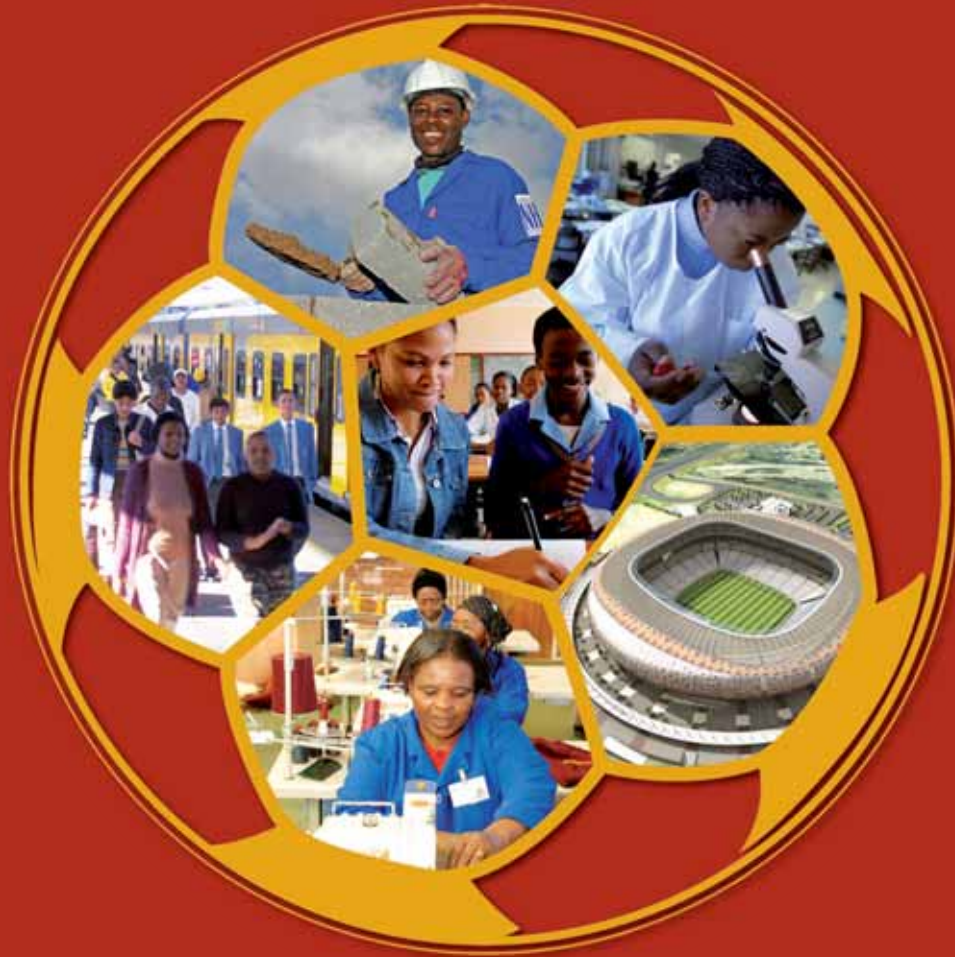


Vote 30

Human Settlements



Estimates of National Expenditure 2010



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



Estimates of National Expenditure

2010

National Treasury

Republic of South Africa

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The *Estimates of National Expenditure 2010* booklet for each vote is compiled with the latest available information from departmental and other sources. Some of this information is unaudited or subject to revision. In this booklet, more comprehensive coverage of goods and services, transfers, public entities and lower level institutional information is provided where applicable.

The *Estimates of National Expenditure 2010* as well as the *Estimates of National Expenditure 2010* booklets are also available on www.treasury.gov.za

Foreword

The Estimates of National Expenditure publication provides Parliament, departments and public entities, ministers, the media, civil society and the public with information about how tax payers' money is being spent: what it buys and for what purpose. Do not be concerned regarding the magnitude of this publication. Instead, let us use this unique reference tool to keep departments and agencies accountable and ensure that the expenditure of public funds achieves its intended policy outcomes, ultimately improving the welfare of our people.

Budgets link the policy choices that government makes with the services that are delivered to people – better budgeting plays an important role in improving service delivery. In line with the 2009 Medium Term Strategic Framework, government has adopted 12 desirable outcomes. At the output level, departments and agencies continue to set targets; for the first time these are in support of the attainment of officially stated outcomes. Budgeted spending on outputs and activities will increasingly reflect this.

Following the 2009 elections, a re-organisation of departments was proclaimed to give effect to the required government policy shifts and to accommodate the necessary changes in the programmes and activities of departments and entities. Several new national departments were created; some functions were transferred between departments. This also resulted in certain national departments being re-named to better capture the content of their new responsibilities. In terms of the new structure of government there are now 37 votes in the Estimates of National Expenditure publication, whereas in 2009 there were 34 votes.

This consolidated publication provides extensive vote level information on strategies and objectives. Legislation, policy developments and other factors affecting these are also noted. Information is presented in a format that aligns government's performance commitments with resource allocations. As with the 2009 Budget, we will publish booklets for individual votes that will provide full coverage of public entities and more detail on transfers and lower level institutional information.

Given the current economic climate, there are greater trade-offs in choosing between spending priorities or in the sequencing of programme implementation. Outputs and activities are constantly being re-evaluated to determine if more effective and cost efficient options are available. As a result, some programmes have to be delayed. Alongside the additions to spending, this publication also indicates details per national vote of savings amounting to R23 billion over the period ahead. These savings have been reallocated to other departments in order to augment funding for government's priorities.

All the figures, targets and outputs result from a wide ranging intergovernmental consultative process, leading to executive approval of additional spending allocations and savings. Many people have contributed to making this publication possible, especially my colleagues in national departments and agencies. Their collaboration and understanding during the allocation and publication processes has been invaluable. Thanks are also due to the dedicated National Treasury team for the publication of this useful resource.



Lesetja Kganyago

Director-General: National Treasury

Introduction

Transparent and accountable governance is strengthened when comprehensive budget documents are tabled for public scrutiny and legislative oversight. The Estimates of National Expenditure provides relevant public sector financial information in a timely and systematic manner, linking performance targets to budgeted expenditure. Specifically, it serves to:

- provide members of Parliament with detailed information on how departments and public entities plan to spend the money that is to be authorised by the legislature
- enable Parliament and society to keep departments and agencies accountable for service delivery commitments that are set out in each chapter
- provide parliamentary committees with a valuable source of information that can assist them in performing their oversight functions.

Although it contains a large volume of information, the 2010 Estimates of National Expenditure presents a summarised account of the spending plans of all national departments and agencies for the next three financial years (2010/11 to 2012/13), expenditure outcomes for the past three years (2006/07 to 2008/09) and revised estimates for the current year (2009/10). Newly formed departments are covered in the same way. Information is also provided on legislation and mandates, policy, strategies, objectives and performance targets over the seven-year period – as well as any changes in these, particularly as they relate to trends in planned expenditure. This provides a platform for review that could result in new policy options or operational alternatives in the achievement of government's objectives.

In keeping with ongoing improvements in the way that public finances are managed and reported, both the quality of information and presentation of the 2010 Estimates of National Expenditure have been enhanced. Information on new departments is mostly covered by way of a separate chapter, although in some cases departments are accommodated within a shared vote and discussed together in the same chapter. Information on savings and cost effective service delivery is included under a separate heading following the strategic overview section. Spending on selected key mega infrastructure projects is discussed in text boxes in the expenditure trends sections of relevant votes. For some votes a new personnel table has been included, showing personnel numbers in relation to the different salary levels and other information, such as the number and type of posts on funded establishment and posts filled. The 2010 Estimates of National Expenditure booklets, which are published separately for each vote, provide more extensive coverage on transfers, public entities, goods and services and lower level institutional information.

Value for money

Budget accountability has historically focused mainly on targeting the performance of government departments and agencies at the output level. Government has now adopted an approach which provides a new methodology that is focused on the attainment of 12 desirable outcomes, using measurable outputs and well defined activities to achieve better value, as well as better value for money. The medium term expenditure framework (MTEF) for the next three years targets spending on government's official outcomes and simultaneously seeks to change the culture in the public service towards greater prudence and efficiency in order to obtain better value for money.

The Ministry for the National Planning Commission and the Ministry for Performance Evaluation and Monitoring are to ensure that planning and implementation in government institutions are focused on the achievement of outcomes and the improvement of performance. In line with this service delivery orientation, new functions and a reconfiguration of existing functions have led to a new national government structure. Taking account of the creation of new departments, 37 votes are now contained in the 2010 Estimates of National Expenditure. The table below provides a list of the new votes and alongside each, the department/s from which functions have been shifted in order to form the basis of the new department.

Newly created vote	Department/s from which all or some functions have been shifted
Agriculture, Forestry and Fisheries	Agriculture Water Affairs and Forestry Environmental Affairs and Tourism
Water Affairs	Water Affairs and Forestry
Human Settlements	Housing Water Affairs and Forestry
Environmental Affairs	Environmental Affairs and Tourism
Tourism	Environmental Affairs and Tourism
Basic Education	Education
Higher Education and Training	Education Labour (still exists)
Cooperative Governance and Traditional Affairs	Provincial and Local Government
Defence and Military Veterans	Defence
Economic Development	Trade and Industry (still exists)
Energy	Minerals and Energy
Mineral Resources	Minerals and Energy
International Relations and Cooperation	Foreign Affairs
Police	Safety and Security
Rural Development and Land Reform	Land Affairs Provincial and Local Government
Women, Children and People with Disabilities	The Presidency (still exists) Justice and Constitutional Development (still exists)

Savings

Given the shortfall in government revenue collection and the pressure on the available resources of the fiscus, this year's budget preparation has focused extensively on finding savings within departmental and agency baselines and on redirecting expenditure towards key priorities within these institutions. Savings arise from effecting changes in public sector spending habits and instituting cost-cutting measures. Over the period ahead, government is to reform procurement systems, rationalise public entities and review a range of programmes – in order to accommodate increased spending on government's priorities in the attainment of its desired outcomes.

During the Budget process, judgements on value for money in achieving outcomes are made by examining funding requests in relation to the implementation plans and costings presented, among other considerations. There is extensive consultation with departments, agencies and intergovernmental forums before proposals are presented to the ministers' committee on the budget¹, approved by Cabinet and then tabled in Parliament.

National departments undertook a rigorous budget baseline savings exercise, and identified R23 billion in savings over the medium term: R6.5 billion in 2010/11, R8.6 billion in 2011/12 and R7.9 billion in 2012/13.

1. A committee of cabinet ministers tasked with considering budgetary issues before they are presented to Cabinet.

About R2.6 billion in savings has been identified over the three years at local government level. Every endeavour was made to decrease spending on non-core goods and services, reschedule expenditure over time in the case of delays, effect exchange rate savings in respect of payments to foreigners, reduce transfers to certain public entities, improve financial management, reduce expenditure on administration in favour of frontline services and find alternative sources of financing.

Major savings amounts over the medium term expenditure framework period are:

- Defence and Military Veterans: R4.5 billion (cancellation of the A400M military aircraft contract)
- Social Development: R1.2 billion (slower uptake of social grants than anticipated and rationalisation of the South African Social Security Agency payments system)
- International Relations and Cooperation: R1.5 billion (revision of foreign costs and deferral of the building of the Pan African Parliament)
- Correctional Services: R4.8 billion (rescheduling of prison building plans)
- Transport: R3.4 billion (deferral of public transport infrastructure projects where planning and design have been delayed).

Additional allocations

The revised national Budget framework provides for additional expenditure by departments of R20.7 billion in 2010/11, R26 billion in 2011/12 and R39.9 billion in 2012/13. Including the government savings of R25.6 billion identified across all spheres, in total an additional R112.2 billion is allocated to government institutions to fund government's key priorities over the next three years. Of the R112.2 billion, national departments receive R56.2 billion (50.1 per cent): R13.1 billion in 2010/11, R18.2 billion in 2011/12 and R24.8 billion in 2012/13. Provinces and municipalities receive the remainder. Conditional grants to provinces and municipalities are reflected in both national budgets and the budgets of provinces or municipalities.

A summary of additional funding by national vote is provided below. Information on direct charges against the National Revenue Fund and the amounts for the provincial and local equitable shares are excluded. Adjustments to provincial and local conditional grants have been included. Details are only noted for national votes receiving relatively large additional allocations for implementing new programmes or extending existing programmes. The total amounts per vote in the discussion below represent the gross additional allocations, before the deduction of savings. This means that these total amounts are all bigger than the overall net change in the budget of a particular vote and therefore they do not balance to the amounts reflected in table 2. In the discussion that follows, these vote totals will be referred to as the *gross total allocation*, received over the MTEF period. In some instances, the savings on a specific vote exceed the *gross total allocation* to that vote and the overall net change in the budget is actually negative.

Central government and financial and administrative services

An amount of R448 million is the gross total allocation to **Parliament's** vote. This is mainly to enhance the capacity of the Office of the Speaker, including provision for the establishment of a budget office in terms of the Money Bills Amendment Procedure and Related Matters Act (2009). Also included is provision for increasing the capacity of the Parliamentary oversight committees.

National Treasury receives an addition of R1.1 billion for the neighbourhood development partnership grant for the regeneration of townships through the development of social and economic infrastructure. An amount of R1.5 billion is allocated in the first two years of the MTEF period for the recapitalisation of the Land Bank.

Social services

The gross total allocation to **Health** amounts to R8.8 billion, most of which is for transfers to the provinces. R8.4 billion is provided for the broadening of HIV and AIDS treatment programmes, in support of the rapid expansion of the antiretroviral treatment rollout. R50 million has been set aside for a mass immunisation campaign to combat measles and polio.

Social Development's gross total allocation is R12.5 billion, mainly this is for the extension of the child support grant up to 18 years of age, as a major intervention against child poverty.

Most of the gross total allocation of R3.1 billion to **Basic Education** is for transfers to provinces. An amount of R2.7 billion is allocated for the provision of workbooks in all official languages for grades R to 9, and R28 million is provided for national numeracy and literacy assessments for grades 3, 6 and 9. An additional R120 million is allocated for the national school nutrition programme.

A gross total allocation of R2.4 billion is set aside for **Higher Education and Training**, of which R1 billion is for subsidies for higher education institutions and R1.3 billion is a provincial conditional grant for further education and training colleges.

Justice, crime prevention and security

Police is allocated additional funding of R1.5 billion for an increase in police officers, the establishment of the Directorate for Priority Crime Investigation (the Hawks) and police station property management.

Gross total allocations to **Defence and Military Veterans** amount to R4.7 billion. R2.2 billion is for improving the South African National Defence Force remuneration system. R220 million is provided for expanding the military skills development system intake and R600 million for upgrading the *Landward Defence* programme.

Correctional Services is to receive gross total additional funding amounting to R2.8 billion. This covers the cost of the occupation specific salary dispensation for correctional officials and the impact of the general government employee wage increase.

Economic services and infrastructure

Human Settlements is to receive a R1 billion allocation for upgrading informal settlements and establishing community settlements. The rural household infrastructure grant is allocated R1.2 billion, specifically to support rural communities.

Funds for **Rural Development and Land Reform** are mostly for the rural development programme. An additional allocation of R860 million is for improving the quality of life within rural communities and broadening the base of agricultural production.

Energy receives a gross total allocation of R4.6 billion. R4.5 billion is to provide for part of the capital costs of building a pipeline for fuel from Durban to the Highveld. This allocation will be financed through the fuel levy imposed for this purpose.

Cooperative Governance and Traditional Affairs has a gross total allocation of R10.7 billion. The biggest vote allocation provides for an increase of R2.5 billion for the municipal infrastructure grant, to enable the further expansion of basic services infrastructure delivery aligned to government's 2014 universal access goals. R1.5 billion is allocated for the community work programme, within the expanded public works programme, which enables the non-governmental sector to assist government in providing guaranteed employment on a project basis.

A gross total allocation of R3.8 billion is set aside for **Trade and Industry**. Of this, R3.5 billion is shared equally by the clothing and textile sector and the automotive industry. A further R274 million is allocated for critical infrastructure and regulatory institutions such as the Competition Commission, the Companies and Intellectual Property Commission and other consumer orientated institutions.

Transport's R2.9 billion gross total addition includes funding for the secondary strategic road network, the Passenger Rail Agency of South Africa and the procurement of buses for the 2010 FIFA World Cup.

The main allocation of R500 million for the **Water Affairs** vote is for regional bulk infrastructure to roll out the basic services and water supply in support of human settlement development, in line with government's commitment to universal access by 2014. R498 million is also allocated for the working for water and working on fire programmes, within the expanded public works programme.

Overview of expenditure

The main Budget provides for total expenditure of R818.1 billion in 2010/11, increasing to R888.3 billion in 2011/12 and R964.3 billion in 2012/13. Non-interest expenditure comprises on average 90.1 per cent of total main Budget expenditure, and grows at an average annual rate of 7.6 per cent over the MTEF period. These budgeted estimates provide for a contingency reserve set aside to deal with unanticipated events, amounting to R6 billion in 2010/11, R12 billion in 2011/12 and R24 billion in 2012/13.

The allocations in the main Budget are detailed in the pages of this publication, with a consolidated account provided in the summary tables below.

Summary tables

Table 1: Main budget framework

Table 2: Additional allocation to national votes

Table 3: Expenditure by national vote

Table 4: Expenditure by economic classification

Table 5: Amounts to be appropriated from the National Revenue Fund

Table 6a: Conditional grants to provinces

Table 6b: Conditional grants to municipalities

Table 7: Training expenditure per vote

Table 8: Infrastructure expenditure per vote

Table 9: Personnel expenditure per vote

Table 10: Departmental receipts per vote

Table 1. Main budget framework 2006/07 to 2012/13

R million	Audited outcome			Revised estimate	Medium-term estimates		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue (National Revenue Fund)							
Tax revenue (gross)	495 548.6	572 814.6	625 100.2	590 425.0	647 850.0	721 477.0	818 298.0
Departmental and other receipts, and repayments	10 843.3	11 671.7	12 616.2	8 982.6	10 380.3	11 483.2	12 379.4
Less: Southern Africa Customs Union payments	-25 194.9	-24 712.6	-28 920.6	-27 915.4	-14 991.3	-11 211.0	-22 781.0
Total revenue	481 197.0	559 773.8	608 795.7	571 492.1	643 239.0	721 749.2	807 896.4
<i>Percentage of GDP</i>	<i>26.2%</i>	<i>26.9%</i>	<i>26.2%</i>	<i>23.3%</i>	<i>23.8%</i>	<i>24.3%</i>	<i>24.5%</i>
Expenditure							
State debt cost	52 192.2	52 877.1	54 393.7	57 599.8	71 357.6	88 462.7	104 022.0
<i>Percentage of GDP</i>	<i>2.8%</i>	<i>2.5%</i>	<i>2.3%</i>	<i>2.4%</i>	<i>2.6%</i>	<i>3.0%</i>	<i>3.2%</i>
Current payments ¹	77 911.5	88 599.8	103 563.2	119 215.8	130 938.5	141 636.6	148 890.9
Transfers and subsidies	332 685.1	391 023.5	458 352.8	530 553.1	579 667.8	634 811.7	674 058.0
Payments for capital assets ¹	6 067.8	7 182.9	8 780.8	8 687.9	9 290.5	10 676.6	13 342.9
Payments for financial assets	1 335.8	1 812.5	10 972.9	32 760.0	20 888.6	750.0	–
Contingency reserve	–	–	–	–	6 000.0	12 000.0	24 000.0
Total expenditure	470 192.5	541 495.7	636 063.5	748 816.5	818 142.9	888 337.6	964 313.8
<i>Percentage of GDP</i>	<i>25.6%</i>	<i>26.0%</i>	<i>27.4%</i>	<i>30.6%</i>	<i>30.3%</i>	<i>29.9%</i>	<i>29.3%</i>
Budget deficit²	11 004.5	18 278.1	-27 267.7	-177 324.3	-174 904.0	-166 588.4	-156 417.4
<i>Percentage of GDP</i>	<i>0.6%</i>	<i>0.9%</i>	<i>-1.2%</i>	<i>-7.2%</i>	<i>-6.5%</i>	<i>-5.6%</i>	<i>-4.7%</i>
<i>GDP</i>	<i>1 833 191.0</i>	<i>2 081 626.0</i>	<i>2 320 117.0</i>	<i>2 449 857.9</i>	<i>2 699 888.0</i>	<i>2 967 560.3</i>	<i>3 295 748.7</i>

1. Excludes conditional grants to provinces and local government, which are included in transfers and subsidies.

2. A positive number reflects a surplus and a negative number a deficit.

Table 2. Additional allocation to national votes 2010/11 to 2012/13¹

R million	Medium term expenditure estimates			Total
	2010/11	2011/12	2012/13	
Central Government Administration	1 882.8	3 072.3	7 510.5	12 465.6
1 The Presidency	85.6	106.5	117.1	309.1
2 Parliament	145.9	150.0	152.5	448.4
3 Cooperative Governance and Traditional Affairs	1 206.7	2 557.8	6 958.5	10 723.1
4 Home Affairs	224.0	80.7	87.3	392.1
5 International Relations and Cooperation	92.6	105.6	115.4	313.5
6 Public Works	97.1	35.5	38.5	171.1
7 Women, Children and People with Disabilities	31.0	36.1	41.2	108.3
Financial and Administrative Services	1 826.9	1 837.5	1 381.0	5 045.4
8 Government Communication and Information System	24.5	25.3	25.7	75.4
9 National Treasury	1 721.7	1 660.0	1 298.6	4 680.3
10 Public Enterprises	38.7	3.2	3.5	45.4
11 Public Service and Administration	10.2	11.9	12.9	35.0
12 Statistics South Africa	31.9	137.2	40.3	209.4
Social Services	5 143.8	8 479.1	13 507.1	27 130.0
13 Arts and Culture	15.3	18.1	19.4	52.8
14 Basic Education	800.8	1 052.5	1 278.0	3 131.3
15 Health	1 930.7	2 896.1	3 998.8	8 825.6
16 Higher Education and Training	421.1	761.3	1 249.0	2 431.4
17 Labour	59.2	49.1	51.9	160.3
18 Social Development	1 910.3	3 694.0	6 900.6	12 505.0
19 Sport and Recreation South Africa	6.3	7.9	9.3	23.6
Justice, Crime Prevention and Security	3 899.4	4 730.2	6 437.0	15 066.6
20 Correctional Services	883.1	919.4	952.8	2 755.3
21 Defence and Military Veterans	1 092.7	1 400.3	2 190.1	4 683.2
22 Independent Complaints Directorate	2.2	4.6	5.8	12.7
23 Justice and Constitutional Development	358.9	529.2	686.1	1 574.1
24 Police	1 562.5	1 876.7	2 602.1	6 041.3
Economic Services and Infrastructure	4 296.7	5 684.4	8 184.8	18 166.0
25 Agriculture, Forestry and Fisheries	57.2	195.8	310.8	563.8
26 Communications	5.1	5.9	6.4	17.4
27 Economic Development	115.0	160.0	175.0	450.0
28 Energy	1 528.8	1 544.4	1 546.8	4 620.0
29 Environmental Affairs	88.8	111.3	216.6	416.7
30 Human Settlements	242.9	360.5	1 761.3	2 364.7
31 Mineral Resources	20.3	33.2	43.0	96.5
32 Rural Development and Land Reform	301.2	348.1	352.1	1 001.4
33 Science and Technology	34.7	40.8	93.7	169.2
34 Tourism	47.7	63.3	74.9	185.9
35 Trade and Industry	905.6	1 294.0	1 638.8	3 838.3
36 Transport	495.8	1 081.6	1 359.3	2 936.7
37 Water Affairs	453.7	445.6	606.1	1 505.4
Total	17 049.6	23 803.6	37 020.3	77 873.6

1. Excludes additional allocations on provincial equitable share and other direct charges against the National Revenue Fund.

Table 3. Expenditure by national vote 2006/07 to 2012/13

R million	Audited Outcome			Adjusted appropriation
	2006/07	2007/08	2008/09	2009/10
Central Government Administration				
1 The Presidency	224.4	651.4	312.4	694.8
2 Parliament	755.1	902.1	1 135.1	1 108.0
3 Cooperative Governance and Traditional Affairs	24 571.6	30 026.2	35 343.2	36 683.5
4 Home Affairs	2 546.9	3 241.7	4 666.6	5 263.8
5 International Relations and Cooperation	2 944.7	4 069.7	5 472.3	5 553.0
6 Public Works	3 025.8	3 402.3	4 197.0	5 890.1
7 Women, Children and People with Disabilities	49.6	52.5	61.9	68.2
Financial and Administrative Services				
8 Government Communication and Information System	293.1	380.9	427.5	496.8
9 National Treasury	16 171.0	18 966.2	31 312.1	62 845.6
10 Public Enterprises	2 589.8	4 604.0	3 265.1	3 991.2
11 Public Service and Administration	583.7	609.6	630.6	682.8
12 Statistics South Africa	1 096.6	1 054.3	1 323.1	1 715.2
Social Services				
13 Arts and Culture	1 329.9	1 585.8	2 114.5	2 632.1
14 Basic Education	1 571.6	2 165.3	3 284.4	4 474.4
15 Health	11 338.0	12 762.7	15 464.5	18 423.5
16 Higher Education and Training	14 292.2	15 997.3	18 765.9	20 696.6
17 Labour	1 343.3	1 431.5	1 507.2	1 709.2
18 Social Development	61 676.1	67 191.4	76 096.7	86 508.2
19 Sport and Recreation South Africa	886.5	5 048.0	4 871.4	2 883.9
Justice, Crime Prevention and Security				
20 Correctional Services	9 251.2	11 122.4	12 822.6	13 834.5
21 Defence and Military Veterans	23 817.6	25 180.1	27 801.3	31 325.3
22 Independent Complaints Directorate	65.3	80.9	99.3	116.5
23 Justice and Constitutional Development	5 853.8	7 194.0	8 244.4	9 721.0
24 Police	32 634.9	36 525.9	41 635.2	47 622.0
Economic Services and Infrastructure				
25 Agriculture, Forestry and Fisheries	2 711.0	3 858.6	3 465.0	3 874.5
26 Communications	1 319.6	1 911.8	2 328.6	2 470.5
27 Economic Development	238.7	245.1	220.4	316.2
28 Energy	1 930.8	2 189.1	2 918.4	3 756.9
29 Environmental Affairs	1 164.2	1 654.1	1 882.7	2 244.2
30 Human Settlements	7 178.2	8 716.1	11 147.4	14 036.2
31 Mineral Resources	676.8	758.2	811.6	925.1
32 Rural Development and Land Reform	3 724.6	5 896.6	6 663.7	6 401.4
33 Science and Technology	2 613.0	3 127.3	3 703.5	4 261.7
34 Tourism	853.5	1 065.1	1 211.8	1 155.7
35 Trade and Industry	3 566.1	5 050.2	4 836.6	6 085.9
36 Transport	13 360.4	16 331.6	24 838.6	24 238.5
37 Water Affairs	3 851.9	4 802.9	5 795.3	7 342.6
Total appropriation by vote	262 101.6	309 853.1	370 678.0	442 049.4
Plus:				
Direct charges against the National Revenue Fund				
President and Deputy President salary (The Presidency)	2.2	2.3	4.0	4.3
Members remuneration (Parliament)	223.3	240.7	356.9	376.7
State debt costs (National Treasury)	52 192.2	52 877.1	54 393.7	59 995.0
Provincial equitable share (National Treasury)	149 245.6	171 053.7	201 795.6	236 877.8
General fuel levy sharing with metros (National Treasury)	–	–	–	6 800.1
Skills levy and Setas (Higher Education and Training)	5 328.4	6 284.3	7 234.1	7 750.0
Judges and magistrates salaries (Justice and Constitutional Development)	1 099.3	1 184.5	1 601.1	1 669.7
Total direct charges against the National Revenue Fund	208 090.9	231 642.6	265 385.4	313 473.5
Contingency reserve	–	–	–	–
Projected underspending	–	–	–	-3 000.0
Total	470 192.5	541 495.7	636 063.5	752 522.9

Table 3. Expenditure by national vote 2006/07 to 2012/13

Revised estimate	Medium-term expenditure estimates			R million
	2009/10	2010/11	2011/12	
				Central Government Administration
691.8	722.6	772.2	810.5	The Presidency
1 108.0	1 179.2	1 238.6	1 288.4	Parliament
36 629.6	43 921.5	50 449.1	57 238.3	Cooperative Governance and Traditional Affairs
5 159.4	5 719.6	5 003.5	5 144.8	Home Affairs
5 508.0	4 824.4	5 087.0	5 393.0	International Relations and Cooperation
5 740.1	6 446.3	7 984.1	8 246.2	Public Works
68.2	97.8	108.3	114.9	Women, Children and People with Disabilities
				Financial and Administrative Services
496.8	546.2	507.1	515.4	Government Communication and Information System
62 512.7	50 219.9	33 127.9	34 265.6	National Treasury
3 991.2	350.6	186.8	196.2	Public Enterprises
681.0	651.5	657.1	684.1	Public Service and Administration
1 715.2	1 973.4	2 845.9	1 769.6	Statistics South Africa
				Social Services
2 440.1	2 406.7	2 417.4	2 562.7	Arts and Culture
4 197.9	6 166.2	7 549.8	8 099.3	Basic Education
18 025.5	21 497.0	23 707.9	25 844.7	Health
20 681.8	23 720.7	26 104.6	27 856.1	Higher Education and Training
1 674.4	1 783.9	1 866.6	1 942.5	Labour
86 108.2	95 929.1	105 715.4	114 023.7	Social Development
2 872.4	1 245.6	760.5	793.7	Sport and Recreation South Africa
				Justice, Crime Prevention and Security
13 834.5	15 129.0	16 027.4	18 277.2	Correctional Services
30 325.3	30 715.3	33 931.4	36 386.5	Defence and Military Veterans
116.5	129.3	144.1	152.4	Independent Complaints Directorate
9 673.3	10 250.5	11 083.7	11 730.6	Justice and Constitutional Development
47 622.0	52 556.4	56 916.6	60 390.8	Police
				Economic Services and Infrastructure
3 305.5	3 658.0	4 361.4	4 740.5	Agriculture, Forestry and Fisheries
2 354.5	2 114.0	1 814.1	1 630.4	Communications
316.2	418.6	494.4	520.3	Economic Development
3 740.2	5 535.4	5 739.6	5 538.7	Energy
2 244.2	2 607.8	2 817.5	3 058.7	Environmental Affairs
14 036.2	16 201.5	18 483.0	19 603.8	Human Settlements
924.0	1 030.0	1 112.1	1 168.0	Mineral Resources
6 401.4	6 769.6	7 972.9	8 360.1	Rural Development and Land Reform
4 261.7	4 615.5	4 968.8	4 560.2	Science and Technology
1 155.7	1 151.8	1 223.2	1 291.2	Tourism
5 988.8	6 150.1	6 757.4	7 264.0	Trade and Industry
24 164.1	25 086.3	27 960.1	29 169.5	Transport
6 969.8	7 996.6	9 090.2	9 628.2	Water Affairs
437 736.1	461 517.9	486 987.8	520 261.0	Total appropriation by vote
				Plus:
				Direct charges against the National Revenue Fund
4.3	4.6	4.8	5.1	President and Deputy President salary (The Presidency)
376.7	392.7	409.6	430.1	Members remuneration (Parliament)
57 599.8	71 357.6	88 462.7	104 022.0	State debt costs (National Treasury)
236 877.8	260 973.7	280 688.7	294 780.0	Provincial equitable share (National Treasury)
6 800.1	7 542.4	8 531.1	8 957.7	General fuel levy sharing with metros (National Treasury)
7 750.0	8 424.2	9 148.7	9 606.1	Skills levy and Setas (Higher Education and Training)
1 671.7	1 929.9	2 104.2	2 251.9	Judges and magistrates salaries (Justice and Constitutional Development)
311 080.3	350 625.0	389 349.8	420 052.9	Total direct charges against the National Revenue Fund
–	6 000.0	12 000.0	24 000.0	Contingency reserve
–	–	–	–	Projected underspending
748 816.5	818 142.9	888 337.6	964 313.8	Total

Table 4. Expenditure by economic classification 2006/07 to 2012/13

R million	Audited outcome			Adjusted appropriation
	2006/07	2007/08	2008/09	2009/10
Current payments				
Compensation of employees	49 574.2	56 243.2	64 973.4	76 392.8
Salaries and wages	41 022.9	46 738.9	53 788.3	63 755.1
Social contributions	8 551.3	9 504.3	11 185.1	12 637.7
Goods and services	28 335.8	32 354.3	38 587.4	44 065.4
Interest and rent on land	52 193.7	52 879.3	54 396.1	59 995.8
Interest (including interest on finance leases)	52 193.0	52 878.6	54 395.9	59 995.0
Rent on land	0.7	0.7	0.2	0.8
Total current payments	130 103.7	141 476.8	157 956.9	180 454.0
Transfers and subsidies to:				
Provinces and municipalities	205 438.3	243 233.9	289 397.3	345 879.0
Provinces	178 867.2	205 829.6	245 302.3	295 353.2
Provincial revenue funds	178 867.2	205 829.6	245 302.3	295 353.2
Municipalities	26 571.1	37 404.3	44 095.1	50 525.8
Municipal bank accounts	26 571.1	37 404.3	44 095.1	50 525.8
Departmental agencies and accounts	38 102.1	44 531.2	53 572.4	58 512.9
Social security funds	7.0	8.5	2 508.7	12.7
Departmental agencies (non-business entities)	38 095.0	44 522.7	51 063.6	58 500.3
Universities and technikons	11 056.0	12 003.8	13 897.7	15 437.4
Foreign governments and international organisations	919.3	936.0	1 010.6	1 266.8
Public corporations and private enterprises	13 424.4	18 764.3	20 170.1	20 061.4
Public corporations	9 872.3	14 155.2	14 694.3	17 851.2
Subsidies on products or production	4 101.1	3 691.7	4 676.1	5 188.9
Other transfers to public corporations	5 771.2	10 463.5	10 018.2	12 662.3
Private enterprises	3 552.1	4 609.0	5 475.8	2 210.2
Subsidies on products or production	3 339.6	4 111.4	5 193.5	1 855.1
Other transfers to private enterprises	212.5	497.6	282.3	355.1
Non-profit institutions	882.1	1 002.8	1 220.2	1 225.3
Households	62 862.9	70 551.4	79 084.5	91 029.5
Social benefits	59 569.1	65 170.5	73 611.2	85 989.9
Other transfers to households	3 293.8	5 381.0	5 473.3	5 039.6
Total transfers and subsidies	332 685.1	391 023.5	458 352.8	533 412.3
Payments for capital assets				
Buildings and other fixed structures	2 481.5	3 838.2	5 566.8	5 961.3
Buildings	2 376.9	3 325.7	4 893.8	4 843.3
Other fixed structures	104.6	512.5	673.0	1 118.0
Machinery and equipment	3 322.8	3 210.7	2 965.0	2 741.0
Transport equipment	1 522.3	1 528.0	1 419.6	1 467.8
Other machinery and equipment	1 800.5	1 682.7	1 545.4	1 273.1
Specialised military assets	-	-	-	27.6
Biological assets	0.7	11.2	2.7	1.1
Land and subsoil assets	31.5	27.4	49.0	-
Software and other intangible assets	231.4	95.5	197.4	167.4
Total payments for capital assets	6 067.8	7 182.9	8 780.8	8 898.3
Payments for financial assets	1 335.8	1 812.5	10 972.9	32 758.3
Total	470 192.5	541 495.7	636 063.5	755 522.9
Contingency reserve	-	-	-	-
Projected underspending	-	-	-	-3 000.0
Total	470 192.5	541 495.7	636 063.5	752 522.9

Table 4. Expenditure by economic classification 2006/07 to 2012/13

Revised estimate	Medium-term expenditure estimates			R million
	2009/10	2010/11	2011/12	
76 008.7	84 093.2	90 167.3	95 232.5	Current payments
63 383.4	69 171.6	74 337.1	78 539.2	Compensation of employees
12 625.3	14 921.6	15 830.2	16 693.2	Salaries and wages
43 205.8	46 843.3	51 466.9	53 656.0	Social contributions
57 601.0	71 359.6	88 465.0	104 024.5	Goods and services
57 600.2	71 358.7	88 464.1	104 023.5	Interest and rent on land
0.8	0.8	0.9	1.0	Interest (including interest on finance leases)
				Rent on land
176 815.6	202 296.0	230 099.3	252 913.0	Total current payments
345 167.9	381 726.9	417 237.3	442 587.4	Transfers and subsidies to:
294 968.2	322 858.2	350 547.1	369 348.4	Provinces and municipalities
294 968.2	322 858.2	350 547.1	369 348.4	Provinces
50 199.7	58 868.7	66 690.2	73 239.0	Provincial revenue funds
50 199.7	58 868.7	66 690.2	73 239.0	Municipalities
57 114.3	58 456.5	65 123.0	68 388.7	Municipal bank accounts
12.7	11.6	12.4	13.0	Departmental agencies and accounts
57 101.6	58 445.0	65 110.6	68 375.7	Social security funds
15 437.4	17 532.0	19 318.5	20 669.2	Departmental agencies (non-business entities)
1 260.9	1 313.9	1 288.8	1 380.3	Universities and technikons
19 725.2	20 129.1	20 700.1	21 489.8	Foreign governments and international organisations
17 555.0	16 988.4	17 034.7	17 355.7	Public corporations and private enterprises
5 198.9	5 180.8	5 262.0	5 499.9	Public corporations
12 356.1	11 807.6	11 772.7	11 855.7	Subsidies on products or production
2 170.1	3 140.7	3 665.4	4 134.1	Other transfers to public corporations
1 795.1	2 778.8	3 255.0	3 629.1	Private enterprises
375.1	362.0	410.3	505.0	Subsidies on products or production
1 225.1	2 275.2	2 339.0	1 894.0	Other transfers to private enterprises
90 622.4	98 234.2	108 805.0	117 648.6	Non-profit institutions
85 620.3	92 792.8	102 213.6	110 636.4	Households
5 002.1	5 441.4	6 591.5	7 012.1	Social benefits
				Other transfers to households
530 553.1	579 667.8	634 811.7	674 058.0	Total transfers and subsidies
5 862.9	5 994.9	7 237.3	9 660.6	Payments for capital assets
4 743.8	4 537.4	4 836.4	6 935.7	Buildings and other fixed structures
1 119.2	1 457.5	2 400.9	2 725.0	Buildings
2 735.2	3 236.9	3 381.4	3 525.6	Other fixed structures
1 467.8	1 352.7	1 474.3	1 690.0	Machinery and equipment
1 267.4	1 884.2	1 907.2	1 835.6	Transport equipment
27.6	19.6	24.5	122.0	Other machinery and equipment
1.1	1.6	0.7	0.7	Specialised military assets
-	-	-	-	Biological assets
61.0	37.5	32.7	33.8	Land and subsoil assets
				Software and other intangible assets
8 687.9	9 290.5	10 676.6	13 342.9	Total payments for capital assets
32 760.0	20 888.6	750.0	0.0	Payments for financial assets
748 816.5	812 142.9	876 337.6	940 313.8	Total
-	6 000.0	12 000.0	24 000.0	Contingency reserve
-	-	-	-	Projected underspending
748 816.5	818 142.9	888 337.6	964 313.8	Total

Table 5. Amounts to be appropriated from the National Revenue Fund for 2010/11

	Appropriated (including direct charges)	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	To be appropriated	Increase/ Decrease ¹	
R million	2009/10	2010/11						
Central Government Administration								
1	The Presidency	609.6	343.0	371.9	12.2	–	727.2	117.6
2	Parliament	1 350.7	1 275.4	284.8	11.7	–	1 571.9	221.2
3	Cooperative Governance and Traditional Affairs	35 604.4	619.7	43 288.5	13.3	–	43 921.5	8 317.0
4	Home Affairs	5 050.6	3 992.4	1 587.8	139.3	–	5 719.6	669.0
5	International Relations and Cooperation	5 337.0	3 688.6	820.2	315.7	–	4 824.4	-512.6
6	Public Works	5 298.0	2 042.8	3 029.6	1 373.9	–	6 446.3	1 148.3
7	Women, Children and People with Disabilities	64.0	39.3	51.9	6.6	–	97.8	33.8
Financial and Administrative Services								
8	Government Communication and Information System	482.0	355.5	187.4	3.4	–	546.2	64.2
9	National Treasury	354 795.2	72 806.9	296 522.2	14.5	20 750.0	390 093.6	35 298.4
10	Public Enterprises	3 797.3	174.7	36.7	0.6	138.6	350.6	-3 446.8
11	Public Service and Administration	596.3	376.9	271.6	2.9	–	651.5	55.2
12	Statistics South Africa	1 608.6	1 871.5	3.8	98.1	–	1 973.4	364.8
Social Services								
13	Arts and Culture	2 623.5	311.1	2 089.1	6.6	–	2 406.7	-216.7
14	Basic Education	3 929.9	1 777.1	4 385.1	4.1	–	6 166.2	2 236.3
15	Health	17 058.1	1 063.0	20 403.3	30.7	–	21 497.0	4 438.9
16	Higher Education and Training	25 259.6	382.4	31 752.7	9.8	–	32 144.9	6 885.3
17	Labour	1 671.0	1 259.9	515.2	8.8	–	1 783.9	112.9
18	Social Development	86 408.3	543.0	95 376.0	10.1	–	95 929.1	9 520.7
19	Sport and Recreation South Africa	2 859.9	192.9	1 047.6	5.1	–	1 245.6	-1 614.3
Justice, Crime Prevention and Security								
20	Correctional Services	13 238.6	14 007.7	13.1	1 108.3	–	15 129.0	1 890.5
21	Defence and Military Veterans	32 024.4	23 099.0	6 830.1	786.2	–	30 715.3	-1 309.1
22	Independent Complaints Directorate	114.9	126.0	0.1	3.3	–	129.3	14.5
23	Justice and Constitutional Development	11 278.6	9 984.8	1 567.9	627.7	–	12 180.4	901.8
24	Police	46 409.7	49 336.4	438.4	2 781.7	–	52 556.4	6 146.7
Economic Services and Infrastructure								
25	Agriculture, Forestry and Fisheries	2 903.5	1 773.5	1 836.5	47.9	–	3 658.0	754.5
26	Communications	2 266.9	483.2	1 626.7	4.1	–	2 114.0	-152.9
27	Economic Development	292.5	95.2	318.6	4.8	–	418.6	126.1
28	Energy	3 742.3	202.1	5 328.7	4.6	–	5 535.4	1 793.1
29	Environmental Affairs	2 261.0	910.2	1 224.3	473.3	–	2 607.8	346.8
30	Human Settlements	14 020.0	599.5	15 442.8	159.3	–	16 201.5	2 181.5
31	Mineral Resources	904.9	607.3	408.7	14.1	–	1 030.0	125.1
32	Rural Development and Land Reform	6 109.4	1 878.1	4 871.6	19.8	–	6 769.6	660.2
33	Science and Technology	4 234.1	362.0	4 249.5	4.1	–	4 615.5	381.4
34	Tourism	1 109.1	196.1	953.3	2.4	–	1 151.8	42.8
35	Trade and Industry	6 051.7	1 142.9	4 992.6	14.7	–	6 150.1	98.4
36	Transport	23 734.8	743.4	24 301.3	41.6	–	25 086.3	1 351.4
37	Water Affairs	7 462.4	3 632.8	3 238.5	1 125.3	–	7 996.6	534.2
Total	732 562.8	202 296.0	579 667.8	9 290.5	20 888.6	812 142.9	79 580.2	

1. A positive number reflects an increase and a negative number a decrease.

Table 6a. Conditional grants to provinces 2006/07 to 2012/13 ¹

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates			
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13	
Central Government Administration									
3	Cooperative Governance and Traditional Affairs	–	–	29.7	–	–	–	–	
6	Public Works	710.1	836.6	889.3	1 501.2	1 401.2	1 483.8	1 962.0	2 060.1
Financial and Administrative Services									
9	National Treasury	4 983.5	6 276.2	7 384.5	13 449.2	13 449.2	11 314.9	13 091.2	14 007.6
Social Services									
13	Arts and Culture	–	163.2	344.6	440.6	440.6	512.7	543.4	570.8
14	Basic Education	1 242.5	1 376.9	2 114.1	2 575.4	2 575.4	3 931.4	5 048.1	5 447.4
15	Health	10 206.5	11 552.7	14 028.7	16 702.5	16 417.5	19 852.8	21 971.8	24 030.4
16	Higher Education and Training	1 973.7	2 435.3	3 005.8	3 168.3	3 168.3	3 772.7	3 972.0	4 169.1
19	Sport and Recreation South Africa	119.0	194.0	293.7	402.3	402.3	426.4	452.0	474.6
Economic Services and Infrastructure									
25	Agriculture, Forestry and Fisheries	401.1	761.7	898.0	973.7	973.7	1 116.9	1 437.1	1 508.9
30	Human Settlements	6 677.8	8 149.9	10 177.9	12 592.3	12 592.3	15 160.6	17 222.4	17 938.7
32	Rural Development and Land Reform	8.0	–	–	–	–	–	–	–
35	Trade and Industry	58.2	–	–	–	–	–	–	–
36	Transport	3 241.0	3 029.4	4 340.3	6 669.9	6 669.9	4 312.4	4 158.5	4 360.9
Total		29 621.6	34 775.9	43 506.6	58 475.4	58 090.4	61 884.5	69 858.4	74 568.4

1. Detail provided in the Division of Revenue Act (2010).

Table 6b. Conditional grants to municipalities 2006/07 to 2012/13 ¹

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates			
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13	
Central Government Administration									
3	Cooperative Governance and Traditional Affairs	6 138.4	8 954.1	9 308.4	11 633.5	11 633.5	12 740.9	15 293.3	18 557.9
6	Public Works	–	–	–	201.7	201.7	623.0	1 108.0	1 163.4
Financial and Administrative Services									
9	National Treasury	410.3	716.5	361.5	851.4	611.4	1 394.6	1 575.1	1 586.3
Social Services									
19	Sport and Recreation South Africa	600.0	4 605.0	4 295.0	2 168.7	2 168.7	512.6	–	–
Economic Services and Infrastructure									
28	Energy	390.7	462.5	589.1	1 108.0	1 092.2	1 240.1	1 376.6	1 151.4
36	Transport	518.0	1 174.0	2 928.7	2 428.0	2 428.0	3 709.9	4 436.1	4 136.7
37	Water Affairs	385.7	732.9	994.6	925.0	854.6	890.1	380.0	399.0
Total		8 443.1	16 645.0	18 477.3	19 316.2	18 990.1	21 111.1	24 169.1	26 994.8

1. Detail provided in the Division of Revenue Act (2010).

Table 7. Training expenditure per vote 2006/07 to 2012/13

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates			
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	
Central Government Administration								
1	The Presidency	1.5	2.3	1.4	1.9	2.2	2.4	2.6
2	Parliament	10.7	10.6	11.9	10.1	10.4	14.2	15.0
3	Cooperative Governance and Traditional Affairs	1.7	2.3	1.7	1.8	2.4	2.6	2.7
4	Home Affairs	35.6	32.4	34.0	35.1	30.9	28.2	28.5
5	International Relations and Cooperation	4.0	13.1	8.1	12.4	14.4	14.1	14.1
6	Public Works	12.8	15.2	22.0	26.1	27.5	28.5	29.9
Financial and Administrative Services								
8	Government Communication and Information System	2.4	4.7	4.2	3.7	4.4	4.2	4.4
9	National Treasury	9.3	16.1	16.9	33.6	19.8	20.4	21.2
10	Public Enterprises	0.8	1.6	1.7	2.2	1.9	2.0	2.0
11	Public Service and Administration	2.0	2.2	3.7	2.6	3.6	3.5	3.7
12	Statistics South Africa	7.7	11.9	14.0	21.2	45.1	42.1	40.0
Social Services								
13	Arts and Culture	2.4	3.1	4.5	2.1	2.3	2.4	2.5
14	Basic Education	1.6	2.8	6.5	1.7	2.5	2.4	2.5
15	Health	5.5	9.5	1.8	4.5	5.5	6.1	6.6
16	Higher Education and Training	1.8	2.5	2.9	1.9	2.6	2.8	2.9
17	Labour	8.9	6.5	8.9	8.3	8.9	9.3	9.8
18	Social Development	2.2	1.7	1.8	2.3	2.5	2.6	2.8
19	Sport and Recreation South Africa	0.5	0.9	0.9	1.1	1.1	1.1	1.1
Justice, Crime Prevention and Security								
20	Correctional Services	111.4	125.6	76.0	89.5	64.0	100.5	105.6
21	Defence and Military Veterans	85.6	87.4	117.7	113.6	145.6	151.0	167.0
22	Independent Complaints Directorate	0.5	0.6	0.6	0.7	0.7	0.8	0.8
23	Justice and Constitutional Development	12.4	18.3	37.5	86.4	78.9	83.6	89.4
24	Police	807.5	966.0	1 124.0	1 006.5	1 386.6	1 449.0	1 514.2
Economic Services and Infrastructure								
25	Agriculture, Forestry and Fisheries	27.3	20.3	24.2	16.4	20.0	21.8	23.3
26	Communications	3.1	3.7	6.0	9.0	9.4	9.9	10.4
27	Economic Development	–	–	–	–	0.1	0.2	0.2
28	Energy	0.6	0.7	1.6	2.1	3.5	3.9	4.1
29	Environmental Affairs	2.3	2.1	2.2	2.3	2.5	2.7	2.9
30	Human Settlements	2.0	1.2	2.9	12.9	14.1	15.2	16.1
31	Mineral Resources	1.5	1.7	3.8	9.1	3.5	3.9	4.1
32	Rural Development and Land Reform	11.6	9.0	9.4	11.9	12.6	13.3	13.9
33	Science and Technology	1.0	3.6	5.2	6.5	5.1	5.4	5.6
34	Tourism	1.5	1.4	1.5	1.0	1.0	1.0	1.1
35	Trade and Industry	3.2	1.0	2.5	9.3	11.0	11.5	12.0
36	Transport	3.0	3.2	1.8	3.9	4.0	4.0	4.1
37	Water Affairs	37.0	38.9	40.8	63.1	65.7	67.3	70.7
Total		1 223.1	1 424.2	1 604.9	1 616.8	2 016.3	2 133.7	2 237.8

Table 8. Infrastructure expenditure per vote 2006/07 to 2012/13 ¹

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Central Government Administration							
2 Parliament	–	5.1	40.5	–	–	–	–
3 Cooperative Governance and Traditional Affairs	6 138.4	8 754.1	9 138.1	11 433.5	12 528.9	15 068.6	18 322.0
4 Home Affairs	45.1	61.4	68.0	56.1	67.2	132.5	129.8
5 International Relations and Cooperation	119.4	649.9	926.7	423.2	231.5	249.8	317.0
6 Public Works	414.1	488.0	988.4	1 220.6	1 303.9	1 603.9	1 634.7
Financial and Administrative Services							
9 National Treasury	5 035.7	6 327.3	7 768.0	9 910.6	12 569.9	14 486.6	15 405.0
Social Services							
13 Arts and Culture	312.1	281.2	448.6	801.4	557.8	455.6	483.0
14 Basic Education	–	–	–	–	80.0	200.0	210.0
15 Health	1 498.7	2 118.5	1 884.8	3 495.2	3 939.6	3 789.7	3 805.0
16 Higher Education and Training	90.5	77.5	54.8	37.0	32.0	26.0	22.0
17 Labour	78.5	64.4	37.6	56.8	25.9	34.6	0.0
19 Sport and Recreation South Africa	600.0	4 605.0	4 295.0	1 661.1	302.3	–	–
Justice, Crime Prevention and Security							
20 Correctional Services	794.8	1 087.0	1 035.5	1 012.5	1 108.3	1 163.1	2 675.6
21 Defence and Military Veterans	49.2	93.4	476.5	452.0	1 120.7	841.1	1 218.3
23 Justice and Constitutional Development	323.7	361.1	479.5	515.5	631.5	759.4	865.0
24 Police	510.5	727.0	843.3	1 049.7	1 118.2	1 235.3	1 544.6
Economic Services and Infrastructure							
25 Agriculture, Forestry and Fisheries	120.0	112.0	108.6	115.0	172.9	270.8	253.5
26 Communications	100.0	646.0	950.0	810.0	420.9	279.0	167.0
28 Energy	1 328.9	1 525.6	1 888.8	2 400.3	4 271.9	4 366.4	4 565.5
29 Environmental Affairs	199.8	405.7	437.4	512.3	656.7	664.8	693.0
30 Human Settlements	–	3 829.9	1 885.1	1 674.3	2 014.8	2 248.4	2 341.9
32 Rural Development and Land Reform	14.4	5.6	6.3	11.8	17.4	18.3	44.7
33 Science and Technology	175.0	272.0	408.0	699.3	745.7	801.0	254.4
35 Trade and Industry	468.0	911.0	967.5	1 283.3	769.9	721.4	758.6
36 Transport	5 801.6	7 934.8	10 601.2	12 799.8	14 131.7	16 038.7	16 542.4
37 Water Affairs	85.9	644.4	1 467.1	1 976.8	2 279.9	3 358.1	3 805.1
Total	24 304.4	41 988.0	47 205.2	54 408.3	61 099.7	68 813.1	76 057.9

1. Amounts include mega infrastructure projects and programmes (over R300 million per year for a minimum of three years, or R900 million total project cost), large projects and programmes (between R300 million and R50 million per year within a given MTEF period), small projects and programmes (less than R50 million per year). Infrastructure transfers to other spheres, agencies and entities, fixed installations transferred to households and maintenance and repair projects are also included. Details are provided in the additional tables in each vote.

Table 9. Personnel expenditure per vote 2006/07 to 2012/13

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates			
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13	
Central Government Administration									
1	The Presidency	100.5	118.7	144.3	187.4	184.4	218.1	242.4	258.2
2	Parliament	446.6	521.0	708.6	780.1	780.1	856.1	905.7	951.2
3	Cooperative Governance and Traditional Affairs	116.2	128.1	153.8	172.3	164.8	241.9	255.3	268.1
4	Home Affairs	844.7	1 087.0	1 296.0	1 659.1	1 659.1	1 896.2	2 134.8	2 243.7
5	International Relations and Cooperation	1 136.5	1 293.2	1 683.4	2 062.6	2 062.6	2 017.1	2 101.4	2 203.1
6	Public Works	613.6	746.4	916.6	1 012.2	1 012.2	1 121.4	1 201.7	1 249.6
7	Women, Children and People with Disabilities	3.8	4.8	5.9	10.0	10.0	15.7	27.5	29.9
Financial and Administrative Services									
8	Government Communication and Information System	84.1	116.2	114.0	137.1	136.9	147.0	157.5	166.3
9	National Treasury	230.9	272.7	321.0	438.5	408.5	538.5	573.0	598.6
10	Public Enterprises	47.2	56.0	70.4	81.4	81.4	88.0	93.5	98.3
11	Public Service and Administration	92.5	115.8	129.1	153.4	153.4	174.4	183.4	193.4
12	Statistics South Africa	414.9	472.0	700.7	1 015.8	1 015.8	891.0	1 065.1	992.5
Social Services									
13	Arts and Culture	95.1	107.2	126.8	146.3	141.3	149.0	159.4	168.7
14	Basic Education	117.0	150.4	186.3	229.9	251.4	255.4	273.8	288.1
15	Health	231.7	258.6	292.5	329.1	329.1	369.7	403.4	442.4
16	Higher Education and Training	131.7	146.2	174.8	203.3	203.6	228.9	245.8	261.1
17	Labour	435.4	497.9	491.3	632.6	611.2	738.4	760.6	811.4
18	Social Development	111.1	133.6	184.1	225.4	225.4	245.1	260.6	277.7
19	Sport and Recreation South Africa	30.1	43.4	54.5	67.6	59.6	75.3	73.7	77.4
Justice, Crime Prevention and Security									
20	Correctional Services	5 606.6	6 799.2	8 077.8	9 313.0	9 313.0	10 483.8	11 058.5	11 611.2
21	Defence and Military Veterans	9 037.6	9 735.9	10 620.0	12 223.2	12 223.2	13 450.4	14 630.1	15 686.9
22	Independent Complaints Directorate	36.8	45.7	58.0	66.5	66.5	74.1	85.5	90.4
23	Justice and Constitutional Development	3 619.7	4 250.9	5 326.2	6 277.1	6 233.7	6 834.7	7 375.3	7 846.8
24	Police	22 730.2	25 610.6	29 147.4	33 770.2	33 770.2	37 148.8	39 660.3	41 777.4
Economic Services and Infrastructure									
25	Agriculture, Forestry and Fisheries	717.4	778.8	908.8	1 138.5	938.5	1 144.2	1 244.2	1 380.2
26	Communications	99.0	97.7	108.0	147.4	147.4	160.4	169.2	177.9
27	Economic Development	–	–	–	12.6	12.6	59.5	78.0	89.8
28	Energy	49.7	68.2	84.6	113.1	112.1	133.0	140.4	142.8
29	Environmental Affairs	156.7	196.3	212.3	260.3	260.3	324.9	351.5	368.9
30	Human Settlements	81.4	107.3	136.9	217.4	217.4	290.2	313.4	328.9
31	Mineral Resources	196.4	222.3	245.5	287.6	287.0	352.3	392.1	414.7
32	Rural Development and Land Reform	406.0	476.4	614.2	954.8	954.8	1 072.2	1 141.5	1 199.8
33	Science and Technology	83.7	104.1	144.9	200.2	200.2	215.0	227.3	239.1
34	Tourism	102.8	130.8	106.4	89.6	89.6	98.5	112.1	160.6
35	Trade and Industry	283.6	327.5	383.1	513.0	469.0	557.8	590.4	628.5
36	Transport	111.2	131.3	182.6	221.0	221.0	259.4	282.2	296.6
37	Water Affairs	972.0	890.7	862.5	1 043.1	1 001.4	1 166.5	1 196.7	1 212.4
Total		49 574.2	56 243.2	64 973.4	76 392.8	76 008.7	84 093.2	90 167.3	95 232.5

Table 10. Departmental receipts per vote 2006/07 to 2012/13 ¹

R million	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimates			
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13	
Central Government Administration									
1	The Presidency	1.7	0.3	0.2	0.5	0.5	0.3	0.3	0.3
2	Parliament	41.9	51.7	55.2	16.3	17.8	15.5	11.9	11.5
3	Cooperative Governance and Traditional Affairs	6.8	0.7	0.8	0.6	0.6	0.6	0.6	0.6
4	Home Affairs	468.2	421.1	355.7	429.5	429.5	455.3	482.6	506.7
5	International Relations and Cooperation	46.3	65.1	43.6	39.2	18.4	31.2	33.3	33.2
6	Public Works	79.9	95.8	28.5	25.6	31.5	26.6	27.7	29.4
Financial and Administrative Services									
8	Government Communication and Information System	3.1	3.1	3.3	2.9	2.9	3.0	3.0	3.0
9	National Treasury	4 355.1	6 116.7	5 270.4	4 148.5	3 839.0	2 354.2	2 544.8	2 602.9
10	Public Enterprises	0.1	0.1	0.8	0.1	0.1	0.1	0.1	0.1
11	Public Service and Administration	1.8	2.7	1.0	0.9	0.9	0.7	0.7	0.7
12	Statistics South Africa	1.5	17.7	2.8	6.9	6.9	2.2	2.5	2.6
Social Services									
13	Arts and Culture	3.2	0.4	3.6	1.0	1.0	0.6	0.6	0.7
14	Basic Education	0.6	1.9	1.5	0.9	0.9	1.1	1.2	1.2
15	Health	33.3	41.2	31.2	33.7	33.7	31.5	32.8	32.9
16	Higher Education and Training	6.2	6.9	6.7	6.5	6.6	6.9	7.0	7.0
17	Labour	6.1	8.4	28.9	12.9	12.9	16.1	22.4	24.3
18	Social Development	865.3	237.0	16.5	0.2	20.2	510.2	10.2	10.2
19	Sport and Recreation South Africa	5.6	0.0	0.3	0.6	5.7	0.3	0.4	0.4
Justice, Crime Prevention and Security									
20	Correctional Services	100.0	136.3	80.5	131.2	136.7	143.4	152.0	161.0
21	Defence and Military Veterans	492.8	551.9	629.4	676.7	676.7	702.5	729.2	756.9
22	Independent Complaints Directorate	0.0	0.4	0.1	0.1	0.1	0.1	0.1	0.1
23	Justice and Constitutional Development	319.5	317.0	356.8	358.9	358.9	377.6	399.8	422.5
24	Police	251.9	345.1	376.5	332.6	332.6	341.7	321.3	324.5
Economic Services and Infrastructure									
25	Agriculture, Forestry and Fisheries	141.1	121.1	254.0	219.7	216.7	119.3	121.5	118.2
26	Communications	2 613.8	3 007.4	3 520.1	933.0	1 160.8	925.0	959.4	993.4
27	Economic Development	177.5	229.3	244.4	484.8	420.0	230.0	243.8	250.0
28	Energy	0.1	1.2	3.3	3.5	3.5	3.7	3.9	4.1
29	Environmental Affairs	4.9	4.7	8.5	2.7	2.7	0.8	0.8	0.8
30	Human Settlements	1.9	0.7	2.4	0.5	2.8	0.5	0.5	0.6
31	Mineral Resources	191.0	267.1	261.3	161.8	161.8	205.6	211.8	213.9
32	Rural Development and Land Reform	158.8	176.4	64.2	231.2	61.1	68.4	69.0	64.5
33	Science and Technology	1.0	0.2	0.3	1.0	1.0	0.1	0.1	0.1
35	Trade and Industry	66.6	94.2	64.9	66.7	67.0	108.3	114.9	120.2
36	Transport	330.4	362.5	215.8	231.7	116.6	127.8	137.4	144.3
37	Water Affairs	137.2	0.1	26.6	72.6	39.8	41.2	44.0	44.0
Total departmental receipts as per Estimates of National Expenditure		10 915.2	12 686.3	11 960.0	8 635.5	8 188.0	6 852.2	6 691.4	6 887.0
Less: Parliament (retained departmental receipts)		41.9	51.7	55.2	16.3	17.8	15.5	11.9	11.5
Plus: South African Revenue Service departmental receipts collection		-30.0	58.0	711.4	1 205.8	812.4	3 543.6	4 803.7	5 503.9
Total departmental receipts as per Budget Review		10 843.3	12 692.6	12 616.2	9 825.0	8 982.6	10 380.3	11 483.2	12 379.4

1. Departmental receipts exclude extraordinary receipts which are deposited into the National Revenue Fund. Extraordinary receipts are included in the Budget Review.

Information contained in each chapter

The Estimates of National Expenditure publication describes in detail the planned spending of all national government departments for three years going forward: that is, the years of the medium term expenditure framework (MTEF). The Estimates of National Expenditure is tabled in Parliament by the Minister of Finance on the day the main Budget is tabled. It provides details about the allocation of expenditure to all national departments set out in the appropriation bill, which is tabled on the same day.

The appropriation bill is divided into votes. A vote generally specifies the total amount appropriated per department. Each chapter in the Estimates of National Expenditure relates to a vote. By appropriating funds from the National Revenue Fund through the approval of the appropriation bill, Parliament authorises expenditure.

Votes are arranged into the following functional groupings to facilitate analysis of interdepartmental initiatives and service delivery.

- central government administration
- financial and administrative services
- social services
- justice, crime prevention and security
- economic services and infrastructure.

These functional groupings are informal and are not the same as either the government's cluster system groupings or the standard chart of accounts' more rigorous classification of government functions.

The Estimates of National Expenditure booklets for individual votes are available on www.treasury.gov.za. They provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers, public entities and lower level institutional information.

The chapter for each vote contains the following information:

Budget summary

This table shows the budgeted expenditure for the vote for the MTEF period.

R million	2010/11					2011/12	2012/13
	Total to be Appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	Total	Total
MTEF allocation							
Programme name							
Programme name							
Programme name							
Subtotal							
Direct charge against the National Revenue Fund							
Item							
Item							
Total expenditure estimates							
Executive authority	Minister						
Accounting officer	Director-General / Chief Operating Officer						
Website address							

Due to rounding off, the figures do not necessarily add up to the total. Figures are mostly denoted in rand million unless otherwise indicated.

The **2010/11 total to be appropriated** shows the expenditure allocation for 2010/11 and corresponds with the information in the 2010 Appropriation Bill.

The totals to be appropriated by Parliament are categorised by economic classification into **current payments, transfers and subsidies, payments for capital assets** and **payments for financial assets**.

Current payments are payments made by the department for its operational requirements.

Transfers and subsidies are payments made by the department for which the department does not directly receive anything in return.

Payments for capital assets are payments made by a department for an asset that can be used for more than one year and from which future economic benefits or service potential are expected to flow.

Payments for financial assets mainly consist of payments made by departments as loans to public corporations or as equity investments in public corporations. The reason for expensing the payments rather than treating them as financing is that, unlike other financial transactions, the purpose of the transaction is not profit oriented. This column is only shown in departments where such payments have been budgeted for. Payments for theft and losses are included in this category; however, these payments are not budgeted for and will thus only appear in the historical information, which can be seen in the expenditure estimates table.

Estimates for the two outer years of the expenditure framework, **2011/12** and **2012/13**, are also shown. These estimates are not included in the 2010 Appropriation Bill as they are still only indicative of actual expenditure levels in the outer years of the MTEF period. Parliament typically only appropriates or authorises expenditure for one financial year at a time. These forward estimates or indicative allocations do, however, form the basis for the planning of the 2011 Budget.

Direct charges against the National Revenue Fund are amounts appropriated in terms of statutes and do not require parliamentary approval. They are not budgeted for in terms of a programme on a particular vote and include, for example, state debt costs.

The last lines of the table provide accountability information: the department's executive authority, accounting officer and website address.

Aim

The aim of the vote captures the department's mandate, strategic objectives or its administrative functions, and corresponds with the aim stated in the appropriation bill.

Programme purposes

Each vote is comprised of several programmes. The activities and functions performed by a department are typically divided into these programmes. Programme 1 is the *Administration* programme, which houses the administrative activities and functions required to keep the department operating. Each vote programme is listed individually with its purpose, as stated in the appropriation bill. The programme purpose outlines the activities and functions of the particular programme as per the approved budget programme structure, in terms of the Public Finance Management Act (1999).

Strategic overview: 2006/07 – 2012/13

This section describes the department's strategic direction over the period under review. It includes policy and mandate developments and legislative changes as well as a table of selected quantitative and trendable performance indicators.

Savings and cost effective service delivery

In this section, departments discuss details of the cost savings measures and reprioritisation of budgets effected in the 2009/10 financial year and to be effected over the MTEF period ahead.

Savings typically emanate from reduced expenditure on non-core goods and services, the rescheduling of expenditure over time in the case of delays, reduced transfers to certain public entities, improved financial management, reduced expenditure on administration in favour of frontline services and through seeking alternative sources of financing.

Selected performance indicators

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13

The table presents only a selected set of a department or entity's performance information and is not intended to provide a comprehensive view of performance.

An **indicator** is a numerical measure that tracks a department's or entity's progress towards its goal. An indicator may measure inputs, activities, outputs, outcomes or in certain instances explanatory information relating to the internal or external environment.

The **programme** column links the indicator to the programme associated with it.

Expenditure estimates

This table shows expenditure outcomes and estimates over a seven-year period, by vote programme and by economic classification item.

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Programme name								
2. Programme name								
3. Programme name								
Subtotal								
Direct charge against the National Revenue Fund								
Item								
Item								
Total								
Change to 2009 Budget estimate								

Economic classification

Current payments			
Economic classification item			
Economic classification item			
Transfers and subsidies			
Economic classification item			
Economic classification item			
Payments for capital assets			
Economic classification item			
Economic classification item			
Payments for financial assets			
Total			

Expenditure is set out first by **programme** and then by **economic classification** over a seven-year period.

For comparability, where programme structures have been changed in recent years, expenditure has, where possible, been reallocated to the new approved programme structure for all seven years. The president's appointment of ministers and deputy ministers after the 2009 general elections has necessitated a reorganisation of national departments, including renaming departments and establishing new departments. As a result, functions may have shifted between departments as a whole or in part, and new functions may have been defined.

Audited outcomes are presented as they appear in the department or entity's annual financial statements, with amounts reallocated for any subsequent approved budget programme structure changes.

Adjusted appropriation includes the changes made to the appropriation voted in the 2009 main Budget for the financial year, with amounts reallocated for any subsequent approved programme structure changes. Changes are generally made mid-year at the time of the adjustments budget. These adjustments can only be made in terms of the circumstances listed in section 30 of the Public Finance Management Act (1999). Adjustments are included in the adjustments appropriation bill, which Parliament approves before expenditure can take place, and the details are published in the Adjusted Estimates of National Expenditure publication.

The **revised estimate** for 2009/10 represents National Treasury's current estimate, in consultation with the department, of expenditure outcomes. This does not imply a change in the amounts voted to departments in the 2009/10 adjusted appropriation; it is merely a more recent estimate of what the department will indeed spend.

The **medium-term expenditure estimates** are shown for 2010/11, 2011/12 and 2012/13. The spending figures for 2010/11 constitute the proposed appropriation to be funded from the National Revenue Fund that is contained in the main appropriation bill, which has to be considered by Parliament after it has been tabled. The medium-term expenditure estimates for 2011/12 and 2012/13 are indicative allocations, and will form the basis for planning the 2011 Budget.

Direct charges against the National Revenue Fund are amounts appropriated in terms of statutes and do not require parliamentary approval. They are not budgeted for in terms of a programme on a particular vote and include, for example, state debt costs.

The **totals**, which are the sum of the expenditure on programmes and direct charges, are also classified into current payments, transfers and subsidies, payments for capital assets and payments for financial assets.

Expenditure trends

The main expenditure trends and vote programme structure changes from 2006/07 to 2012/13 are described. Trends are generally represented over the MTEF period between 2009/10 and 2012/13, or over the entire period between 2006/07 and 2012/13.

An explanation of the spending focus over the MTEF period in relation to the strategic objectives and the performance targets that will be achieved over the period is given. Expenditure growth in the historical period is also typically compared to expenditure anticipated over the MTEF period. Reasons are given for trends that are identified, and the significant increases or decreases in expenditure are explained in terms of the underlying policies and service delivery objectives that inform the trends. A summary of the new (additional) allocations to the vote programme's baseline budget is given. The baseline is derived from the previous year's forward estimates. Expenditure on existing and new infrastructure is discussed.

Generally, unless otherwise indicated, average annual growth rates are reflected in nominal, not real, terms. Where inflationary growth has been excluded from the calculation and real growth estimates are provided, the consumer price index has been used to deflate the growth rate.

Departmental receipts

Departmental (non-tax) receipts for 2009/10 are described, as well as the anticipated receipts for the MTEF period.

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts								
Economic classification item								
Economic classification item								
Total								

Information on each programme

Each programme section (with the exception of the *Administration* programme) opens with the purposes of the subprogrammes that form that programme. The details of functions performed within subprogrammes and the principle for distributing funds across spending areas within subprogrammes are also described.

Programme 1 is always *Administration*, which includes spending on the ministry, the director-general's office and central corporate services.

Objectives and measures

Objectives and measures are indicated for each programme. Objectives should include an explanation of strategic intent as well as specific interventions and progress measures. (Programme 1 (*Administration*) is generally exempt from providing objectives and measures.)

For example: Improve service to eligible citizens and residents (objective) by reducing the time taken to issue passports and travel documents (specific intervention) from 10 days in 2008/09 to 5 days in 2011/12 (progress measure).

Service delivery focus

Information is provided on recent achievements for each programme, including service delivery and operational achievements for the previous year and for the current financial year to date. Reports are given relative to the targets that were presented in previous Estimates of National Expenditure and Adjusted Estimates of National Expenditure publications.

Expenditure estimates (per programme)

Tables for each programme set out expenditure by subprogramme and economic classification over a seven-year period.

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Subprogramme name							
Subprogramme name							
Subprogramme name							
Total							
Change to 2009 Budget estimate							

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Economic classification							
Current payments							
Economic classification item							
Economic classification item							
Transfers and subsidies							
Economic classification item							
Economic classification item							
Payments for capital assets							
Economic classification item							
Economic classification item							
Payments for financial assets							
Total							

Expenditure trends (per programme)

Important expenditure trends for each programme are explained. The scope of the information provided in this section is similar to what is provided for the entire vote.

Public entities and other agencies

Where appropriate, the discussion of an entity is linked to a specific vote programme and is shown directly after the discussion of that programme.

The scope of information contained in the write-up on public entities is similar to what is reported for the department.

Information on each of the public entities generally consists of the following:

- key legislative mandates in terms of which the entity was established and within which it operates
- selected performance indicators relating to the entity's mandate
- planned deliverables for the next MTEF period
- key objectives achieved during the previous reporting periods
- financial data tables for the entity, focusing on the sources of funding for the entity, key spending areas and expenditure trends, and if applicable an analysis of some of the more important items on the entity's balance sheet
- reprioritisation and savings measures implemented.

Additional tables

Additional tables appear at the end of the vote. These include:

Summary of expenditure trends and estimates per programme and economic classification

This table shows the budgeted expenditure as well as the audited outcome and revised estimate for 2008/09 and 2009/10 respectively.

Summary of personnel numbers and compensation of employees

Employment information is provided in respect of the department. The amount spent by a department on compensation of employees is shown.

Information is provided on different categories of employees.

The **unit cost** refers to the average cost per person employed by the department. It is calculated by dividing the compensation figure by the personnel numbers.

Personnel numbers refers to the physical number (head count) of people employed by the department.

Details of establishment and personnel numbers per salary level

Employment information is provided in respect of the department. The amount spent by a department on compensation of employees is shown.

Information is provided on the number of posts in the department at different salary levels **per programme** as at 30 September 2009.

Number of posts on approved establishment refers to the number of departmental employment positions approved by the Department of Public Service and Administration.

Number of funded posts refers to the number of departmental employment positions which are provided within the budget.

Number of posts additional to the establishment typically refers to additional employment positions that have been allocated on an ad hoc basis and that do not form part of the approved departmental establishment.

Summary of expenditure on training

Information is provided on the funds spent on training, and the number of people trained by the department.

Summary of conditional grants to provinces and municipalities

A conditional grant refers to an allocation made by the national government, from its nationally raised revenue, to a province, local government or municipality, on condition that certain requirements or services are met.

Summary of departmental public private partnerships projects

Disclosure notes with additional details are provided for the projects signed in terms of Treasury Regulation 16.

Public private partnerships refer to contractual arrangements in which a private party performs part of a government function and assumes the associated risks. In return, the private party receives a fee according to predefined performance criteria. A public private partnership may also be a project in which a private party uses state assets for its own commercial purposes, and government benefits from the profits generated by the enterprise.

Unitary fee refers to the total payment made to the private party for the provision of all types of services.

A **signed** project is a public private partnership project which has reached financial close and is being implemented.

Projects in preparation are in some stage of inception, feasibility or procurement, but have not yet reached financial close.

Project monitoring costs are associated with the ongoing evaluation and monitoring of public private partnerships in operation.

Advisory fees are costs related to the hiring of transaction advisors who assist government with feasibility studies and procurement in the public private partnership project process.

Revenue generated is shown in cases where public private partnership projects have revenue generating potential such as tourism projects or toll roads.

Summary of donor funding

Donor funding is funding received by departments over and above the allocations provided in the South African government's appropriation legislation.

Donor funding comprises official development assistance and other local and international donations.

Official development assistance is an official resource flow from the international donor community to the South African government in the form of grants, technical cooperation and financial cooperation.

The **programme** column links the donor funding to the vote programme that is associated with it.

The **spending focus** shows what the department aims to achieve by using the funding.

Summary of expenditure on infrastructure

The infrastructure table includes new and replacement assets, maintenance and repairs, upgrades and additions, and rehabilitation, renovation and refurbishment of assets.

Infrastructure transfers to other spheres, agencies and departments refers to transfers and grants to other government components for expenditure on infrastructure.

Fixed installations transferred to households shows the transfer of funds to individual South Africans to be used for the construction of fixed 'on-site' structures that enhance the welfare of households.

Maintenance on infrastructure refers to all maintenance, repairs and refurbishment expenditure on infrastructure that prolongs the life and retains the value of the infrastructure asset. This item does not include day-to-day maintenance.

In all tables a dash (-) indicates that information is unavailable or zero.

Human Settlements

National Treasury
Republic of South Africa



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Vote 30

Human Settlements

Budget summary

R thousand	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	176 175	172 962	–	3 213	182 418	190 915
Housing Policy, Research and Monitoring	45 907	45 454	–	453	48 168	50 810
Housing Planning and Delivery Support	206 831	148 796	4 000	54 035	173 425	183 334
Housing Development Finance	15 598 126	59 562	15 437 757	100 807	17 898 881	18 991 610
Strategic Relations and Governance	174 442	172 691	1 000	751	180 111	187 169
Total expenditure estimates	16 201 481	599 465	15 442 757	159 259	18 483 003	19 603 838
Executive authority	Minister of Human Settlements					
Accounting officer	Director-General of Human Settlements					
Website address	www.housing.gov.za					

The Estimates of National Expenditure booklets for individual votes are available on www.treasury.gov.za. They provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers, public entities and lower level institutional information.

Aim

The aim of the Department of Human Settlements is to determine, finance, promote, coordinate, communicate and monitor the implementation of housing and sanitation policies and programmes.

Programme purposes

Programme 1: Administration

Purpose: Strategic leadership and administrative and management support services to the department.

Programme 2: Housing Policy, Research and Monitoring

Purpose: Develop and promote human settlement and housing policies supported by a responsive research agenda. Monitor and assess the implementation, performance and impact of national housing policies and programmes.

Programme 3: Housing Planning and Delivery Support

Purpose: Support implementation and delivery, build capacity, and liaise and communicate with stakeholders for effective housing and human settlement programmes. Coordinate and monitor the implementation of priority projects and the sanitation programme.

Programme 4: Housing Development Finance

Purpose: Fund housing and human settlement development programmes. Provide financial and grant management services. Promote investment in housing finance. Mobilise and promote financial probity within housing institutions. Manage all matters provided for by the Home Loan and Mortgage Disclosure Act (2000).

Programme 5: Strategic Relations and Governance

Purpose: Coordinate the department's mandate within the intergovernmental relations framework. Manage international relations and promote good governance practices within the department and its public entities. Provide timely and integrated business information to the department.

Strategic overview: 2006/07 – 2012/13

The development of integrated and sustainable human settlements is the strategic anchor of the Department of Human Settlements in support of government's constitutional obligation to provide access to adequate housing. In addition to improving spatial integration and social cohesion, housing provides low income households with a key component of a sustainable livelihood.

Strategic framework for developing sustainable human settlements

The strategic framework for developing sustainable human settlements aims to ensure responsiveness to the objectives of government's medium term strategic framework to expand social and economic infrastructure and build cohesive, caring and sustainable communities. The five year framework (2009–2014) was developed in July 2009 to provide policy coordination, ensure accountability and improve planning across sector departments and the three spheres of government. After consultation, this framework will form the basis of a social contract for human settlements, which was drafted in January 2010. Significant progress has been made in ensuring the alignment of norms and standards across sectors to improve intergovernmental coordination. The department also leads the human settlements and basic services task team in support of the department's expanded mandate, and through consultation and interaction with provincial departments sets priorities and monitors performance on the delivery of human settlements.

Key policy developments

Cabinet has approved the Sectional Titles Amendment Bill and the Community Scheme Ombud Service Bill for public comment. The Sectional Titles Amendment Bill provides for the creation of the Sectional Titles Schemes Management Regulations Board and shifts the administrative provisions for sectional title scheme management from the Minister of Rural Development and Land Reform to the Minister of Human Settlements. The Community Scheme Ombud Service Bill provides for the creation of a national public entity, with the Minister of Human Settlements as its executive authority, which will provide dispute resolution services for community property development schemes.

The Housing Development Agency has been established in terms of the Housing Development Agency Act (2008) and aims to assist provinces and municipalities with land acquisition, project management and development. The agency will be fully operational in 2010/11 to regulate social housing institutions that receive funds from government for the construction of low and medium income rental housing.

A milestone in policy development was the finalisation of the new national housing code in 2009, which introduces the integrated residential development programme to provide secure, stable rental tenure for low income households. The code provides rental or tenure based subsidies for farm workers who reside on farms or who own land, as well as subsidies for military veterans. In addition, the code now provides for environmentally sustainable development.

Focus over the medium term

Guidance and support for implementing policy

Over the MTEF period, the Department of Human Settlements will emphasise providing guidance and support on policy implementation. This will include direct support to provinces and municipalities on the implementation of projects, supporting projects where there are blockages, and facilitating cooperation with the private sector. Further, the department will continue to refine the role of municipalities in the housing delivery chain as well as establish the necessary mechanisms for the rollout of accreditation, as provided for in the Housing Act (1997). By December 2009, 18 municipalities were granted level 1 accreditation, which allows their councils to identify housing projects. Seven of these municipalities have been audited to assess their compliance with the requirements to perform housing functions in terms of the accreditation framework.

The department continues to provide assistance and monitoring support to provinces and municipalities in their planning of priority housing projects, including: Zanemvula (Eastern Cape), Khutsong (North West), Klarinet (Mpumalanga), Lerato Park and Ouboks (Northern Cape) N2 Gateway (Western Cape) and Cornubia (KwaZulu-Natal).

Housing quality audit

A preliminary housing quality audit is being conducted by the department and will focus on the persistent and chronic problems in the delivery of quality houses and in the allocation of subsidies to non-qualifying beneficiaries. The first phase of the audit has been completed and included visits to provinces to gain an understanding of their project management processes and systems, and an analysis of all the projects reflected on the housing subsidy system. The second phase of the audit starts in February 2010, and involves the analysis of documentation to identify contracts for further investigation. This phase is to be completed before December 2010. An audit task team has been established. The audit will have various implications for the rectification programme, which aims to improve pre-1994 state supported housing in line with the National Home Builders Registration Council's mandate to enrol subsidised housing to improve the quality of houses delivered.

Addressing spatial planning challenges

Having adopted a comprehensive approach to human settlements, the department will look at key challenges around spatial planning, such as urbanisation and migration patterns and the further mushrooming of informal settlements. It will also look at how best to coordinate investment between sector departments, critical public and private role players, and the three spheres of government.

Coordinated sanitation programme

The sanitation programme has been transferred to the Department of Human Settlements from the Department of Water Affairs. This shift will ensure that the provision of sanitation services countrywide is consolidated and coordinated. The sanitation programme is critical for the progressive eradication of inadequate sanitation conditions in informal settlements and rural areas, and contributes to government's rural development strategy.

Savings and cost effective service delivery

The department's allocation has been reduced by R275.3 million in 2010/11, R335.7 million in 2011/12 and by R382.6 million in 2012/13. Efficiency savings have been realised mainly on reduced transfers to the Social Housing Regulatory Authority and reductions in the department's operational expenditure. Significant savings will be realised on the operational budget by reducing expenditure on compensation of employees by R90 million and on goods and services by R233.9 million over the MTEF period. The savings are across all programmes and focus on travel and subsistence and communication costs.

The impact of these savings has been partially mitigated by changes in the way the department operates, although they are resulting in some constraints on support implementation due to the reductions in travel and subsistence budgets.

Allocations for the Social Housing Regulatory Authority are reduced by 50 per cent in 2010/11, 62 per cent in 2011/12 and 74 per cent in 2012/13 in anticipation of a further delay in establishing the regulator. Enough funding is available for the institutional requirement to set up the regulator and to provide for capacity building grants. Capital grants will be limited and will have to be supported by the institutional subsidy programme for

rental housing institutions. To accommodate continuous support to the social housing sector, the allocation for the Social Housing Foundation has been retained until the regulator has been established.

To ensure an increase in the supply of rental housing to accommodate increased urban in-migration, the allocation formula of the integrated human settlement grant has been adjusted. Further changes to the allocation mechanism are being pursued to take into account capacity challenges in certain provinces and related municipalities.

Selected performance and operations indicators

Table 30.1 Human Settlements

Indicator	Programme	Past			Current*	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of houses completed and in process of completion per year	Housing Development Finance	271 219	248 850	239 533	166 047*	220 000	220 000	230 000
Number of units completed in rental programme per year	Housing Planning and Delivery Support	–	–	3 000	2 000	3 000	5 000	7 000
Number of individual credit linked subsidies approved per year	Housing Development Finance	614	907	572	700	850	1 000	1 100
Number of beneficiaries approved in the People's Housing Process per year	Housing Planning and Delivery Support	37 090	32 426	11 117	12 500	13 000	13 500	14 000
Number of municipalities provided with capacity development to support accreditation per year	Strategic Relations and Governance	–	3	18	18	18	18	20

* Up to 31 December 2009

Expenditure estimates

Table 30.2 Human Settlements

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R thousand								
1. Administration	72 884	102 537	128 623	167 770	167 770	176 175	182 418	190 915
2. Housing Policy, Research and Monitoring	23 320	22 022	26 199	72 175	72 175	45 907	48 168	50 810
3. Housing Planning and Delivery Support	39 269	52 442	94 593	250 899	250 899	206 831	173 425	183 334
4. Housing Development Finance	6 929 437	8 359 738	10 644 634	13 380 695	13 380 695	15 598 126	17 898 881	18 991 610
5. Strategic Relations and Governance	113 282	179 355	253 391	164 659	164 659	174 442	180 111	187 169
Total	7 178 192	8 716 094	11 147 440	14 036 198	14 036 198	16 201 481	18 483 003	19 603 838
Change to 2009 Budget estimate				447 625	447 625	63 961	72 535	1 429 161

Economic classification

Current payments	266 255	377 674	526 451	637 237	637 754	599 465	635 306	666 245
Compensation of employees	81 367	107 316	136 866	217 394	217 394	290 166	313 377	328 855
Goods and services	184 888	270 358	389 321	419 843	420 360	309 299	321 929	337 390
Of which								
Administrative fees	51	36	71	4 149	4 149	3 811	4 086	4 295
Advertising	20 826	46 526	100 432	33 868	33 868	32 916	35 725	37 081
Assets less than the capitalization threshold	1 482	1 478	2 315	5 947	5 947	5 221	5 624	5 912
Audit cost: External	4 151	4 320	4 592	6 367	6 367	6 773	6 989	7 477
Bursaries: Employees	181	342	401	3 079	3 079	3 158	3 304	3 465
Catering: Departmental activities	805	320	2 641	6 067	6 067	3 065	3 255	3 417
Communication	5 143	5 466	6 128	10 337	10 337	10 689	11 388	11 961
Computer services	39 920	39 843	53 241	55 015	55 015	59 514	59 682	62 035
Consultants and professional services: Business and advisory services	64 074	99 381	83 950	80 556	80 556	40 000	40 640	42 982

Table 30.2 Human Settlements (continued)

R thousand	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Economic classification								
Current payments	266 255	377 674	526 451	637 237	637 754	599 465	635 306	666 245
Consultants and professional services:	597	1 040	975	5 798	5 798	3 542	3 581	3 735
Legal costs								
Contractors	2 800	7 349	3 995	56 746	56 746	3 207	3 543	3 743
Agency and support / outsourced services	489	10 182	30 744	32 926	32 926	13 134	12 779	13 156
Entertainment	324	211	307	1 057	1 057	1 173	1 218	1 275
Inventory: Food and food supplies	833	1 532	33	384	384	365	379	397
Inventory: Fuel, oil and gas	87	98	256	273	273	682	697	728
Inventory: Learner and teacher support material	–	–	–	247	247	268	269	281
Inventory: Materials and supplies	–	–	35	10	10	10	10	11
Inventory: Medical supplies	3	3	4	–	–	–	–	–
Inventory: Other consumables	5	16	253	2 490	2 490	4 062	4 302	4 350
Inventory: Stationery and printing	3 674	5 625	8 874	16 648	16 648	14 087	14 710	15 402
Lease payments	7 940	10 226	938	15 615	15 615	21 993	22 524	23 509
Property payments	–	–	10 212	2 197	2 197	3 564	3 708	4 143
Travel and subsistence	24 946	27 993	66 676	47 000	47 517	36 943	39 155	41 094
Training and development	2 025	1 229	2 870	12 945	12 945	14 128	15 232	16 103
Operating expenditure	1 620	1 678	3 067	7 783	7 783	20 219	21 782	23 106
Venues and facilities	2 912	5 464	6 311	12 339	12 339	6 775	7 347	7 732
Interest and rent on land	–	–	264	–	–	–	–	–
Transfers and subsidies	6 907 689	8 228 340	10 409 100	12 984 854	12 984 337	15 442 757	17 493 460	18 183 147
Provinces and municipalities	6 677 860	8 149 869	10 177 939	12 592 276	12 592 276	15 160 563	17 222 368	17 938 701
Departmental agencies and accounts	229 437	77 165	227 738	386 075	386 075	277 194	266 092	239 396
Foreign governments and international organisations	73	606	845	1 000	1 000	1 000	1 000	1 050
Public corporations and private enterprises	–	–	–	–	(43)	–	–	–
Non-profit institutions	74	–	–	–	–	–	–	–
Households	245	700	2 578	5 503	5 029	4 000	4 000	4 000
Payments for capital assets	4 205	110 080	211 887	414 094	414 094	159 259	354 237	754 446
Buildings and other fixed structures	–	104 635	199 859	400 152	400 152	153 060	350 000	750 000
Machinery and equipment	3 952	5 343	10 417	11 996	11 996	5 796	3 839	4 048
Software and other intangible assets	253	102	1 611	1 946	1 946	403	398	398
Payments for financial assets	43	–	2	13	13	–	–	–
Total	7 178 192	8 716 094	11 147 440	14 036 198	14 036 198	16 201 481	18 483 003	19 603 838

Expenditure trends

The Department of Human Settlement's budget is largely driven by transfer payments to provinces, which account for 94 per cent of the total budget over the MTEF period. Expenditure increased significantly from R7.2 billion in 2006/07 to R14 billion in 2009/10, at an average annual rate of 25 per cent.

Excluding the transfers, programme spending grew significantly in the period under review. Spending in the *Housing Planning and Delivery Support* programme grew from R39 million in 2006/07 to R250.9 million in 2009/10 at an average annual rate of 85.5 per cent. This was as a result of the capacitation and expansion of the department's delivery support capabilities through aligning and expanding the department's structure. Over the same period, spending in the *Housing Policy, Research and Monitoring* subprogramme increased at an average annual rate of 45.5 per cent to R72.2 million in 2009/10. This is mainly due to the impact of a change in the delivery approach and model following the adoption of the comprehensive plan for the delivery of sustainable human settlements in 2004/05.

Increases in non-transfer expenditure are mainly due to higher expenditure in goods and services and compensation of employees. Between 2006/07 and 2009/10, expenditure in compensation of employees rose significantly, at an average annual rate of 38.9 per cent. Spending in goods and services increased at an average

annual rate of 31.4 per cent over the same period. The increases in goods and services spending are due to increased capacity for delivering on the comprehensive plan.

Over the medium term, expenditure is expected to increase strongly from R14 billion in 2009/10 to R19.6 billion in 2012/13, at an average annual rate of 11.8 per cent. This is driven by strong increases in the human settlement development grant, from R12.4 billion in 2009/10 to R17.9 billion in 2012/13 at an average annual rate of 11.9 per cent. Additional allocations over the medium term include R1 billion for the human settlement development grant in 2012/13 and R1.2 billion over the MTEF period for on site water and sanitation infrastructure for households in rural areas. A further allocation of R133.8 million in 2010/11 is for disaster relief in KwaZulu-Natal.

Spending in compensation of employees increased from R81.4 million in 2006/07 to R217 million in 2009/10, due to a rise in staff numbers from 314 to 427. As at September 2009, all funded positions were filled. The *Housing Planning and Delivery Support* programme accounted for 29.5 per cent of all staff.

Over the MTEF period, spending in compensation of employees is expected to increase to R328.9 million, at an average annual rate of 14.8 per cent. The strong growth is due to the expansion of capacity across the department, from 314 posts in 2006/07 to 730 funded posts in 2012/13, to facilitate increased support to both local and provincial government housing delivery and to provide for rural household infrastructure. The shift of the sanitation function from the Department of Water Affairs to the Department of Human Settlements also contributes substantially to expanding staff numbers.

Departmental receipts

The department does not provide services for which levies are charged. Departmental receipts are mainly derived from the recovery of old debts from previous financial years and commission on insurance.

Receipts increased from R1.8 million in 2006/07 to R2.3 million in 2009/10 due to recoveries by the Special Investigating Unit from government officials who were issued subsidies fraudulently. Receipts are expected to decrease from R2.3 million in 2009/10 to R567 000 in 2012/13, due to a change in the accounting policy and treatment of monies recovered by the Special Investigating Unit. In future, these will be accounted for at the provincial level, where the fraud occurred.

Table 30.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts	1 870	675	2 392	481	2 781	510	540	567
Sales of goods and services produced by department	111	137	74	145	145	154	163	171
Interest, dividends and rent on land	739	43	246	336	336	49	52	55
Sales of capital assets	–	213	–	–	–	–	–	–
Transactions in financial assets and liabilities	1 020	282	2 072	–	2 300	307	325	341
Total	1 870	675	2 392	481	2 781	510	540	567

Programme 1: Administration

Expenditure Estimates

Table 30.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
Minister ¹	1 058	1 142	1 578	1 372	1 816	1 916	2 012
Deputy Minister ¹	–	–	–	1 020	1 496	1 578	1 657
Management	36 017	45 201	67 157	69 688	80 822	83 864	87 558
Corporate Services	29 107	48 161	49 676	86 140	81 520	83 888	87 932
Office Accommodation	6 702	8 033	10 212	9 550	10 521	11 172	11 756
Total	72 884	102 537	128 623	167 770	176 175	182 418	190 915
Change to 2009 Budget estimate				(30 770)	(19 551)	(23 510)	(21 578)

¹. From 2008/09, the current payments relating to the total remuneration package of political office bearers are shown, before this, only salary and car allowance are included. Administrative and other subprogramme expenditure may in addition include payments for capital assets as well as transfers and subsidies.

Economic classification

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Current payments	69 918	99 314	121 595	162 511	172 962	180 539	188 943
Compensation of employees	29 770	43 293	46 046	64 096	81 899	88 450	92 682
Goods and services	40 148	56 021	75 479	98 415	91 063	92 089	96 261
<i>of which:</i>							
Administrative fees	–	–	8	1 487	742	749	779
Advertising	2 282	1 871	920	1 932	2 202	2 226	2 323
Assets less than the capitalisation threshold	554	832	1 426	2 185	1 218	1 232	1 285
Bursaries: Employees	92	72	108	938	943	953	995
Catering: Departmental activities	364	–	253	900	1 173	1 186	1 238
Communication	3 515	3 111	3 883	5 464	3 948	3 991	4 165
Computer services	1 601	1 319	5 973	8 066	4 869	4 923	5 136
Consultants and professional services: Business and advisory services	4 117	14 062	9 774	15 862	20 814	21 046	21 958
Consultants and professional services: Legal costs	597	1 040	975	5 758	3 502	3 541	3 694
Contractors	2 481	7 227	2 206	3 030	687	695	725
Agency and support / outsourced services	175	–	8 162	4 472	1 692	1 710	1 785
Entertainment	296	194	236	434	605	612	638
Inventory: Food and food supplies	824	941	20	101	113	114	119
Inventory: Fuel, oil and gas	86	97	252	231	595	602	628
Inventory: Learner and teacher support material	–	–	–	118	118	119	125
Inventory: Materials and supplies	–	–	33	–	–	–	–
Inventory: Medical supplies	2	3	–	–	–	–	–
Inventory: Other consumables	1	3	215	1 316	1 314	1 329	1 386
Inventory: Stationery and printing	658	924	1 039	3 388	2 408	2 435	2 540
Lease payments	6 757	8 778	322	13 212	15 478	15 650	16 329
Property payments	–	–	10 212	2 131	3 493	3 637	4 069
Travel and subsistence	13 069	13 814	26 761	17 751	14 580	14 743	15 381
Training and development	1 642	707	1 303	5 790	5 577	5 547	5 696
Operating expenditure	273	635	996	2 433	3 533	3 573	3 727
Venues and facilities	762	391	402	1 416	1 459	1 476	1 540
Interest and rent on land	–	–	70	–	–	–	–

Table 30.4 Administration (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Transfers and subsidies	261	179	160	10	-	-	-
Provinces and municipalities	19	-	-	-	-	-	-
Households	242	179	160	10	-	-	-
Payments for capital assets	2 662	3 044	6 868	5 246	3 213	1 879	1 972
Buildings and other fixed structures	-	-	-	152	-	-	-
Machinery and equipment	2 513	3 030	6 782	4 579	3 113	1 779	1 872
Software and other intangible assets	149	14	86	515	100	100	100
Payments for financial assets	43	-	-	3	-	-	-
Total	72 884	102 537	128 623	167 770	176 175	182 418	190 915

Details of transfers and subsidies

Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	19	-	-	-	-	-	-
Regional Services Council levies	19	-	-	-	-	-	-
Households							
Social benefits							
Current	-	-	23	5	-	-	-
Gifts	-	-	23	5	-	-	-
Households							
Other transfers to households							
Current	242	179	137	5	-	-	-
Gifts	242	179	137	5	-	-	-

Expenditure trends

Expenditure is expected to increase from R167.8 million in 2009/10 to R190.9 million in 2012/13, at an average annual rate of 4.4 per cent.

Spending in the *Corporate Services* subprogramme increased significantly from R29.1 million in 2006/07 to R86.1 million in 2009/10 at an average annual rate of 43.6 per cent due to an increase in expenditure in compensation of employees for fully fledged human resource services to the department. This subprogramme includes the legal services unit that drafts various pieces of legislation. Spending is mainly in compensation of employees and goods and services.

Spending on goods and services is expected to decrease over the MTEF period, from R98.4 million to R96.3 million, at an average annual rate of 0.7 per cent as a result of efficiency savings. The increase in consultants and professional services from R15.9 million in 2009/10 to R20.8 million in 2010/11 is due to an increase in funding for the Special Investigating Unit.

The devolution of funds from the Department of Public Works to individual departments for leases and accommodation charges amounts to R10.5 million, R11.2 million and R11.8 million over the medium term.

Programme 2: Housing Policy, Research and Monitoring

- *Management.*
- *Policy Development* creates human settlements and housing policies and provides policy formulation and interpretation assistance. The subprogramme also maintains the national housing code, which contains all the current human settlements and housing policies, programmes and implementation guidelines.
- *Research* initiates, undertakes and manages responsive research on integrated human settlements.

- *Monitoring and Evaluation* monitors, evaluates and assesses the implementation, performance and impact of national housing policies and programmes.

Funding in all these subprogrammes is used for salaries and other personnel related costs.

Objectives and measures

- Promote sustainable human settlements by developing and implementing housing policies and programmes that meet best practice benchmarks on an ongoing basis.
- Ensure that housing policies are effectively implemented by monitoring the number of subsidy instruments implemented by provinces and the impact of these instruments on housing beneficiaries. This is reported on annually by provinces.
- Ensure that policies are responsive through continuous research, programme reviews, and evaluations, measured by the number of research reports and best practice determinations on an ongoing basis.

Service delivery focus

The 2009 national housing code, which has been updated to provide for greater flexibility and alignment with the comprehensive plan for the development of sustainable human settlements, was approved by the Minister of Housing in February 2009. The updated code supports implementation and provides guidelines on national housing programmes and policies.

To strengthen rural housing development, the department, in collaboration with the Rural Housing Loan Fund, developed an individual rural subsidy instrument for people living in communal areas with no or limited security of tenure. The instrument will enable beneficiaries to access building materials for self building, assisted by the Rural Housing Loan Fund and the network of registered non-traditional lenders operating in these communities.

Draft proposals for the revision of the finance linked individual subsidy programme were developed in 2009 in conjunction with the Banking Association of South Africa after an evaluation report was completed in November 2007. This work will be integrated with the review of the housing finance policy being undertaken currently and over the MTEF period.

The integrated residential development programme will be implemented over the medium term. The policy on military veterans has been adjusted, and provinces are now mandated to provide houses in collaboration with veterans' associations. Discussions are underway with the Ministry of Defence and Military Veterans to assess how this policy can be aligned and integrated with existing initiatives.

Over the medium term, the department will conduct a beneficiary occupancy audit on a representative sample of all houses completed between 1994 and June 2008. Final reports on findings were received from 6 of the 7 provinces targeted.

Expenditure estimates

Table 30.5 Housing Policy, Research and Monitoring

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand							
Management	1 088	1 953	1 978	2 700	2 519	2 662	2 867
Policy Development	10 445	7 493	6 442	10 167	9 841	10 514	11 058
Research	5 601	5 754	5 636	14 990	15 872	16 541	17 446
Monitoring and Evaluation	6 186	6 822	12 143	44 318	17 675	18 451	19 439
Total	23 320	22 022	26 199	72 175	45 907	48 168	50 810
Change to 2009 Budget estimate				14 175	(9 600)	(10 848)	(9 828)

Table 30.5 Housing Policy, Research and Monitoring (continued)

R thousand	Audited outcome			Adjusted	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Current payments	22 804	21 689	25 662	70 689	45 454	47 831	50 455
Compensation of employees	12 065	12 577	13 573	23 004	27 353	29 540	31 017
Goods and services	10 739	9 112	12 047	47 685	18 101	18 291	19 438
<i>of which:</i>							
Administrative fees	-	-	-	518	498	503	533
Advertising	620	1	359	1 004	1 409	1 423	1 507
Assets less than the capitalisation threshold	360	146	150	288	207	209	221
Bursaries: Employees	26	114	41	490	490	495	525
Catering: Departmental activities	59	255	56	302	219	221	234
Communication	409	785	330	759	664	671	711
Computer services	4	22	12	123	-	-	-
Consultants and professional services: Business and advisory services	4 699	3 419	5 722	28 954	596	602	638
Contractors	213	1	14	287	320	323	342
Agency and support / outsourced services	144	-	1 440	4 917	1 617	1 634	1 730
Entertainment	8	7	9	143	143	145	153
Inventory: Food and food supplies	3	3	2	85	85	86	91
Inventory: Fuel, oil and gas	-	-	1	-	-	-	-
Inventory: Learner and teacher support material	-	-	-	10	10	10	11
Inventory: Materials and supplies	-	-	-	10	10	10	11
Inventory: Medical supplies	1	-	-	-	-	-	-
Inventory: Other consumables	1	1	12	29	25	25	27
Inventory: Stationery and printing	262	341	326	2 879	2 075	2 097	2 220
Lease payments	379	481	42	368	220	222	235
Property payments	-	-	-	10	10	10	11
Travel and subsistence	1 875	2 401	2 754	3 160	4 516	4 571	4 845
Training and development	151	107	140	2 275	773	781	827
Operating expenditure	396	161	78	382	3 639	3 672	3 951
Venues and facilities	1 129	867	559	692	575	581	615
Interest and rent on land	-	-	42	-	-	-	-
Transfers and subsidies	83	-	2	-	-	-	-
Provinces and municipalities	9	-	-	-	-	-	-
Non-profit institutions	74	-	-	-	-	-	-
Households	-	-	2	-	-	-	-
Payments for capital assets	433	333	535	1 486	453	337	355
Machinery and equipment	345	245	464	1 176	368	257	275
Software and other intangible assets	88	88	71	310	85	80	80
Total	23 320	22 022	26 199	72 175	45 907	48 168	50 810

Details of transfers and subsidies

Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	9	-	-	-	-	-	-
Regional Services Council levies	9	-	-	-	-	-	-
Non-profit institutions							
Current	74	-	-	-	-	-	-
Donation	74	-	-	-	-	-	-
Households							
Other transfers to households							
Current	-	-	2	-	-	-	-
Gifts	-	-	2	-	-	-	-

Expenditure trends

Spending in this programme is mainly in compensation of employees, and on goods and services. Expenditure has increased from R23.3 million in 2006/07 to R72.2 million in 2009/10, at an average annual rate of 45.8 per cent. This is due to the department's restructuring process, which resulted in an increase in expenditure on goods and services, from R10.7 million in 2006/07 to R47.7 million in 2009/10, at an average annual rate of 64.6 per cent.

Over the medium term, the expenditure is expected to decrease from R72.2 million in 2009/10 to R50.8 million in 2012/13, at an average annual rate of 11.1 per cent. Over the medium term, spending on goods and services is projected to decrease at an average annual rate of 25.9 per cent to reach R19.4 million in 2012/13. In 2009/10, once-off additional funding was provided for the occupancy audit, hence the decrease after that. Travel and subsistence remains a large component of goods and services expenditure in support of the department's monitoring function across provinces and municipalities.

Programme 3: Housing Planning and Delivery Support

- *Management.*
- *Programme Implementation Support* provides support to provinces and municipalities to implement housing and human settlement projects and upgrade informal settlements.
- *Rental Housing and People's Housing Process* manages the implementation of the social and rental housing programme and the People's Housing Process.
- *Stakeholder Mobilisation* manages relations, and mobilises and collaborates with stakeholders in the non-governmental sector.
- *Capacity Development* builds capacity for housing administration and delivery in municipalities and provinces and promotes sustainable housing delivery and community empowerment.
- *Priority Projects Facilitation* is responsible for managing priority housing and human settlements projects nationally.
- *Human Settlement Planning* is responsible for managing human settlements planning processes and supporting the implementation of human settlements and housing development frameworks.
- *Sanitation services* promotes universal access to sanitation services by managing and administering the sanitation programme.

Funding in these subprogrammes is mainly used for salaries and other personnel related costs.

Objectives and measures

- Improve multi-year human settlements development planning by assisting provinces and municipalities to develop comprehensive business plans, by aligning municipal development plans and provincial annual performance plans and by reporting on an annual basis.
- Improve the delivery rate of housing projects, including blocked projects, by providing technical support to provinces and municipalities on a continuous basis.
- Provide on site rural sanitation and water harvesting and monitor programme delivery at local government level by developing an on site rural household infrastructure programme.
- Facilitate rental and social housing uptake and accelerate People's Housing Process programmes by providing regulatory and implementation support to increase the delivery of rental and social housing and People's Housing Process units on an ongoing basis.
- Improve private stakeholder participation and collaboration by increasing the number of joint partnerships with private stakeholders on an ongoing basis.
- Develop professional and institutional capacity at provincial and municipal levels by managing training and skills development, measured by the availability of capacity to undertake roles and responsibilities within applicable standards on an ongoing basis.

- Facilitate the development of integrated human settlements by providing implementation and oversight support for priority projects, measured by their timely completion and the speedy resolution of bottlenecks on an ongoing basis.

Service delivery focus

In 2008/09, the department supported the majority of provinces to complete multi-year development plans. All provinces submitted their business plans for 2009/10.

The national informal settlement upgrading support programme, co-funded by the department and the Cities Alliance in 2009, provided targeted support for upgrading informal settlements in 45 municipalities. A capacity building programme for municipal and provincial officials is being developed for informal settlement upgrading practitioners and is intended to be finalised during 2010/11. Funding towards informal settlement upgrading has increased by 95 per cent between 2007/08 and 2009/10, with 654 430 units completed and in the process of completion.

In 2009, the department and Intersite Property Management Services (a subsidiary of the Passenger Rail Agency of South Africa) developed a framework for implementing the Anglo Platinum memorandum of understanding. Since signing the memorandum of understanding, the first project is underway in Seraleng, North West. 4 community villages have been piloted, in collaboration with provinces in terms of subsidies. They will use alternative technology systems, such as recycling grey water and the using waste to produce methane gas.

The following priority projects were identified: 4 300 sites in the Zанемvula housing project and 800 units in Duncan Village in Eastern Cape; 4 000 units in the N2 Gateway project in Western Cape; the initiation of the Lerato Park housing project in Northern Cape; 5 500 units in the Khutsong resettlement project in Gauteng; infrastructure and housing in the Klarinet housing project in Mpumalanga; rectification in the Ennambithi urban renewal project in KwaZulu-Natal; and 6 776 units in Grassland in the Free State.

The department conducted an occupancy audit of the Serelang housing project in North West to determine the extent to which houses are occupied by unauthorised beneficiaries. Certain informal settlements where service delivery has been especially slow have been targeted to receive rapid responses.

In March 2009, a staff member was seconded to the African Ministerial Conference on Housing and Urban Development Secretariat to assist in establishing the secretariat, supporting the bureau, and hosting the conference, which was in Nigeria.

Expenditure estimates

Table 30.6 Housing Planning and Delivery Support

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
Management	10	2 010	12 222	19 553	3 134	3 447	3 638
Programme Implementation Support	2 765	4 573	4 321	9 249	14 696	16 449	17 449
Rental Housing and People's Housing Process	3 632	3 346	8 386	19 392	21 025	23 629	24 968
Stakeholder Mobilisation	–	2 122	8 081	16 161	17 208	20 651	21 793
Capacity Development	20 632	8 685	23 438	34 012	28 407	32 666	34 776
Priority Projects	–	4 383	4 437	59 331	12 607	14 139	14 846
Human Settlement Planning	–	2 136	6 399	11 808	12 077	13 214	13 909
Sanitation Services	12 230	25 187	27 309	81 393	97 677	49 230	51 955
Total	39 269	52 442	94 593	250 899	206 831	173 425	183 334
Change to 2009 Budget estimate				112 413	67 235	17 226	21 938

Table 30.6 Housing Planning and Delivery Support (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Current payments	39 138	51 608	90 903	192 988	148 796	168 821	178 701
Compensation of employees	12 399	21 539	32 882	57 486	83 563	90 248	94 760
Goods and services	26 739	30 069	58 008	135 502	65 233	78 573	83 941
<i>of which:</i>							
<i>Administrative fees</i>	-	-	-	867	1 533	1 783	1 892
<i>Advertising</i>	10 674	130	2 464	7 856	8 807	10 294	10 930
<i>Assets less than the capitalisation threshold</i>	60	142	205	1 457	2 213	2 573	2 731
<i>Audit cost: External</i>	-	-	-	100	100	116	124
<i>Bursaries: Employees</i>	16	49	78	662	759	883	936
<i>Catering: Departmental activities</i>	29	65	177	1 171	1 030	1 198	1 271
<i>Communication</i>	205	420	533	1 716	3 776	4 392	4 659
<i>Computer services</i>	-	958	133	214	205	238	253
<i>Consultants and professional services: Business and advisory services</i>	10 263	12 213	15 089	23 581	8 193	11 378	12 505
<i>Contractors</i>	10	3	42	50 847	1 951	2 269	2 408
<i>Agency and support / outsourced services</i>	-	10 182	13 843	15 287	2 384	2 773	2 942
<i>Entertainment</i>	3	4	20	211	214	249	264
<i>Inventory: Food and food supplies</i>	-	3	2	65	65	76	80
<i>Inventory: Fuel, oil and gas</i>	-	-	3	1	51	59	63
<i>Inventory: Medical supplies</i>	-	-	1	-	-	-	-
<i>Inventory: Other consumables</i>	1	1	16	519	1 561	1 785	1 736
<i>Inventory: Stationery and printing</i>	93	128	765	2 787	3 173	3 690	3 916
<i>Lease payments</i>	32	21	282	1 085	2 120	2 465	2 616
<i>Property payments</i>	-	-	-	1	-	-	-
<i>Travel and subsistence</i>	5 046	4 526	22 018	17 737	11 762	13 860	14 649
<i>Training and development</i>	30	177	398	1 366	3 141	4 309	4 813
<i>Operating expenditure</i>	32	61	323	2 507	8 918	10 372	11 110
<i>Venues and facilities</i>	245	986	1 616	5 465	3 277	3 811	4 043
<i>Interest and rent on land</i>	-	-	13	-	-	-	-
Transfers and subsidies	7	520	2 406	5 130	4 000	4 000	4 000
Provinces and municipalities	5	-	-	-	-	-	-
Households	2	520	2 406	5 130	4 000	4 000	4 000
Payments for capital assets	124	314	1 283	52 781	54 035	604	633
Buildings and other fixed structures	-	-	-	50 000	53 060	-	-
Machinery and equipment	108	314	1 235	2 375	950	579	608
Software and other intangible assets	16	-	48	406	25	25	25
Payments for financial assets	-	-	1	-	-	-	-
Total	39 269	52 442	94 593	250 899	206 831	173 425	183 334

Details of transfers and subsidies

Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	5	-	-	-	-	-	-
Regional Services Council levies	5	-	-	-	-	-	-
Households							
Social benefits							
Current	2	-	-	-	-	-	-
Retirement benefit	2	-	-	-	-	-	-
Households							
Other transfers to households							
Current	-	520	2 406	5 130	4 000	4 000	4 000
Bursaries for non-employees	-	472	2 349	5 130	4 000	4 000	4 000
Gifts	-	48	57	-	-	-	-

Expenditure trends

Expenditure increased from R39.3 million in 2006/07 to R250.9 million in 2009/10, at an average annual rate of 85.5 per cent. This increase is mainly a result of the drive to build capacity in this programme, which deals with service delivery support activities. The Eastern Cape intervention, which was aimed at addressing delivery problems, also increased expenditure in 2008/09 and 2009/10.

Expenditure is projected to decrease substantially from R250.9 million in 2009/10 to R183.3 million in 2012/13, at an average annual rate of 9.9 per cent. This is mainly due to expenditure on goods and services, which is expected to decline from R135.5 million in 2009/10 to R83.9 million in 2012/13, at an average annual rate of 14.8 per cent due to funds provided for once-off special project support in 2009/10. Expenditure in the *Sanitation Services* subprogramme, which was moved from the Department of Water Affairs, is also expected to decline from R97.7 million in 2010/11 to R52 million in 2012/13 mainly due to the once-off allocation of R53 million for finalising the access acceleration project in 2010/11. A further marginal decrease is expected in expenditure on consultants and professional services, from R23.6 million to R12.5 million, due to cost saving measures and increasing in-house capacity. These decreases are expected to be marginally offset by an increase in activities to manage and support provinces in planning, blocked projects, informal settlement upgrading projects, and priority projects.

The focus over the MTEF period will be on implementing the sanitation function and support to priority projects.

Programme 4: Housing Development Finance

- *Management*.
- *Financial and Funds Management* provides overall financial and grant management services, including financial support, internal control, supply chain and budget management, and grant management services and systems support. Funding is mainly used for salaries and other personnel related costs.
- *Housing Equity* manages activities related to the Office of Disclosure, the housing aspects of the Financial Sector Charter, and mobilising and promoting investment for housing development. Funding is mainly used for salaries and other personnel related costs.
- *Integrated Housing and Human Settlement Development Grant* reflects the conditional grant allocation that is transferred to the provinces. Funding is provided on the basis of the housing formula.
- *Contribution* makes contributions to housing institutions. Funds are transferred on the basis of a public entity meeting the governance and financial management requirements stipulated in the Public Finance Management Act (1999).
- Rural Households Infrastructure Grant reflects the conditional grant allocation that is transferred to municipalities for household infrastructure in rural areas for on site water and sanitation solutions.

Objectives and measures

- Improve access to end user finance by collaborating with the financial sector to develop mechanisms to increase market penetration, measured by the number, value and terms of loans to low and medium income households.
- Improve the expenditure efficiency of provinces on housing delivery and sanitation services by providing ongoing financial and grant management support for the human settlement development grant and the rural households infrastructure grant as well as ongoing business planning and reporting support, in line with the Division of Revenue Act, so that provinces are able to use all transferred funds .
- Ensure financial management by maintaining adequate controls and systems, measured by compliance with regulations and established practices, on an ongoing basis.

Service delivery focus

In 2008/09, the department finalised an internal policy document for procurement and asset management and a manual for asset management. The Eastern Cape housing department was assisted in implementing financial control systems and reviewing expenditure and delivery trends to identify the causes of the problems in that province. The department continued to support the Eastern Cape department with project planning and implementation to accelerate housing delivery in 2009/10.

Expenditure estimates

Table 30.7 Housing Development Finance

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
Management	1 775	2 390	2 293	2 417	3 213	3 403	3 618
Financial and Funds Management	16 594	19 508	26 140	36 496	43 828	43 359	45 615
Housing Equity	3 824	6 170	10 665	13 431	13 328	13 659	14 280
Human Settlement Development grant	6 677 806	8 149 869	10 177 938	12 442 276	15 026 763	17 222 368	17 938 701
Contribution	229 438	77 166	227 739	386 075	277 194	266 092	239 396
Rural Households Infrastructure Development Sanitation Grant	–	–	–	–	100 000	350 000	750 000
Housing Disaster Relief Grant	–	104 635	199 859	350 000	–	–	–
	–	–	–	150 000	133 800	–	–
Total	6 929 437	8 359 738	10 644 634	13 380 695	15 598 126	17 898 881	18 991 610
Change to 2009 Budget estimate				369 354	53 921	119 270	1 469 368
Economic classification							
Current payments	22 010	27 763	38 534	51 378	59 562	59 802	62 864
Compensation of employees	11 746	11 853	16 695	28 325	33 076	35 722	37 508
Goods and services	10 264	15 910	21 792	23 053	26 486	24 080	25 356
of which:							
Administrative fees	51	36	55	121	431	444	464
Advertising	336	179	1 174	519	474	488	511
Assets less than the capitalisation threshold	181	126	169	766	883	910	952
Audit cost: External	4 151	4 320	4 592	6 219	6 673	6 873	7 353
Bursaries: Employees	25	37	44	201	241	248	260
Catering: Departmental activities	37	–	176	174	222	229	239
Communication	271	364	333	849	1 128	1 161	1 215
Computer services	766	2 454	2 519	3 446	2 706	2 787	2 916
Consultants and professional services: Business and advisory services	2 183	4 786	506	350	4 128	1 345	1 407
Contractors	25	51	89	174	234	241	252
Agency and support / outsourced services	23	–	3 290	1 094	364	375	392
Entertainment	6	2	22	49	47	48	51
Inventory: Food and food supplies	1	3	2	50	22	23	24
Inventory: Other consumables	1	1	4	24	26	27	28
Inventory: Stationery and printing	513	745	4 104	4 391	1 906	1 963	2 054
Lease payments	158	159	–	444	404	416	435
Property payments	–	–	–	7	7	7	7
Travel and subsistence	1 319	2 204	2 973	1 938	3 222	3 118	3 263
Training and development	70	42	488	1 162	1 677	1 635	1 710
Operating expenditure	109	125	1 097	553	1 213	1 249	1 307
Venues and facilities	38	276	155	522	478	493	516
Interest and rent on land	–	–	47	–	–	–	–

Table 30.7 Housing Development Finance (continued)

R thousand	Audited outcome			Adjusted	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	appropriation	2009/10	2010/11	2011/12
Transfers and subsidies	6 907 251	8 227 035	10 405 684	12 978 351	15 437 757	17 488 460	18 178 097
Provinces and municipalities	6 677 813	8 149 869	10 177 939	12 592 276	15 160 563	17 222 368	17 938 701
Departmental agencies and accounts	229 437	77 165	227 738	386 075	277 194	266 092	239 396
Households	1	1	7	–	–	–	–
Payments for capital assets	176	104 940	200 416	350 966	100 807	350 619	750 649
Buildings and other fixed structures	–	104 635	199 859	350 000	100 000	350 000	750 000
Machinery and equipment	176	305	557	966	707	519	549
Software and other intangible assets	–	–	–	–	100	100	100
Total	6 929 437	8 359 738	10 644 634	13 380 695	15 598 126	17 898 881	18 991 610

Details of transfers and subsidies

Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Capital	6 677 806	8 149 869	10 177 939	12 592 276	15 160 563	17 222 368	17 938 701
Human Settlement Development grant	6 677 806	8 149 869	10 177 939	12 442 276	15 026 763	17 222 368	17 938 701
Housing Disaster Relief Grant	–	–	–	150 000	133 800	–	–
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	7	–	–	–	–	–	–
Regional Services Council levies	7	–	–	–	–	–	–
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	229 437	77 165	227 738	386 075	277 194	266 092	239 396
National Housing Finance Corporation	–	–	–	1	1	1	1
National Urban Reconstruction and Housing Agency	21 000	18 993	–	3 500	–	–	–
People's Housing Partnership Trust	1 000	–	–	–	–	–	–
SERVCON Housing Solutions	35 000	–	–	–	–	–	–
Social Housing Foundation	126 455	15 124	217 738	262 967	6 621	7 018	7 368
Thubelisha Homes	45 982	43 048	10 000	24 966	–	–	–
Social Housing Regulatory Authority	–	–	–	44 991	151 772	120 473	86 497
Rural Housing Loan Fund	–	–	–	–	49 500	49 500	51 975
Housing Development Agency	–	–	–	49 650	69 300	89 100	93 555
Households							
Other transfers to households							
Current	1	1	7	–	–	–	–
Gifts	1	1	7	–	–	–	–

Expenditure trends

Expenditure in the *Human Settlement Development Grant* subprogramme increased from R6.9 billion in 2006/07 to R13.4 billion in 2009/10, at an average annual rate of 24.5 per cent. This is mainly due to the increase in the human settlement development grant, which channels funds to provinces for human settlements delivery and the rural households infrastructure grant which makes allocations for rural infrastructure.

Over the medium term, expenditure is expected to increase to R19 billion, at an average annual rate of 12.4 per cent. The human settlement development grant accounts for the largest proportion of the increase, and is expected to increase to R17.9 billion over the medium term at an average annual rate of 13 per cent. This

growth is due to an additional allocation of R1 billion to accelerate upgrading informal settlements and implementing priority projects, and to cater for the increase in the cost of building materials.

Spending in goods and services is expected to increase from R23 million in 2009/10 to R25.4 million in 2012/13, at an average annual rate of 3.2 per cent. Expenditure is largely driven by audit costs and the operations of the grant management unit, which supports and oversees grant expenditure monitoring through regular visits to provinces to ensure compliance with the Division of Revenue Act.

Over the MTEF period, the department will also focus on administering the implementation of the rural households development grant, which is aimed at providing for on site solutions to rural sanitation and water backlogs.

Programme 5: Strategic Relations and Governance

- Management.
- *Management Information Services* manages the development and implementation of integrated business solutions and data and information, and provides knowledge services.
- *Intergovernmental Relations and International Relations* facilitates the department's participation in and management of international and intergovernmental relations.
- *Communication* manages communication and public relations.
- *Housing Entities Governance Oversight* provides oversight management of housing institutions to monitor the overall performance of housing entities against their mandates, policy alignment, and legislative and regulatory compliance.
- *Strategic Management* manages overall organisational planning and supports the strategic management and operations of the department.
- *Transformation* develops and manages transformation programmes in compliance with the national policy framework and international human rights instruments and directives.
- *Contributions* makes contributions to the housing institutions and the Habitat Foundation to support the work of the United Nations human settlement programme.

Objectives and measures

- Oversee the management of housing institutions through performance and corporate planning monitoring as well as through policy advocacy and governance oversight, measured by compliance with regulations and delivery on mandates.
- Provide integrated business solutions and support as well as business information and related products by maintaining the housing and human settlements databases, measured by the availability of accurate information, data and solutions.
- Ensure an integrated communication service through public information and marketing, corporate communications, and media relations, measured by sustainable awareness and knowledge and information dissemination that empower stakeholders within and outside the department.
- Provide strategic and governance management support by coordinating transversal programmes, measured by adequate comprehensive risk management, internal auditing, programme alignment, and monitoring

Service delivery focus

A memorandum of understanding was signed with Angola in 2008/09 and a technical visit undertaken to determine mutually beneficial areas of cooperation.

The 2009 informal settlements atlas was distributed to all provinces and municipalities in 2008/09, and to key users in the department and other stakeholders. An updated version of the atlas was developed by the Council for Scientific and Industrial Research and will be distributed.

The enhanced national demand database, which is integrated in the housing subsidy system, was finalised in September 2009. Demand information, which is captured at provincial level, is now included.

A macro coordination framework to facilitate the convergence of different government mandates for developing sustainable human settlements was developed and approved by the human settlements ministers and members of executive council in August 2009. It will be submitted to Cabinet for approval.

Both Thubelisha Homes and Servcon Housing Solutions ceased operations in July 2009 and the closure process is set to be complete by the end of March 2010. A closure plan for the Social Housing Foundation is being finalised and submitted to the minister for approval. The establishment of the Social Housing Regulatory Authority is underway and the procurement of a project manager to manage the establishment activities is being concluded. The Social Housing Regulatory Authority will be established by the end of 2010/11.

The Housing Development Agency was established in the first quarter of 2009. A chief executive and board were appointed and key priority projects, such as the N2 Gateway and Zanemvula, are being facilitated by a project team. The agency has prepared draft implementation protocols for first right of refusal and state land acquisition and assembly for conclusion with the Department of Rural Development and Land Reform and the Department of Public Works. A draft is being prepared for discussion with the Department of Public Enterprises.

Expenditure estimates

Table 30.8 Strategic Relations and Governance

Subprogramme	Audited outcome			Adjusted	Medium-term expenditure estimate			
	2006/07	2007/08	2008/09	appropriation	2009/10	2010/11	2011/12	2012/13
R thousand								
Management	1 927	1 163	2 727	4 111	4 048	4 182	4 349	
Management Information Services	43 982	48 087	55 594	56 522	67 357	68 161	70 884	
Inter-governmental and International Relations	43 790	56 643	55 603	22 625	27 020	27 581	28 612	
Communication	19 354	60 947	116 119	55 119	47 825	50 360	52 123	
Housing Institutions	2 239	3 981	15 212	11 457	12 672	13 418	14 031	
Strategic Management	1 917	2 098	2 879	6 575	8 169	8 699	9 107	
Transformation	–	5 830	4 412	7 250	6 351	6 710	7 013	
Contributions	73	606	845	1 000	1 000	1 000	1 050	
Total	113 282	179 355	253 391	164 659	174 442	180 111	187 169	
Change to 2009 Budget estimate				(17 547)	(28 044)	(29 603)	(30 739)	
Economic classification								
Current payments	112 385	177 300	249 757	159 671	172 691	178 313	185 282	
Compensation of employees	15 387	18 054	27 670	44 483	64 275	69 417	72 888	
Goods and services	96 998	159 246	221 995	115 188	108 416	108 896	112 394	
of which:								
Administrative fees	–	–	8	1 156	607	607	627	
Advertising	6 914	44 345	95 515	22 557	20 024	21 294	21 810	
Assets less than the capitalisation threshold	327	232	365	1 251	700	700	723	
Audit cost: External	–	–	–	48	–	–	–	
Bursaries: Employees	22	70	130	788	725	725	749	
Catering: Departmental activities	316	–	1 979	3 520	421	421	435	
Communication	743	786	1 049	1 549	1 173	1 173	1 211	
Computer services	37 549	35 090	44 604	43 166	51 734	51 734	53 730	
Consultants and professional services: Business and advisory services	42 812	64 901	52 859	11 809	6 269	6 269	6 474	
Consultants and professional services: Legal costs	–	–	–	40	40	40	41	
Contractors	71	67	1 644	2 408	15	15	16	
Agency and support / outsourced services	147	–	4 009	7 156	7 077	6 287	6 307	
Entertainment	11	4	20	220	164	164	169	
Inventory: Food and food supplies	5	582	7	83	80	80	83	
Inventory: Fuel, oil and gas	1	1	–	41	36	36	37	

Table 30.8 Strategic Relations and Governance

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Current payments	112 385	177 300	249 757	159 671	172 691	178 313	185 282
Inventory: Learner and teacher support material	–	–	–	119	140	140	145
Inventory: Materials and supplies	–	–	2	–	–	–	–
Inventory: Medical supplies	–	–	3	–	–	–	–
Inventory: Other consumables	1	10	6	602	1 136	1 136	1 173
Inventory: Stationery and printing	2 148	3 487	2 640	3 203	4 525	4 525	4 672
Lease payments	614	787	292	506	3 771	3 771	3 894
Property payments	–	–	–	48	54	54	56
Travel and subsistence	3 637	5 048	12 170	6 414	2 863	2 863	2 956
Training and development	132	196	541	2 352	2 960	2 960	3 057
Operating expenditure	810	696	573	1 908	2 916	2 916	3 011
Venues and facilities	738	2 944	3 579	4 244	986	986	1 018
Interest and rent on land	–	–	92	–	–	–	–
Transfers and subsidies	87	606	848	1 363	1 000	1 000	1 050
Provinces and municipalities	14	–	–	–	–	–	–
Foreign governments and international organisations	73	606	845	1 000	1 000	1 000	1 050
Households	–	–	3	363	–	–	–
Payments for capital assets	810	1 449	2 785	3 615	751	798	837
Machinery and equipment	810	1 449	1 379	2 900	658	705	744
Software and other intangible assets	–	–	1 406	715	93	93	93
Payments for financial assets	–	–	1	10	–	–	–
Total	113 282	179 355	253 391	164 659	174 442	180 111	187 169
Details of transfers and subsidies							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	14	–	–	–	–	–	–
Regional Services Council levies	14	–	–	–	–	–	–
Foreign governments and international organisations							
Current	73	606	845	1 000	1 000	1 000	1 050
Habitat Foundation	73	606	845	1 000	1 000	1 000	1 050
Households							
Other transfers to households							
Current	–	–	3	363	–	–	–
Gifts	–	–	3	363	–	–	–

Expenditure trends

Expenditure increased from R113.3 million in 2006/07 to R164.7 million in 2009/10, at an average annual rate of 13.3 per cent. The growth is driven by the Breaking New Ground communications campaign in 2007/08 and 2008/09. The increase in expenditure on advertising in 2008/09 relates to intensified departmental media campaigns to promote the human settlements policy. Expenditure on goods and services increased from R97 million in 2006/07 to R222 million in 2008/09, at an average annual rate of 51.3 per cent, and declined to R115.2 million in 2009/10 due to a decrease in spending on communication campaigns.

Over the medium term, expenditure is expected to increase at an average annual rate of 4.4 per cent to reach R187.2 million in 2012/13. This is due to an inflation related increase in compensation of employees and goods and services expenditure. Expenditure in compensation of employees is expected to increase from R44.5 million in 2009/10 to R72.9 million in 2012/13, at an average annual rate of 17.9 per cent. Over the MTEF period,

expenditure on goods and services is expected to decrease from R115 million in 2010/11 to R112 million in 2012/13, at an average annual rate of 0.8 per cent.

The additional focus over the MTEF period will be on finalising a closure plan for the Social Housing Foundation and submitting it to the minister for approval.

Public entities

Social Housing Foundation

Strategic overview 2006/07 – 2013/14

The Social Housing Foundation was established in 1996 as a section 21 company and schedule 3A public entity to develop and build capacity for social housing institutions and to develop a policy framework for the social housing sector. The institution's operations are currently financed through grant funding, while past funding included overseas development assistance. The foundation aims to develop a sustainable social housing sector by providing policy support, social housing research, technical support, coordination support, as well as monitoring and evaluation services to various public and private stakeholders.

Between 2006/07 and 2009/10, the foundation's main priority areas were policy support, social housing research and institutional support activities. The policy support activities culminated in the development of the Social Housing Bill and the rental strategy. The Social Housing Act (2008) was promulgated in November 2008 and became effective from September 2009. The act provides for the establishment of the Social Housing Regulatory Authority to regulate social housing institutions receiving public funds and to regulate the assessment, approval, administration and disbursement of institutional investment and capital grants to social housing institutions.

A closure plan has been developed to guide the closure of the Social Housing Foundation over the MTEF period. The foundation will therefore no longer be required to facilitate the disbursement of the restructuring capital grant to social housing institutions. However, the foundation will continue to implement the interim social housing programme until the regulatory authority is operational, which is expected to be by the third quarter of 2010/11.

Savings and cost effective service delivery

The Social Housing Foundation will place greater emphasis on the need to operate on a cost effective basis. Expenditure is limited to annual budget appropriations, as the institution does not generate revenue. The foundation does not accumulate surpluses.

A number of savings measures are in place on non-core expenditure such as outsourced computer maintenance, telephones and travel.

Selected performance indicators

Table 30.9 Social Housing Foundation

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of social housing institutions receiving funds per year	Interim Social Housing Programme	17	3	2	4	6	6	6
Number of projects funded per year	Interim Social Housing Programme	28	4	4	9	8	8	8
Number of units financed per year	Interim Social Housing Programme	–	1 698	1 893	1 818	2 000	2 500	2 800
Number of social housing institutions receiving capacity support per year	Interim Social Housing Programme	21	7	12	12	15	15	18
Number of workshops held with social housing institutions per year	Interim Social Housing Programme	25	24	9	12	12	15	18
Number of technical assistance interventions for social housing institutions per year	Interim Social Housing Programme	3	8	18	8	4	–	–
Number of social housing institutions using Social Housing Foundation accredited tools per year	Interim Social Housing Programme	24	24	18	24	30	30	30

Service delivery focus

In 2006/07, a grant of approximately R13 million was approved by the European Union (EU) for baseline work for establishing the Social Housing Regulation Authority, for delivering technical support services to social housing institutions and for grants of R12 million for 13 social housing projects. This work was successfully concluded in 2007/08.

The interim social housing programme was implemented as a vehicle to disburse the restructuring capital grant to projects by social housing institutions in the absence of the regulation authority. 4 projects from 2 social housing institutions received the grant in 2008/09 and the programme is expected to yield 1 893 social housing units. In 2009/10, 9 projects from 4 social housing institutions were approved to receive grant funding with an expected yield of 1 818 units.

In 2009/10, a cost benefit analysis of social housing against fully subsidised housing was published. The study found that an appropriate housing strategy should incorporate the reconstruction and development programme for housing as well as social rental housing. A key recommendation is that one housing form should not be discarded in favour of the other, as each serves a specific and different purpose.

Expenditure estimates

Table 30.10 Social Housing Foundation: Programme information

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
ISHP	45 573	48 734	211 458	240 000	–	–	–
Other programmes	33 958	29 049	25 562	23 840	7 371	7 768	8 118
Total expense	79 531	77 783	237 020	263 840	7 371	7 768	8 118

Table 30.11 Social Housing Foundation: Financial information

Statement of financial performance R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	2 746	2 459	1 325	873	750	750	750
Other non-tax revenue	2 746	2 459	1 325	873	750	750	750
Transfers received	83 477	73 704	233 196	262 967	6 621	7 018	7 368
Total revenue	86 223	76 163	234 521	263 840	7 371	7 768	8 118
Expenses							
Current expense	79 531	77 783	237 020	263 840	7 371	7 768	8 118
Compensation of employees	6 198	5 557	5 855	5 514	1 523	2 663	2 858
Goods and services	72 762	71 730	230 616	257 908	5 588	4 745	5 030
Depreciation	571	496	549	418	260	360	230
Total expenses	79 531	77 783	237 020	263 840	7 371	7 768	8 118
Surplus / (Deficit)	6 692	(1 620)	(2 499)	–	–	–	–

Expenditure trends

The revenue of the Social Housing Foundation consists of grant funding from government, international donor funds from parties such as the EU and the Dutch Council for Housing, Spatial Planning and the Environment, and interest earned on local grants.

Total revenue increased from R86.2 million in 2006/07 to R263.8 million in 2009/10, at an average annual rate of 45.2 per cent. The increase reflects the increase in the grant funding for implementing the interim social housing programme, from R45.5 million in 2006/07 to R240 million in 2009/10. The other components of total revenue include operational grant funding from the Department of Human Settlements and interest income from funds received.

Total expenditure increased from R79.5 million in 2006/07 to R263.8 million in 2009/10 at an average annual rate of 49.2 per cent. This increase was driven mainly by expenditure on goods and services, which increased from R72.9 million in 2006/06 to R257.9 million and mainly represents the disbursement of the restructuring capital grant. Compensation of employees spending decreased from R6.2 million in 2006/07 to R5.5 million in 2009/10, due to the decrease in permanent staff given the uncertainties about the future of the foundation.

Expenditure is expected to decrease from R263.8 million to R8.1 million. This is because the activities of the institution will be scaled down over the medium term in light of the establishment of Social Housing Regulatory Authority.

National Urban Reconstruction and Housing Agency

Strategic overview 2006/07 – 2012/13

The National Urban Reconstruction and Housing Agency was established in 1995 by the South African government in partnership with the Open Society Institute as a schedule 3A public entity. The purpose of the institution is to provide finance to construction projects for affordable housing, subsidy housing, community facilities and related infrastructure.

The entity carries out its mandate by providing loan facilities to established and emerging contractors. The established contractors access funds directly from the entity and the emerging contractors through its strategic intermediaries. The intermediaries also provide support services to the contractors.

Over the medium term, the entity plans to develop proactive risk management tools and structures to strengthen its credit control capacity. It also expects to complete and consolidate alignment with its strategic intermediaries to ensure agreement on the strategy and performance targets for 2010/11 to 2012/13. The agency also plans to implement a single brand awareness campaign by harmonising the brands of its intermediaries with its own.

The agency will develop mechanisms for the collection and analysis of market intelligence and competitor data and improve customer management. It expects to develop new programmes and products as part of its strategy to re-enter the rental market by financing contractors involved in social housing. Existing capacity will be exploited to test innovative financing schemes for projects and foster new partnerships for leveraging own funding and managing or transferring risk.

The institution intends to borrow money at developmental rates to support emerging contractors. It aims to approach the donor community for grants and soft loans that can be blended with commercial funding to lower the lending rate to contractors. Over the MTEF period, the agency expects to develop an effective stakeholder programme to better understand its stakeholder base.

Savings and cost effective service delivery

A number of savings measures have been put in place to reduce operational expenditure. The number of newspapers and magazines circulated is going to be reduced. Document printing will be restricted and the printing paper will be recycled. It is now compulsory for staff members to use one motor vehicle when attending the same meeting. The use of consultants is to be restricted unless the skill to be outsourced is not available in the organisation. These measures are not expected to impact negatively on service delivery.

Selected performance indicators

Table 30.12 National Urban Reconstruction and Housing Agency

Indicator	Past			Current	Projections		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of subsidy houses completed per year	10 776	9 273	14 657	19 000	22 000	25 000	30 000
Number of affordable houses completed per year	5 009	782	182	2 890	3 180	3 657	4 390
Number of serviced sites completed (including subsidy housing and affordable housing) per year	2 841	3 297	3 098	2 929	–	–	–
Number of infrastructure and community facilities completed per year	6	25	28	49	54	62	74
Total value of loans: Subsidy houses	R52.6m	R74.4m	R169.7m	R255.7m	R284.9m	R327.7m	R393.2m
Total value of loans: Affordable houses	R41.1m	R12.4m	R53.5m	R164.6m	R181.1m	R208.3m	R250.0m
Total value of loans: Serviced sites	R29.2m	R85.0m	R39.8m	R3.4m	–	–	–
Total value of loans: Infrastructure and community facilities	R34.5m	R90.2m	R149.9m	R176.0m	R193.0m	R222.0m	R266.0m
Provision for project losses as a percentage of loan book	R11.8m	R30.7m	R36.8m	R41.5m	R43.5m	R45.5m	R47.5m
Project losses written off per year	R3.7m	–	R6.5m	R3.5m	–	–	–

Service delivery focus

In 2008/09, the agency financed construction projects valued at R365.3 million. This is projected to increase by 22.3 per cent per year until 2012/13, in line with the agency's objective to mobilise private sector funding by approaching the donor community and commercial financiers for grants and soft loans.

Expenditure estimates

Table 30.13 National Urban Reconstruction and Housing Agency: Programme information

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Subsidy housing	10 522	23 678	15 623	16 504	17 824	19 607	21 960
Affordable housing	4 837	1 749	4 535	6 661	7 194	7 913	8 863
Infrastructure and Community Facilities completed	1 069	2 014	2 743	6 090	6 577	7 235	8 103
Business development	–	–	–	1 472	1 590	1 749	1 959
Other programmes	22 632	36 975	43 229	43 446	41 320	46 020	52 773
Total expense	39 060	64 416	66 129	74 173	74 505	82 524	93 657

Table 30.14 National Urban Reconstruction and Housing Agency: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	39 571	50 198	69 278	74 217	81 332	88 850	100 643
Other non-tax revenue	39 571	50 198	69 278	74 217	81 332	88 850	100 643
Transfers received	–	–	13 369	3 500	–	–	–
Total revenue	39 571	50 198	82 647	77 717	81 332	88 850	100 643
Expenses							
Current expense	39 060	64 416	66 129	74 173	74 505	82 524	93 657
Compensation of employees	15 728	19 053	23 169	26 128	28 229	30 843	34 230
Goods and services	12 564	30 103	25 158	23 791	19 242	21 018	23 249
Depreciation	399	424	445	518	943	851	802
Interest, dividends and rent on land	10 369	14 836	17 357	23 736	26 091	29 812	35 376

Table 30.14 National Urban Reconstruction and Housing Agency: Financial information (continued)

Statement of financial performance R thousand	Audited outcome			Revised estimate 2009/10	Medium-term estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Total expenses	39 060	64 416	66 129	74 173	74 505	82 524	93 657
Surplus / (Deficit)	511	(14 218)	16 518	3 544	6 827	6 326	6 986
Statement of financial position							
Carrying value of assets	960	1 046	1 371	2 858	1 995	1 269	566
of which: Acquisition of assets	238	532	262	2 523	80	125	100
Investments	167 592	226 280	365 303	4 443	4 443	4 443	4 443
Receivables and prepayments	1 209	265	1 254	493	484	485	491
Cash and cash equivalents	216 505	181 757	90 938	49 785	–	190 083	100 922
Assets not classified elsewhere	–	–	–	542 408	594 847	682 332	817 607
Total assets	386 266	409 348	458 866	599 987	601 769	878 612	924 029
Accumulated surplus/deficit	228 601	233 376	247 370	246 414	253 240	259 567	266 553
Capital and reserves	–	–	–	38 300	38 300	288 300	288 300
Borrowings	72 997	81 883	106 211	65 351	39 975	43 725	47 827
Trade and other payables	8 526	8 256	8 362	12 474	13 223	13 487	13 892
Liabilities not classified elsewhere	76 142	85 833	96 923	237 448	257 031	273 533	307 457
Total equity and liabilities	386 266	409 348	458 866	599 987	601 769	878 612	924 029

Expenditure trends

Revenue consists mainly of interest earned on loans to construction projects as well as interest from investments. Revenue grew from R39.6 million in 2006/07 to R77.7 million in 2009/10, at an average annual rate of 25.2 per cent. Revenue is expected to increase further to R100.6 million over the medium term, at an average annual rate of 9 per cent. This is attributable to the projected acceleration in interest income from investments in construction projects. The loan book is expected to increase from R542.4 million in 2009/10 to R817.6 million in 2012/13.

Expenditure is projected to increase from R74.2 million in 2009/10 to R93.7 million in 2012/13, at an average annual rate of 8.1 per cent. The main cost driver is interest, dividends and rent on land spending, which is projected to increase from R23.7 million in 2009/10 to R35.4 million in 2012/13, at an average annual rate of 14.3 per cent.

Expenditure in compensation of employees is expected to grow from R26.1 million in 2009/10 to R34.2 million in 2012/13, at an average annual rate of 9.4 per cent. This is attributable to inflation related adjustments to salaries and an increase in staff members as a result of the agency's intended regional expansion.

Rural Housing Loan Fund

Strategic overview 2006/07 – 2012/13

The Rural Housing Loan Fund was established in terms of section 21 of the Companies Act (1973) as an entity incorporated not for gain, and is classified as a schedule 3A public entity in terms of the Public Finance Management Act (1999). The entity is mandated to provide repeat access to housing credit to low income rural households to support government's effort to expedite housing delivery.

The fund works through a network of retail intermediaries to deliver finance for incremental housing in rural areas. Over the MTEF period, the fund intends to increase the number of its retail intermediaries from 10 in 2009/10 to 16 in 2012/13. This is expected to increase disbursements (including mezzanine funding) from R144 million in 2009/10 to R277 million in 2012/13.

In support of the integrated sustainable rural development programme, the fund has developed the individual rural subsidy voucher scheme in collaboration with the Department of Human Settlements. The scheme maximises housing layout and design choices by allowing rural households to participate in the planning, design and construction of housing units using accredited building materials. The scheme was postponed pending the

completion of the housing development finance review. The housing development finance review is being conducted by the Department of Human Settlements to assess the appropriateness of the current development finance institutional arrangement in the context of sustainable human settlements. The review follows the national review of development finance institutions spearheaded by National Treasury in 2007.

Over the medium term, the fund will focus on the following strategic priorities: broadening and deepening the reach of rural housing finance, building the lending capacity and competitive potential of the retail intermediary network, and improving the visibility of the fund.

Savings and cost effective service delivery

In 2009/10, the Rural Housing Loan Fund has cut costs on travel, accommodation, consulting fees, payroll, human resources management and legal fees. The fund budgeted for a saving of R2 million at the end of 2009/10. The savings do not compromise service delivery.

Selected performance indicators

Table 30.15 Rural Housing Loan Fund

Indicator	Past			Current	Projections		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Total value of loans in place	R117.2m	R176m	R227.9m	R272.1m	R311.7m	R402.5m	R431.6m
Cost to revenue ratio	–	–	30	39	44	43	43
Number of end user loans per year	32 028	37 643	40 537	30 178	36 556	52 111	44 778

Service delivery focus

In 2008/09, the fund was able to disburse R139 million to its 11 retail intermediaries, exceeding the target by R27 million. This translates into 40 537 end-user loans. The fund anticipates increasing the number of end-user loans from 40 537 in 2008/09 to 44 778 in 2012/13. The fund also intends increasing the number of its retail intermediaries to 12 in 2010/11 and 14 in 2011/12. This will increase the fund's impact in deeper rural nodes.

To ensure that disbursed funds are used for their intended purpose, the fund is planning audit verifications on the impact reported by the retail intermediaries in 2010/11.

Expenditure estimates

Table 30.16 Rural Housing Loan Fund: Programme information

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Affordable housing credit to low income rural households	31 625	28 018	33 936	44 528	37 702	41 235	40 362
Total expense	31 625	28 018	33 936	44 528	37 702	41 235	40 362

Table 30.17 Rural Housing Loan Fund: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	36 592	33 886	42 366	55 164	43 220	46 703	50 929
Other non-tax revenue	36 592	33 886	42 366	55 164	43 220	46 703	50 929
Transfers received	–	–	–	–	49 500	49 500	51 975
Total revenue	36 592	33 886	42 366	55 164	92 720	96 203	102 904
Expenses							
Current expense	31 625	28 018	33 936	44 528	37 702	41 235	40 362
Compensation of employees	5 698	4 865	4 106	6 573	8 289	9 146	9 699
Goods and services	19 594	14 609	18 549	23 603	16 498	19 297	15 826
Depreciation	337	268	139	152	102	–	60
Interest, dividends and rent on land	4 967	6 139	8 784	9 929	10 666	10 666	10 666
Total expenses	31 625	28 018	33 936	44 528	37 702	41 235	40 362
Surplus / (Deficit)	4 967	5 868	8 430	10 636	55 018	54 968	62 542

Table 30.17 Rural Housing Loan Fund: Financial information (continued)

Statement of financial performance R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Statement of financial position							
Carrying value of assets	435	290	239	102	-	-	240
of which: Acquisition of assets	129	123	98	15	-	-	300
Investments	8 799	11 106	9 792	4 160	4 660	5 160	5 660
Loans	98 715	147 720	190 773	216 657	245 306	322 885	365 108
Receivables and prepayments	1 347	2 143	3 473	4 520	4 520	4 520	4 520
Cash and cash equivalents	27 831	104 565	68 092	74 776	101 303	78 528	99 466
Assets not classified elsewhere	8 936	6 561	7 691	8 973	9 119	9 350	7 997
Total assets	146 063	272 385	280 060	309 188	364 908	420 443	482 991
Accumulated surplus/deficit	(15 365)	(9 498)	(1 068)	11 704	17 222	22 690	33 201
Capital and reserves	158 514	160 123	159 996	157 860	207 360	256 860	308 891
Borrowings	-	118 946	119 627	138 729	138 729	138 729	138 729
Trade and other payables	2 060	1 693	613	150	150	150	150
Provisions	854	1 121	892	702	702	702	702
Liabilities not classified elsewhere	-	-	-	43	745	1 312	1 318
Total equity and liabilities	146 063	272 385	280 060	309 188	364 908	420 443	482 991

Expenditure trends

The fund's revenue comes from interest charged on wholesale loans granted to retail intermediaries. The end users access funds through retail intermediaries, which in turn charge interest. Revenue increased from R36.6 million in 2006/07 to R55.2 million in 2009/10, at an average annual rate of 14.7 per cent. This is attributable to an increase in loan disbursements to intermediaries from R85 million in 2006/07 to R106.3 million in 2007/08 and to R85.7 million in 2008/09. Revenue is expected to increase from R55.2 million in 2010/11 to R102.9 million in 2012/13, at an average annual rate of 23.1 per cent. This is predominantly attributable to the projected interest earned on loan disbursements, as interest earned is expected to increase from R42.7 million in 2010/11 to R50.4 million in 2012/13. Loan disbursements are expected to increase from R94.5 million in 2010/11 to R116.5 million in 2012/13, at an average annual rate of 11 per cent.

Expenditure is expected to decline marginally from R44.5 million in 2009/10 to R40 million in 2012/13, at an average annual rate of 3.2 per cent. This is mainly attributable to expected adjustments to the fair value of financial assets, which is expected to decline by 20 per cent from R18.4 million in 2009/10 to R9.3 million in 2012/13.

Spending in compensation for employees is projected to increase from R6.6 million in 2009/10 to R9.7 million in 2012/13, at an average annual rate of 13.8 per cent. This is due to adjustments for inflation as well as the expected increase in staff over the MTEF period. The fund anticipates the appointment of a new chief executive in 2010/11 and employing its current interns permanently to maintain the level of service delivery given the growth in the volume of the fund's business activity.

Expenditure in goods and services is expected to decrease from R23.6 million in 2009/10 to R15.8 million in 2012/13, at an average annual rate of 12.5 per cent, due to decreased spending on agency and outsourced services. The Rural Housing Loan Fund expects to appoint a service provider to conduct audit verifications of the housing impact reported by the retail intermediaries.

Housing Development Agency

Strategic overview 2006/07-2012/13

In 2004, the comprehensive plan for human settlement development proposed that a special purpose vehicle be established to expedite housing delivery in South Africa. The Housing Development Agency was established in terms of the Housing Development Agency Act (2008) and began operations in April 2009. The purpose of the agency is to identify, acquire, hold, develop and release state and privately owned land for residential and community purposes and for the creation of sustainable human settlements.

The agency is required to facilitate the acquisition of land in a way that supplements the capacities of government across all spheres. It also provides project management expertise in human settlement projects and facilitates the development of projects through accelerated and innovative project packaging.

The strategic focus of the entity in 2010/11 is to complete the preparation, planning, funding and implementation of identified priority projects, such as the informal settlements in Cornubia in KwaZulu-Natal and Lephhalale in Limpopo, the inner city of Johannesburg and projects in Northern Cape.

The agency will identify 30 municipalities and ensure that programmes for developing low cost housing are in place over the MTEF period. The agency will then secure land for the municipalities and develop a mechanism for the disposal of public land.

Savings and cost effective service delivery

The policies of the Housing Development Agency cater for control measures to effect cost savings. All staff travel on economy class and there are limits on accommodation and rental car costs. Workshops are held on company premises and agency staff are used as facilitators instead of consultants. The agency will use internal legal staff as far as possible.

Selected performance indicators

Table 30.18 Housing Development Agency

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of portions of land acquired for human settlements and community development	Land acquisition and management	-	-	-	70	90	90	90
Number of serviced stands released and yielded	Projects and programmes	-	-	-	4 000	7 000	30 000	30 000
Number of intergovernmental integration protocols serviced	Intergovernmental relations and stakeholder management	-	-	-	4	15	30	45
Percentage of state housing subsidy investments (housing grant) directed towards Housing Development Agency projects	Land acquisition and management	-	-	-	5%	10%	12%	30%
Total number of provinces and municipalities supported with planning for human settlements	Projects and programmes	-	-	-	12	20	36	60

Service delivery focus

The agency was officially launched in the first quarter of 2009/10, and the board and chief executive appointed. In 2009/10, the agency focused on capacitation and strategic planning. Board committees were established and 3 general managers appointed. Financial and risk management systems and controls were implemented.

There are 4 projects that were identified as priority projects over the MTEF period for which the agency will facilitate land acquisition, assembly, planning, project structuring and funding: Cornubia in KwaZulu-Natal, Lephhalale in Limpopo, Northern Cape informal settlements, and eradicating the housing backlog and redeveloping buildings in the Johannesburg inner city. The agency is currently finalising the business plans, to be implemented over the MTEF period, and has taken over project management of N2 Gateway and Zanemvula from Thubelisha Homes.

Expenditure estimates

Table 30.19 Housing Development Agency: Activity information

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Finance management and administration	-	-	-	22 977	34 943	38 032	40 756
Intergovernmental Relations and Stakeholder Management	-	-	-	8 969	11 095	11 894	12 769
Land Acquisition and Management	-	-	-	9 211	35 863	30 074	30 305
Projects and Programmes Management	-	-	-	22 287	14 721	38 535	41 023
Total expense	-	-	-	63 444	96 622	118 535	124 853

Table 30.20 Housing Development Agency: Financial information

Statement of financial performance R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	-	-	-	13 794	27 322	29 435	31 298
Sale of goods and services other than capital assets of which:				12 994	26 022	28 035	29 798
Other sales	-	-	-	12 994	26 022	28 035	29 798
Other non-tax revenue	-	-	-	800	1 300	1 400	1 500
Transfers received	-	-	-	49 650	69 300	89 100	93 555
Total revenue	-	-	-	63 444	96 622	118 535	124 853
Expenses							
Current expense	-	-	-	63 444	96 622	118 535	124 853
Compensation of employees	-	-	-	21 838	55 379	63 086	68 215
Goods and services	-	-	-	40 915	40 128	54 263	55 388
Depreciation	-	-	-	691	1 115	1 186	1 250
Total expenses	-	-	-	63 444	96 622	118 535	124 853
Surplus / (Deficit)	-	-	-	-	-	-	-

Expenditure trends

Revenue derives from grant funding from the department, the recovery of costs from mega projects, and interest income from investments and cash balances. The agency's revenue is expected to increase from R63.4 million in 2009/10 to R124.8 million in 2012/13, at an average annual rate of 25.3 per cent.

Expenditure is expected to increase from R63.4 million in 2009/10 to R124.8 million in 2012/13, at an average annual rate of 25.3 per cent. Expenditure in goods and services is expected to increase at an average annual rate of 10.6 per cent over the MTEF period, mainly due to land related costs, and costs for feasibility studies and the framework review. Expenditure in compensation of employees is expected to increase at an average annual rate of 46.2 per cent, reflecting the capacitating of the agency to execute its mandate.

National Home Builders Registration Council

Strategic overview 2006/07 – 2012/13

The National Home Builders Registration Council was established in terms of the Housing Consumers Protection Measures Act (1998), as amended, to represent the interests of housing consumers by providing warranty protection against defined defects in new homes and to regulate the homebuilding industry. The council provides training and capacity building to promote and ensure compliance with technical standards in the home building environment.

For the past three years, the council has experienced volatile growth rates in the home building industry. It recorded record breaking numbers of home enrolments and consequently home enrolment fees in 2006/07 and

2007/08, due to the favourable economic conditions. In 2008/09, the council's enrolment fee income declined to R478.7 million from R570.1 million in 2007/08. However, total revenue increased marginally from R774 million in 2007/08 to R780 million in 2008/09 due to increased interest earnings.

The council has begun with organisational restructuring, which adds costs to expenditure in compensation of employees in 2010/2011. Training home builders, including emerging builders, the unemployed, the youth, women and people with disabilities, remains a critical strategic and operational focus for the council. The inspection model and the cross-subsidisation of the subsidy and non-subsidy market will be reviewed. Over the MTEF period, the council will accelerate service delivery and continue to promote the quality of homes, especially in the subsidy market.

Savings and cost effective service delivery

The National Home Builders Registration Council will only fill critical positions in order to limit staff costs. A train-the-trainer initiative will minimise training and traveling expenses. Strategic breakaways will be conducted in-house rather than in hired venues. Research and development will be done in-house. The duration of staff meetings will be limited to cut catering costs. Video conferencing will reduce traveling and catering costs. In addition, the council will use shuttles instead of car rentals to minimise traveling costs.

Selected performance indicators

Table 30.21 National Home Builders Registration Council

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of new registrations	Revenue	4 595	3 628	4 820	3 552	3 000	2 500	2 800
Number of renewals	Revenue	11 033	12 390	12 390	2 607	12 000	13 000	14 000
Number of non-subsidy enrolments	Revenue	78 568	80 239	78 568	26 920	37 000	40 000	44 000
Number of late enrolments	Revenue	4 538	4 132	4 583	2 064	1 850	4 000	4 400
Number of project subsidy enrolments	Revenue	120 480	77 560	124 190	22 000	140 500	90 000	120 000
Number of homes subsidy enrolment	Revenue	59 361	69 616	100 000	59 000	94 000	60 000	80 000
Number of inspections	Risk mitigation	645 731	738 001	435 336	242 944	270 693	300 000	320 000
Number of conciliations	Risk mitigation	318	2 824	3 400	500	550	605	666
Number of suspensions	Risk mitigation	472	645	800	400	500	550	650
Number of deregistrations	Risk mitigation	154	-	155	-	-	-	-
Number of withdrawals	Risk mitigation	154	577	200	-	-	-	-

Service delivery focus

The council has established 9 provincial offices since its inception, but accessibility is a challenge as a result of the distances from some of the offices. 10 service points, which complement the provincial offices, were established in 2008/09 to improve accessibility countrywide.

In terms of the Housing Consumers Protection Measures Act (1998), the council's advisory committee is required to assess the feasibility of introducing an insurer for home builders' obligations. In 2009/10, public hearings were held in Tshwane, Johannesburg, Durban and Cape Town to assist the committee to formulate recommendations, as envisaged by the act.

The council intends to increase the number of inspectors from 47 in 2009/10 to 50 over the MTEF period to ensure that each subsidy house is inspected. The council will also review various inspection models that can improve service delivery.

In addition, the council intends to empower the historically disadvantaged through home builder training programmes and consumer education programmes.

Expenditure estimates

Table 30.22 National Home Builders Registration Council: Programme information

R thousand	Audited outcome			Revised estimate 2009/10	Medium-term estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Risk mitigation expenses (Non-subsidy)	44 719	60 167	111 879	75 742	77 578	83 006	88 817
Marketing Expenses	6 794	7 408	7 213	14 428	26 640	7 920	8 474
Training of emerging contractors	7 243	15 897	13 736	22 222	–	–	37 000
Risk mitigation expenses (Subsidy)	–	–	–	50 635	46 085	49 310	52 763
Forensic investigation and rectification	7 613	19 284	33 781	36 825	7 765	8 309	8 890
Other programmes	138 529	186 420	245 346	242 267	329 030	350 846	376 868
Total expense	204 898	289 176	411 955	442 119	487 098	499 391	572 812

Table 30.23 National Home Builders Registration Council: Financial information

Statement of financial performance R thousand	Audited outcome			Revised estimate 2009/10	Medium-term estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	530 278	773 585	779 904	792 109	602 912	645 116	690 275
Sale of goods and services other than capital assets of which:	399 623	591 456	537 981	531 171	363 269	388 698	415 907
Sales by market establishments	399 623	591 456	537 981	531 171	363 269	388 698	415 907
Other non-tax revenue	130 655	182 129	241 923	260 938	239 643	256 418	274 368
Total revenue	530 278	773 585	779 904	792 109	602 912	645 116	690 275
Expenses							
Current expense	204 898	289 176	411 955	440 079	483 969	496 011	569 162
Compensation of employees	90 426	127 876	134 024	150 430	183 261	201 021	220 500
Goods and services	110 879	155 468	257 881	269 798	278 320	271 287	327 245
Depreciation	3 560	5 676	20 030	19 851	22 388	23 703	21 417
Interest, dividends and rent on land	33	156	20	–	–	–	–
Transfers and subsidies	–	–	–	2 040	3 129	3 380	3 650
Total expenses	204 898	289 176	411 955	442 119	487 098	499 391	572 812
Surplus / (Deficit)	325 380	484 409	367 949	349 990	115 814	145 725	117 463
Statement of financial position							
Carrying value of assets	35 853	83 426	80 926	78 426	74 503	58 800	45 383
of which: Acquisition of assets	32 367	53 284	17 543	17 351	18 465	8 000	8 000
Investments	1 943 376	2 437 072	2 778 683	3 096 885	3 162 927	3 321 196	3 459 743
Inventory	125	340	308	308	330	353	378
Receivables and prepayments	2 367	12 883	23 283	19 766	12 497	13 372	14 308
Cash and cash equivalents	60 421	72 843	27 085	3 050	3 054	3 057	3 061
Total assets	2 042 142	2 606 564	2 910 284	3 198 435	3 253 311	3 396 778	3 522 873
Accumulated surplus/deficit	954 899	1 402 308	1 766 557	2 146 347	2 242 161	2 387 886	2 505 349
Capital and reserves	47 273	37 206	107 718	122 147	102 147	99 147	99 147
Trade and other payables	107 152	184 253	187 031	75 963	55 025	55 767	64 399
Provisions	932 818	982 797	848 978	853 978	853 978	853 978	853 978
Total equity and liabilities	2 042 142	2 606 564	2 910 284	3 198 435	3 253 311	3 396 778	3 522 873

Expenditure trends

The council generates its revenue from registration and renewal fees paid by home builders and from home enrolment fees from housing consumers. Revenue is expected to increase from R530.3 million in 2006/07 to R792.1 million in 2009/10, at an average annual rate of 14.3 per cent. Over the MTEF period, revenue is expected to decline from R792.1 million to R690.3 million in 2012/13, due to an anticipated decrease in home enrolment income.

Expenditure increased from R204.9 million in 2006/07 to R442.1 million in 2009/10, at an average annual rate of 29.2 per cent. This is attributable to an increase in expenditure in compensation of employees due to inflation related adjustments to salaries and costs related to the appointment of additional staff. Spending in goods and services grew at an average annual rate of 21.4 per cent, driven largely by spending on consultants, training for emerging home builders and lease payments.

Over the MTEF period, expenditure is expected to increase from R442 million in 2009/10 to R572.8 million in 2012/13, at an average annual rate of 19 per cent.

National Housing Finance Corporation

Strategic overview 2006/07 – 2012/13

The National Housing Finance Corporation was established in 1996 as a development finance institution to contribute to reducing South Africa's housing backlog. It is listed as a schedule 3A public entity. The corporation is mandated to make housing finance accessible and affordable to low to middle income households. The corporation is also responsible for mobilising and raising private sector funding for housing purposes.

The corporation disburses its funds through wholesale, commercial and retail business. The retail business, which was introduced in 2008/09, is currently under review. R4.1 billion in loan finance has been provided by the corporation since 1996, which has facilitated the delivery of more than 296 000 housing opportunities to date.

The implementation of the National Credit Act (2005) required a substantial review of policies, systems and operating procedures for both the corporation and its clients. The corporation entered into a number of long term funding arrangements with social housing institutions in KwaZulu-Natal, Western Cape, Gauteng, Limpopo and Eastern Cape.

The corporation expects to significantly increase funding for rental and ownership initiatives, extensively leveraging off the resources of other partners in the target market. The corporation is working with local and provincial governments to accelerate the development of integrated sustainable human settlements. The corporation intends to enter into co-funding of projects with Old Mutual and ABSA Bank over the medium term.

Savings and cost effective service delivery

The corporation saved 21 per cent of anticipated expenditure in 2008/9 through a proactive management approach. The downscaling of the retail programme will also contribute to cost savings. The use of consultants will be reviewed and only considered if this will add value. Legal fees will be reduced, by using internal legal staff.

Selected performance indicators

Table 30.24 National Housing Finance Corporation

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of houses financed per year	Bridging finance, private rental, social housing, home ownership, loans through intermediaries	14 443	14 121	14 883	31 154	37 714	37 926	39 934
Amount spent on housing finance per year	Bridging finance, private rental, social housing, home ownership, loans through intermediaries	R920.5m	R1.5bn	R1.6bn	R1.7bn	R920.5m	R1.5bn	R1.6bn

Service delivery focus

In 2008/09, the National Housing Finance Corporation concluded a number of agreements with developers to address the shortage of affordable housing. A development loan of R128 million was provided to Seakay Engineering for the construction of fully subsidised and low cost housing units, and a memorandum of understanding was concluded with Basil Read for the development of low cost housing. On the demand side, more home seekers had difficulty obtaining home finance, because of the global financial downturn.

The corporation launched HomeFront Finance, a retail finance product, in 2008. Its future is currently under review given financial capacity constraints. A new product, based on a set percentage salary deduction with installments increasing only on the borrower's annual salary increase, is being developed by Housing Investment Partners. This means that the home owner will not be subject to interest rate fluctuations. The infrastructure, policies and procedures for this are currently being developed. It is expected to be implemented in 2010/11.

In 2009/10, the corporation acquired 30 per cent shareholding in the restructured Trust for Urban Housing Finance and will continue to provide wholesale finance through the trust for renovating and upgrading inner city housing stock. The corporation remains committed to delivering social housing stock through providing loan facilities to social housing institutions, and is engaged in discussions with 3 banks on opportunities to assist in scaling up the supply of affordable housing in low to middle income households.

Expenditure estimates

Table 30.25 National Housing Finance Corporation: Financial information

Statement of financial performance R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	187 908	231 641	278 683	238 763	229 912	268 368	306 671
Sale of goods and services other than capital assets of which:	-	-	7 033	-	29 000	39 000	30 000
Interest on loans	-	-	7 033	-	29 000	39 000	30 000
Other non-tax revenue	187 908	231 641	271 650	238 763	200 912	229 368	276 671
Transfers received	-	-	-	1	1	1	1
Total revenue	187 908	231 641	278 683	238 764	229 913	268 369	306 672
Expenses							
Current expense	125 027	171 041	170 674	165 888	180 785	224 521	291 393
Compensation of employees	38 938	45 208	55 354	68 229	75 033	72 940	77 759
Goods and services	59 615	79 722	69 932	62 936	77 468	82 347	85 341
Depreciation	806	614	842	5 888	4 791	5 037	4 845
Interest, dividends and rent on land	-	-	2 059	495	10 286	51 289	114 500
Total expenses	125 027	171 041	170 674	165 888	180 785	224 521	291 393
Surplus / (Deficit)	62 881	60 600	108 009	72 876	49 128	43 848	15 279
Statement of financial position							
Carrying value of assets	924	1 213	1 487	4 271	8 023	4 333	1 134
of which: Acquisition of assets	505	903	1 116	8 672	8 543	1 347	1 646
Investments	1 417 898	1 393 838	1 229 631	1 179 194	947 368	955 726	1 030 051
Inventory	-	-	57 852	32 851	15 000	15 000	15 000
Loans	846 580	929 485	1 108 621	1 611 493	2 059 788	2 772 289	3 408 224
Receivables and prepayments	27 194	16 917	27 694	14 817	42 899	31 714	46 544
Cash and cash equivalents	224 910	217 917	276 845	12 555	24 750	21 564	21 931
Assets not classified elsewhere	54 096	34 050	56 650	54 630	49 121	57 257	61 899
Total assets	2 571 602	2 593 420	2 758 780	2 909 811	3 146 949	3 857 883	4 584 783

Table 30.25 National Housing Finance Corporation: Financial information (continued)

Statement of financial performance R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Accumulated surplus/deficit	905 169	965 769	1 078 809	1 151 682	1 200 758	1 250 790	1 281 533
Capital and reserves	1 080 000	1 080 000	1 080 000	1 080 000	1 080 000	1 080 000	1 080 000
Borrowings	–	–	16 888	23 673	265 887	909 127	1 591 262
Trade and other payables	7 297	2 026	37 316	47 659	43 221	32 558	11 622
Provisions	7 992	10 465	14 506	14 000	14 778	15 498	16 261
Managed funds	547 239	496 338	521 192	592 797	542 305	569 910	604 105
Liabilities not classified elsewhere	23 905	38 822	10 069	–	–	–	–
Total equity and liabilities	2 571 602	2 593 420	2 758 780	2 909 811	3 146 949	3 857 883	4 584 783

Expenditure trends

The National Housing Finance Corporation's revenue mainly consists of interest earned on loan disbursements and interest from investments. Revenue increased from R187.9 million in 2006/07 to R238.8 million in 2009/10, at an average annual rate of 8.3 per cent. Revenue is expected to increase to R306.7 million over the medium term, at an average annual rate of 8.7 per cent. This is as a result of an increased target for loan disbursements which is expected to result in an increase interest earned.

Expenditure increased from R125 million in 2006/07 to R165.9 million in 2009/10, at an average annual rate of 9.9 per cent. This is due to costs related to the restructuring of the institution and costs related to setting up the retail programme.

Over the MTEF period, expenditure is expected to increase from R165.9 million in 2009/10 to R291.4 million in 2012/13, at an average annual rate of 20.7 per cent. This attributable to the increase in interest costs as a result of borrowed funds. Impairments are also expected to increase by 63 per cent in 2010/11, mainly as a result of an increase in the contingent liability related to the possible seizure of the retail programme, and an estimated increase in business volumes in the wholesale business.

Expenditure in goods and services is expected to increase from R62.9 million in 2009/10 to R85.3 million in 2012/13, at an average annual rate of 10.7 per cent. The expected increase reflects the financial impact of the integration of the budget of the Cape Town Community Housing Company with the budget of the National Housing Finance Corporation, as the corporation acquired the remaining 50 per cent shareholding in the company, held by the City of Cape Town, in 2008.

Thubelisha Homes

Thubelisha Homes is classified as a schedule 3A public entity in terms of the Public Finance Management Act (1999) and was established as a non-profit, special purpose vehicle to create appropriate housing stock for rightsizing the Servcon Housing Solutions portfolio.

In 2009/10, Thubelisha Homes began with the implementation of a closure plan. The institution ceased operations in July 2009. Arrangements are in place for the project management of the mega projects to be handed over to the Housing Development Agency. The remaining projects will revert to their owners. Voluntary severance packages were offered to the staff. Arrangements are being made for the absorption of the remaining permanent staff in government. Final closure of the institution is expected by March 2010.

Servcon Housing Solutions

Servcon Housing Solutions is a schedule 3A public entity established in 1995 as a result of an agreement between the Department of Housing (representing government) and the Banking Council (representing participating banks). The aim of the agreement was to support the normalisation of the affordable housing finance market in the wake of significant levels of default during the transition to democracy. Servcon Housing Solutions was mandated to manage the disposal of a portfolio of 33 306 properties owned by banks as a result of non-performing loans in selected areas at the cut-off date of 31 August 1997.

In 2006, the shareholders represented by the Banking Council and the Department of Human Settlements parted, in terms of the sale of shares and claims agreement. The normalisation and rectification programme gained

momentum between 2006 and 2009. In 2009/10, Servcon Housing Solutions continued with the implementation of a closure plan, approved by the executive authority in February 2009. The institution ceased operations in September 2009. Voluntary severance packages were offered to the staff. Arrangements are being made for the absorption of the remaining permanent staff in government. Final closure of the institution is expected by March 2010.

Additional tables

Table 30.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R thousand	2008/09		2008/09	2009/10			2009/10
1. Administration	114 758	139 809	128 623	198 540	(30 770)	167 770	167 770
2. Housing Policy, Research and Monitoring	31 528	95 542	26 199	58 000	14 175	72 175	72 175
3. Housing Planning and Delivery Support	58 038	196 494	94 593	219 879	31 020	250 899	250 899
4. Housing Development Finance	10 131 429	10 496 642	10 644 634	13 361 341	19 354	13 380 695	13 380 695
5. Strategic Relations and Governance	250 770	–	253 391	182 206	(17 547)	164 659	164 659
Total	10 586 523	10 928 487	11 147 440	14 019 966	16 232	14 036 198	14 036 198

Economic classification

Current payments	497 429	507 454	526 451	651 414	(14 177)	637 237	637 754
Compensation of employees	133 629	133 631	136 866	238 364	(20 970)	217 394	217 394
Goods and services	363 800	373 823	389 321	413 050	6 793	419 843	420 360
Interest and rent on land	–	–	264	–	–	–	–
Transfers and subsidies	10 081 581	10 408 682	10 409 100	12 957 151	27 703	12 984 854	12 984 337
Provinces and municipalities	9 852 842	10 177 938	10 177 939	12 592 276	–	12 592 276	12 592 276
Departmental agencies and accounts	227 739	227 739	227 738	363 875	22 200	386 075	386 075
Foreign governments and international organisations	1 000	1 000	845	1 000	–	1 000	1 000
Public corporations and private enterprises	–	–	–	–	–	–	(43)
Households	–	2 005	2 578	–	5 503	5 503	5 029
Payments for capital assets	7 513	12 351	211 887	411 401	2 693	414 094	414 094
Buildings and other fixed structures	–	–	199 859	400 152	–	400 152	400 152
Machinery and equipment	7 313	11 336	10 417	9 591	2 405	11 996	11 996
Software and other intangible assets	200	1 015	1 611	1 658	288	1 946	1 946
Payments for financial assets	–	–	2	–	13	13	13
Total	10 586 523	10 928 487	11 147 440	14 019 966	16 232	14 036 198	14 036 198

Table 30.B Detail of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Department	642	636	–	314	318	427	637	730	730	730
Salary level 1 – 6	126	138	–	87	81	100	138	163	163	163
Salary level 7 – 10	296	270	–	124	115	172	270	314	314	314
Salary level 11 – 12	146	142	–	53	62	82	142	153	153	153
Salary level 13 – 16	74	86	–	50	60	73	87	100	100	100
Administration	193	171	–	144	149	172	172	227	227	227
Salary level 1 – 6	91	79	–	71	66	23	79	89	89	89
Salary level 7 – 10	55	47	–	37	39	68	47	73	73	73
Salary level 11 – 12	26	26	–	14	18	37	26	35	35	35
Salary level 13 – 16	21	19	–	22	26	44	20	30	30	30
Housing Policy, Research and Monitoring	76	54	–	43	38	40	54	54	54	54
Salary level 1 – 6	2	–	–	2	2	10	–	–	–	–
Salary level 7 – 10	41	25	–	26	17	16	25	25	25	25
Salary level 11 – 12	22	18	–	8	9	8	18	18	18	18
Salary level 13 – 16	11	11	–	7	10	6	11	11	11	11

Table 30.B Detail of approved establishment and personnel numbers according to salary level¹ (continued)

	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Housing Planning and Delivery Support	138	188	-	30	32	63	188	188	188	188
Salary level 1 – 6	3	13	-	1	1	26	13	13	13	13
Salary level 7 – 10	72	93	-	16	14	32	93	93	93	93
Salary level 11 – 12	38	54	-	8	11	5	54	54	54	54
Salary level 13 – 16	25	28	-	5	6	-	28	28	28	28
Housing Development Finance	95	90	-	47	48	61	90	91	91	91
Salary level 1 – 6	15	17	-	9	9	8	17	17	17	17
Salary level 7 – 10	55	50	-	22	22	21	50	49	49	49
Salary level 11 – 12	15	15	-	9	10	17	15	15	15	15
Salary level 13 – 16	10	8	-	7	7	15	8	10	10	10
Strategic Relations and Governance	140	133	-	50	51	91	133	170	170	170
Salary level 1 – 6	15	29	-	4	3	33	29	44	44	44
Salary level 7 – 10	73	55	-	23	23	35	55	74	74	74
Salary level 11 – 12	45	29	-	14	14	15	29	31	31	31
Salary level 13 – 16	7	20	-	9	11	8	20	21	21	21

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.

2. As at 30 September 2009.

Table 30.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R thousand)	76 475	97 241	125 939	204 837	290 166	313 377	328 855
Training expenditure (R thousand)	2 025	1 229	2 870	12 945	14 128	15 218	16 091
Training as percentage of compensation	2.6%	1.3%	2.3%	6.3%	4.9%	4.9%	4.9%
Total number trained in department (head count)	212	106	168	220			
of which:							
Employees receiving bursaries (head count)	33	34	35	176			
Learnerships trained (head count)	-	-	-	16			
Internships trained (head count)	24	24	16	1			
Households receiving bursaries (R thousand)	-	150	250	128	4 000	4 000	4 000
Households receiving bursaries (head count)	-	5	-	-			

Table 30.D Summary of conditional grants to provinces and municipalities¹

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Conditional grants to provinces							
4. Housing Development Finance							
Human Settlement Development Grant	6 677 806	8 149 869	10 177 938	12 442 276	15 026 763	17 222 368	17 938 701
Housing Disaster Relief Grant	-	-	-	150 000	133 800	-	-
Total	6 677 806	8 149 869	10 177 938	12 592 276	15 160 563	17 222 368	17 938 701

Table 30.E Summary of donor funding

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand												
Foreign In cash												
European Union	Social housing programme	Housing Development Finance	49 230	Departmental agencies and accounts	Provide support on the social housing programme via Social Housing Foundation	24 999	5 462	-	-	-	-	-
United States Agency for International Development	Peoples Housing Process and housing strategy	Housing Development Finance	4 123	Departmental agencies and accounts	Provide support on the Peoples Housing Process and housing strategy	-	2 721	-	-	-	-	-
Netherlands	Operationalisation of housing policy	Housing Development Finance	2 516	Departmental agencies and accounts	Provided support in the operationalisation of the housing policy	1 076	1 440	-	-	-	-	-
Denmark	Energy efficiency project	Housing Development Finance	2 133	Departmental agencies and accounts	Provided support on the energy efficiency programme in low cost housing	-	670	1 463	-	-	-	-
Total			58 002			26 075	10 293	1 463	-	-	-	-

Table 30.F Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand										
Departmental infrastructure										
Sanitation development in schools and clinics	Upgraded of schools and clinics	Various	-	-	-	-	50 000	53 060	-	-
Fixed installation to households										
Individual housing subsidies (R0 to R3 500)	Units completed	Various	-	-	117 088	161 535	135 153	163 227	187 076	194 857
Housing finance linked individual subsidies (R3 501 to R7 000)	Units completed	Various	-	-	117 719	145 763	114 891	138 756	159 030	165 645
Relocation assistance	Units completed	Various	-	-	14 575	66 212	107 500	129 830	148 800	154 989
Enhanced extended discount benefit scheme	Units completed	Various	-	-	61 211	123 664	106 223	128 287	147 032	153 147
State asset maintenance programme	Units completed	Various	-	-	146 980	136 940	131 373	158 662	181 844	189 408
Rectification of Reconstruction and Development Programme stock	Units completed	Various	-	-	120 340	333 428	186 566	225 319	258 241	268 982

Table 30.F Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand										
Departmental infrastructure										
Social and economic facilities	Units completed	Various	-	-	200 246	236 270	181 126	218 749	250 711	261 139
Unblocking of blocked projects	Community Infrastructure	Various	-	-	2 954 738	525 720	413 446	499 327	572 284	596 087
Land parcels procured	Units completed	Various	-	-	96 998	155 594	248 068	299 596	343 372	357 653
Total			-	-	3 829 895	1 885 126	1 674 346	2 014 813	2 248 390	2 341 907

