

20 YEARS OF FREEDOM



BUDGET 2014
ESTIMATES OF NATIONAL EXPENDITURE

VOTE 31 HUMAN SETTLEMENTS



national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



Estimates of National Expenditure

2014

National Treasury

Republic of South Africa

26 February 2014



ISBN: 978-0-621-42406-5

RP: 01/2014

The Estimates of National Expenditure 2014 e-publications are compiled with the latest available information from departmental and other sources. Some of this information is unaudited or subject to revision.

The Estimates of National Expenditure e-publications for individual votes are available on www.treasury.gov.za.

Compared to the abridged version of the Estimates of National Expenditure, which includes all national government budget votes, in respect of individual votes these e-publications contain more comprehensive coverage of goods and services, transfers and subsidies, and public entities. Additional tables are also included containing information on the main and adjusted appropriation, with revised spending estimates for the current financial year, on skills training, conditional grants to provinces and municipalities, public private partnerships and information on donor funding. Expenditure information at the level of service delivery is also included, where appropriate.



“We know it well that none of us acting alone can achieve success. We must therefore act together as a united people, for national reconciliation, for nation building, for the birth of a new world. Let there be justice for all. Let there be peace for all. Let there be work, bread, water and salt for all. Let each know that for each the body, the mind and the soul have been freed to fulfil themselves.”

UNION BUILDINGS, PRETORIA, 10 MAY 1994



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Foreword

The national development plan, Vision 2030 of the government of South Africa, states that ‘Alongside hard work and effort, capabilities and the opportunities that flow from development enable individuals to live the lives to which they aspire.’ The 2014 Budget has been prepared in the spirit of this statement.

While the medium term expenditure framework (MTEF) contained in the 2014 Budget ushers in the new administration after the May elections, the country faces a markedly different situation from that of 2009. In 2006/07 and 2007/08, South Africa achieved budget surpluses. In 2008, however, the worldwide economic crisis meant budget deficit forecasts were inevitable. It is now clear that the recovery in real economic growth has been less robust than initially anticipated. Despite this, the economy is growing and government revenue collection is broadly on target. The 2009 Budget announced a ‘haircut’ and reprioritisation within budget baselines. At that stage, the reassignment of R19 billion comprised 12 per cent of the total monetary value of amendments to budgets made, of R160.6 billion. By contrast, the reassignment of the R19.6 billion in the 2014 Budget comprises 51 per cent of the total of R38.8 billion in amendments to budgets. The quantum of amendments to the total budget that can be made has clearly decreased substantially over time.

Despite the fiscal environment becoming increasingly constrained, National Treasury has been able to sustain the intensity of the pursuit for budget efficiencies, with most of the fiscal space for improvements to service delivery being made through reprioritisation. This will be reinforced by procurement reform and expenditure review initiatives. While the current fiscal position no longer automatically creates room by making additional funding available, progress towards our country objectives of inclusive economic growth and employment creation must be made in the face of a tough fiscal environment. Therefore the main budget non-interest aggregate expenditure ceiling established in the 2013 Budget remains intact. New priorities and the expansion of existing programmes must be achieved through reprioritisation within the existing resource envelope.

The current fiscal context is necessitating hard trade-offs: difficult choices will need to be made in choosing between spending priorities and in deciding on the sequencing of programme implementation. Given the constraints brought to bear by the expenditure ceiling, all government institutions need to manage any cost pressures that may be related to changes in the inflation rate, exchange rate or any other factors affecting input prices with great efficiency. This means that not everything that we believe must be done, can be done at once. In the reprioritisation of existing funds, certain outputs will have to be delayed, or discontinued.

The issue is what goods and services tax-payers’ monies ‘buy’. In keeping with the ongoing endeavour to improve transparency and reinforce accountability, the focus of the sections on budget programme expenditure trends within each vote in the 2014 Estimates of National Expenditure (ENE) publications has shifted, to an explanation of the interrelationship between the significant changes in spending, performance outputs and outcomes, and in personnel.

National Treasury teams have worked closely with policy and budget teams of national and provincial departments, as well as with public entities and local government, ensuring the alignment of policy developments with the national development plan and scrutinising spending trends and cost drivers, ever mindful of service delivery. Without this cooperation and commitment across government, it would not be possible to submit the credible and comprehensive institutional budgets contained in this publication. The political guidance of the Minister of Finance, his Deputy and the members of the ministers’ committee on the budget, has been indispensable to the medium term expenditure committee of accounting officers of departments at the centre of government, in its task of providing the strategic direction in formulating the budget. I thank you all for your assistance.



Lungisa Fuzile
Director-General: National Treasury

Introduction

The Estimates of National Expenditure publications

The Estimates of National Expenditure (ENE) publications are important accountability documents, which set out the details of planned expenditure and planned performance at the time the Budget is tabled. The 2014 ENE publications largely retain the same layout of information as presented in previous years' publications. This allows information to be easily compared across publications and financial years. As in the past, information is presented for a seven-year period and contains details of all national departmental programmes and subprogrammes. Information is presented in a similar way for the national public entities related to each department. For the first time in the ENE publications, in 2014, information on changes in finances, personnel and performance is brought together with the focus on the significant interrelationships between these changes. This discussion, in the expenditure trends sections of the budget programmes in each chapter, allows the reader to assess the effectiveness of past, as well as of planned, spending.

When compared to the abridged version of the ENE, which includes all national government votes, the ENE e-publications provide more detailed expenditure information for individual votes on goods and services as well as transfers and subsidies. While the abridged version of the ENE contains one additional table at the end of each vote which has information on infrastructure spending, the ENE e-publications' additional tables also contain summaries of: the budgeted expenditure and revised estimate for 2013/14, and the audited outcome for 2012/13, by programme and economic classification; expenditure on training; conditional grants to provinces and municipalities; departmental public private partnerships; and donor funding. In selected cases more detailed information at the level of the site of service delivery is included. Budget information is also provided for the public entities that are simply listed in the abridged publication.

A separate ENE Overview e-publication is also available, which contains a description at the main budget non-interest level, summarising the Estimates of National Expenditure publication information across votes. The Overview contains this narrative explanation and summary tables; and also has a write-up on interpreting the information that is contained in each section of the publications.

Human Settlements

**National Treasury
Republic of South Africa**



Contents

Budget summary	1
Aim	1
Mandate	1
Strategic goals	1
Programme purposes	1
Selected performance indicators	2
The national development plan	3
Expenditure estimates	3
Personnel information	4
Expenditure trends	4
Departmental receipts	6
Programme 1: Administration	6
Programme 2: Human Settlements Policy, Strategy and Planning	8
Programme 3: Programme Delivery Support	11
Programme 4: Housing Development Finance	13
Public entities and other agencies	17
Additional tables	37

Vote 31

Human Settlements

Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	425.9	423.2	–	2.7	445.6	472.0
Human Settlements Policy, Strategy and Planning	89.4	87.7	1.1	0.6	94.3	100.3
Programme Delivery Support	298.5	289.0	8.4	1.1	307.7	325.4
Housing Development Finance	29 707.6	24.0	28 718.7	964.8	31 994.7	33 554.8
Total expenditure estimates	30 521.4	823.9	28 728.3	969.3	32 842.4	34 452.6
Executive authority	Minister of Human Settlements					
Accounting officer	Director General of Human Settlements					
Website address	www.dhs.gov.za					

The Estimates of National Expenditure e-publications for individual votes are available on www.treasury.gov.za. These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.

Aim

Facilitate the creation of sustainable human settlements and the improvement to household quality of life.

Mandate

The Department of Human Settlements derives its responsibilities from section 3 of the Housing Act (1997). According to the act, the department must, after consultation with provinces and municipalities, establish and facilitate a sustainable national housing development process by:

- determining national policy, including national norms and standards, in respect of housing and human settlements development
- setting broad national housing delivery goals
- monitoring performance of provinces and municipalities against housing budgetary and delivery goals
- building the capacity of provinces and municipalities
- promoting consultation with all stakeholders in the housing delivery chain, including civil society and the private sector.

Strategic goals

The department's strategic goals over the medium term are to:

- accelerate the delivery of housing opportunities
- improve access to basic services
- provide a framework for more efficient land use
- improve access to the property market.

Programme purposes

Programme 1: Administration

Purpose: Provide strategic leadership, and administrative and management support services to the department.

Programme 2: Human Settlements Policy, Strategy and Planning

Purpose: Manage the development of and compliance with human settlements sector delivery and intergovernmental relations frameworks, and oversee integrated human settlements strategic and planning services.

Programme 3: Programme Delivery Support

Purpose: Support the execution of human settlement programmes and projects, oversee the implementation of the household sanitation programme, monitor and evaluate the implementation of the human settlement programme, manage the building of capacity and skills in the sector and provide oversight of public entities reporting to the Minister of Human Settlements.

Programme 4: Housing Development Finance

Purpose: Fund and monitor the delivery of all housing and human settlements programmes and manage all matters related to improving access to housing finance and developing partnerships with the financial sector.

Selected performance indicators

Table 31.1 Human Settlements

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of additional municipalities assessed for accreditation level 2 per year	Human Settlements Policy, Strategy and Planning	Outcome 8: Sustainable human settlements and improved quality of household life	6	10	4	1	5	5	5
Total number of municipalities provided with technical assistance for informal settlement upgrading	Programme Delivery Support		20	20	20	45	53	53	53
Number of informal settlements with settlement level upgrading plans per year ¹	Programme Delivery Support		-1	-1	-1	148	450	400	400
Number of informal settlements upgraded to phase 3 per year ¹	Programme Delivery Support		-1	-1	-1	-1	300	500	600
Number of additional residential units completed per year	Housing Development Finance		121 879	120 610	115 079	70 362 ²	66 655	72 533	76 433
Number of additional sites serviced per year (greenfield)	Housing Development Finance		63 546	58 587	45 698	21 424 ²	75 275	81 912	68 318
Number of additional households upgraded in informal settlements with access to secure tenure and basic services per year (brownfield)	Housing Development Finance		54 629	74 358	54 918	13 631 ³	28 898	30 632	32 470
Number of houses per hectare of land in integrated residential development programme projects per year ¹	Housing Development Finance		-1	-1	-1	-1	60	60	60
Number of additional households provided with on-site sanitation in rural areas per year	Housing Development Finance		11 652	24 089	27 377	7 335 ⁴	11 858	12 569	13 148
Number of subsidies issued in the People's Housing Process per year ¹	Programme Delivery Support		-1	-1	-1	-1	6 000	6 500	7 000
Number of additional bucket sanitation systems removed from households per year	Housing Development Finance		-1	-1	-1	-1	131 092	142 205	-

1. No historical data as these are new performance indicators.

2. Figures for 2013/14 are up to December 2013.

3. Figures for 2013/14 are up to September 2013.

4. Figures for 2013/14 are up to October 2013.

The national development plan

Central to the national development plan is the need to transform the functioning of human settlements and the workings of the spatial economy in order to create more functionally integrated, balanced and vibrant urban settlements by 2030. This is consistent with sustainable human settlements and improved quality of household life (outcome 8), on which the department delivers.

Over the medium term, the department will therefore focus on policy and funding reforms in order to:

- achieve better spatial targeting for new urban developments
- ensure adequate housing opportunities and better living standards for poor households
- support the development of a well-functioning and equitable residential market
- improve institutional capacity and intergovernmental coordination.

Households in informal settlements and backyard shacks present a particular challenge relating to the pursuit of economic livelihood opportunities. The national development plan proposes a series of integrated interventions that include economic solutions, institutional reforms, and changes to land management systems, housing and infrastructure investment. Departmental programmes, such as the social housing programme and the informal settlement upgrading programme, provide for higher densities in locations with access to public transport and socio-economic services in support of this vision. Social housing delivers medium density rental housing in designated restructuring zones and aims to improve the quality of neighbourhoods. Through the informal settlements programme, the in-situ upgrading of informal settlements that are well located provides secure tenure and access to basic services that improve the quality of the lives of households. The department is drafting a green paper for human settlements to support the national development plan's vision.

Expenditure estimates

Table 31.2 Human Settlements

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
R million						2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Administration	286.4	271.6	300.6	422.4	422.4	13.8%	1.4%	425.9	445.6	472.0	3.8%	1.4%
Human Settlements Policy, Strategy and Planning	46.2	60.9	63.2	84.1	84.1	22.1%	0.3%	89.4	94.3	100.3	6.1%	0.3%
Programme Delivery Support	164.6	190.5	174.4	261.7	211.7	8.8%	0.8%	298.5	307.7	325.4	15.4%	0.9%
Housing Development Finance	18 419.4	22 075.9	23 925.1	27 487.3	27 487.3	14.3%	97.6%	29 707.6	31 994.7	33 554.8	6.9%	97.4%
Total	18 916.5	22 598.9	24 463.3	28 255.5	28 205.5	14.2%	100.0%	30 521.4	32 842.4	34 452.6	6.9%	100.0%
Change to 2013 Budget estimate				145.0	95.0			315.2	95.8	(35.0)		
Economic classification												
Current payments	439.1	494.3	533.6	772.3	722.3	18.0%	2.3%	823.9	858.7	909.5	8.0%	2.6%
Compensation of employees	216.5	242.7	249.8	362.8	362.8	18.8%	1.1%	390.0	417.8	445.4	7.1%	1.3%
Goods and services	222.5	251.3	283.8	409.5	359.5	17.4%	1.2%	433.9	440.9	464.1	8.9%	1.3%
of which:												
Administration fees	0.2	0.4	0.3	0.5	0.5	46.0%	0.0%	0.4	0.4	0.5	-2.2%	0.0%
Advertising	5.3	10.4	21.1	18.3	18.3	51.3%	0.1%	19.4	19.6	20.7	4.1%	0.1%
Assets less than the capitalisation threshold	1.8	1.6	0.8	12.1	12.1	90.5%	0.0%	7.9	8.3	8.7	-10.4%	0.0%
Audit costs: External	6.5	5.2	7.0	7.7	7.7	5.8%	0.0%	8.2	8.4	8.9	4.7%	0.0%
Bursaries: Employees	1.1	1.1	1.0	1.8	1.8	16.0%	0.0%	1.9	1.9	2.0	4.3%	0.0%
Catering: Departmental activities	1.4	3.7	7.4	6.2	6.2	66.4%	0.0%	4.1	4.2	4.4	-10.7%	0.0%
Communication	7.3	8.1	8.3	11.2	11.2	15.2%	0.0%	11.2	11.5	12.1	2.6%	0.0%
Computer services	27.9	12.9	32.5	51.5	51.5	22.7%	0.1%	53.3	54.3	57.2	3.5%	0.2%
Consultants and professional services: Business and advisory services	74.9	100.0	99.0	167.0	117.0	16.0%	0.4%	184.8	186.4	196.3	18.8%	0.5%
Consultants and professional services: Legal costs	1.0	3.6	1.1	2.7	2.7	39.4%	0.0%	2.9	2.9	3.0	4.3%	0.0%
Contractors	2.2	2.9	1.1	2.0	2.0	-2.5%	0.0%	2.2	2.3	2.4	5.5%	0.0%
Agency and support / outsourced services	3.9	0.9	1.0	4.1	4.1	1.0%	0.0%	4.6	3.7	3.7	-2.9%	0.0%
Entertainment	0.1	0.2	0.2	1.3	1.3	120.3%	0.0%	1.4	1.5	1.5	5.4%	0.0%

Table 31.2 Human Settlements

Economic classification	Audited outcome			Adjusted appropriation	Revised estimate	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13			2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17		
R million												
Fleet services (including government motor transport)	-	0.1	0.7	2.2	2.2	-	0.0%	2.3	2.4	2.5	4.5%	0.0%
Inventory: Food and food supplies	0.0	0.2	0.0	0.2	0.2	128.9%	0.0%	0.2	0.2	0.2	5.7%	0.0%
Inventory: Fuel, oil and gas	0.4	0.3	0.0	0.1	0.1	-49.0%	0.0%	0.1	0.1	0.1	3.7%	0.0%
Inventory: Materials and supplies	0.0	-	0.1	0.0	0.0	5.4%	0.0%	0.0	0.0	0.0	-4.2%	0.0%
Inventory: Other supplies	0.6	1.9	0.7	0.2	0.2	-32.1%	0.0%	-	-	-	-100.0%	0.0%
Consumable supplies	0.0	0.3	0.0	3.8	3.8	979.5%	0.0%	3.6	3.7	3.9	1.0%	0.0%
Consumable: Stationery, printing and office supplies	4.2	2.0	5.6	9.2	9.2	30.3%	0.0%	13.1	13.5	14.2	15.6%	0.0%
Operating leases	25.2	18.0	16.8	35.2	35.2	11.8%	0.1%	36.4	38.1	40.3	4.6%	0.1%
Property payments	0.9	4.2	5.9	2.3	2.3	35.2%	0.0%	2.5	2.6	2.7	4.7%	0.0%
Travel and subsistence	40.7	56.5	57.4	44.4	44.4	2.9%	0.2%	51.2	52.2	54.8	7.3%	0.2%
Training and development	3.0	3.2	2.6	5.1	5.1	18.8%	0.0%	5.4	5.6	5.9	5.1%	0.0%
Operating payments	2.9	2.3	2.3	9.8	9.8	49.7%	0.0%	8.5	8.2	8.7	-4.2%	0.0%
Venues and facilities	10.8	11.4	10.8	10.6	10.6	-0.8%	0.0%	8.6	8.9	9.4	-3.9%	0.0%
Interest and rent on land	0.2	0.2	-	-	-	-100.0%	0.0%	-	-	-	-	-
Transfers and subsidies	18 357.9	21 881.1	23 718.9	27 372.3	27 372.3	14.2%	97.0%	28 728.3	30 936.3	33 538.2	7.0%	95.7%
Provinces and municipalities	18 000.1	21 388.5	22 787.2	26 212.0	26 212.0	13.3%	93.8%	27 716.7	29 538.3	32 066.0	7.0%	91.7%
Departmental agencies and accounts	346.2	484.1	912.8	1 150.8	1 150.8	49.2%	3.1%	1 002.1	1 388.0	1 461.6	8.3%	4.0%
Higher education institutions	-	-	3.1	3.7	3.7	-	0.0%	3.9	4.1	4.5	6.0%	0.0%
Foreign governments and international organisations	0.7	0.5	1.3	1.6	1.6	31.3%	0.0%	1.1	1.2	1.2	-7.9%	0.0%
Non-profit institutions	-	-	0.4	-	-	-	0.0%	-	-	-	-	-
Households	10.9	8.0	14.1	4.3	4.3	-26.8%	0.0%	4.5	4.7	4.9	4.8%	0.0%
Payments for capital assets	119.3	223.6	210.7	110.8	110.8	-2.4%	0.7%	969.3	1 047.4	4.9	-64.7%	1.7%
Buildings and other fixed structures	108.6	219.7	205.6	100.5	100.5	-2.5%	0.7%	964.7	1 042.7	-	-100.0%	1.7%
Machinery and equipment	10.4	3.9	5.1	9.8	9.8	-1.9%	0.0%	4.3	4.4	4.6	-22.2%	0.0%
Software and other intangible assets	0.4	0.0	0.0	0.5	0.5	9.2%	0.0%	0.2	0.3	0.3	-17.7%	0.0%
Payments for financial assets	0.2	0.0	0.1	-	-	-100.0%	0.0%	-	-	-	-	-
Total	18 916.5	22 598.9	24 463.3	28 255.5	28 205.5	14.2%	100.0%	30 521.4	32 842.4	34 452.6	6.9%	100.0%

Personnel information

Table 31.3 Details of approved establishment and personnel numbers according to salary level¹

Human Settlements	Salary level	Number of posts estimated for 31 March 2014	Number and cost ² of personnel posts filled / planned for on funded establishment												Number				
			Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost	2015/16		Unit Cost			2016/17		Unit Cost
			Number	Cost		Number	Cost		Number	Cost		Number	Cost		Number	Cost	Number	Cost	
			699	249.8	0.4	652	362.8	0.6	861	390.0	0.5	861	417.8	0.5	861	445.4	0.5	9.7%	100.0%
	1-6	208	201	31.5	0.2	167	39.8	0.2	208	42.2	0.2	208	45.2	0.2	208	48.1	0.2	7.6%	24.5%
	7-10	382	293	89.0	0.3	280	132.6	0.5	382	142.1	0.4	382	152.0	0.4	382	161.9	0.4	10.9%	44.1%
	11-12	161	125	63.6	0.5	124	91.6	0.7	161	99.0	0.6	161	106.4	0.7	161	113.6	0.7	9.1%	18.8%
	13-16	108	78	62.3	0.8	79	94.8	1.2	108	102.7	1.0	108	110.0	1.0	108	117.2	1.1	11.0%	12.5%
	Other	2	2	3.5	1.7	2	4.0	2.0	2	4.0	2.0	2	4.2	2.1	2	4.5	2.3	-	0.2%

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

² Rand million.

Expenditure trends

The spending focus over the medium term will be on accelerating the delivery of low income housing opportunities and basic services for the poor. This is reflected in transfers of the human settlements development grant and the urban settlements development grant to provinces and municipalities through the *Housing Development Finance* programme. These transfers used 93 per cent of the total departmental budget in 2013/14 and are expected to allow provinces and municipalities to deliver an additional 215 621 low income houses and upgrade a further 225 505 sites for greenfield development over the medium term. The department expects to

reach these targets despite a Cabinet approved reduction over the medium term of R130 million from the urban settlements development grant and R900 million from the human settlements development grant.

To accelerate the delivery of housing opportunities, the department transfers funds to the Social Housing Regulatory Authority for the capital restructuring grant it administers. As a result, transfers to departmental agencies and accounts are the fastest growing item in the department's budget over the medium term. The capital restructuring grant will contribute to the delivery of approximately 17 977 medium density rental housing units for households earning between R1 500 and R7 500 per month to contribute towards the spatial, social and economic restructuring of South African cities and towns.

To facilitate the assignment of the administration of the housing and human settlements programmes from provinces to six metropolitan municipalities in 2014, Cabinet approved an additional allocation of R900 million over the MTEF period to create the municipal human settlements capacity grant. In addition, Cabinet approved the introduction of a programme to accelerate the eradication of bucket toilets by expediting the delivery of suitable sanitation systems for households. As a result, the department's payments for capital assets budget is set to increase by R1.9 billion in 2014/15 and 2015/16. The Budget also includes additional Cabinet approved allocations of R180 million in the *Housing Development Finance* subprogramme in 2014/15 to provide for rapidly urbanising mining towns, and R185 million in 2014/15 and R140 million in 2015/16 for disaster relief in provinces.

In relation to the department's policy making responsibilities, spending in the *Human Settlements, Policy, Strategy and Planning* programme will focus on the drafting of a new human settlements green paper, which is expected to be completed by 2015/16. This new policy framework, consistent with the national development plan, is expected to provide new legislation by 2018 to support the facilitation of sustainable human settlements.

Over the MTEF period, the department plans to strengthen its capacity support to provinces and municipalities, and focus on enhancing its monitoring and evaluation of service delivery of housing opportunities and access to housing finance. As a result, the *Programme Delivery Support* programme is expected to be one of the fastest growing programmes over the MTEF period, with spending expected to increase at an average annual rate of 6.9 per cent. Spending on consultants in the department over the medium term relates to the national upgrading support programme, which is expected to provide project level technical assistance for the upgrading of informal settlements in 53 municipalities by 2016/17. It will also provide for the expansion of Special Investigations Unit investigations into fraudulent activity in the issue of low income housing subsidies and the construction of houses. In addition, a new capacity building programme will be developed in 2014 to support poorly capacitated rural municipalities in providing on-site sanitation services. This will be funded through the rural household infrastructure grant.

The department's organisational structure comprises 861 approved posts, of which 49 per cent were in the *Administration* programme. The department had 652 filled posts at the end of November 2013, representing an overall vacancy rate of 23.5 per cent. The vacancy rates per programme were: 14 per cent in *Administration*, 40 per cent in *Human Settlements Policy, Strategy and Planning*, 34 per cent in *Programme Delivery Support* and 14 per cent in *Housing Development Finance*. These posts were vacant due to normal attrition and the length of time it takes to finalise the recruitment process. The department expects to fill these posts over the medium term.

Infrastructure spending

The department is not directly involved in the implementation of infrastructure projects. Spending on infrastructure is through grants transferred to the provinces, municipalities and public entities. This includes:

- R17.1 billion in 2014/15, R18.5 billion in 2015/16 and R20.4 billion in 2016/17 for the direct human settlements development grant
- R1.9 billion over the MTEF on the indirect human settlements development grant for bucket eradication
- R32.3 billion over the MTEF period for the urban settlements development grant
- R113.1 million in 2014/15, R118.3 million in 2015/16 and R124.5 million in 2016/17 for the rural household infrastructure grant
- R3.3 billion over the MTEF period for the capital transfer to the Social Housing Regulatory Authority for medium density rental housing.

Departmental receipts

Table 31.4 Receipts

	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/ total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/ total: Average (%)
	2010/11	2011/12	2012/13					2013/14	2014/15	2015/16		
R thousand												
Departmental receipts	2 826	610	1 039	6 584	6 584	32.6%	100.0%	630	652	689	-52.9%	100.0%
Sales of goods and services produced by department	121	300	168	184	184	15.0%	7.0%	186	199	211	4.7%	9.1%
Sales by market establishments	35	196	47	50	50	12.6%	3.0%	54	58	62	7.4%	2.6%
of which:												
Parking	35	196	47	50	50	12.6%	3.0%	54	58	62	7.4%	2.6%
Administration fees	86	104	120	134	134	15.9%	4.0%	131	139	146	2.9%	6.4%
of which:												
Commissions on insurance	86	104	120	134	134	15.9%	4.0%	131	139	146	2.9%	6.4%
Other sales	-	-	1	-	-	-	-	1	2	3	-	0.1%
of which:												
Replacement of security cards	-	-	1	-	-	-	-	1	2	3	-	0.1%
Sales of scrap, waste, arms and other used current goods	2	2	2	4	4	26.0%	0.1%	2	3	3	-9.1%	0.1%
of which:												
Waste paper	2	2	2	4	4	26.0%	0.1%	2	3	3	-9.1%	0.1%
Interest, dividends and rent on land	23	23	90	36	36	16.1%	1.6%	61	63	66	22.4%	2.6%
Interest	23	23	90	36	36	16.1%	1.6%	61	63	66	22.4%	2.6%
Transactions in financial assets and liabilities	2 680	285	779	6 360	6 360	33.4%	91.4%	381	387	409	-59.9%	88.1%
Total	2 826	610	1 039	6 584	6 584	32.6%	100.0%	630	652	689	-52.9%	100.0%

Programme 1: Administration

Expenditure estimates

Table 31.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/ total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/ total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R thousand											
Ministry	24 395	25 850	30 353	31 809	9.2%	8.8%	32 998	34 614	36 582	4.8%	7.7%
Departmental Management	86 715	74 376	61 571	108 793	7.9%	25.9%	101 497	106 619	112 978	1.3%	24.3%
Corporate Services	122 003	124 076	154 529	205 868	19.1%	47.3%	207 407	215 584	228 128	3.5%	48.5%
Property Management	23 126	17 586	20 403	34 403	14.2%	7.5%	36 020	37 677	39 900	5.1%	8.4%
Financial Management	30 122	29 703	33 722	41 526	11.3%	10.5%	47 983	51 118	54 450	9.5%	11.0%
Total	286 361	271 591	300 578	422 399	13.8%	100.0%	425 905	445 612	472 038	3.8%	100.0%
Change to 2013 Budget estimate				-			-	-	-		

Economic classification

	2010/11	2011/12	2012/13	2013/14	14.5%	98.2%	423 188	442 857	469 140	4.1%	99.1%
Current payments	276 853	268 789	296 913	415 317	14.5%	98.2%	423 188	442 857	469 140	4.1%	99.1%
Compensation of employees	120 371	128 476	134 699	179 371	14.2%	43.9%	191 709	205 496	219 109	6.9%	45.1%
Goods and services	156 383	140 171	162 214	235 946	14.7%	54.2%	231 479	237 361	250 031	2.0%	54.1%
of which:											
Administration fees	110	255	200	332	44.5%	0.1%	255	264	278	-5.7%	0.1%
Advertising	3 129	9 286	20 779	13 767	63.9%	3.7%	14 265	14 352	15 134	3.2%	3.3%
Assets less than the capitalisation threshold	1 053	959	605	10 671	116.4%	1.0%	5 903	6 207	6 535	-15.1%	1.7%
Audit costs: External	6 541	5 208	6 932	7 742	5.8%	2.1%	8 160	8 446	8 894	4.7%	1.9%
Bursaries: Employees	682	1 135	996	1 784	37.8%	0.4%	1 857	1 922	2 024	4.3%	0.4%
Catering: Departmental activities	802	2 337	2 429	2 474	45.6%	0.6%	1 568	1 623	1 711	-11.6%	0.4%
Communication	4 618	5 013	5 220	6 401	11.5%	1.7%	6 313	6 491	6 805	2.1%	1.5%
Computer services	26 800	7 714	32 238	49 618	22.8%	9.1%	51 208	52 223	54 990	3.5%	11.8%
Consultants and professional services: Business and advisory services	54 627	39 952	24 473	53 932	-0.4%	13.5%	46 933	48 754	51 556	-1.5%	11.4%

Table 31.5 Administration

Economic classification	Audited outcome				Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17		
R thousand												
Consultants and professional services:	988	3 617	1 082	2 678	39.4%	0.7%	2 890	2 932	3 040	4.3%	0.7%	
Legal costs												
Contractors	2 072	2 700	1 016	1 297	-14.5%	0.6%	1 401	1 451	1 528	5.6%	0.3%	
Agency and support / outsourced services	1 370	851	948	2 847	27.6%	0.5%	2 691	1 696	1 642	-16.8%	0.5%	
Entertainment	86	112	129	619	93.1%	0.1%	653	676	712	4.8%	0.2%	
Fleet services (including government motor transport)	-	88	405	1 723	-	0.2%	1 801	1 865	1 964	4.5%	0.4%	
Inventory: Food and food supplies	13	-	14	75	79.4%	-	82	85	89	5.9%	-	
Inventory: Fuel, oil and gas	281	313	-	31	-52.0%	-	32	33	34	3.1%	-	
Inventory: Materials and supplies	31	-	59	18	-16.6%	-	19	20	21	5.3%	-	
Inventory: Medical supplies	-	-	1	-	-	-	-	-	-	-	-	
Inventory: Other supplies	410	1 875	294	194	-22.1%	0.2%	-	-	-	-100.0%	-	
Consumable supplies	-	-	-	1 416	-	0.1%	1 448	1 500	1 569	3.5%	0.3%	
Consumable: Stationery, printing and office supplies	1 745	652	2 212	3 754	29.1%	0.7%	7 825	8 062	8 474	31.2%	1.6%	
Operating leases	24 720	17 664	16 789	34 471	11.7%	7.3%	36 113	37 773	40 000	5.1%	8.4%	
Property payments	948	4 204	5 928	2 318	34.7%	1.0%	2 433	2 518	2 651	4.6%	0.6%	
Travel and subsistence	17 533	25 765	27 759	20 445	5.3%	7.1%	22 395	23 033	24 082	5.6%	5.1%	
Training and development	2 380	3 154	2 581	4 759	26.0%	1.0%	5 021	5 197	5 472	4.8%	1.2%	
Operating payments	1 881	1 260	1 557	6 418	50.5%	0.9%	5 480	5 340	5 683	-4.0%	1.3%	
Venues and facilities	3 563	6 057	7 568	6 162	20.0%	1.8%	4 733	4 898	5 143	-5.8%	1.2%	
Interest and rent on land	99	142	-	-	-100.0%	-	-	-	-	-	-	
Transfers and subsidies	5	59	74	24	68.7%	-	-	44	46	24.2%	-	
Households	5	59	74	24	68.7%	-	-	44	46	24.2%	-	
Payments for capital assets	9 424	2 738	3 537	7 058	-9.2%	1.8%	2 717	2 711	2 852	-26.1%	0.9%	
Machinery and equipment	9 054	2 710	3 507	6 623	-9.9%	1.7%	2 472	2 456	2 583	-26.9%	0.8%	
Software and other intangible assets	370.0	28.0	30.0	435.0	5.5%	0.1%	245.0	255.0	269.0	-14.8%	0.1%	
Payments for financial assets	79.0	5.0	54.0	-	-100.0%	-	-	-	-	-	-	
Total	286 361.0	271 591.0	300 578.0	422 399.0	13.8%	100.0%	425 905.0	445 612.0	472 038.0	3.8%	100.0%	
Proportion of total programme expenditure to vote expenditure	1.5%	1.2%	1.2%	1.5%			1.4%	1.4%	1.4%			

Details of transfers and subsidies

Households											
Other transfers to households											
Current	5	59	74	24	68.7%	-	-	44	46	24.2%	-
Gifts on retirement	5	-	-	-	-100.0%	-	-	44	46	-	-
Transfers to households	-	59	74	24	-	-	-	-	-	-100.0%	-

Personnel information

Table 31.6 Details of approved establishment and personnel numbers according to salary level¹

	Number of posts estimated for 31 March 2014		Number and cost ² of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost	2015/16		Unit Cost			2016/17		Unit Cost
Administration			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
Salary level	457	-	421	134.7	0.3	386	179.4	0.5	457	191.7	0.4	457	205.5	0.4	457	219.1	0.5	5.8%	100.0%
1 – 6	153	-	163	25.0	0.2	143	29.0	0.2	153	30.7	0.2	153	32.8	0.2	153	35.0	0.2	2.3%	34.3%
7 – 10	188	-	161	45.9	0.3	150	63.7	0.4	188	69.1	0.4	188	73.9	0.4	188	78.6	0.4	7.8%	40.6%
11 – 12	62	-	52	25.5	0.5	49	35.5	0.7	62	38.6	0.6	62	41.6	0.7	62	44.6	0.7	8.2%	13.4%
13 – 16	52	-	43	34.8	0.8	42	47.2	1.1	52	49.4	0.9	52	52.9	1.0	52	56.4	1.1	7.4%	11.3%
Other	2	-	2	3.5	1.7	2	4.0	2.0	2	4.0	2.0	2	4.2	2.1	2	4.5	2.3	-	0.5%

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

2. Rand million.

Expenditure trends

The spending focus over the medium term will be on providing operational support services to the department, including strengthening the department's financial management capability and ensuring adequate office space to

accommodate employees as the department completes its organisational restructuring. The *Corporate Services* subprogramme, which provides administrative support to the department, including centralised advertising and computer services, is the largest spending item in the programme. Expenditure on advertising was reduced due to cost saving measures in 2009/10, but has increased significantly since 2012/13 as the department intensified its marketing strategy of informing households about the various housing programmes and government's delivery performance. Spending on computer services is primarily for the upgrading and maintenance of the housing subsidy and logistical information systems to improve the department's management information services.

Expenditure on consultants between 2010/11 and 2016/17 relates to the investigations undertaken by the Special Investigations Unit into the fraudulent issuing of low income housing subsidies and the construction of houses. The decline in expenditure on consultants in 2011/12 and 2012/13 was as a result of inefficient billing systems at the Special Investigations Unit. Expenditure on consultants is expected to increase over the MTEF period as the department augments its internal audit capability.

The need to provide additional office accommodation for the expanding staff complement led to increased spending in the *Property Management* subprogramme in 2012/13 and 2013/14. However, delays in finalising the lease caused underspending in this subprogramme in 2010/11 and 2012/13.

The number of filled posts in this programme is expected to increase from 421 in 2012/13, when the department's organisational restructuring process was completed, to 457 by 2016/17. Spending on compensation of employees amounts to 42.5 per cent of the programme's expenditure in 2013/14. Growth in spending on compensation of employees over the MTEF period is largely driven by personnel growth, and cost of living adjustments. As a result, expenditure on compensation of employees is expected to grow at an average annual rate of 6.9 per cent over the medium term.

Programme 2: Human Settlements Policy, Strategy and Planning

Objectives

- Provide policy and implementation guidance to provinces and municipalities by developing and maintaining policy frameworks, and norms and standards for human settlements development on a continual basis.
- Facilitate sustainable human settlements development by drafting a new green paper on human settlements by 2015 and amending the related legislation by 2018.
- Improve integrated planning by developing a sustainable human settlements planning framework on an annual basis.
- Oversee the implementation of human settlements programmes and related projects by managing and monitoring programmes in terms of the human settlements planning frameworks and processes on an ongoing basis.
- Improve the development of sustainable human settlements by facilitating the accreditation of 27 municipalities to administer national housing and human settlements programmes by 2015.
- Improve cooperation and collaboration in the sector by facilitating an environment for cohesive intergovernmental and sector wide relationships with all stakeholders in the human settlements value chain on an ongoing basis.

Subprogrammes

- *Management for Policy, Strategy and Planning* provides strategic leadership to the programme. The budget of R5.8 million was largely spent on personnel for the offices of the deputy directors-general for *Human Settlements Policy Frameworks*, and *Human Settlements Strategy and Planning*. This subprogramme had a staff complement of 3 at the end of November 2013.
- *Human Settlements Policy Frameworks* manages the development of the National Housing Code, provides advisory services to provinces and municipalities in relation to the application of the code, and facilitates the accreditation and assignment of the housing function to municipalities. In 2012/2013, R4.5 million was spent on delivering the capacity assessments of 27 municipalities for level 1 and 2 accreditations. This

subprogramme had a staff complement of 31 and a vacancy rate of 26 per cent at the end of November 2013.

- *Human Settlements Strategy and Planning* manages the research, development and evaluation of the human settlements strategy at a national level; manages the human settlements planning system; and communicates the national human settlements development plan to sector stakeholders through the implementation of international and intergovernmental programmes and plans. In 2012/13, R1 million was spent on supporting the work of the United Nations Human Settlements Programme. This subprogramme had a staff complement of 38 and a vacancy rate of 49 per cent at the end of November 2013.

Expenditure estimates

Table 31.7 Human Settlements Policy, Strategy and Planning

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)		Expenditure/total: Average (%)
	2010/11	2011/12	2012/13		2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17		
R thousand												
Management for Policy, Strategy and Planning	2 394	1 966	2 160	5 815	34.4%	4.8%	6 061	6 504	6 907	5.9%	6.9%	
Human Settlements Policy Frameworks	15 446	23 458	27 765	27 818	21.7%	37.1%	29 655	31 423	33 398	6.3%	33.2%	
Human Settlements Strategy and Planning	28 342	35 490	33 275	50 422	21.2%	58.0%	53 680	56 372	60 027	6.0%	59.9%	
Total	46 182	60 914	63 200	84 055	22.1%	100.0%	89 396	94 299	100 332	6.1%	100.0%	
Change to 2013 Budget estimate				-			-	-	-			
Economic classification												
Current payments	44 839	60 017	60 953	81 610	22.1%	97.3%	87 707	92 553	98 493	6.5%	97.9%	
Compensation of employees	27 613	30 651	33 282	57 712	27.9%	58.7%	63 562	68 075	72 568	7.9%	71.2%	
Goods and services	17 198	29 354	27 671	23 898	11.6%	38.6%	24 145	24 478	25 925	2.8%	26.7%	
of which:												
Administration fees	-	-	-	7	-	-	7	8	8	4.6%	-	
Advertising	407	25	37	618	14.9%	0.4%	677	702	739	6.1%	0.7%	
Assets less than the capitalisation threshold	173	284	24	495	42.0%	0.4%	823	852	898	22.0%	0.8%	
Bursaries: Employees	60	-	-	-	-100.0%	-	-	-	-	-	-	
Catering: Departmental activities	180	575	2 757	1 785	114.8%	2.1%	730	756	796	-23.6%	1.1%	
Communication	826	1 000	1 121	1 403	19.3%	1.7%	1 271	1 315	1 386	-0.4%	1.5%	
Computer services	37	27	-	33	-3.7%	-	54	56	59	21.4%	0.1%	
Consultants and professional services: Business and advisory services	3 386	12 382	8 528	5 327	16.3%	11.6%	5 389	5 251	5 528	1.2%	5.8%	
Contractors	22	63	8	86	57.5%	0.1%	61	64	69	-7.1%	0.1%	
Agency and support / outsourced services	401	-	58	427	2.1%	0.3%	726	752	792	22.9%	0.7%	
Entertainment	11	12	12	55	71.0%	-	58	60	64	5.2%	0.1%	
Inventory: Food and food supplies	-	-	3	23	-	-	24	25	26	4.2%	-	
Inventory: Learner and teacher support material	-	-	-	11	-	-	12	12	13	5.7%	-	
Inventory: Materials and supplies	2	-	2	13	86.6%	-	8	8	9	-11.5%	-	
Inventory: Other supplies	202	21	430	-	-100.0%	0.3%	-	-	-	-	-	
Consumable supplies	3	295	-	1 484	690.9%	0.7%	1 194	1 236	1 302	-4.3%	1.4%	
Consumable: Stationery, printing and office supplies	451	527	458	599	9.9%	0.8%	798	827	871	13.3%	0.8%	
Operating leases	116	70	-	-	-100.0%	0.1%	-	-	-	-	-	
Property payments	1	-	-	18	162.1%	-	28	29	30	18.6%	-	
Travel and subsistence	6 734	10 401	12 384	8 159	6.6%	14.8%	9 356	9 492	10 145	7.5%	10.1%	
Training and development	63	12	-	95	14.7%	0.1%	152	158	166	20.4%	0.2%	
Operating payments	113	215	368	983	105.7%	0.7%	848	879	924	-2.0%	1.0%	
Venues and facilities	4 010	3 445	1 481	2 277	-17.2%	4.4%	1 929	1 996	2 100	-2.7%	2.3%	
Interest and rent on land	28	12	-	-	-100.0%	-	-	-	-	-	-	
Transfers and subsidies	873	462	1 807	1 550	21.1%	1.8%	1 113	1 150	1 211	-7.9%	1.4%	
Foreign governments and international organisations	684	462	1 279	1 550	31.3%	1.6%	1 113	1 150	1 211	-7.9%	1.4%	
Non-profit institutions	-	-	400	-	-	0.2%	-	-	-	-	-	
Households	189	-	128	-	-100.0%	0.1%	-	-	-	-	-	
Payments for capital assets	353	431	425	895	36.4%	0.8%	576	596	628	-11.1%	0.7%	
Machinery and equipment	353	431	425	895	36.4%	0.8%	576	596	628	-11.1%	0.7%	
Payments for financial assets	117.0	4.0	15.0	-	-100.0%	0.1%	-	-	-	-	-	
Total	46 182.0	60 914.0	63 200.0	84 055.0	22.1%	100.0%	89 396.0	94 299.0	100 332.0	6.1%	100.0%	
Proportion of total programme expenditure to vote expenditure	0.2%	0.3%	0.3%	0.3%			0.3%	0.3%	0.3%			

Table 31.7 Human Settlements Policy, Strategy and Planning

Details of transfers and subsidies		Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
		2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R thousand												
Foreign governments and international organisations												
Current		684	462	1 279	1 550	31.3%	1.6%	1 113	1 150	1 211	-7.9%	1.4%
Habitat Foundation		684	462	850	1 050	15.4%	1.2%	1 113	1 150	1 211	4.9%	1.2%
City Alliance		-	-	429	500	-	0.4%	-	-	-	-100.0%	0.1%
Non-profit institutions												
Current		-	-	400	-	-	0.2%	-	-	-	-	-
South African Planning Institute		-	-	400	-	-	0.2%	-	-	-	-	-
Households												
Other transfers to households												
Current		189	-	128	-	-100.0%	0.1%	-	-	-	-	-
Gifts on retirement		5	-	-	-	-100.0%	-	-	-	-	-	-
Transfers to households		184	-	128	-	-100.0%	0.1%	-	-	-	-	-

Personnel information

Table 31.8 Details of approved establishment and personnel numbers according to salary level¹

Number of posts estimated for 31 March 2014		Number and cost ² of personnel posts filled / planned for on funded establishment												Number					
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17							
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number		Cost			Unit Cost			
Human Settlements Policy, Strategy and Planning		88	33.3	0.4	72	57.7	0.8	120	63.6	0.5	120	68.1	0.6	120	72.6	0.6	18.6%	100.0%	
Salary level	120	-																	
1 - 6	14	-	14	2.4	0.2	6	2.7	0.4	14	2.9	0.2	14	3.1	0.2	14	3.3	0.2	32.6%	11.1%
7 - 10	48	-	29	7.8	0.3	24	16.1	0.7	48	17.2	0.4	48	18.4	0.4	48	19.6	0.4	26.0%	38.9%
11 - 12	35	-	28	11.6	0.4	26	20.0	0.8	35	21.7	0.6	35	23.2	0.7	35	24.7	0.7	10.4%	30.3%
13 - 16	23	-	17	11.5	0.7	16	18.9	1.2	23	21.9	1.0	23	23.4	1.0	23	25.0	1.1	12.9%	19.7%

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

2. Rand million.

Expenditure trends

The spending focus over the medium term will be on providing a responsive policy framework, which will enable sector stakeholders to respond proactively to the national development plan. A key activity to set the sector on the right trajectory to achieve the milestones set out in the plan's Vision 2030 is the development of a green paper for human settlements by 2015/16. Over the medium term, a monitoring framework for spatial targeting is expected to be developed, together with norms and standards for spatial development.

The increase in expenditure in the *Human Settlements Policy Frameworks* subprogramme between 2010/11 and 2012/13 was as a result of the capacity and compliance assessments undertaken to assign the administration of housing and human settlements programmes to municipalities. These assessments drive expenditure on consultants in the programme. In 2011/12, spending on consultants increased significantly, due to the accelerated focus on assessing the capacity of the six metropolitan municipalities expected to be assigned the function for the administration of housing programmes in 2014. Spending on consultants is expected to decrease over the MTEF period as programme evaluations in terms of the national evaluation plan are completed.

Compensation of employees, which made up 68.7 per cent of the programme budget in 2013/14, highlights the importance of human resources in delivering on the department's policy making responsibilities in terms of the Housing Act (1997). Expenditure on compensation of employees is expected to increase at an average annual rate of 7.9 per cent over the medium term as the department aims to improve the programme's vacancy rate, which was 40 per cent at the end of November 2013. The 48 vacant positions in 2013/14 were due to normal attrition and the length of time it takes to finalise the recruitment process. These positions are set to be filled in 2014/15.

Programme 3: Programme Delivery Support

Objectives

- Ensure effective delivery and performance of human settlements programmes by monitoring and evaluating expenditure and performance of public entities, provinces and municipalities by conducting reviews, workshops and site visits on a quarterly basis.
- Improve the delivery rate of housing projects, including blocked projects and informal settlement upgrading projects, by providing technical support to provinces and municipalities in the planning and implementation of strategic programmes and projects on an ongoing basis.
- Facilitate the upgrading of informal settlements by providing support to 53 municipalities through the implementation of the national upgrading support programme over the medium term.
- Ensure progress towards universal access to sanitation by providing on-site sanitation to rural households and monitoring the implementation of the rural sanitation programme on an ongoing basis.
- Ensure effective governance in public entities reporting to the Minister of Human Settlements, through the monitoring of public entities in terms of the department's governance framework on an ongoing basis.

Subprogrammes

- *Management for Programme Delivery Support* provides strategic leadership to the programme. This subprogramme had a staff complement of 2 at the end of November 2013.
- *Programme Management Unit* provides support to provinces and municipalities for the implementation of housing and human settlement projects and programmes, including project level technical assistance for the upgrading of informal settlements, support for strategic projects and the implementation of the rural sanitation programme. The subprogramme also monitors, evaluates and assesses the performance of human settlements projects, policies and programmes. In 2012/13, R1.6 million was spent on providing informal settlement upgrading support to 20 municipalities. By September 2013/14, 33 municipalities had been provided with technical support for the upgrading of informal settlements. This subprogramme had a staff complement of 116 and a vacancy rate of 36 per cent at the end of November 2013.
- *Chief of Operations* provides regulatory, strategic and policy oversight to the public entities, manages the development of sector specific technical skills through human settlements skills development programmes, develops national technical skills development strategies and manages the scholarship programme. In 2012/13, R13.8 million was spent on bursaries for 184 students. This subprogramme had a staff complement of 47 and a vacancy rate of 25 per cent at the end of November 2013.

Expenditure estimates

Table 31.9 Programme Delivery Support

Subprogramme	Audited outcome			Adjusted appropriation 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R thousand											
Management for Programme Delivery Support	6 501	4 338	3 121	3 530	-18.4%	2.2%	6 665	7 020	7 426	28.1%	2.1%
Programme Management Unit	108 632	125 196	85 743	208 012	24.2%	66.7%	240 539	248 287	262 290	8.0%	80.4%
Chief of Operations	49 445	60 993	85 544	50 162	0.5%	31.1%	51 271	52 408	55 688	3.5%	17.6%
Total	164 578	190 527	174 408	261 704	16.7%	100.0%	298 475	307 715	325 404	7.5%	100.0%
Change to 2013 Budget estimate				(17 000)			-	-	-		

Table 31.9 Programme Delivery Support

Economic classification	Audited outcome			Adjusted appropriation	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	
	2010/11	2011/12	2012/13		2010/11	2013/14	2014/15	2015/16	2016/17	2013/14	2016/17
R thousand											
Current payments	106 995	149 676	156 327	251 669	33.0%	84.0%	288 968	297 841	314 831	7.7%	96.6%
Compensation of employees	59 753	69 821	67 032	107 707	21.7%	38.5%	117 006	125 314	133 583	7.4%	40.5%
Goods and services	47 211	79 821	89 295	143 962	45.0%	45.5%	171 962	172 527	181 248	8.0%	56.1%
of which:											
Administration fees	47	102	99	150	47.2%	0.1%	159	164	172	4.7%	0.1%
Advertising	1 756	872	240	3 625	27.3%	0.8%	4 223	4 361	4 593	8.2%	1.4%
Assets less than the capitalisation threshold	473	330	121	822	20.2%	0.2%	1 071	1 106	1 152	11.9%	0.3%
Audit costs: External	-	-	86	-	-	-	-	-	-	-	-
Bursaries: Employees	390	-	-	-	-100.0%	-	-	-	-	-	-
Catering: Departmental activities	350	756	1 975	1 899	75.7%	0.6%	1 559	1 613	1 700	-3.6%	0.6%
Communication	1 521	1 790	1 755	3 003	25.5%	1.0%	3 178	3 289	3 464	4.9%	1.1%
Computer services	914	5 113	279	1 890	27.4%	1.0%	1 993	2 062	2 171	4.7%	0.7%
Consultants and professional services:	16 847	47 678	65 036	107 140	85.3%	29.9%	131 091	130 925	137 617	8.7%	42.5%
Business and advisory services											
Contractors	94	167	124	630	88.5%	0.1%	707	731	770	6.9%	0.2%
Agency and support / outsourced services	2 169	7	-	776	-29.0%	0.4%	1 142	1 181	1 244	17.0%	0.4%
Entertainment	16	93	18	612	236.9%	0.1%	651	674	709	5.0%	0.2%
Fleet services (including government motor transport)	-	-	282	450	-	0.1%	474	491	517	4.7%	0.2%
Inventory: Food and food supplies	-	25	-	58	-	-	63	66	69	6.0%	-
Inventory: Fuel, oil and gas	112	-	8	21	-42.8%	-	22	23	24	4.6%	-
Inventory: Materials and supplies	2	-	2	10	71.0%	-	5	5	6	-15.7%	-
Inventory: Other supplies	7	22	6	-	-100.0%	-	-	-	-	-	-
Consumable supplies	-	-	3	860	-	0.1%	899	932	981	4.5%	0.3%
Consumable: Stationery, printing and office supplies	1 803	808	987	2 750	15.1%	0.8%	3 117	3 226	3 398	7.3%	1.0%
Operating leases	299	197	-	755	36.2%	0.2%	269	278	293	-27.1%	0.1%
Travel and subsistence	15 864	19 379	16 201	14 378	-3.2%	8.3%	17 179	17 328	18 161	8.1%	5.6%
Training and development	562	31	47	212	-27.7%	0.1%	223	231	244	4.8%	0.1%
Operating payments	799	633	338	1 936	34.3%	0.5%	2 114	1 967	1 991	0.9%	0.7%
Venues and facilities	3 186	1 818	1 688	1 985	-14.6%	1.1%	1 823	1 874	1 972	-0.2%	0.6%
Interest and rent on land	31	34	-	-	-100.0%	-	-	-	-	-	-
Transfers and subsidies	9 852	7 961	16 951	8 009	-6.7%	5.4%	8 391	8 719	9 355	5.3%	2.9%
Higher education institutions	-	-	3 090	3 749	-	0.9%	3 906	4 077	4 467	6.0%	1.4%
Households	9 852	7 961	13 861	4 260	-24.4%	4.5%	4 485	4 642	4 888	4.7%	1.5%
Payments for capital assets	47 728	32 875	1 073	2 026	-65.1%	10.6%	1 116	1 155	1 218	-15.6%	0.5%
Buildings and other fixed structures	46 945	32 324	-	-	-100.0%	10.0%	-	-	-	-	-
Machinery and equipment	783	551	1 073	1 979	36.2%	0.6%	1 116	1 155	1 218	-14.9%	0.5%
Software and other intangible assets	-	-	-	47.0	-	-	-	-	-	-100.0%	-
Payments for financial assets	3.0	15.0	57.0	-	-100.0%	-	-	-	-	-	-
Total	164 578.0	190 527.0	174 408.0	261 704.0	16.7%	100.0%	298 475.0	307 715.0	325 404.0	7.5%	100.0%
Proportion of total programme expenditure to vote expenditure	0.9%	0.8%	0.7%	0.9%			1.0%	0.9%	0.9%		

Details of transfers and subsidies

Higher education institutions											
Current	-	-	3 090	3 749	-	0.9%	3 906	4 077	4 467	6.0%	1.4%
Nelson Mandela Metropolitan University	-	-	3 090	3 749	-	0.9%	3 906	4 077	4 467	6.0%	1.4%
Households											
Other transfers to households											
Current	9 852	7 961	13 861	4 260	-24.4%	4.5%	4 485	4 642	4 888	4.7%	1.5%
Bursaries for non-employees	9 636	7 961	13 820	4 220	-24.1%	4.5%	4 485	4 642	4 888	5.0%	1.5%
Gifts	15	-	-	-	-100.0%	-	-	-	-	-	-
Transfers to households	201	-	41	40	-41.6%	-	-	-	-	-100.0%	-

Personnel information

Table 31.10 Details of approved establishment and personnel numbers according to salary level¹

Number of posts estimated for 31 March 2014		Number and cost ² of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Programme Delivery Support																			
Salary level	249	-	170	67.0	0.4	164	107.7	0.7	249	117.0	0.5	249	125.3	0.5	249	133.6	0.5	14.9%	100.0%
1-6	40	-	24	4.1	0.2	17	7.9	0.5	40	8.5	0.2	40	9.1	0.2	40	9.7	0.2	33.0%	15.0%
7-10	124	-	91	29.1	0.3	90	44.8	0.5	124	47.8	0.4	124	51.2	0.4	124	54.5	0.4	11.3%	50.7%
11-12	57	-	40	21.5	0.5	42	31.0	0.7	57	34.2	0.6	57	36.6	0.6	57	39.0	0.7	10.7%	23.4%
13-16	28	-	15	12.3	0.8	15	24.0	1.6	28	26.6	1.0	28	28.5	1.0	28	30.4	1.1	23.1%	10.9%

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

² Rand million.

Expenditure trends

The spending focus over the medium term will be on: providing project level technical assistance to 53 municipalities through the national upgrading support programme; and monitoring and managing the implementation of the rural sanitation programme, which includes capacity building for 13 municipalities that receive the indirect component of the rural household infrastructure grant. These support programmes are funded from the allocation for spending on consultants, the largest item of expenditure in goods and services in the *Programme Delivery Support* programme. Spending on consultants is expected to increase at an average annual rate of 8.7 per cent over the medium term, as upgrading plans for informal settlements are developed.

The need to monitor and report on the progress of human settlements and rural sanitation projects and monitor the performance of the department's public entities makes travel and subsistence the second largest item of expenditure in goods and services.

The decline in expenditure on buildings and other fixed structures in 2012/13 was due to the accelerated community infrastructure programme, which came to an end in that year. Combined with underspending on the national upgrading support programme, this explains the 31.5 per cent decrease in expenditure in the *Programme Management Unit* subprogramme in 2012/13. The increase in transfers to households between 2010/11 and 2012/13 is as a result of the increase in the department's scholarship programme.

Spending on compensation of employees comprises 41.2 per cent of the programme's expenditure in 2013/14. The anticipated increase in spending on this item over the MTEF period is largely driven by personnel recruitment, as the department aims to reduce the vacancy rate of 34 per cent in 2013/14. These posts were vacant due to normal attrition and the length of time it takes to finalise the recruitment process.

Programme 4: Housing Development Finance

Objectives

- Accelerate the delivery of housing and facilitate the development of sustainable human settlements by providing funding to provinces, municipalities and public entities from the human settlements development grant, the urban settlements development grant, the rural household infrastructure grant, as well as through transfers to public entities on a continual basis.
- Improve access to housing finance by collaborating with the private sector and related entities to develop mechanisms to increase market penetration and provide loans to low and middle income households on a continual basis.
- Ensure equity in the provision of housing finance through monitoring the lending practices of the financial sector by publishing an annual report on banks' lending practices.

Subprogrammes

- *Management for Housing Development Finance* provides strategic leadership to the programme. This subprogramme had a staff complement of 1 at the end of November 2013.
- *Chief Investment Officer* is responsible for monitoring the spending performance of provinces and municipalities, implementing housing and human settlements programmes, mobilising and catalysing private sector financial resources for human settlements development, and monitoring and reporting on the lending patterns by financial institutions. In 2012/13, R16 million was spent on the compensation of employees. This subprogramme had a staff complement of 33 and a vacancy rate of 12 per cent at the end of November 2013.
- *Human Settlements Development Grant* reflects the conditional grant allocation that is transferred to all provinces and accredited municipalities. Funding to provinces and assigned municipalities is based on an allocation formula that takes housing needs into account. In 2012/13, R15.9 billion was spent on the delivery of 115 079 housing units and the servicing of 54 918 sites in informal settlements. By the end of December 2013, 70 362 additional housing units had been built from funding provided through the human settlements development grant.
- *Contributions* makes transfers to public entities reporting to the department, such as the Social Housing Regulatory Authority and the Housing Development Agency. Funds are transferred on the basis of ministerial approval of strategic and business plans. In 2012/13, R32 million was transferred to the Social Housing Regulatory Authority for operational funding and R647.4 million was transferred for their restructuring capital grant. R97.5 million was transferred to the Housing Development Agency to fund operations. An additional 5 429 social housing units had been approved for investment by September 2013.
- *Rural Households Infrastructure Grant* reflects the conditional grant allocation for onsite sanitation provision in rural areas. In 2012/13, R205.6 million was spent on the delivery of 27 377 ventilated pit latrines in rural areas. By September 2013, 7 335 rural households had been provided with onsite sanitation.
- *Urban Settlements Development Grant* reflects the conditional grants transferred to municipalities for infrastructure development to support the upgrading of informal settlements and increase the provision of serviced land in metropolitan municipalities. In 2012/13, R7.4 billion was spent on providing municipal services to support the upgrading of informal settlements in metropolitan municipalities.
- *Municipal Human Settlements Capacity Grant* reflects the new conditional grant for capacity development to municipalities expected to be assigned the housing function. The aim is to facilitate a smooth transition of project administration from provinces to municipalities.

Expenditure estimates

Table 31.11 Housing Development Finance

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R thousand											
Management for Housing Development Finance	607	1 152	1 678	3 175	73.6%	–	3 345	3 524	3 742	5.6%	–
Chief Investment Officer	10 855	14 795	17 795	20 880	24.4%	0.1%	20 847	22 101	23 448	3.9%	0.1%
Human Settlements Development Grant	13 032 112	15 121 516	15 395 032	17 028 326	9.3%	65.9%	17 983 546	19 507 975	20 409 567	6.2%	61.0%
Contributions	346 193	484 074	912 808	1 150 751	49.2%	3.1%	1 002 070	1 388 035	1 461 601	8.3%	4.1%
Rural Households Infrastructure Grant	61 614	187 353	205 566	207 260	49.8%	0.7%	113 124	118 328	124 599	-15.6%	0.5%
Urban Settlements Development Grant	4 968 023	6 266 998	7 392 206	9 076 906	22.3%	30.1%	10 284 684	10 654 773	11 231 861	7.4%	33.6%
Municipal Human Settlements Capacity Grant	–	–	–	–	–	–	300 000	300 000	300 000	–	0.7%
Total	18 419 404	22 075 888	23 925 085	27 487 298	14.3%	100.0%	29 707 616	31 994 736	33 554 818	6.9%	100.0%
Change to 2013 Budget estimate				161 993			315 225	95 770	(35 000)		

Table 31.11 Housing Development Finance

Economic classification	Audited outcome				Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17		
R thousand	10 398	15 769	19 393	23 751	31.7%	0.1%	24 020	25 447	27 003	4.4%	0.1%	
Current payments												
Compensation of employees	8 718	13 800	14 821	18 052	27.5%	0.1%	17 723	18 932	20 136	3.7%	0.1%	
Goods and services	1 665	1 960	4 572	5 699	50.7%	-	6 297	6 515	6 867	6.4%	-	
<i>of which:</i>												
Advertising	-	209	55	326	-	-	215	223	235	-10.3%	-	
Assets less than the capitalisation threshold	52	18	14	111	28.8%	-	100	103	109	-0.6%	-	
Bursaries: Employees	11	-	-	-	-100.0%	-	-	-	-	-	-	
Catering: Departmental activities	23	27	202	90	57.6%	-	221	229	241	38.9%	-	
Communication	359	302	231	404	4.0%	-	429	444	467	4.9%	-	
Computer services	133	-	-	3	-71.7%	-	-	-	-	-100.0%	-	
Consultants and professional services: Business and advisory services	19	31	922	573	211.3%	-	1 423	1 473	1 551	39.4%	-	
Contractors	-	-	-	17	-	-	18	19	20	5.6%	-	
Agency and support / outsourced services	-	-	-	4	-	-	25	26	28	91.3%	-	
Entertainment	9	6	9	19	28.3%	-	41	42	45	33.3%	-	
Inventory: Food and food supplies	-	192	-	-	-	-	-	-	-	-	-	
Inventory: Other supplies	1	-	1	-	-100.0%	-	-	-	-	-	-	
Consumable supplies	-	-	-	14	-	-	32	33	34	34.4%	-	
Consumable: Stationery, printing and office supplies	154	-	1 914	2 074	137.9%	-	1 322	1 365	1 438	-11.5%	-	
Operating leases	90	19	-	20	-39.4%	-	23	24	25	7.7%	-	
Property payments	-	-	-	8	-	-	8	9	9	4.0%	-	
Travel and subsistence	597	969	1 103	1 393	32.6%	-	2 230	2 308	2 437	20.5%	-	
Training and development	20	-	-	-	-100.0%	-	-	-	-	-	-	
Operating payments	140	147	42	497	52.5%	-	55	57	59	-50.9%	-	
Venues and facilities	57	40	79	146	36.8%	-	155	160	169	5.0%	-	
Interest and rent on land	15	9	-	-	-100.0%	-	-	-	-	-	-	
Transfers and subsidies	18 347 199	21 872 588	23 700 052	27 362 704	14.3%	99.3%	28 718 747	30 926 384	33 527 628	7.0%	98.2%	
Provinces and municipalities	18 000 135	21 388 514	22 787 238	26 211 953	13.3%	96.2%	27 716 677	29 538 349	32 066 027	7.0%	94.1%	
Departmental agencies and accounts	346 193	484 074	912 808	1 150 751	49.2%	3.1%	1 002 070	1 388 035	1 461 601	8.3%	4.1%	
Households	871	-	6	-	-100.0%	-	-	-	-	-	-	
Payments for capital assets	61 807	187 531	205 640	100 843	17.7%	0.6%	964 849	1 042 905	187	-87.7%	1.7%	
Buildings and other fixed structures	61 614	187 353	205 566	100 539	17.7%	0.6%	964 677	1 042 727	-	-100.0%	1.7%	
Machinery and equipment	193	178	74	304	16.4%	-	172	178	187	-15.0%	-	
Total	18 419 404.0	22 075 888.0	23 925 085.0	27 487 298.0	14.3%	100.0%	29 707 616.0	31 994 736.0	33 554 818.0	6.9%	100.0%	
Proportion of total programme expenditure to vote expenditure	97.4%	97.7%	97.8%	97.3%			97.3%	97.4%	97.4%			
Details of transfers and subsidies												
Provinces and municipalities												
Provinces												
Provincial Revenue Funds												
Capital	13 032 112	15 121 516	15 395 032	17 028 326	9.3%	65.9%	17 084 369	18 532 576	20 409 567	6.2%	59.5%	
Human settlements development grant	13 032 112	15 121 516	15 395 032	17 028 326	9.3%	65.9%	17 084 369	18 532 576	20 409 567	6.2%	59.5%	
Provinces and municipalities												
Municipalities												
Municipal bank accounts												
Current	-	-	-	-	-	-	300 000	300 000	300 000	-	0.7%	
Municipal human settlements capacity grant	-	-	-	-	-	-	300 000	300 000	300 000	-	0.7%	
Capital	4 968 023	6 266 998	7 392 206	9 183 627	22.7%	30.3%	10 332 308	10 705 773	11 356 460	7.3%	33.9%	
Urban settlements development grant	4 968 023	6 266 998	7 392 206	9 076 906	22.3%	30.1%	10 284 684	10 654 773	11 231 861	7.4%	33.6%	
Rural households infrastructure grant	-	-	-	106 721	-	0.1%	47 624	51 000	124 599	5.3%	0.3%	
Departmental agencies and accounts												
Departmental agencies (non-business entities)												
Current	213 876	257 905	265 407	246 648	4.9%	1.1%	174 527	192 175	174 552	-10.9%	0.6%	
Social Housing Regulatory Authority	54 455	19 305	21 096	32 151	-16.1%	0.1%	33 480	34 560	36 392	4.2%	0.1%	
Rural Housing Loan Fund	49 500	49 500	31 975	-	-100.0%	0.1%	-	-	-	-	-	
Housing Development Agency	69 300	89 100	92 336	97 497	12.1%	0.4%	101 047	104 615	110 160	4.2%	0.3%	
National Urban Reconstruction and Housing Agency	-	100 000	120 000	100 000	-	0.3%	-	-	-	-100.0%	0.1%	
Social Housing Foundation	6 621	-	-	-	-100.0%	-	-	-	-	-	-	
Community Schemes Ombud Services	-	-	-	17 000	-	-	40 000	53 000	28 000	18.1%	0.1%	
Servcon Housing Solutions	34 000	-	-	-	-100.0%	-	-	-	-	-	-	

Table 31.11 Housing Development Finance

Details of transfers and subsidies											
	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R thousand											
Capital	132 317	226 169	647 401	904 103	89.8%	2.1%	827 543	1 195 860	1 287 049	12.5%	3.4%
Social Housing Regulatory Authority	132 317	226 169	647 401	904 103	89.8%	2.1%	827 543	1 195 860	1 287 049	12.5%	3.4%
Households											
Other transfers to households											
Current	871	-	6	-	-100.0%	-	-	-	-	-	-
Gifts on retirement	5	-	-	-	-100.0%	-	-	-	-	-	-
Transfers to households	866	-	6	-	-100.0%	-	-	-	-	-	-

Personnel information

Table 31.12 Details of approved establishment and personnel numbers according to salary level¹

	Number of posts estimated for 31 March 2014		Number and cost ² of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost				Number	Cost
Housing Development Finance			20	14.8	0.7	30	18.1	0.6	35	17.7	0.5	35	18.9	0.5	35	20.1	0.6	5.3%	100.0%
Salary level	35	-																	
1 - 6	1	-	-	-	-	1	0.2	0.2	1	0.2	0.2	1	0.2	0.2	1	0.2	0.2	-	3.0%
7 - 10	22	-	12	6.1	0.5	16	8.0	0.5	22	8.0	0.4	22	8.6	0.4	22	9.2	0.4	11.2%	60.7%
11 - 12	7	-	5	5.0	1.0	7	5.1	0.7	7	4.7	0.7	7	5.0	0.7	7	5.3	0.8	-	20.7%
13 - 16	5	-	3	3.7	1.2	6	4.7	0.8	5	4.8	1.0	5	5.2	1.0	5	5.5	1.1	-5.9%	15.6%

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

2. Rand million.

Expenditure trends

The spending focus for this programme over the MTEF period will be on transferring grants to provinces and municipalities to fund the delivery of low income housing, the purchase of land to upgrade informal settlements and the upgrade of informal settlements. Total transfers to provinces and municipalities constitute 99.5 per cent of the programme's budget in 2013/14. The department's objective of accelerating delivery is reflected in the growth in expenditure in the *Human Settlements Development Grant* programme, which is expected to increase at an average annual rate of 6.2 per cent over the medium term, and the *Urban Settlements Development Grant* programme, which is expected to increase at an average annual rate of 7.4 per cent over the same period. These grants are expected to deliver 215 621 housing units, the upgrade of 92 000 serviced sites in informal settlements and acquire 7 197 hectares of land over the medium term. An additional R505 million over the medium term has been allocated for the human settlements development grant and R900 million over the same period has been reprioritised from this grant to create the municipal human settlements capacity grant. This new grant is intended to supplement the operations of metropolitan municipalities that are expected to be assigned the housing function in 2014. In addition, R1.9 billion has been earmarked for the new Cabinet approved bucket eradication programme, which aims to remove approximately 88 000 bucket toilets from households in formal and informal areas over the next two years. The allocation to Mangaung and Buffalo City municipalities in the *Urban Settlements Development Grant* subprogramme has been reduced by R130 million over the MTEF period due to underspending.

With expenditure increasing at an average annual rate of 27.1 per cent between 2010/11 and 2016/17, the *Contributions* subprogramme is the fastest growing subprogramme over the MTEF period. This growth in spending is to support the objective of increasing the delivery of rental housing through the social housing programme. This is also the reason why the capital transfer to the Social Housing Regulatory Authority increased at an average annual rate of 89.8 per cent between 2010/11 and 2013/14. Spending on the capital restructuring grant, which is transferred to the Social Housing Regulatory Authority, is expected to increase at an average annual rate of 12.5 per cent and will deliver approximately 17 977 medium density rental housing units for households earning between R1 500 and R7 500 per month.

In 2013/14, a portion of the rural household infrastructure grant was converted to a direct grant to municipalities to strengthen municipal accountability to deliver services to households. Expenditure on the indirect component of the grant resulted in a decrease in payments of capital assets between 2011/12 and 2013/14 due to rescheduling. Over the medium term, expenditure on the grant is expected to increase from R106.7 million in 2013/14 to R124.6 million in 2016/17 and is expected to deliver approximately 37 575 ventilated pit latrines in rural areas.

Between 2010/11 and 2011/12, spending on the *Chief Investment Officer* subprogramme increased by 36 per cent due to the appointment of the members of the Office of Disclosure, which monitors the lending practices of the financial sector in terms of the Home Loan and Mortgage Disclosure Act (2000).

The number of personnel in this programme is expected to increase from 30 in 2013/14 to 35 in 2016/17, as the department completes the organisational restructuring process.

Public entities and other agencies

National Home Builders Registration Council

Mandate and goals

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

Over the medium term, the council's strategic goals will be to improve stakeholder interaction and market accessibility for housing consumers, to enhance the entities position to:

- provide quality services to both housing consumers and home builders
- make better use of technological building solutions
- provide training and building capacity in the home building sector.

Selected performance indicators

Table 31.13 National Home Builders Registration Council

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of new builders registered per year	Administration	Outcome 8: Sustainable human settlements and improved quality of household life	3 650	2 686	2 935	2 975	2 885	3 029	3 180
Number of builders' memberships renewed per year	Administration		11 115	11 220	11 558	10 480	12 195	12 805	13 445
Number of additional houses enrolled in the non-subsidy sector per year	Administration		31 458	37 671	44 698	40 094	45 963	48 261	50 674
Number of new projects enrolled in the subsidy sector per year	Administration		-1	35 426	32 959	61 419	45 100	47 355	49 722
Number of additional homes enrolled in the subsidy sector per year	Administration		94 000	138 883	161 443	210 300	33 150	34 807	36 547
Number of builders suspended ² per year	Legislative framework review and legal service		512	0	109	0	5 500	5 775	6 064
Percentage reduction in the building of homes outside set standards per year ¹	Legislative framework review and legal service		-1	-1	-1	80%	80%	100%	100%

Table 31.13 National Home Builders Registration Council

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of home builders trained per year	Home builder training and development	Outcome 8: Sustainable human settlements and improved quality of household life	1 505	609	1 002	3 500	1 200	1 260	1 323
Number of inspections carried out per year (subsidy and non-subsidy)	Quality assurance		270 693	514 175	428 044	370 677	210 300	220 815	231 855

1. New indicator.

2. No builders were suspended in 2011/12 and 2013/14.

Programmes/activities/objectives**Table 31.14 National Home Builders Registration Council**

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R thousand											
Administration	266 962	447 026	506 456	466 655	20.5%	67.0%	564 951	579 015	602 639	8.9%	62.9%
Legislative framework review and legal service	8 786	13 014	12 710	24 331	40.4%	2.3%	26 559	27 928	29 369	6.5%	3.1%
Home builder training and development	8 851	7 074	4 097	8 236	-2.4%	1.2%	10 766	11 308	11 878	13.0%	1.2%
Quality assurance	153 101	145 982	136 477	316 652	27.4%	29.6%	262 796	276 795	291 541	-2.7%	32.8%
Total expense	437 700	613 096	659 740	815 874	23.1%	100.0%	865 072	895 046	935 427	4.7%	100.0%

Expenditure estimates**Table 31.15 National Home Builders Registration Council**

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R thousand											
Revenue											
Non-tax revenue	799 354	723 253	1 188 839	932 333	5.3%	100.0%	965 235	1 010 324	1 058 526	4.3%	100.0%
Sale of goods and services other than capital assets	468 864	425 260	840 409	727 625	15.8%	66.5%	753 376	791 045	830 475	4.5%	78.2%
of which:											
Sales by market establishment	468 864	425 260	840 409	727 625	15.8%	66.5%	753 376	791 045	830 475	4.5%	78.2%
Insurance premium revenue	356 560	227 674	568 476	536 759	14.6%	45.4%	603 980	634 180	665 889	7.5%	61.5%
Fee revenue	31 908	58 302	42 574	61 866	24.7%	5.6%	53 146	55 803	58 470	-1.9%	5.8%
Technical services revenue	80 396	139 284	229 359	129 000	17.1%	15.6%	96 250	101 062	106 116	-6.3%	11.0%
Other non-tax revenue	330 490	297 993	348 430	204 708	-14.8%	33.5%	211 859	219 279	228 051	3.7%	21.8%
Total revenue	799 354	723 253	1 188 839	932 333	5.3%	100.0%	965 235	1 010 324	1 058 526	4.3%	100.0%
Expenses											
Current expenses	436 015	611 136	659 740	815 874	23.2%	99.8%	865 072	895 046	935 427	4.7%	100.0%
Compensation of employees	162 440	174 721	195 009	297 234	22.3%	32.9%	454 518	478 997	505 342	19.4%	49.1%
Goods and services	256 897	421 287	452 915	491 173	24.1%	64.1%	382 007	362 042	375 146	-8.6%	46.2%
Depreciation	16 679	15 127	11 808	27 467	18.1%	2.9%	28 547	54 007	54 939	26.0%	4.6%
Interest, dividends and rent on land	-	-	8	-	-	0.0%	-	-	-	-	-
Transfers and subsidies	1 685	1 960	-	-	-100.0%	0.2%	-	-	-	-	-
Total expenses	437 700	613 096	659 740	815 874	23.1%	100.0%	865 072	895 046	935 427	4.7%	100.0%
Surplus/(Deficit)	361 654	110 158	529 099	116 459	-31.5%		100 163	115 278	123 098	1.9%	
Statement of financial position											
Carrying value of assets	58 511	48 085	76 697	331 716	78.3%	3.3%	348 364	302 358	255 419	-8.3%	7.0%
of which:											
Acquisition of assets	3 441	5 259	40 871	251 946	318.4%	1.9%	167 316	8 000	9 000	-67.1%	2.6%
Investments	3 118 842	3 693 649	3 974 429	3 576 358	4.7%	91.9%	4 071 608	4 234 278	4 398 182	7.1%	91.7%
Inventory	120	395	243	452	55.4%	0.0%	279	299	320	-10.9%	0.0%
Receivables and prepayments	35 606	59 128	44 199	27 204	-8.6%	1.1%	25 972	24 261	27 036	-0.2%	0.6%
Cash and cash equivalents	354 257	43 051	134 507	25 031	-58.7%	3.7%	29 232	29 109	28 384	4.3%	0.6%
Total assets	3 567 336	3 844 307	4 230 075	3 960 761	3.5%	100.0%	4 475 455	4 590 305	4 709 341	5.9%	100.0%
Accumulated surplus/(deficit)	2 407 928	2 546 896	3 056 952	2 870 631	6.0%	69.6%	3 265 688	3 380 966	3 504 066	6.9%	73.4%
Capital and reserves	42 369	55 631	29 029	50 631	6.1%	1.1%	29 029	29 029	29 029	-16.9%	0.8%
Trade and other payables	328 031	251 762	116 364	62 849	-42.4%	5.0%	164 412	163 779	159 715	36.5%	3.1%
Provisions	789 008	990 017	1 027 730	976 649	7.4%	24.2%	1 016 326	1 016 531	1 016 531	1.3%	22.8%
Total equity and liabilities	3 567 335	3 844 307	4 230 075	3 960 761	3.5%	100.0%	4 475 455	4 590 305	4 709 341	5.9%	100.0%

Personnel information

Table 31.16 National Home Builders Registration Council

Number of posts estimated for 31 March 2014		Number and cost ¹ of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Salary level	507																19.4%	100.0%	
1 – 6	26	26	15	1.9	0.1	26	2.9	0.1	32	4.1	0.1	32	4.3	0.1	32	4.6	0.1	16.1%	4.7%
7 – 10	80	80	61	15.8	0.3	80	24.1	0.3	81	27.6	0.3	81	29.0	0.4	81	30.6	0.4	8.3%	12.5%
11 – 12	283	283	241	103.7	0.4	283	158.0	0.6	445	262.7	0.6	445	276.8	0.6	445	292.1	0.7	22.7%	61.0%
13 – 16	115	115	63	69.0	1.1	115	105.1	0.9	146	147.5	1.0	146	155.4	1.1	146	164.0	1.1	16.0%	21.1%
17 – 22	3	3	2	4.7	2.3	3	7.1	2.4	5	12.7	2.5	5	13.4	2.7	5	14.1	2.8	25.6%	0.7%

1. Rand million.

Expenditure trends

The National Home Builders Registration Council's main source of revenue is derived from the insurance premiums charged for the enrolment of homes, the fees for the registration of homebuilders, renewal fees paid by home builders, the sale of manuals, and the technical services provided to provinces. The entity's revenue is expected to increase from R932.3 million in 2013/14 to R1.1 billion in 2016/17, driven primarily by enrolment fees. The 21.6 per cent decline in revenue in 2013/14 was as a result of the completion of rectification work on behalf of the KwaZulu-Natal Department of Human Settlements.

The council's spending focus over the medium term will be on increasing the number of quality assurance inspectors, which is a key component in the improvement of the regulatory function of the entity. The largest expenditure items are agency and support services for the delivery of home inspections. Spending on goods and services increased at an average annual rate of 24.1 per cent between 2010/11 and 2013/14 as housing programmes were implemented on behalf of provinces. Over the medium term, spending on goods and services is expected to decline as a result of the work for provinces being completed. Consultants are used for ad hoc work on specialised internal audit services, legislative review, actuarial valuations, and impact analysis for the training of home builders, as well as management and council advisory services.

The personnel costs related to home inspections both in the subsidy and non-subsidy residential market are expected to continue being a significant component of the compensation of employees budget. As a result, compensation of employees is expected to increase at an average annual rate of 19.4 per cent over the medium term. This is largely due to the hiring of more inspectors as the organisational structure of the council is revised. As a result, compensation of employees is expected to increase to R454.5 million in 2014/15. At the end of November 2013, the entity had a staff complement of 507, and an increase to 709 posts in 2014/15 is expected. The entity's vacancy rate was 28.5 per cent, due to normal attrition and the length of time it takes to finalise the recruitment process in a specialised field.

Investments continue to be the largest asset on the balance sheet. This is as a result of home enrolment fees invested into the warranty fund for any claims paid to housing consumers. Provisions for operational liabilities and outstanding claims against the warranty fund are expected to be R1 billion per year over the medium term.

National Housing Finance Corporation

Mandate and goals

The National Housing Finance Corporation is a schedule 3A development finance institution that was established in 1996. Its primary mandate is to catalyse private sector funding to broaden and deepen access to affordable housing finance for middle and low income households. To this end, it provides wholesale funding to housing development projects and partners with banks and other non-bank retail finance intermediaries to mobilise and increase lending to the target market.

The entity's strategic goals over the medium term are to:

- provide effective housing finance solutions
- mobilise lending by financial institutions to the lower end of the housing market
- conduct business and lending processes on a sustainable basis.

Selected performance indicators

Table 31.17 National Housing Finance Corporation

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of housing financing opportunities created per year	Commercial finance	Outcome 8: Sustainable human settlements and improved quality of household life	1 613	4 409	5 334	4 910	1 334	4 051	5 584
Value of new loans per year (Rand thousand)	Commercial finance		55 000	87 000	170 000	119 900	20 000	89 492	135 441
Number of new loans disbursed through project finance activities per year	Project finance		5 757	5 604	7 486	4 603	5 081	5 793	6 372
Value of new loans per year (Rand thousand)	Project finance		339 000	517 000	290 000	417 889	468 036	538 864	586 917

Programmes/activities/objectives

Table 31.18 National Housing Finance Corporation

	Audited outcome				Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17		
R thousand												
Administration	54 232	58 241	68 968	91 478	19.0%	35.5%	172 760	217 114	234 191	36.8%	71.9%	
Retail	37 184	38 827	38 724	41 453	3.7%	20.3%	11 366	10 122	11 342	-35.1%	8.9%	
Commercial	37 184	38 827	46 657	37 640	0.4%	20.6%	10 017	8 084	9 058	-37.8%	7.8%	
Projects	55 776	58 240	61 931	10 162	-43.3%	23.6%	35 759	31 845	35 681	52.0%	11.3%	
Total expense	184 375	194 134	216 280	180 733	-0.7%	100.0%	229 903	267 165	290 272	17.1%	100.0%	

Expenditure estimates

Table 31.19 National Housing Finance Corporation

Statement of financial performance	Audited outcome				Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17		
R thousand												
Revenue												
Non-tax revenue	244 233	215 301	235 684	207 362	-5.3%	100.0%	244 307	310 871	320 901	15.7%	100.0%	
Sale of goods and services other than capital assets	178 828	173 104	171 265	166 161	-2.4%	76.6%	214 815	277 040	282 276	19.3%	86.3%	
<i>of which:</i>												
<i>Sales by market establishment</i>	178 828	173 104	171 265	166 161	-2.4%	76.6%	214 815	277 040	282 276	19.3%	86.3%	
<i>Sale of Houses</i>	54 465	20 914	19 465	8 342	-46.5%	11.1%	11 981	9 421	10 274	7.2%	3.8%	
<i>Interest on Advances</i>	118 923	146 229	144 817	153 969	9.0%	63.1%	198 643	263 036	266 970	20.1%	80.8%	
<i>Rental Income</i>	5 440	5 961	6 983	3 850	-10.9%	2.5%	4 191	4 583	5 032	9.3%	1.7%	
Other non-tax revenue	65 405	42 197	64 418	41 201	-14.3%	23.4%	29 492	33 831	38 625	-2.1%	13.7%	
Total revenue	244 233	215 301	235 684	207 362	-5.3%	100.0%	244 307	310 871	320 901	15.7%	100.0%	
Expenses												
Current expenses	168 760	178 444	204 636	168 157	-0.1%	92.8%	221 964	249 674	279 433	18.4%	94.8%	
Compensation of employees	70 139	78 037	80 845	71 162	0.5%	38.7%	76 467	75 810	82 032	4.9%	32.3%	
Goods and services	96 676	98 350	105 258	72 191	-9.3%	47.9%	105 749	110 208	135 341	23.3%	43.5%	
Depreciation	931	907	690	1 520	17.8%	0.5%	1 030	1 226	1 189	-7.9%	0.5%	
Interest, dividends and rent on land	1 014	1 150	17 843	23 284	184.2%	5.6%	38 719	62 430	60 871	37.8%	18.5%	
Total expenses	184 375	194 134	216 279	180 733	-0.7%	100.0%	229 902	267 165	290 272	17.1%	100.0%	
Surplus/(Deficit)	59 858	21 168	19 404	26 629	-23.7%		14 405	43 706	30 629	4.8%		

Table 31.19 National Housing Finance Corporation

Statement of financial position	Audited outcome				Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17		
R thousand												
Carrying value of assets	73 236	74 630	80 154	82 995	4.3%	2.3%	83 902	82 533	79 958	-1.2%	2.1%	
of which:												
Acquisition of assets	1 064	989	640	-	-100.0%	0.0%	-	-	-	-	-	
Investments	979 659	1 180 814	1 155 619	1 151 164	5.5%	32.5%	1 078 551	1 132 557	1 139 949	-0.3%	28.9%	
Inventory	64 015	63 910	82 432	157 697	35.1%	2.6%	169 810	71 284	53 103	-30.4%	2.9%	
Loans	1 562 794	1 831 092	1 926 190	2 179 417	11.7%	54.5%	2 567 732	2 622 719	2 583 004	5.8%	63.6%	
Receivables and prepayments	66 402	16 068	33 848	35 749	-18.6%	1.1%	32 332	33 624	36 199	0.4%	0.9%	
Cash and cash equivalents	215 839	282 000	350 919	12 922	-60.9%	6.3%	16 241	71 357	80 185	83.8%	1.1%	
Taxation	28 576	9 248	22 666	17 977	-14.3%	0.6%	17 977	17 977	17 977	-	0.5%	
Total assets	2 990 521	3 457 762	3 651 829	3 637 921	6.8%	100.0%	3 966 545	4 032 051	3 990 374	3.1%	100.0%	
Accumulated surplus/(deficit)	1 196 586	1 217 079	1 244 756	1 258 146	1.7%	36.0%	1 272 551	1 316 255	1 346 887	2.3%	33.3%	
Capital and reserves	1 080 000	1 080 000	1 080 000	1 084 000	0.1%	31.7%	1 084 000	1 084 000	1 084 000	-	27.8%	
Borrowings	65 340	438 317	217 682	398 188	82.7%	7.9%	707 319	729 055	672 917	19.1%	15.9%	
Trade and other payables	9 722	7 780	14 701	22 926	33.1%	0.4%	28 322	28 716	12 891	-17.5%	0.6%	
Taxation	-	-	5 575	5 349	-	0.1%	5 078	5 078	5 078	-1.7%	0.1%	
Provisions	12 919	17 123	17 978	12 386	-1.4%	0.4%	12 348	12 021	11 674	-2.0%	0.3%	
Managed funds (e.g. poverty alleviation fund)	625 954	697 462	856 926	856 926	11.0%	22.0%	856 926	856 926	856 926	-	22.0%	
Derivatives financial instruments	-	-	214 211	-	-	1.5%	-	-	-	-	-	
Total equity and liabilities	2 990 521	3 457 762	3 651 829	3 637 920	6.8%	100.0%	3 966 545	4 032 050	3 990 374	3.1%	100.0%	

Personnel information

Table 31.20 National Housing Finance Corporation

	Number of posts estimated for 31 March 2014		Number and cost ¹ of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17						
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number		Cost			Unit Cost		
Salary level	86	86	88	80.8	0.9	86	71.2	0.8	86	76.5	0.9	86	75.8	0.9	86	82.0	1.0	4.9%	100.0%
1 – 6	2	2	2	0.3	0.2	2	0.3	0.2	2	0.3	0.2	2	0.3	0.2	2	0.3	0.2	5.0%	2.3%
7 – 10	24	24	28	11.0	0.4	24	9.7	0.4	24	10.2	0.4	24	9.7	0.4	24	10.2	0.4	1.6%	27.9%
11 – 12	24	24	21	16.6	0.8	24	14.6	0.6	24	15.3	0.6	24	13.9	0.6	24	14.6	0.6	-0.0%	27.9%
13 – 16	36	36	37	52.9	1.4	36	46.6	1.3	36	50.6	1.4	36	51.9	1.4	36	56.9	1.6	6.9%	41.9%

1. Rand million.

Expenditure trends

Between 2010/11 and 2013/14, the National Housing Finance Corporation's total revenue decreased as a result of the contraction in the housing market. The corporation is expected to increase revenue at an average annual rate of 15.7 per cent over the medium term, from R207.4 million in 2013/14 to R320.9 million in 2016/17, largely due to increases in the interest margin earned on loans disbursed. In 2014/15, 81 per cent of revenue is expected to be generated from this interest.

The main spending focus for the corporation will be on facilitating the development of housing opportunities by providing commercial and project financing. The entity's largest spending items are on the provision for losses from financial assets and interest on borrowings. Spending is expected to increase from R180.7 million in 2013/14 to R290.3 million in 2016/17, at an average annual rate of 17.1 per cent, and is expected to deliver a value of R1.6 billion project loans, R197 million mortgage loans and R245 million incremental loans. Goods and services expenditure is driven by loss adjustments on the loan book and spending on consultants, who supplement employee expertise in conducting due diligences on funding proposals, and internal audit and IT support services. As a result, expenditure on goods and services is expected to increase at an average annual rate of 23.3 per cent over the MTEF period.

Spending on compensation of employees is expected to increase at an average annual rate of 4.9 per cent, and is related to annual inflationary increments between 2013/14 and 2016/17. The entity had a staff complement of 86 at the end of November 2013. It is expected to remain constant over the medium term.

Social Housing Regulatory Authority

Mandate and goals

The Social Housing Regulatory Authority was established in 2010 in terms of the Social Housing Act (2008). The entity is mandated to regulate the social housing sector, and to ensure a sustainable and regulated flow of investment into social housing by providing capital grants to accredited social housing institutions.

The entity's strategic goal over the medium term is to provide a transparent and credible investment and regulatory environment for the social housing sector.

Selected performance indicators

Table 31.21 Social Housing Regulatory Authority

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of social housing units approved for investment per year	Regulation of social housing sector	Outcome 8: Sustainable human settlements and improved quality of household life	1 041	4 214	10 441	5 429	5 668	5 979	6 330
Number of social housing institutions assessed for accreditation per year	Social housing investment programme		33	40	53	50	50	70	70
Number of social housing institutions inspected per year	Social housing investment programme		-1	2	19	20	20	30	30

1. As the Social Housing Regulatory Authority was established in 2010/11, it would take a year for applications to be received and processed before the inspections can be performed.

Programmes/activities/objectives

Table 31.22 Social Housing Regulatory Authority

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R thousand											
Administration	8 688	39 910	43 331	29 414	50.2%	7.4%	31 987	33 024	34 774	5.7%	3.1%
Social housing investment programme	46 397	458 644	886 982	831 670	161.7%	86.2%	759 265	1 097 083	1 183 036	12.5%	90.1%
Regulation of social housing sector	4 243	40 627	77 814	27 522	86.5%	6.4%	69 771	100 314	105 631	56.6%	6.8%
Total expense	59 328	539 181	1 008 127	888 606	146.5%	100.0%	861 023	1 230 421	1 323 441	14.2%	100.0%

Expenditure estimates

Table 31.23 Social Housing Regulatory Authority

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R thousand											
Revenue											
Non-tax revenue	825	225 087	450 609	-	-100.0%	22.1%	-	-	-	-	-
Other non-tax revenue	825	225 087	450 609	-	-100.0%	22.1%	-	-	-	-	-
Transfers received	186 771	245 474	668 497	936 254	71.1%	77.9%	861 023	1 230 420	1 323 441	12.2%	100.0%
Total revenue	187 596	470 561	1 119 106	936 254	70.9%	100.0%	861 023	1 230 420	1 323 441	12.2%	100.0%
Expenses											
Current expenses	9 558	43 024	46 194	30 711	47.6%	8.0%	33 480	34 560	36 392	5.8%	3.2%
Compensation of employees	769	10 948	15 966	16 648	178.7%	1.7%	17 547	18 495	19 475	5.4%	1.7%
Goods and services	8 789	31 137	28 627	12 963	13.8%	6.2%	14 933	15 365	16 180	7.7%	1.4%
Depreciation	-	939	1 601	1 100	-	0.1%	1 000	700	737	-12.5%	0.1%
Transfers and subsidies	49 770	496 157	961 933	857 896	158.3%	92.0%	827 543	1 195 860	1 287 049	14.5%	96.8%
Total expenses	59 328	539 181	1 008 127	888 607	146.5%	100.0%	861 023	1 230 420	1 323 441	14.2%	100.0%
Surplus/(Deficit)	128 268	(68 620)	110 979	47 647	-28.1%		-	-	-	-100.0%	

Table 31.23 Social Housing Regulatory Authority

Statement of financial position	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R thousand											
Carrying value of assets	1 256	3 633	3 505	5 340	62.0%	5.5%	4 470	3 600	2 863	-18.8%	10.1%
of which:											
Acquisition of assets	1 076	3 414	1 472	1 100	0.7%	2.4%	940	–	–	-100.0%	1.2%
Receivables and prepayments	264	602	584	602	31.6%	0.7%	602	602	602	–	1.5%
Cash and cash equivalents	129 221	59 109	178 572	34 500	-35.6%	93.8%	36 500	35 500	35 500	1.0%	88.4%
Total assets	130 741	63 344	182 661	40 442	-32.4%	100.0%	41 572	39 702	38 965	-1.2%	100.0%
Accumulated surplus/(deficit)	128 268	59 649	170 629	38 892	-32.8%	95.5%	40 222	38 582	37 845	-0.9%	96.8%
Trade and other payables	2 473	3 695	12 032	1 550	-14.4%	4.5%	1 350	1 120	1 120	-10.3%	3.2%
Total equity and liabilities	130 741	63 344	182 661	40 442	-32.4%	100.0%	41 572	39 702	38 965	-1.2%	100.0%

Personnel information**Table 31.24 Social Housing Regulatory Authority**

Salary level	Number of posts estimated for 31 March 2014		Number and cost ¹ of personnel posts filled / planned for on funded establishment															Number	
	Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		2013/14			2014/15		2015/16		2016/17		2013/14 - 2016/17					
			Number	Unit Cost	Number	Unit Cost	Number	Unit Cost	Number	Unit Cost	Number	Unit Cost							
	29	38	29	16.0	0.6	29	16.6	0.6	38	17.5	0.5	38	18.5	0.5	38	19.5	0.5	5.4%	100.0%
7 – 10	10	11	10	2.5	0.2	10	2.3	0.2	11	2.4	0.2	11	2.5	0.2	11	2.6	0.2	5.4%	30.3%
11 – 12	5	11	5	1.2	0.2	5	1.1	0.2	11	1.2	0.1	11	1.3	0.1	11	1.3	0.1	5.4%	26.0%
13 – 16	12	14	12	9.2	0.8	12	9.8	0.8	14	10.3	0.7	14	10.9	0.8	14	11.5	0.8	5.4%	38.0%
17 – 22	2	2	2	3.1	1.5	2	3.5	1.7	2	3.6	1.8	2	3.8	1.9	2	4.0	2.0	5.4%	5.7%

1. Rand million.

Expenditure trends

The spending focus of the Social Housing Regulatory Authority over the medium term will be on investment in and the regulation of the social housing sector. The largest spending item is on the transfer of capital grants to social housing institutions for the building of medium density rental houses for households earning between R1 500 and R7 000 per month. Spending by the authority is expected to increase from R936.3 million in 2013/14 to R1.3 billion in 2016/17, and will facilitate the delivery of approximately 17 977 social housing units over the medium term. The entity uses consultants to assess applications for the restructuring capital grant, assess the institutional applications for social housing accreditation, certify the achievement of project milestones, and conduct social housing related research. As a result, expenditure on goods and services is expected to increase from R13.4 million in 2013/14 to R16.2 million in 2016/17.

Spending on compensation of employees is expected to increase from R16.6 million in 2013/14 to R19.5 million in 2016/17, and is related to inflationary adjustments as well as the filling of 9 posts over the medium term. At the end of November 2013, the authority had a staff complement of 29, which is expected to increase to 38 in 2014/15 to provide for the entity's regulatory function. The authority's vacancy rate was 23.6 per cent, due to normal attrition and the length of time it takes to finalise the recruitment process.

The Social Housing Regulatory Authority is funded by a transfer from Department of Human Settlements. The largest component of revenue is the capital restructuring grant, which subsidises the construction of rental housing units. Total revenue is expected to increase at an average annual rate of 12.2 per cent over the medium term as a result of the grant increase. Between 2010/11 and 2013/14, revenue increased at an average annual rate of 71.1 per cent as a result of the targets set out to increase the delivery of rental housing to establish sustainable human settlements and improved quality of household life (outcome 8). To support this objective, the authority received funds from provincial departments in 2011/12 and 2012/13. As a result, total revenue increased by 151 per cent in 2011/12 and 138 per cent in 2012/13.

Community Schemes Ombud Service

Mandate and goals

The Community Schemes Ombud Service Act (2011) provides for the establishment of the Community Schemes Ombud Service. In terms of section 4 of the act, the ombud is mandated to provide a dispute resolution service for community schemes; to regulate, monitor and control the quality of all sectional title schemes' governance documentation; and to take custody of, preserve and provide public access to, scheme governance documentation.

The ombud's strategic goals over the medium term are to:

- establish and operationalise a head office and a Gauteng regional office from which the entity will operate
- provide a dispute resolution service to the public
- establish the arrangements for the take-over of the existing schemes' governance documentation from the Registrar of Deeds
- operationalise an effective records management system.

Selected performance indicators

Table 31.25 Community Schemes Ombud Service

Indicator ¹	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Operationalising the ombud service	Administration	Outcome 8: Sustainable human settlements and improved quality of household life	-1	-1	-1	Establishing the head office	Memorandum of understanding for the take-over of the existing schemes governance documentation from the Department of Rural Development and Land Reform implemented	Records management system implemented	Community schemes database implemented, populated and maintained
Number of cases adjudicated per year	Dispute resolution		-1	-1	-1	-1	20	42	178
Number of sectional title units in community schemes for which governance documentation will be submitted per year ²	Schemes governance documentation		-2	-2	-2	-2	-2	-2	1.5 million

1. As this is a newly established entity, there is no historical data for the performance indicators.

2. This activity will only start in 2016/17.

Programmes/activities/objectives

Table 31.26 Community Schemes Ombud Service

R thousand	Audited outcome			Revised estimate 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
Administration	-	-	-	17 074	-	-	36 463	41 746	48 000	41.1%	84.3%
Dispute resolution	-	-	-	1 850	-	-	2 334	4 083	5 388	42.8%	8.0%
Schemes governance documentation	-	-	-	1 076	-	-	1 442	7 411	4 640	62.8%	7.7%
Total expense	-	-	-	20 000	-	-	40 239	53 240	58 028	42.6%	100.0%

Expenditure estimates

Table 31.27 Community Schemes Ombud Service

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)		
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16			2016/17	2013/14 - 2016/17
	R thousand												
Revenue													
Non-tax revenue	-	-	-	3 000	-	-	240	240	30 028	115.5%	16.9%		
Sale of goods and services other than capital assets of which:	-	-	-	-	-	-	-	-	29 678	-	12.8%		
Administrative fees	-	-	-	-	-	-	-	-	29 678	-	12.8%		
Other non-tax revenue	-	-	-	3 000	-	-	240	240	350	-51.1%	4.2%		
Transfers received	-	-	-	17 000	-	-	40 000	53 000	28 000	18.1%	83.1%		
Total revenue	-	-	-	20 000	-	-	40 240	53 240	58 028	42.6%	100.0%		
Expenses													
Current expenses	-	-	-	20 000	-	-	40 239	53 240	58 028	42.6%	100.0%		
Compensation of employees	-	-	-	9 521	-	-	27 145	28 611	37 435	57.8%	58.3%		
Goods and services	-	-	-	10 479	-	-	12 829	24 150	20 045	24.1%	41.0%		
Depreciation	-	-	-	-	-	-	265	479	548	-	0.6%		
Total expenses	-	-	-	20 000	-	-	40 239	53 240	58 028	42.6%	100.0%		
Surplus/(Deficit)	-	-	-	-	-	-	1	-	-	-	-		

Personnel information

Table 31.28 Community Schemes Ombud Service

Salary level	Number of funded posts	Number of posts on approved establishment	Number and cost ¹ of personnel posts filled / planned for on funded establishment															Number	
			Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost	2015/16		Unit Cost			2016/17		Unit Cost
			Number	Cost		Number	Cost		Number	Cost		Number	Cost				Number	Cost	
	22	115	-	-	-	22	9.5	0.4	53	27.1	0.5	53	28.6	0.5	75	37.4	0.5	57.8%	100.0%
1 - 6	-	22	-	-	-	-	-	-	4	0.3	0.1	4	0.3	0.1	11	0.8	0.1	-	7.4%
7 - 10	5	56	-	-	-	5	0.9	0.2	21	5.5	0.3	21	5.8	0.3	33	9.8	0.3	123.8%	36.5%
11 - 12	5	15	-	-	-	5	1.9	0.4	12	6.9	0.6	12	7.3	0.6	13	8.4	0.6	63.5%	21.3%
13 - 16	12	22	-	-	-	12	6.7	0.6	16	14.4	0.9	16	15.2	0.9	18	18.4	1.0	40.0%	34.7%

1. Rand million.

Expenditure trends

The spending focus of the Community Schemes Ombud Service over the medium term will be on the capacitation of the head office and the establishment of a Gauteng regional office. There are plans over the longer term to open two other regional offices, in KwaZulu-Natal and Western Cape. Expenditure by the entity is projected to increase from R20 million in 2013/14 to R58 million in 2016/17 as the entity accelerates its business processes and implements its funding models to collect legislated fees and levies. As a result, the *Administration* programme is expected to remain the largest expenditure programme in the Community Schemes Ombud Service budget.

Expenditure on dispute resolution is projected to increase to R5.4 million in 2016/17 as the entity is expected to finalise the design and implementation of a dispute resolution model by 2015/16. Medium term priorities for the entity will be to take over the existing community schemes governance documentation from the Registrar of Deeds and put in place a schemes governance documentation management system to enable public access and storage. Expenditure on schemes governance documentation is projected to increase at an average annual rate of 62.8 per cent over the MTEF period.

The organisational establishment of the ombud provides for 115 posts. The entity is expected to have filled 22 key posts in the head office in 2014/15 and the remaining 31 posts in the head office are set to be filled in 2015/16. The Gauteng regional office provides for 22 posts and these are expected to be filled by the end of

March 2017. Spending on compensation of employees is projected to increase from R27.1 million in 2014/15 to R37.4 million in 2016/17 as a result.

Spending on goods and services is expected to increase at an average annual rate of 24.1 per cent over the medium term to R20 million in 2016/17 as operations are scaled up. The entity will use consultants to assist with the design and implementation of funding models to determine levies and fees to be charged for the dispute resolution and schemes governance documentation services of the entity, as well as to design and implement the community schemes governance documentation system.

The entity is expected to start generating its own revenue from community scheme levy income and charges for schemes governance documentation from 2016/17, when revenue is projected to be R58 million. The levy income will be used to fund operating expenses and adjudication services, and may increase over the longer term as the awareness of the existence of the ombud service increases. This will enable the entity to establish regional offices in KwaZulu-Natal and Western Cape. The schemes governance documentation income will be used to defray the direct costs associated with storage and reproduction.

Estate Agency Affairs Board

Mandate and goals

The Estate Agency Affairs Board was established in terms of the Estate Agency Affairs Act (1976) with the mandate to regulate, maintain and promote the conduct of estate agents, provide training and education of estate agents, conduct investigations against estate agents as well as manage and control the Estate Agents Fidelity Fund.

The board's strategic goals over the medium term are to:

- improve compliance with the act through increased inspections of estate agents
- increase consumer education of the board's role and services
- manage the Estate Agents Fidelity Fund in an efficient and effective manner
- transform the industry to reflect a more equitable demographic profile.

Selected performance indicators

Table 31.29 Estate Agency Affairs Board

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of complaints received, investigated and resolved per year ¹	Compliance	Outcome 8: Sustainable human settlements and improved quality of household life	758	1 129	2 280	900	1 200	1 300	1 400
Number of new estate agents registered per year	Compliance		6 877	7 542	8 296	9 126	10 038	11 042	11 704
Number of fidelity fund certificates renewals per year	Compliance		43 103	44 762	49 238	54 162	59 578	65 536	72 090
Number of estate agencies inspected per year	Compliance		19	364	1 008	1 210	1 452	1 742	1 916
Number of national qualifications framework level 4 candidates who passed the Professional Designation Examination for non-principal agents per year ¹	Education and training		- ¹	206	508	1 000	1 500	2 000	2 500
Number of national qualifications framework level 5 candidates who passed the Professional Designation Examination for principal agents per year ¹	Education and training		- ¹	77	124	150	200	250	300
Number of training providers inspected for compliance with accreditation standards per year	Education and training		15	12	15	18	19	20	25

Table 31.29 Estate Agency Affairs Board

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of candidates enrolled in the Continuing Professional Development programme per year ¹	Education and training	Outcome 8: Sustainable human settlements and improved quality of household life	-1	-1	-1	1 150	1 700	2 250	2 800

1. New indicator, so historical performance information not available for all years.

Programmes/activities/objectives

Table 31.30 Estate Agency Affairs Board

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R thousand											
Administration	34 867	50 563	69 451	58 471	18.8%	69.4%	62 259	58 093	60 860	1.3%	67.0%
Compliance	13 999	16 912	21 135	20 694	13.9%	24.1%	22 143	23 693	25 351	7.0%	25.7%
Education and training	3 724	4 502	5 592	5 880	16.4%	6.5%	6 292	6 732	7 204	7.0%	7.3%
Total expense	52 590	71 977	96 178	85 045	17.4%	100.0%	90 693	88 518	93 415	3.2%	100.0%

Expenditure estimates

Table 31.31 Estate Agency Affairs Board

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R thousand											
Revenue											
Non-tax revenue	60 609	59 879	88 830	86 049	12.4%	100.0%	92 073	98 518	105 414	7.0%	100.0%
Sale of goods and services other than capital assets of which:	47 475	49 050	72 396	79 031	18.5%	83.4%	84 563	90 483	96 817	7.0%	91.8%
Administrative fees	29 250	30 535	52 983	-	-100.0%	39.7%	-	-	-	-	-
Sales by market establishment	18 225	18 515	19 413	79 031	63.1%	43.7%	84 563	90 483	96 817	7.0%	91.8%
Contributions	17 417	18 034	18 662	72 491	60.9%	41.0%	77 565	82 995	88 804	7.0%	84.2%
sale of study guides and claims recoverable	808	481	751	6 540	100.8%	2.6%	6 998	7 488	8 012	7.0%	7.6%
Other non-tax revenue	13 134	10 830	16 434	7 018	-18.9%	16.6%	7 510	8 035	8 598	7.0%	8.2%
Total revenue	60 609	59 879	88 830	86 049	12.4%	100.0%	92 073	98 518	105 414	7.0%	100.0%
Expenses											
Current expenses	52 590	71 977	96 178	85 045	17.4%	100.0%	90 693	88 518	93 415	3.2%	100.0%
Compensation of employees	32 074	40 872	52 627	50 714	16.5%	58.0%	54 658	58 484	62 578	7.3%	63.2%
Goods and services	18 453	29 406	43 261	30 896	18.7%	39.3%	32 359	26 101	26 628	-4.8%	32.5%
Depreciation	1 979	1 658	287	3 435	20.2%	2.6%	3 676	3 933	4 209	7.0%	4.3%
Interest, dividends and rent on land	84	41	3	-	-100.0%	0.1%	-	-	-	-	-
Total expenses	52 590	71 977	96 178	85 045	17.4%	100.0%	90 693	88 518	93 415	3.2%	100.0%
Surplus/(Deficit)	8 019	(12 098)	(7 348)	1 004	-50.0%		1 380	10 000	11 999	128.6%	

Personnel information

Table 31.32 Estate Agency Affairs Board

Number of funded posts	Number of posts on approved establishment	Number and cost ¹ of personnel posts filled / planned for on funded establishment															Number		
		Actual			Revised estimate			Medium-term expenditure estimate			Medium-term expenditure estimate			Average growth rate (%)	Salary level/total: Average (%)				
		2012/13		Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost	2015/16		Unit Cost			2016/17		2013/14 - 2016/17	
		Number	Cost		Number	Cost		Number	Cost		Number	Cost		Number	Cost	Number	Cost		
Salary level	171	171	171	52.6	0.3	171	50.7	0.3	171	54.7	0.3	171	58.5	0.3	171	62.6	0.4	7.3%	100.0%
1 - 6	4	4	4	0.5	0.1	4	0.5	0.1	4	0.6	0.1	4	0.6	0.1	4	0.6	0.2	7.0%	2.3%
7 - 10	76	76	76	13.0	0.2	76	12.6	0.2	76	13.5	0.2	76	14.4	0.2	76	15.5	0.2	7.1%	44.4%
11 - 12	32	32	32	7.9	0.2	32	7.6	0.2	32	8.2	0.3	32	8.7	0.3	32	9.3	0.3	7.1%	18.7%
13 - 16	59	59	59	31.2	0.5	59	30.0	0.5	59	32.4	0.5	59	34.7	0.6	59	37.1	0.6	7.4%	34.5%

1. Rand million.

Expenditure trends

The Estate Agency Affairs Board generates its own revenue primarily from board levies and contributions, board examination fees, interest on investments, penalties, and fees for the administration of the Estate Agents Fidelity Fund.

The decline in revenue between 2010/11 and 2013/14 is as a result of a decline in the number of estate agents operating due to the contraction in the housing market. Revenue is expected to increase over the medium term at an average annual rate of 7 per cent from R86 million in 2013/14 to an expected R105.4 million in 2016/17 as market conditions improve.

The major focus of the board over the medium term will be on conducting agency inspections, raising awareness about the existence and role of the board, and providing educational services.

The largest spending items over the MTEF period are inspections and expenditure on the printing of the fidelity fund certificates. Total expenditure is expected to increase from R85 million in 2013/14 to R93.4 million in 2016/17, at an average annual rate of 3.2 per cent. By 2016/17, this spending is expected to deliver 2 501 agency inspections, training for 1 839 students and accreditation for 106 783 estate agencies to provide practical training.

Spending on compensation of employees is expected to increase at an average annual rate of 7.3 per cent over the medium term and is primarily related to the capacitation of the inspectorate division to perform inspections in-house and reduce the reliance on consultants. At the end of November 2013, this entity had a staff complement of 86, with no vacancies. The number is expected to remain constant over the medium term.

Programmes/activities/objectives

Table 31.33 Estate Agents Fidelity Fund

	Audited outcome			Revised estimate 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term expenditure estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R thousand											
Administration	48 389	54 166	65 148	66 109	11.0%	100.0%	67 629	72 363	77 428	5.4%	100.0%
Total expense	48 389	54 166	65 148	66 109	11.0%	100.0%	67 629	72 363	77 428	5.4%	100.0%

Expenditure estimates

Table 31.34 Estate Agents Fidelity Fund

Statement of financial performance	Audited outcome			Revised estimate 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R thousand											
Revenue											
Non-tax revenue	72 859	61 252	57 035	65 789	-3.3%	100.0%	68 198	72 971	78 080	5.9%	100.0%
Sale of goods and services other than capital assets	32 464	28 672	29 969	34 148	1.7%	49.0%	32 928	35 232	37 699	3.4%	49.2%
of which:											
Administrative fees	24 538	20 987	21 796	26 394	2.5%	36.6%	24 786	26 521	28 377	2.4%	37.3%
Interest on trust funds	22 966	19 407	20 214	24 931	2.8%	34.1%	23 245	24 872	26 613	2.2%	35.0%
Contribution from estate agents	1 572	1 580	1 582	1 463	-2.4%	2.4%	1 541	1 649	1 764	6.4%	2.3%
Sales by market establishment	7 926	7 685	8 173	7 754	-0.7%	12.4%	8 142	8 711	9 322	6.3%	11.9%
Other non-tax revenue	40 395	32 580	27 066	31 641	-7.8%	51.0%	35 270	37 739	40 381	8.5%	50.8%
Total revenue	72 859	61 252	57 035	65 789	-3.3%	100.0%	68 198	72 971	78 080	5.9%	100.0%
Expenses											
Current expenses	48 389	54 166	65 148	66 109	11.0%	100.0%	67 629	72 363	77 428	5.4%	100.0%
Goods and services	48 389	54 166	65 148	66 109	11.0%	100.0%	67 629	72 363	77 428	5.4%	100.0%
Total expenses	48 389	54 166	65 148	66 109	11.0%	100.0%	67 629	72 363	77 428	5.4%	100.0%
Surplus/(Deficit)	24 470	7 086	(8 113)	(320)	-123.6%		569	608	652	-226.8%	

Table 31.34 Estate Agents Fidelity Fund

Statement of financial position	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R thousand											
Investments	570 922	597 987	511 089	600 486	1.7%	93.7%	642 520	687 496	735 621	7.0%	86.4%
Receivables and prepayments	3 652	7 774	10 406	11 218	45.4%	1.4%	12 004	12 844	13 743	7.0%	1.6%
Cash and cash equivalents	29 443	2 252	86 809	2 849	-54.1%	5.0%	3 048	3 262	3 490	7.0%	0.4%
Taxation	-	-	-	-	-	-	-	608 304	-	-	11.6%
Total assets	604 017	608 013	608 304	614 553	0.6%	100.0%	657 572	1 311 906	752 854	7.0%	100.0%
Accumulated surplus/(deficit)	581 611	588 698	580 585	598 351	1.0%	96.8%	640 236	685 052	733 006	7.0%	86.1%
Taxation	4 574	5 597	7 420	-	-100.0%	0.7%	-	-	-	-	-
Provisions	-	281	2 717	515	-	0.1%	551	590	631	7.0%	0.1%
Derivatives financial instruments	17 831	13 437	17 580	8 000	-23.4%	2.3%	8 560	9 159	9 800	7.0%	1.2%
Total equity and liabilities	604 016	608 013	608 302	606 866	0.2%	100.0%	649 347	694 801	743 437	7.0%	87.3%

Expenditure trends

Revenue for the Estate Agents Fidelity Fund is derived from a portion of interest earned on trust accounts held by estate agents and interest earned on investments. Revenue is expected to increase at an average annual rate of 5.9 per cent to R78 million in 2016/17. Between 2010/11 and 2013/14, revenue declined as a result of conditions in the housing market caused by the global financial crisis.

Between 2010/11 and 2013/14, expenditure increased at an average annual rate of 11 per cent, largely due to claims against the fund and associated legal costs, and the increased management fee paid to the Estate Agency Affairs Board. Over the medium term, expenditure is expected to increase moderately as the fund maintains the claims ratio at the acceptable threshold of 2.5 per cent.

Provisions for claims against the fund on the balance sheet are expected to continue at 0.1 per cent of total equity and liabilities, thus ensuring that the fund has sufficient reserves to cover its liabilities.

Housing Development Agency

Mandate and goals

The Housing Development Agency was established in terms of the Housing Development Agency Act (2008). The agency is mandated to identify, acquire, hold, develop and release state owned and privately owned land for residential and community purposes and project manage housing development for the creation of sustainable human settlements. The entity also provides project, technical, and land geospatial services to provinces and municipalities, and promotes intergovernmental coordination to facilitate and accelerate the development of human settlements.

The entity's strategic goals over the medium term are to:

- develop and lead a sector wide land assembly strategy in partnership with state owned companies, provinces and municipalities to provide land and housing development support services
- provide programme and project portfolio planning, management and implementation support to provinces and municipalities in priority housing development areas.

Selected performance indicators

Table 31.35 Housing Development Agency

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of priority housing development areas determined per year	Land planning assembly	Outcome 8: sustainable human settlements and improved quality of household life	-1	-1	3	2	1	1	1
Number of hectares of well-located land released for human settlements per year	Land and housing support services		-2	8 000	4 250	2 000	3 000	3 000	3 000
Number of programmes and projects supported with Housing Development Agency services per year	Land and housing support services		20	20	20	20	24	29	32
Total number of intergovernmental relations protocols established, implemented and maintained	Land and housing support services		15	15	15	15	15	15	15

1. No past data, as this is a new activity.

2. Measurement of this indicator only began in 2011/12.

Programmes/activities/objectives

Table 31.36 Housing Development Agency

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
R thousand											
Administration	22 463	33 218	44 868	45 403	26.4%	33.9%	39 588	60 686	62 890	11.5%	34.1%
Land planning and assembly	19 590	21 952	25 960	27 011	11.3%	22.6%	28 470	34 201	40 384	14.3%	21.3%
Land and housing support services	33 967	45 261	51 810	52 155	15.4%	43.5%	80 317	69 450	69 773	10.2%	44.6%
Total expense	76 020	100 431	122 638	124 569	17.9%	100.0%	148 375	164 337	173 047	11.6%	100.0%

Expenditure estimates

Table 31.37 Housing Development Agency

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
R thousand											
Revenue											
Non-tax revenue	25 225	24 959	38 006	27 072	2.4%	24.7%	47 328	59 722	62 887	32.4%	31.6%
Sale of goods and services other than capital assets	21 115	20 516	33 858	23 387	3.5%	21.1%	43 040	55 236	58 163	35.5%	28.8%
of which:											
Administrative fees	21 115	20 516	33 858	23 387	3.5%	21.1%	43 040	55 236	58 163	35.5%	28.8%
Project Management fee- Zanemvula	7 842	4 002	5 515	4 349	-17.8%	4.9%	8 608	13 418	14 129	48.1%	6.4%
Cost recovery for Project Services	13 273	16 514	15 198	9 233	-11.4%	11.8%	12 912	18 758	19 752	28.9%	9.7%
Other project services rendered	-	-	13 145	9 805	-	4.5%	21 520	23 060	24 282	35.3%	12.6%
Other non-tax revenue	4 110	4 443	4 148	3 685	-3.6%	3.6%	4 288	4 486	4 724	8.6%	2.8%
Transfers received	69 300	93 304	92 336	97 497	12.1%	75.3%	101 047	104 615	110 160	4.2%	68.4%
Total revenue	94 525	118 263	130 342	124 569	9.6%	100.0%	148 375	164 337	173 047	11.6%	100.0%
Expenses											
Current expenses	76 020	100 431	122 638	124 569	17.9%	100.0%	148 375	164 337	173 047	11.6%	100.0%
Compensation of employees	37 323	51 914	68 140	81 699	29.8%	55.5%	92 836	84 386	85 548	1.5%	57.2%
Goods and services	37 174	46 152	51 801	40 278	2.7%	42.4%	52 833	77 119	84 524	28.0%	40.9%
Depreciation	1 182	2 145	2 429	2 309	25.0%	1.9%	2 423	2 534	2 661	4.8%	1.6%
Interest, dividends and rent on land	341	220	268	283	-6.0%	0.3%	283	298	314	3.5%	0.2%
Total expenses	76 020	100 431	122 638	124 569	17.9%	100.0%	148 375	164 337	173 047	11.6%	100.0%
Surplus/(Deficit)	18 505	17 832	7 704	-	-100.0%	-	-	-	-	-	-

Personnel information

Table 31.38 Housing Development Agency

Number of posts estimated for 31 March 2014		Number and cost ¹ of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Salary level	146																1.5%	100.0%	
1 – 6	7	7	–	–	–	7	0.8	0.1	4	0.5	0.1	4	0.5	0.1	4	0.6	0.1	-10.4%	4.1%
7 – 10	50	50	9	1.4	0.2	46	13.4	0.3	46	14.7	0.3	37	13.0	0.4	37	13.6	0.4	0.3%	35.6%
11 – 12	35	35	49	14.9	0.3	31	15.0	0.5	34	17.8	0.5	29	16.0	0.6	29	16.7	0.6	3.7%	26.5%
13 – 16	47	47	40	30.0	0.7	33	39.0	1.2	34	45.5	1.3	31	39.3	1.3	31	38.7	1.2	-0.3%	27.8%
17 – 22	7	7	16	21.9	1.4	7	13.5	1.9	7	14.4	2.1	7	15.6	2.2	7	16.0	2.3	5.9%	6.1%

¹. Rand million.

Expenditure trends

The Housing Development Agency receives a transfer from the Department of Human Settlements, and earns revenue from land and project management services provided to provinces and municipalities. Between 2010/11 and 2013/14, the total revenue increased at an average annual rate of 9.6 per cent. This increase is as a result of additional revenue received for land and project management services provided to provinces in 2012/13. Revenue is expected to increase at an average annual rate of 11.6 per cent over the MTEF period, due to services rendered to provinces.

The agency's spending focus over the medium term will be on land and housing support services to provinces and municipalities, and planning and assembly. As a result, spending in the land and housing support services programme is expected to increase at an average annual rate of 10.2 per cent over the MTEF period, and the land planning and assembly programme is expected to increase at an average annual rate of 14.3 per cent over the same period. Spending is expected to deliver 9 000 hectares of land and support approximately 85 human settlements programmes and projects, 15 municipalities, and provinces over the medium term. The largest spending items in goods and services include expenditure on consultants, research and development, contractors and travel and subsistence. As a result, goods and services expenditure is expected to increase to R84.5 million in 2016/17 at an average annual rate of 28 per cent. Consultants are used for undertaking specialised technical services related to human settlements development to complement the expertise within the entity.

Between 2012/13 and 2013/14, the entity experienced a significant increase in spending on compensation of employees, which was largely due to an organisational redesign that required the recruitment of skilled staff. As a result, total expenses between 2010/11 and 2013/14 increased at an average annual rate of 17.9 per cent. However, spending on compensation of employees is expected to increase marginally at an average annual rate of 1.5 per cent over the medium term, as the number of filled posts drops from 124 in 2013/14 to 108 in 2015/16 as projects are completed. The approved establishment of the agency provides for 146 posts at the end of November 2013. The vacancy rate was 15.1 per cent, due to normal attrition and the length of time it takes to finalise the recruitment process.

National Urban Reconstruction and Housing Agency

Mandate and goals

The National Urban Reconstruction and Housing Agency was established in 1995 as a joint venture between the South African government and the Open Society Foundations in New York, and is a non-profit public entity. The agency provides bridging finance to contractors building low to moderate income housing, infrastructure and community facilities, and provides account administration and support services.

The agency's strategic goal over the MTEF period is to deepen access to construction and bridging finance for contractors and developers.

Selected performance indicators

Table 31.39 National Urban Reconstruction and Housing Agency

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Value of loans disbursed (rand thousand) per year	Affordable housing	Outcome 8: sustainable human settlements and improved quality of household life	84 983	299 476	157 810	39 274	300 000	315 000	360 000
Number of loans approved per year	Affordable housing		8	15	11	2	20	21	23
Number of houses built and sites serviced per year	Affordable housing		2 091	1 940	1 195	259	1 950	2 200	2 500
Value of loans disbursed (rand thousand) per year	Infrastructure and community services loans		99 614	62 630	12 427	0 ¹	17 380	18 000	18 000
Number of loans/projects approved per year	Infrastructure and community services loans		29	16	4	0 ¹	4	4	4
Number of projects completed per year	Infrastructure and community services loans		33	25	17	4	8	6	6
Value of loans (rand thousand) per year	Subsidy housing loans		88 316	134 883	67 300	20 000	112 000	120 000	128 000
Number of loans/projects approved for financing per year	Subsidy housing loans		29	30	12	4	28	30	32
Number of houses completed per year	Subsidy housing loans		10 658	7 066	8 298	1 111	5 500	6 000	6 500

1. No loans or projects were issued or approved in 2013/14.

Programmes/activities/objectives

Table 31.40 National Urban Reconstruction and Housing Agency

R thousand	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
Administration	103 186	57 084	78 850	44 775	-24.3%	58.2%	53 439	60 691	60 243	10.4%	52.8%
Affordable housing	9 489	9 778	13 422	7 877	-6.0%	8.3%	7 123	8 490	9 604	6.8%	8.0%
Programme management	-	48 582	67 107	25 295	-	27.3%	37 170	39 283	40 486	17.0%	34.0%
Infrastructure and community services loans	2 372	2 429	3 356	3 803	17.0%	2.6%	841	1 702	1 782	-22.3%	2.1%
Subsidy housing loans	3 559	3 644	5 032	4 957	11.7%	3.7%	2 096	2 535	2 791	-17.4%	3.1%
Total expense	118 606	121 517	167 767	86 708	-9.9%	100.0%	100 668	112 700	114 906	9.8%	100.0%

Expenditure estimates

Table 31.41 National Urban Reconstruction and Housing Agency

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
Non-tax revenue	52 207	77 395	132 136	90 523	20.1%	100.0%	106 104	112 893	118 091	9.3%	100.0%
Sale of goods and services other than capital assets	46 212	61 041	53 437	70 985	15.4%	71.6%	70 492	89 795	103 880	13.5%	78.1%
of which:											
Administrative fees	-	15 856	17 051	39 456	-	19.2%	44 138	54 024	61 750	16.1%	46.3%
Sales by market establishment	46 212	45 185	36 386	31 529	-12.0%	52.3%	26 354	35 771	42 130	10.1%	31.8%
Interest on loans for construction projects	41 031	37 907	31 230	25 386	-14.8%	44.8%	19 246	27 311	32 052	8.1%	24.4%
Fees on loans for construction projects	5 181	7 278	5 156	6 143	5.8%	7.5%	7 108	8 460	10 078	17.9%	7.4%
Other non-tax revenue	5 995	16 354	78 699	19 538	48.3%	28.4%	35 612	23 098	14 211	-10.1%	21.9%
Total revenue	52 207	77 395	132 136	90 523	20.1%	100.0%	106 104	112 893	118 091	9.3%	100.0%

Table 31.41 National Urban Reconstruction and Housing Agency

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
R thousand											
Expenses											
Current expenses	118 606	121 393	167 767	86 707	-9.9%	100.0%	100 668	112 700	114 906	9.8%	100.0%
Compensation of employees	23 390	28 086	24 047	28 198	6.4%	22.4%	34 018	35 855	37 757	10.2%	32.7%
Goods and services	77 561	78 174	130 378	53 087	-11.9%	67.2%	61 962	66 812	70 688	10.0%	60.9%
Depreciation	1 085	1 542	1 942	1 570	13.1%	1.3%	1 504	1 590	1 680	2.3%	1.5%
Interest, dividends and rent on land	16 570	13 591	11 400	3 852	-38.5%	9.1%	3 184	8 443	4 781	7.5%	4.8%
Total expenses	118 606	121 517	167 767	86 707	-9.9%	100.0%	100 668	112 700	114 906	9.8%	100.0%
Surplus/(Deficit)	(66 399)	(44 122)	(35 631)	3 815	-138.6%		5 436	193	3 186	-5.8%	
Statement of financial position											
Carrying value of assets	4 068	3 598	3 150	2 696	-12.8%	0.7%	2 293	1 546	1 138	-25.0%	0.3%
of which:											
Acquisition of assets	2 549	1 080	1 496	1 124	-23.9%	0.3%	1 101	325	320	-34.2%	0.1%
Investments	-	1 397	1 435	1 435	-	0.2%	1 435	1 435	1 435	-	0.2%
Loans	272 272	190 856	202 394	168 313	-14.8%	44.8%	188 318	227 545	272 533	17.4%	35.8%
Receivables and prepayments	958	22 248	10 719	11 288	127.6%	2.1%	9 015	8 062	8 124	-10.4%	1.5%
Cash and cash equivalents	71 167	292 518	318 524	466 421	87.1%	52.2%	416 638	330 253	298 752	-13.8%	62.1%
Total assets	348 465	510 617	536 222	650 153	23.1%	100.0%	617 699	568 840	581 983	-3.6%	100.0%
Accumulated surplus/(deficit)	162 133	218 011	282 380	386 195	33.6%	50.3%	391 630	391 824	395 011	0.8%	64.9%
Capital and reserves	38 300	38 300	38 300	38 300	-	7.9%	38 300	38 300	38 300	-	6.4%
Borrowings	142 058	137 958	83 378	104 165	-9.8%	24.8%	97 365	47 912	57 211	-18.1%	12.5%
Trade and other payables	5 974	116 286	132 164	121 493	173.0%	17.0%	90 403	90 803	91 461	-9.0%	16.3%
Taxation	-	62	-	-	-	0.0%	-	-	-	-	-
Total equity and liabilities	348 465	510 617	536 222	650 153	23.1%	100.0%	617 699	568 840	581 983	-3.6%	100.0%

Personnel information

Table 31.42 National Urban Reconstruction and Housing Agency

Salary level	Number of posts estimated for 31 March 2014	Number of posts on approved establishment	Number and cost ¹ of personnel posts filled / planned for on funded establishment															Number	
			Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13		Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost	2015/16		Unit Cost			2016/17		2013/14 - 2016/17
			Number	Cost		Number	Cost		Number	Cost		Number	Cost		Number	Cost			
	44	44	39	24.0	0.6	44	28.2	0.6	45	34.0	0.8	45	35.9	0.8	45	37.8	0.8	10.2%	100.0%
7 - 10	10	10	9	2.0	0.2	10	2.7	0.3	10	2.9	0.3	10	3.0	0.3	10	3.2	0.3	5.6%	22.3%
11 - 12	16	16	16	7.8	0.5	16	7.0	0.4	16	8.5	0.5	16	9.0	0.6	16	9.4	0.6	10.3%	35.8%
13 - 16	17	17	13	12.6	1.0	17	14.4	0.8	18	18.4	1.0	18	19.4	1.1	18	20.4	1.1	12.3%	39.7%
17 - 22	1	1	1	1.7	1.7	1	4.0	4.0	1	4.2	4.2	1	4.5	4.5	1	4.7	4.7	5.4%	2.2%

1. Rand million.

Expenditure trends

The National Urban Reconstruction and Housing Agency generates its own revenue, primarily from programme management fees, interest on loans disbursed for construction projects, and fees on loans for construction projects. Total revenue is expected to increase at an average annual rate of 9.3 per cent over the medium term to R118.1 million in 2016/17. The increase in revenue in 2012/13 was due to the reversal of provisions and, as a result, revenue in that year increased by 70.1 per cent.

The spending focus over the medium term for the agency will be on support to provinces and emerging contractors, who receive funding for the construction of housing and related infrastructure, as reflected by spending in the *Administration* and the *Programme Management* programmes. Over the medium term, spending on goods and services is expected to increase at an average annual rate of 10 per cent as the agency employs contractors, who will assist with implementation projects on behalf of provinces, deliver 3 300 houses and train 60 additional contractors. As a result, the largest spending item in goods and services is contractors and total expenditure is expected to increase at an average annual rate of 9.8 per cent over the medium term.

The entity will provide contractor loans of approximately R128 million in 2016/17 for the development of subsidised houses and sites, R345 million over the medium term for the development of affordable houses and sites, and approximately R18 million per year over the medium term for the delivery of infrastructure and community facilities. Spending on consultants comprises a small portion of the entity's total expenditure at a projected 1.9 per cent in 2014/15, and is expected to increase marginally over the medium term. Consultants are used for support services, including human resource functions.

Spending on compensation of employees is expected to increase from R28.2 million to R37.8 million at an average annual rate of 10.2 per cent over the medium term and this is related to an inflationary adjustment to the remuneration and the employment of an additional staff member over the medium term. The entity had a staff complement of 44 and a vacancy rate of 2.2 per cent at the end of November 2013. The complement is expected to increase to 45 in 2014/15.

Rural Housing Loan Fund

Mandate and goals

The Rural Housing Loan Fund was established in 1996 by the Department of Human Settlements and the German development bank, Kreditanstalt für Wiederaufbau, as a section 21 company. The entity is mandated to facilitate access to housing credit to low income rural households by providing wholesale finance through a network of retail intermediaries and community based organisations.

The main strategic goals of the fund are to:

- collaborate with retail intermediaries to achieve maximum housing impact
- increase the use of community based organisations with a view to reaching under-served markets such as the self-employed and informally employed
- provide support to distressed intermediaries
- increase exposure to low risk intermediaries that give the entity a national geographic reach, and introduce low interest rate products for retail intermediaries who comply with the mandate of the fund.

Selected performance indicators

Table 31.43 Rural Housing Loan Fund

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of loans disbursed per year	Incremental housing	Outcome 8: sustainable human settlements and	40 289	47 043	44 812	34 231	49 207	55 000	57 833
Value of loans (rand thousand) per year	Incremental housing	improved quality of household life	R72 166	158 651	127 338	104 000	318 000	244 310	245 500

Programmes/activities/objectives

Table 31.44 Rural Housing Loan Fund

	Audited outcome				Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2010/11 - 2013/14	2014/15	2015/16		
R thousand												
Administration	2 747	3 916	3 865	3 557	9.0%	10.9%	4 979	1 308	1 393	-26.8%	8.4%	
Incremental housing	24 832	26 553	33 679	30 013	6.5%	89.1%	26 799	35 098	36 009	6.3%	91.6%	
Total expense	27 579	30 469	37 544	33 570	6.8%	100.0%	31 778	36 406	37 402	3.7%	100.0%	

Expenditure estimates

Table 31.45 Rural Housing Loan Fund

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2013/14	2010/11 - 2013/14	2014/15		
	R thousand										
Revenue											
Non-tax revenue	45 829	45 913	50 115	56 453	7.2%	100.0%	44 141	47 523	55 974	-0.3%	100.0%
Sale of goods and services other than capital assets of which:	35 377	35 977	37 977	47 084	10.0%	78.7%	42 570	45 645	54 088	4.7%	93.1%
Sales by market establishment	35 377	35 977	37 977	47 084	10.0%	78.7%	42 570	45 645	54 088	4.7%	93.1%
Other non-tax revenue	10 451	9 936	12 138	9 369	-3.6%	21.3%	1 572	1 879	1 887	-41.4%	6.9%
Total revenue	45 829	45 913	50 115	56 453	7.2%	100.0%	44 141	47 523	55 974	-0.3%	100.0%
Expenses											
Current expenses	21 254	24 284	31 384	33 570	16.5%	85.1%	30 140	29 287	29 988	-3.7%	88.9%
Compensation of employees	6 718	7 733	8 767	9 877	13.7%	25.6%	10 678	10 893	12 034	6.8%	31.3%
Goods and services	3 525	5 396	11 568	12 124	50.9%	24.4%	7 274	7 997	8 060	-12.7%	25.6%
Depreciation	114	106	139	126	3.4%	0.4%	262	379	379	44.4%	0.8%
Interest, dividends and rent on land	10 897	11 049	10 910	11 443	1.6%	34.7%	11 926	10 018	9 515	-6.0%	31.1%
Total expenses	27 579	30 469	37 544	33 570	6.8%	100.0%	31 778	36 407	37 402	3.7%	100.0%
Surplus/(Deficit)	18 250	15 444	12 571	22 883	7.8%		12 363	11 116	18 572	-6.7%	
Statement of financial position											
Carrying value of assets	224	272	229	168	-9.1%	0.0%	688	974	1 261	95.8%	0.2%
of which:											
Acquisition of assets	201	154	34	65	-31.4%	0.0%	290	286	287	64.1%	0.0%
Investments	5 407	3 393	3 650	3 650	-12.3%	0.9%	3 493	3 593	3 693	0.4%	0.7%
Loans	224 204	311 691	310 152	377 457	19.0%	67.7%	447 203	450 743	454 890	6.4%	86.5%
Receivables and prepayments	1 508	1 279	1 315	1 315	-4.5%	0.3%	12 515	12 515	12 515	111.9%	1.9%
Cash and cash equivalents	155 304	138 400	159 510	49 645	-31.6%	28.1%	19 780	26 593	32 150	-13.5%	6.6%
Non-current assets held for sale	-	1 482	1 482	1 482	-	0.2%	-	-	-	-100.0%	0.1%
Taxation	10 564	7 614	14 946	14 946	12.3%	2.7%	21 590	21 930	23 172	15.7%	4.1%
Total assets	397 212	464 131	491 284	448 663	4.1%	100.0%	505 269	516 348	527 681	5.6%	100.0%
Accumulated surplus/(deficit)	28 348	43 792	42 619	79 378	40.9%	10.2%	79 395	94 158	114 099	12.9%	18.3%
Capital and reserves	23 014	23 014	23 014	-	-100.0%	3.9%	-	-	-	-	-
Capital reserve fund	204 263	253 762	285 737	285 737	11.8%	55.2%	285 737	285 737	285 737	-	57.4%
Borrowings	139 642	139 671	138 729	138 729	-0.2%	30.2%	138 034	131 301	124 567	-3.5%	26.8%
Trade and other payables	876	123	312	312	-29.1%	0.1%	374	394	415	10.0%	0.1%
Taxation	-	1 817	3	1	-	0.1%	-	3 670	1 340	1 002.5%	0.2%
Provisions	1 070	1 952	870	870	-6.7%	0.3%	1 729	1 088	1 523	20.5%	0.3%
Total equity and liabilities	397 212	464 131	491 284	505 027	8.3%	100.0%	505 269	516 348	527 681	1.5%	103.1%

Personnel information

Table 31.46 Rural Housing Loan Fund

Salary level	Number of posts estimated for 31 March 2014		Number and cost ¹ of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost	Unit	Number	Cost	Unit	Number	Cost	Unit	Number	Cost	Unit				Number	Cost
15	15	11	8.8	0.8	14	9.9	0.7	16	10.7	0.7	16	10.9	0.7	16	12.0	0.8	6.8%	100.0%	
1-6	-	-	-	-	-	-	-	5	0.6	0.1	5	0.7	0.1	5	0.7	0.1	-	23.4%	
7-10	8	8	4	1.7	0.4	8	2.1	0.3	4	1.3	0.3	4	1.4	0.4	4	1.5	0.4	-11.1%	33.0%
11-12	2	2	2	1.4	0.7	2	1.5	0.8	2	1.5	0.8	2	1.6	0.8	2	1.7	0.9	3.9%	12.9%
13-16	4	4	4	3.6	0.9	3	3.9	1.3	4	5.0	1.2	4	4.9	1.2	4	5.6	1.4	13.0%	24.1%
17-22	1	1	1	2.1	2.1	1	2.3	2.3	1	2.2	2.2	1	2.3	2.3	1	2.5	2.5	2.5%	6.5%

1. Rand million.

Expenditure trends

The Rural Housing Loan Fund's primary source of revenue is from interest on loans disbursed to retail credit intermediaries. The entity's revenue is expected to marginally decrease to R56 million in 2016/17.

The major spending focus for the fund will be on facilitating incremental housing by providing wholesale financing to approved intermediaries. Spending by the fund is expected to generate loans to the value of R808 million over the medium term to support incremental housing development in rural areas. The entity is expected to increase spending over the medium term at an average annual rate of 3.7 per cent. The projected increase in expenditure in 2014/15 is as a result of losses relating to financial assets. Spending on interest on borrowings is the largest expenditure item in 2013/14 at 34 per cent of total expenditure. The significant increase in expenditure in goods and services between 2010/11 and 2013/14 was as a result of loss adjustments on the loan book. The other large spending items over the medium term are expected to be interest paid for borrowings and travel and subsistence, as the fund extends its geographic reach.

The entity has an approved establishment of 15, with 14 filled posts at the end of November 2013. The vacant position, a result of normal attrition and the length of time it takes to finalise the recruitment process, is expected to be filled over the medium term. Spending on consultants is minimal, amounting to 4.5 per cent of the total budget. Consultants are used for IT services, human resource services, internal audit services and research.

Additional tables

Table 31.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Main	Appropriation		Revised estimate
	Main	Adjusted			Adjustments	Adjusted	
R thousand	2012/13		2012/13		2013/14		2013/14
Administration	401 936	394 031	300 578	422 399	–	422 399	422 399
Human Settlements Policy, Strategy and Planning	72 118	79 712	63 200	84 055	–	84 055	84 055
Programme Delivery Support	251 656	266 406	174 408	278 704	(17 000)	261 704	211 704
Housing Development Finance	24 537 470	24 397 656	23 925 085	27 325 305	161 993	27 487 298	27 487 298
Total	25 263 180	25 137 805	24 463 271	28 110 463	144 993	28 255 456	28 205 456
Economic classification							
Current payments	738 279	734 188	533 586	796 785	(24 438)	772 347	722 347
Compensation of employees	336 989	320 006	249 834	365 984	(3 142)	362 842	362 842
Goods and services	400 780	413 230	283 752	430 449	(20 944)	409 505	359 505
Interest and rent on land	510	952	–	352	(352)	–	–
Transfers and subsidies	24 036 373	24 044 530	23 718 884	27 309 764	62 523	27 372 287	27 372 287
Provinces and municipalities	23 118 165	23 118 165	22 787 238	26 167 499	44 454	26 211 953	26 211 953
Departmental agencies and accounts	912 808	912 808	912 808	1 133 751	17 000	1 150 751	1 150 751
Higher education institutions	–	3 090	3 090	3 244	505	3 749	3 749
Foreign governments and international organisations	1 000	1 000	1 279	1 050	500	1 550	1 550
Non-profit institutions	400	400	400	–	–	–	–
Households	4 000	9 067	14 069	4 220	64	4 284	4 284
Payments for capital assets	488 528	359 087	210 675	3 914	106 908	110 822	110 822
Buildings and other fixed structures	479 500	340 625	205 566	–	100 539	100 539	100 539
Machinery and equipment	8 802	16 906	5 079	3 681	6 120	9 801	9 801
Software and other intangible assets	226	1 556	30	233	249	482	482
Payments for financial assets	–	–	126	–	–	–	–
Total	25 263 180	25 137 805	24 463 271	28 110 463	144 993	28 255 456	28 205 456

Table 31.B Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2010/11	2011/12	2012/13		2013/14	2014/15	2015/16
Compensation of employees (R thousand)	216 455	242 748	249 834	362 842	390 000	417 817	445 396
Training expenditure (R thousand)	3 025	3 197	4 223	5 211	5 396	5 586	5 882
Training spend as percentage of compensation	1.4%	1.3%	1.7%	1.4%	1.4%	1.3%	1.3%
Total number trained (headcount)	629	688	279	–	–	–	–
<i>of which:</i>							
Employees receiving bursaries (headcount)	68	–	–	–	–	–	–
Learnerships (headcount)	36	11	–	–	–	–	–
Internships (headcount)	40	–	–	–	–	–	–
Households receiving bursaries (R thousand)	9 636	7 961	13 820	4 220	4 485	4 642	4 888
Households receiving bursaries (headcount)	116	–	–	–	–	–	–

Table 31.C Summary of conditional grants to provinces and municipalities¹

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2010/11	2011/12	2012/13		2013/14	2014/15	2015/16
Conditional grants to provinces							
Housing Development Finance							
Human settlements development grant	13 032 112	15 121 516	15 395 032	17 028 326	17 084 369	18 532 576	20 409 567
Total	13 032 112	15 121 516	15 395 032	17 028 326	17 084 369	18 532 576	20 409 567
Conditional grants to municipalities							
Housing Development Finance							
Urban settlements development grant	4 968 023	6 266 998	7 392 206	9 076 906	10 284 684	10 654 773	11 231 861
Rural households infrastructure grant	–	–	–	106 721	47 624	51 000	124 599
Municipal human settlements capacity grant	–	–	–	–	300 000	300 000	300 000
Total	4 968 023	6 266 998	7 392 206	9 183 627	10 632 308	11 005 773	11 656 460

1. Detail provided in the Division of Revenue Act (2014).

Table 31.D Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
R thousand										
Departmental infrastructure										
Rural households infrastructure grant	Basic water and sanitation infrastructure provided	Various	-	61 614	187 353	205 566	100 539	65 500	67 328	-
Human settlements development grant	Eradication of bucket toilets	Various	-	-	-	-	-	899 177	975 399	-
Accelerated community infrastructure programme	Basic water and sanitation infrastructure provided	Various	-	46 945	-	-	-	-	-	-
Infrastructure transfers to other spheres, agencies and departments										
Human settlements development grant	Houses completed and sites serviced	Various	-	13 032 112	15 121 516	15 395 032	16 983 872	17 084 369	18 532 576	20 409 567
Urban settlements development grant	Bulk infrastructure installed	Various	-	4 968 023	6 266 998	7 392 206	9 076 906	10 284 684	10 654 773	11 231 861
Rural households infrastructure grant	Basic water and sanitation infrastructure provided	Various	-	-	-	-	106 721	47 624	51 000	124 599
Total			-	18 108 694	21 575 867	22 992 804	26 268 038	28 381 354	30 281 076	31 766 027



BUDGET 2014
ESTIMATES OF NATIONAL EXPENDITURE

Private Bag X115, Pretoria, 0001, **Tel:** +27 12 395 6697, **Fax:** +27 12 315 5126



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA