

Estimates of Public Expenditure

2009

Housing

**National Treasury
Republic of South Africa**



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Contents

Budget summary	1
Aim.....	1
Programme purposes	1
Strategic overview: 2005/06 – 2011/12.....	2
Selected performance and operations indicators.....	3
Expenditure estimates	3
Expenditure trends.....	4
Departmental receipts.....	5
Programme 1: Administration	6
Programme 2: Housing Policy, Research and Monitoring	7
Programme 3: Housing Planning and Delivery Support	10
Programme 4: Housing Development Finance	13
Programme 5: Strategic Relations and Governance	16
Provincial expenditure.....	29
National department additional tables.....	32

Vote 26

Housing

Budget summary

R thousand	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	198 540	194 687	–	3 853	192 312	202 661
Housing Policy, Research and Monitoring	58 000	56 514	–	1 486	59 157	62 769
Housing Planning and Delivery Support	138 486	136 445	–	2 041	142 853	159 807
Housing Development Finance	13 011 341	54 328	12 956 151	862	15 548 316	17 789 309
Strategic Relations and Governance	182 206	178 047	1 000	3 159	194 882	195 922
Total expenditure estimates	13 588 573	620 021	12 957 151	11 401	16 137 520	18 410 468
Executive authority	Minister of Housing					
Accounting officer	Director-General of Housing					
Website address	www.housing.gov.za					

Aim

The aim of the Department of Housing is to determine, finance, promote, coordinate, communicate and monitor the implementation of housing policy and human settlements.

Programme purposes

Programme 1: Administration

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

Programme 2: Housing Policy, Research and Monitoring

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

Programme 3: Housing Planning and Delivery Support

Purpose: Support implementation and delivery, build capacity, and liaise and communicate with stakeholders for effective housing and human settlement programmes.

Programme 4: Housing Development Finance

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

Programme 5: Strategic Relations and Governance

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

Strategic overview: 2005/06 – 2011/12

In continuing to support government's constitutional obligation to provide access to adequate housing, the development of sustainable communities remains the strategic anchor of the national Department of Housing. In addition to improving spatial integration and social cohesion, housing provides low income households with a key component of a sustainable livelihood.

Refined models for service delivery

At the service delivery level, the implementation of the comprehensive plan for sustainable human settlements requires provincial housing departments, municipalities and housing institutions to redefine and strengthen their service delivery models. The department has realigned its organisation and budget structure, creating the *Strategic Relations and Governance* programme and strengthening the *Housing Planning and Delivery Support* programme, to provide support for the development and implementation of these service delivery models.

Key challenges

Key challenges faced by the housing sector are inadequate intergovernmental coordination for accelerated housing delivery, specifically in relation to the ability of provinces and municipalities to deliver national objectives, and the lack of capacity to monitor and evaluate the implementation of housing programmes.

Another main challenge is creating a functioning housing market that allows low income households to capitalise on the equity provided by the free house, while minimising the distortions housing subsidies create for households in other segments of the housing market.

Key policy developments

The Housing Development Agency Act (2008) and the Social Housing Act (2008) provide for the establishment of two new public entities, the Housing Development Agency and the Social Housing Regulatory Authority. The Housing Development Agency aims to assist provinces and municipalities with land acquisition, project management and development, and the Social Housing Regulatory Agency will regulate social housing institutions that receive funds from government for the construction of low and medium income rental housing.

The national housing code was updated in 2008 in line with the comprehensive plan for sustainable human settlements. Focusing on particular areas, such as informal settlement upgrading, integrated residential development, and rural and social housing, the code provides for considerable flexibility in contracting strategies and aims at improving urban efficiency by focusing on the development needs of an entire community or area.

As part of the broader strategy to administer and maintain a national housing demand database, the new allocation strategy, operational from 2006/07, introduces a structured process for allocating housing subsidies to people registered on the national demand database. An integrated database will allow for better management of information on potential housing beneficiaries. The strategy also introduces the principle of registering housing needs and doing away with a waiting list system that creates expectations. Furthermore, the strategy seeks to provide a fair and just allocation system and curtail fraud and corruption.

Focus over the medium term

Over the MTEF period, the Department of Housing seeks to provide policy implementation guidance. This will include direct implementation support to provinces and municipalities, intervening in turnaround projects where there are blockages, and facilitating cooperation with the private sector. Refining the role of municipalities in

the housing delivery chain as well as the mechanisms that will allow for the rollout of accreditation as provided for in the Housing Act (1997) are critical to accelerating delivery. The department continues to provide assistance to provinces and municipalities in their planning of priority housing projects, including the Zanemvula, Khutsong, Klarinet, Lerato Park, N2 Gateway, Cornubia and Ouboks developments. The department also monitors these projects separately.

Selected performance and operations indicators

Table 26.1 Housing

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of houses completed and in process of completion each year	Housing Development Finance	252 834	271 219	248 850	173 152 ¹	250 000	250 000	250 000
Number of units completed in rental programme each year	Housing Planning and Delivery Support	–	–	–	–	900	1 500	2 300
Number of individual credit linked subsidies approved each year	Housing Development Finance	1 509	614	907	572	700	850	1 000
Number of beneficiaries approved in the People's Housing Process each year	Housing Planning and Delivery Support	45 027	37 090	32 426	11 117	12 500	13 000	13 500
Number of municipalities provided with capacity development to support accreditation each year	Strategic Relations and Governance	–	–	3	18	18	18	18
Number of publications on housing sector each year	Strategic Relations and Governance	–	–	–	–	4	4	4
Turnaround time for projects to fully subsidised units (months)	Housing Development Finance	37-48	37-48	37-48	37-48	37-48	37-48	37-48

1. 2008/09 third quarter outcome

Expenditure estimates

Table 26.2 Housing

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand								
1. Administration	72 578	72 884	102 537	128 058	125 868	198 540	192 312	202 661
2. Housing Policy, Research and Monitoring	28 832	23 320	22 022	31 528	21 635	58 000	59 157	62 769
3. Housing Planning and Delivery Support	76 781	27 039	27 255	60 606	57 886	138 486	142 853	159 807
4. Housing Development Finance	5 011 681	6 929 437	8 255 103	10 456 525	10 197 390	13 011 341	15 548 316	17 789 309
5. Strategic Relations and Governance	58 881	113 282	179 355	251 770	231 882	182 206	194 882	195 922
Total	5 248 753	7 165 962	8 586 272	10 928 487	10 634 661	13 588 573	16 137 520	18 410 468
Change to 2008 Budget estimate				341 964	48 138	856 926	858 869	2 216 412

Economic classification

Current payments	224 925	254 068	352 487	507 459	470 718	620 021	652 494	691 514
Compensation of employees	62 288	76 475	97 241	133 635	125 407	225 807	235 995	253 879
Goods and services	162 537	177 550	255 246	373 824	345 311	394 214	416 499	437 635
of which:								
Administrative fees	108	51	36	603	293	4 881	5 175	5 473
Advertising	4 245	20 826	46 526	94 602	94 602	53 710	54 532	51 409
Assets less than R5 000	1 435	1 482	1 478	3 449	3 449	4 921	1 931	1 612
Audit costs: External	2 374	4 151	4 320	3 792	3 792	6 519	6 306	6 792
Bursaries: Employees	127	181	342	1 787	578	3 008	3 656	3 861
Catering: Departmental activities	244	805	320	1 105	1 105	2 905	2 903	3 058
Communication	5 118	5 143	5 466	6 272	3 932	12 094	12 816	13 574
Computer services	37 376	39 920	39 843	44 833	44 833	59 711	59 059	64 610

Table 26.2 Housing (continued)

R thousand	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
Economic classification								
Current payments	224 925	254 068	352 487	507 459	470 718	620 021	652 494	691 514
<i>Consultants and professional services: Business and advisory services</i>	61 431	61 074	94 381	95 476	91 753	51 293	55 776	62 931
<i>Consultants and professional services: Legal costs</i>	1 719	597	1 040	1 479	883	5 650	6 053	6 416
<i>Contractors</i>	2 589	2 800	7 349	3 603	2 037	9 169	11 407	11 984
<i>Agency and support / outsourced services</i>	816	489	–	18 060	16 210	29 076	32 462	32 261
<i>Entertainment</i>	1 007	324	211	530	152	1 063	1 124	1 182
<i>Inventory: Food and food supplies</i>	423	833	1 532	96	96	350	371	392
<i>Inventory: Fuel, oil and gas</i>	118	87	98	59	59	407	431	456
<i>Inventory: Learner and teacher support material</i>	–	–	–	4	4	268	284	299
<i>Inventory: Materials and supplies</i>	–	–	–	–	–	10	11	11
<i>Inventory: Medical supplies</i>	21	3	3	10	10	–	–	–
<i>Inventory: Other consumables</i>	176	5	16	204	204	2 697	2 852	2 976
<i>Inventory: Stationery and printing</i>	4 720	3 674	5 625	12 910	9 375	17 674	19 485	20 656
<i>Lease payments</i>	9 045	7 940	10 226	13 487	12 317	17 972	18 780	20 156
<i>Owned and leasehold property expenditure</i>	–	–	–	270	270	3 602	3 818	4 047
<i>Travel and subsistence</i>	19 254	20 608	28 063	38 155	38 155	75 380	81 417	85 889
<i>Training and development</i>	2 211	2 025	1 229	10 715	6 356	12 945	13 847	14 619
<i>Operating expenditure</i>	1 848	1 620	1 678	10 905	8 338	10 681	11 452	12 127
<i>Venues and facilities</i>	6 132	2 912	5 464	11 418	6 508	8 228	10 551	10 844
<i>Financial transactions in assets and liabilities</i>	100	43	–	–	–	–	–	–
Transfers and subsidies	5 016 857	6 907 689	8 228 340	10 408 677	10 151 592	12 957 151	15 479 229	17 715 188
Provinces and municipalities	4 868 065	6 677 860	8 149 869	10 177 938	9 920 853	12 592 276	15 026 763	17 222 368
Departmental agencies and accounts	148 254	229 437	77 165	227 739	227 739	363 875	451 466	491 820
Public corporations and private enterprises	1	–	–	–	–	–	–	–
Foreign governments and international organisations	69	73	606	1 000	1 000	1 000	1 000	1 000
Households	468	245	700	2 000	2 000	–	–	–
Payments for capital assets	6 971	4 205	5 445	12 351	12 351	11 401	5 797	3 766
Buildings and other fixed structures	–	–	–	–	–	152	–	–
Machinery and equipment	6 869	3 952	5 343	11 336	11 336	9 591	5 278	3 308
Software and other intangible assets	102	253	102	1 015	1 015	1 658	519	458
Total	5 248 753	7 165 962	8 586 272	10 928 487	10 634 661	13 588 573	16 137 520	18 410 468

Expenditure trends

The Department of Housing's budget is largely driven by transfer payments to provinces, which account for 93 per cent of the total budget in 2009/10. Expenditure increased from R5.2 billion in 2005/06 to R10.9 billion in 2008/09 at an average annual rate of 27.7 per cent. Over the medium term, expenditure is set to increase to R18.4 billion in 2011/12 at an average annual rate of 19 per cent. The robust growth in the department is driven by increases in the integrated housing and human settlement development grant to provinces, located in the *Housing Development Finance* programme, for accelerating housing delivery. This programme rises from R10.5 billion in 2008/09 to R17.8 billion in 2011/12 at an average annual rate of 19.4 per cent.

Spending in compensation of employees increased from R62.3 million in 2005/06 to R133.6 million in 2008/09 at an average annual rate of 29 per cent, and is expected to increase to R253.9 million in 2011/12 at an average annual rate of 23.9 per cent over the medium term. The strong growth in compensation of employees is due to the expansion of capacity across the department from 486 posts in 2008/09 to 721 funded posts in 2011/12.

Expenditure in the *Housing Policy, Research and Monitoring* programme increased from R28.8 million in 2005/06 to R31.5 million in 2008/09 at an average annual rate of 3 per cent, and is expected to increase to R62.8 million in 2011/12 at an average annual rate of 25.8 per cent over the medium term. The growth in this programme is higher than inflation due to additional posts to improve the monitoring and evaluation capacity in the department. With an increased focus on supporting provinces and municipalities to implement housing programmes, expenditure in the *Housing Planning and Delivery Support* programme is expected to increase from R60.6 million in 2008/09 to R159.8 million in 2011/12 at an average annual rate of 38.2 per cent.

Additional allocations over the medium term include:

- R20 million, R40 million and R60 million for the establishment and operational costs of the Housing Development Agency
- R50 million in 2010/11 and R50 million in 2011/12 for the recapitalisation of the Rural Housing Loan Fund
- R711.5 million, R804.1 million and R2.1 billion for the integrated housing and human settlement development grant, which includes R100 million in 2010/11 and R400 million in 2011/12, earmarked for the Khutsong resettlement project.

The department has identified efficiency savings of R114.7 million over the MTEF period in goods and services (R27.2 million, R35.6 million and R40.1 million) and transfers to public entities as a result of lower than expected inflation over the MTEF period (R2.6 million, R4.6 million and R5 million).

Departmental receipts

Departmental receipts are derived mainly from repaid loans and advances to employees. Revenue is expected to increase by 154.5 per cent, from R1.1 million in 2008/09 to R2.8 million in 2009/10, because subsidies fraudulently issued to government officials will be repaid.

Table 26.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
Departmental receipts	945	1 870	675	1 053	1 053	2 781	510	540
Sales of goods and services produced by department	100	111	137	120	120	145	154	163
Interest, dividends and rent on land	8	739	43	458	458	336	49	52
Sales of capital assets	–	–	213	–	–	–	–	–
Financial transactions in assets and liabilities	837	1 020	282	475	475	2 300	307	325
Total	945	1 870	675	1 053	1 053	2 781	510	540

Programme 1: Administration

Expenditure estimates

Table 26.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
Minister ¹	1 081	1 058	1 142	1 019	1 072	1 127	1 195
Management	25 415	36 017	45 201	64 582	91 141	81 688	87 484
Corporate Services	39 245	29 107	48 161	53 797	96 777	98 976	102 830
Property Management	6 837	6 702	8 033	8 660	9 550	10 521	11 152
Total	72 578	72 884	102 537	128 058	198 540	192 312	202 661
Change to 2008 Budget estimate				13 300	26 834	10 927	10 661

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

Economic classification

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Current payments	69 194	69 961	99 314	122 262	194 687	189 081	200 782
Compensation of employees	23 440	29 770	43 293	44 095	72 576	74 167	79 250
Goods and services	45 654	40 148	56 021	78 167	122 111	114 914	121 532
of which:							
Administrative fees	–	–	–	148	1 962	2 080	2 205
Advertising	1 016	2 282	1 871	1 919	3 302	3 501	3 711
Assets less than R5 000	490	554	832	1 975	1 218	546	363
Bursaries: Employees	42	92	72	434	943	1 465	1 553
Catering: Departmental activities	125	364	–	333	1 013	898	952
Communication	3 524	3 515	3 111	2 530	5 598	5 930	6 286
Computer services	6 860	1 601	1 319	5 455	9 657	5 773	6 120
Consultants and professional services: Business and advisory services	5 655	4 117	14 062	16 139	23 230	13 969	14 807
Consultants and professional services: Legal costs	1 719	597	1 040	1 479	5 610	6 011	6 371
Contractors	2 469	2 481	7 227	2 824	4 144	4 353	4 608
Agency and support / outsourced services	232	175	–	10 801	4 442	4 708	4 991
Entertainment	784	296	194	302	495	524	555
Inventory: Food and food supplies	36	824	941	57	98	104	110
Inventory: Fuel, oil and gas	113	86	97	59	370	392	415
Inventory: Learner and teacher support material	–	–	–	4	118	125	133
Inventory: Medical supplies	7	2	3	–	–	–	–
Inventory: Other consumables	27	1	3	204	1 304	1 382	1 465
Inventory: Stationery and printing	931	658	924	2 809	2 988	3 159	3 348
Lease payments	7 833	6 757	8 778	10 162	15 478	16 436	17 370
Owned and leasehold property expenditure	–	–	–	270	3 531	3 743	3 967
Travel and subsistence	10 656	13 069	13 814	14 131	25 907	27 631	29 288
Training and development	1 692	1 642	707	3 058	5 679	6 177	6 547
Operating expenditure	570	273	635	917	3 160	3 348	3 549
Venues and facilities	873	762	391	2 157	1 864	2 659	2 818
Financial transactions in assets and liabilities	100	43	–	–	–	–	–
Transfers and subsidies	265	261	179	–	–	–	–
Provinces and municipalities	72	19	–	–	–	–	–
Households	193	242	179	–	–	–	–
Payments for capital assets	3 119	2 662	3 044	5 796	3 853	3 231	1 879
Buildings and other fixed structures	–	–	–	–	152	–	–
Machinery and equipment	3 042	2 513	3 030	5 476	3 186	3 131	1 829
Software and other intangible assets	77	149	14	320	515	100	50
Total	72 578	72 884	102 537	128 058	198 540	192 312	202 661

Table 26.4 Administration (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Details of transfers and subsidies							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	72	19	-	-	-	-	-
Regional Services Council levies	72	19	-	-	-	-	-
Households							
Social benefits							
Current	37	-	-	-	-	-	-
Retirement benefit	37	-	-	-	-	-	-
Households							
Other transfers to households							
Current	156	242	179	-	-	-	-
Gifts	156	242	179	-	-	-	-

Expenditure trends

Expenditure increased from 72.6 million in 2005/06 to R128.1 million in 2008/09 at an average annual rate of 20.8 per cent, and is expected to increase to R202.7 million in 2011/12 at an average annual rate of 16.5 per cent over the medium term. This is mainly due to significant increases in compensation of employees for specialised human resource management services to the department. The internal audit, risk management and special investigation unit has been capacitated to become a fully fledged unit to provide these services.

This programme includes the functions of the office of the director-general, ministerial support and executive support. Some components historically located in this programme have been shifted to the *Strategic and Relations Governance* programme, following a departmental restructuring process.

Goods and services are set to increase significantly over the medium term, rising from R78.2 million in 2008/09 to R121.5 million in 2011/12, an average annual increase of 15.8 per cent. This growth is a result of additional resources for the special investigations unit.

The devolution of funds from the Department of Public Works to individual departments for leases and accommodation charges amounts to R9.6 million, R10.5 million and R11.2 million over the medium term.

Programme 2: Housing Policy, Research and Monitoring

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

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

Objectives and measures

- Create sustainable human settlements by developing and implementing housing policies and programmes that meet best practice benchmarks and comply with the Constitution and other legislation.

- Ensure that housing policies are effectively implemented by monitoring the number of subsidy instruments implemented by provinces and the impact of these programmes on housing beneficiaries.
- Ensure that policies are responsive through continuous research, programme reviews and evaluations, measured by the number of research publications and best practice determinations.

Service delivery and spending focus

Following stakeholder consultations, the farm resident housing assistance programme was introduced in 2008. This programme will enable housing authorities to address the housing needs of farm residents by ensuring that farm workers are fully engaged in the settlement planning process. To further strengthen rural housing development, the department, in collaboration with the Rural Housing Loan Fund, developed an individual rural subsidy instrument for people living in communal areas with no or limited security of tenure. The instrument will enable beneficiaries to access building materials for self building purposes, assisted by the Rural Housing Loan Fund and the network of registered non-traditional lenders operating in these communities.

In 2008/09, the Department of Housing consolidated a strategy for accelerated housing delivery for military veterans of the anti-apartheid struggle. The housing subsidy qualifying criteria were adjusted to allow veterans to access subsidies, including those who are single and do not have financial dependants. A national task team will assist with implementing the strategy and monitoring progress. The veterans' associations of non-statutory forces are represented on the task team.

The department developed and launched a number of instruments to guide the implementation of the comprehensive plan for sustainable human settlements in all three spheres of government. These include the monitoring, evaluation and impact assessment policy and implementation guidelines, and the operating system for the policy and guidelines. The department has also initiated a project monitoring process to measure the performance of provincial housing departments against targets set in their business plans to identify constraints and assist with addressing them swiftly.

Over the medium term, the department will conduct a beneficiary occupancy audit on a representative sample of all houses completed between 1994 and June 2008.

Expenditure estimates

Table 26.5 Housing Policy, Research and Monitoring

Subprogramme	Audited outcome			Adjusted	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	appropriation 2008/09	2009/10	2010/11	2011/12
R thousand							
Management	1 823	1 088	1 953	2 215	2 851	2 943	3 142
Policy Development	9 143	10 445	7 493	10 259	10 582	10 583	11 276
Research	11 216	5 601	5 754	6 909	20 803	21 050	22 236
Monitoring and Evaluation	6 650	6 186	6 822	12 145	23 764	24 581	26 115
Total	28 832	23 320	22 022	31 528	58 000	59 157	62 769
Change to 2008 Budget estimate				-	(115 817)	(123 574)	(130 665)

Economic classification

	28 268	22 804	21 689	30 901	56 514	58 703	62 432
Current payments							
Compensation of employees	12 276	12 065	12 577	17 298	29 694	31 299	33 183
Goods and services	15 992	10 739	9 112	13 603	26 820	27 404	29 249
<i>of which:</i>							
Administrative fees	-	-	-	30	498	528	560
Advertising	380	620	1	852	1 523	1 614	1 711
Assets less than R5 000	322	360	146	-	207	67	96
Bursaries: Employees	32	26	114	494	490	520	551
Catering: Departmental activities	21	59	255	204	219	232	246
Communication	636	409	785	592	788	835	885

Table 26.5 Housing Policy, Research and Monitoring (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Economic classification							
Current payments	28 268	22 804	21 689	30 901	56 514	58 703	62 432
Computer services	1	4	22	1	153	162	172
Consultants and professional services: Business and advisory services	4 291	4 699	3 419	700	2 600	2 486	2 733
Contractors	26	213	1	232	320	339	360
Agency and support / outsourced services	193	144	–	750	4 117	4 950	5 396
Entertainment	91	8	7	32	143	152	161
Inventory: Food and food supplies	2	3	3	–	85	90	95
Inventory: Fuel, oil and gas	2	–	–	–	–	–	–
Inventory: Learner and teacher support material	–	–	–	–	10	11	11
Inventory: Materials and supplies	–	–	–	–	10	11	11
Inventory: Medical supplies	12	1	–	–	–	–	–
Inventory: Other consumables	30	1	1	–	25	26	28
Inventory: Stationery and printing	519	262	341	610	3 170	3 302	3 716
Lease payments	629	379	481	604	220	233	247
Owned and leasehold property expenditure	–	–	–	–	10	11	11
Travel and subsistence	3 714	1 875	2 401	5 054	10 259	9 692	9 929
Training and development	278	151	107	1 695	773	809	857
Operating expenditure	769	396	161	635	440	466	494
Venues and facilities	4 044	1 129	867	1 118	760	868	979
Transfers and subsidies	149	83	–	–	–	–	–
Provinces and municipalities	39	9	–	–	–	–	–
Non-profit institutions	–	74	–	–	–	–	–
Households	110	–	–	–	–	–	–
Payments for capital assets	415	433	333	627	1 486	454	337
Machinery and equipment	403	345	245	577	1 176	369	257
Software and other intangible assets	12	88	88	50	310	85	80
Total	28 832	23 320	22 022	31 528	58 000	59 157	62 769

Details of transfers and subsidies

Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	39	9	–	–	–	–	–
Regional Service Council levies	39	9	–	–	–	–	–
Non-profit institutions							
Current	–	74	–	–	–	–	–
Donations	–	74	–	–	–	–	–
Households							
Other transfers to households							
Current	110	–	–	–	–	–	–
Gifts	110	–	–	–	–	–	–

Expenditure trends

Expenditure has increased from R28.8 million in 2005/06 to R31.5 million in 2008/09, an average annual increase of 3 per cent. This is due to the department's restructuring process. The *Human Settlement Planning*

subprogramme was shifted to the *Housing Planning and Delivery Support* programme, and the *Management Information Services* and *Contributions* subprogrammes were shifted to the *Strategic Relations and Governance* programme. Over the medium term, the budget grows at an average annual rate of 25.8 per cent, rising from R31.5 million in 2008/09 to R62.8 million in 2011/12. The robust growth in expenditure is related to increased research and monitoring and evaluation capacity in the department.

Goods and services decreased from R16 million in 2005/06 to R13.6 million in 2008/09 at an average annual rate of 5.3 per cent. Over the medium term, spending in goods and services is projected to increase at an average annual rate of 29.1 per cent to reach R29.2 million in 2011/12. Travel and subsistence, the largest expenditure item in goods and services, increases from R5.1 million in 2008/09 to R9.9 million in 2011/12 due to the department's monitoring of housing projects across provinces and municipalities.

Programme 3: Housing Planning and Delivery Support

- *Management*.
- *Programme Implementation Support* provides support to provinces and municipalities to implement housing and human settlement projects and upgrade informal settlements.
- *Rental Housing and People's Housing Process* manages the implementation of the social and rental housing programme and the People's Housing Process.
- *Stakeholder Mobilisation* manages relations, mobilises, and collaborates with stakeholders in the non-government sector.
- *Capacity Development* builds capacity for housing administration and delivery in municipalities and provinces and promotes sustainable housing delivery and community empowerment.
- *Priority Projects Facilitation* is responsible for managing priority housing and human settlement projects nationally. These projects are funded off provincial budgets.
- *Human Settlement Planning* is responsible for managing human settlement planning processes and supporting the implementation of human settlement and housing development frameworks. This subprogramme was moved from Housing Policy, Research and Monitoring

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

Objectives and measures

- Facilitate improved housing development planning by aligning municipal and provincial multi-year housing development plans.
- Improve housing development and delivery efficiency by assisting provinces and municipalities to develop comprehensive business plans and reporting systems.
- Improve the delivery rate of housing projects, including blocked projects, by providing technical support to provinces and municipalities.
- Facilitate rental and social housing uptake and accelerate People's Housing Process programmes by providing regulatory and implementation support to increase the delivery of rental and social housing and People's Housing Process units.
- Improve private stakeholder participation and collaboration by increasing the number of joint partnerships with private stakeholders.
- Develop professional and institutional capacity at provincial and municipal levels by managing training and skills development, measured by the availability of capacity to undertake roles and responsibilities within applicable standards.
- Facilitate the development of integrated human settlements by providing implementation and oversight support for priority projects, measured by their timeous completion and the speedy resolution of bottlenecks.

Service delivery and spending focus

In implementing the memorandums of understanding with the Federation of the Urban and Rural Poor and Slum Dwellers International, provincial steering forums provide the space for key stakeholders to collaborate and support project level implementation. In 2008/09, close to 2 000 subsidy agreements were concluded and nearly 300 houses were under construction by the end of December 2008.

Due to poor spending performance and declining housing delivery in Eastern Cape, the department deployed a team to supplement the capacity of the provincial housing department. The team is currently establishing financial and internal control systems to ensure financial compliance.

In 2008, the Department of Housing concluded 4 memorandums of understanding with external stakeholders: Intersite, to facilitate access to certain land parcels; the Development Bank of Southern Africa, for programme and implementation capacity support; Anglo Platinum, for integrated human settlements development around large mining operations; and the Umsobomvu Youth Fund, for youth service in housing development. A project implementation agreement for the Klarinet sustainable integrated housing project in Emalahleni was concluded with ABSA Development Company.

The Women in Housing indaba resulted in 52 houses being built in 52 days by different volunteering external stakeholders in August 2008.

The Govan Mbeki housing awards, held in October 2008, recognised Limpopo's housing department as the best provincial housing department, eThekweni as the best metropolitan municipality, and Knysna as the best local municipality.

Expenditure estimates

Table 26.6 Housing Planning and Delivery Support

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
Management	–	10	2 010	2 170	4 229	4 361	4 671
Programme Implementation Support	26 863	2 765	4 573	5 732	17 979	18 177	21 417
Rental Housing and People's Housing Process	5 088	3 632	3 346	10 293	27 018	27 479	28 471
Stakeholder Mobilisation	–	–	2 122	7 330	19 819	20 410	23 310
Capacity Development	44 830	20 632	8 685	21 140	39 280	41 161	46 375
Priority Projects	–	–	4 383	4 999	17 330	17 940	21 339
Human Settlement Planning	–	–	2 136	8 942	12 831	13 325	14 224
Total	76 781	27 039	27 255	60 606	138 486	142 853	159 807
Change to 2008 Budget estimate				2 568	(94 910)	(100 235)	(97 606)

Economic classification

	51 632	26 908	26 421	57 345	136 445	142 305	159 695
Current payments							
Compensation of employees	7 331	7 507	11 464	25 788	53 839	56 935	60 345
Goods and services	44 301	19 401	14 957	31 557	82 606	85 370	99 350
<i>of which:</i>							
Administrative fees	–	–	–	30	1 383	1 466	1 551
Advertising	774	10 674	130	2 974	10 219	10 832	11 329
Assets less than R5 000	51	60	142	601	1 913	760	570
Audit costs: External	–	–	–	–	100	106	112
Bursaries: Employees	38	16	49	120	609	646	679
Catering: Departmental activities	19	29	65	247	1 030	1 092	1 151
Communication	156	205	420	910	3 080	3 265	3 455
Computer services	6 000	–	958	–	135	143	150

Table 26.6 Housing Planning and Delivery Support (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Economic classification							
Current payments	51 632	26 908	26 421	57 345	136 445	142 305	159 695
<i>Consultants and professional services: Business and advisory services</i>	35 628	7 263	7 213	8 465	19 850	20 941	31 803
<i>Contractors</i>	–	10	3	129	1 651	1 907	1 959
<i>Agency and support / outsourced services</i>	59	–	–	–	3 204	3 486	3 736
<i>Entertainment</i>	59	3	4	72	214	227	234
<i>Inventory: Food and food supplies</i>	–	–	3	–	65	69	72
<i>Inventory: Fuel, oil and gas</i>	–	–	–	–	1	1	1
<i>Inventory: Other consumables</i>	18	1	1	–	206	218	224
<i>Inventory: Stationery and printing</i>	116	93	128	1 191	3 002	3 184	3 353
<i>Lease payments</i>	37	32	21	826	1 548	1 341	1 735
<i>Travel and subsistence</i>	764	708	4 596	10 176	24 896	25 707	27 143
<i>Training and development</i>	16	30	177	2 398	1 856	1 967	2 076
<i>Operating expenditure</i>	145	32	61	154	3 975	4 135	4 373
<i>Venues and facilities</i>	421	245	986	3 264	3 669	3 877	3 644
Transfers and subsidies	24 559	7	520	2 000	–	–	–
Provinces and municipalities	24 418	5	–	–	–	–	–
Public corporations and private enterprises	1	–	–	–	–	–	–
Households	140	2	520	2 000	–	–	–
Payments for capital assets	590	124	314	1 261	2 041	548	112
Machinery and equipment	577	108	314	1 226	1 941	532	102
Software and other intangible assets	13	16	–	35	100	16	10
Total	76 781	27 039	27 255	60 606	138 486	142 853	159 807
Details of transfers and subsidies							
Provinces and municipalities							
Provinces							
Provincial revenue funds							
Capital	24 396	–	–	–	–	–	–
Human settlement and redevelopment grant	24 396	–	–	–	–	–	–
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	22	5	–	–	–	–	–
Regional Services Council levies	22	5	–	–	–	–	–
Public corporations and private enterprises							
Private enterprises							
Other transfers							
Current	1	–	–	–	–	–	–
Financial institutions: First time homebuyers subsidy	1	–	–	–	–	–	–
Households							
Social benefits							
Current	–	2	–	–	–	–	–
Retirement benefit	–	2	–	–	–	–	–
Households							
Other transfers to households							
Current	140	–	520	2 000	–	–	–
Bursaries for non employees	135	–	472	2 000	–	–	–
Gifts	5	–	48	–	–	–	–

Expenditure trends

Expenditure declined from R76.8 million in 2005/06 to R60.6 million in 2008/09 at an average annual rate of 7.6 per cent, mainly due to the consolidation of the human settlement redevelopment programme into the integrated housing and human settlement development grant, in the *Housing Development Finance* programme in 2005/06. The programme's expenditure trends were affected by streamlined functions in the department and the shift of the *Human Settlement Planning* subprogramme from the *Housing Policy, Research and Monitoring* programme to this programme. Spending in the *Programme Implementation Support* subprogramme declined at an average annual rate of 40.2 per cent from 2005/06 to 2008/09, mainly due to lower expenditure on consultants.

Expenditure is projected to increase from R60.6 million in 2008/09 to R159.8 million in 2011/12 at an average annual rate of 38.2 per cent. Spending is driven by the *Priority Projects Facilitation* and *Programme Implementation Support* subprogrammes, through which the department provides direct implementation support to provinces and municipalities. The *Stakeholder Mobilisation* subprogramme will also increase its activities over the medium term to promote liaison with private sector stakeholders in the housing sector.

Spending in the *Capacity Development* subprogramme is expected to increase from R21.1 million in 2008/09 to R46.4 million in 2011/12 at an average annual rate of 29.9 per cent because the department is providing more training and support to municipalities.

Expenditure on goods and services is expected to increase from R31.6 million in 2008/09 to R99.4 million in 2011/12 at an average annual rate of 46.6 per cent. Increased activities to manage and support provinces in planning, blocked projects, informal settlement upgrading projects and priority projects are expected.

Programme 4: Housing Development Finance

- *Management*.
- *Financial and Funds Management* provides overall financial and grant management services, including financial support, internal control, supply chain management and budget management, as well as grant management services and systems support. Funding is mainly used for salaries and other personnel related costs.
- *Housing Equity* manages activities related to the office of disclosure, housing aspects of the Financial Services Charter, and mobilising and promoting investment for housing development. Funding is mainly used for salaries and other personnel related costs.
- *Integrated Housing and Human Settlement Development Grant* reflects the conditional grant allocation that is transferred to the provinces. Funding is provided on the basis of housing needs, the number of households earning less than R3 500 per month, and the population in the province.
- *Contribution* makes contributions to the housing institutions. Funds are transferred on the basis of a public entity meeting the governance and financial management requirements stipulated in the Public Finance Management Act (1999).

Objectives and measures

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

Service delivery and spending focus

In 2008/09, the department finalised an internal policy document for procurement and asset management, and a manual for asset management. The provincial housing department in Eastern Cape was assisted with implementing financial control systems. Expenditure trends and service delivery performance were also reviewed to identify the root causes of the problems in this province. The department will continue to support the Eastern Cape provincial housing department with project planning and implementation to accelerate housing delivery.

Expenditure estimates

Table 26.7 Housing Development Finance

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
Management	2 280	1 775	2 390	2 189	3 722	3 912	4 137
Financial and Funds Management	15 480	16 594	19 508	33 541	187 306	50 223	53 990
Housing Equity	2 187	3 824	6 170	15 118	14 162	15 952	16 994
Integrated Housing and Human Settlement Development grant	4 843 480	6 677 806	8 149 869	10 177 938	12 442 276	15 026 763	17 222 368
Contribution	148 254	229 438	77 166	227 739	363 875	451 466	491 820
Total	5 011 681	6 929 437	8 255 103	10 456 525	13 011 341	15 548 316	17 789 309
Change to 2008 Budget estimate				552 835	1 186 053	1 223 895	2 605 686
Economic classification							
Current payments	19 122	22 010	27 763	50 063	54 328	69 280	74 457
Compensation of employees	8 919	11 746	11 853	20 335	27 975	29 547	32 863
Goods and services	10 203	10 264	15 910	29 728	26 353	39 733	41 594
<i>of which:</i>							
<i>Administrative fees</i>	108	51	36	285	431	457	484
<i>Advertising</i>	126	336	179	903	474	1 509	1 600
<i>Assets less than R5 000</i>	305	181	126	427	883	346	453
<i>Audit costs: External</i>	2 374	4 151	4 320	3 792	6 419	6 200	6 680
<i>Bursaries: Employees</i>	4	25	37	109	241	256	271
<i>Catering: Departmental activities</i>	7	37	–	119	222	235	249
<i>Communication</i>	234	271	364	680	1 228	1 302	1 380
<i>Computer services</i>	838	766	2 454	2 328	3 256	3 875	6 107
<i>Consultants and professional services: Business and advisory services</i>	3 780	2 183	4 786	7 800	350	7 410	5 179
<i>Contractors</i>	94	25	51	210	234	248	263
<i>Agency and support / outsourced services</i>	125	23	–	149	364	385	408
<i>Entertainment</i>	21	6	2	22	47	50	52
<i>Inventory: Food and food supplies</i>	–	1	3	–	22	23	25
<i>Inventory: Medical supplies</i>	2	–	–	–	–	–	–
<i>Inventory: Other consumables</i>	30	1	1	–	26	28	29
<i>Inventory: Stationery and printing</i>	479	513	745	1 685	2 261	3 212	3 385
<i>Lease payments</i>	135	158	159	745	404	429	454
<i>Owned and leasehold property expenditure</i>	–	–	–	–	7	7	8
<i>Travel and subsistence</i>	1 315	1 319	2 204	3 007	6 059	8 913	9 428
<i>Training and development</i>	52	70	42	1 168	1 677	1 906	2 020
<i>Operating expenditure</i>	166	109	125	4 669	1 116	1 182	1 253
<i>Venues and facilities</i>	8	38	276	1 630	632	1 760	1 866
Transfers and subsidies	4 991 770	6 907 251	8 227 035	10 405 677	12 956 151	15 478 229	17 714 188
Provinces and municipalities	4 843 506	6 677 813	8 149 869	10 177 938	12 592 276	15 026 763	17 222 368
Departmental agencies and accounts	148 254	229 437	77 165	227 739	363 875	451 466	491 820
Households	10	1	1	–	–	–	–
Payments for capital assets	789	176	305	785	862	807	664
Machinery and equipment	789	176	305	775	862	582	439
Software and other intangible assets	–	–	–	10	–	225	225
Total	5 011 681	6 929 437	8 255 103	10 456 525	13 011 341	15 548 316	17 789 309

Table 26.7 Housing Development Finance (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Details of transfers and subsidies							
Provinces and municipalities							
Provinces							
Provincial revenue funds							
Capital	4 843 480	6 677 806	8 149 869	10 177 938	12 592 276	15 026 763	17 222 368
Integrated housing and human settlement development grant	4 843 480	6 677 806	8 149 869	10 177 938	12 442 276	15 026 763	17 222 368
Housing disaster relief grant	-	-	-	-	150 000	-	-
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	26	7	-	-	-	-	-
Regional Services Council levies	26	7	-	-	-	-	-
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	148 254	229 437	77 165	227 739	363 875	451 466	491 820
National Housing Finance Corporation	-	-	-	1	1	1	1
National Urban Reconstruction and Housing Agency	22 879	21 000	18 993	-	-	-	-
People's Housing Partnership Trust	5 000	1 000	-	-	-	-	-
Servcon Housing Solutions	42 097	35 000	-	-	-	-	-
Social Housing Foundation	20 578	126 455	15 124	21 738	22 967	24 272	25 728
Thubelisha Homes	57 700	45 982	43 048	10 000	6 266	6 621	7 018
Social Housing Regulatory Authority	-	-	-	196 000	284 991	301 772	320 473
Rural Housing Loan Fund	-	-	-	-	-	49 500	49 500
Housing Development Agency	-	-	-	-	49 650	69 300	89 100
Households							
Other transfers to households							
Current	10	1	1	-	-	-	-
Gifts and donations	10	1	1	-	-	-	-

Expenditure trends

Expenditure on the *Integrated Housing and Human Settlement Development Grant* subprogramme increased at an average annual rate of 28.1 per cent from R4.8 billion in 2005/06 to R10.2 billion in 2008/09. The growth is due mainly to the increase in the integrated housing and human settlement development grant, which channels funds to provinces for housing delivery. The grant is expected to reach R17.2 billion in 2011/12, increasing at an average annual rate of 19.2 per cent over the medium term. This growth is due to additional allocations totalling R3.7 billion to accelerate the upgrading of informal settlements and the implementation of priority projects, as well as cater for the increase in the cost of building material. An additional R150 million has been allocated in 2009/10 for the housing disaster relief grant to KwaZulu-Natal. This is for rehabilitating and constructing houses and related infrastructure that were damaged by storms in November 2008.

Spending in goods and services increases from R29.7 million in 2008/09 to R41.6 million in 2011/12 at an average annual rate of 11.8 per cent. This is mainly due to efforts by the grant management unit to manage the provincial intervention through regular visits to ensure compliance with the Division of Revenue Act. This programme has been expanded to include the fund mobilisation unit in the housing equity chief directorate. The unit identifies and mobilises housing finance and investment opportunities.

Programme 5: Strategic Relations and Governance

- *Management*.
- *Management Information Services* manages the development and implementation of integrated business solutions and data and information, and provides knowledge services.
- *Intergovernmental Relations and International Relations* facilitates the department's participation in and management of international and intergovernmental relations.
- *Communication* manages communication and public relations.
- *Housing Institutions* provides oversight management of housing institutions, including monitoring, analysing and reporting on financial and non-financial performance and corporate governance.
- *Strategic Management* manages overall organisational planning and supports the strategic management and operations of the department.
- *Transformation* develops and manages transformation programmes in compliance with the national policy framework and international human rights' instruments and directives.
- *Contributions* makes contributions to the housing institutions and the Habitat Foundation to support the work of the United Nations human settlement programme.

Objectives and measures

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

Service delivery and spending focus

Cooperation on human settlements was consolidated at the India-Brazil-South Africa summit in October 2008. Cooperation with the Democratic Republic of the Congo resulted in a capacity development plan and support for housing institutional reform.

An atlas of informal settlements in South Africa was developed as an information tool and platform for intersectoral collaboration.

The rationalisation of housing institutions to support accelerated delivery is gaining momentum. Task teams will oversee the closure of Servcon and Thubelisha Homes. Following the promulgation of the Housing Development Agency Act (2008), the establishment of the Housing Development Agency is at an advanced stage. The chief executive officer and board have been appointed and key projects are already being facilitated by a dedicated project team.

Expenditure estimates

Table 26.8 Strategic Relations and Governance

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
Management	1 838	1 927	1 163	2 209	4 935	8 927	6 153
Management Information Services	40 570	43 982	48 087	54 072	64 280	67 311	70 821
Intergovernmental and International Relations	2 320	43 790	56 643	63 320	21 170	22 573	21 910
Communication	12 220	19 354	60 947	81 510	67 943	69 467	66 914
Housing Institutions	181	2 239	3 981	40 117	11 788	12 593	13 381
Strategic Management	1 683	1 917	2 098	5 426	4 756	6 328	7 447
Transformation	–	–	5 830	4 116	6 334	6 683	8 296
Contributions	69	73	606	1 000	1 000	1 000	1 000
Total	58 881	113 282	179 355	251 770	182 206	194 882	195 922
Change to 2008 Budget estimate				(226 739)	(145 234)	(152 144)	(171 664)
Economic classification							
Current payments	56 709	112 385	177 300	246 888	178 047	193 125	194 148
Compensation of employees	10 322	15 387	18 054	26 119	41 723	44 047	48 238
Goods and services	46 387	96 998	159 246	220 769	136 324	149 078	145 910
<i>of which:</i>							
<i>Administrative fees</i>	–	–	–	110	607	644	673
<i>Advertising</i>	1 949	6 914	44 345	87 954	38 192	37 076	33 058
<i>Assets less than R5 000</i>	267	327	232	446	700	212	130
<i>Bursaries: Employees</i>	11	22	70	630	725	769	807
<i>Catering: Departmental activities</i>	72	316	–	202	421	446	460
<i>Communication</i>	568	743	786	1 560	1 400	1 484	1 568
<i>Computer services</i>	23 677	37 549	35 090	37 049	46 510	49 106	52 061
<i>Consultants and professional services: Business and advisory services</i>	12 077	42 812	64 901	62 372	5 263	10 970	8 409
<i>Consultants and professional services: Legal costs</i>	–	–	–	–	40	42	45
<i>Contractors</i>	–	71	67	208	2 820	4 560	4 794
<i>Agency and support / outsourced services</i>	207	147	–	6 360	16 949	18 933	17 730
<i>Entertainment</i>	52	11	4	102	164	171	180
<i>Inventory: Food and food supplies</i>	385	5	582	39	80	85	90
<i>Inventory: Fuel, oil and gas</i>	3	1	1	–	36	38	40
<i>Inventory: Learner and teacher support material</i>	–	–	–	–	140	148	155
<i>Inventory: Medical supplies</i>	–	–	–	10	–	–	–
<i>Inventory: Other consumables</i>	71	1	10	–	1 136	1 198	1 230
<i>Inventory: Stationery and printing</i>	2 675	2 148	3 487	6 615	6 253	6 628	6 854
<i>Lease payments</i>	411	614	787	1 150	322	341	350
<i>Owned and leasehold property expenditure</i>	–	–	–	–	54	57	61
<i>Travel and subsistence</i>	2 805	3 637	5 048	5 787	8 259	9 474	10 101
<i>Training and development</i>	173	132	196	2 396	2 960	2 988	3 119
<i>Operating expenditure</i>	198	810	696	4 530	1 990	2 321	2 458
<i>Venues and facilities</i>	786	738	2 944	3 249	1 303	1 387	1 537
Transfers and subsidies	114	87	606	1 000	1 000	1 000	1 000
Provinces and municipalities	30	14	–	–	–	–	–
Foreign governments and international organisations	69	73	606	1 000	1 000	1 000	1 000
Households	15	–	–	–	–	–	–
Payments for capital assets	2 058	810	1 449	3 882	3 159	757	774
Machinery and equipment	2 058	810	1 449	3 282	2 426	664	681
Software and other intangible assets	–	–	–	600	733	93	93
Total	58 881	113 282	179 355	251 770	182 206	194 882	195 922

Table 26.8 Strategic Relations and Governance (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Details of transfers and subsidies							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	30	14	-	-	-	-	-
Regional Services Council levies	30	14	-	-	-	-	-
Foreign governments and international organisations							
Current	69	73	606	1 000	1 000	1 000	1 000
Habitat Foundation	69	73	606	1 000	1 000	1 000	1 000
Households							
Other transfers to households							
Current	15	-	-	-	-	-	-
Gifts	15	-	-	-	-	-	-

Expenditure trends

Expenditure in this new programme under the management of the chief operations officer increased from R58.9 million in 2005/06 to R251.8 million in 2008/09 at an average annual rate of 62.3 per cent. The growth is driven by the Breaking New Ground communications campaign in 2007/08 and 2008/09. The subprogrammes have been shifted from other programmes in line with the department's new organisational structure. Over the medium term, expenditure is expected to decrease at an average annual rate of 8 per cent to reach R195.9 million in 2011/12. The decrease is due to the reprioritisation of funds in the *Intergovernmental and International Relations* subprogramme and once-off expenditure for establishing the Housing Development Agency in 2008/09 in the *Housing Institutions* subprogramme.

Compensation of employees is expected to increase from R26.1 million in 2008/09 to R48.2 million in 2011/12 at an average annual rate of 22.7 per cent. This increase will allow the different units to populate their structures following the departmental restructuring process. The increase in expenditure on advertising in 2008/09 relates to intensified departmental media campaigns to promote housing policy.

Public entities

National Home Builders Registration Council

Strategic overview: 2005/06 - 2011/12

The National Home Builders Registration Council was established in terms of the Housing Consumers Protection Measures Act (1998) to provide regulatory control over the home building industry and warranty protection to housing consumers against any failure of a home builder's statutory obligations. Building activity is inspected to ensure compliance and protect housing consumers. In addition, the council is involved in evaluating new or alternative housing building technologies.

In recent years, the council has prioritised training and capacity building to promote a satisfactory level of technical standards in the home building environment. In 2008, the training programme was improved to cater for different types of geographical typologies. The council recently created a fund to promote training and capacity building for women, youth and the unemployed.

Selected performance and operations indicators

Table 26.9 National Home Builders Registration Council

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of registrations each year	3 972	4 595	3 628	4 820	5 296	5 667	6 063
Number of renewals each year	10 069	11 033	12 390	12 390	11 534	13 079	13 995
Number of enrolments (non-subsidy) each year	64 641	78 568	80 239	78 568	55 897	59 810	63 996
Number of late enrolments each year	2 786	4 538	4 132	4 583	2 795	2 991	3 200
Number of new subsidy project enrolments (units) each year	140 456	120 480	77 560	124 190	145 644	155 839	166 748
Number of new subsidy home enrolments (units) each year	15 089	59 361	69 616	100 000	101 269	108 358	115 943
Number of inspections each year	308 709	645 731	738 001	435 336	25 241	27 008	28 898
Number of complaints each year	1 433	1 241	2 824	2 680	3 113	3 268	3 431
Number of conciliations each year	482	318	2 824	3 400	1 556	1 634	1 716
Number of suspensions each year	335	472	645	800	1 500	1 700	1 921
Number of deregistrations each year	61	154	–	155	100	200	202
Number of withdrawals each year	–	154	577	200	150	100	67

Service delivery and spending focus

Over the past year, the National Home Builders Registration Council opened 10 new offices in Eastern Cape (East London and George), Free State (Bethlehem), Gauteng (Tshwane), KwaZulu-Natal (Newcastle and Port Shepstone), Limpopo (Tzaneen and Bela Bela), Mpumalanga (Emalahleni), and North West (Klerksdorp). Over the medium term, a further 6 new mobile offices will be introduced in Eastern Cape, Free State, Northern Cape, Limpopo, North West and Western Cape.

Extended warranty options are being considered, such as extending the current structural warranty of 5 years to 10 years. These may be introduced when the warranty fund reaches sufficient levels of adequacy in terms of its capital and cash reserves.

Subsidy sector enrolment processes have been improved, resulting in improved efficiency and turnaround times. Dedicated National Home Builders Registration Council engineers visit provinces regularly to evaluate geotechnical and related enrolment documentation.

Over the MTEF period, the council will implement e-learning for training emerging home builders and establish accredited training centres in the provinces. Furthermore, products and services will be expanded through research and development.

Expenditure estimates

Table 26.10 National Home Builders Registration Council: Activity information

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Risk mitigation expenses: Non-subsidy	36 993	44 719	60 167	100 582	75 785	81 090	86 766
Marketing expenses	7 407	6 794	7 408	10 000	9 100	9 737	10 418
Training of emerging contractors	–	17 000	37 000	37 000	36 651	37 000	37 000
Risk mitigation expenses: Subsidy	–	–	–	–	50 634	54 179	57 971
Forensic investigation and rectification	5 184	7 613	19 284	4 000	5 460	5 842	6 251
Other activities	166 373	128 772	165 317	458 256	360 910	383 116	408 914
Total expense	215 957	204 898	289 176	609 838	538 540	570 964	607 320

Table 26.11 National Home Builders Registration Council: Financial information

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Revenue							
Non-tax revenue	542 113	530 278	773 585	809 829	756 566	809 524	866 192
Sale of goods and services other than capital assets	422 465	399 623	591 456	647 273	539 709	577 488	617 913
<i>of which:</i>							
<i>Sales by market establishments</i>	422 465	399 623	591 456	647 273	539 709	577 488	617 913
<i>Other non-tax revenue</i>	119 648	130 655	182 129	162 556	216 857	232 036	248 279
Total revenue	542 113	530 278	773 585	809 829	756 566	809 524	866 192
Expenses							
Current expense	215 957	204 898	289 176	609 838	538 540	570 964	607 320
Compensation of employees	68 551	90 426	127 876	181 017	192 546	206 024	220 446
Goods and services	142 298	110 879	155 468	402 981	318 993	337 426	356 777
Depreciation	5 070	3 560	5 676	25 840	27 001	27 514	30 097
Interest, dividends and rent on land	38	33	156	–	–	–	–
Total expenses	215 957	204 898	289 176	609 838	538 540	570 964	607 320
Surplus / (Deficit)	326 156	325 380	484 409	199 991	218 026	238 560	258 872
Statement of financial position							
Carrying value of assets	7 277	35 853	83 426	91 477	84 822	77 899	74 428
<i>of which: Acquisition of assets</i>	4 821	32 367	53 284	33 891	20 346	20 591	26 626
Investments	1 438 199	1 943 376	2 437 072	2 574 368	2 775 997	3 026 386	3 294 029
Inventory	17	125	340	340	364	389	416
Receivables and prepayments	78 580	2 367	12 883	678	725	776	830
Cash and cash equivalents	16 876	60 421	72 843	5 052	5 197	5 350	5 515
Total assets	1 540 949	2 042 142	2 606 564	2 671 915	2 867 105	3 110 800	3 375 218
Accumulated surplus / deficit	597 056	954 899	1 402 308	1 602 298	1 820 324	2 058 884	2 317 756
Capital and reserves	–	47 273	37 206	–	–	–	–
Trade and other payables	88 465	107 152	184 253	81 831	59 840	64 627	69 797
Provisions	855 428	932 818	982 797	987 786	986 941	987 289	987 665
Total equity and liabilities	1 540 949	2 042 142	2 606 564	2 671 915	2 867 105	3 110 800	3 375 218

Expenditure trends

Revenue is set to increase from R542.1 million in 2005/06 to R866.2 million in 2011/12 at an average annual rate of 8.1 per cent. This strong growth is related to an increase in the number of houses enrolled with the National Home Builders Registration Council. Compensation of employees grows at an average annual rate of 38.2 per cent from 2005/06 to 2008/09 due to the staffing of new offices. Over the medium term, the surplus is expected to increase from R200 million in 2008/09 to R258.9 million in 2011/12. The accumulated surplus, which finances the warranty scheme, increased from R597.1 million in 2005/06 to R1.6 billion in 2008/09 at an average annual rate of 39 per cent, and is expected to increase to R2.3 billion in 2011/12.

National Housing Finance Corporation

Strategic overview: 2005/06 – 2011/12

The National Housing Finance Corporation is a schedule 3A public entity. It was established in 1996 as a development finance institution to contribute to reducing South Africa's housing backlog by mobilising, raising and deploying housing finance from sources outside the public sector.

The National Housing Finance Corporation has positioned itself as a financial wholesaler, providing wholesale finance on an institutional level to financial intermediaries, as well as funding for social housing. Since 1996,

the council has disbursed R2.4 billion in funding and delivered 264 130 housing opportunities. Despite these efforts, the Southern African Housing Foundation estimates that there is presently a national housing supply shortage of more than 600 000 units for households earning between R2 500 and R8 600 per month.

The National Housing Finance Corporation launched a pilot project in 2007 to test the market for a retail product. The project was restricted to personnel members. It was concluded in 2008, and findings and lessons will inform a review of the corporation's strategy.

The National Housing Finance Corporation will continue to act as a wholesale and project financier over the MTEF period. It will also play a major role in the social housing sector through the ongoing implementation of the recommendations of the presidential job summit, thus stimulating the supply of much needed housing stock.

Selected performance and operations indicators

Table 26.12 National Housing Finance Corporation

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of housing units financed by the National Housing Finance Corporation each year	-	14 443	13 128	22 401	26 013	29 012	32 600
Value of houses financed through strategic partnerships each year	-	-	-	R500m	R610m	R610m	R610m
Number of housing units financed through strategic partnerships each year	-	-	-	23 000	23 700	23 700	23 700

Service delivery and spending focus

In 2008/09, the National Housing Finance Corporation concluded a number of transactions with private sector stakeholders. It provided Seakay Engineering, a Johannesburg stock exchange listed developer, with a development loan of R128 million. The corporation signed a memorandum of understanding with Basil Read for a R1.3 billion mixed income integrated project in Free State, and also entered into a joint venture with Pan African Capital Holdings to develop and provide non-traditional housing finance products.

Over the MTEF period, the National Housing Finance Corporation will increase funding to support the provision of low income housing, both for rental and ownership. Further, the corporation will continue to enter into joint ventures with the private sector to develop innovative products for the housing market.

Expenditure estimates

Table 26.13 National Housing Finance Corporation: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Revenue							
Non-tax revenue	170 436	187 908	231 641	243 018	261 477	367 979	485 846
<i>Other non-tax revenue</i>	170 436	187 908	231 641	243 018	261 477	367 979	485 846
Total revenue	170 436	187 908	231 641	243 018	261 477	367 979	485 846
Expenses							
Current expense	62 143	99 359	125 544	115 469	152 642	202 150	248 831
Compensation of employees	34 688	38 938	45 208	53 108	68 582	75 919	83 961
Goods and services	26 033	59 615	79 722	60 238	79 918	107 393	123 677
Depreciation	1 422	806	614	2 123	4 142	5 325	5 659
Interest, dividends and rent on land	-	-	-	-	-	13 513	35 534
Total expenses	93 535	125 027	171 041	151 183	183 116	248 582	315 195
Surplus / (Deficit)	76 901	62 881	60 600	91 835	78 361	119 397	170 651

Table 26.13 National Housing Finance Corporation: Financial information (continued)

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08		2008/09	2009/10	2010/11
Statement of financial position							
Carrying value of assets	1 225	924	1 213	17 072	20 230	23 097	24 264
<i>of which: Acquisition of assets</i>	528	505	903	17 982	7 300	8 192	6 826
Investments	277 608	1 417 898	1 393 838	915 451	47 500	47 500	47 500
Loans	755 702	846 580	929 485	1 074 971	1 888 788	2 830 141	3 902 201
Receivables and prepayments	54 197	27 194	16 917	146 594	12 317	9 525	11 119
Cash and cash equivalents	1 390 743	224 910	217 917	3 003	609 455	500 603	503 340
Assets not classified elsewhere	–	54 096	34 050	488 034	516 706	519 473	522 186
Total assets	2 479 475	2 571 602	2 593 420	2 645 125	3 094 995	3 930 340	5 010 611
Capital and reserves	1 922 288	1 985 169	2 045 769	2 137 604	2 515 965	3 035 362	3 806 013
Borrowings	28 203	–	–	–	–	153 265	355 018
Trade and other payables	7 987	7 297	2 026	12 392	59 393	223 469	329 284
Provisions	2 083	7 992	10 465	–	–	–	–
Managed funds	518 914	547 239	496 338	478 440	507 111	509 879	512 592
Liabilities not classified elsewhere	–	23 905	38 822	16 689	12 526	8 364	7 704
Total equity and liabilities	2 479 475	2 571 602	2 593 420	2 645 125	3 094 996	3 930 339	5 010 611

Expenditure trends

Expenditure is expected to increase from R93.5 million in 2005/06 to R183.1 million in 2009/10, including the additional expenditure related to the restructuring of the institution and the introduction of new programmes. Expenditure is expected to grow to R315.2 million in 2011/12 driven by fair value adjustments to financial assets, and higher interest payments related to borrowing activities.

Compensation of employees increases steadily over the seven-year period, rising from R34.7 million in 2005/06 to R84 million in 2011/12. Growth accelerates between 2007/08 and 2011/12 as a result of the impact of human resources associated with the growth of the institution.

Capital expenditure increases from R528 000 in 2005/06, reaching a peak of R18 million in 2008/09. This growth is attributable to the acquisition of capital assets for implementing the retail programme. Capital expenditure is expected to decrease to between R8.2 million and R6.8 million over the medium term.

National Urban Reconstruction and Housing Agency

Strategic overview: 2005/06 - 2011/12

The National Urban Reconstruction and Housing Agency is the result of a partnership between the South African government and the Open Society Institute of New York, and was established in 1995. The agency's strategic focus is on financing building contractors in the housing industry, specifically for subsidised, affordable housing and related community infrastructure.

The National Urban Reconstruction and Housing Agency differentiates between established and emerging contractors. Finance is provided to established contractors directly, while a separate, specialised, intermediaries channel is used to provide finance to emerging contractors. In this way, risks associated with this market segment by the traditional financial institutions are normalised. The intermediaries assist the emerging contractors with a range of construction support services. Current partnerships between intermediaries and the agency are being reviewed on a strategic level to ensure their future commitment, secure continuity and broaden the regional presence of the institution.

Selected performance and operations indicators

Table 26.14 National Urban Reconstruction and Housing Agency

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of subsidy houses completed each year	14 769	10 776	15 134	15 527	17 080	18 788	20 666
Number of affordable houses completed each year	4 196	5 009	230	589	648	713	784
Number of serviced sites completed (including subsidy housing and affordable housing) each year	3 392	2 841	5 454	3 230	3 553	3 908	4 299
Number of infrastructure and community facilities completed each year	–	6	25	26	29	31	35
Number of rental houses completed each year (phased out)	380	14	–	–	–	–	–
Total value of loans: Subsidy houses	R81m	R52.6m	R74.4m	R207.7m	R228.5m	R251.3m	R276.5m
Total value of loans: Affordable houses	R90.4m	R41.1m	R12.4m	R154.2m	R170m	R186.6m	R205.3m
Total value of loans: Serviced sites	R6m	R29.2m	R85m	R36.4m	R40m	R44m	R48.4m
Total value of loans: Infrastructure and community facilities	R11.4m	R34.5m	R90.2m	R100m	R110m	R121m	R133.1m
Total value of loans: Rental housing	R8.4m	R913 000	–	–	–	–	–
Provision for project losses as a percentage of loan book	0%	0%	0%	0%	0%	0%	0%
Project losses written off each year	R3.5m	R3.7m	–	R73 423	–	–	–

Service delivery and spending focus

In 2007/08, the National Urban Reconstruction and Housing Agency experienced financial losses on projects in Limpopo, which continue to be subject to investigation and potential litigation. As a result, management has identified the review and improvement of controls and legal instruments as key priorities over the medium term. As the agency is dependent on subsidised projects, it will continue with proposals to improve payment processes to mitigate the risk of conducting business with emerging contractors.

Expenditure estimates

Table 26.15 National Urban Reconstruction and Housing Agency: Activity information

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Subsidy housing	5 980	10 522	23 678	17 471	18 997	20 774	21 799
Affordable housing	2 247	4 837	1 749	3 473	3 701	3 935	4 125
Infrastructure and community facilities completed	550	1 069	2 014	2 452	2 686	2 894	3 038
Administration construction finance	1 208	1 281	1 239	1 951	2 088	2 226	2 330
Other activities	20 333	21 351	35 736	37 254	40 123	42 238	44 781
Total expense	30 318	39 060	64 416	62 602	67 595	72 068	76 073

Table 26.16 National Urban Reconstruction and Housing Agency: Financial information

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Statement of financial performance							
Revenue							
Non-tax revenue	26 377	39 571	50 198	68 651	74 058	79 750	83 187
Other non-tax revenue	26 377	39 571	50 198	68 651	74 058	79 750	83 187
Transfers received	570	–	–	–	–	–	–
Total revenue	26 947	39 571	50 198	68 651	74 058	79 750	83 187
Expenses							
Current expense	30 318	39 060	64 416	62 602	67 595	72 068	76 073
Compensation of employees	16 498	15 728	19 053	24 694	26 176	27 746	29 133
Goods and services	8 519	12 564	30 103	16 531	18 424	19 609	20 389
Depreciation	415	399	424	447	462	468	404
Interest, dividends and rent on land	4 886	10 369	14 836	20 930	22 533	24 245	26 147
Total expenses	30 318	39 060	64 416	62 602	67 595	72 068	76 073
Surplus / (Deficit)	(3 371)	511	(14 218)	6 049	6 463	7 682	7 114

Table 26.16 National Urban Reconstruction and Housing Agency: Financial information (continued)

Statement of financial position	Audited outcome			Revised estimate 2008/09	Medium-term estimate		
	2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Carrying value of assets	1 122	960	1 046	881	478	96	231
of which: Acquisition of assets	888	238	532	282	60	85	540
Investments	164 820	167 592	226 280	372 501	397 356	419 981	430 648
Receivables and prepayments	2 651	1 209	265	358	188	200	210
Cash and cash equivalents	201 010	216 505	181 757	137 533	140 092	144 361	154 226
Total assets	369 603	386 266	409 348	511 273	538 114	564 638	585 315
Accumulated surplus / deficit	245 097	228 601	233 376	239 427	245 889	253 572	260 685
Capital and reserves	–	–	–	–	38 300	38 300	38 300
Borrowings	115 335	72 997	81 883	156 172	171 789	186 658	195 991
Trade and other payables	6 362	8 526	8 256	8 566	9 080	9 625	10 106
Provisions	2 809	–	–	–	–	–	–
Liabilities not classified elsewhere	–	76 142	85 833	107 108	73 056	76 483	80 233
Total equity and liabilities	369 603	386 266	409 348	511 273	538 114	564 638	585 315

Expenditure trends

Expenditure is expected to increase at an average annual rate of 6.7 per cent over the medium term, rising from R62.6 million in 2008/09 to R76.1 million in 2011/12, and is mainly in goods and services, and interest, dividends and rent on land. Compensation of employees is projected to increase from R24.7 million in 2008/09 to R29.1 million in 2011/12 at an average annual rate of 5.7 per cent.

Interest on borrowed funds is the second largest expenditure item, and is anticipated to increase at an average annual rate of 7.7 per cent from R20.9 million in 2008/09 to R26.1 million in 2011/12. This trend correlates with the expected increase in borrowings, from R156.2 million in 2008/09 to R196 million in 2011/12, at an average annual rate of 7.9 per cent. There was fairly substantial capital expenditure of R532 000 in 2007/08.

Rural Housing Loan Fund

Strategic overview: 2005/06 – 2011/12

The Rural Housing Loan Fund is a development finance institution, established in August 1996 as an association not for gain and classified as a schedule 3A public entity in terms of the Public Finance Management Act (1999). It is a wholesale lender to retail intermediaries providing development finance to the low income rural market, in order to create or improve housing opportunities. The fund was initially funded by a grant from the German government, and recently secured a back-to-back loan facility from KfW, a German development bank, through the Development Bank of Southern Africa.

The Rural Housing Loan Fund will continue to support government's socioeconomic agenda, responding in particular to the eighth apex priority (war against poverty), by providing microfinance to rural households. The fund will also continue to support the implementation of the integrated sustainable rural development programme by scaling up lending and expanding the financial intermediary base it supports to households earning less than R7 500 per month.

Selected performance and operations indicators

Table 26.17 Rural Housing Loan Fund

Indicator	Past			Current 2008/09	Projections		
	2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Value of loans in place	R122.6m	R117.2m	R176m	R231.8m	R269m	R302.3m	R320.7m
Average interest on loans granted	14%	15%	14%	15%	15%	15%	15%
Percentage impairment provision	18%	16%	16%	15%	17%	18%	20%
Cost to revenue ratio	51%	39%	36%	36%	28%	25%	24%
Number of end user loans	26 648	32 028	37 643	45 438	50 000	55 000	60 000

Service delivery and spending focus

The number of loans disbursed by the Rural Housing Loan Fund increased from 37 643 loans in 2007/08 to R45 438 loans with a total value of R232 million in 2008/09.

Over the MTEF period, the fund intends to continue with its strategy to deepen market penetration in rural areas by increasing the number of intermediaries supported, including community based organisation partners, while providing existing intermediaries with funding and support to grow the existing loan books. An increase in the number of end user loans from 45 438 in 2008/09 to 60 000 in 2011/12 is projected.

Expenditure estimates

Table 26.18 Rural Housing Loan Fund: Financial information

R thousand							
Statement of financial performance	Audited outcome			Revised estimate 2008/09	Medium-term estimate		
	2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Revenue							
Non-tax revenue	33 396	36 592	33 777	47 170	43 915	50 291	60 360
<i>Other non-tax revenue</i>	33 396	36 592	33 777	47 170	43 915	50 291	60 360
Transfers received	-	-	-	-	-	49 500	49 500
Total revenue	33 396	36 592	33 777	47 170	43 915	99 791	109 860
Expenses							
Current expense	29 610	30 245	25 772	23 317	29 355	36 969	37 004
Compensation of employees	7 092	5 698	6 151	6 766	7 094	7 762	8 196
Goods and services	20 993	19 243	13 214	7 746	13 245	20 250	19 879
Depreciation	421	337	268	263	147	88	60
Interest, dividends and rent on land	1 104	4 967	6 139	8 542	8 869	8 869	8 869
Total expenses	30 282	31 625	27 909	27 198	33 433	40 699	43 543
Surplus / (Deficit)	3 114	4 967	5 868	19 972	10 482	59 092	66 317
Statement of financial position							
Carrying value of assets	947	435	290	235	88	-	240
<i>of which: Acquisition of assets</i>	130	129	123	208	-	-	300
Investments	3 375	8 799	11 106	11 682	12 182	12 782	13 582
Loans	91 844	98 715	147 720	202 783	213 052	256 049	295 740
Receivables and prepayments	412	1 347	2 143	2 456	2 456	2 456	2 456
Cash and cash equivalents	78 632	27 831	104 565	73 568	73 043	85 884	108 881
Assets not classified elsewhere	12 403	8 936	6 561	6 339	8 204	11 446	14 536
Total assets	187 613	146 063	272 385	297 063	309 025	368 617	435 435
Accumulated surplus / deficit	(20 948)	(15 365)	(9 498)	10 474	20 956	80 048	146 365
Capital and reserves	155 466	158 514	160 123	160 123	160 123	210 123	260 123
Borrowings	50 030	-	118 946	124 546	126 370	76 870	27 370
Trade and other payables	2 066	2 060	1 693	799	455	455	456
Provisions	999	854	1 121	1 121	1 121	1 121	1 121
Total equity and liabilities	187 613	146 063	272 385	297 063	309 025	368 617	435 435

Expenditure trends

The Rural Housing Loan Fund's revenue initially came from international donor funding, and is presently in the form of an international loan. The fund will receive transfers from the Department of Housing of R49.5 million in both 2010/11 and 2011/12. Total revenue will thus rise from R47.2 million in 2008/09 to an expected R109.9 million in 2011/12, at an average annual rate of 32.6 per cent. This will enable the fund to expand its operations.

Expenditure decreased from R30.3 million in 2005/06 to R27.2 million in 2008/09, at an average annual rate of 3.5 per cent. The decline is reflected in the decrease in expenditure on goods and services as the fund improved operational efficiencies by streamlining its application processes. Total expenditure is estimated to increase at

an average annual rate of 17 per cent over the medium term to R43.5 million in 2011/12, mainly as a result of expected fair value adjustments to financial assets. Expenditure on compensation of employees is expected to increase at an average annual rate of 6.6 per cent over the medium term to R8.2 million in 2011/12, in line with inflation expectations.

The projected surpluses over the MTEF period are to assist the fund to strengthen its balance sheet to allow it to increase the number of loans disbursed.

Servcon Housing Solutions

Strategic overview: 2005/06 – 2011/12

Servcon Housing Solutions, a schedule 3A public entity, was established as a joint venture between the Department of Housing and the Banking Association of South Africa in 1995. Its function is to provide exclusive management services to normalise the lending process relating to a portfolio of 33 306 properties in possession and non-performing loans with a value of R1.3 billion from April 1998 to March 2006. In 2004, government offered in-situ rightsizing of the remaining properties and the banks were paid the housing subsidy amount for the 12 274 properties in the ringfenced portfolio.

In 2007, Servcon signed service level agreements with provincial housing departments to normalise properties owned or managed by provinces and municipalities. Through the normalisation process, Servcon verifies housing subsidy system data by conducting audits confirming that a house has been built and that the beneficiary of the subsidy occupies the house, and inspects the quality of the house. The rectification process fixes the house, if necessary.

As part of the rationalisation of public entities, the Minister of Housing has recently approved the closing down of Servcon. The Housing Development Agency will take over its activities. In supporting the objectives of the comprehensive plan for sustainable human settlements, Servcon has identified and acquired land suitable for housing. The acquisition of land will remain a medium-term priority for the Housing Development Agency.

Selected performance and operations indicators

Table 26.19 Servcon

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of properties finalised in the ringfenced portfolio each year	6 383	6 977	30	108	–	–	–
Number of properties audited each year	–	207 591	159 622	208 017	–	–	–
Number of houses identified for rectification each year	–	–	43 647	29 506	60 000	–	–
Number of properties identified for normalisation each year	–	–	–	112 418	185 000	72 000	–
Number of hectares of land and landed properties identified for human settlements	119	–	–	2 982	3 280	3 608	–
Number of hectares of land and landed properties acquired for human settlements	–	–	31	2031	500	–	–

Service delivery and spending focus

Servcon's focus over the MTEF period will be to finalise its obligations in existing service level agreements with provinces. Servcon will play a crucial role as the transitional vehicle for the land acquisition, which will be taken over by the Housing Development Agency.

Expenditure estimates

Table 26.20 Servcon: Financial information*

R thousand				Revised estimate	Medium-term estimate		
Audited outcome			2008/09		2009/10	2010/11	2011/12
Statement of financial performance							
	2005/06	2006/07	2007/08				
Revenue							
Non-tax revenue	29 153	253 221	306 147	373 130	429 093	492 766	492 766
<i>Other non-tax revenue</i>	29 153	253 221	306 147	373 130	429 093	492 766	492 766
Total revenue	29 153	253 221	306 147	373 130	429 093	492 766	492 766
Expenses							
Current expense	28 337	162 526	265 723	364 024	408 116	451 677	451 677
Compensation of employees	20 113	31 134	37 399	43 009	55 000	63 250	63 250
Goods and services	7 557	131 041	227 523	320 000	352 000	387 200	387 200
Depreciation	269	350	800	1 015	1 116	1 227	1 227
Interest, dividends and rent on land	398	1	1	–	–	–	–
Total expenses	28 337	162 526	265 723	364 024	408 116	451 677	451 677
Surplus / (Deficit)	816	90 695	40 424	9 106	20 977	41 089	41 089
Statement of financial position							
Carrying value of assets	188	1 664	59 784	319 709	354 958	365 038	373 707
<i>of which: Acquisition of assets</i>	58	1 827	58 920	9 289	10 169	–	–
Receivables and prepayments	969	25 266	9 016	3 000	–	–	–
Cash and cash equivalents	15 898	80 158	126 811	139 492	160 347	184 399	184 399
Total assets	17 055	107 088	195 611	462 201	515 305	549 437	558 106
Accumulated surplus / deficit	1 207	91 902	122 699	433 701	483 955	514 952	520 172
Trade and other payables	13 829	12 357	3 407	25 000	27 500	30 250	33 275
Provisions	2 019	2 829	2 885	3 500	3 850	4 235	4 659
Liabilities not classified elsewhere	–	–	66 620	–	–	–	–
Total equity and liabilities	17 055	107 088	195 611	462 201	515 305	549 437	558 106

* Full financial information for Servcon is given over the MTEF period, because the approval from the Minister of Housing for its closure came after the information was submitted to National Treasury.

Expenditure trends

Servcon's revenue comes from fees for the services it provides to provinces in terms of service level agreements.

Total expenditure increased from R28.3 million in 2005/06 to R364 million in 2008/09, at an average annual rate of 134.2 per cent. The growth is attributable to the change in Servcon's business model, as the ringfenced portfolio was finalised and the focus shifted to the land acquisition and normalisation programmes. This expenditure has been financed by revenue from provinces for the normalisation of subsidy houses, which increased from R29.2 million in 2005/06 to R373.1 million in 2008/09, at an average annual rate of 133.9 per cent.

Assets increased from R188 000 in 2005/06 to R319.7 million in 2008/09, at an average annual rate of 1093.6 per cent due to the acquisition of land in 2007/08 and 2008/09.

Over the MTEF period, total expenses are expected to increase at an average annual rate of 7.5 per cent as the entity aims to finalise existing service level agreements in terms of the normalisation programme.

The large surpluses over the MTEF period are because Servcon has not planned to spend all the revenue it is projected to generate.

Social Housing Foundation

Strategic overview: 2005/06 – 2011/12

The Social Housing Foundation was established in 1996 as a schedule 3A public entity to support the delivery of housing to low income communities by providing alternative tenure for affordable housing.

The foundation aims to facilitate the development of a sustainable social housing sector in South Africa by providing technical, research, coordination and monitoring and evaluation services to various public and private stakeholders.

Over the MTEF period, the Social Housing Foundation will continue to support the implementation of the national rental strategy by informing provincial and local level stakeholders about roles and responsibilities. The implementation of the interim social housing programme has been extended and the Social Housing Foundation continues to play the role of implementing agent, managing the capital grant programme until the establishment of the Social Housing Regulatory Authority is completed in 2009/10. The foundation will also continue to support the establishment of the authority by developing regulations and guidelines.

Selected performance and operations indicators

Table 26.21 Social Housing Foundation

Indicator	Past			Current 2008/09	Projections		
	2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Number of social housing institutions receiving funds each year	12	17	3	2	3	5	6
Number of projects funded each year	33	28	4	4	3	5	6
Number of units financed each year	–	–	1 698	1 897	1 200	2 500	2 800
Number of social housing institutions receiving capacity support each year	17	21	7	10	20	30	30
Number of workshops held with social housing institutions each year	19	25	24	24	24	24	24
Number technical assistance interventions for social housing institutions	8	3	8	8	10	10	10
Number of social housing institutions using Social Housing Foundation tools	18	24	24	24	30	30	30

Service delivery and spending focus

Over the medium term, the Social Housing Foundation will continue to monitor and support the social housing sector by evaluating social housing institution projects and facilitating the turnaround of social housing institutions in distress. Services provided to delivery agents in the form of workshops, technical support and project management support will be maintained.

With the establishment of the Social Housing Regulatory Authority, the foundation's activities will be reviewed and possibly absorbed into the new entity.

Expenditure estimates

Table 26.22 Social Housing Foundation: Financial information

Statement of financial performance	Audited outcome			Revised estimate 2008/09	Medium-term estimate		
	2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Revenue							
Non-tax revenue	666	2 746	2 459	922	750	750	900
<i>Other non-tax revenue</i>	666	2 746	2 459	922	750	750	900
Transfers received	43 787	83 476	73 704	228 738	22 967	24 272	25 728
Total revenue	44 453	86 222	76 163	229 660	23 717	25 022	26 628
Expenses							
Current expense	42 899	79 395	77 783	229 660	23 717	25 022	25 728
Compensation of employees	5 368	5 955	5 567	6 176	7 436	7 882	8 470
Goods and services	36 838	72 868	71 719	222 988	15 797	16 770	16 588
Depreciation	693	572	497	496	484	370	670
Transfers and subsidies	–	137	–	–	–	–	–
Total expenses	42 899	79 532	77 783	229 660	23 717	25 022	25 728
Surplus / (Deficit)	1 554	6 690	(1 620)	–	–	–	900

Expenditure trends

The Social Housing Foundation's revenue comes from government transfers and grants from donors.

Total expenditure increased from R42.9 million in 2005/06 to R229.7 million in 2008/09, at an average annual rate of 74.9 per cent. This substantial increase is attributable to the implementation of the interim social housing programme. With the promulgation of the Social Housing Act (2008), the capital grant programme for social housing will be undertaken by the Social Housing Regulatory Authority, which is expected to be established in 2009/10. Total expenditure is expected to decrease to R25.7 million in 2011/12, at an average annual rate of 51.8 per cent over the MTEF period, as the foundation will focus on research and building capacity in the social housing sector.

Provincial expenditure

Housing, as provided for in section 26 of the Constitution, is a concurrent national and provincial function. The national Department of housing makes policy and oversees provinces. Provinces implement the policy.

Provincial housing expenditure increases from R6.1 billion in 2005/06 to R12.6 billion in 2008/09, at an average annual rate of 27.2 per cent.

Population growth averaged 1 per cent between 2002 and 2005. Average household size, however, dropped from 3.9 people per household in 2002 to 3.8 in 2007. It is not clear whether this has put pressure on the demand for low cost housing.

Table 26.23 Number of houses completed and in the process of completion

Province	Audited outcome			Revised estimate ¹	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Eastern Cape	19 825	16 526	12 684	12 262	16 000	16 000	16 000
Free State	20 536	19 662	12 482	10 214	15 000	15 000	15 000
Gauteng	59 310	77 044	90 886	58 573	84 500	84 500	84 500
KwaZulu-Natal	35 872	38 290	34 471	30 066	39 000	39 000	39 000
Limpopo	46 813	23 609	18 970	9 745	18 000	18 000	18 000
Mpumalanga	14 986	10 651	16 569	12 072	16 500	16 500	16 500
Northern Cape	8 667	3 880	8 686	3 435	6 000	6 000	6 000
North West	35 515	46 972	19 945	12 675	20 000	20 000	20 000
Western Cape	11 310	34 585	34 157	24 110	35 000	35 000	35 000
Total	252 834	271 219	248 850	173 152	250 000	250 000	250 000

1. Revised estimate for 2008/09 reflect third quarter outcomes

Between 2005/06 and 2007/08, the delivery of subsidised housing units in some provinces declined. The highest rates of decline were in Eastern Cape, Free State and Limpopo, while Gauteng and Western Cape recorded an increase. Over the MTEF period, total delivery of subsidised housing units is expected to remain at 250 000 per year.

Expenditure by province

Table 26.24 Expenditure estimates by province

Provinces	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand								
Eastern Cape	666 327	695 835	395 340	1 439 686	1 192 697	1 474 789	1 768 984	1 983 731
Free State ¹	442 589	618 106	563 816	932 396	930 585	1 100 291	1 446 874	1 526 241
Gauteng	1 673 302	2 137 215	3 056 546	3 339 289	3 834 198	3 757 410	4 202 054	4 773 512
KwaZulu-Natal	974 159	1 252 921	1 522 181	1 846 160	1 846 160	2 577 313	2 978 110	3 429 341
Limpopo ¹	471 556	732 415	816 671	1 037 497	1 037 497	1 233 352	1 493 139	1 685 309
Mpumalanga	318 153	366 006	689 596	871 939	871 939	968 727	1 179 652	1 322 043
Northern Cape ¹	133 510	140 466	287 275	229 639	246 419	400 246	351 083	396 693
North West ¹	718 700	794 070	853 007	1 077 373	1 077 373	1 171 575	1 365 291	1 659 240
Western Cape ¹	709 802	942 036	1 285 977	1 538 014	1 530 945	1 798 106	2 056 849	2 335 301
Total	6 108 099	7 679 070	9 470 409	12 311 992	12 567 813	14 481 808	16 842 035	19 111 412

1. The Administration programme has been calculated on a pro rata basis as a result of the combination of the housing function with other provincial functions.

Source: Estimates of Provincial Expenditure 2009 (2009 Provincial Budget Statements)

In 2008/09, Gauteng's expenditure on housing takes up 30.5 per cent of total housing expenditure, followed by KwaZulu-Natal at 14.7 per cent and Western Cape at 12.2 per cent. Total expenditure is expected to grow to R19.1 billion in 2011/12, at an average annual rate of 15 per cent over the medium term.

Expenditure by provincial programme

Table 26.25 Expenditure estimates by provincial programme

Provincial programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand								
1. Administration ¹	375 603	430 244	633 084	831 783	905 736	886 744	931 693	978 933
2. Housing Needs, Research and Planning	87 349	109 729	98 379	131 774	133 626	168 739	195 308	193 311
3. Housing Development	5 316 996	6 808 584	8 352 959	10 939 071	11 094 370	12 999 615	15 320 711	17 442 783
4. Housing Asset Management, Property Management and Administration	328 151	330 513	385 987	409 364	434 081	426 710	394 323	496 385
Total	6 108 099	7 679 070	9 470 409	12 311 992	12 567 813	14 481 808	16 842 035	19 111 412

1. The Administration programme has been calculated on a pro rata basis as a result of the combination of the housing function with other provincial functions.

Source: Estimates of Provincial Expenditure 2009 (2009 Provincial Budget Statements)

Provincial housing budgets are driven by the *Housing Development* programme, the largest programme, which grew from R5.3 billion in 2005/06 to R11.1 billion in 2008/09, at an average annual rate of 27.8 per cent. This robust growth is due to the growth in the integrated housing and human settlement development grant, which increased from R5.1 billion in 2005/06 to R10.4 billion in 2008/09, at an average annual rate of 26.8 per cent.

Over the MTEF period, expenditure in the *Housing Needs, Research and Planning* programme is expected to increase at an average annual rate of 13.1 per cent. Expenditure in the *Housing Asset Management, Property Management and Administration* programme and the *Administration* programme is expected to increase by 4.6 per cent and 2.6 per cent over the MTEF period.

Expenditure by economic classification

Table 26.26 Expenditure estimates by economic classification¹

Economic classification	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand								
Current payments	798 841	901 208	1 202 301	1 530 516	1 604 395	1 638 715	1 739 845	1 825 698
Compensation of employees	449 635	508 641	699 042	905 695	920 595	1 049 058	1 124 162	1 180 591
Goods and services	344 017	389 360	502 368	624 439	683 421	589 658	615 683	645 106
Financial transactions in assets and liabilities	4 861	453	791	381	379	–	–	–
Unauthorised expenditure	328	2 754	100	–	–	–	–	–
Transfers and subsidies	5 234 123	6 697 674	8 214 643	10 606 458	10 782 927	12 674 197	14 984 742	17 172 363
Provinces and municipalities	184 800	220 796	342 928	304 418	297 647	343 128	333 564	329 094
Departmental agencies and accounts	10 026	87	161	50	109	95	110	125
Universities and technikons	1 085	1 098	1 100	2 600	2 493	2 675	2 732	2 789
Public corporations and private enterprises	16 975	16 008	16 400	22 000	22 000	20 123	18 921	20 603
Non-profit institutions	45	6 424	1 910	190	190	95	105	115
Households	5 021 191	6 453 261	7 852 145	10 277 200	10 460 488	12 308 081	14 629 310	16 819 638
Payments for capital assets	75 135	80 187	53 466	175 018	180 490	168 896	117 448	113 350
Buildings and other fixed structures	60 116	57 915	20 460	130 071	130 071	132 346	75 861	72 929
Machinery and equipment	14 375	21 862	31 856	44 047	49 516	36 509	41 550	40 383
Software and other intangible assets	645	410	1 150	–	3	41	36	39
Land and subsoil assets	–	–	–	900	900	–	–	–
Total	6 108 099	7 679 070	9 470 409	12 311 992	12 567 813	14 481 808	16 842 035	19 111 412

1. The Administration programme has been calculated on a pro rata basis as a result of the combination of the housing function with other provincial functions.

Source: Estimates of Provincial Expenditure 2009 (2009 Provincial Budget Statements)

As the implementing agents in the housing delivery chain, provincial departments' major activities include the management of housing construction projects for subsidy beneficiaries funded by the integrated housing and human settlement development grant in the *Housing Development* programme. As the number of houses completed increases, the transfer of houses to beneficiaries increases, reflected in the increase in transfers to households, which is expected to grow from R10.5 billion in 2008/09 to R16.8 billion in 2011/12, at an average annual rate of 17.2 per cent.

Table 26.27 Expenditure estimates by province: Conditional grant

Provinces	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand								
Eastern Cape	607 449	637 381	397 249	1 251 018	1 004 842	1 313 378	1 598 646	1 802 873
Free State	370 130	528 400	466 608	791 122	798 305	962 759	1 300 691	1 380 185
Gauteng	1 356 651	1 759 822	2 263 553	2 654 671	2 654 671	3 187 086	3 771 831	4 322 945
KwaZulu-Natal	809 263	1 074 515	1 311 040	1 622 053	1 622 053	2 180 448	2 714 109	3 149 500
Limpopo	377 777	605 307	633 167	824 806	824 806	996 667	1 234 750	1 415 163
Mpumalanga	269 179	329 949	652 191	746 669	825 618	795 447	975 863	1 118 449
Northern Cape	102 542	104 714	231 021	167 274	188 262	325 011	273 260	313 187
North West	615 411	696 543	785 516	1 004 125	1 004 125	1 100 055	1 288 770	1 578 161
Western Cape	551 849	768 921	1 121 708	1 305 862	1 343 632	1 581 425	1 868 843	2 141 905
Total	5 060 251	6 505 552	7 862 053	10 367 600	10 266 314	12 442 276	15 026 763	17 222 368

Expenditure on the housing grant between 2005/06 and 2011/12 grows significantly. It grew from R5.1 billion in 2005/06 to a projected R10.3 billion in 2008/09, at an average annual rate of 26.6 per cent. It is expected to increase from R10.3 billion in 2008/09 to R17.2 billion in 2011/12, at an average annual rate of 18.8 per cent. The growth is due to provinces' increasing ability to deliver housing. The total allocation for this grant over the medium term is expected to reach R44.7 billion.

On aggregate, provinces had spent R7.9 billion, or 94.2 per cent, of the total grant allocation by the end of 2007/08. This is an increase of 20.9 per cent compared to 2006/07. However, in some provinces, spending declined over the same period, including Eastern Cape and Free State. Apart from Northern Cape, all the provinces are projecting spending increases in 2008/09 compared to 2007/08.

Additional allocations to the integrated housing and human settlement development grant since 2006/07 have been driven by the following national lead projects implemented by provinces:

N2 Gateway

The N2 Gateway project was initiated by the national Department of Housing as a pilot and lead project in Cape Town. It involves the construction of 22 000 units, including rental accommodation. Construction started in 2006/07 and is expected to be completed in 2009/10. The total estimated cost is R3.1 billion. About 1 697 units are currently occupied, and the department is expecting to have completed 4 327 units in 2008/09. Over the MTEF period, the department is expected to provide 6 900 serviced sites and deliver 11 000 units.

Zanemvula

Zanemvula, in Eastern Cape, is another project currently administered by the national Department of Housing. It is expected to provide shelter to households living in stressed areas of Soweto-on-Sea. The project involves the construction of 20 000 housing units, with social and economic amenities such as schools, clinics and recreation facilities. Construction started in 2006/07, at an initial cost of R597 million.

Khutsong resettlement

The Khutsong resettlement project is a prioritised project, as the township is in a dolomite area. The whole township will be moved to the south of Khutsong. The project involves the construction of 25 000 units, with social amenities. The total estimated project cost is R2.2 billion. In 2007/08, an additional R105 million was allocated to the North West provincial housing department for bulk infrastructure.

National Department additional tables

Table 26.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R thousand	2007/08		2007/08	2008/09			2008/09
1. Administration	116 419	122 419	102 537	114 758	13 300	128 058	125 868
2. Housing Policy, Research and Monitoring	89 979	77 979	22 022	31 528	–	31 528	21 635
3. Housing Planning and Delivery Support	147 926	143 926	27 255	58 038	2 568	60 606	57 886
4. Housing Development Finance	8 523 284	8 638 034	8 255 103	10 131 429	325 096	10 456 525	10 197 390
5. Strategic Relations and Governance	–	–	179 355	250 770	1 000	251 770	231 882
Total	8 877 608	8 982 358	8 586 272	10 586 523	341 964	10 928 487	10 634 661
Economic classification							
Current payments	393 596	377 175	352 487	497 429	10 030	507 459	470 718
Compensation of employees	107 973	108 973	97 241	133 629	6	133 635	125 407
Goods and services	285 623	268 202	255 246	363 800	10 024	373 824	345 311
Transfers and subsidies	8 477 441	8 601 112	8 228 340	10 081 581	327 096	10 408 677	10 151 592
Provinces and municipalities	8 237 946	8 342 946	8 149 869	9 852 842	325 096	10 177 938	9 920 853
Departmental agencies and accounts	239 416	257 166	77 165	227 739	–	227 739	227 739
Foreign governments and international organisations	79	1 000	606	1 000	–	1 000	1 000
Households	–	–	700	–	2 000	2 000	2 000
Payments for capital assets	6 571	4 071	5 445	7 513	4 838	12 351	12 351
Machinery and equipment	6 458	3 958	5 343	7 313	4 023	11 336	11 336
Software and intangible assets	113	113	102	200	815	1 015	1 015
Total	8 877 608	8 982 358	8 586 272	10 586 523	341 964	10 928 487	10 634 661

Table 26.B Summary of personnel numbers and compensation of employees

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Permanent and full time contract employees							
Compensation (R thousand)	52 127	68 411	83 848	127 676	222 161	233 619	250 516
Unit cost (R thousand)	153	201	247	294	383	342	367
Personnel numbers (head count)	340	340	340	435	580	683	683
Part time and temporary contract employees							
Compensation (R thousand)	9 425	7 291	12 520	5 200	2 756	1 423	1 519
Unit cost (R thousand)	181	192	313	130	138	142	152
Personnel numbers (head count)	52	38	40	40	20	10	10
Interns							
Compensation of interns (R thousand)	736	773	873	759	890	953	1 844
Unit cost (R thousand)	61	70	79	69	81	87	92
Number of interns	12	11	11	11	11	11	20
Total for department							
Compensation (R thousand)	62 288	76 475	97 241	133 635	225 807	235 995	253 879
Unit cost (R thousand)	154	197	249	275	370	335	356
Personnel numbers (head count)	404	389	391	486	611	704	713

Table 26.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R thousand)	62 288	97 241	108 973	133 635	225 807	235 995	253 879
Training expenditure (R thousand)	2 111	2 025	2 225	10 715	12 945	13 847	14 619
Training as percentage of compensation	3.4%	2.1%	2.0%	8.0%	5.7%	5.9%	5.8%
Total number trained in department (head count)	234	212	106	–			
<i>of which:</i>							
Employees receiving bursaries (head count)	30	33	34	–			
Internships trained (head count)	24	24	24	–			
Households receiving bursaries (R thousand)	135	–	150	250	250	250	250
Households receiving bursaries (head count)	3	–	5	–			

Table 26.D Summary of conditional grants to provinces and municipalities¹

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Conditional grants to provinces							
3. Housing Planning and Delivery Support							
Human settlement and redevelopment grant	24 396	–	–	–	–	–	–
4. Housing Development Finance							
Integrated housing and human settlement development grant	4 843 480	6 677 806	8 149 869	10 177 938	12 442 276	15 026 763	17 222 368
Housing disaster relief grant	–	–	–	–	150 000	–	–
Total	4 867 876	6 677 806	8 149 869	10 177 938	12 592 276	15 026 763	17 222 368

1. Detail provided in the Division of Revenue Act (2009)

Table 26.E Summary of donor funding

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome		Estimate 2008/09	Medium-term expenditure estimate		
						2005/06	2006/07		2007/08	2009/10	2010/11
R thousand Foreign In cash											
European Union	Social housing programme	Strategic Relations and Governance	49 230	Departmental agencies and accounts	Provided support on the social housing programme via Social Housing Foundation	20 209	24 999	4 022	-	-	-
United States Agency for International Development	People's Housing Process and housing strategy	Strategic Relations and Governance	4 123	Departmental agencies and accounts	Provided support on the People's Housing Process and housing strategy	1 402	-	2 721	-	-	-
Norway	Development of housing cooperation sector in South Africa	Strategic Relations and Governance	1 542	Departmental agencies and accounts	Assistance from Norway on the development of cooperative housing sector in South Africa	1 542	-	-	-	-	-
Netherlands	Operationalisation of the housing policy	Strategic Relations and Governance	2 516	Departmental agencies and accounts	Provided support in the operationalisation of the housing policy	-	1 076	1 440	-	-	-
Denmark	Energy efficiency project	Strategic Relations and Governance	2 133	Departmental agencies and accounts	Provided support on the energy efficiency programme in low cost housing	-	-	670	1 463	-	-
Total			59 544			23 153	26 075	8 853	1 463		

Table 26.F Summary of expenditure on infrastructure

R thousand	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation 2008/09	Medium-term expenditure estimate			
					2005/06	2006/07		2007/08	2009/10	2010/11	2011/12
Mega projects or programmes (over R300 million per year for a minimum of three years or R900 million total project cost)											
	Human settlement development grant	250 000 units annually	Various stages	-	4 843 480	6 349 949	8 149 869	10 177 938	12 442 276	15 026 763	17 222 368
Total				-	4 843 480	6 349 949	8 149 869	10 177 938	12 442 276	15 026 763	17 222 368