

Vote 29

Housing

	2004/05 To be appropriated	2005/06	2006/07
MTEF allocations	R4 848 941 000	R5 172 083 000	R5 483 928 000
Statutory amounts	-	-	-
Responsible Minister	Minister of Housing		
Administering Department	Department of Housing		
Accounting Officer	Director-General of Housing		

Aim

The aim of the Department of Housing is to determine, finance, promote, co-ordinate, communicate and monitor the implementation of policy for housing and human settlement.

Programme purpose and measurable objectives

Programme 1: Administration

Purpose: Provide strategic leadership and administrative and management support services to the department. Promote and facilitate the flow of information between the department and its stakeholders.

Programme 2: Policy Planning and Research

Purpose: Develop sound national human settlement and housing policies, supported by research and underpinned by an appropriate legislative framework.

Measurable objective: Adequate housing for all South Africans within 20 years, through policy, legislation and research that enables housing delivery in sustainable human settlement.

Programme 3: Programme Management

Purpose: Manage national housing and human settlement programmes to enable, support and promote the implementation of subsidised housing projects.

Measurable objective: Increase access to and improve the delivery of adequate housing in sustainable human settlement by effectively providing officials, systems, and structures with knowledge, skills, guidance and funding.

Programme 4: Housing Sector Performance

Purpose: Monitor the implementation and performance of national housing policies and programmes. Evaluate and assess their impact on beneficiaries, the environment and the three spheres of government.

Measurable objective: Effective monitoring and regular evaluation of policy implementation, by using information systems that provide accurate, strategic and statistically sound data.

Programme 5: Housing Equity

Purpose: Eradicate discrimination and unfair practices to do with access to housing finance, by implementing and administering the Home Loan and Mortgage Disclosure Act (63 of 2000) (HLAMDA) and its regulations.

Measurable objective: Increase the level of private sector finance for affordable housing by R20,0 billion by 2010, through monitoring and analysing lending practices and supporting the development of appropriate instruments by lending institutions and appropriate partnerships between lending institutions, government, housing support institutions and other lenders.

Programme 6: Housing Development Funding

Purpose: Fund national housing programmes in terms of the Housing Act (107 of 1997).

Measurable objective: Disburse and monitor funds for housing delivery in compliance with the PFMA and Division of Revenue Act, to ensure that expenditure matches annual delivery commitments.

Strategic overview and key policy developments: 2000/01-2006/07

Access to housing and secure accommodation is an integral part of government's commitment to reducing poverty and improving the quality of people's lives. Meeting this commitment requires a sustainable housing development process, which will progressively provide adequate housing for all South Africans, as required by the Constitution. The Department of Housing aims to ensure that every South African has access to a permanent residential structure, within a sustainable human settlement, which guarantees security of tenure, and privacy and protection against the elements. Housing assistance to the poor is therefore the core focus of the department.

Demographic developments and their impact on housing delivery

South Africa is faced with a large housing backlog. In 1994, when the new housing programme was introduced, the backlog was estimated at approximately 1,5 million urban families, and a large number of rural families. Since then the programme has provided poor people with more than 1,6 million housing opportunities benefiting some 6 million people. At the time of the 2001 census, new government subsidised housing accounted for just over 10 per cent of the total national housing stock, and for 54 per cent of new housing produced between 1996 and 2001.

Despite the scale of delivery, there has been a growth in the size of informal settlements, and the housing backlog has not been reduced in the last five years.

South Africa's housing market has changed significantly since 1996, in both composition and absolute numbers. Between 1996 and 2001, there was an average population growth rate of 2 per cent per year, resulting in the population increasing by 4,4 million people. The country has also experienced a 30 per cent increase in the absolute number of households, where only a 10 per cent increase was expected. The reason for this is the drop in average household size from 4,5 people per household to 3,8 – a significant difference, which has serious consequences for housing demand and service delivery.

As a result, the housing backlog has increased, and current figures indicate that there are over 1,8 million dwellings that can be classified as inadequate housing, either in the form of backyard shacks (4,8 per cent of all dwellings) or informal dwellings (16,4 per cent of all dwellings). This does not include traditional dwellings (another 14,8 per cent of dwellings), a proportion of which could also be classified as inadequate.

Policy and research agenda

In order to find a new focus for housing policy for the next decade of government, the department embarked on a comprehensive policy consultation process, which culminated in the National Housing Summit in November 2003. The policy gaps and new housing policy and research needs, identified through this consultation process, will be developed into a policy and research agenda, which will be finalised in 2004 and give direction to the housing programme. It will build on the 1994 White Paper for Housing and address the key challenges that have emerged since then. It will be cast in a logical framework that will serve as the department's medium-term strategic plan.

Improving the quality of housing

The quality of housing and residential environments in government subsidised housing projects has been uneven, and the department's focus is increasingly on making policy adjustments to improve quality. This includes developing a medium density housing programme to augment the urban renewal programme. Focusing on integrated development that offers better access to job opportunities and urban amenities, the medium density housing programme will be underpinned by new social housing policy and legislation. The social housing policy is aimed at creating an environment that will enable social housing institutions to access both public and private funding to provide mainly rental housing to low-income households. The Human Settlement Redevelopment Programme provides funding for a range of initiatives aimed at improving the quality of urban environments and addressing the legacy of dysfunctional urban areas. The quality of housing construction will also be improved, because houses delivered through project-linked subsidies are now covered by the National Home Builders Registration Council's structural warranty cover and are subject to its warranty inspection processes.

Targeted housing subsidies

To improve equity and eliminate the risk of duplicating subsidies, the administration systems for the housing subsidy scheme and the land restitution programme have been aligned. The subsidy scheme has also been aligned with the reparation initiative of the Truth and Reconciliation Commission (TRC) to prioritise identified reparation beneficiaries. An emergency housing development programme has been put in place to allow rapid funding allocations to alleviate emergency housing needs. This approach flows, in part, from the Constitutional Court's decision that confirms government's responsibility to provide shelter for families with children in emergency situations. Policy guidelines for the provision of emergency housing have been developed, with provinces reserving a portion of their housing allocation for this purpose.

To improve efficiency and to make housing delivery more demand-driven, the housing subsidy scheme has been revised so that subsidies are allocated on the basis of a competitive tendering process. Provincial housing departments and municipalities now call for tenders for subsidised housing projects. To maintain the effectiveness of the subsidy, its value is adjusted annually to accommodate the effects of inflation. The requirement that subsidy beneficiaries make a contribution either in kind or in cash as a condition to accessing a housing subsidy has been introduced to encourage private investment in housing. To help potential beneficiaries save their required financial contributions, the department will introduce a structured national savings-linked housing subsidy scheme during 2004.

Increased rental housing stock

The need to increase rental housing stock in order to extend the housing and tenure options available to beneficiaries is also receiving attention. The Rental Housing Act (50 of 1999) promotes improved relationships between landlords and tenants, and the Social Housing Foundation aims to establish social housing institutions that will develop and manage rental housing stock on a sustainable basis. Social housing policy and legislation is being developed to

make provision for the establishment of these institutions, as well as for the establishment of a social housing regulatory body.

More housing finance by private institutions

The implementation of the Home Loan and Mortgage Disclosure Act, compelling financial institutions to disclose information about their home loan business, will pick up in 2004, when the regulatory body (Office of Disclosure) and regulations under the Act are put in place.

The (Housing) Community Reinvestment Bill, published for comment in 2003, has been put on hold pending the outcome of affordable housing lending targets identified in the Financial Services Charter. The Department of Housing will lead the government response to the opportunities presented by the charter. A framework will be developed within which affordable housing finance deals and partnerships between the finance and public sectors can be structured. Non-housing urban development opportunities presented by the charter will also be explored in an effort to increase private investment in community facilities in residential neighbourhoods.

Improving capacity in provincial and local government

There is limited capacity in the provincial and local spheres of government to take up new programmes and make adjustments to existing programmes. To ensure that government housing policy and strategy are effectively implemented, one of the department's key objectives is strengthening capacity in all spheres of government and housing institutions. The department is presently finalising a strategy and guidelines on capacity-building for effective and sustainable housing delivery. Central to this is making the housing sector more professional, which entails continuing professional development, developing and managing a code of professional practice for housing practitioners, and co-ordinating standards and qualifications for housing education and training. To develop the required skills in the sector, the department has also initiated a scholarship programme for matriculants wishing to pursue a career in housing.

Expenditure estimates

Table 29.1: Housing

Programme	Expenditure outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome			2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04				
1 Administration	38 444	44 602	39 553	49 827	39 969	66 833	76 737	84 896
2 Policy Planning and Research	3 515	5 651	8 231	16 448	9 143	22 139	24 634	26 112
3 Programme Management	69 727	259 082	192 917	126 459	114 456	152 477	160 437	170 063
4 Housing Sector Performance	191 610	157 883	137 909	92 171	78 530	92 240	121 878	128 923
5 Housing Equity	–	–	36	5 347	953	5 612	5 949	6 306
6 Housing Development Funding	3 026 199	3 254 022	3 834 484	4 280 839	4 280 839	4 509 640	4 782 448	5 067 628
Total	3 329 495	3 721 240	4 213 130	4 571 091	4 523 890	4 848 941	5 172 083	5 483 928
Change to 2003 Budget Estimate				(207 745)	(254 946)	(190 767)	(174 103)	

Economic classification

	84 707	99 578	112 690	144 565	97 365	196 847	219 970	234 695
Current payments								
Compensation of employees	22 604	26 604	35 633	51 259	36 701	62 982	68 312	72 566
Goods and services	33 578	44 898	48 954	64 506	31 864	105 065	122 858	133 329
Interest and rent on land	28 519	28 064	28 095	28 800	28 800	28 800	28 800	28 800
Financial transactions in assets and liabilities	6	12	8	–	–	–	–	–
Unauthorised expenditure	–	–	–	–	–	–	–	–

	Expenditure outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	Audited	Audited	Preliminary			2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04				
Transfers and subsidies to:	3 242 203	3 618 050	4 098 539	4 424 927	4 424 927	4 649 140	4 949 092	5 245 300
Provinces and municipalities	3 046 599	3 322 416	3 906 781	4 355 365	4 355 365	4 589 298	4 868 043	5 160 124
Departmental agencies and accounts	179 828	287 577	186 853	66 001	66 001	55 549	80 569	85 103
Universities and technikons	–	–	–	–	–	–	–	–
Foreign governments & international organisations	25	48	58	61	61	65	69	73
Public corporations & private enterprises	15 751	8 009	4 847	3 500	3 500	4 228	411	–
Non-profit institutions	–	–	–	–	–	–	–	–
Households	–	–	–	–	–	–	–	–
Payments for capital assets	2 585	3 612	1 901	1 599	1 598	2 954	3 021	3 933
Buildings and other fixed structures	–	–	–	–	–	–	–	–
Machinery and equipment	2 585	3 612	1 901	1 599	1 598	2 954	3 021	3 933
Cultivated assets	–	–	–	–	–	–	–	–
Software and other intangible assets	–	–	–	–	–	–	–	–
Land and subsoil assets	–	–	–	–	–	–	–	–
Total	3 329 495	3 721 240	4 213 130	4 571 091	4 523 890	4 848 941	5 172 083	5 483 928

Expenditure trends

Total departmental expenditure is expected to increase from R3,3 billion in 2000/01 to R5,5 billion in 2006/07, an average annual growth rate of 8,7 per cent. Expenditure on the *Housing Development Funding* programme dominates the vote, reflecting the department's key role in supporting the provision of new houses. *Administration* and *Policy Planning and Research* have also seen consistent growth, reflecting the growing importance of policy, research and management in the activities of the department. Most of the other programmes have significant fluctuations in their allocations, reflecting a project-based approach to budgeting. In particular, expenditure for *Housing Sector Performance* declines from R191,6 million in 2000/01 to R92,2 million in 2003/04 as a result of the completion of projects such as the development of a Housing and Urbanisation Information System.

Transfer payments make up the vast majority of total expenditure: 95,7 per cent in the medium term. There have been significant increases in compensation of employees, which is expected to increase from R22,6 million in 2000/01 to 72,6 million in 2006/07 – an annual average increase of 21,5 per cent – as a result of the restructuring and expansion of the department. Expenditure on goods and services has been increasing sharply over the past three years, rising from R33,6 million in 2000/01 to R48,9 million in 2002/03, mainly as a result of the increase in the number of employees and the use of professional services. There is a particularly big increase in 2004/05 as a result of spending on research (*Policy Planning and Research* programme) and capacity-building (*Programme Management* programme) activities. The trend is expected to continue throughout the MTEF period for mainly the same reason.

Departmental receipts

Departmental receipts are projected to be R458 000 in 2003/04. The bulk of receipts flows from financial transactions (recovery of loans and advances), but also includes interest earned on housing subsidies, sales of publications, and other sales. Income over the medium term is expected

to average R460 000 each year, except in 2005/06 when it spikes to R971 000 as a result of the revenue associated with the disestablishment of the SA Housing Trust.

Table 29.2: Departmental receipts

R thousand	Revenue outcome			Adjusted appropriation	Medium-term revenue estimate			
	Audited	Audited	Preliminary outcome		2003/04	2004/05	2005/06	2006/07
	2000/01	2001/02	2002/03					
Tax receipts	-	-	-	-	-	-	-	
Sales of goods and services produced by department (excl capital assets)	74	65	473	57	57	53	60	
Sales of scrap, waste, arms and other used current goods (excl capital assets)	-	-	-	-	-	-	-	
Transfers received	-	-	-	-	-	-	-	
Fines, penalties and forfeits	-	-	-	-	-	-	-	
Interest, dividends and rent on land	22	8	2	1	1	1	4	
Sales of capital assets	-	-	-	-	-	-	-	
Financial transactions in assets and liabilities	663	339	1 012	400	389	917	420	
Total departmental receipts	759	412	1 487	458	447	971	484	

Programme 1: Administration

Administration provides the department with strategic leadership, and administrative and management support services. The Special Investigative Task Team, housed within *Administration*, investigates allegations of maladministration, irregularities, fraud and theft related to the implementation of national housing programmes. The Communication Directorate promotes and facilitates the flow of information between the department and its stakeholders.

Expenditure estimates

Table 29.3: Administration

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate			
	Audited	Audited	Preliminary outcome		2003/04	2004/05	2005/06	2006/07
	2000/01	2001/02	2002/03					
R thousand								
Minister ¹	694	745	1 876	747	791	831	872	
Management	2 759	2 796	4 264	4 859	4 522	5 622	5 959	
Corporate Services	34 963	41 030	33 413	44 220	61 520	70 284	78 065	
Government Motor Transport	-	-	-	1	-	-	-	
Sector Education and Training Authority	28	31	-	-	-	-	-	
Total	38 444	44 602	39 553	49 827	66 833	76 737	84 896	
Change to 2003 Budget Estimate				600	3 245	5 465		

¹ Payable as from 1 April 2003. Salary: R597 228. Car allowance: R149 307.

Economic classification

Current payments	36 930	42 245	38 931	48 872	65 100	75 221	82 616
Compensation of employees	13 941	15 867	16 994	25 148	31 102	34 253	36 386
Goods and services	22 983	26 366	21 929	23 724	33 998	40 968	46 230
Interest and rent on land	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	6	12	8	-	-	-	-
Unauthorised expenditure	-	-	-	-	-	-	-

R thousand	Expenditure outcome				Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary	2003/04		2004/05	2005/06	2006/07
	2000/01	2001/02	2002/03					
Transfers and subsidies to:	66	77	56	58	76	81	84	
Provinces and municipalities	38	46	56	58	76	81	84	
Departmental agencies and accounts	28	31	-	-	-	-	-	
Universities and technikons	-	-	-	-	-	-	-	
Foreign governments & international organisations	-	-	-	-	-	-	-	
Public corporations & private enterprises	-	-	-	-	-	-	-	
Non-profit institutions	-	-	-	-	-	-	-	
Households	-	-	-	-	-	-	-	
Payments for capital assets	1 448	2 280	566	897	1 657	1 435	2 196	
Buildings and other fixed structures	-	-	-	-	-	-	-	
Machinery and equipment	1 448	2 280	566	897	1 657	1 435	2 196	
Cultivated assets	-	-	-	-	-	-	-	
Software and other intangible assets	-	-	-	-	-	-	-	
Land and subsoil assets	-	-	-	-	-	-	-	
<i>Of which: Capitalised compensation</i>	-	-	-	-	-	-	-	
Total	38 444	44 602	39 553	49 827	66 833	76 737	84 896	

Details of transfer payments and subsidies:

Provinces and municipalities							
Municipalities							
Current	38	46	56	58	76	81	84
Regional Services Council levies	38	46	56	58	76	81	84
Departmental agencies and accounts (Entities)							
Current	28	31	-	-	-	-	-
Public Sector Education and Training Authority	28	31	-	-	-	-	-
Total	66	77	56	58	76	81	84

Expenditure trends

Expenditure increased steadily between 2000/01 and 2003/04, from R38,4 million to R49,8 million, and is expected to increase significantly from 2003/04 to R84,9 million in 2006/07. This reflects an expansion of administrative capacity to accommodate new functions. The significant increase of 34,1 per cent between 2003/04 and 2004/05 is due to the incorporation of the communication function into the Corporate Services subprogramme.

Programme 2: Policy Planning and Research

The purpose of *Policy Planning and Research* is to develop and manage sound national human settlement and housing policies and legislation, supported by a responsive research agenda. In addition, the programme makes a contribution to the United Nations Habitat Foundation.

Expenditure estimates

Table 29.4: Policy Planning and Research

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
National Housing Policy and Strategy	890	2 275	3 222	5 596	5 836	6 789	7 289
Housing Framework Legislation	–	763	1 747	3 387	3 131	3 306	3 493
Human Settlement Policy and Integration	1 982	2 565	3 204	4 854	8 451	9 544	10 057
Research	–	–	–	2 550	4 656	4 926	5 200
Statutory Boards	618	–	–	–	–	–	–
Contributions	25	48	58	61	65	69	73
Total	3 515	5 651	8 231	16 448	22 139	24 634	26 112
Change to 2003 Budget Estimate				–	–	–	

Economic classification

	3 243	5 205	7 738	16 067	21 683	24 186	25 641
Current payments							
Compensation of employees	1 894	3 458	5 384	8 130	8 955	9 473	10 072
Goods and services	1 349	1 747	2 354	7 937	12 728	14 713	15 569
Interest and rent on land	–	–	–	–	–	–	–
Financial transactions in assets and liabilities	–	–	–	–	–	–	–
Unauthorised expenditure	–	–	–	–	–	–	–
Transfers and subsidies to:	34	58	74	81	86	90	95
Provinces and municipalities	9	10	16	20	21	21	22
Departmental agencies and accounts	–	–	–	–	–	–	–
Universities and technikons	–	–	–	–	–	–	–
Foreign governments & international organisations	25	48	58	61	65	69	73
Public corporations & private enterprises	–	–	–	–	–	–	–
Non-profit institutions	–	–	–	–	–	–	–
Households	–	–	–	–	–	–	–
Payments for capital assets	238	388	419	300	370	358	376
Buildings and other fixed structures	–	–	–	–	–	–	–
Machinery and equipment	238	388	419	300	370	358	376
Cultivated assets	–	–	–	–	–	–	–
Software and other intangible assets	–	–	–	–	–	–	–
Land and subsoil assets	–	–	–	–	–	–	–
<i>Of which: Capitalised compensation</i>	–	–	–	–	–	–	–
Total	3 515	5 651	8 231	16 448	22 139	24 634	26 112

Details of transfer payments and subsidies:

Provinces and municipalities							
Municipalities							
Current	9	10	16	20	21	21	22
Regional Services Council levies	9	10	16	20	21	21	22
Foreign governments and international organisations							
Current	25	48	58	61	65	69	73
Habitat Foundation	25	48	58	61	65	69	73
Total	34	58	74	81	86	90	95

Expenditure trends

Expenditure on the *Policy Planning and Research* programme has been growing rapidly, and this is expected to continue until 2004/05. Expenditure is expected to increase from R3,5 million in 2000/01 to R26,1 million in 2006/07, an annual average increase of 39,7 per cent. The particularly sharp increase in expenditure between 2002/03 and 2004/05 is to fund the addition of the new

Research subprogramme through both compensation of employees and goods and services as new employees are appointed.

Service delivery objectives and indicators

Recent outputs

Policy for the next decade

To focus housing policy for the next decade of government, the department embarked on a comprehensive policy consultation process – including a special workshop with the Minister and Members of the Provincial Executive Councils responsible for housing (Housing MinMEC) and nine provincial and five sector workshops – which culminated in the National Housing Summit in November 2003. The policy gaps and new housing policy and research needs identified will be developed into a policy and research agenda, which will be finalised in 2004 and give direction to the housing programme in the future.

Recent policy development

The primary housing policy developments in 2003/04 included a new social housing policy and a new emergency housing policy. The social housing policy will create an enabling environment for both private and public sector investments in social housing projects. The policy, and associated legislation, will support urban regeneration, integration and densification initiatives that promote greater urban efficiency. The new emergency housing policy and programme is aimed at providing temporary assistance, in the form of secure access to land, basic services and shelter, in a wide range of emergency circumstances. The process to develop a medium density housing policy and programme in support of the objectives of urban renewal, densification and urban efficiency was also initiated, and the policy is likely to be concluded in 2004.

Legislation

Work was done on the regulations for the Home Loan and Mortgage Disclosure Act. Proposed amendments to the Prevention of Illegal Eviction and Unlawful Occupation of Land Act (19 of 1998) and the Housing Consumer Protection Measures Act (95 of 1998), were published for comment. The Community Reinvestment Bill was also published for comment in 2003. As it was at this time that the Financial Services Charter was being drafted, Cabinet recommended that the Bill be delayed, pending the outcome of the affordable housing lending targets identified in the Charter.

Medium-term output targets

Policy Planning and Research

Measurable objective: Adequate housing for all South Africans within 20 years, through policy, legislation and research that enables housing delivery in sustainable human settlement.

Subprogramme	Output	Measure/Indicator	Target
National Housing Policy and Strategy	Policy and research agenda for the next decade of housing	Approved policy and research agenda	October 2004
	Medium density housing policy and programme	Approved policy	August 2004
	Informal settlement upgrading policy	Approved policy	December 2004

Subprogramme	Output	Measure/Indicator	Target
Housing Framework Legislation	Social Housing Act	Act promulgated	December 2004
	Regulations to the Social Housing Act	Approved regulations	March 2005
	Housing Amendment Act	Act promulgated	December 2004
Human Settlement Policy and Integration	Farmworker housing policy	Policy and programme approved by MinMEC	November 2004
	All Africa Ministers conference to prepare an African position for the United Nations World Urban Forum	Conference declaration	June 2004
	Report on outcomes of World Urban Forum	Report presented to Cabinet	December 2004
Research	Research agenda for the housing sector, aligned with the new housing policy agenda	1 research project completed	March 2004
		2 reports on research needs completed	March 2004

Programme 3: Programme Management

Programme Management manages national housing and human settlement programmes, including managing the national housing subsidy scheme and phasing out the housing subsidy programmes of the previous government. It also builds capacity in municipalities and provinces and promotes professionalism in the housing sector.

Expenditure estimates

Table 29.5: Programme Management

Subprogramme	Expenditure outcome				Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary	2003/04		2004/05	2005/06	2006/07
	2000/01	2001/02	2002/03					
R thousand								
National Housing Subsidy Scheme	6 772	1 616	3 826	6 338	7 896	7 795	8 563	
Capacity Building	10 648	1 864	2 460	5 401	22 471	26 469	27 907	
Special Programmes Support	36 556	247 593	181 784	111 220	117 882	125 762	133 593	
Phasing out of Subsidy Programmes	15 751	8 009	4 847	3 500	4 228	411	–	
Total	69 727	259 082	192 917	126 459	152 477	160 437	170 063	
Change to 2003 Budget Estimate				4 355	–	–		

Economic classification

	4 803	4 467	6 704	13 852	32 350	37 177	39 848
Current payments							
Compensation of employees	3 163	2 889	4 174	7 474	7 843	8 291	8 804
Goods and services	1 640	1 578	2 530	6 378	24 507	28 886	31 044
Interest and rent on land	–	–	–	–	–	–	–
Financial transactions in assets and liabilities	–	–	–	–	–	–	–
Unauthorised expenditure	–	–	–	–	–	–	–
Transfers and subsidies to:	64 606	254 393	185 860	112 524	119 792	122 907	129 844
Provinces and municipalities	48 855	96 384	106 013	109 024	115 564	122 496	129 844
Departmental agencies and accounts	–	150 000	75 000	–	–	–	–
Universities and technikons	–	–	–	–	–	–	–
Foreign governments & international organisations	–	–	–	–	–	–	–
Public corporations & private enterprises	15 751	8 009	4 847	3 500	4 228	411	–
Non-profit institutions	–	–	–	–	–	–	–
Households	–	–	–	–	–	–	–

	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Payments for capital assets	318	222	353	83	335	353	371
Buildings and other fixed structures	-	-	-	-	-	-	-
Machinery and equipment	318	222	353	83	335	353	371
Cultivated assets	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
<i>Of which: Capitalised compensation</i>	-	-	-	-	-	-	-
Total	69 727	259 082	192 917	126 459	152 477	160 437	170 063

Details of transfer payments and subsidies:

Provinces and municipalities							
Provincial Revenue Funds							
Current	13 000	-	-	-	-	-	-
Resettlement of Doornkop Community	3 000	-	-	-	-	-	-
Provincial and Local Government Capacity Building	10 000	-	-	-	-	-	-
Capital	35 850	96 375	106 000	109 000	115 540	122 472	129 820
Human Settlement Redevelopment Programme	35 850	96 375	106 000	109 000	115 540	122 472	129 820
Municipalities							
Current	5	9	13	24	24	24	24
Regional Services Council levies	5	9	13	24	24	24	24
Departmental agencies and accounts (Entities)							
Current	-	150 000	75 000	-	-	-	-
National Housing Finance Corporation: Presidential Job Summit: Rental Housing	-	150 000	75 000	-	-	-	-
Public corporations (Other transfers)							
Current	15 751	8 009	4 847	3 500	4 228	411	-
Phasing out of Subsidy Programmes	15 751	8 009	4 847	3 500	4 228	411	-
Total	64 606	254 393	185 860	112 524	119 792	122 907	129 844

Expenditure trends

Transfers take up the vast majority of programme expenditure, at 77,1 per cent in the medium term. Movements within the transfers to provinces and to departmental agencies and accounts drive total expenditure for the programme. There is no consistent pattern in expenditure, which has seen significant fluctuations since 2000/01. Expenditure grew from R69,7 million in 2000/01 to R259,1 million in 2001/02. It is expected to fall to R126,5 million in 2003/04, and then to rise to R170,1 million in 2006/07. While the transfers are uneven, the number of employees required to plan, project manage, administer and monitor the transfers has grown steadily. As a result, compensation for employees has increased from R3,2 million in 2000/01 to R8,8 million in 2006/07, an average annual increase of 18,6 per cent.

The main source of the fluctuation has been the curtailment of the Special Integrated Presidential Projects in 1999/00, and then the expenditure of R150,0 million and R75,0 million in 2001/02 and 2002/03 respectively on the Presidential Job Summit: Rental Housing projects. The latter should deliver at least 50 000 medium density rental housing units through labour-intensive construction, with the intention of creating jobs and developing skills as well as building houses. There has, however, been steady underlying growth in transfers to the Human Settlement Redevelopment Programme, which has seen growth from R35,9 million in 2000/01 to an expected R129,8 million in 2006/07.

Service delivery objectives and indicators

Recent outputs

Improvements in human settlement and rental housing

More than 100 projects are currently being funded through the Human Settlement Redevelopment Programme, and some 97 per cent of funds were transferred to provinces during the 2001/02 financial year. It is expected that 100 per cent of funds will be transferred during the current year, as the programme is gaining momentum to fund 80 newly approved projects.

All poverty relief funds have been transferred to the National Housing Finance Corporation as the implementing agent for the first projects that have been initiated through the Presidential Job Summit Pilot Project on Rental Housing.

Improved subsidy mechanisms

A number of new or enhanced subsidy mechanisms have been developed since 2002/03. These include: a procurement compliant regime for all greenfield housing developments; enhanced variations for people with disabilities; an enhanced variation for houses in the Southern Cape Coastal Condensation Area; and a comprehensive strategy for provincial governments and municipalities to collect financial contributions from housing beneficiaries. The development of new technical norms and standards for the redevelopment of hostels has also been initiated.

Education and training

The National Housing Education and Training Programme has been extended, and at least one tertiary institution in each province now offers the programme. To support the People's Housing Process, 62 Cuban community architects and engineers have been deployed in all nine provinces, while six students were given bursaries to study housing-related courses at universities and technikons during 2003. A housing consumer education programme was developed, and is being piloted in the Western Cape, KwaZulu-Natal, Gauteng and the Free State.

Medium-term output targets

Programme Management

Measurable objective: Increase access to and improve the delivery of adequate housing in sustainable human settlement by effectively providing officials, systems and structures with knowledge, skills, guidance and funding.			
Subprogramme	Output	Measure/Indicator	Target
National Housing Subsidy Scheme	Improved housing subsidy schemes	Guidelines for 3 new subsidy instruments approved by MinMEC	March 2005
		Amendment of 3 existing subsidy instruments approved by MinMEC	March 2005
		Amount transferred for the First Time Home Buyers Interest Subsidy Scheme	R1 million by March 2005
Capacity Building	Provincial capacity-building for the administration and management of housing subsidy schemes	Approved provincial business plans for housing capacity-building	December 2004
		Number of courses per province	8 courses per province per year
		Number of participants	1 000 participants per year

Subprogramme	Output	Measure/Indicator	Target
Special Programmes Support	Human Settlement Redevelopment Programme projects	Percentage of Human Settlement Redevelopment Programme budget allocated in terms of approved business plans	100% of budget allocated in terms of approved business plans per year
Phasing out of Subsidy Programmes	Administration of first-time homebuyers interest rate subsidy scheme	Payment of claims for first-time homebuyers interest rate subsidy within 30 days	100% of all claims paid within 30 days

Programme 4: Housing Sector Performance

Housing Sector Performance monitors the performance and assesses the impact of housing delivery, manages housing information, monitors and analyses the impact of government's housing policy and programmes on the construction sector, the financial sector and the economy, and supports housing institutions.

Expenditure estimates

Table 29.6: Housing Sector Performance

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2003/04	2004/05	2005/06
R thousand	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Policy and Programme Monitoring	1 970	2 309	6 020	2 908	5 794	6 577	6 749
Information Management	8 795	16 794	17 848	18 977	24 427	27 031	29 658
Industry Analysis and Development Finance	1 045	1 234	2 188	4 285	4 781	5 681	5 450
Housing Institutions	–	–	–	–	1 689	2 020	1 963
Contributions	179 800	137 546	111 853	66 001	55 549	80 569	85 103
Total	191 610	157 883	137 909	92 171	92 240	121 878	128 923
Change to 2003 Budget Estimate				(212 700)	(194 012)	(179 568)	
Economic classification							
Current payments	11 212	19 597	25 571	25 947	36 447	40 869	43 294
Compensation of employees	3 606	4 390	7 510	7 349	11 349	11 979	12 714
Goods and services	7 606	15 207	18 061	18 598	25 098	28 890	30 580
Interest and rent on land	–	–	–	–	–	–	–
Financial transactions in assets and liabilities	–	–	–	–	–	–	–
Unauthorised expenditure	–	–	–	–	–	–	–
Transfers and subsidies to:	179 817	137 564	111 870	66 020	55 578	80 599	85 137
Provinces and municipalities	17	18	17	19	29	30	34
Departmental agencies and accounts	179 800	137 546	111 853	66 001	55 549	80 569	85 103
Universities and technikons	–	–	–	–	–	–	–
Foreign governments & international organisations	–	–	–	–	–	–	–
Public corporations & private enterprises	–	–	–	–	–	–	–
Non-profit institutions	–	–	–	–	–	–	–
Households	–	–	–	–	–	–	–
Payments for capital assets	581	722	468	204	215	410	492
Buildings and other fixed structures	–	–	–	–	–	–	–
Machinery and equipment	581	722	468	204	215	410	492
Cultivated assets	–	–	–	–	–	–	–
Software and other intangible assets	–	–	–	–	–	–	–
Land and subsoil assets	–	–	–	–	–	–	–
<i>Of which: Capitalised compensation</i>	–	–	–	–	–	–	–
Total	191 610	157 883	137 909	92 171	92 240	121 878	128 923

	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited Preliminary outcome					
R thousand	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Details of transfer payments and subsidies:							
Provinces and municipalities							
Municipalities							
Current	17	18	17	19	29	30	34
Regional Service Council levies	17	18	17	19	29	30	34
Departmental agencies and accounts (Entities)							
Current	179 800	137 546	111 853	66 001	55 549	80 569	85 103
National Housing Finance Corporation	-	-	-	1	1	1	1
Servcon	68 800	63 059	55 183	50 824	37 166	59 300	62 858
South African Housing Trust	103 000	66 623	39 323	-	-	-	-
Social Housing Foundation	8 000	7 864	17 347	5 000	15 347	16 268	17 244
National Home Builders Registration Council	-	-	-	-	-	-	-
National Urban Reconstruction and Housing Agency	-	-	-	10 176	3 034	-	-
People's Housing Partnership Trust	-	-	-	-	1	5 000	5 000
Total	179 817	137 564	111 870	66 020	55 578	80 599	85 137

Expenditure trends

Expenditure on the programme has been uneven, with no clear trend evident. Expenditure fell from R191,6 million in 2000/01 to R92,2 million in 2003/04, and is expected to rise to R128,9 million in 2006/07. Much of the programme is made up of transfer payments – 64,5 per cent on average over the medium term – and it is the year-on-year changes in these that determine overall expenditure.

Transfers to Servcon Housing Solutions, a joint venture between government and the banking industry to manage the disposal of properties owned by the banks at the cut-off date of 31 August 1997, were cut in 2000/01, falling from R68,8 million in 2000/01 to R50,8 million in 2003/04. They are expected to decline in 2004/05 but increase to R62,9 million in 2006/07 as Servcon concludes its work. Transfers to the South African Housing Trust, a non-profit housing delivery agency that was established by the pre-1994 government, have been uneven, moving from R103,0 million in 2000/01 to R39,3 million in 2002/03. This entity has now been disestablished, and all outstanding liabilities have been transferred to the National Treasury; claims against these liabilities are now made as a direct charge to the National Revenue Fund.

Despite the volatility of transfer payments, the number of employees required to administer and oversee the transfer payments increased steadily, resulting in an increase in compensation for employees from R3,6 million in 2000/01 to R12,7 million in 2006/07, an average annual increase of 23,4 per cent.

Service delivery objectives and indicators

Recent outputs

The monitoring of housing programmes continued during 2002/03. Reports were published on some elements of the economic impact of public investment in housing, and delivery rates were updated monthly. Further detailed analysis was undertaken to determine reasons for declining delivery trends, and the heads of provincial departments of Housing were provided with information to assist them in taking decisions on how to unblock delivery within their provinces.

As there were significant changes in the housing subsidy scheme during 2002/03 and 2003/04, it was necessary to train provincial users in the housing subsidy system. The training was to ensure that the data produced by the system remained accurate and reliable enough to be used to monitor the outcomes of these changes.

Medium-term output targets

Housing Sector Performance

Measurable objective: Effective monitoring and regular evaluation of policy implementation, by using information systems that provide accurate, strategic and statistically sound data.

Subprogramme	Output	Measure/Indicator	Target
Policy and Programme Monitoring	Comprehensive monitoring systems	<p>Reports with accurate and reliable information produced on time</p> <p>Reduction in number of construction faults reported to the National Home Builders Registration Council</p> <p>Revised indicator framework for quantitative and qualitative housing information approved by MinMEC</p> <p>Reports on compliance with the National Environmental Management Act (10 of 1998), Agenda 21 and other international commitments</p>	<p>Quarterly reports</p> <p>10% reduction per year</p> <p>August 2004</p> <p>Annual reports</p>
Information Management	Housing and human settlement information system	<p>Reduction in number of queries by users of the housing subsidy system</p> <p>Degree of alignment between monthly expenditure reports produced by the provincial Treasuries and the department</p> <p>Strategic delivery trend analysis reports presented to MinMEC to support decision-making</p> <p>Quality control reports on the information management environment produced</p>	<p>Number of queries reduced by 45% by March 2007</p> <p>At least 98% alignment</p> <p>Quarterly reports</p> <p>Quarterly reports</p>
Industry Analysis and Development Finance	<p>Monitoring and assessment of the impact of housing policy on various industries</p> <p>Monitoring and assessing performance of housing support institutions</p>	<p>Reports on the status of the construction sector</p> <p>Reports on emerging contractor support</p> <p>Reports on the status of the economy and the financial sector</p> <p>Profile of emerging contractors</p> <p>Updated reports on performance of housing support institutions produced</p> <p>Number of cases of non-compliance with the PFMA by housing institutions reported to the Minister</p>	<p>4 reports per year</p> <p>Quarterly</p> <p>Quarterly</p> <p>Bi-annually</p> <p>Bi-annually</p> <p>No cases</p>

Programme 5: Housing Equity

Housing Equity aims to eradicate discrimination and unfair practices to do with access to housing finance, by implementing and administering the Home Loan and Mortgage Disclosure Act and its regulations. To this end, the Office of Disclosure is being set up.

Expenditure estimates

Table 29.7: Housing Equity

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2003/04	2004/05	2005/06
R thousand	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Office of Disclosure	-	-	36	5 347	5 612	5 949	6 306
Total	-	-	36	5 347	5 612	5 949	6 306
Change to 2003 Budget Estimate				-	-	-	
Economic classification							
Current payments	-	-	36	5 326	5 331	5 652	5 992
Compensation of employees	-	-	-	1 579	1 758	1 867	1 989
Goods and services	-	-	36	3 747	3 573	3 785	4 003
Interest and rent on land	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	-
Unauthorised expenditure	-	-	-	-	-	-	-
Transfers and subsidies to:	-	-	-	1	5	5	5
Provinces and municipalities	-	-	-	1	5	5	5
Departmental agencies and accounts	-	-	-	-	-	-	-
Universities and technikons	-	-	-	-	-	-	-
Foreign governments & international organisations	-	-	-	-	-	-	-
Public corporations & private enterprises	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	20	276	292	309
Buildings and other fixed structures	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	20	276	292	309
Cultivated assets	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
<i>Of which: Capitalised compensation</i>	-	-	-	-	-	-	-
Total	-	-	36	5 347	5 612	5 949	6 306
Details of transfer payments and subsidies:							
Provinces and municipalities							
Municipalities							
Current	-	-	-	1	5	5	5
Regional Services Council levies	-	-	-	1	5	5	5
Total	-	-	-	1	5	5	5

Expenditure trends

While this fledgling programme, established in 2003/04, shows a low level of expenditure, this does not accurately reflect the work that has been done. With permanent staff not yet in place, the programme has been using personnel seconded from other institutions, such as the National Housing Finance Corporation, without always being required to reimburse the consenting organisation. In addition, for professional and special services it has been predominantly reliant on using overseas and local consultants whose services have been paid for by other organisations such as donor agencies. This trend should change with the appointment of permanent personnel in 2004/05. The projected allocations and costs for the programme grow steadily over the next three years at an annual average of 5,7 per cent, from R5,3 million in 2003/04 to R6,3 million in 2006/07.

Service delivery objectives and indicators

Recent outputs

In order to identify the operational system requirements of the Office of Disclosure, an IT needs and feasibility study was completed in December 2003. One of the study's deliverables was the terms of reference for IT implementation that is currently underway. The drafting of the HLAMDA compliance manual was also completed in December 2003. Nominations for the Office of Disclosure board were received and processed. The Minister has received the recommendations, and appointments are expected to be finalised by April 2004. All vacant posts in the programme will be filled by March 2004.

Medium-term output targets

Housing Equity

Measurable objective: Increase the level of private sector finance for affordable housing by R20,0 billion by 2010, through monitoring and analysing lending practice and supporting the development of appropriate instruments by lending institutions and appropriate partnerships between lending institutions, government, housing support institutions and other lenders.

Subprogramme	Output	Measure/Indicator	Target
Office of Disclosure	IT infrastructure	IT system and infrastructure fully installed	July 2004
	Compliance manual	Financial institutions briefed on compliance reporting requirements	August 2004
	First annual HLAMDA reports received from financial institutions	First reports captured on system	December 2004

Programme 6: Housing Development Funding

Housing Development Funding manages the funding of national housing programmes.

Expenditure estimates

Table 29.8: Housing Development Funding

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04			
Fund Management	–	–	5 715	5 800	7 243	8 244	8 700
Grant to Housing Funds	2 997 680	3 225 958	3 800 674	4 246 239	4 473 597	4 745 404	5 030 128
Interest and Redemption on Private Loans	28 519	28 064	28 095	28 800	28 800	28 800	28 800
Total	3 026 199	3 254 022	3 834 484	4 280 839	4 509 640	4 782 448	5 067 628
Change to 2003 Budget Estimate				–	–	–	
Economic classification							
Current payments	28 519	28 064	33 710	34 501	35 936	36 865	37 304
Compensation of employees	–	–	1 571	1 579	1 975	2 449	2 601
Goods and services	–	–	4 044	4 122	5 161	5 616	5 903
Interest and rent on land	28 519	28 064	28 095	28 800	28 800	28 800	28 800
Financial transactions in assets and liabilities	–	–	–	–	–	–	–
Unauthorised expenditure	–	–	–	–	–	–	–

	Expenditure outcome				Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome					
R thousand	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	
Transfers and subsidies to:	2 997 680	3 225 958	3 800 679	4 246 243	4 473 603	4 745 410	5 030 135	
Provinces and municipalities	2 997 680	3 225 958	3 800 679	4 246 243	4 473 603	4 745 410	5 030 135	
Departmental agencies and accounts	-	-	-	-	-	-	-	
Universities and technikons	-	-	-	-	-	-	-	
Foreign governments & international organisations	-	-	-	-	-	-	-	
Public corporations & private enterprises	-	-	-	-	-	-	-	
Non-profit institutions	-	-	-	-	-	-	-	
Households	-	-	-	-	-	-	-	
Payments for capital assets	-	-	95	95	101	173	189	
Buildings and other fixed structures	-	-	-	-	-	-	-	
Machinery and equipment	-	-	95	95	101	173	189	
Cultivated assets	-	-	-	-	-	-	-	
Software and other intangible assets	-	-	-	-	-	-	-	
Land and subsoil assets	-	-	-	-	-	-	-	
<i>Of which: Capitalised compensation</i>	-	-	-	-	-	-	-	
Total	3 026 199	3 254 022	3 834 484	4 280 839	4 509 640	4 782 448	5 067 628	

Details of transfer payments and subsidies:

Provinces and municipalities							
Provincial Revenue Funds							
Capital	2 997 680	3 225 958	3 800 674	4 246 239	4 473 597	4 745 404	5 030 128
Grants to Housing Funds	2 997 680	3 225 958	3 800 674	4 246 239	4 473 597	4 745 404	5 030 128
Municipalities							
Current	-	-	5	4	6	6	7
Regional Services Council levies	-	-	5	4	6	6	7
Total	2 997 680	3 225 958	3 800 679	4 246 243	4 473 603	4 745 410	5 030 135

Expenditure trends

This programme carries the bulk of the department's expenditure, as it channels the funds for building houses. Consequently the programme consists entirely of transfers – 99,2 per cent in 2004/05 – with the vast majority taken up by the Conditional Grants to Housing Funds subprogramme, and a small amount by the redemption of loans of the former National Housing Board.

The expenditure on Grants to Housing Funds has seen a steady increase, which is expected to continue. Expenditure is expected to increase from R3,0 billion in 2000/01 to R5,0 billion in 2006/07. This is an annual average growth rate of 9,0 per cent. Average expenditure on interest and redemption on private loans of the National Housing Board has been stable throughout the seven-year period, at an average of R28,6 million.

Service delivery objectives and indicators**Recent outputs**

The housing subsidy scheme's successes include the approval of approximately 2,3 million housing subsidies between April 1994 and March 2003. During the same period, 1,6 million housing units were built. Approximately 223 344 consolidation subsidies were approved for houses on serviced sites from the previous dispensation.

Despite surpassing the original delivery target, housing delivery has slowed during the last 30 months. Savings of R605,0 million in 2000/01 (15,0 per cent), R946,0 million in 2001/02 (19,0 per cent), and R1,2 billion (25,0 per cent) in 2002/03 on the conditional grant to provinces were rolled over. The saving in 2003/04 is expected to be about R1,0 billion, reflecting a failure to reverse the trend of underspending.

At the higher subsidy amount of R25 100 per household (increased from R23 100 per household in 2003/04), the allocation allows for just less than 180 000 subsidies in 2004/05. About 33 000 beneficiaries of the former subsidy scheme (the First-time Homebuyers Interest Subsidy Scheme) will be supported until it has been phased out completely.

Medium-term output targets

Housing Development Funding

Measurable objective: Disburse and monitor funds for housing delivery in compliance with the PFMA and Division of Revenue Act requirements, to ensure that expenditure matches annual delivery commitments.

Subprogramme	Output	Measure/Indicator	Target
Conditional Grants to Housing Funds	Capital housing funds allocated to provincial governments	Percentage of funds disbursed to provinces	100% disbursed per year
		Percentage of funds spent by provinces	100% spent per year
Interest and Redemption on Private Loans	Interest on private loans paid	Interest paid on private loans	100 % interest on private loans paid in any year

Public entities reporting to the Minister

National Home Builders Registration Council

The National Home Builders Registration Council (NHBRC) is a Section 21 company established in terms of the Housing Consumers Protection Measures Act (95 of 1998). Its purpose is to provide housing consumers with warranty protection against defects in new homes, and to provide protection against any failure of builders to comply with their obligations in terms of the Act.

For the year ending March 2003 the NHBRC registered 2 818 home builders, compared to 2 560 registered in 2002 – an increase of 10,1 per cent. The NHBRC enrolled 43 135 housing units for the year ending 2003, compared to 37 438 for the year ending 2002 – a 15,3 per cent increase. There were 1 792 complaints, 3 990 renewals and 4 808 late enrolments for the year ending 2003.

National Housing Finance Corporation

The National Housing Finance Corporation (NHFC) was established through a Cabinet decision in May 1996, as envisaged in the 1994 White Paper on Housing. Its purpose is to find better ways of mobilising finance for housing, from sources outside government and in partnership with the broadest possible range of organisations.

In terms of its business plan, the NHFC aims to create housing opportunities for low- and medium-income families by:

- funding intermediaries to promote broader access to housing
- building adequate and sustainable capacity within the organisations it funds
- building partnerships with various organisations to pioneer new finance and housing delivery.

Since its inception in May 1996, the NHFC has approved facilities totalling R1,6 billion, and disbursed R1,5 billion. Through its lending activities more than 46 146 new housing units have been built. Over 171 510 loans have been originated and facilitated, and a total of 62 new and

emerging institutions have been supported. More than 1,1 million people's lives have been improved through the NHFC's funding activities.

The NHFC has been appointed as implementing agent for the Presidential Job Summit Pilot Project on Rental Housing, and the pilot phase is expected to provide 6 000 homes in KwaZulu-Natal, Mpumalanga and Gauteng over the next two years. The next phase of the project is expected to provide 35 000 homes, with a third phase if the initial projects prove successful. Substantial private sector funding will be required for this ambitious project, and consequently the NHFC has increased the capacity of its treasury department.

National Urban Reconstruction and Housing Agency

The National Urban Reconstruction and Housing Agency's (Nurcha) mission is to expedite housing delivery for low-income households in the short to medium term. It was established as a Presidential Lead Project in 1995 by agreement between government and the Open Society Foundation of New York. Its primary function is to help release finance for low-cost housing from financial institutions. Nurcha's main activity is to offer guarantees to banks, to encourage them to make bridging finance loans available to developers.

Historically Nurcha has committed substantial guarantees to home loan programmes with the intention of releasing end-user finance to the lower end of the market, particularly for those not covered by payroll deduction or provident fund mechanisms. Nurcha has not been as successful as they had hoped, as lending institutions are still not willing to make unsecured loans, even when backed by a Nurcha guarantee. The goal is to wind down this initiative, except where it is part of the savings-linked lending programme, and shift Nurcha's strategic emphasis to other initiatives such as facilitating construction finance to emerging developers. Nurcha's guarantee capacity of R78,9 million in 2001/02 declined to R66,2 million during 2002/03 as a result of the completion of some grant-funded projects. The value of loans issued by Nurcha during 2002/03 amounted to R119 million. As a result of these activities, 123 890 houses have been built with Nurcha support since 1995, of which 19 998 were built during 2002/03.

People's Housing Partnership Trust

The process of people building their own homes is referred to as the Peoples' Housing Process (PHP). The Department of Housing established the People's Housing Partnership Trust (PHPT) in June 1997, to create adequate capacity to facilitate subsidy support for the PHP. The work of the trust is defined by the National Housing Policy: Supporting the People's Housing Process, approved by the Minister of Housing in 2000. This policy defines the trust's mandate as to capacitate and engage with national, provincial and local government, and civil society, to participate in and support the People's Housing Process. Since 1994, 268 866 housing subsidies have been allocated within 386 housing projects.

Rural Housing Loan Fund

The Rural Housing Loan Fund (RHLF) was incorporated in 1997 as a subsidiary to the NHFC, but has existed as an entity in its own right since April 2002. Its main business, as a wholesale lending institution, is to raise money and lend it on, to enable retail institutions to provide loans to low-income earners to finance housing in rural areas.

The RHLF has channelled funds to home-owners in dozens of rural areas in all nine provinces of South Africa, through 20 medium and small retail lenders. Of these, 11 were established and assisted directly by the RHLF. Ten of these are commercial and the RHLF owns an equity stake in them. One is a non-governmental organisation and six are black-owned or women-led. By the end of March 2003, the RHLF will have disbursed R220,0 million to its retail lenders. Intermediaries

on-lent the funds to some 45 000 low-income households for new houses, extensions, improvements, repairs, and water and electricity connections.

Servcon Housing Solutions (Pty) Ltd

The mandate of Servcon Housing Solutions (Pty) Ltd is derived from agreements between the Department of Housing (representing government) and the Banking Council (representing participating banks). Servcon is mandated to manage the disposal of properties owned by banks as a result of non-performing loans in selected areas at the cut-off date of 31 August 1997. Servcon supports home ownership where possible, offering alternative options to those who cannot afford their own accommodation, and improving the viability of non-performing housing debt.

In the 2002/03 financial year, Servcon achieved its primary objective by disposing of 52,3 per cent of its portfolio properties (against a target of 52,5 per cent). By September 2003 the agency had disposed of 55,8 per cent of its portfolio properties. The number of properties in the portfolio has declined from 33 322 in August 1997 to 14 758 in September 2003. The remaining properties have a total value of R538,6 million.

Social Housing Foundation

The Social Housing Foundation assists in the delivery of housing to low-income communities by offering alternative tenure. Its specific focus is assisting to set up social housing institutions that provide housing to low-income working households. It works primarily with emerging institutions by offering capacity-building and technical support. By November 2003 there were 64 Social Housing Institutions, the majority of which are new institutions - established since October 1999 - with approximately 30 500 rental housing units between them.

South African Housing Fund

The South African Housing Fund aims to provide adequate funds for provincial governments to establish and maintain habitable, stable and sustainable residential environments. This includes the provision of permanent residential structures with secure tenure and privacy, and potable water, adequate sanitation facilities and domestic electricity supply.

Funds for national housing programmes are budgeted for and appropriated in the South African Housing Fund programme. Since 2000/01, the funds have been allocated through the conditional grant mechanism to the nine provinces in accordance with the Housing Act (107 of 1997). Housing funds are now reflected in the revenue funds and expenditure appropriations of provinces, enhancing provincial accountability. The formula used for allocation to the provinces is based on equity, taking into account each province's housing backlog and income profile.

The conditions attached to the funds are also based on the Housing Act and have been agreed between the department and the provinces. The department developed guidelines for the process of transferring funds from the South African Housing Fund to provinces, and for reporting processes, in terms of the PFMA, the Division of Revenue Act and the Housing Act.

South African Housing Trust

Cabinet approved the disestablishment of the South African Housing Trust (SAHT) in 1998, and agreed that the remaining assets and liabilities be transferred to government. This is in terms of the Disestablishment of the South African Housing Trust Limited Act (26 of 2002), which was proclaimed on 5 December 2002. In 2003, the SAHT's liabilities were transferred to the National Treasury as a direct charge against the National Revenue Fund.

Thubelisha Homes

Thubelisha Homes, a Section 21 company, was established in June 1998 as a special purpose financial vehicle to create housing stock for Servcon Housing Solutions. The Servcon process helps occupants of bank-owned properties in possession, with mortgage loans in default, to relocate to more affordable homes.

For the year ending March 2003, 2 320 subsidy applications were completed and 1 949 approved. Thubelisha handed over 1 232 houses to clients, a decrease of 12 per cent from the previous year. Houses accepted from contractors decreased by 20,0 per cent from 1 920 in the previous financial year to 1 540 this year. There were 1 376 serviced stands available for this year compared to 2 365 last year, a 42,0 per cent decrease, which is a reflection of the general decline in housing delivery.

Annexure

Vote 29: Housing

Table 29.9: Summary of expenditure trends and estimates per programme

Table 29.10: Summary of expenditure trends and estimates per economic classification

Table 29.11: Summary of personnel numbers and compensation of employees

Table 29.12: Summary of expenditure on training

Table 29.13: Summary of information and communications technology expenditure

Table 29.14: Summary of conditional grants to provinces

Table 29.15: Summary of official development assistance expenditure

Table 29.16: Summary of expenditure on infrastructure

Table 29.9: Summary of expenditure trends and estimates per programme

	Expenditure outcome				2003/04			2004/05			2005/06			2006/07		
	Audited		Audited	Preliminary outcome	Main Appropriation	Additional appropriation	Adjusted appropriation	Revised estimate	2004/05		2005/06		2006/07			
	2000/01	2001/02	2001/02	2002/03	Appropriation	2003/04	2003/04	estimate	2004/05	2005/06	2006/07	2004/05	2005/06	2006/07		
R thousand																
1 Administration	38 444	44 602	44 602	39 553	49 227	600	49 827	39 969	66 833	76 737	84 896	66 833	76 737	84 896		
2 Policy Planning and Research	3 515	5 651	5 651	8 231	16 448	-	16 448	9 143	22 139	24 634	26 112	22 139	24 634	26 112		
3 Programme Management	69 727	259 082	259 082	192 917	122 104	4 355	126 459	114 456	152 477	160 437	170 063	152 477	160 437	170 063		
4 Housing Sector Performance	191 610	157 883	157 883	137 909	304 871	(212 700)	92 171	78 530	92 240	121 878	128 923	92 240	121 878	128 923		
5 Housing Equity	-	-	-	36	5 347	-	5 347	953	5 612	5 949	6 306	5 612	5 949	6 306		
6 Housing Development Funding	3 026 199	3 254 022	3 254 022	3 834 484	4 280 839	-	4 280 839	4 280 839	4 509 640	4 782 448	5 067 628	4 509 640	4 782 448	5 067 628		
Total	3 329 495	3 721 240	3 721 240	4 213 130	4 778 836	(207 745)	4 571 091	4 523 890	4 848 941	5 172 083	5 483 928	4 848 941	5 172 083	5 483 928		
Change to 2003 Budget Estimate							(207 745)	(254 946)	(190 767)	(174 103)		(190 767)	(174 103)			

Table 29.10: Summary of expenditure trends and estimates per economic classification

	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome	Main appropriation	Additional appropriation	Adjusted appropriation	Revised estimate
	2000/01	2001/02	2002/03				
R thousand							
Current payments							
Compensation of employees	22 604	26 604	35 633	51 259	-	51 259	36 701
- Salaries and wages	18 986	22 388	30 566	43 207	-	43 207	30 838
- Social contributions	3 618	4 216	5 067	8 052	-	8 052	5 863
Goods and services	33 578	44 898	48 954	58 759	5 747	64 506	31 864
Interest and rent on land	28 519	28 064	28 095	28 800	-	28 800	28 800
- Interest	-	-	-	-	-	-	-
- Rent on land	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	6	12	8	-	-	-	-
Unauthorised expenditure	-	-	-	-	-	-	-
Total current payments	84 707	99 578	112 690	138 818	5 747	144 565	97 365
Transfers and subsidies to:							
Provinces and municipalities	3 046 599	3 322 416	3 906 781	4 355 365	-	4 355 365	4 355 365
- Provinces	3 046 530	3 322 333	3 906 674	4 355 239	-	4 355 239	4 355 239
- Provincial Revenue Funds	-	-	-	4 355 239	-	4 355 239	4 355 239
- Provincial agencies and funds	69	83	107	126	-	126	126
- Municipalities	69	83	107	126	-	126	126
- Municipal agencies and funds	-	-	-	-	-	-	-
Departmental agencies and accounts	179 828	287 577	186 853	281 001	(215 000)	66 001	66 001
- Social security funds	-	-	-	-	-	-	-
- Departmental agencies (non-business entities)	179 828	287 577	186 853	281 001	(215 000)	66 001	66 001
Universities and technicians	-	-	-	-	-	-	-
Foreign governments & international organisations	25	48	58	53	8	61	61
Public corporations and private enterprises	15 751	8 009	4 847	2 000	1 500	3 500	3 500
- Public corporations	15 751	8 009	4 847	2 000	1 500	3 500	3 500
- Subsidies on production	-	-	-	-	-	-	-
- Other transfers	15 751	8 009	4 847	2 000	1 500	3 500	3 500

Table 29.10: Summary of expenditure trends and estimates per economic classification (continued)

	Expenditure outcome				Main appropriation	Additional appropriation	Adjusted appropriation	Revised estimate	Medium-term expenditure estimate			
	Audited	Audited	Preliminary outcome						2004/05	2005/06	2006/07	
	2000/01	2001/02	2002/03	2003/04								
R thousand												
- Private enterprises	-	-	-	-	-	-	-	-	-	-	-	-
- Subsidies on production	-	-	-	-	-	-	-	-	-	-	-	-
- Other transfers	-	-	-	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-	-	-	-
- Social benefits	-	-	-	-	-	-	-	-	-	-	-	-
- Other transfers to households	-	-	-	-	-	-	-	-	-	-	-	-
Total transfers and subsidies	3 242 203	3 618 050	4 098 539	(213 492)	4 638 419	4 424 927	4 424 927	4 649 140	4 949 092	5 245 300		
Payments on capital assets												
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	-	-	-
- Buildings	-	-	-	-	-	-	-	-	-	-	-	-
- Other fixed structures	-	-	-	-	-	-	-	-	-	-	-	-
Machinery and equipment	2 585	3 612	1 901	-	1 599	1 599	1 598	2 954	3 021	3 933		
- Transport equipment	-	-	-	-	1	1	-	-	-	-	-	-
- Other machinery and equipment	2 585	3 612	1 901	-	1 598	1 598	1 598	2 954	3 021	3 933		
Cultivated assets	-	-	-	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-	-	-	-
<i>Of which: Capitalised compensation</i>	-	-	-	-	-	-	-	-	-	-	-	-
Total payments on capital assets	2 585	3 612	1 901	-	1 599	1 599	1 598	2 954	3 021	3 933		
Total	3 329 495	3 721 240	4 213 130	(207 745)	4 778 836	4 571 091	4 523 890	4 848 941	5 172 083	5 483 928		

Table 29.11: Summary of personnel numbers and compensation of employees¹

Personnel numbers	2000/01	2001/02	2002/03	2003/04	2004/05
1 Administration	146	136	143	143	150
2 Policy Planning and Research	31	31	31	31	31
3 Programme Management	33	33	39	39	39
4 Housing Sector Performance	35	51	51	51	55
5 Housing Equity	-	-	6	6	6
6 Housing Development Funding	-	-	6	6	8
Total	245	251	276	276	289
Total compensation of employees (R thousand)	22 604	26 604	35 633	51 259	62 982
Unit cost (R thousand)	92.3	106.0	129.1	185.7	217.9

¹ Full-time equivalent

Table 29.12: Summary of expenditure on training

R thousand	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07
1 Administration	358	79	1 753	1 321	1 102	1 177	1 221
2 Policy Planning and Research	75	18	285	109	470	496	521
3 Programme Management	41	16	100	136	135	142	149
4 Housing Sector Performance	43	47	250	325	433	458	484
5 Housing Equity	-	-	-	70	13	14	15
6 Housing Development Funding	-	-	4	21	156	134	147
Total	517	160	2 392	1 982	2 309	2 421	2 537

Table 29.13: Summary of information and communications technology expenditure

	Expenditure outcome				Adjusted appropriation 2003/04	Medium-term expenditure estimate		
	Audited 2000/01	Audited 2001/02	Preliminary outcome 2002/03			2004/05	2005/06	2006/07
R thousand								
1 Administration		17 448	3 020		7 322	2 908	2 769	3 241
Technology	-	2 083	804		1 317	1 050	864	1 246
IT services	-	15 365	2 216		6 005	1 858	1 905	1 995
2 Policy Planning and Research		342	310		245	190	162	170
Technology	-	342	310		245	190	162	170
IT services	-	-	-		-	-	-	-
3 Programme Management		100	241		126	354	378	401
Technology	-	100	239		120	334	353	371
IT services	-	-	2		6	20	25	30
4 Housing Sector Performance		21 994	15 255		13 706	19 515	21 924	24 219
Technology	-	1 006	482		257	170	235	285
IT services	-	20 988	14 773		13 449	19 345	21 689	23 934
5 Housing Equity		-	-		10	271	325	350
Technology	-	-	-		10	31	72	85
IT services	-	-	-		-	240	253	265
Total	-	39 884	18 826		21 409	23 238	25 558	28 381

Table 29.14: Summary of conditional grants to provinces¹

	Expenditure outcome				Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome			2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03		2003/04	2004/05	2005/06	2006/07
3 Programme Management								
Housing Subsidy Scheme								
Resettlement of Doornkop	3 000	-	-		-	-	-	-
3 Programme Management								
Capacity Building								
Provincial and Local Government Capacity Building	10 000	-	-		-	-	-	-
3 Programme Management								
Special Programmes Support								
Human Settlement Redevelopment Programme	35 850	96 375	106 000		109 000	115 540	122 472	129 820
6 Housing Development Funding								
Conditional Grant to Housing Funds	2 997 680	3 225 958	3 800 674		4 246 239	4 473 597	4 745 404	5 030 128
Total	3 046 530	3 322 333	3 906 674		4 355 239	4 589 137	4 867 876	5 159 948

¹ Detail provided in the Division of Revenue Act, 2004.

Table 29.15: Summary of official development assistance expenditure

Donor	Programme / project name	Cash or Kind	Expenditure outcome					Medium-term expenditure estimate				
			2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07			
R thousand			-	-	-	-	-	-	-	-	-	-
European Union	Social housing support programme and Cato Manor		16 287	9 814	30 269	57 000	-	-	-	-	-	-
USAID	Support for people's housing process and housing strategy for new millennium		-	484	12 292	-	-	-	-	-	-	-
Norway	Development of co-op housing sector in South Africa		-	-	2 629	-	-	-	-	-	-	-
Total			16 287	10 298	45 190	57 000	-	-	-	-	-	-

Table 29.16: Summary of expenditure on infrastructure

	Projects										
	Expenditure outcome					Medium-term expenditure estimate					
	Audited	Audited	Preliminary outcome	Adjusted appropriation	Long-term planning	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
R thousand	2000/01	2001/02	2002/03	2003/04		2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Small project groups	1 199 072	1 290 383	1 520 270	1 698 496		1 789 439	1 898 162	2 012 051	-	-	-
Sub-total	1 199 072	1 290 383	1 520 270	1 698 496		1 789 439	1 898 162	2 012 051	-	-	-
Fixed installations transferred to households	1 798 608	1 935 575	2 280 404	2 547 743		2 684 158	2 847 242	3 018 077	-	-	-
Total	2 997 680	3 225 958	3 800 674	4 246 239		4 473 597	4 745 404	5 030 128	-	-	-