

# Select Committee on Appropriations Human Settlements Development Grant 1st Quarter 2013/14

Presenter: Edgar Sishi | Chief Director, National Treasury | 10 September 2013



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

# Human Settlements Development Grant

- Strategic goal is the creation of sustainable human settlements that enables an improved quality of household life.
- Outputs include:
  - Residential units delivered in each housing programme
  - Serviced sites delivered in each housing programme
  - Finance linked subsidies approved and disbursed
  - Households in informal settlements provided with household access to services/upgraded services
  - Hectares of well located land acquired and/or released for residential development
  - Work opportunities created through related programmes

# Human Settlements Development Grant

- 2013-14 grant allocation amounts to R16.98 billion, a 6.3 per cent increase from the previous year.
- R1 billion of the total allocation was earmarked for 8 priority projects in five provinces:
  - Eastern Cape: Duncan Village R109.8 million
  - Gauteng: Khutsong R96 million
  - Gauteng: Lufhereng R182.9 million
  - Gauteng: Diepsloot R91.5 million
  - Gauteng: Sweet Waters R45.7 million
  - KwaZulu-Natal: Cornubia R120.7 million
  - Limpopo: Lephalale R291.6 million
  - Western Cape: Drommedaris R62.7 million
- R299 of the total allocation was earmarked for repair of infrastructure damaged by floods that occurred in January and February 2011. The funds were designated to 8 provinces.
- Pending level 3 accreditation for six metropolitan municipalities, R4.9 billion was identified to be allocated to these municipalities.

# Spending as at 30 June 2013

Table 1: Human Settlements Development Grant as at 30 June 2013 (Section 32)

R thousand	Main budget	Projected outcome	Actual payments as at 30 June 2013	Actual payments as % of Adjusted budget	% Transferred to provinces	(Over)	Under	Expenditure At 30 June 2012	Year-on-year growth
Eastern Cape	2 523 803	2 445 737	322 069	12.8%	15.9%	–	78 066	242 312	32.9%
Free State	1 120 936	1 120 936	90 548	8.1%	20.5%	–	–	180 271	-50%
Gauteng	4 108 399	4 108 399	614 238	15.0%	22.2%	–	–	513 963	20%
Kw aZulu-Natal	3 235 428	3 235 428	595 123	18.4%	20.9%	–	–	526 978	13%
Limpopo	1 324 742	96 909	96 909	7.3%	0.0%	–	1 227 833	235 044	-59%
Mpumalanga	1 124 332	1 124 332	77 893	6.9%	0.0%	–	–	187 554	-58%
Northern Cape	395 724	395 724	61 840	15.6%	18.8%	–	–	44 562	39%
North West	1 224 537	1 224 537	275 601	22.5%	24.8%	–	–	255 950	8%
Western Cape	1 925 971	1 925 971	243 516	12.6%	17.8%	–	–	151 541	61%
<b>Total</b>	<b>16 983 872</b>	<b>15 677 973</b>	<b>2 377 737</b>	<b>14.0%</b>	<b>17.3%</b>	<b>–</b>	<b>1 305 899</b>	<b>2 338 175</b>	<b>1.7%</b>
<b>Net</b>						<b>1 305 899</b>			

# Spending as at 31 March 2013

**Table 2: Human Settlements Development Grant as at 31 March 2013 (Section 32)**

<b>R thousand</b>	<b>Adjusted budget</b>	<b>Pre-audited outcome</b>	<b>Actual payments as at 31 March 2013</b>	<b>Actual payments as % of Adjusted budget</b>	<b>% Transferred to provinces</b>	<b>(Over)</b>	<b>Under</b>	<b>Expenditure At 31 March 2012</b>	<b>Year-on-year growth</b>
Eastern Cape	2 292 859	2 001 905	2 001 905	87.3%	87.6%	–	290 954	1 897 075	5.5%
Free State	991 804	975 608	975 608	98.4%	100.0%	–	16 196	911 190	7.1%
Gauteng	4 003 776	4 003 776	4 003 776	100.0%	100.0%	–	–	3 487 572	14.8%
Kw aZulu-Natal	2 942 934	2 942 934	2 942 934	100.0%	100.0%	–	–	2 769 871	6.2%
Limpopo	1 637 317	1 189 747	1 189 747	72.7%	96.9%	–	447 570	1 169 557	1.7%
Mpumalanga	980 263	953 065	953 065	97.2%	100.0%	–	27 198	916 677	4.0%
Northern Cape	339 551	339 540	339 540	100.0%	100.0%	–	11	322 633	5.2%
North West	1 064 405	1 064 317	1 064 317	100.0%	100.0%	–	88	1 148 709	-7.3%
Western Cape	1 725 180	1 725 180	1 725 180	100.0%	100.0%	–	–	1 638 845	5.3%
<b>Total</b>	<b>15 978 089</b>	<b>15 196 072</b>	<b>15 196 072</b>	<b>95.1%</b>	<b>97.9%</b>	<b>–</b>	<b>782 017</b>	<b>14 262 129</b>	<b>6.5%</b>
<b>Net</b>						<b>782 017</b>			

# 1<sup>st</sup> quarter expenditure by programme

**Table 3: Expenditure by programme - 1st quarter 2013/14**

<b>Roo's Programme</b>	<b>Funds allocated</b>	<b>Actual Expenditure</b>	<b>Over/under spending</b>	<b>% Spent</b>
Financial Intervention	653 122	426 877	226 245	65.4%
Incremental Housing Programmes	1 843 846	1 274 937	568 909	69.1%
Social and Rental Housing	234 158	158 128	76 030	67.5%
Rural Housing	536 882	510 954	25 928	95.2%
Priority Projects	105 896	1 263	104 633	1.2%
Provincial Specific Programmes	85 526	5 578	79 948	6.5%
<b>Total</b>	<b>3 459 430</b>	<b>2 377 737</b>	<b>1 081 693</b>	<b>68.7%</b>

# Financial Intervention - Performance

**Table 4 Performance**

2013/14 First Quarter Report	Sites			Units			Other		
	Projected Outputs	Actual Delivery	Variance	Projected Outputs	Actual Delivery	Variance	Projected Outputs	Actual Delivery	Variance
<b>1. Financial Intervention</b>									
1.1a Individual housing subsidies (R0 - R3 500) credit linked	-	-	-	20	-	20	-	-	-
1.1b Individual housing subsidies (R0 - R3 500) Non - Credit Linked	-	-	-	314	828	-514	-	-	-
1.2 Housing finance linked Individual subsidies (FLISP)- (R3 501 - R7 000)	-	-	-	320	3	317	-	-	-
1.3 Enhanced Extended Discount Benefit Scheme (EEDBS)	-	-	-	-	-	-	929	2,664	-1,735
1.4 State Asset Maintenance Programme	-	-	-	-	-	-	90	970	-880
1.5a Rectified RDP stck 1994-2002	-	-	-	2,709	7,625	-4,916	-	-	-
1.5b Rectification of Housing Stock(pre 1994)	-	-	-	691	194	497	-	40	-40
1.9 Blocked projects	30	-	30	606	37	569	-	-	-
1.10 NHBCRC enrolment (related to grant)	-	-	-	-	-	-	18,850	12	18,838
1.11a Land parcels procured(IHAHSD)	-	-	-	-	-	-	116	756	-640
<b>Sub-total: Financial Intervention</b>	<b>30</b>	<b>-</b>	<b>30</b>	<b>4,660</b>	<b>8,687</b>	<b>-4,027</b>	<b>19,985</b>	<b>4,442</b>	<b>15,543</b>

# Incremental Housing - Performance

**Table 5 Performance**

2013/14 First Quarter Report	Sites			Units			Other		
	Projected Outputs	Actual Delivery	Variance	Projected Outputs	Actual Delivery	Variance	Projected Outputs	Actual Delivery	Variance
<b>2. Incremental Housing Programmes</b>									
2.1 Project Linked Subsidies(current commitments approved up to 31/03/07)	484	772	-288	1,071	1,619	-548	-	-	-
2.2a Integrated Residential Development Programme :Phase 1:Planning and Services	2,361	2,251	110	-	-	-	-	-	-
2.2b Integrated Residential Development Programme :Phase 1:Planning and Services <u>INFORMAL SETTLEMENTS</u>	1,439	-	1,439	-	-	-	-	-	-
2.2c Integrated Residential Development Programme :Phase 2:Top Structure Construction	-	-	-	3,464	2,924	540	-	-	-
2.2d Integrated Residential Development Programme :Phase 2:Top Structure Construction <u>INFORMAL SETTLEMENTS</u>	-	-	-	1,391	330	1,061	-	-	-
2.2e Integrated Residential development Programme :Phase 4:Top Structure Construction ( <u>INFORMAL SETTLEMENTS</u> )	-	-	-	3,039	783	2,256	-	-	-
2.3a People's Housing process	-	-	-	3,308	1,029	2,279	-	-	-
2.3b People's Housing Process <u>INFORMAL SETTLEMENTS</u>	20	-	20	30	458	-428	-	-	-
2.4 Informal Settlement Upgrading	4,633	2,302	2,331	5,228	4,512	716	-	-	-
2.5a Consolidation Subsidies (Excluding Blocked Projects)	-	-	-	190	65	125	-	-	-
2.5b Consolidation Subsidies (Blocked Projects)	-	-	-	25	-	25	-	-	-
2.6 Emergency Housing Assistance	128	124	4	1,057	362	695	-	368	-368
<b>Sub-total: Incremental Housing Programmes</b>	<b>9,065</b>	<b>5,449</b>	<b>3,616</b>	<b>18,803</b>	<b>12,082</b>	<b>6,721</b>	<b>-</b>	<b>368</b>	<b>-368</b>

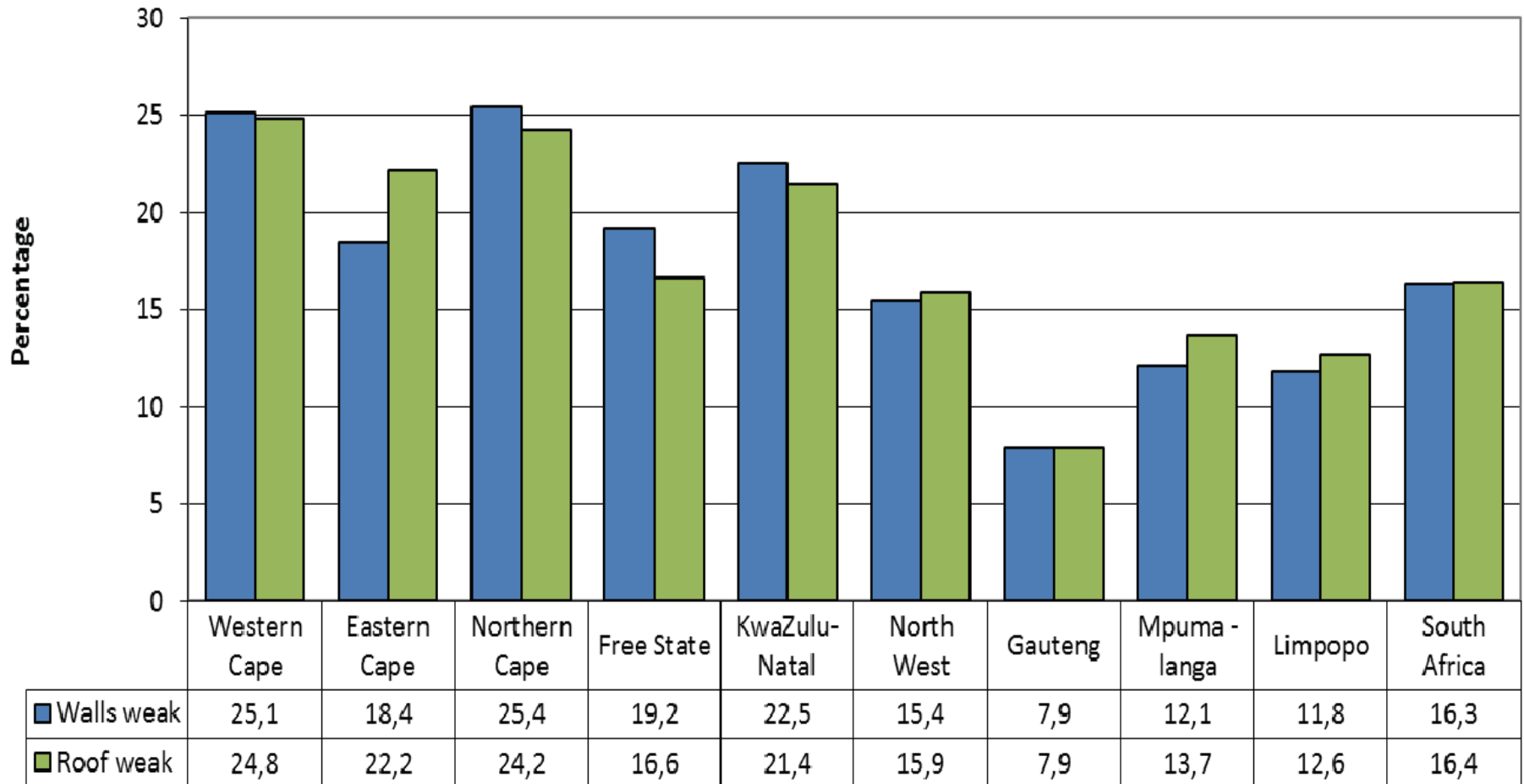


# Rural Housing – Performance

**Table 6 Performance**

2013/14 First Quarter Report	Sites			Units			Other		
	Projected Outputs	Actual Delivery	Variance	Projected Outputs	Actual Delivery	Variance	Projected Outputs	Actual Delivery	Variance
<b>4. Rural Housing</b>									
4.1 Farm Worker Housing Assistance	25	-	25	128	-	128	-	-	-
4.2 Rural Housing: Communal land rights	1,512	1,022	490	6,401	6,317	84	-	-	-
<b>Sub-total: Rural Housing</b>	<b>1,537</b>	<b>1,022</b>	<b>515</b>	<b>6,529</b>	<b>6,317</b>	<b>212</b>	-	-	-

# Housing Quality



Source: General Household Survey 2012

# Challenges

- Gap between the planned targets and actual delivery, indicative of planning deficiencies
- Very little attention given to priority projects and provincial specific programmes, with spending at 1.2 per cent and 6.5 per cent respectively.
- Funds withheld to Limpopo and Mpumalanga due to procurement irregularities and poor business plan
- Slow procurement processes, cash flow management and non-availability of suitable land for human settlements developments.
- Poor beneficiary management
- Poor workmanship – departments must supervise contractors and suitably manage contracts.

# Thank you