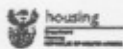




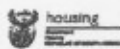
Departmental Budget for 2008/ 2009



General Budget Overview

The Department's Budget is structured around 4 programmes:

- Programme 1: Administration
- Programme 2: Policy, Research and Planning
- Programme 3: Housing Delivery Support
- Programme 4: Housing Development Finance



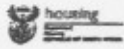
General Budget Overview Programme Breakdown

R thousand	2008/09	2009/10	2010/11
	Medium-term estimates		
	MTEF Baseline		
1. Administration	126,509	171,706	181,385
2. Housing Policy, Research and Planning	105,542	174,817	183,731
3. Housing Delivery Support	182,926	233,396	243,088
4. Housing Development Finance	10,171,546	12,151,728	14,670,447
Departmental Total	10,586,523	12,731,647	15,278,651
Change to 2007 Budget Estimate	1,172	202,838	1,998,099



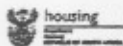
Expenditure estimates By Economic Classification

R thousand	2008/09	2009/10	2010/11
	Medium-term estimates		
	MTEF Baseline		
Compensation of employees	133,625	200,193	212,574
Goods and services	363,804	469,627	493,527
Provincial Revenue Funds	9,852,842	11,730,823	14,222,672
Departmental agencies and accounts	227,739	326,440	346,026
Foreign governments and international organizations	1,000	1,000	1,000
Machinery and equipment	7,313	2,511	2,798
Software and other intangible assets	200	1,053	54
TOTAL PAYMENTS	10,586,523	12,731,647	15,278,651



Analysis of expenditure trends

- The department's budget is dominated by transfer payments (95% of total allocation).
- The budget grows from R9 billion in 2007/08 to R15.3 billion in 2010/11, at an average annual rate of 19.4%.
- The increases are due to transfers to provinces under the integrated housing and human settlement development grant.



Analysis of expenditure trends

- Included in the conditional grant to provinces are amounts earmarked for the implementation of the national pilot projects:
 - the N2 Gateway project in the Cape Town metropolitan area (R300 million in 2008/09, R400 million in 2009/10 and R500 million in 2010/11).
 - Zanemvula project
- R808 million is provided for the implementation of the social housing programme at R196 million for 2008/09, R297 million for 2009/10 and R314.8 million for 2010/11

Programme 1: Administration

- **Purpose:**

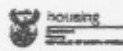
- Provide strategic leadership, administrative and management role and services to the department.

- **Included in Programme 1 are the following key areas of responsibility:**

- Office of the Executive Authority,
- Office of the Accounting Officer,
- Office of the Chief of Operations;
- Branch Corporate Services

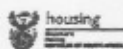
Expenditure estimates Programme 1: Administration

R thousand	2008/09	2009/10	2010/11
	Medium-term estimates		
	MTEF Baseline		
Minister	1,019	1,072	1,127
Management	56,791	69,535	73,695
Corporate Services	60,039	91,549	96,042
Property Management	8,660	9,550	10,521
Total of sub-programmes	126,509	171,706	181,385
Change to 2007 Budget Estimate	(3,322)	85	(1,070)



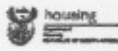
Expenditure estimates Programme Administration

R thousand	2008/09	2009/10	2010/11
	Medium-term estimates		
	MTEF Baseline		
Compensation of employees	51,313	66,713	70,574
Goods and services	72,229	102,079	108,781
Provincial Revenue Funds	-	-	-
Departmental agencies and accounts	-	-	-
Machinery and equipment	2,767	1,914	2,030
Software and other intangible assets	200	1,000	-
TOTAL PAYMENTS	126,509	171,706	181,385



Expenditure trends

- Expenditure grows from R126,5 in 2007/08 to R171,7 in 2008/09 reaching R181,4 million in 2010/11 at an average annual growth rate of 14%;
- Goods and services are also set to rise significantly, from R70.7 million in 2007/08 to R108.8 million in 2010/11 at an average annual increase of 15.5%;
- This is mainly due to growth in funding related to the functions of Special Investigations, Internal Audit and International Relations;
- Also, the housing framework legislation unit was moved to this programme from the previous Policy, Planning and Research programme.



Programme 2: Housing Policy Research and Planning

- **Purpose:**

- Develop and promote national sustainable human settlements and housing policies supported by a responsive research agenda. Monitor and assess the implementation, performance and impact of national housing policies and programmes. Provide integrated business information.



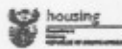
Expenditure estimates Programme 2: Policy & Research

R thousand	2008/09	2009/10	2010/11
	Medium-term estimates		
	MTEF Baseline		
Management	2,215	3,388	3,591
Policy Development	10,259	22,064	23,367
Research	6,909	18,198	19,374
Monitoring and Evaluation	12,145	37,452	39,724
Information Management	64,072	79,670	82,620
Contributions	1,000	1,000	1,000
Housing Settlement Planning	8,942	13,045	14,055
Total of sub-programmes	105,542	174,817	183,731
Change to 2007 Budget Estimate	(5,138)	3,595	2,227



Expenditure estimates Programme 2: Housing Policy

R thousand	2008/09	2009/10	2010/11
	Medium-term estimates		
	MTEF Baseline		
Compensation of employees	27,952	48,602	51,627
Goods and services	75,657	124,947	130,823
Provincial Revenue Funds	-	-	-
Departmental agencies and accounts	-	-	-
Foreign governments and international organisations	1,000	1,000	1,000
Machinery and equipment	933	265	281
Software and other intangible assets	-	3	-
TOTAL PAYMENTS	105,542	174,817	183,731



Expenditure trends

- The budget grows from R78 million in 2007/08 to R183.7 million in 2010/11 over the medium term, at an average annual rate of 33.1%;
- Significantly this programme grows from a very low base over the past years its growth is mainly related to the Information Management function costs;
- This is mainly due to a new sub-programme, Human Settlement Planning, that was created to improve and co-ordinate the planning regime.
- Spending in the sub-programme grows from R8.9 million in 2008/09 to R14 million in 2010/11.



**Programme 3
Housing Delivery Support**

• Purpose

–Provide implementation and delivery support, build capacity, liaise and communicate with stakeholders and manage intergovernmental and international relations for housing and human settlement programmes.



**Expenditure estimates
Prog 3 Housing Delivery Support**

	2008/09	2009/10	2010/11
	Medium-term estimates		
R thousand	MTEF Baseline		
Management	2,170	3,000	3,300
Service Delivery Support	5,732	6,512	7,163
Rental Housing and People's Housing Process	10,293	18,012	18,518
Stakeholder Management	7,330	8,478	9,326
Inter-governmental and International Relations	63,320	66,776	68,808
Capacity Development	18,572	50,751	53,820
Priority Projects	4,999	6,055	6,442
Phasing Out of Subsidy Programmes	-	-	-
Communication	70,610	73,812	75,711
Total of sub-programmes	182,92	233,39	243,08
Change to 2007 Budget Estimate	6 21,118	6 (7,425)	(11,68 2)



Expenditure estimates Prog 3: Housing Delivery Support

R thousand	2008/09	2009/10	2010/11
	Medium-term estimates		
	MTEF Baseline		
Compensation of employees	29,016	37,589	39,943
Goods and services	152,179	195,680	202,875
Provincial Revenue Funds	-	-	-
Departmental agencies and accounts	-	-	-
Machinery and equipment	1,731	127	270
Software and other intangible assets	-	-	-
TOTAL PAYMENTS	182,926	233,396	243,088



Expenditure trends

- Expenditure increases from R143.9 million in 2007/08 to R243 million in 2010/11, at an average annual rate of 19.1 %.
- The increase is seen in the Capacity Development sub-programme and is mainly due to improved capacity for providing service delivery support to the housing sector.
- Provision for communication activities has also increased significantly to ensure appropriate information reaches the public and stakeholders.
- This results in an increase in expenditure on the goods and services item from R126.9 million in 2007/08 to R202.9 million in 2010/11, at an average annual growth rate of 16.9 %.



Prog 4 Housing Development Finance

- Purpose
 - Fund national housing and human settlement development programmes in terms of the Housing Act (1997). Provide financial, grant and housing institutions management. Manage all matters provided for by the Home Loan and Mortgage Disclosure Act (2000).



Expenditure estimates Programme 4 Housing Dev. Finance

	2008/09	2009/10	2010/11
	Medium-term estimates		
R thousand	MTEF Baseline		
Management	2,189	3,388	3,591
Financial and Funds Management	33,541	64,707	70,206
Housing Institutions and Funding Mobilisation	40,117	20,179	21,389
Housing Equity	15,118	6,191	6,563
Contributions	227,739	326,440	346,026
Integrated Housing and Human Settlement Development Grant	9,852,842	11,730,823	14,222,672
Interest and Redemption on Private Loans			
Total of sub-programmes	10,171,546	12,151,728	14,670,447
Change to 2008 Budget Estimate	(11,486)	206,583	2,008,594



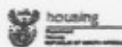
Expenditure estimates Programme 4: Housing Development Finance

R thousand	2008/09	2009/10	2010/11
	Medium-term estimates		
	MTEF Baseline		
Compensation of employees	25,344	47,289	50,430
Goods and services	63,739	46,921	51,048
Provincial Revenue Funds	9,852,842	11,730,823	14,222,672
Departmental agencies and accounts	227,739	326,440	346,026
Machinery and equipment	1,882	205	217
Software and other intangible assets	-	50	54
TOTAL PAYMENTS	10,171,546	12,151,728	14,670,447



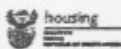
Expenditure trends

- The average annual increase of 32.9 % between 2007/08 and 2010/11 in goods and services makes provisions for contractors, consultants and special services, which increases to R44.8 million to support the establishment of the anticipated Housing Development Agency.
- Transfer payments to departmental agencies and accounts, which are seen in the Contributions sub-programme are set to increase from R257.2 million in 2007/08 to R346 million in 2010/11, an ave annual increase of 10.4 %.
- This increase includes provision for setting up the Social Housing Regulatory Authority to provide support to social housing institutions to manage affordable rental housing.
- Other transfers over the medium term are made to the Social Housing Foundation and to Thubelisha Homes.
- As the unit that monitors trends in housing finance, in terms of the Home Loan and Mortgage Disclosure Act (2000), becomes operational, Housing Equity has been created as a separate subprogramme from 2008/09.



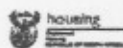
Conditional Grant Allocations 2008/09 to 2010/11

Provinces R'000	2008/09	2009/10	2010/11
EASTERN CAPE	1,251,018	1,510,127	1,865,963
FREE STATE	772,410	907,708	1,093,849
GAUTENG	2,579,974	3,004,848	3,569,999
KWAZULU-NATAL	1,575,586	1,891,017	2,353,255
LIMPOPO	783,247	939,677	1,168,678
MPUMALANGA	629,210	749,963	923,644
NORTHERN CAPE	161,312	199,332	258,638
NORTH WEST	896,102	1,037,154	1,219,807
WESTERN CAPE	1,203,984	1,490,999	1,768,840
TOTAL	9,852,842	11,730,823	14,222,672



Summary of estimated outputs per subsidy instrument

Housing Programmes	Targeted Outputs (Units)	Funds Allocated R'000
1. Financial Intervention		
1.1a Individual housing subsidies (R0 - R3 500) Credit linked	505	25,009
1.1b Individual housing subsidies (R0 - R3 500) Non-credit linked	-	136,526
1.2a Housing finance linked individual subsidies (R3 501 - R7 000)	6,969	145,763
1.2b Housing finance linked individual subsidies: Inclusionary housing	-	-
1.3 Relocation assistance	-	66,212
1.4 Enhanced Extended Discount Benefit Scheme	-	123,664
1.5 State asset maintenance programme	-	136,940
1.6a Rectification of RDP stock 1994 - 2002	-	300,899
1.6b Rectification of housing stock (pre - 1994)	-	32,529
1.7 Social and economic facilities	-	236,270
1.8 Accreditation of municipalities		
1.9 Accredited municipalities (level 4 & 5)		



Summary of estimated outputs per subsidy instrument

Housing Programmes	Targeted Outputs (Units)	Funds Allotted R'000
2. Incremental Housing Programmes		
2.1a Project Linked Subsidies (current commitments approved up to 31/03/07): Excluding blocked projects	47,739	1,619,389
2.1b Project Linked Subsidies (current commitments approved up to 31/03/07): Blocked projects	-	-
2.2a Integrated residential development programme: Phase 1 Planning & services (excluding informal settlements)	-	321,638
2.2b Integrated residential development programme: Phase 2 Top structure construction (excluding informal settlements)	17,463	754,706
2.2c Integrated residential development programme: Phase 4 Top structure construction: informal settlements	15,020	284,000
2.3a People's Housing Process: current commitments (excluding blocked projects)	18,904	505,199
2.3b People's Housing Process: current commitments (blocked projects)	-	-
2.4a People's Housing Process (excluding informal settlement upgrading)	17,679	176,449
2.4b People's Housing Process (informal settlement upgrading)	1,000	17,800
2.5 Informal Settlement Upgrading	103,218	2,381,302
2.6a Consolidation Subsidies (Excluding blocked projects)	32,219	513,979
2.6b Consolidation Subsidies (blocked projects)	-	-
2.7a Emergency Housing assistance (current commitments)	-	111,109
2.7b Emergency Housing assistance (planned projects - possible disaster area)	2,560	57,164
Sub-total	255,802	6,742,735



Summary of estimated outputs per subsidy instrument

Housing Programmes	Targeted Outputs (Units)	Funds Allotted R'000
3. Social and Rental Housing		
3.1 Institutional Subsidies	7,707	240,323
3.2a Social housing: operational support	-	2,388
3.2b Social housing: Capital grants for rental housing	4,955	312,603
3.3 Higher density individual ownership	-	-
3.4 Community residential units	11,782	521,255
3.5 Back Yard Rental programme	1,000	48,000
3.6 Housing assistance to hh affected by death of guardians	-	-
Sub-total	25,444	1,124,569
Housing Programmes	Targeted Outputs (Units)	Funds Allotted R'000
4. Rural Housing Programmes		
4.1 Farm Worker Housing Assistance	-	35,293
4.2 Rural Housing communal rights	10,947	645,085
Sub-total	10,947	680,378
TOTAL	302,834	10,589,818