



Background	
•	Previously the Department of Housing, since May 2009 renamed Department of Human Settlements.
•	Consist of 5 main programmes: <ul style="list-style-type: none"> ◦ Programme 1: Administration ◦ Programme 2: Housing Policy, Research and Monitoring ◦ Programme 3: Housing Planning and Delivery Support ◦ Programme 4: Housing Development Finance ◦ Programme 5: Strategic Relations and Governance
•	Generates revenue. Mainly from repaid loans and advances to employees.

Budget analysis: Overview	
•	2008/09 allocation = R10.92 billion. 2009/10 allocation = R13.58 billion.
•	Nominal increase = 24.3 percent & real terms = 16.1 percent.
•	Expenditure dominated by transfers and subsidies (95.3 percent of its departmental allocation). A total of R12.957 billion will be transferred in 2009/10.
•	Transfers and subsidies: Integrated Housing and Human Settlement Grant = R12.44 billion, Housing Disaster Relief Grant = R150 million, Social Housing Regulatory Authority (R285 million), Thubelisha Homes (R6.3 million), Social Housing Foundation (R23 million), Housing Development Agency (49.7 million).

Budget analysis: Additional allocations & Revenue

- Additional allocations over the Medium Term Expenditure Framework (MTEF) period are:
 - Establishment and operational costs of the Housing Development Agency (R20 million, R40 million and R60 million).
 - Recapitalisation of Rural Housing Loan Fund (R60 million in 2010/11 and 2011/12 respectively).
 - Integrated Housing and Human Settlement grant (R711.5 million, R04.1 million and R2.1 billion). This figure includes R100 million in 2010/11 and R400 million in 2011/12 for Khutsong resettlement project.
- Revenue will increase from R1.1 million in 2008/09 to R2.6 million since subsidies fraudulently issued to government officials will be repaid. However, projected that revenue will decrease to R510 million (2010/11) and R540 million (2011/12).

Budget analysis: Economic classification

- Consultation and professional services declined with 46.9 percent in real terms : i.e. Business and advisory services declined (from R91.8 million to R51.3 million). However legal cost increased (from R0.9 million in 2008/09 financial year to R5.7 million).
- Subsistence and travel increased with 87.2 percent in real terms: from R38.2 million to R75.4 million.
- Compensation of employees increased with 60.0 percent in real terms: from R133.6 million to R225.8 million.
- Advertising declined with 46.1 percent in real terms: from 94.6 million to 53.7 million.
- External audit cost increased with 62.3 percent in real terms: from R3.8 million to R6.5 million.

Programme 1: Administration

- Increased from R128.1 million (2008/09) to R196.5 million (2009/10).
- Nominal growth = 54.9 percent. Real growth = 47.0 percent.
- Increase mainly due to growth in compensation of employees (increased from R44.1 in 2008/09 to R72.6 million in 2009/10). Additional resources are aimed at enhancing internal audit, risk management and special investigation function in the Department.
- Goods and services increased from R78.2 million to R122.1 million – to provide for additional resources for the Special Investigations Unit (SIU). Includes: consultants and professional services (both business advisory and services & legal costs) and travel and subsistence.

Programme 2: Housing Policy, Research and Monitoring

- Increased from R31.5 million (2008/09) to R58.0 million (2009/10).
- Nominal increase = 81.1 percent & real terms = 74.6 percent.
- Growth in expenditure stimulated by need to enhance research, as well as monitoring and evaluation capacity within Department.
- *Monitoring and Evaluation* sub-programme dominates (constitutes 40.9 percent of programme allocation). Budget increased from R12.1 million to R23.8 million. Real growth of 86.6 percent.
- *Research* sub-programme experienced strongest real growth (186 percent). Allocation grew from R6.9 million to R20.8 million.
- Goods and services increased, i.e.: consultants and professional services (from R700 000 to R2.6 million), travel and subsistence (from R2.4 million in to R5.1 million)

Programme 3: Housing Planning and Delivery Support

- Allocation more than doubles from the previous year, from R60.6 million (2008/09) to R138.5 million (2009/10), compared to R60.6 million in 2008/09.
- Nominal growth = 128.5 percent. Real growth = 116.8 percent.
- *Capacity Development* sub-programme increased from R21.1 million to R39.3 million. Real growth of 76.1 percent real intended for supplementing capacity of provincial housing departments.
- *Priority Projects* sub-programme increased from R5.0 million to R17.3 million (2009/10). Real growth of 228.2 percent. Growth suggests Department's commitment to improving the delivery rate of housing projects, including blocked projects, by providing technical support to provinces and municipalities.

Programme 3 (continued)

- *Programme Implementation Support* sub-programme increased from R5.7 million to R18.0 million. Real growth = 199.6 percent
- Allocation supports the Department's commitment to improved housing development planning through aligning municipal and provincial multi-year housing development plans.
- *Stakeholder Mobilisation* sub-programme increased from R7.3 million to R19.8 million. Real growth = 157.3 percent.
- Growth reflects commitment to ensure effective participation of the private housing sector in the delivery of housing.

Programme 4: Housing Development Finance

- Expenditure increased from R10.5 billion (2008/09) to R13.0 billion (2009/10). Nominal growth = 24.4 percent. Real growth = 18.0 percent.
- Expenditure dominated by Integrated Housing and Human Settlement Development Grant sub-programme. (Constitutes 95.6 percent of the overall programme allocation). Grant increased from R10.17 billion to R12.44 billion.
- Financial and Fund Management sub-programme increased from R33.5 million to R187.3 million. Real growth = 62.9 percent. Funding used mainly for salaries and other personnel-related costs.
- Economic classification: External audit costs increased from R3.8 million to R6.4 million. Real growth = 59.8 percent.
- Growth illustrates the Department's commitment to ensuring effective financial management by maintaining adequate controls and systems, which will be measured by compliance with established practices.

Programme 5: Strategic relations and governance

- Declined from R251.8 million (2008/09) to R182.2 million in 2009/10). Declined in real terms with 31.3 percent.
- Decline is the result of a once off allocation for establishing the Housing Development Agency in 2008/09, as well as changing priorities in the Intergovernmental and International Relations sub-programme.
- Intergovernmental and International Relations sub-programme declines with 68.2 percent in real terms (from R63.3 million to R21.1 million).
- Communication sub-programme declined from R81.5 million to R67.9 million. Allocation declined with 20.9 percent in real terms.
- Previous expenditure (2007/08 and 2008/09) under Programme 5 also stimulated by the Breaking New Ground communications campaign. Shift in communications expenditure is also reflected in decline in funding for the following goods and services: advertising (from R68 million in 2008/09 to R38.2 million 2009/10), and communication (from R1.6 million in 2008/09 to R1.4 million 2009/10).

Key issues for consideration

- In the past, the Department reported that inadequate intergovernmental relations impact negatively on its ability to accelerate the rate of housing delivery. However, the expenditure of the sub-programme responsible for this function declines in real terms with 68.2 percent.
- The Housing Development Agency receives considerable funding over the MTEF-period. Given the considerable investment in the establishment of the Agency, Parliament should monitor the implementation and operational models of the Housing Development Agency.
- Parliament should clarify the allocation to Thubelisha Home to the value of R6.3 million in 2009/10 and R6.6 million in 2010/11, given the fact that the Department has reported that Thubelisha Homes will cease to function as its public entity.
- The Intergovernmental and International Relations sub-programme declined with significantly due what the Department attributes to 'changing priorities'. Parliament should request an explanation of what this entails.

Key issues for consideration (continued)

- The Department received additional funding to the value of R100 million in 2010/11 and R400 million in 2011/12 for the Khutsong resettlement project. Parliament should monitor progress in this regard.
- The Department significantly increased funding to the Financial and Fund Management sub-programme to ensure financial and grant management support to provinces. Parliament should request regular updates from the Department on progress, as well as continued challenges in this regard.
- The Department anticipates a significant increase in revenue for 2009/10 due to repayment of fraudulent subsidies issued to government officials. Parliament should explore whether any repayments are anticipated from non-government officials and how much this will entail.
- The Integrated Housing and Human Settlement Grant dominates departmental expenditure. Parliament should request regular updates, including allocation per province for 2009/10, as well as delivery targets per province for 2009/10.

The first of these is the fact that the
 majority of the population of the
 country is now living in urban areas.
 This has led to a concentration of
 people in a few large cities, which
 has in turn led to a number of
 problems, such as overcrowding,
 pollution and a loss of open space.
 The second problem is the fact that
 the majority of the population is
 now of a different ethnic background
 to the majority of the population
 in the past. This has led to a
 number of problems, such as
 racial discrimination and a loss of
 cultural identity.
