



BRIEFING TO THE PORTFOLIO COMMITTEE ON HUMAN SETTLEMENTS

15 October 2013

For an Equitable Sharing of National Revenue

PRESENTATION OUTLINE

- Mandate of the Department of Human Settlements (DoHS) and Strategic Plans for 2012/13
- DoHS Analysis
 - Budget Allocation 2006/07-2015/16
 - Budget Composition Across Programs 2012/13
 - Expenditure Composition by Economic Classification
 - Departmental Expenditure Trends
 - Irregular Expenditure
 - How Well did the Department Do in 2012/13
 - AG Findings
 - Performance of Entities

• Conclusions and Recommendations

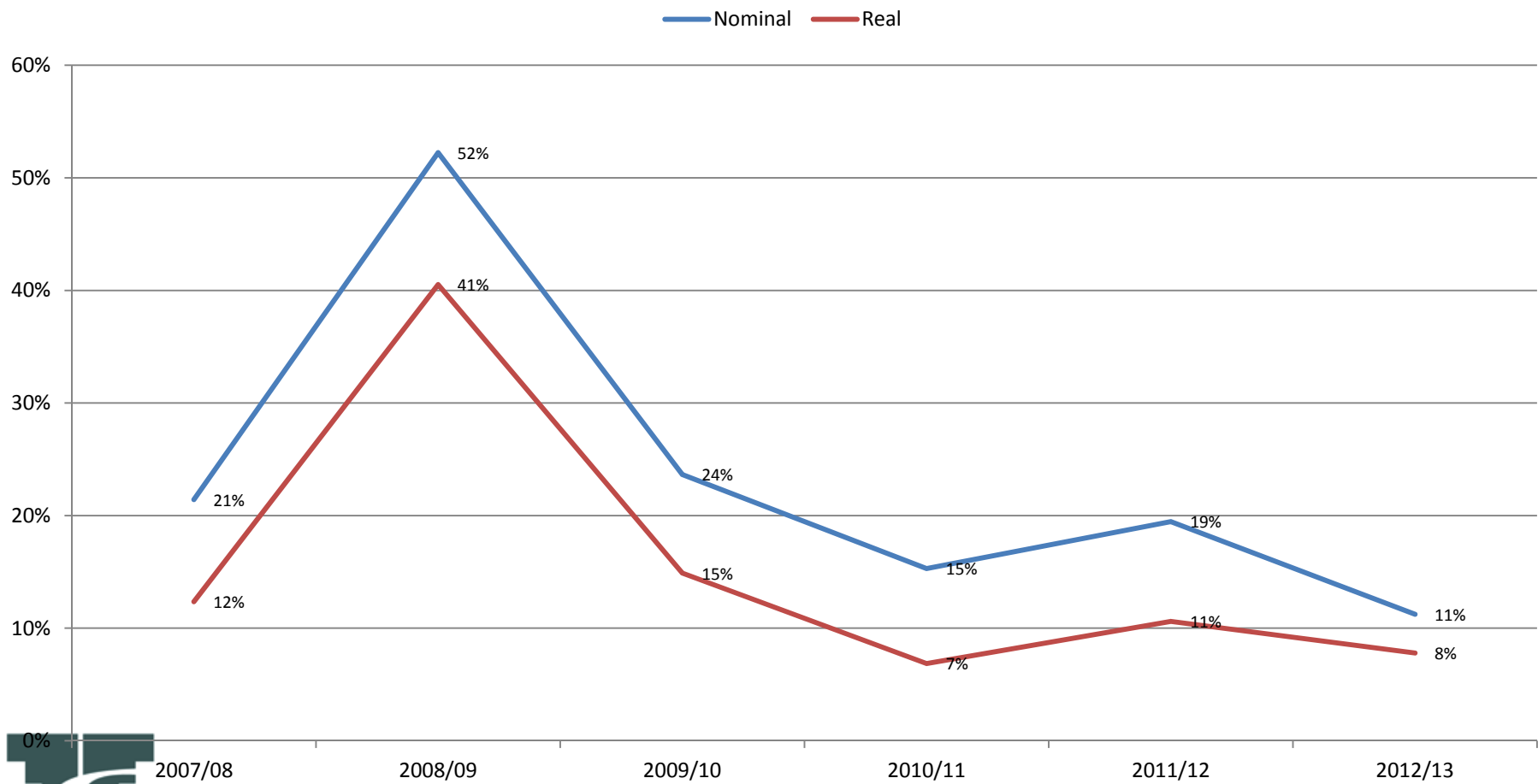
MANDATE OF THE DOHS AND STRATEGIC PLANS FOR 2012/13

- **Mandate** of the Department of Human Settlements is to facilitate the creation of sustainable human settlements and improve quality of household life
- Departmental strategic outcome-orientated goals are informed by Outcome 8:
 - Accelerated delivery of housing opportunities
 - Access to basic services
 - Efficient utilisation of land for human settlements development
 - Improved property market

NOMINAL BUDGET ALLOCATION (R' MILLIONS) - 2006/07 – 2015/16

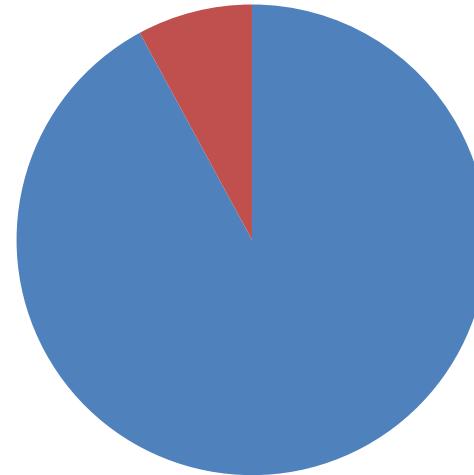
Financial year	Budget allocation (R' Millions)
2006/7	7 178
2007/8	8 716
2008/9	13 270
2009/10	16 407
2010/11	18 917
2011/12	22 599
2012/13	25 138
2013/14	28 111
2014/15	30 206
2015/16	32 747

NOMINAL AND REAL GROWTH RATE - 2006/07 – 2012/13



DEPARTMENTAL ALLOCATION BY SOURCE – 2012/13

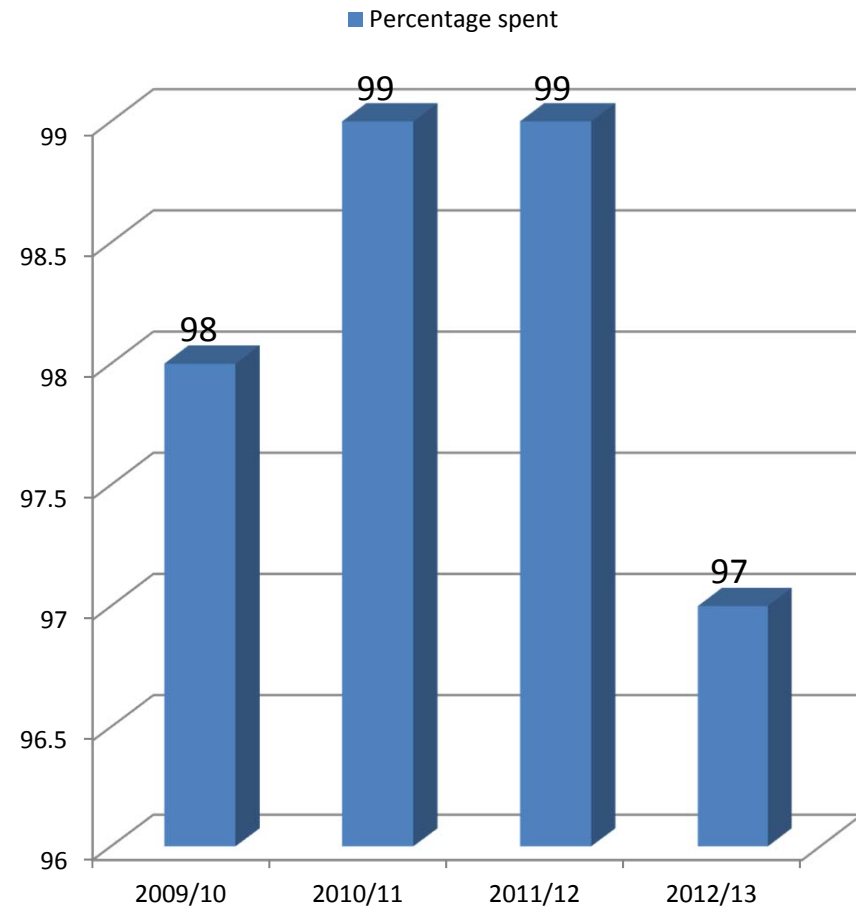
- Conditional grants (HSDG, USDG and RHIG) took R23 billion (93.2%) of the total allocation of R25 billion



■ Conditional Grant ■ Unconditional Grant

DEPARTMENTAL EXPENDITURE TRENDS – 2009/10-2012/13

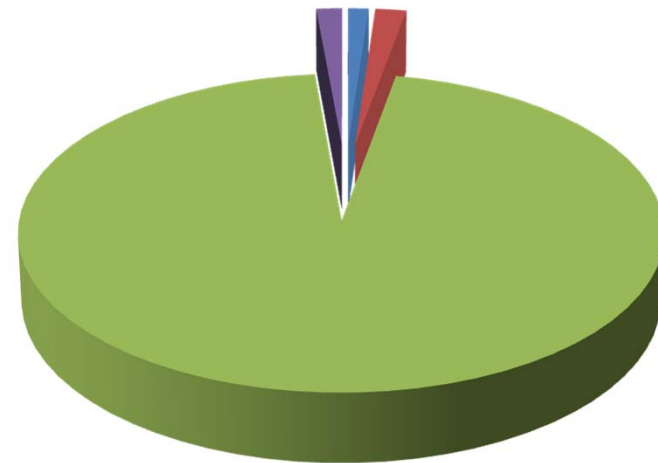
- Average spending performance of the department is 98% of allocated funds
- Slight dip in performance in 2012/13 F/Y mainly attributed the poor performance of RHIG and stopped HSDG to Limpopo and Eastern Cape.



EXPENDITURE COMPOSITION BY ECONOMIC CLASSIFICATIONS – 2013/14

- Over 95% of the budget is allocated on transfers and subsidies
 - 96% - provinces and municipalities
 - 3.8% - agencies
 - 0.08 to universities, foreign governments etc
- Compensation of Employees accounts for 1.15 % of total department's allocation
- The total department budget is driven by program 4 which accounts for 97% of funds under transfers and subsidies

■ Compensation of employees ■ Goods and services
■ Transfers and subsidies ■ Payments for capital assets

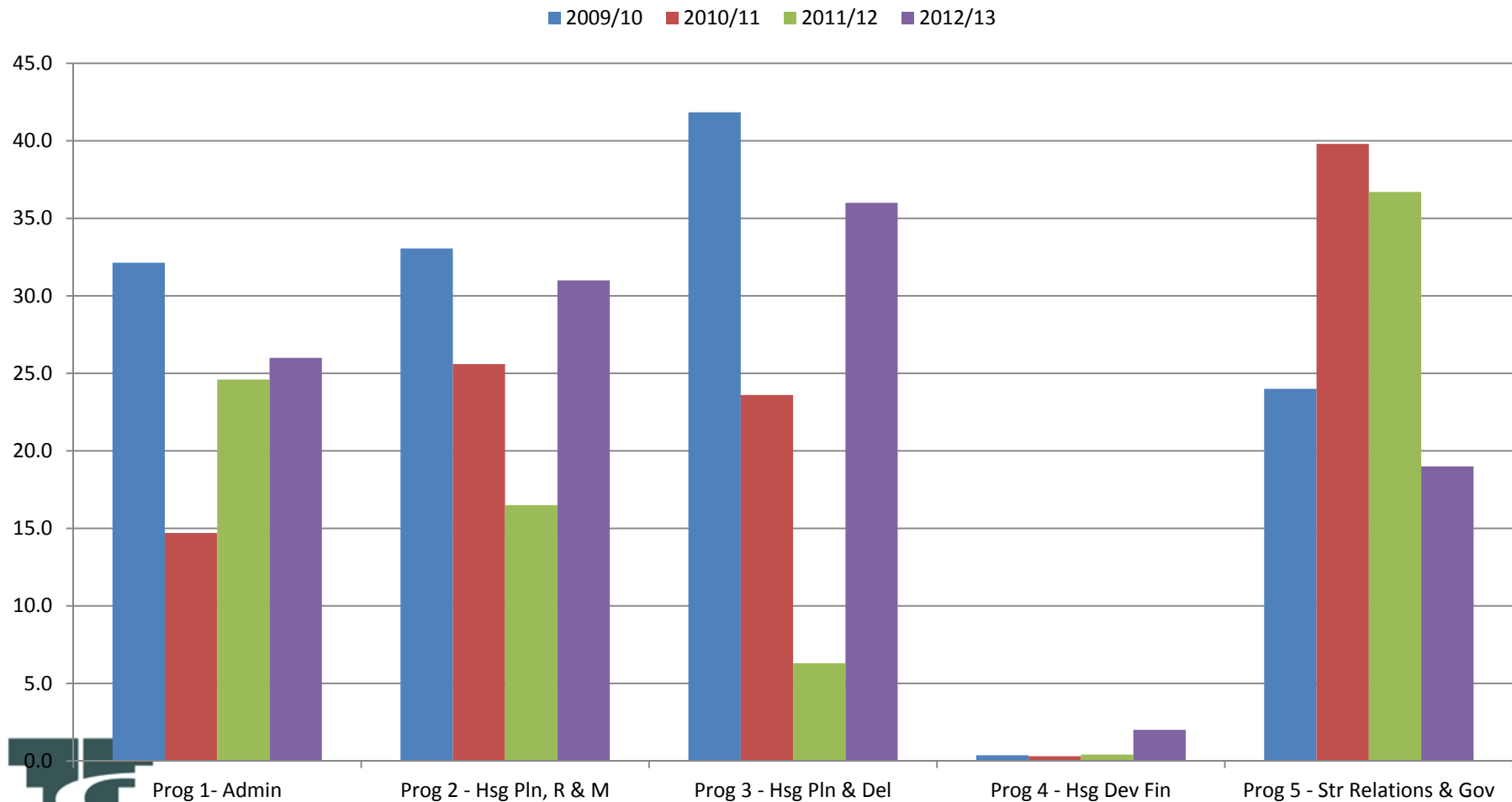


BUDGET ALLOCATION BY PROGRAMS - 2012/13

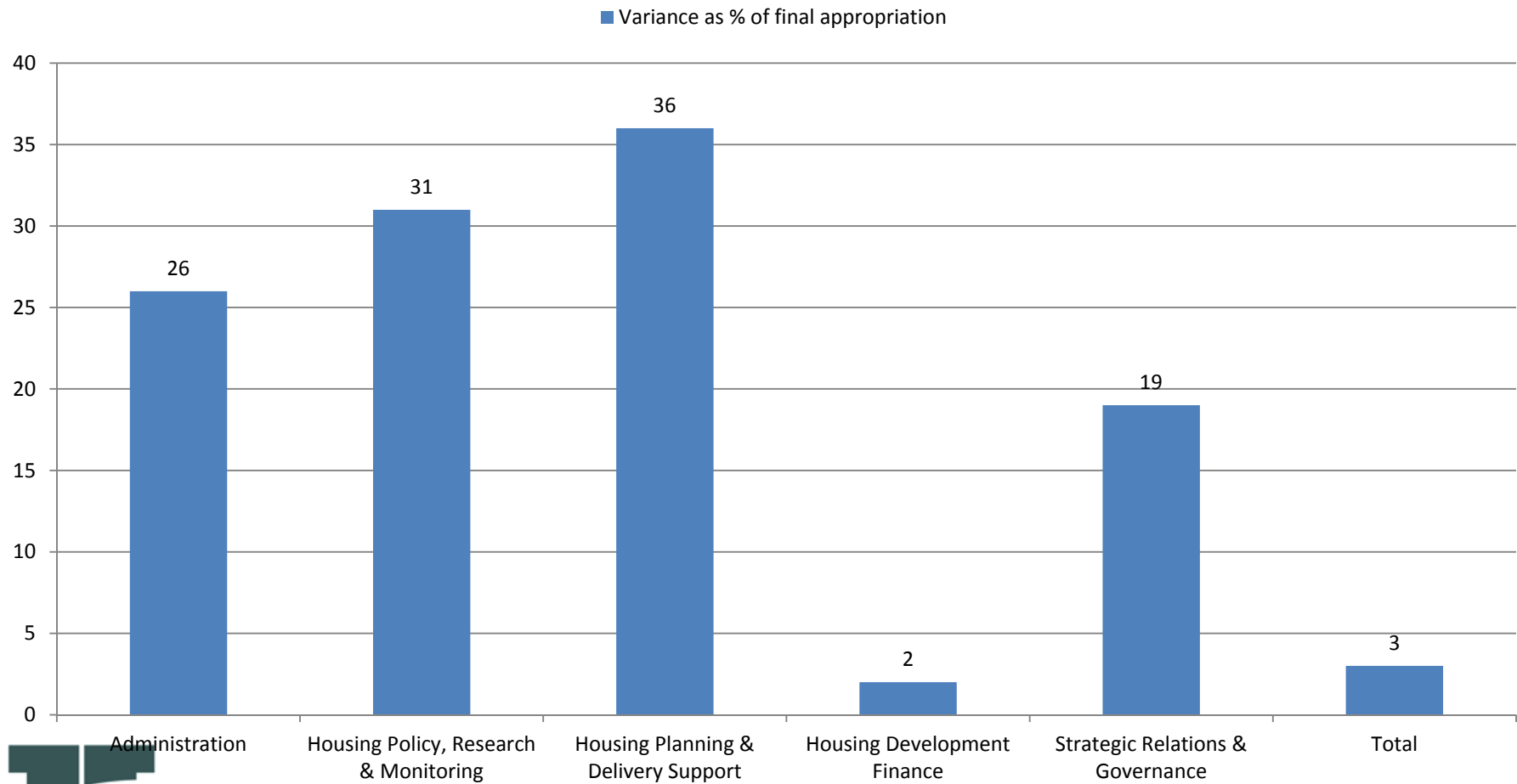
Programme	Total Allocation R'000	Percentage
Administration	236,106	0.09%
Housing Policy, Research & Monitoring	46,719	0.02%
Housing planning & delivery Support	224,460	0.09%
Housing development Finance	24,440,076	97.2%
Strategic Relations and Governance	190,444	0.08%
Total	25,137,805	100%

SPENDING PERFORMANCE BY PROGRAM

2009/10– 2012/13...(1)



SPENDING PERFORMANCE BY PROGRAM – 2012/13...(2)



SPENDING PERFORMANCE BY PROGRAM – 2012/13...(3)

- Program 4 consistently shows good performance
 - under-spending of 1% between 2009/10 and 2011/12% in 2012/13, mainly driven by:
 - Poor performance of RHIG
 - HSDG-R330,9 million due to the Eastern Cape and Limpopo was stopped due to underperformance
 - In 2011/12, concerns were raised by the Commission on the EC and LIM – with 82% and 83% spending respectively
- Concerns in program 1, 2, 3 and 5 with under-spending of 26%, 31%, 36% and 19% respectively
 - No filling of vacancies-this has also been a key driver of under-spending in 2011/12

– Delayed invoicing

CONDITIONAL GRANT EXPENDITURE PERFORMANCE

Name of a grant	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
HSDG	92.6%	99.9%	91.8%	99.8%	99.0%	97.0%	98.0%	98.0%
RHIG	-	-	-	-	-	62.0%	31.0%	60.0%
USDG	-	-	-	-	-	-	88.0%	96.0%

USDG

HSDG - PROVINCIAL EXPENDITURE PERFORMANCE - 2012/13

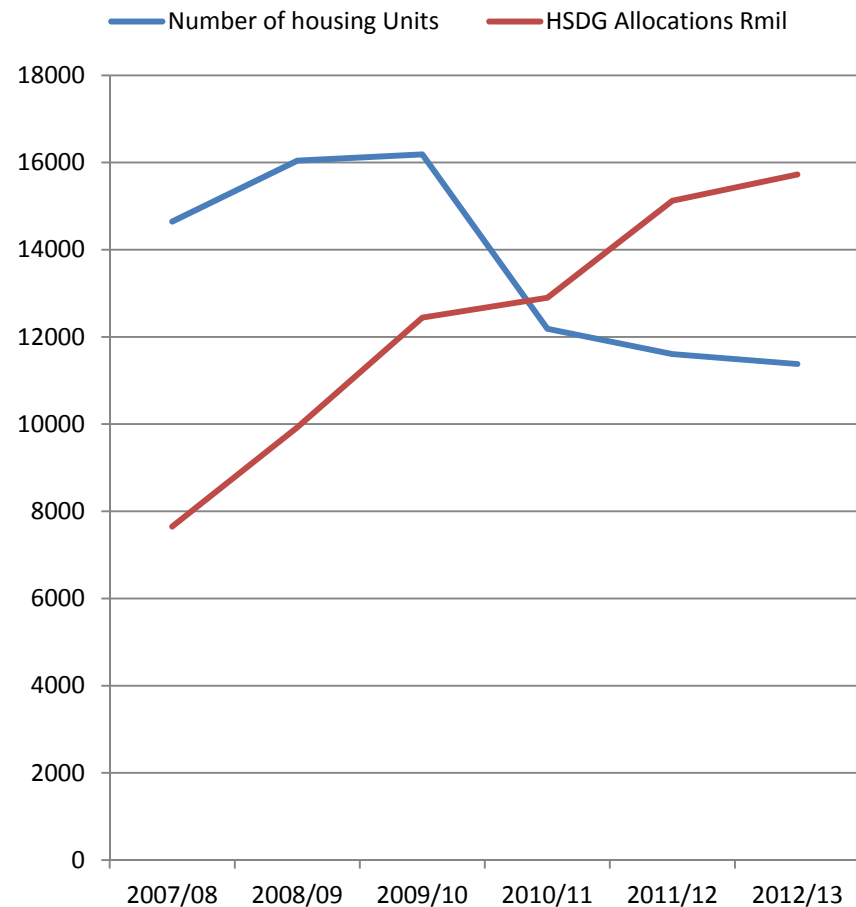
Province	Final appropriation (R' 000)	Actual spending (R' 000)	Preliminary outcomes as a % of adjusted budget
EC	2 292 859	2 001 905	87.3
FS	991 804	975 608	98.4
GP	4 003 776	4 003 776	100
KZN	2 942 934	2 915 297	99.1
LIM	1 637 317	1 315 641	80.4
MPU	980 263	953 065	97.2
NC	339 551	337 493	99.4
NW	1 064 405	1 064 317	100
WC	1 725 180	1 725 180	100
Total	15 978 089	15 292 282	95.7

SOURCE: NATIONAL TREASURY, 2012/13- SECTION 32 REPORT

HSDG ALLOCATION VS PERFORMANCE

2007/08 – 2012/13

- Number of units delivered are decreasing despite increasing allocations
 - Attributed to rising building costs
 - Building norms and standards
 - Use of grant for upgrading well located informal settlements



USDG – MUNICIPAL EXPENDITURE PERFORMANCE – 2012/13

Municipality	Allocation	% spent
Buffalo City	766788	73
Nelson Mandela	592870	100
Mangaung	614545	80
Ekurhuleni	1212537	94
City of JHB	1367187	97
City of Tshwane	1061188	100

FINANCIAL PERFORMANCE OF PUBLIC CORPORATIONS AND ENTITIES

Name of Entity	Amount Transferred (R'000)	Amount spent (R '000)
SHRA	668 497	668 497
NURCHA	120 000	120 000
RHLF	31 975	31 975
HDA	92 336	92 334

DoHS ANNUAL PERFORMANCE TARGETS 2012/13...(1)

Planned targets	Delivered	% achieved	Comment on variance
320 mortgages	160 mortgages	50%	Information up to 3 rd quarter
10 718 incremental loans	2 679 incremental loans	25%	Information up to 3 rd quarter
11 098 housing units (wholesale funding NHFC)	8 733 units	77%	Information up to 3 rd quarter
3 209 housing units leveraged by NHFC & others	802 units	25%	Information up to 3 rd quarter

DoHS ANNUAL PERFORMANCE TARGETS 2012/13...(2)

Planned targets	Delivered	% achieved
Upgrading of 140 000 informal settlements	141 973 upgraded informal settlements	101%
Release of 2 084 hectares of land	7 477 hectares released	359%
Facilitate 69 970 finance opportunities for households in the affordable sector	Not reported	
Assessment of 10 municipalities for accreditation	10 municipalities assessed	100%

DOHS ANNUAL PERFORMANCE TARGETS 2012/13...(2)

Planned targets	Delivered	% achieved	Comment on variance
58 000 households served RHIG	27 144	47%	Late appointment of service providers
58 000 households (user education)	31 092 households reached	54%	Appointment of new implementing agent
120 000 housing units	113 776	95%	Provincial figures not confirmed for the 4 th quarter
70 000 serviced sites	41 112 serviced sites	59%	Provincial figures not confirmed for the 4 th quarter

DoHS ANNUAL PERFORMANCE TARGETS 2012/13...(4)

- There is significant improvement in the identification performance indicators and their breakdown compared to 2011/12
 - the department has revised its annual targets on housing units in 2012/13
- The overall target attainment rate is 63% on average
- Some concerns in:
 - Housing units leveraged by NHFC where only 25% of targets have been achieved
 - RHIG- under-achieved by 53% and has been under-performing since its inception

SELECTED AUDITOR-GENERAL FINDINGS

- Material under-spending on Program 4 (sub-program RHIG) of R135 959 000
- 38% of the reported indicators and targets are inconsistent/incomplete with the target indicators as per Performance Plans
- Non-reliability of targets when compared to the information provided with respect to Program 2, 3 and 5, this is attributed to the lack of monitoring and lack of standard operating procedures for the accurate recording of actual achievements
- 47% of total planned targets were not achieved, attributed to the department's failure to consider relevant systems and evidential requirements during the strategic planning process



CONCLUSIONS AND RECOMMENDATIONS

Briefing to the Portfolio Committee on Human Settlements 15 October 2013

CONCLUSIONS

- The department's overall performance has been good over the last 4 years - average spending over 98% of allocated funds
- Some targets set for 2012/13 have been achieved
- There might be a need to further revise some targets, for example the release of land where 359% was achieved
- Of concern is Program 2 and 3
 - 2011/12 and 2012/13 where under-spending increased from 16.5% to 31% and 6.3% to 36% respectively

PAST RECOMMENDATIONS

Recommendation	Response	Progress
<p>Acceleration of accreditation where capacity does exist-This recommendation was first made by the FFC in 2005 and re-iterated in 2008</p>	<p>Accepted</p>	<p>Assignment of housing function to 6 metros in progress by 2014 -</p>
<p>Government should actively and specifically pursue development of a more spatially compact urban form for cities, by developing and adopting appropriate policies and financing instruments - This recommendation is consistent with National Development Plan</p>	<p>Accepted</p>	<ul style="list-style-type: none"> •The Department has put efficient land utilisation as one of strategic outcome goal <p>Department recently launch 512 newly build flats for the residents of Jabulani Hostel in Soweto</p>

PAST RECOMMENDATIONS

- The Commission has made recommendations to the PCHS in 2011, 2012 and 2013 and they include:

Recommendation	Progress
The department should strengthen its monitoring and evaluation in the human settlements sector	Not fully addressed as even the AG continues to raise these issues
Development of monitoring system for verification of housing projects delivered in all provinces	Not fully addressed as even the AG continues to raise these issue.
Continue to review its annual targets in line with its capacity and resources to deliver	Addressed



THANK YOU.

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