

071101jcbudget

**BREAKING NEW GROUND IN HOUSING DELIVERY
HOUSES, SECURITY & COMFORT**



housing

Department:
Housing
REPUBLIC OF SOUTH AFRICA

PRESENTATION TO JOINT BUDGET COMMITTEE BRIEFING ON MTBPS

*VISION: A NATION HOUSED IN SUSTAINABLE HUMAN SETTLEMENTS
WITH ACCESS TO SOCIO-ECONOMIC INFRASTRUCTURE*

*MISSION: TO ESTABLISH & FACILITATE A SUSTAINABLE PROCESS
THAT PROVIDES EQUITABLE ACCESS TO ADEQUATE HOUSING FOR ALL
WITHIN THE CONTECT OF AFFORDABILITY OF HOUSING & SERVICES
& ACCESS TO SOCIAL AMENITIES & ECONOMIC OPPORTUNITIES*

01 November 2007

Structure of the presentation

- Mandate and Medium-term policy priorities
- Significant allocations, planning assumptions and risk assessment
- Personnel establishment and vacancy ratios
- Skills development and training programmes
- Financial Performance
- Transfers and grant management
- Monitoring and evaluation systems
- Audit Outcomes

Mandate and medium-term policy

- Reconstruction and Development Programme (RDP) – set out framework and principles for sustainable development
- Botshabelo Housing Accord (1994) Signed by housing stakeholders
- Subsequent white paper on Housing (1994) and the Housing Act (1997)
- SA CONSTITUTION
 - Section 26: Right to access adequate housing
 - Schedule 4: National and Provincial Governments have concurrent legislative competence

Mandate and medium-term policy priorities

- The White paper on Housing remains the pillar of housing policy.
- The priorities of the Comprehensive Plan are to:
 - Accelerate housing delivery within the context of sustainable human settlements;
 - Improve the quality of housing products and environments and turn housing into assets;
 - Create a single and efficient formal housing market;
 - Restructure and integrate human settlements;
 - Utilize the provision of housing as a job creation strategy; and
 - Ensure access to property to alleviate asset poverty and foster empowerment.

Significant allocations, planning assumptions and risk assessment

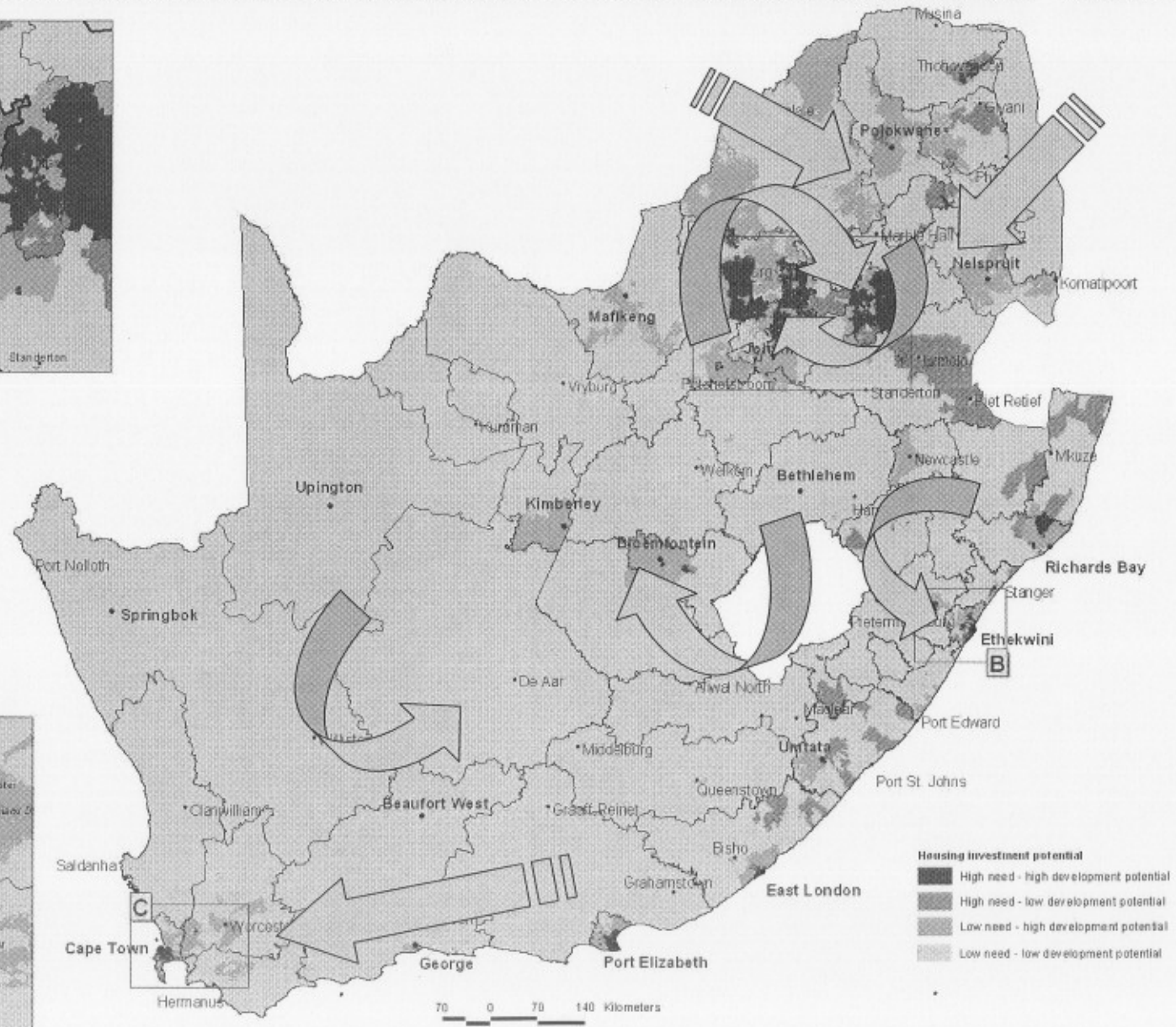
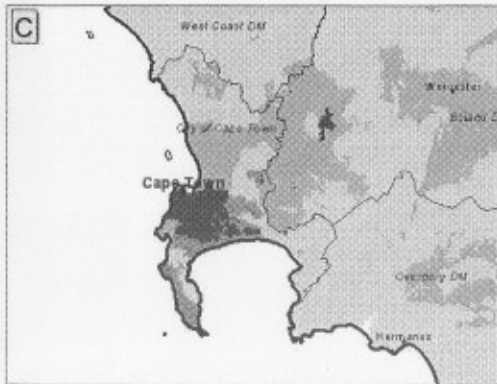
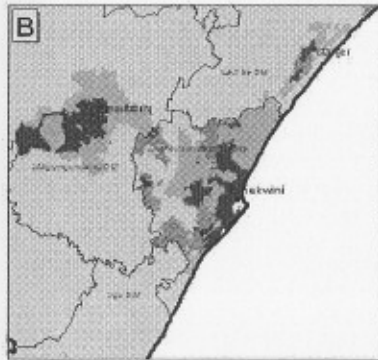
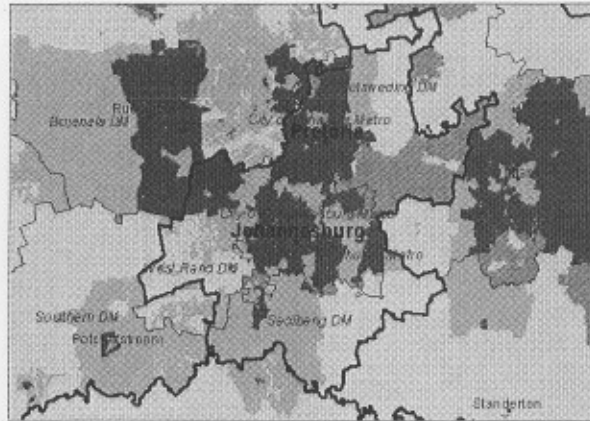
Housing Sector Risks and Challenges

- Significant housing backlog;
- Complexity of IGR coordination for accelerated delivery;
- Multiple capacity constraints
 - Across spheres of government
 - Within the construction sector (skills and materials)
 - For accelerated delivery
 - planning and project management
 - Administration of the Housing Subsidy Scheme
 - Lengthy development processing (need process re-engineering)
 - Capacity constraints for comprehensive monitoring/ evaluation
- Absence of best-practice models for expeditious delivery of integrated housing & sustainable human settlements;
- Challenges of transformation, alignment and coordination.

Inadequate Housing

- Estimated 2.2 million Households live in inadequate housing
- Changing demography of RSA
 - Smaller Households
 - Rapid Household formation (over 30% are new)
- Rapid Urbanisation & Migration
- Influx of immigrants
- Erosion of affordability =
 - Rising house prices
 - rising construction cost
 - complex residential market

Housing Need vs Potential

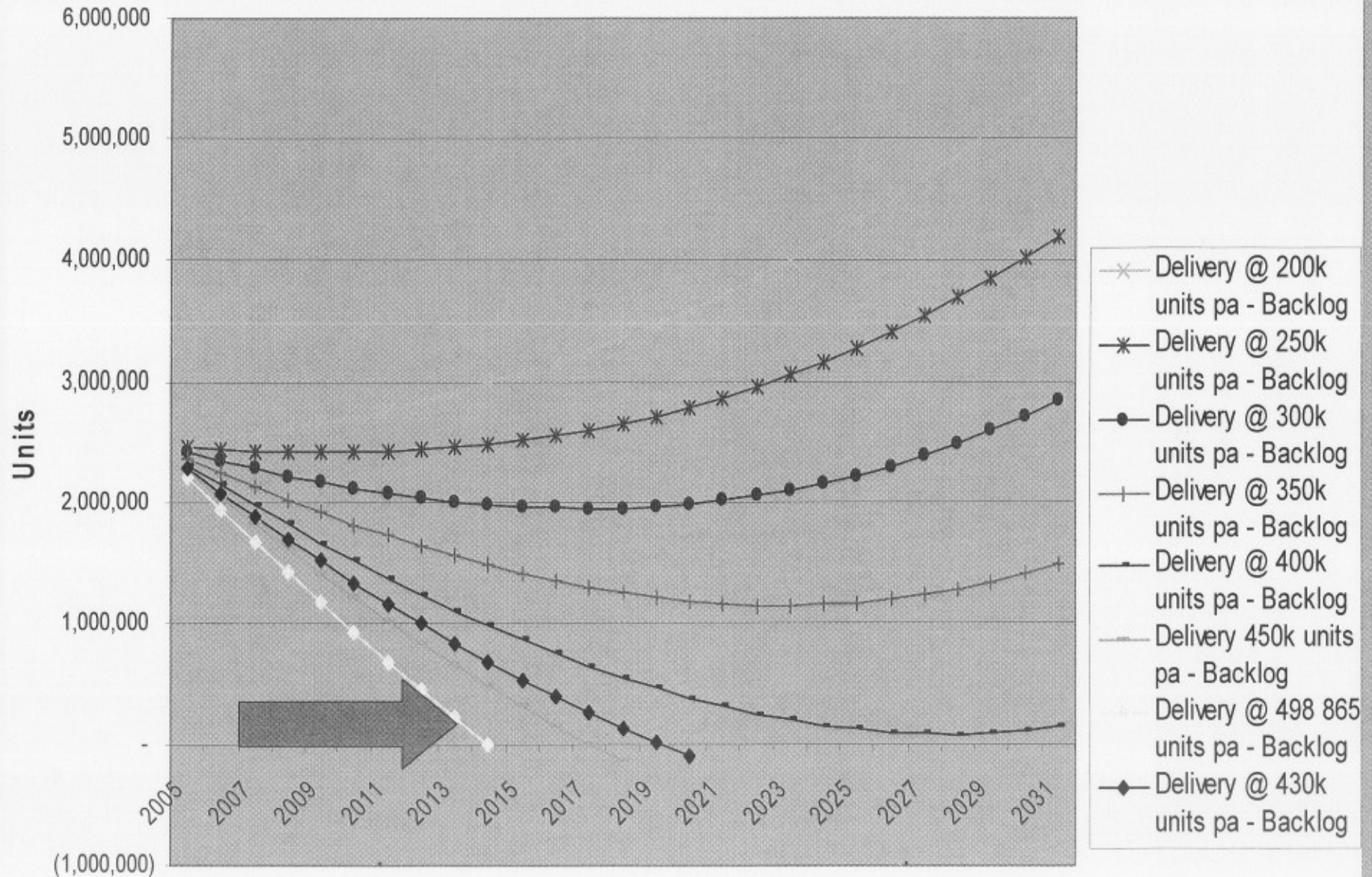


Planning for Accelerated housing delivery...

**What constitutes
“accelerated”
delivery?**



Backlog eradication at different rates of delivery



Significant allocations, planning assumptions and risk assessment

- The allocation for the current financial year is R8,2 billion to finalize/complete current committed multi-year projects
- While the grant funding allocation has increased, the Department's projections indicate that:
 - if the backlog is to be eradicated by 2014, a funding shortfall of R102,5 bn would exist
 - if the backlog is to be eradicated by 2016 the funding shortfall would increase to R253 billion.
- As a result, the housing backlog must be eradicated within the shortest time possible as the cost projections indicate a doubling of costs for every two years delayed.

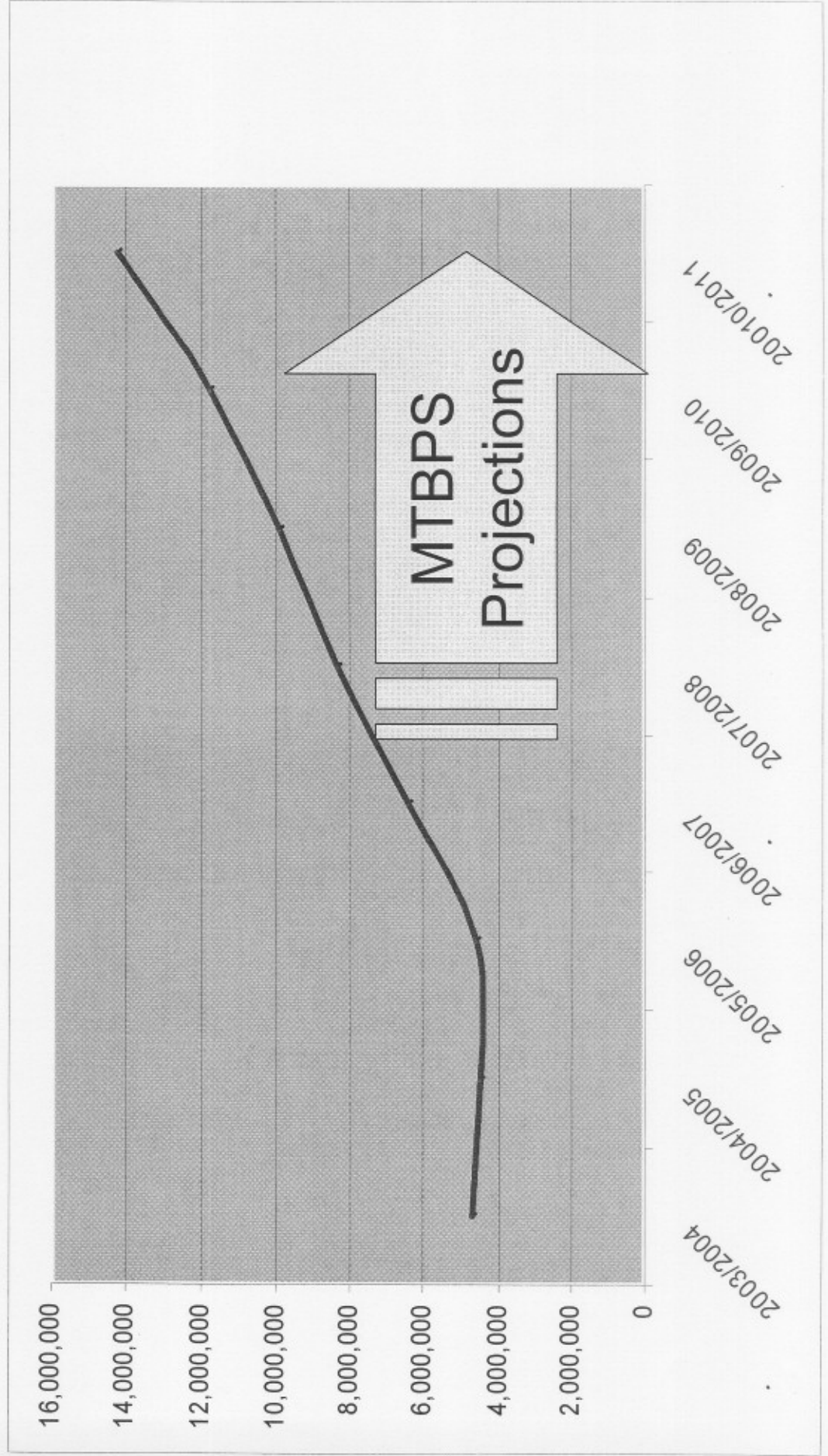
Significant allocations, planning assumptions and risk assessment

- 2007/08 November Adjustment:
 - Unforeseeable/ unavoidable: R105mil (Khutsong)
 - Sundry Viraments between programmes
- MTBPS Projected revisions/ adjustment:
 - 2008/09 – none
 - 2009/10 – R200mil
 - 2010/11 – R2bn
- Adjusted Baseline:
 - 2008/09 – R9,853bn
 - 2009/10 – R11,731bn
 - 2010/11 – R14,223bn.

Impact of:

- Above-inflation price increases
- Building material shortages
- Construction capacity squeeze
- Land constraints

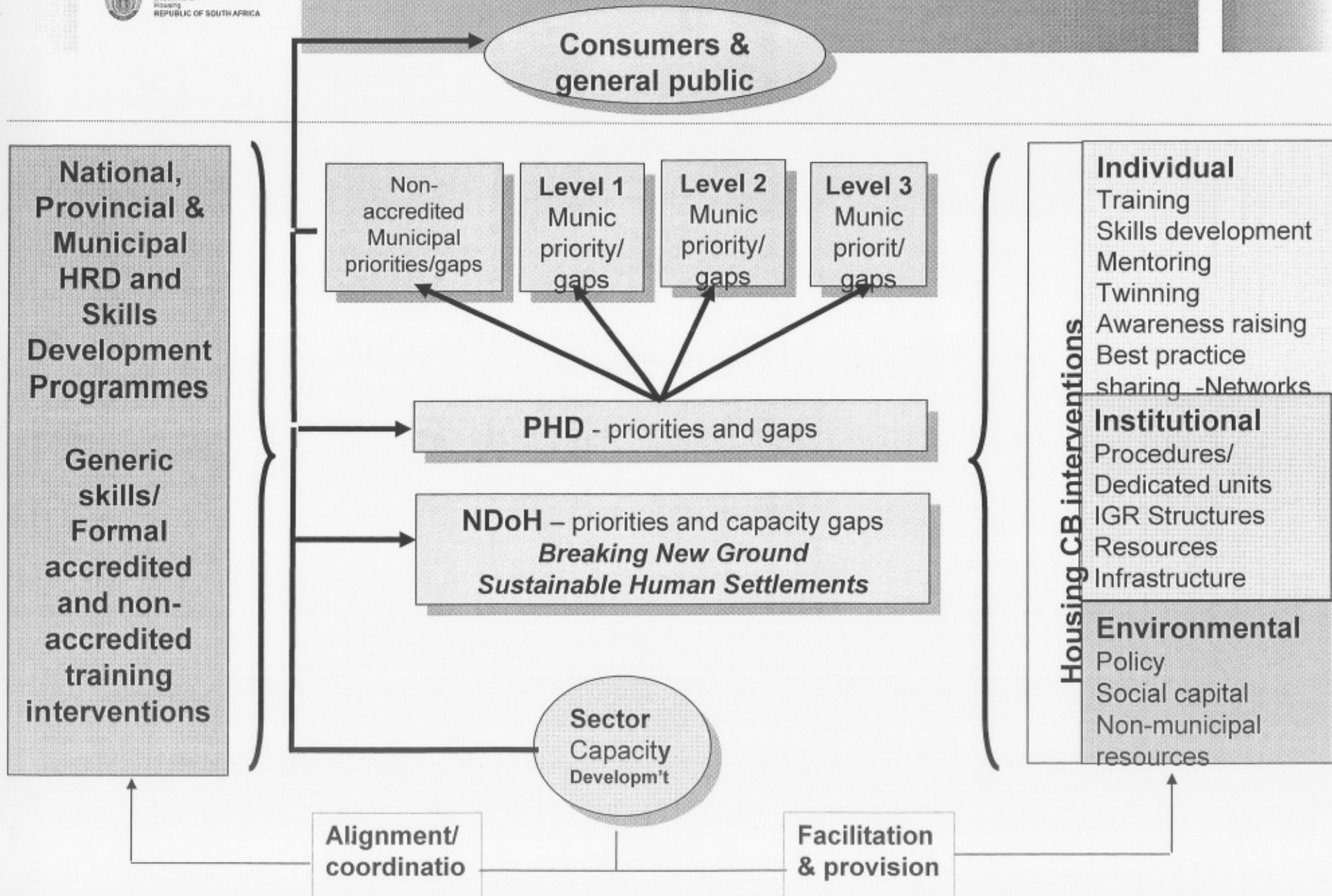
Growth in Medium Term Allocations



Institutional Reform and Capacity Development

- Repositioning NDoH, PHDs & Municipalities
 - Beyond subsidy distribution & manage a sophisticated Human Settlements regime
- Re-mandate Housing Institutions
- Mobilise Partnerships/ Broad-base of players
- Municipal Accreditation (18 Priorities)
- Reform Planning tools for Human Settlements
- Intergovernmental Relations
 - Multi departmental response
 - Management of Cluster dialogue & programming

NEW approach to Capacity Dev.



NDoH Strategic Realignment

- Providing direct implementation support
 - in respect of delivery of Housing and Human Settlements
 - policy implementation guidance and advisory services
 - developing the capacity of Provinces & Municipalities;
- Facilitation by bringing parties together
 - MoU signed by the Minister and the Banks;
 - Social Contract/ Rural Housing Social Contract
 - Youth and Women focal groups
- *Intervene* in projects delivery support,
 - turn-around specific projects
 - Unblock service delivery bottlenecks;