



Question 1396 for written reply

**MINISTRY FOR HUMAN SETTLEMENTS
REPUBLIC OF SOUTH AFRICA**

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO.: 1396

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Mr B R Topham (DA) to ask the Minister of Human Settlements:

Whether (a) her department and (b) all entities reporting to her are running development programmes for (i) small businesses and (ii) co-operatives; if not, why not; if so, in each case, (aa) what are the relevant details, (bb) what amount has been budgeted and (cc) how many jobs will be created through the specified development programmes in the 2016-17 financial year?

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REPLY:

(a) (i) (aa) The development programmes for small businesses are developed and implemented by the Provinces.

(bb) The Department does not necessarily have a line item specifically for small businesses. However, we support small businesses when procuring goods and services. Accordingly, in my reply to question 370, I indicated that for the period 01 April 2015 to 31 March 2016, the total percentage spent by the National Department of Human Settlements for procurement from Small, Medium and Micro-sized Enterprises (SMMEs) was 32%.

(cc) We are unable to quantify jobs that will be created or saved through our support for small businesses at this stage.

(ii) (aa) The Department is promoting and supporting the establishment of Cooperatives within the human settlements delivery chain. To this end, the Department (through People's Housing Process Directorate) has partnered with the Department of Small Business Development (DSBD) and the following has been achieved:

- Approximately 65 different Cooperatives have been established in six (6) Provinces, namely KZN, Gauteng, Free State, North West, Western Cape and the Eastern Cape
- Housing or human settlements Cooperatives serves as a catalyst for the establishment of other Cooperatives. The housing Cooperatives ranges from Construction Cooperatives, brick-making, window/door frame making Cooperatives, carpentry, plumbing, transport, electricity, painting etc.
- Other livelihood Cooperatives formed will focus on agriculture, sewing, catering, poultry, shoe-making etc.
- Most of these Cooperatives are led by Women and Youth and there is one Cooperative established in the Free State led by Disabled people
- A Military Veterans Cooperative called Matrosov was also established in the Eastern Cape for the Chatty 491 project in Port Elizabeth
- Delivered pre-formation and Cooperatives workshops in the six (6) Provinces
- Assessed the state of readiness for the Cooperatives Incentive Scheme (CIS) registration application for registered Cooperatives in KZN and Free State. The main objective of the CIS registration is to enable the Cooperatives to access grant funding from the DSBD as part of the start-up capital
- In partnership with DSBD, delivered CIS workshop to the registered Cooperatives in the Free State who have now applied for the CIS Grant from DSBD
- Through the partnership with DSBD, a project will be identified as a pilot under the new Cooperatives Incubator Programme led by DSBD
- The Department will be sourcing Training and Skills development initiatives for the registered Cooperatives through NHBRC, SEDA and other similar institutions

(bb) We do not have a line item on cooperatives but we support them because they are crucial for the development of sustainable human settlements.

(cc) The information is being collated and will be verified once obtained. However, in respect of the Vulindela PHP Project, in Pietermaritzburg, jobs were created and skills developed as follows:

- Two-thousand and three hundred (2 300) full-time employment opportunities created for previously unemployed community members.
- Thirteen (13) community owned Cooperatives created and one hundred and thirty (130) community members exist
- There is on site skills transfer during the construction programme
- Thirty-five (35) members from the various Cooperatives were trained on different construction management portfolios facilitated by the Provincial Capacity Building Directorate. This course was undertaken during August/September 2013 over twelve (12) days and they received NQF Level 2 certificate. The graduates comprised of fourteen (14) Females and twenty-one (21) Males of which 9 were the Youth.

(b) Human settlements public entities

1. National Housing Finance Corporation

(i&ii)(aa) In line with the NHFC Annual Performance Plan for 2016/17 and through its financing and leveraging activities for residential developments, the entity budgeted towards the financing of women, and emerging black entrepreneurs.

(i&ii)(bb) R376 million.

(i&ii)(cc) It is anticipated that the amount disbursed will facilitate an estimated 4 184 jobs.

2. Rural Housing Loan fund

(i&ii)(aa) As part of its efforts to expand the reach of its lending programme to small business owners, the Rural Housing Loan Fund engages with co-operatives and the Co-Operative Banks Development Agency, with a view to lending to these organisations. Currently a few of these are under consideration for loans, while some are already borrowing from the entity. There is however a restriction on the amount that co-operative banks may borrow - their borrowing should not be more than 15% of their total assets. This means, for example, if the Small Enterprise Finance Agency (SEFA) has a loan in place, RHLF is usually unable to provide funds until that loan is repaid. This limits it to ensure the

security of the members' deposits. However, the downside of the restriction is that it limits the growth of financial cooperatives.

- (i&ii)(bb) As this forms part of RHLF's core business, no separate budget is set aside for this.
- (i&ii)(cc) The number of jobs that will be created are dependent upon the success of the new lenders. This is dependent upon their target market, their marketing strategy and general economic conditions. Due to the vast number of variables over which RHLF has no control, RHLF considers it imprudent to guess the number of jobs that may be created.

3. Social Housing Regulatory Authority

- (i&ii)(aa) The SHRA has an institutional investment grant programme assisting potential and accredited Social Housing Institutions and Co-operatives in terms of the Capacitation Programme of the SHRA. The grant programme makes provisions for dedicated assistance, skills development and transfer as well as training related to the successful implementation and management of social housing.

A separate programme will be developed to assist potential new SHI's and Co-operatives interested in social housing to receive the required assistance, training, knowledge and skills to become accredited while the SHRA is also working on a programme to deal with the improvement of the accreditation status of conditionally accredited institutions to become fully accredited.

- (i&ii)(bb) A national training programme at a cost of approximately R1 million has been developed on areas of governance, property and tenant management, property development and financial management and training workshops for SHI's and Co-operatives are scheduled on a national basis in July and August 2016 such that these institutions may receive appropriate training and skills to be able to become accredited and develop and manage social housing projects/estates.

Since proper business planning is a key component for successful business the grant programme will during this financial year also provide dedicated on-site assistance to SHI's and Co-operatives to development their strategic and business plans such that sustainable delivery agents may be facilitated for the social housing programme. Current business plans have been assessed in terms of the accreditation process to ensure that the assistance to respective institutions would be appropriate to their specific needs and

requirements. In this regard this programme provides for such assistance to in excess of 50 institutions on a national basis with a total cost of approximately R5 million.

- (i&ii)(cc) The number of jobs to be created as a result of these initiatives have not been determined although it is intended to undertake research on the creation of job opportunities such that these may be appropriately measured going forward. This also relates to job opportunities for women and youth and developing specific programmes for these to ensure that the results to be achieved are defined and then provide for proper measurement, monitoring and evaluation going forward.

4 Estate Agency Affairs Board

- (i&ii)(aa) The One Learner One Estate Agency Youth Brigade Development Programme seeks to recruit unemployed Matric and Graduates and place them with Estate Agencies. They will complete the NQF Level 4 qualification training over a 12 months period. This will consist of 30% class-room activities and 70% on the job training. On completion of the 12 months training they will become qualified Estate Agents. The learners need to complete the NQF Level 5 in Real Estate at the employ of an Estate Agency. On completed of the NQF Level 5 qualification they will then be Principal where they can then own their own Real Estate Agency. This will enable them to sell and rent properties on behalf of a third party where they can earn commission on the successful completion of the transaction. The Estate Agency Affairs Board will assist these Estate Agents to nurture their Real Estate Agencies to grow and be a success.

- (i&ii)(bb) Funding from the SSETA is R110 million over a period of 3 years.

- (i&ii)(cc) It is estimated that 12 000 jobs will be created in the 2016/17 financial period.

5. National Urban Reconstruction and Housing Agency

- (i&ii)(aa) The National Urban Reconstruction and Housing Agency assists small businesses and co-operatives through the lending services offered by the Subsidy Housing and Affordable Housing Programme.

- (i&ii)(bb) The budgeted loan amount for the Subsidy Housing Programme is R158 million. The budgeted loan amount for the Affordable Housing Programme for emerging contractors is R91.5 million.
- (i&ii)(cc) The projected number of jobs to be created through the Subsidy Housing Programme is 2 456. The projected number of jobs to be created through the Affordable Housing Programme for emerging contractors is 744.

6. National Home Builders Registration Council

- (i&ii)(aa) The NHBRC is currently finalising its Social Transformation strategy. This strategy will be implemented in the 2016/17 financial year.

7. Housing Development Agency

- (i&ii)(aa) The Housing Development Agency (HDA) is currently not running any development programmes. However, the HDA contributes towards the development of business through the reservation and allocation of 30% of our housing infrastructure development to local business and labour. The HDA does this through projects and initiatives which the HDA is managing on behalf of the provinces/municipalities.

8. Community Schemes Ombud Services

- (i&ii)(aa) The Community Schemes Ombud Service (CSOS) does not run development programmes for small business and co-operatives. The CSOS is still new and not fully operational. Currently there are budget constraints. The development programmes will be considered as soon as the CSOS becomes financially viable and sustainable.