

Housing budget Vote speech by Tokyo Sexwale, Minister of Human Settlements, National Assembly, Cape Town

30 June 2009

Chairperson

Honourable Members

Invited guests

Ladies and gentlemen

Comrades and friends

Thank you for the opportunity to present our Budget Vote, Number 26, and in so doing to share our programmes and plans.

This human settlements budget vote presentation is still defined as the housing budget vote in terms of the Medium Term Expenditure Framework (MTEF). It consists of three parts:

- * first, the concept of human settlements
- * second, the current housing situation
- * third, the consequential challenges of our new mandate

In understanding our approach, we need look no further than the Constitution of our own Republic, where the very first value referred to in the very first line of the first chapter is human dignity.

The concept of human settlements, which recognises the centrality of human dignity, may be a new one for many South Africans. Yet it has been part of the global developmental lexicon for many years, having been adopted at the United Nations' global Habitat summit in Vancouver, Canada, in 1976.

Again, it gained ground at another United Nations conference, the World Summit on Sustainable Development, held in Johannesburg in 2002. The concept was taken further at the 52nd National Conference of the ANC in Polokwane in 2007, where several resolutions committed the new government to the promotion of human settlements and the building of cohesive, sustainable and caring communities.

Ultimately, in both his State of the Nation address and his own Budget Vote, President Jacob Zuma formalised this concept with the establishment of the new Human Settlements Ministry. In doing so the President explained: "Housing is not just about building houses. It is also about transforming our residential areas and building communities with closer access to work and social amenities, including sports and recreation facilities."

Incidentally, the concept was also referred to by the last Housing Minister, Dr Lindiwe Sisulu, in the "Breaking New Ground" policy, outlining the need for a new human settlements plan with more appropriate designs. But what is the letter and spirit of this concept? This is actually contained in the Freedom Charter; a historical document adopted 54 years ago by the Congress of the People long before Vancouver, the World Summit or Polokwane. That Congress demanded: "There shall be houses, security and comfort for all!"

Clearly mindful of the consequences of apartheid social engineering, the Congress demanded that "all people should have the right to live where they choose, to be decently housed, and to bring up their families in comfort and security."

"Slums shall be demolished and new suburbs built where all shall have transport, roads, lighting, playing fields, crèches and social centres."

In this respect, our task in terms of Government's Medium Term Strategic Framework is clear: to restore humanity and dignity, to address spatial inequalities and to provide comfort and security for all.

This we shall achieve by planning and building human settlements in an integrated, coordinated and holistic way. These must be places where people can play, stay and pray. They should be green, landscaped communities, pleasant places, where people live, learn and have leisure.

To achieve all this requires a new approach, a paradigm shift beyond housing. It is about homes. It is not just about a change of name from housing to human settlements; it is about a change of mindset, taking us from a new concept to concrete reality.

The current situation

Let us briefly reflect on the work of the housing department as it stands.

Some of the key developments are the following:

- * Expenditure on housing service delivery has increased from R4,8-billion in the 2004/05 financial year to R10,9 billion in the last financial year, increasing at an average rate of 23 percent.
- * Funds allocated to national pilot projects for this financial year include R400 million for the N2 Gateway, R120 million for Zanemvula Housing Project and R150 million for disaster relief in KwaZulu-Natal.
- * Nationally, over 570 housing projects have been approved and a housing grant of R12,4 billion has been allocated for this financial year. This is allocated for expenditure on the construction of 226 000 new housing units across all nine provinces.
- * In the first two months of this financial year that is, from 1 April to 31 May 2009, provincial housing departments have already reported delivery of more than 22 000 housing units.
- * This brings the number of subsidised homes delivered by government since 1994 to a total of 2,3 million, accommodating approximately 13 million people.
- * We are obviously also looking beyond the numbers, and are pleased to report that the homes being built at present are of a larger size and better quality, with more houses of 40 to 45 square metres being constructed.
- * Gradually, new housing projects are also beginning to take the shape and form of quality human settlements which enable people to live a better quality life.

Going forward, additional funds are being allocated to provide for large-scale upgrades of informal settlements and the alignment of the national housing grant with inflationary price increases.

Although the housing grant allocation has been increased over the 2009 MTEF period, we remind you once again that the previous studies by the department concluded that continuing with the current trend in the housing budget would lead to a funding shortfall of R102 billion in 2012 which could increase to R253 billion by 2016. This is of great concern.

Furthermore, we remain concerned about houses that are reportedly standing empty, especially in the light of the huge demand for housing of almost 2,1 million units. We have taken cognisance of

the need for housing in urban pressure points around the country and are in the process of responding to this with alternative tenure options including affordable rental housing stock.

We have also strengthened our resolve to provide housing assistance to people living in shacks, who constitute the bulk of the housing backlog. Significant strides have been made towards identifying those informal settlements that can be upgraded in-situ with essential services, and work in this regard is progressing satisfactorily, as long as we successfully arrest the spread of informal settlements. We have mapped all these informal settlements countrywide, and this area will be receiving serious ongoing attention.

The rural housing programme remains a key housing intervention, and new initiatives are in the pipeline to accelerate the development of quality rural human settlements.

Let me now turn to the question of corruption. This remains a major challenge across the housing delivery environment. To ensure we identify and act against criminals, we have strengthened our partnership with the Special Investigations Unit (SIU) and taken stern action against offenders.

To date, a total of 772 public servants have been charged, of whom 554 have been convicted. More than 1 600 acknowledgments of debt have been signed in respect of non-qualifying government employees with a total value of R19,8 million and millions have already been collected by the SIU from non-qualifying illegal beneficiaries.

The department has signed a further Service Level Agreement with the SIU mandating them to investigate fraud, corruption and maladministration in low-income housing contracts. This is the focus for the current financial year, and will enable the department to understand the type of abuse giving rise to blocked projects and allow us to improve our systems and processes while getting rid of corrupt officials and contractors.

Much of this anti-corruption drive was spearheaded by the last Minister of Housing, and we commend her and Willie Hofmeyer's team in the SIU for their endeavours to clean up the system. We will remain seized with this endeavour.

The consequential challenges

Let us now come to the question of the consequential challenges of our new human settlements mandate.

From the outset, let me emphasise that ours is effectively a brand new Ministry with, for the first time, a brand new deputy minister, Honourable Zou Kota-Fredericks, and much of what we are undertaking in terms of human settlements is brand new.

In addition, all the provincial MECs are also new to their portfolios. They are nonetheless a dynamic team of men and women, with whom we have already held two highly successful meetings or *lekgotla* in less than a month in what we call MinMECs. These meetings have played an invaluable role in shaping our thinking as Team Human Settlements, together with the senior management team in the department, led by the Director-General, Itumeleng Kotsoane and our partners in the various housing institutions.

We all work together within the framework of the war on poverty that was reiterated by the President in his State of the Nation address, and which is already being waged under the leadership of the Deputy President, Mr Kgalema Motlanthe.

Internally, as the Ministry and the Department, we are examining the implications of the broader definition of human settlements in terms of our mandates, policies, procedures, programmes and capacity.

We are already well into a review of our Development Finance Institutions, the National Housing Finance Corporation, the Rural Housing Loan Fund and the National Urban Re-Construction and Housing Agency to enhance their developmental coverage and impact.

We also have several legislative proposals in the pipeline, to accelerate the achievement of the ideal of true human settlements for our people and strengthen the legal environment. These include:

- * Amendments to the Housing Act, to align it to the ethos and principles that underpin the creation of sustainable human settlements.
- * The Sectional Titles Management Bill, to deal with the management and administration of sectional titles schemes.
- * The Community Scheme Ombud Service legislation, to establish a dispute resolution mechanism for all community housing schemes.

* In addition, the Land Use Management Bill is being piloted by the Department of Land Affairs.

* At the same time, we will be tabling a new National Housing Code, which is required in terms of the Housing Act of 1997. The 2009 Code was approved by MinMEC in February of this year.

We will also explore what other legislative impediments and/or disharmonies exist in the development of human settlements and seek Parliament's support in resolving these. We must once and for all streamline legislation for the development of sustainable and integrated societies.

It must be clear by now that, much as we aim to address the housing needs of all South Africans, and build integrated communities, our chief focus is the needs of those South Africans who are on the receiving end of economic negativities, the poor, as well as the poorest of the poor where the former qualify for government subsidies, whilst the latter, who live in shantytowns, qualify for nothing.

Shantytowns exist throughout South Africa, where townships or "slaapdorpe" were built under apartheid far away from urban areas. This was taken to horrific extremes in many places, such as Ekangala, where people depart for the city of Tshwane as early as 04h00, spending hours on the road. Only Heaven knows what time such people had to get up to travel to work.

We are seized with our central focus: to ensure due care for human dignity. This means not only focusing on holistic and integrated planning, but also paying attention to the greening of communities and alternative energy sources such as solar and wind power and other environmentally-friendly technologies.

This government has made tremendous gains in breaking the housing backlog, and the number of new homes built is second only to China. But this must not mean that houses should be of poor standard, or that quality is compromised in the interest of chasing numbers.

Consequently, it is crucial that we work closely with the planning and monitoring ministries in the Presidency. In our department, we already have our own monitoring unit to assess the quality and quantity of new homes, as well as the National Home Builders' Registration Council, and we will be collaborating with the Presidency's monitoring unit to share our findings.

Together, we will obviously do more. This means maximum cooperation and coordination with other national departments, particularly those in the Social Protection and Community Development Cluster, as well as the Departments of Rural Development and Co-operative Governance.

Similarly, we will focus on heightening co-operative governance with provinces and municipalities to harmonise how national, provincial and local government can continue to work together. We will also work closely with the South African Local Government Association (Salga) and the South African National Civic Organisation (SANCO).

Increased interaction with local government will, for example, enable us to redress existing developmental gaps in more established communities where apartheid spatial planners deliberately neglected the need for community services and facilities. It is important that we avoid perpetuating the same apartheid spatial development strategies.

A golden thread running through all our initiatives is consultation, and community involvement for community development. We plan to work closely with communities, contractors, regulators, and other stakeholders. This consultation will continue to focus on issues such as planning and design, and ensuring that all those involved – from the largest contractor to the smallest are focused on quality, and that they follow the appropriate design models.

The corporate sector is a key partner in ensuring we meet our objectives. We will be engaging with captains of industry and high net-worth individuals towards consolidating new partnerships with the private sector, in recognition of the fact that working together we can do more. A consultative meeting will be held with business in the coming months to explore ways and means of addressing the dire situation of the unbanked and people who do not qualify for credit. It is well-known and appreciated that many corporate players are committed to social investment and responsibility, but our new engagement will be about going the extra mile, for the sake of our people. We trust and believe that they will come on board.

In the current situation, the global economic downturn is of fundamental and critical concern, as it negatively impacts on our endeavours now and in the foreseeable future. This situation is worsened by the current economic recession in the South African business cycle.

As one developed nation after another begins to limp out of the hospital of the global economic crisis, the sad truth is that emerging markets and developing countries such as our own are more likely to be left behind in intensive care -- without much care. This prompted the World Bank and the International Monetary Fund to issue a rare joint statement in April of this year warning that: "The

global economy has deteriorated drastically. Developing countries face especially serious consequences as the financial economic crisis turns into a human and development calamity."

This does not paint a rosy picture. In revenue collection terms, this situation has had a serious effect on the fiscus – which could result in a decrease in budget allocations, with potentially harmful consequences for all departments in the future.

In our own sector, we are already feeling the impact of the recession on the property market, building materials, and access to housing finance. Many people have lost their jobs, or are in the process of losing their homes and household contents.

As this situation impacts on government's ability to spend its way out of the recession, the consequences will be felt within the very human settlements we strive to develop. On a broader level, an ongoing global slowdown in spending and investment is likely to impact on Government's ability to meet some of the targets set for the 2014 United Nations Millennium Development Goals.

The other global phenomenon we need to factor into our planning is that of urbanisation. The United Nations Habitat has pointed out that the 21st Century is in fact the Urban Century, when for the first time in history the world's population will live predominantly in cities. We must be prepared for this urban eventuality, and plan accordingly. Whilst there may be problems, we should also identify the opportunities.

There must be no equivocation that the 21st century must also be seen as the one in which South Africa must grow from being a developing country to a developed nation. There must be an active realisation that this is what our government is working towards as we develop human settlements.

We must not, of course, overlook the tremendous contribution that the development of human settlements makes, and will continue to make, to the South African economy. Government's efforts to address the housing backlog in the past year have, in addition to providing shelter to millions of South Africans, also provided work for more than 1,3 million people.

Every new home is an economic catalyst. Its construction stimulates the mining sector to explore for and mine more copper, iron ore, manganese, cobalt and other raw materials. Housing construction invigorates the manufacturing sector to produce more pipes, tiles, bricks, doors, taps, and windows and so on. It activates the retail sector to sell more furniture, appliances, carpets, curtains, white goods, kitchenware etc. The economic multiplier effect should never be underestimated.

Lastly, but most importantly, let me emphasise that we will require the support of Honourable Members of Parliament, as well as of the Portfolio Committee on Human Settlements in particular, if we are to succeed in our mission.

We have a long road to travel, and our people have great expectations. This Parliament has a vital role to play in ensuring that we meet those expectations.

Ultimately, our task is about social justice and economic democracy. The new homes that we are building within the context of human settlements are equivalent to a social wage. They are assets.

In this context, Parliament has a duty not only to hold this Ministry accountable for the development of human settlements and budgetary expenditure; it must also join us in educating beneficiaries on the importance of taking care of and maintaining these assets and the environment within which they are located.

In doing so, we are asking Parliament to echo our message in addressing the pervasive and negative entitlement mentality that exists among some individuals, who only see government as something that gives handouts. It is important for people to assume responsibility as well.

To conclude: as Team Human Settlements, we know the difficulties that confront us. We understand our mission. We foresee the challenges. It is not going to be an easy task, particularly given the current economic constraints. And we know we have to be extremely careful with every cent we spend after all, it is public money, contributed by South African taxpayers, both rich and poor.

We know and trust that we shall have the support of this House, both for our activities and for the expenditure that is outlined in our budget vote.

The commitment that we give in return is that as accountable political leadership, with the MECs and our management team, we will put our shoulders to the wheel on the basis of sound principles and good governance to ensure success, knowing quite well that this calls for hard work, diligence and serious commitment.

I thank you.

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