

Address by the Deputy Minister for Human Settlements, Mrs Z Kota-Fredericks. Housing Budget Vote, National Assembly, Cape Town: 30 June 2009

Speaker, Deputy Speaker, Chairperson

It is a great honour to have this opportunity of addressing this August house today on this budget vote. Allow me Speaker to greet the Minister of Human Settlements honourable Tokyo Sexwale and welcome him to the vibrant Human Settlements family.

I also welcome in our mist Ministers, Deputy Ministers, Chairperson of the Portfolio Committee of Human Settlements honourable member Nomhle Dambuza, honourable members, DG of Human Settlements Dr. Bennie Kotsoane and his team, and honoured guests.

This budget vote takes place when we mark the 54<sup>th</sup> anniversary of the Freedom Charter the historic document founded by the people of South Africa from all walks of life and as well as the 33<sup>rd</sup> anniversary of the Watershed year 1976, which marks the heroic action by students of the class of 1976 whose clear message was “Genoeg is genoeg, enough is enough”. Hence we welcome the initiative by the Department of Human Settlements in marking this anniversary on Friday, 26<sup>th</sup> June 2009 at Eshowe in KZN with the Youth Build in which young people were building quality housing units for the elderly.

As we embark on the war against poverty, we reiterate and commit ourselves to the assertions of the Freedom Charter.

This developmental state led by the Africa National Congress has taken up itself to translate these dreams into a reality. Our mandate as this ministry is to build on the foundation laid by the policy of Breaking New Ground.

We are unapologetic in asserting that planning together, budgeting together and coordinating together remain the prerequisites and nonnegotiables for the realization of integrated human settlements.

Our funding mechanism must also be streamlined so that housing grants are consolidated into a single grant that responds to human settlements requirements. There is also a need to eliminate unnecessary bottlenecks, contractors must be paid timeously and the environment and impact analysis delays must be done away with.

The provision of homes to our people cannot be the responsibility of government alone. We need the participation of all sectors of our society. Working together we can do more.

People must be at the centre of everything we do. Beneficiaries must be active participants in the provision of human settlements. As we build integrated human settlements we must also build responsive citizenry. Building of homes must contribute to building of communities. This is why we will continue to promote and support the People’s Housing Process.

The role of emerging contractors cannot be over emphasised. Unfortunately they have a tendency to continue emerging ad infinitum. Something must be done to remedy this situation but we will uproot fly by nights in the building industry. We need contractors who are prepared to contribute constructively so that government gets value for money.

We commend the continued contribution made by the financial sector but more needs to be done in order to enhance this partnership. Of course we do know that profit margins are low in the low cost housing environment, but the establishment of Housing Development Agency will bring about human settlements housing delivery in economies of scale. This will only be realized with active participation of the private sector, particularly the rolling out of the rental stock and bond houses.

In the light of this, there is need to establish a Macro Organizational Framework in order to facilitate a convergence of different government mandates for human settlements development. It is underpinned by a set of principles which are necessary for strengthening coordination in government.

The priorities of the framework include:

1. To compile a National Development Plan for Human Settlements, produce settlement level plans and promote innovative project development.
2. To align funding streams and existing built environment related grants and
3. At an implementation level to ensure effective project management and capacity development. It must also speak to the issues of monitoring, evaluation and risk management.

The implementation of the Comprehensive Plan for the Creation of Sustainable Human Settlements required the Department to rationalize its entities to ensure proper alignment of mandates. This process has led to the need for dissolution of certain entities and the establishment of new ones. In this regard, during this financial year the Department will be concluding the closure of:

- Servcon Housing Solutions (PTY) Ltd which will cease operations on 30 September 2009,
- Thubelisha Homes which is scheduled to cease operations on 31 July 2009 and
- The Social Housing Foundation which must fold at the latest in February 2010.

In all three cases efforts are underway to find alternative employment for personnel and optimally harvest the assets which include knowledge and, in some cases, specialized expertise. To this end, provinces, Municipalities and other public entities are encouraged to accommodate the transfer of staff into their establishments when approached.

The enactment of the Social Housing Act, 2008 (Act No. 16 2008) towards the end of 2008, which the minister spoke about came at the crucial time as the government seeks to upscale the development of affordable rental stock as part of creating sustainable human settlements.

In the process of providing proper homes for our people, we will also endeavor to provide Community Residential Units. We will continue to revisit the issue of hostel redevelopment. We also need to promote inclusionary housing- meaning that where there is private property development at least 20% of that development should be set aside for low cost housing.

In response to government's rural development drive, the Department will in the current financial year introduce a rural housing subsidy voucher programme to assist rural households to source out building materials for building their own homes or even incrementally improving their homes.

I am happy to announce that there is a newly appointed Council of the NHBRC, chaired by Ms Granny Seape. It is critical that NHBRC focuses on issues of quality and strict adherence to building norms and standards as spelt out in the Revised National Housing Code. It must also make its presence felt in all provinces so that Human Settlement projects are registered with the NHBRC. This entity must be able to address the complaints of the housing consumers timeously. Failure to do so results in paying huge sums of money for structural defects, which would have cost less if the matter was dealt with appropriately. The inspectors must inspect houses at all stages of housing development. Especially at the foundation level. I am happy that the DG said that more inspectors are to be trained.

The Housing Development Agency was established in terms of the Housing Development Agency Act 23 of 2008 and was formally launched on the 02<sup>nd</sup> March 2009. It commenced operations on the 01<sup>st</sup> April 2009. I am pleased to note that in a very short period of time it is up and running.

The Agency is driving four flagship projects announced at its launch and in time these projects will deliver up to 100,000 homes with a total investment of approximately R7 billion.

The HDA has two fundamental functions based on its legislated mandate:

***1. Land acquisition and land holding, focusing on state owned land in general and privately owned land linked to specific prioritised projects.***

***2. Project Management including direct and indirect delivery of projects of integrated sustainable human settlements in economies of scale.***

The acquisition of well-located land function is fundamental to the government objective of ensuring that the citizens of our country are provided with homes in sustainable integrated human settlements, so that we can address the issue of spatial development framework, and to begin to build homes for our people closer to their places of work.

In this regard the HDA will be required to work closely with provinces and municipalities in securing available land in order to make human settlements a reality.

In addition to this, we expect that the HDA will in the short to medium term review the land portfolios of the various state owned entities and government departments to identify and package land for human settlement development.

A key project delivery blockage identified is the mobilization and coordination of all required state funding for human settlement development. It is envisaged that the HDA will play an active role in coordinating projects, capital budget commitments and securing capital transfers directly to the projects.

In the main, the HDA will primarily support the provinces and municipalities in human settlements development. This support will be delivered through Implementation Protocols developed with all parties within an established Intergovernmental Relationship Framework. Our objective is to do away with unnecessary bureaucratic bottlenecks in order to fast track the human settlements delivery processes.

However, in the National Priority Projects of the N2 Gateway in the Western Cape and Zанемvula in the Eastern Cape, the Agency has assumed direct management of implementation within existing intergovernmental agreements.

The work of the HDA and the delivery of sustainable human settlement will be greatly enhanced provided three things happen:

**Firstly**, that suitable state land is made available at minimal cost to ensure that all citizens, especially the poor, have access to well located land for human settlement developments.

**Secondly**, that funding for the broad range of social amenities such as parks, playing fields, community centers, clinics, police stations as well as the costs to service the land, flow to the project at the right time. This dream can only be realized with the support of the National Planning Commission by putting pressure on related departments to plan and budget together for human settlements.

**And finally** that the internal procedures within the department ensure that funding flows in the most efficient manner to the project. We need beef up the existing personnel so that we have enhanced capacity to deliver on the new mandate.

The Department will be improving its oversight management over its entities to maximize their developmental in human settlements

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Okona kumphatha kakubi urhulumente ngaba bantu bathe gqolo ukuthengisa izindlu abazinikwa simahla ngurhulumente babuyele emikhukhwini. Sithi mabawuyeke lo mkhwa.

Sithi halala kumaqokazana namaqobo athe gqolo ukwakha izindlu ngomkhankaso we PHP. Sizakunika inxaso ngakumbi kubo.

Lo rhulumente okhokhelwa ngu ANC uyakhathala ngakumbi ngabantu. Uthi abantu bayakulawla. Masisebenzisane mawethu silwe indlala.

Chairperson, this ministry is committed to making sure that the BNG pilot projects identified in all provinces go ahead as planned. We will also ensure that there is In-situ upgrading of at least two

informal settlements per province. This will mean provision of water, sanitation, electricity, roads etc.

Our engagement with the international community will continue, taking into account existing MOUs, our participation AMCHUD and UN Habitat.

The time has come for all peace loving South Africans to join hand with the department of Human Settlements in its journey of making poverty history.

I thank you.