



MINISTRY
HUMAN SETTLEMENTS
REPUBLIC OF SOUTH AFRICA

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ADDRESS BY THE HONOURABLE MINISTER OF HUMAN SETTLEMENTS,
MS NOMA-INDIYA MFEKETO, AT THE PRESENTATION OF THE DEPARTMENT
OF HUMAN SETTLEMENTS BUDGET VOTE 2018/19.

10 MAY 2018

THE GOLDEN ERA OF HUMAN SETTLEMENTS EXPANSION

Honourable House Chairperson,
Ministers and deputy ministers
Honourable members of parliament
Distinguished Guest
Ladies and Gentlemen

Today is a special day in the history and the calendar of our Nation. It was on this day, the 10th of May 1994, that Nelson Mandela was inaugurated as the First President of a Democratic South Africa. I feel honoured, privileged, but mostly humbled, to deliver my maiden Budget Vote speech as Minister in the Republic of South Africa on this historic day.

In his inauguration speech, Madiba proclaimed that “The time for the healing of wounds has come. The moment to bridge the chasm that divides us has come. The time to build is upon us.”

I understood Madiba’s appeal when he said “THE TIME TO BUILD IS UPON US” to literally mean, “BUILDING HOUSES FOR THE POOR, BUILDING HOMES AND SHELTER FOR THE HOMELESS BUT MORE IMPORTANTLY BUILDING HOPE FOR THE HOPELESS AND RESTORATION OF DIGNITY.

Honorable members, the budget is an important instrument to effect policy and delivery interventions. It is an important mechanism that has a direct impact on the living standards of our people. With this powerful instrument, we seek to pursue our objective of a *better life for all*.

Whilst we remain committed to addressing and eradicating the enormous shelter backlogs of yesteryear, we must also focus our interventions towards shaping and building future human settlements. The pressing need to concentrate on the present does not, and must not, imply disregard for the future.

Honourable members, this budget process presents an excellent opportunity to re-focus our thinking about human settlements. In doing so, lest we forget the objective and the intent of policy shift towards the creation of sustainable human settlements as opposed to merely the building of houses. Instead, we must gravitate more towards the letter and the spirit of what was envisioned when we conceptualised and created human settlements department.

Human Settlements was structured to bring together three integrated areas; namely **spatial integration, housing and infrastructure, as well as, economic development**. This is the human settlements mandate that we strive to implement.

Our vision for human settlements must be informed by the following;

- i. Firstly, houses must symbolize dignity, security of tenure, financial security and safety and comfort;
- ii. Secondly, human settlements must re-shape and integrate our spatial order; and

- iii. Thirdly we need to align economic and social imperatives by developing human settlements in well located strategic spaces.

Honourable members, ladies and gentlemen INDEED THE TIME TO BUILD IS UPON US. It is an unparalleled and extraordinary time to build. It is THE GOLDEN ERA OF HUMAN SETTLEMENTS EXPANSION. It is an era that is propelled by significant catalytic building programmes that will re-shape and transform our spatial order, forever.

The government and private sector have initiated human settlement catalytic projects with an estimated investment value worth more than half a Trillion Rand. The Human Settlements Expansion Programme will unleash much-needed economic investment and significantly contribute towards the President's investment drive.

The GOLDEN ERA OF HUMAN SETTLEMENTS EXPANSION will drastically address the housing backlog and the increasing housing needs pressuring our society. It will stimulate the human settlements economic value-chain specifically the property development sector, create decent jobs, and vastly benefit the construction industry. The transformation spin-offs must benefit youth and women in the sector.

Honourable Members, I take pride in saying history will be made, THE SCOPE AND MAGNITUDE of the GOLDEN ERA OF HUMAN SETTLEMENTS EXPANSION will facilitate the development of new cities in our country. These will be integrated cities, with modern economic and social infrastructure, and will fulfil our dream of a Prosperous South Africa.

Ladies and gentlemen, the success of the GOLDEN ERA OF HUMAN SETTLEMENTS EXPANSION relies on four critical pillars of success. Firstly, Land Assembly; second, formidable Institutions; thirdly, funding; and lastly, cutting edge expertise.

Honourable members, allow me to elaborate on the critical pillars of success.

On land assembly: The failure or success of our human settlements expansion programme, depends on accessing and releasing optimally located land. Houses can only be built on land which is suitable and well located land.

We have never hidden our conviction, which we continue to proclaim, that land expropriation is ultimately inevitable in order to meet the wider and best interest of our society. The modalities of land expropriation was the only subject matter which required clear articulation and implementation.

This year marks the 142nd anniversary since the birth of Sol Tshekisho Plaatje, the first Secretary General of the South African Native National Congress, the parent of the African National Congress. His classic book, *Native Life in South Africa* celebrates its 102nd anniversary this year.

If there was ever a book in South African literature that details the immeasurable pain of what it means to be turned into a pariah in the land of our birth, it is this book. One could never finish the book without shedding a tear about the dehumanization of African people by the settler colonial governments dating back from 1652.

We also acknowledge that since the dawn of democracy, there have been NGOs that have done truly impressive work to galvanize for the re-settlement of dispossessed people back to the city centres.

Ladies and gentleman, my Ministry and the Department will be engaging vociferously with various stakeholders who own strategic land parcels suitable for human settlement development. These include private land owners, State Owned Companies, municipalities and national government who own suitable land.

The Housing Development Agency (HDA) is specifically purposed by National Legislation to spearhead Land Assembly for Human Settlements. The HDA Act empowers the entity to act and intervene decisively in Land Acquisition, therefore the role of the HDA is important, now more than ever before. To this end we will drive a robust campaign with the sole intention of “unlocking land to house South Africa”.

The effective assembly of suitable land for human settlements offers us the first and tangible step towards the restoration of dignity for our people. This is the best way to wipe the dried tears of our compatriots who gave their lives fighting against land dispossession.

It behoves us all, government, private land owners, developers and civil society to engage constructively and find solutions for “unlocking land to house South Africa”.

Let me now turn to the second pillar: **formidable institutions**. The institutions and entities charged with the responsibility of human settlement development ought to be capable and possess the necessary governance integrity, technical and operational efficiency. Our institutions, ranging from the National Department, Provincial Departments, Municipalities and Government Entities must rise up and enhance their capacity to discharge this important mandate.

Equally so, the political machinery of Ministers, Premiers, MECs, Mayors and MMCs, require the political courage and resolve to drive the massive task of Human Settlement Expansion.

In our context, formidable institutions for human settlements development, demands clear and simple contracting between spheres of government to ensure synergy of mandates, powers and functions. Human Settlements Inter-Governmental Relations must translate into human settlements planning and implementation contracting with clear responsibilities and accountabilities between the spheres.

The HDA, Human Settlements Development Bank, the NHBRC, the SHRA, the Community Schemes Ombuds Service (CSOS), as well as, the Estate Agencies Affairs Board, are very strategic and important entities to drive the expansion programme.

The HDA will be at the forefront of project management and land assembly, while the Human Settlement Development Bank will play a strategic role to mobilise and deploy required funding. The NHBRC is key in ensuring the protection of consumers by ensuring quality of housing developments. The Social Housing Regulatory

Authority must spearhead the increased development of public sector affordable rental stock, student accommodation and other initiatives, such as, rehabilitation of dilapidated inner-city buildings as important housing mix - therefore SHRA becomes very important in facilitating urban consolidation and re-development.

Ladies and gentleman, the following measures will be taken to strengthen our institutions and position them as a key force of driving the expansion;

- i. Firstly, I have resolved to revive and strengthen the role of the STRATEGIC INFRASTRUCTURE PROGRAMME (SIP7) which is focused on the integration of the human settlements, transport, water and other infrastructure projects in the thirteen biggest cities in the country. SIP7 is one the Presidential Infrastructure Programmes. This programme offers the Department an exceptional opportunity to coordinate, align and jointly execute projects with the municipalities.

- ii. Secondly with regard to Human Settlements' entities; there will be no room for poor governance, poor performance, financial mismanagement and corruption. I am determined to remove Board Members who compromise the integrity and hinder the functioning of entities. There are several board vacancies and board renewals - we will consider those carefully with the aim to strengthen the Boards. With regards to the executives' performance and conduct, we shall ensure that the boards hold them accountable and regularly reviews their performance.

The Ministry and the Department is in a process of assessing the capacity requirement and support needed by the entities. We will specifically enhance the project management and land assembly capability of the HDA, while we fast-track the establishment and corporatisation of the Human Settlements Development Bank.

- iii. Thirdly, there will be zero tolerance towards poor performance by both provinces and municipalities especially in respect of grant performance. This conduct not only reverses resource allocation but fundamentally undermines the communities right towards housing.

We have also observed concerning patterns of maladministration and corruption in the housing delivery system. I am determined to work effectively with my colleague's in the provinces and municipalities to root out this practice.

Honourable members, **funding of the expansion programme** is the third pillar to our success. The funding regime, presents both challenges and opportunities. It is a matter that will require boldness, innovation, and strategic partnerships.

It is known, that our economy has experienced some setback in terms of growth and overall economic performance recently. Unfortunately, this has constrained the fiscus ability to fund some of the key programmes of the Human Settlement Expansion. As we present the budget you will observe that the Human settlements budget has suffered a massive cut in the order of ten billion rand over the 2018/19 MTEF.

Government funding is pivotal to the subsidy housing and the BNG programme, which is the biggest housing delivery programme in the world, with significant redistributive spin-offs.

We have adopted a strategy that seeks to ensure that government funding must leverage or be matched with other forms of funding including funding from Development Finance Institutions (DFIs) and the private sector. Therefore, the budget cuts create a vacuum which will require us to find creative and innovate measures to close the financial gap.

The above challenge of the limitation of the National Fiscus presents an opportunity for the private sector financial institutions to partner with government and close the gap. The financial institutions, inclusive of the banks, in particular, have a crucial role in human settlement.

Funding low cost and affordable housing is indeed a pressing need, sadly however, the doors of financial institutions continue to be firmly shut in this area. We are particularly concerned about the continuing reluctance of the major banks and the

lack of product innovation to enable access to housing loans by ordinary people, in ordinary jobs, with ordinary incomes.

As articulated before, the Human Settlement Development Bank is poised, by design, to lead and create financial instruments and packages that are attractive for the private sector.

The Ministry and the Department, on the advice of the Human Settlement Development Bank, will embark on a programme to engage with Development Finance Institutions (DFIs) and create a space for them to contribute both investment knowledge and financial assets into the sector. Jointly, with other DFIs, we can tackle the challenge of funding the expansion programme.

Honourable members, without the necessary **cutting edge expertise**, our efforts will not succeed. The knowledge, skills and expertise of building major infrastructure programmes, the built environment, and construction is crucial. I am painfully aware that our country has such expertise in abundance but is unfortunately dislocated and even mis-deployed - such as the executives who led the built environment of the 2010 World Cup, for example.

Acknowledging the country's skills base, combined with the current sector expertise, we are determined to search and deploy those with expertise to drive our programme.

The Department is in a process of finalizing an appointment of a Panel of Experts. This will range from former DGs, CEOs, CFOs, technical experts, and engineers who will deal with various reviews and advise the Department. The panel is expected to use part of the evaluations, recommendations, international and local best practices - emanating from some provinces, municipalities and academic institutions, to craft policy and an enabling legislation that will take South African forward.

Honourable members, let us now turn our focus to the key budget priorities for 2018/19.

The Department of Human Settlements plays a fundamental role in our society by addressing the most pressing needs of our people, being housing. There is no dispute that human settlements are at the core of our society's well-being and the life line of millions of our people.

The budget priorities of 2018/19 must ensure that there is synergy and alignment with the Cabinet approved programmes and the Constitutional mandate of the Department, which is embedded in Section 26 of the Constitution, and the Vision 2030 as articulated in Chapter 8 of the National Development Plan (NDP).

The following priorities are set for 2018/19 financial year:

- i. **Land Acquisition and Expropriation:** incoherent land assembly continues to bedevil the housing delivery process. It is critical to resolve the housing crisis faced by most cities especially with the growing number of evictions, protests, and the continuing land grabs that we have seen mushrooming in our country.
- ii. **Transformation Targets:** The Human settlement value chain has key elements such as land, labour, material, infrastructure and financing. The value chain will be used to effect transformation in the industry to be able to respond to the problem of poverty and unemployment.
- iii. **Title Deeds:** The Title Deeds is a national priority. The Human Settlements Department is dealing with this growing challenge and has now taken action to address the backlog of the uncollected title deeds.

The root cause of the non-issuing or non-receipt of Title Deeds, inter alia, includes the unresolved estates, illegal sales and occupations, untraceable beneficiaries, informal family substitutions, and the unconcerned attitude of beneficiaries.

We have now turned the corner and embarked on a new trajectory to ensure that beneficiary of our subsidy housing programme will Title Deed.

To this end a new Title Restoration Grant is introduced from this financial year. A total of **R518,6 million** is allocated to provinces to confront this backlog with clear project plans. In addition, to enhanced project management capacity in provinces and the national department, **R275,8 million of the grant will be spent on the actual** registration of some **163,000 title** deeds in this financial year. Furthermore, **R147,2 million will be directed towards** township proclamation for 532 projects to ensure that properties are registrable with the required town planning, land surveying and engineering standards met.

OUR PEOPLE DESERVE TO RECEIVE THEIR TITLE DEEDS. We must not accept and tolerate any further excuses that hinder title deed distribution.

- iv. The Department has partnered with the **Cities Support Programme** of the National Treasury to provide support to the cities.
- v. **Fast tracking of Catalytic Projects:** The Department will be fast-tracking the implementation of catalytic projects that have since passed the readiness test of the Department. These projects have been aligned to initiatives to drive economic growth and job creation as announced by the Minister of Finance.
- vi. **Government requires the Incubation Programme for Small Contractors, especially Women and Youth contractors.** This programme will be monitored by myself, the Deputy Minister, and the MECs in all 9 Provinces.

Honourable members, let me also list key legislation that will require the attention of Parliament.

- i. The Human Settlements Bill -
- ii. The Property Practitioners Bill -
- iii. The Home Loans and Mortgage Disclosure Amendment Bill
- iv. The Housing Consumers Protection Measures Amendment Bill
- v. The Human Settlements Development Bank Bill –

THE BUDGET OF THE DEPARTMENT OF HUMAN SETTLEMENTS

Ladies and gentleman, Honourable members, I now turn to the budget of Human Settlements.

1. For the 2018/19 financial year Parliament appropriated an amount of R32.3bn to the Department.
2. The amount of R31.3bn is allocated as grant funding and transfers to the Provinces, Municipalities and Human Settlements Entities.
 - i. R18.1bn as Grants to the nine Provinces for the creation of sustainable human settlements that enables improved quality of household life and access to basic services. This will also yield over 160 000 new housing opportunities
 - ii. R11.3bn as Grants to the eight Metropolitan Municipalities to supplement bulk infrastructure, water, sanitation, refuse removal, roads and storm-water as well as fire stations, libraries and community halls. It further funds acquisition of land and buildings for inner-city improvement precincts and densification.
3. An amount of R1.158bn has been allocated as transfers to the Human Settlements entities as follows:
 - i. Social Housing Regulatory Authority (SHRA): Operational expenditure: R51.9m
 - ii. SHRA: Consolidated Capital Grant: R743.6m
 - iii. SHRA: Institutional Investment: R20.1m
 - iv. SHRA: Regulations: R10m
 - v. Housing Development Agency: R222.1m
 - vi. Community Schemes Ombud Services: R31.1m
 - vii. National Housing Finance Corporation: R80m.
4. An amount of R787.672m has been allocated to the Department for operational expenditure including R376.9m for compensation of employees.

5. R140m as a Grant to municipalities in respect of emergency housing, while R260 m to provinces also for emergency housing.
6. The Title deeds restoration grant has been allocated an amount of R518.6m.
7. **Revitalisation of Distressed Mining Communities:** Our budget includes provision for R1billion, ring-fenced for upgrading of informal settlements, bulk infrastructure extension and spatial consolidation in the 26 municipalities. In this programme we stand ready to contract with mining companies to match our efforts to improve the development of communities around mining operations.
8. Over R900 million of the budget is ringfenced for the Finance-Linked Individual Subsidy Programme (FLISP) to ensure that we support workers earning less than R15 000 per month to access home loans. Together with financial institutions we must turn the corner in increasing access to home loans by the masses of workers employed in various industries.
9. Taking into consideration the economic downturn and less than expected economic growth, the Department's allocation over the 2018 MTEF (that is for the 2018/19 to 2020/21 financial years) was reduced by R10.8bn. The reduction affected all in the sector including the operational budget allocation of the Department, the allocations of capital grants to Provinces and Metros as well as public entities specifically the Social Housing Regulatory Authority (SHRA).
10. Linked to this, funds have to be utilized for the priorities set out in the 2014-19 Medium Term Strategic Framework for human settlements. We plan to deliver over 160 000 housing opportunities to qualifying beneficiaries in a form of houses, serviced stands and socio-economic amenities.

Ladies and gentleman “indeed the time to build is upon us”. As I conclude, let me quickly reflect on some critical issues.

As we gather here in Parliament, our country is witnessing the mushrooming of **various protests**. These are protests of communities who are crying for services and houses. It is therefore important that we act swiftly to resolve the challenges faced by our communities. The solution to these protests lies in a well-coordinated cooperative government intervention involving all spheres of government and multi-sector departments. We will immediately deploy the National Rapid Response Team to engage the affected communities, while we also coordinate the integrated government intervention to address the community challenges.

Honourable members, ladies and gentleman, as we Proclaim the Golden Era of Human Settlements Expansion, I have consequently assembled and established a high impact programme **NATIONAL COMMAND CENTRE and a SPECIAL ADVISORY COUNCIL** that will marshal, drive and deliver this momentous task. I will announce the appointment of the Special Advisory Council shortly, it will comprise the best infrastructure, built environment, financial experts and engineers. The council will work closely with the Director General and CEOs of entities on High Impact Projects within our programmes. The Command Centre will monitor the execution of projects on an ongoing basis and ensure none lack behind schedule.

Ladies and gentleman, I have reiterated **poor performance** and the accumulation of unspent funds. I am urging my colleagues who are MECs of Human Settlements and Premiers to work with us in ensuring effective and efficient execution.

I want to take this moment and share a humbling experience of service delivery. On the 17th of April, I had the distinct honour to unveil the plaque at the Thembelihle Social Housing project in the Pretoria CBD. This social housing project is undoubtedly a model of what we mean when we talk about sustainable and integrated human settlements projects. The demographic composition of the residents by and large represents that of South Africa - making it a true model for the future of human settlements.

At Thembelihle, I was moved when I met the Naidoo family. The mother, who was a homeless person who later got a job as a cleaner and could afford some rent got a place in Thembelihle, and today, her beautiful family lives in a secure shelter that warmly received me when I visited her in Pretoria. The other person who opened their doors to us is a young man who was involved in an accident that led to him to being an amputee. He also stays in one of the specially designed apartments in Thembelihle to accommodate people who are differently abled. He is such an inspiration to me. Ladies and gentlemen, we have the privilege of being graced by the presence of the Naidoo family and Mr Thulani Mhwana today, as they are in the audience, may we kindly salute them.

In the Eastern Cape, we recently visited Thembelihle in East London. In this Thembelihle, we were approached by the Tshoba family who expressed their deepest gratitude for being the recipients of a BNG house. This house offers this family dignity that people of the Eastern Cape face as one of the major frontiers of land dispossession in the history of our nation. They have also graced us with their presence. Mam'Tshoba no Tat'uTshoba, ndicela niphakame banibone ngobuhle benu.

Honourable Members, the Department of Human Settlements has a Scholarship Programme that has funded 372 students nationwide. We fund them to pursue different degrees and Diplomas in the broad area of Human Settlements. Some of our graduates have gone to open their own real estate companies. This is an important part of transformation in terms of age, race and gender. We could not invite all of them here, but we have invited students, each from the higher education and training institutions

Honourable members, the Month of May also witnessed the birth of Isithwalandwe/Seaparankwe Cde Joe Slovo who was the first Minister of Housing in the Democratic South Africa. I am reminded of Nelson Mandela's remarks at the funeral of Cde Slovo when he said "Let me reiterate that the course Joe Slovo had charted will continue to guide us in fulfilling the housing programme".

To our late heroes and heroines who fought for this freedom we reiterate the remarks of JB Marks in 1947 on the death of Anton Lembede, "THAT WHICH YOU HAVE LEFT INCOMPLETE WE ASSURE YOU THAT WE SHALL COMPLETE "

As I conclude, I would be remiss not to express my gratitude to the warm working relationship I envisioned with the Portfolio Committee and this Parliament, including all political parties. We have a common objective which is a better life for the people of South Africa.

Let me also take this opportunity to thank the provinces, municipalities and the entities for the hard work in preparation of this budget vote speech.

My colleague, sister and comrade, the Deputy Minister Ms Zou Kota-Fredericks, thank you for your continued leadership and dedication to the cause of our people.

The Director General and his team of top management, and all employees of the department, I appreciate you.

Mr President Matamela Ramaphosa, ndi tama uvha livhuwa ngevha vheya fulufhelo lavho kha nne, fulufhelo lau neya lushaka tshumelo ya vhu thogwa, tshumelo ya madzulo, madzulo a disa tshirunzhi, vhukhudo, na mutakalo kha mita.

Honourable members, Ladies and Gentleman, INDEED THE TIME TO BUILD IS UPON US. THE GOLDEN ERA OF HUMAN SETTLEMENTS EXPANSION HAS DAWNED UPON US. WE DARE NOT FAIL, HISTORY WILL BE UNKIND TO US.

Honourable members, ladies and gentleman, it gives me great pleasure to formally present and table the Department of Human Settlement Budget Vote 2018/19 to the house.

Ke a leboga (Kiya leborha)