



MINISTRY
HUMAN SETTLEMENTS
REPUBLIC OF SOUTH AFRICA

**STATEMENT BY MINISTER MMAMOLOKO KUBAYI ON THE OCCASION OF A
MEDIA BRIEFING TO PROVIDE BROAD UPDATE ON PORTFOLIO ISSUES AND
OTHER DEVELOPMENTS IN ENTITIES, 25 MARCH 2022, RONNIE MAMOEPA
PRESS ROOM**

Good Morning ladies and gentlemen,
Members of the media

I would like to welcome everyone who has joined us this morning for this media briefing.

After our visits to all nine provinces wherein we were able engage with leaders in the provinces, visit projects and listen to beneficiaries, we reflected on our findings and analysed the housing delivery system value chain as whole. We've heard the cries of potential beneficiaries who are still waiting for houses, the cries of children whose circumstances have dictated that they should be the heads of their families, and the cries of the elderly who have nowhere else to turn but to rely on their government. We also took time to engage and consult various stakeholders within the human settlements sector. Armed with the analysis and the first-hand experience of the many challenges society is facing, we decided to prioritise the following areas in the coming financial year:

- Unblocking of blocked projects.
- Eliminating asbestos roofs across provinces which is a critical health issue.

- Increasing the pace of provision of title deeds to rightful property owners, prioritizing the pre-1994 stock.
- Eliminating (dilapidated) mud houses, especially in the rural areas (prioritizing the elderly and child-headed households).
- Digitization of the beneficiary list to make it more reliable, transparent, easily accessible and avoid fraud and corruption.

I am pleased to that note MINMEC, which is our intergovernmental forum, has endorsed these priorities. In addition to the above-mentioned priorities, we also came to the conclusion that to fast track service delivery across the country and to respond to the challenges observed in the sector during the ministerial visits, we needed to develop a structure in the form of a Human Settlements War Room. Among other things the war room will do the following:

- Coordinate efforts, monitor and fast track the implementation of diverse projects across provinces.
- The provision of detailed analysis and support in the implementation of human settlements development grants.
- Provide project tracking tools on all projects to monitor and to report to the War Room.
- Identify strategic partners that could assist to unblock challenges.
- Create an enabling environment for cooperative governance in line with Intergovernmental Relations Act.

We are pleased that Mr Dan Gorbachev Mashitisho, the former DG of the Department of Cooperative Governance and Traditional Affairs has already accepted our invitation to lead the war room and he will be joined by other specialists that we are in the process of appointing.

The changes I am about to present were formulated within the context of continuous improvement in the delivery of the department's mandate and come into effect from 1st April 2022. I will begin with the changes we have effected on the grant funding.

On HSDG

Having realised that there are many incomplete and complete projects that have not been occupied because of lack bulk infrastructure, we decided to intervene towards resolving this problem. In this regard, the structure of the HSDG has been reconfigured to allow for delivery of Bulk infrastructure and the allocation for bulk has increased from 3% to 5%. Backed by a good plan, the allocation can be increased up to 30% of the grant, especially in rural provinces.

In the financial year 2022/23, we will start implementing front-loading in two provinces, Northern Cape and the Eastern Cape under the Infrastructure Fund, which will allow us to significantly increase the scale of housing delivery in a short space of time. This means that these Provinces can start implementing their plans utilising the budgets for the next two financial years.

On social Housing

Since the last adjustment of the qualification criteria in 2018, tenants are struggling to pay their rentals due to inflation and substantial increases in utility costs. We have revised the bands for households earning from R1850 to R22 000 gross monthly income to qualify as opposed to the previous qualification criteria for household income from R1500 to R15 000. This will align with the broader definition of the affordable housing programmes such as FLISP.

On FLISP

FLISP is a housing subsidy for first-time home buyers to assist with purchasing a home. For buyers to qualify, they have to fall within a certain income bracket that is considered as the gap market or the missing middle.

So far, the Programme has not achieved intended Policy objectives for a number of reasons. With effect from 2022/23 financial year, FLISP will also extend to non-mortgage housing finance facilities, and accordingly, FLISP may be used in combination with one of the following products and situations:

- 1) Housing loans granted or guaranteed by a pension and provident fund.
- 2) Unsecured housing loans from any registered lender.

- 3) Housing loans granted or guaranteed by cooperative- or community-based savings scheme.
- 4) FLISP can be used in combination with individual own resources or savings.
- 5) Housing loans supported by employer-based schemes such as Government Employees Housing Scheme or private sector Employer Assisted Housing Schemes (EAHS).
- 6) Housing loans supported by Permission-to-Occupy (PTOs) issued by government or recognised Traditional Authority.
- 7) With effect from 1 April 2022, the FLISP quantum range increases by between 7,2% and 10%. This change, we believe, will go a long way in enhancing affordability of home loans as households will be able to put in higher deposits for their home loans or cover other housing acquisition or building costs permissible in the Policy.

This will enable all qualifying South Africans to access this subsidy in both rural and urban areas of our country. We look forward to seeing a large increase in uptake in rural provinces and delivering on people's Section 26 rights.

Our key partners in delivering FLISP are lenders—in particular our commercial banks and of course other lending institutions offering housing loans. I am informed that the Banking Association of South Africa (BASA) and NHFC have negotiated a Memorandum of Agreement to partner on the delivery of FLISP, which I hope will be signed soon.

I am happy therefore that today, we are confirming that the Revised FLISP Policy has been approved by MINMEC. Therefore:

- I look forward to receiving confirmation that BASA, Banks, other Lenders and NHFC have entered in FLISP partnerships.
- I am happy to announce that NHFC and the Department of Public Service Administration (DPSA) have signed a Memorandum of Understanding to

ensure that government employees are assisted in accessing FLISP to achieve their home ownership aspirations.

On Subsidy Quantum

You may be aware that the current subsidy quantum has not been changed since 2018. In the period between then and now, the quantum has been affected by inflation which was starting to have an effect in the quality of housing units we were providing to beneficiaries.

As agreed at MINMEC, we have introduced changes that will come into effect in the financial year 2022/23. From the 1st April 2022, our housing programmes will cost as follows:

- BNG services and top structure-R196 887
- House for persons with disabilities-R209 071
- Military veterans house-R240 607
- FLISP-R147 045
- Social housing-R187 395

We believe that with these amendments, we will be able to accelerate housing delivery and avoid projects being abandoned. We call upon our implementing agents including contractors and developers to deliver quality work, on time and within budget.

On disaster areas

A number of areas around South Africa are affected by natural disasters, such as floods, thunderstorms and fires. In most cases, those who are affected require alternative shelter immediately and others want to repair the damage to their homes as soon as it is possible. In analysing our response time and the adequacy of the response to affected areas, we found that our systems had many shortcomings which include inflexible funds allocation, which then leads to shortage of funds to

cover the disaster victims in totality and long response time, which worsens the status of the victims.

We introduced a number of new directives applicable to provincial departments and municipalities so that we change manner of Intervention in disaster areas. These directives include 24-hour turnaround period for the assessments of the disaster and fast-tracking of repairs through a voucher system. With regards to financing, provinces and metros are now allowed to utilize available funds from HSDG, USDG and ISUPG to intervene in dealing with the damages.

Stability in entities

When I arrived in the portfolio, I made an undertaking that I will immediately put effort in the stabilisation of entities under the human settlements portfolio. I am pleased to report that we have appointed Boards in five of our entities, namely; HDA, SHRA, CSOS,PPRA and NHBRC as previously announced. The NHFC b

Board appointments have been approved by Cabinet and they will formally be appointed for a period of three (3) years at the NHFC AGM on Tuesday next week.

The following people will become NHFC Board members:

1. Mr Luthando Vutula (Chairperson)
2. Mr Thembinkosi Bonakele
3. Ms Philisiwe Mthethwa
4. Mr Velile Dube
5. Ms Aeeysa Seedat
6. Ms Tshepiso Kobile
7. Mr Paul Heeger
8. Mr Thulani Mabaso
9. Ms Kadi Palesa
10. Ms Thembisile Chiliza
11. Ms Setati Bolimpopo

I am well aware that the appointment of boards does not automatically bring stability to the entities, however, it is an important step. Most of these entities have multiple vacancies at an executive level, some do not have the necessary technical skills to execute their mandate and yet others have organisational structures that are wholly unsuitable for the execution of their mandate. I have mandated the Boards of these entities to make finding solutions to these challenges their number one priority.

Due to long periods of poor leadership and instability in some of these entities, a destructive culture has germinated within these entities. I am speaking of the culture of rumour mongering, fictitious grievances, media leaks and unsubstantiated and frivolous whistle-blowing that has taken root. I am a firm believer that we must deal decisively with wrongdoing and corruption, however, channels for exposing such should not be abused for agendas that have nothing to do with fighting wrongdoing and corruption. Since arriving in this portfolio, I have been bombarded with allegations and counter- allegations of corruption which are then leaked to the media. What is common about these allegations is that no evidence is ever adduced to support them and yet I spend hours responding to media enquiries about these allegations.

The stabilisation effort has also been made difficult by the existence of well-entrenched patronage and corruption networks that are putting up a huge fight against the stabilisation effort.

I wish for the new Boards to be given space to focus on the task of stabilising the entities for which they are responsible and not to be occupied with conducting investigations for which they are hardly capable of conducting. I have therefore decided that I will approach the Special Investigating Unit to conduct an investigation in all our entities where there are claims of wrongdoing and corruption.

I have said elsewhere that wrongdoing and corruption will be dealt with, without fear or favour and I encourage those with any evidence of wrongdoing to take the information to law enforcement agencies.

In conclusion, we are a government that cares and committed to restoring the dignity of the people through the provision of sustainable human settlements. We are doing

all of these knowing very well that we still have so much work to do for “SECURITY AND COMFORT” to be realized. Our commitment to those that have been waiting for their houses is that we shall deliver on our promises.

I Thank You.