

**SPEECH BY L N SISULU, MINISTER OF HUMAN
SETTLEMENTS ON THE OCCASION OF THE BUDGET VOTE
OF THE MINISTRY OF HUMAN SETTLEMENTS
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NATIONAL COUNCIL OF PROVINCES, PARLIAMENT**

Chairperson

Honourable Members

South Africa is an undisputed world first in its delivery of housing for the poor. However, we as a people have to rediscover the distinction between hope and expectation.

Nothing is more difficult than having to deal with the moving target of housing our people against a background of heightened expectation and anger. The agitated expectative state of mind, although very legitimate, makes it very difficult to have meaningful dialogue with our people as no further explanations are acceptable now, and yet the hard truth is, no matter the circumstances, the reality of our situation needs to be understood by all of us, because it needs all of us to work together for a meaningful solution.

Here is our reality: We have provided 4.5 million houses and subsidies and our society grows phenomenally above that. Flowing from the effects of influx control and exclusion of the past, and following from the policies of large scale evictions, we inherited a dire crisis in 1994. Currently our backlog grows as society grows. We are urbanising at 2.4% annually, in addition, count the in migration from neighbouring countries. This reality has to be at the back of everybody's minds when we deal with where we come from and what

we are confronted with, so that our solutions are understood in the context of what is possible, what we have achieved. Measure us by what we have been able to do, which no other country in the world has been able to do. Measure us by our commitment.

We are the only country known to man that has and continues to build free houses. We will continue to build houses for the indigent, but the rest of us will have to build houses together with government and where possible, utilise subsidy options available. Each citizen requiring assistance from government will have to be part of the solution.

Having assessed our situation, gone through the evolution of policies, and engaged with our communities, we have decided that we are going to embark on a vigorous, multi-pronged new approach to our challenge. We think that this would suit our current situation better, and it is underpinned by the following: Our people have to understand that the responsibility to shelter is the most fundamental responsibility that each has. So we start with the **responsibility**, thereafter we work out how each executes this intrinsic, natural responsibility. The State, on the other hand, is required to perform its duty by providing the right to access to housing. It becomes the enabler within the resources it has and within the policies that guide that right to access.

We both have a responsibility, the people and the government. Our people have to understand that that their rights, of which the government is the custodian, goes with a responsibility. If so, our message will be aligned and we'll go so much further.

We have now adopted a vigorous, multi-pronged strategy, based on the people's rights and government's rights and responsibilities to them. We will now concentrate on being an enabler to those who can and being a provider to those who can't. We are calling on our people to play their part in executing their responsibility together with us in delivering a right. We need to be aligned in this, as we both have a responsibility. We are accordingly shifting our focus to strengthen our strategies by providing land for people to build with our assistance, coupled with our temporary shelter programme, approved by Cabinet in 2007. Working together with the Departments of Rural Development and Land Affairs and Public Works we will establish a collaboration that will release land and municipalities will be required to prioritise the provision of infrastructure. On a more urgent basis, our centralised data base will determine the allocation so that those who can and are on our database, will be required to build their own houses, with our help. Further, it will be compulsory that these stands be converted into housing units within a prescribed period so that we don't end up creating more informal settlements.

The second leg of our strategy is the new **catalytic projects**. As I indicated to you last year, in order to grow at the scale required to deal with the growing numbers, we need our yield to be far greater than we have been producing. We expect that none will yield less than 10 000 units, consisting of mixed typologies. In a situation where people live in dire circumstances, we'll have a phased approach, very similar to the lessons learnt on the N2 Gateway Project.

Seeing as I am in a space that represents our provinces it would be prudent to give you a breakdown of the projects in your province. MinMec approved 46 government led projects and will be considering two more.

These are located in the Eastern Cape (6), Western Cape (7), Northern Cape (3), Gauteng (14), Limpopo (2), KwaZulu Natal (8), Free State (3), Mpumalanga (1) and North West (2). Through these we also hope to produce a transformed construction sector, a huge yield of jobs, especially for the youth and many other possibilities to change our landscape for the future.

Through the catalytic projects we have set ourselves on a path to transformation of our urban spaces as well as the industry that are key in the development of settlements. This is the transformation we are to achieve:

- i. **Developers** must have 40% direct black ownership. Furthermore, the same would apply to black management control / executive directors and /or managers. We have had the opportunity of reflecting on our sector and have found that shockingly, after 23 years, we have failed to transform this sector and have failed to support Black entrepreneurs. This picture has to change and change starts now with the catalytic projects.
- ii. **Community benefit** of 10%
- iii. **30% of all project spend must benefit women and youth** and if not in place, the developers must commit to increasing woman ownership to those minimum levels. The same would apply to achieve 30% female representation in management control / executive directors and / or managers.
- iv. **Involvement of the youth during the entire project lifecycle** from a job creation, skills development and empowerment point of view.
- v. **Preferred material supplier** list will be based on material suppliers who conform most closely and directly to the transformational and empowerment targeted outcomes.

- vi. **Innovative material and technologies.** This will have to form a greater part of our new approach because it is faster, eco-friendly and cheaper in the long run.

I would like to report back to Honourable Members on matters that I raised in this House and matters that were of concern to you.

We will be conducting an audit of all **blocked projects** and recall contractors who left projects unfinished. Where necessary, we'll take legal action to force the contractors to complete the projects.

We have taken a decision to partner with the CSIR to provide **solar panels** for those houses where lack of electricity has stopped us from allocating houses. This will ensure that we can cut down on the waiting time for houses where we have no jurisdiction over the outstanding matters.

I can confirm that we now have a **centralised database** in conjunction with the CSIR, StatsSA and SITA. Our Task Teams will be rolling out **mobile units** throughout the country to ensure that our citizens are able to access the services of Human Settlements, check where they are on our waiting list and if they are indigent, register with the mobile unit. Our Communications Team will ensure that the details of the visits will be announced ahead of time.

Following our engagement with communities where we committed to using mobile units to fast-track registration of the people in affected areas, the Gauteng Department of Human Settlements started the process to consult with communities in Eldorado Park; Finetown; Kliptown; Klipspruit West; Freedom Park; Slovo Park and Ennerdale to understand the underlying issues within these communities. Based on the outcome of consultative sessions

with community leaders, a mass registration drive commenced between 29 May 2017 and 5 June 2017 and I can report to this House that an additional 3689 households, across Gauteng registered their need for adequate shelter – and 3664 registrations between Cities of Johannesburg, Tshwane and Ekurhuleni.

According to StatsSA there are 430 973 households or 1 056 035 people living in shacks in informal settlements in Gauteng which translates to 10.07% households or 8.9% people, and combined with the number of households living in informal backyards being 787 606 this translates to **1 899 555 (15.7%) people**. And these figures could even be higher if one were to include households/people in formal backyard structures, rooms and cottages and such large numbers of our people living in informality, and growing every month due to rapid urbanisation, underscores the frustration of our communities and the immediate urgency to respond with immediacy.

This figure demonstrates the extent of the challenges we face in providing decent housing and so we must prioritise the truly indigent, our elderly, child-headed households and our Military Veterans. In our first phase of prioritising government investment in housing initiatives and considering our limited resources, we have used the Master Spatial Plan as an indicator guiding us where to invest and this has been consulted with all the departments and we will soon take to Cabinet. The second phase of prioritization of investment will be social housing and the third phase is informal settlement upgrading – provision of serviced sites – and a parallel initiative to this is the USDG which must be used to provide bulk services and in particular water, sanitation and electricity.

By our changing the way we will respond to and communicate with our

community, this will make us an immediately responsive government and in this way we mean to bring back service to our people. Our Communications Team will also be making greater use of radio stations to communicate directly with our communities, especially through the National Rapid Response Task Team (NRRTT). I also need to inform you that our BNG programme is back on television and will be broadcast on Saturdays at 13:00 on SABC 2.

Despite repeated assurances given to me, which I have duly passed on to this house, none of the provinces have met their targets on this priority matter of **title deeds**.

I have, as I had the occasion to explain to you, ring fenced all our pre-2014 title deeds together with the funds allocated to these and have taken them away from the provinces so as to make these the priority they should be and will ensure that these are fast tracked.

A Ministerial Task Team of conveyancers and social mediators has been established to take over the project that had been transferred to the EAAB to clear the backlog. The provinces will deal with their current backlog, which is post 2014 and ensure that going forward the title deeds are processed on an ongoing basis. By the end of our term, no “happy letter” will be necessary. Title deeds will be handed out when houses are handed over.

Clearing the title deed backlog will stop the informal transaction of houses given as an asset in our poverty alleviation strategies. The result is a situation where in the past the absence of this resulted in the unregulated sale of houses. That has left us in a situation where houses meant for the alleviation of poverty of South Africans are now increasingly occupied by

foreign nationals, creating distrust and alienation as opposed to creating integration.

It is also true that there is sometimes a lack of awareness of the importance of title deeds even when people have them in their possession. Having invested a great deal in improving people's living conditions, the effect is that those same people are forced back, in many ways, into the informal sector. This undermines the potentially positive effects of property ownership on poverty alleviation and wealth creation, and acts as a barrier to full participation by active citizens in the formal economy. This is also referred to as the "dead capital" problem, in that the market value of properties cannot be used to unlock lending in the formal financing system.

We have been experiencing erratic spending patterns of our **USDG** especially in Cape Town, Johannesburg and Ekurhuleni. We will be taking the USDG policy to Cabinet to ensure very clear lines of responsibility between the three spheres of government. We will have the right to monitor that the USDG is utilised for the purpose for which it is intended, and especially now as we go into the effective mixed development mode where our people can be provided to build for themselves.

A Framework Agreement on the Establishment of a **Government Employees Housing Scheme** was signed in the Public Service Coordinating Bargaining Council on 27 May 2015. The ultimate goal of the GEHS is to assist government employees to own homes and seeks to:

- Support, educate and advise employees on housing options and opportunities;
- Access to and purchase of houses on affordable terms;

- Access to affordable housing finance including loans; and
- Assist employees, and in some cases Departments, in rental housing solutions.

The Department is funding young South Africans to study in Human Settlements and Built Environment disciplines. Some 246 students are currently supported through different Universities in partnership with the LGSeta. We are still sourcing funding for another 72 students.

- 50 Students at Mangosuthu University of Technology
- 95 students at Fort Hare University (sourcing funding for an additional 58 from partners)
- 38 students at Nelson Mandela University (sourcing funding for an additional 14)
- 32 students at other Universities such as University of Johannesburg, Wits, Vaal and TUT.

The Department is also running built environment artisanship and Learnership training programmes. In total, there will be 450 artisans registered by September 2017. The Department is currently working with a range of public universities in South Africa to drive the training of graduates in order to professionalise Human Settlements delivery.

The Department has also established a Chair in Human Settlements Education at NMMU and a Human Settlements Chair at Mangosuthu University of Technology and is in the process of establishing a Centre for Sustainable Human Settlements Education at Fort Hare University.

I am happy to announce we now have a bank - the **Human Settlements Development Bank** - a real achievement we have worked

towards for so long! The bank will facilitate the provision of finance across the human settlements value chain, especially the provision of finance for all planned catalytic projects and individuals for the gap market and equity finance for emerging black entrants in the property market the outcome of which is meant to develop entrepreneurs in the sector in line with government transformation objectives.

For the future, it should be noted that the Department's quest to ensure sustained GAP housing delivery for low to middle income households will see further enhancements to the policy governing the finance linked individual subsidy programme (FLISP) that will culminate in a dedicated allocation of grants for qualifying government employees under the Government Employees Housing Scheme that was formally launched in 2016.

In line with tightening the laws around the sale of State subsidised houses there will be a clause that forbids the sale of subsidised houses to foreign nationals. Foreign nationals are urged to look to other forms of housing provided, such as social housing. The South African government would like all to understand that there are various housing options for everybody, but a fully subsidised house is for an indigent South African. We are also looking to upscale the rent-to-buy possibilities.

Although there has been inadequate focus specifically on **Inner City Revitalisation** this is changing. As I indicated in my 2016 Budget Vote, the Inner Cities will be revitalised by tracking down absent landlords or expropriating unused buildings where landlords cannot be traced, and assigning them for the purpose of building social housing next to places of work and student accommodation close to places of higher learning. Together

with the Department of Rural Development and Land Affairs, we will be investing in **rural towns** and establishing agri-parks, because our citizens in rural areas need our support.

On 3 May 2017 we convened the **military veterans** in a national summit to exchange views and dialogue around finding solutions to their challenges for the provision of housing. We had preceded this Summit with the establishment of a Military Veterans Task Team whose main responsibility is to provide dedicated support.

In the past financial year the Department worked on the 4 909 subsidy applications I referred to last year. All the names were processed through the Housing Subsidy System, which confirmed 1 421 applicants who were ready to be housed during this financial year. My discomfort with the low number of verified applicants led us to call for the Military Veterans Dialogue which was convened on 3 May 2017 and there we once more agreed that the 1 421 profiled Non-Statutory Forces are a top priority who we all know that they had no previous benefits and that their current status remains as destitute as back in the early 1990s.

Finally, it is always worth emphasising that the government is an enabler. We call on society to work with us to create their own future and help build their own houses. A house is the most fundamental need for humanity and it requires each one to play their part.

I thank you