

Address by the Minister of Human Settlements, Tokyo Sexwale MP, on the occasion of the Human Settlements Budget Vote, National Assembly Cape Town, 19 April 2011

Chairperson

Honourable members

Invited guests

Ladies and gentlemen

Each and everyone of you listening to this budget vote live in different communities from the nine provinces

Comrades and friends

The President of the Republic, Mr Jacob Zuma made the following observations during his State of the Nation Address in February this year: “Whilst many South Africans celebrate the delivery of houses, electricity or water, there are yet many others who are still waiting. The legacy of decades of apartheid under-development and colonial oppression cannot be undone in only 17 years”.

Subsequently, Finance Minister Pravin Gordan during his budget speech stated the following: “Total spending on housing, water, electricity, community amenities amount to R122b for 2011/12 rising to R138b in 2013/14”.

Consequently our goal of creating Sustainable Human Settlements is steadily, taking shape albeit far distant from where we ought to be. Thus we note the following:

- A Human Settlements budget, beyond housing, is emerging with improved coordination;
- There is greater clarity on the nature and severity of the problems confronting the country's residential drive;
- Accelerated delivery of quality houses remains undiminished.

THE PERIOD UNDER REVIEW

The President and I signed a performance agreement – Sustainable Human Settlements and Improved Quality of Household Life – otherwise known as Outcome 8 which encompasses the following outputs:

- ***Accelerate delivery of housing opportunities***
- ***Access to basic services***
- ***Effective utilization of land, and***
- ***Improved property market***

Lets briefly deal with each of the above.

- ***Accelerate delivery of housing opportunities***

Regarding the upgrading of Imijondolo/ slums, 1 100 of these have been identified for upgrading, out of the 2700 that exist countrywide. The formalisation of 206 of these informal settlements has been completed. A further 335 are in the pipeline.

The National Upgrading Support Programme is currently being rolled out to ensure that 49 municipalities have the necessary capacity.

South Africa's population is just under 50 million more than half of which is urbanized. Our strategy on urban planning and development is therefore undergoing a radical shift in order to adequately respond to urbanization.

Many job seekers in urban areas are not looking to stay in a permanent home but are seeking rental accommodation. Thus there is an increased demand for affordable and well located rental accommodation.

We have developed a project pipeline with a mix of public- private sector rental stock. The following are examples:

- The Umlazi community rental unit programme in KZN ;
- Brooklyn social housing programme in Cape Town ;
- A malinda institutional housing subsidy in Buffalo City;
- The Cavendish Inner-city private sector rental in Johannesburg and
- small scale private rental stock for backyard dwellers in Zola Township- Gauteng.

All of these are aimed at creating 80 000 rental opportunities by 2014. The leadership of the Social Housing Regulatory Authority (SHRA) established last year, must continue to play a key role in all these efforts. A great deal is expected of the Board of SHRA.

It is important to note, under this deliverable, that all the South Africa's metros with two district municipalities have recently been accredited to drive human settlements' projects. This means that, for the first time ever, funds will be directed straight from the National Department into the coffers of these municipalities respectively: they include

- City of Johannesburg;
- City of Tshwane;
- Ethekewini metro;
- Ekurhuleni Metro;
- Nelson Mandela Metro;
- City of Cape Town; and
- Francis Baard and Pixley Ka Seme district municipalities in Northern Cape

Improve access to basic services:

Regarding the improvement of access to basic services, we play a supportive role to the department of Cooperative Governance and Traditional Affairs, in the provision of basic services such as water, electricity, refuse removal and sanitation.

Effective utilisation of land:

According to our mandate, the department is expected to acquire 6250 hectares of suitable land by 2014. On a positive note, through our institution, the Housing Development Agency(HDA), the department has already achieved this target long before 2014. Beyond this, more than 20 000 hectares of land for suitable housing have been identified by the HDA.

Improved property market:

By November 2010, the Department received overwhelming support in the form of proposals to implement the R1bn Guarantee from many private sector stakeholders. I want to thank all contributors for their submissions.

The department found merit in each proposal; whilst many were useful, we opted for the Mortgage Default Insurance (MDI) as its Core Implementation Strategy. This Insurance has a strong potential to contribute towards the attainment of the 600 000 loans of our strategy.

It is envisaged that the mortgage insurance product will be available through the banks, as from April 2012. I would therefore urge National Housing Finance Corporation and the banks to accelerate delivery of affordable houses in terms of the MOU they have concluded.

Increasing the accessibility and affordability of home ownership, can help stimulate the construction sector which will provide the much needed jobs. This resonates with our economic policy-the New Growth Path

The material suppliers are cautioned to contain the cost of their products and to avoid any form of collusion which promotes anti-competitive practices.

Home builders particularly the poorest of the poor cannot and should never be exploited.

We have established our delivery and accountability structures, in the form of the Human Settlements Implementation forum. Human Settlements is the coordinating department. Other participating stakeholders are;

- Water Affairs,
- Rural Development and Land Reform,
- Public Enterprises,
- Cooperative Governance and Traditional Affairs
- South African Local Government Association
- Provinces, and
- Accredited municipalities.

In relation to the target of approximately 200 000 subsidised houses and housing opportunities, the provinces, despite some major obstacles, have already spent 98% of the funds allocated to them.

Our campaign to “follow-the-money” helped us to be watchful on expenditure trends throughout the year. This applies to both the operational and capital expenditure.

In November 2010, a collective decision was taken with all provinces to re-allocate funds from under-performing provinces to advancing ones. The benefits of such included the following:

- A stronger focus and drive on project management abilities,
- Forward planning including the development of credible pipeline of projects
- Ensuring that the limited resources dedicated to the department and provinces are not forfeited to national treasury ;
- Better financial prudence in provinces to eliminate any possibility of over or under-expenditures or fiscal dumping.

2.1.3. National Hotlines

Human Settlements continues to be a key issue raised by members of the public who call the Presidential or Ministry’s Hotline. Housing ranks in the top three issues raised by complainants.

The positive aspect emerging from the Presidential hotline, indicates that 99.5% of more than 5 000 calls relating to Human Settlements have been resolved.

In this respect, we would like to congratulate the staff and management under the leadership of our Director-General, Mr Thabane Zulu, for rising to the challenge of responding to the burning questions from the populace.

After all, this should remind us that we are the servants, not bosses of the people. Let us not forget that.

2.2. Procurement

An investigation into procurement in the department is also currently underway with specific emphasis on overpayments to suppliers. In one of the cases under consideration, the supplier admitted to overpayment and has opted to pay back the department an amount of almost R 300 000.

Whilst this is applauded, such a situation should not have occurred in first place. It is important that invoices and payments should be synchronized. Nothing must deter us from fighting and rooting out corruption wherever it manifests itself. Our resolve remains firm.

3. IMPEDIMENTS AND RISKS AFFECTING HUMAN SETTLEMENTS DEVELOPMENT STRATEGY

The Special Presidential Coordinating Council confirmed underlined five challenges affecting the creation of sustainable human settlements in the country. These are:

- The need to address the legislative environment that is hindering progress focusing attention on alignment of critical mandates and functions
- Mobilization non financial resources, including land
- Exploring alternative funding models, and

· Paying attention to capacity problems, including project management and bulk infrastructure.

Having listed the five key impediments, Let us now focus on just one of the five – Bulk Infrastructure. The risk of bulk infrastructure to our projects.

Of all the impediments, none keep us awake at night more than Bulk infrastructure. It poses a real risk to human settlements projects , if the following infrastructure elements are not in place;

- Mega water treatment plants
- Major electrical power stations ,
- Sewerage works for sanitation,
- Extensive storm water drainage system, and
- Roads construction including street lights

As a consequence, there are projects whose implementation may be impacted upon. threatened For example, Lufhereng, Gauteng – sanitation. Zandvliet Western Cape, sewerage works. Lephalale – Limpopo, Cornubia – KZN, Thornhill – Eastern Cape, which requires water dams.

Nevertheless, on a positive note, the timely introduction of the Urban Settlements Development Grant, which was announced by Minister Gordhan, is a step in the right direction. Quite clearly more needs to be done.

4. HUMAN SETTLEMENTS VISION 2030

In our 2010 Budget Speech, we introduced the concept and strategy of Human Settlements Vision 2030. Progress is being made in this regard. These include:

4.1. National Campaign to mobilize all stakeholders

More serious conversations with key private sector players are under way, to urge them to continue to stay involved in the delivery of human settlements initiatives.

The Department plans to kick-start a national mobilization campaign, so that ordinary South Africans can come forward and say: **I TOO CAN CONTRIBUTE.**

Human Settlements Vision 2030 is essentially about the youth of today who are homeowners of tomorrow. A successful roundtable discussion with leaders of all major youth organizations in the country, recently took place, in preparation for a Human Settlements Youth Summit later this year.

4.2. Deracialization of Residential Space

One of the key interventions of the HS 2030 Vision, is to deracialize the residential communities in South Africa. Instruments in our control will be utilized to realize this . Two such legal instruments are; the Social Housing Act, and the Estate Agency Affairs Act- under review by a Cabinet Inter Ministerial Committee.

Through the Social Housing Act, we have declared 75 Restructuring Zones in seven provinces, to enable us to drive inner city development. For the 2011- 2013 period, R1.2 billion is allocated for restructuring grants through SHRA.

The well-planned inner city projects that we launched in Emerald Sky- in Buffalo City, Tau Village- in Tshwane, Cavendish- in Johannesburg and now recently the Drommedaris project in Brooklyn- Cape Town, are examples of this approach.

These initiatives profile important locational value advantages. Critical amenities like libraries, police stations, schools, shopping malls, transport interchange nodes and clinics are practically a walking distance away. Many of our inner city initiatives enhance neighborhoods that already exist.

“This is the happiest day of my life. We are so happy. I did this for my children, to give them a better life. I just know we are going to be so happy here.”

These are the words of Mr. John Titus a beneficiary at the Drommedaris Social Housing Project- Brooklyn. **Dit is baie duidelik dat die werk wat ons doen, bring vreugde in mense se lewens. Ons is bewus dat daar baie mense is, wat nie so gelukkig is, soos die Titus gesin nie. Daar is nog baie werk wat voor ons le, maar met goeie samewerking en vennootskap met die mense, kan ons meer behaal.**

The Joe Slovo construction development project following the sod turning at the beginning of March 2011 represented a breakthrough in a troubled project which has been under the control of the Constitutional court. Consensus has been achieved with all those involved. It is also a new example of a densification project utilizing government subsidies.

When I visited Joe Slovo in August 2009, u**Mama Nonqaba Lujalajala** sat me down to listen to her pain of many years living in a shack. The commitment I made on the spot to her was; **Le mini iyeza nakuwe.**

As we speak here today, **Joe Slovo is a construction site.** Le mini ifikile kuMama Lujalajala nyhani.

Although the Constitutional Court has proclaimed that we must build 1500 units, on our own we increased that to 2886 units, egameni lika Mama Lujalajala Ndithi Musungxama, Le mini iyakude ifike nakuwe.

4.3. 80/20% split of the Human Settlements Development Grant

As from 1 April 2011, the national Human Settlements budget is allocated in an 80/20% split. 80% to the provinces and 20% directed from national level on for specific interventions. As a start, the following projects have been identified as National Priority interventions funded from the 20%.

The project details are as follows:

1. Duncan Village - Buffalo City Eastern Cape.
2. Lufereng, Sweetwaters, Khutsong and Diepsloot – Gauteng.
3. Cornubia - Ethekwini KZN
4. Lephalale around Medupi station - Limpopo
5. Drakenstein – Western Cape

The investment being made in all these intervention areas, is to the tune of R886.091 in 2011/12 and R1 billion in the outer year.

Human Settlements Legislative programme for the 2011/12

The 2011-2012 financial year will see the following pieces of legislation being taken through Parliament:

- The Rental Housing Amendment Bill which is aimed at resolving certain unintended consequences emanating from the application and interpretation of the legislation;
- The Housing Protection Measures Amendment Bill which is also seeks to resolve certain unintended consequences emanating from its interpretation and application;
- The Housing Amendment Bill which is supposed to be realigned with the mandate of Human Settlements.

7. BUDGET FOCUS FOR 2011- 2013

The budget for 2011/12 has increased to R22.5 billion, a 38 per cent increase from 2010/11 and is expected to grow to R26.6 billion in 2013/14. Over the 2011 MTEF period the conditional grant to provinces grows from R14.7 billion in 2011/12 to R16.2 billion in 2013/14.

The housing disaster relief grant is being discontinued in 2011/12 which was utilized to facilitate housing assistance in emergency situations. Over the 2011 period an amount of R1.2 billion has been provided to fund the Rural Households Infrastructure grant to provide specific capital finance for the eradication of rural sanitation backlogs targeted at current households without access to sanitation and water.

National Treasury has provided funding for a new grant, namely the Urban Settlements Development grant for cities which will allow eight metropolitan municipalities to improve efficiency to maximize the development outcomes and achieve a coordinated approach to the built environment management. Over the 2011 MTEF period amounts of R6.4 billion (2011/12), R7.6 billion (2012/13) and R8.3 billion (2013/14) have been allocated to this grant.

The Department's main cost driver remains the Human Settlements Development grant together with the new Urban Settlements Development grant for cities. In respect of these grants, the total allocation of R21.2 billion in the 2011/12 financial year represents about 94 per cent of the Department's total allocation.

The Fight Against Corruption

Let us now turn to the fight against the scourge of corruption.

Visible progress has been achieved by the Special Investigating Unit (SIU) led by Mr Willie Hofmeyer.

Criminals have been arrested. Corrupt officials and Councillors have been dismissed. Monies from incompetent and fraudulent contractors have been recovered

The SIU is currently investigating top 20 questionable contracts nationally to the value R2 billion. Two of the investigations into the contracts have been completed and case dockets have been

registered with the SAPS. These cases are now with the Director of Public Prosecutions (DPP) for a decision to prosecute and for the issuance of arrest warrants. for court appearance.

Five syndicates are targeted in various provinces. In one instance, three arrests were made in the Gauteng. One of the suspects arrested is a councillor in Tsakane, Gauteng area and two of his accomplices. More arrests are still pending.

In the KZN , three Department officials were arrested for selling houses that were part of the Enhanced Extended Discount Benefit Scheme. These officials have also been dismissed from the department. The criminal cases are still pending in court.

Working together with the Premier, and our colleagues in KZN, our actions led to the arrest of an assistant Director, together with his accomplice, a member of the public for renting out low cost houses that don't belong to them and pocketing the money.

One of the stubborn challenges is the rectification of shoddy workmanship. This is the work that should not be done in the first place. It is a waste of resources, time and is costing the state substantial amount of money, which should have gone for the building of brand new houses.

We fully endorse the statement of the Auditor General when he said: "We should establish a mechanism in government to detect these malpractices in time to prevent them from getting to a stage of investigation. Investigations waste time, they are expensive and complicated because you are trying to uncover and retrace something that has been done by sophisticated syndicates."

Enough is enough regarding, the incompetent Shovel, Wheel burrow, and Bakkie Brigade who line up for tenders and only end up cheating the poorest of the poor. This does not exclude some of the larger companies. Working together with the re-invigorated NHBRC, its board and the new chair, Dr Mehana, our task is to ensure that this problem is eliminated from the system.

8. CONCLUSION

Human Settlements Vision 2030 advocates for and is premised on a effective developmental state, as opposed to a welfare one.

Current increasing dependency and pressure on the state are not sustainable for the country going forward.

Somewhere, sometime in the future there will have to come a need to have a cutoff point on the government's subsidised housing, where people can begin to do things for themselves. We cannot blame the poor and turn our backs on them.

The bulk of the work highlighted here today has been made possible through interaction with amongst others;

- The Portfolio Committee on Human Settlements led by the Honourable Dambuza,
- Team Human Settlements from all nine provinces led by our MEC's,
- The DG with his team of HOD's and Institutions,
- Communities across the length and breadth of the country,
- Our staff who carry out their work with enthusiasm

Regarding our staff, Chairperson and colleagues, allow me to acknowledge three members of staff who are here with us today. They are winners for the department's competition.

Anna Mphahlele is a messenger at Registry.

Martha Matini is a Photocopy Operator.

Meriam Mutama is employed as a Cleaner.

They are joined by the **Titus** couple, recent beneficiaries from the Drommedaris Social Housing in Brooklyn. UMama **Nonceba Lujalajala** is monitoring our work at the new Joe Slovo project, as she is a waiting beneficiary.

I THANK YOU