

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

21 April 2010

Honourable Members

Invited guests

Ladies and gentlemen

Comrades and friends

This year – June 26<sup>th</sup> -- marks the 55<sup>th</sup> anniversary of the adoption of the Freedom Charter, a key founding document of South Africa's democratic Constitution.

We approach this historic occasion understanding that the Charter remains relevant to the vision of a new South Africa.

Its housing clause states without any equivocation: *There shall be houses, security and comfort for all... All people shall have the right to live where they choose, to be decently housed, and to bring up their families in comfort and security. Slums shall be demolished and new suburbs built where all shall have transport, roads, lighting, playing fields, crèches and social centres.*

Therein lies the founding philosophy, strategy, vision and practicality of Human Settlements.

Our country's Constitution resonates with the Charter on the question of housing and human settlements: *"Everyone has the right to have access to adequate housing, and the state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realization of this right."*

The first Minister of Housing, Comrade Joe Slovo, rallied large and small contractors, labour unions, community organizations and financial institutions in 1994, resulting in the landmark Botshabelo Accord, which stated:

*"Government strives for the establishment of viable, socially and economically integrated communities which are situated in areas allowing convenient access to economic opportunities, health, educational and social amenities and within which South Africa's people will have access on a progressive basis to:*

- *A permanent residential structure with secure tenure, ensuring privacy and providing adequate protection against the elements; and*
- *Potable water, adequate sanitary facilities, including waste disposal and domestic electricity supply."*

President Zuma gave further meaning to this in his State of the Nation address last year. He stated:

*"As part of social infrastructure development we will provide suitably located and affordable housing and decent human settlements. We will proceed from the understanding that human settlement is not just about building houses. It is about transforming our cities and towns and building cohesive, sustainable and caring*

*communities with closer access to work and social amenities, including sports and recreation facilities.”*

Against this backdrop, our Human Settlement mission – on behalf of Government -- remains clear: to ensure decent shelter, the most basic need, as a critical part of a better life for all.

It is important to highlight our three areas of delivery and intervention, which touch every South African:

<!--[if !supportLists]-->· <!--[endif]-->Firstly, at the uppermost end of the housing market, our responsibility is to ensure an enabling environment through policies and legislation which protect consumers who are building or buying homes at that level. This is primarily achieved through the Home Loans and Mortgage Disclosure Act, to which we will return later.

<!--[if !supportLists]-->· <!--[endif]-->Secondly, at the bottom-most end of the market, we provide housing subsidies to the poorest of the poor. This is a critical area, as the bulk of the housing backlog exists there. Again, we will return to this later.

<!--[if !supportLists]-->· <!--[endif]-->In between these two is “the gap market” people, who don’t qualify for either bank credit or a government subsidy. Their cries have been heard by the President and by Finance Minister Pravin Gordhan, resulting in the creation of a Guarantee Fund of R1-billion for a start.

These endeavours, beyond providing shelter, contribute to economic growth and job creation -- whilst at the same time restoring human dignity.

Our holistic approach to human settlements development recognizes that the economic fortunes of South Africans are never static. Someone who lives in a shack in Gugulethu today may occupy an RDP house in Delft tomorrow – or, later, reside in Rondebosch.

### **Current outcomes-based approach**

As the Ministry, working within the Cabinet collective, we participated in developing a new outcomes-based approach to defining our targets and to measuring progress.

The January 2010 Extended Cabinet Lekgotla tasked us with implementing what is known as Outcome 8, whose objective is: *Sustainable Human Settlements and Improved Quality of Household Life*.

To meet that objective, we have prioritized four areas of work between now and 2014. These are:

<!--[if !supportLists]-->· <!--[endif]-->Accelerated delivery of housing opportunities;

<!--[if !supportLists]-->· <!--[endif]-->Access to basic services;

<!--[if !supportLists]-->· <!--[endif]-->More efficient land utilization; and

<!--[if !supportLists]-->· <!--[endif]-->An improved property market.

In the field of housing opportunities, the target is 220 000 units per year between now and 2014.

Additionally, we are acquiring 6 250 hectares of well-located state land for human settlements development and an enabling environment is being created for the provision of 600 000 new loans in the affordable housing sector.

In addition, 500 000 informal settlement dwellings are being upgraded. We must emphasize that such upgrading does not detract from Government's long-term objective of eradicating slums.

The combined effect is that by 2014 we will have made significant inroads in our mission of ensuring sustainable human settlements and an improved quality of household life.

Irrespective of what skeptics may say, the record of this government on housing delivery speaks for itself. Since 1994, more than 2.3 million housing units have been made available for nearly 11-million people.

The scale of government housing delivery is second only to China and, as the Banking Association of South Africa pointed out when we met this week: "Government's most dramatic intervention in the welfare housing sector has been its national housing subsidy programme. The success of South Africa's housing programme is unparalleled, and we can be proud of our achievements."

This work continues unabated and as things stand today we have more than 8 000 human settlements projects underway across the country, with preliminary figures translating this into the construction of 219 000 housing units in the past financial year.

At the same, there is a need for realism as we go forward. We must be candid inside this House, and with the nation at large.

Despite all these commendable efforts, the housing backlog has grown in leaps and bounds from 1.5-million in 1994 and now stands at approximately 2.1-million. That means approximately 12-million South Africans are still in need of better shelter. We have, therefore, hardly moved in just breaking the backlog, never mind the numbers associated with population growth.

As a reflection of the increased demand, the number of informal settlements has ballooned to more than 2 700 -- 70 of which are slums occupied solely by white people. As we found when accompanying the President to one of these settlements in Hermanstad outside Pretoria, poverty cuts across the colour line.

This partly explains the phenomenon of service delivery protests. Such protests in themselves fall within a democratic culture. But let's make this clear: we join Minister Shiceka in condemning violent behaviour in some of these protests -- as well as the destruction of property -- whilst we are all working hard to find sustainable solutions.

Our reality is that we are currently only able to clear the housing backlog at a rate of ten percent per annum. With the current pace of delivery and the resources at our disposal, and mindful of continued economic and population growth and the rapid pace of urbanization, it could take us decades to break the backlog.

In real terms, as a country, we have hardly moved. Re fatela morao jwale ka khoho.

Nevertheless, we can never turn our backs on the poor. It is not their fault nor should poverty be used as a political football.

The scale of the problem, from a Human Settlements point of view, has already been brought to the attention of Government colleagues in a presentation to the extended Cabinet, which includes provincial and local government.

Of significance are Human Settlements presentations made during the Presidential Coordinating Council last month, where ministries, as well as Premiers and members of SALGA, were led in discussion by the President in serious debates and focused discussions around service delivery.

In respect of Human Settlements, it was recognized that the current fiscal allocations are inadequate – with the potential unintended consequence that budget allocations do not match our expanded mandate.

Also captured in discussion was the fact that, although budgets are important, our work also requires thorough coordination with government stakeholders in all three spheres, as well as with the private sector and civil society.

Consequently, we hereby announce to members of the House and the public at large that the President – who has taken a keen interest in poverty alleviation and service delivery – has instructed that a special PCC be held on the 18<sup>th</sup> of May to focus all the efforts of government and other stakeholders, including experts, with only one topic on the agenda: human settlements.

The Presidency and the Ministry have already held a planning meeting so that we go into this PCC adequately prepared.

### **Towards Human Settlements 2030**

Questions are being asked about what will continue to propel the South African economy beyond the current infrastructural developments which are also associated with the 2010 FIFA World Cup.

Undoubtedly, the World Cup will be a resounding success. South Africa has constructed massive highways, iconic stadiums, world-class airports and state of the art technology platforms.

The target for Human Settlements ought to be nothing less than an enhanced vision, driven by a similar energy and passion to World Cup 2010 – this time round, Human Settlements 2030.

It is important that we think creatively about large-scale human settlements as the “stadia”, “airports” and “highways” of our people.

To that end, we as South Africans must explore the possibility of marshalling resources in a similar fashion to the way we impressed the world – correctly so -- with preparations for the World Cup. Many South Africans, who live in depressed conditions, should also be impressed.

The current large-scale mobilization of human, capital, financial, logistical, construction, project management and other resources should not dissipate after the final World Cup whistle. The potential exists for the whole country to be turned into one large construction site as we build sustainable human settlements in various localities.

In this regard, the role of the National Planning Commission – whose responsibility is to develop an overarching national strategic development plan – becomes crucial because our planning tasks as Human Settlements can only succeed within such a framework. To an extent, the same applies to the participation of other departments associated with macro-economic development issues.

In crafting our vision, we are mindful that a child born today will be 20 years old by 2030, and will need somewhere to live. We should be planning for the needs of that future adult.

To succeed, Human Settlements 2030 must be for and by the youth – it is about their own future homes, apartments, bachelor flats and so on; it is future rural settlements and urban centres, towns and cities. This also contributes to economic growth and job creation. This should be their campaign.

Housing construction and manufacturing are some of the key drivers of the economy. They stimulate every sector -- mining, agriculture, manufacturing, construction, wholesale, retail and finance. There is no successful industrialized nation which has human settlements at the backburner, or merely for social welfare purposes.

In this context, the Department is forging stronger relationships with the financial sector which plays a central role in providing credit and housing finance, and in driving the economy.

During recent engagements with the country's major banks, we came away satisfied at the positive outcomes, and we can confirm to the House that we agreed to form a joint working team to look into various aspects of housing finance --- including how to generate innovative ideas around the R1-bn Government Guarantee Fund referred to earlier.

Those who stand to benefit from such a financial platform include inter alia nurses, teachers, police, prison warders, government officials, certain categories of management, and blue collar factory and office workers.

We emphasized to the institutions that in putting the floor under their operations in this "gap market" to mitigate risk, while also providing an opportunity to beneficiaries, financial prudence should remain paramount in accordance with regulatory requirements. In no way can there be recklessness in lending practices which may lead to flippant calls upon the Guarantee Fund.

Similarly, beneficiaries are well-advised to exercise responsibility by adhering to the terms and conditions under which credit is availed.

Furthermore, in our discussions with financial institutions, we raised concerns around their compliance regarding HLAMDA, under whose prescript institutions are required to provide the Minister of Human Settlements with information in their annual financial statements on lending patterns.

Such information has to be accurate, timeous and comprehensive to allow for its consolidation and analysis by the Department. This enables us to assess the performance of these institutions in providing credit to all South Africans who qualify beyond the "gap market".

The Ministry will play an activist role in monitoring the banks' performance, in the interests of regulating the homeowners' property market, whilst being alive to the complexity and sensitivity of the operations of financial institutions.

We also assured financial institutions of our commitment to strengthening our own disclosure office and – to the extent where Human Settlements is concerned -- to examine and, where possible, to ease any onerous reporting procedures without diminishing their compliance in respect of the Act.

### **The current budget**

Let's now turn to the Budget allocated to Human Settlements for the provision of housing subsidies to the bottom-most end of the market – the poorest of the poor, largely those who earn between R0 and R3 500 a month.

This total budget is R16.2 billion for the 2010/11 financial year. Over the 2010 MTEF period the conditional grant to provinces grows from R15 billion in 2010/11 to R17.9 billion in 2012/13.

A large percentage of this is allocated to provinces in the form of Housing Development grants.

In addition, starting from this financial year, we have an allocation of R1.2-billion for the sanitation programme to contribute to rural infrastructure backlogs for the MTEF period.

A total of R377.2 million has been allocated to human settlements institutions. An amount of R151.8 million is allocated to the new Social Housing Regulatory Authority, R49.5 million to the Rural Housing Loan Fund, and R69.3 million to the Housing Development Agency.

In the 2009/10 financial year, R12.4 billion was transferred to provinces, which had spent R12.2 billion, or 98.4%, by 21 April.

As we plan and implement our expenditure, it is appropriate that we emphasise several positive developments taking place within Human Settlements which are already contributing towards us achieving the targets set in Outcome 8, and towards our vision of Human Settlements 2030.

These include the following:

Firstly, the increased rollout of sanitation infrastructure programmes in rural areas. The second week of May has been declared Sanitation and Hygiene Week. We must emphasise that sanitation is not only about health and hygiene -- it is also about human dignity. People should be able to conduct their sanitary functions in private – as opposed to reports of the recent scandalous toilets in the veld.

Secondly, significant progress has been made in building the capacity of municipalities through our municipal accreditation process. To date all 6 metros and 4 local municipalities have been assessed to determine their readiness for accreditation. Further assessments will be undertaken to bring the total of prioritized municipalities to 27.

Thirdly, significant gains have been made in strengthening partnerships with the homeless and civil society, including SANCO, building on the success of our Social Contract Plenary in Boksburg last November. This is participatory democracy.

Fourthly, new channels of communication have been opened with the public. Numerous communities were visited to hear first-hand about their conditions. This journey will continue, given our focus on “follow the money” to know where our expenditure goes.

Similar to the President, we launched our own hotline. A recent report from the Presidency indicates that Human Settlements is a leader when it comes to dealing with referrals – an impressive 86%.

Fifthly, regarding Parliamentary questions from colleagues, our records indicate that over 100 questions were responded to during the current session. This oversight is welcomed. However, we note that questions tend to focus more on subsidies than on broader issues of human settlements. There is room for improvement.

Sixthly, regarding our legislative programme, the overarching legislation upon which the development of human settlements is founded -- the Housing Act -- will be subject to review.

The Sectional Titles Schemes Management Bill and the Community Schemes Ombuds Service Bill will be introduced to Parliament this year.

Also on the horizon is an indaba on alternative technologies, to ensure access to the myriad of new ideas and products which have been developed by the private sector.

Regarding innovation in the Department, concept document has been developed for a Human Settlements Index to enable us to categorise living conditions in every city, town and village, and allow us to track progress in providing basic needs.

In addition, an ICT-based Monitoring Portal has been developed by the Department to enable easy online access, in real-time, to data on Human Settlements projects anywhere in the country, with the use of satellite maps and input data collected by provinces.

Phase 1 of the Housing Demand Database has been completed, resulting in an integrated national database.

Examples of these technologies are on display outside this chamber today.

### **Areas of concern**

It would be remiss of us not to highlight some fundamental challenges to the delivery of sustainable human settlements.

The first relates to what we characterize as “the legalization of illegality”. This refers to the negative impact of unintended consequences emanating from certain landmark judicial rulings on the human settlements mandate. In some cases, the rulings have forced the amendment of human settlements policy, with severe and unplanned budgetary consequences.

The most recent far-reaching ruling is the one against the Johannesburg Metropolitan Municipality where the city has been ordered to pay rent to a private property owner on behalf of illegal occupiers until alternative accommodation has been found.

While being dutifully circumspect about the constitutional independence of the Judiciary, the Ministry of Human Settlements is concerned about rulings that could virtually collapse government budgets and plans where unlawful behaviour – in this case illegal

land and buildings' occupation -- is legitimised by a series of court rulings. Hence the reference to the legalisation of illegality.

My colleague, Justice Minister Jeff Radebe, has been mandated by Cabinet to take the lead towards resolution of this matter, in consultation with Human Settlements.

This House will need to itemize this discussion.

Of equal concern are bureaucratic blockages which affect every step of the human settlements delivery chain.

As part of its outcomes-based approach, Government has resolved that we must make our work simpler, reduce compliance work that adds no value, and focus our energies on a few deliverables and do them well.

The Human Settlements Ministry could not agree more.

### **War on waste and corruption**

We would like to focus on two very positive areas of work: our war on waste, and our war on corruption.

Cabinet collectively decided that departments should control and cut costs without compromising on service delivery.

Preliminary expenditure reports for the 2009/2010 financial year indicate that we have saved R53.2 million in operational expenditure. This includes a saving of R20.6-million in cuts to travel and subsistence, R24.4 million in cuts to our advertising budget, and R3.3 million in cuts to administrative fees.

An additional R31 million was saved from personnel expenditure and R34 million from transfers to our institutions.

Finally, as the House is aware, there is an ongoing battle against corruption.

I appointed a National Audit Task Team last November, headed by the Special Investigations Unit, working in partnership with the Auditor-General's office, our national department and provincial government representatives.

The task team is hard at work tracking down those responsible for corruption, abuse and malpractices.

Working under the sterling leadership of the head of the SIU, Willie Hofmeyr, the Team has made tremendous progress since its appointment and has almost completed its investigation into abuse of the Low Income Housing Subsidy scheme. 1 570 officials have been arrested to date, of whom 1 189 have been convicted, and R38-million has been recovered. This process has also seen five lawyers struck off the roll – and more is to follow.

Corruption has become endemic in our society, and needs to be rooted out. This much must be clear: we are undeterred in our resolve to eradicate this plague, which is so debilitating to society at large.

In this regard, it is noteworthy that Cabinet has created an inter-Ministerial task team to address the scourge of corruption – as the President indicated, no matter who may be involved, and no matter how high.

## **Conclusion**

In conclusion: we remain seized with our fundamental mission of rolling out sustainable human settlements. We do not underestimate the enormity of the task involved.

We appreciate and welcome the constructive criticism that has always come from the House, particularly from the Portfolio Committee.

We are equally encouraged by the commitment and sense of common purpose shown by our human settlements MECs.

We are enthused by the fact that our institutions are ready to be in the forefront of the drive to create sustainable human settlements.

We remain sincere in our dialogue with the poorest of the poor.

We remain convinced that the unfolding strategy around Human Settlements 2030 is the right one, and builds upon the other achievements in this area over the past 16 years.

This Ministry carries a responsibility to all South Africans who have the right not just to a home, but also to privacy, security and comfort in their homes within the human settlements in which they live.

I thank you.