



**MINISTRY
HUMAN SETTLEMENTS
REPUBLIC OF SOUTH AFRICA**

**REMARKS BY THE MINISTER OF HUMAN SETTLEMENTS, MMAMOLOKO KUBAYI,
CSOS INAUGURAL INDABA, 01 AUGUST 2023**

Programme Director, Thembekile Mrothotho

Chairperson of the CSOS, Ms Phindile Mthethwa

Board Members present

Acting Chief Ombuds of the CSOS, Ms Lihle Mbatha

Distinguished Guests

Ladies and Gentlemen

Good morning

I would like to apologise for not being physically there and joining you on the virtual platform, resulting from competing programmes demands and having to deal with the challenges faced by the people of our country.

Many South Africans live and stay in various forms of community housing schemes such as high-rise residential areas, townhouse complexes and gated villages. These properties are administered by associations such as body corporates, share block companies, homeowners' associations and housing schemes for retired persons. Over time, cordial relations among the owners in schemes may deteriorate, giving rise to problems and disputes because it involves control and administration of finances, facilities and behaviour requiring effective resolution. Good governance of community schemes promotes good living and reduces unnecessary disputes amongst residents.

Good governance can only happen when trustees and all the relevant stakeholders have a clear understanding of the rules and regulations that govern community schemes.

Hence, I welcome this indaba which aims to promote good governance of community schemes, educate community schemes occupiers, strengthen their governance, administration, and management.

The number of people living in community schemes is growing at a rapid rate because of the growth of the middle class, especially the Black middle class. The rapid growth of community scheme living in South Africa is an indication of migration trends, which is that of rapid urbanisation. As the substantial number of people flock to the large urban centres of the country in search of economic opportunities, there is also a growing need for spaces to live. The scarcity of land in urban centres, security concerns, and convenience of community schemes have made them an attractive option for many middle-class people. The growth of schemes is likely to continue rather than abate.

Implicit in this development is the fact that schemes are occupied by people from diverse cultural backgrounds. Instead of enriching the living experience in schemes, cultural diversity has unfortunately, become a major source of disputes within these schemes. Our constitution states clearly that “Persons belonging to a cultural, religious or linguistic community may not be denied the right, with other members of that community to enjoy their culture, practice their religion and use their language.”

This means that the governance of schemes has to be sensitive to cultural and religious practices, such that no single culture is regarded as superior to others. In that way, disputes and conflicts will be greatly reduced if people learn and accept that living together means embracing diversity and not forcing people to adopt your preferred way of life. Embracing cultural and religious diversity has to be made a necessary element of the good governance of schemes.

CSOS is mandated to promote good governance of community schemes, provide a dispute resolution service and provide education, information, documentation. It also provides such services as may be required to raise awareness to owners, occupiers, executive committees and other persons or entities who have rights and obligations in community schemes.

However, I have noticed that there are instances where some services that CSOS provides for free, there are individuals and companies that provide these services for a fee. Many of the people who utilise these services are not aware of the existence of CSOS. This means that there is information gap that the CSOS still needs to fill. So, not only should the CSOS continuously improve its services and the delivery of those services, but it also needs to communicate better to the public about its existence and mandate. The need for CSOS to be more visible and play a more active role in educating consumers and raising awareness about its existence is a critical priority. Expansion of the CSOS footprint is a major step, having recently established additional presence in George and Polokwane and looking at making more areas accessible to ensure we exists in all major towns and shared spaces. This will make the service more accessible.

South Africa has an estimated 70,000 community schemes and counting and we have also seen a growing trend for living in gated communities. Twenty-seven percent of total value of residential property in South Africa is from organised communities, which means that community schemes are a significant economic sector. The services that these schemes solicit makes this sector a huge contributor to job creation, mainly because most of the services are sourced from small and medium enterprises. I am speaking of services such as security, garden services, audit services and managing agents. This means that we have a responsibility to transform this sector and make it more inclusive.

These services are often sourced from companies that are known to those that manage the schemes, which does not allow for other players to enter the market. There has also been claims of people bringing family members and close acquaintances to be the ones that benefit. For the sector to transform, this and other practices need to change. We need to put measures in place to ensure that a procurement approach that gives opportunities to emerging black SMMEs becomes mandatory. Transparency is important in everything that we do and equally so is the transformation of the Managing Agents sector. An estimated R800 billion assets are managed by Community Managers. Last year in an effort towards transforming the Managing Agents industry, the CSOS signed a Memoranda of Understanding with Pretor, MidCity and Trafalgar, to collaborate on the development of emerging Black Managing Agents so that they also can play a meaningful

role in the sector. This collaboration must yield tangible results and the CSOS has to ensure that these emerging Black Managing Agents are integrated into the sector and they do real work. It should only remain on paper.

As a sector that is growing at a rapid pace, this Indaba is very timely in that it will assist all the sector players to get into grips with all the issues pertaining to community schemes. Your deliberations should go deeper in the analysis of the following issues, amongst others:

- What are the things that need to be done for us to accelerate transformation in the sector?
- How best can schemes manage their affairs such that they reduce disputes?
- How can schemes comply with POPI Act and still meet their security needs?
- How can CSOS improve on the provision of its services?

Through co-ownership, co-governance and shared financial responsibility, community schemes provide ownership of housing with social and economic benefits to more people at affordable costs. Most importantly, they also provide proximity to schools, employment, shared amenities and services, otherwise not individually affordable. It is also an economic sector that requires to be more inclusive. I trust that your discussions will delve deeper into all these issues.

As I conclude, I am aware of a number of people who are concerned about rates, especially the adjudication process. I have requested the CSOS Board to act timeously and to ensure where we deal with the adjudication process, we must always be transparent. The complaints are indicative that perhaps things are not where they should be, but the Board has committed to turn the tide and that also means bringing to CSOS in close proximity to the people. Not everyone can afford to go to court, it is for this reason that we must ensure our services are accessible to also the most vulnerable who live in these spaces. Additionally, we have a responsibility to improve performance and to do things in the most transparent manner.

I look forward to reading the report on the outcomes of this particularly important Indaba.

I wish you well in your deliberations

I thank you!