

**HUMAN SETTLEMENTS BUDGET SPEECH BY
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NATIONAL ASSEMBLY
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1. INTRODUCTION.

In his inaugural State of the Nation Address (SONA) President of the Republic, Mr. Jacob Zuma made three pronouncements in respect of the then Department of Housing. These are, name change from housing to human settlements, policy change and the practicalisation of this new paradigm to transform the landscape of housing in South Africa forever.

Over the last four years, we remained seized with the implementation of this new mandate (Outcomes 8). Without any equivocation we state: A firm

foundation has been laid towards a sustainable and integrated human settlements objective: Vision 2030.

Consequently, we have a comprehensive strategy premised upon three segments: Housing for the poor; for the GAP Market; and for the middle to the high income earners.

2. IMPLEMENTING THE VISION 2030 STRATEGY

2.1 Housing For the Poor – Grant Beneficiaries

The main focus of our housing delivery strategy remains the poorest of the poor, many of whom are in and around informal settlements. At this stage, the following message must be clear: ***Our government does not build slums, imikhukhu, amatyotyombe!*** These squalid areas have their roots in the Wars of Dispossession, the 1913 Land Act whose centenary is commemorated this year

and in subsequent apartheid policies. These policies gave rise to landlessness and joblessness which saw, and continues to see, the destitute escaping rural poverty towards urban areas.

Let me repeat what I said at the Nelson Mandela Metropolitan University concerning slums.

“They are essentially shanty towns littered across all provinces particularly around the more affluent Metros and municipalities. This therefore results in a situation of the classic undesirable urbanization, which is driven less by economic growth and more by the rural-urban migration of the poor and jobless.”

Question: What steps have we taken to address this? As stated, our focus remains the poor. Over the last four years, our Department has thus far, delivered, through grants, over 750 000 houses and housing opportunities.

This has made it possible, during this term of government, for the total housing provided since

1994 to break for the first time, into the 3 million units threshold for those earning from R3 500 to zero; to be precise 3,3 million houses and opportunities now at the cost of R85 000 each towards breaking the backlog of 2,1 million houses for 8 to 10 million people.

2.2 GAP Market Housing – The financially assisted.

The second element of our strategy concerns financial guarantees for affordable housing. This policy for citizens who earn above R3 500 to R15 000 was announced by the President in his 2012 SONA. The Department's task is to implement this Finance Linked policy which covers housing for, amongst others, school teachers and principals, police and members of the armed forces, nurses, firemen, prison warders, and blue collar workers. The good news is that this is now a reality and is being rolled out in all provinces via the National Housing Finance Corporation (NHFC).

Our implementing agency is the National Housing Finance Corporation (NHFC) through a financial instrument called FLISP – Finance Linked Individual

Subsidy Programme. This supports all qualifying beneficiaries with the certainty of being granted loans, bonds or mortgage facilities by Banks and other financial institutions.

At this amount, beneficiaries have an option to buy an existing house, to build a new one or to purchase land.

Therefore, to all those people lost in the GAP Market, earning too much to qualify for an RDP house and too little to access Bank finance we say: **Rest assured. This government cares – we back you to get your bond!**

2.3 Housing for middle to high income earners.

We rely upon three instruments which are the Home Loans and Mortgage Disclosure Act, the Community Schemes Ombuds Services Act and the Estate Agency Affairs Act. Thanks to the sterling work of the EAAB Administrator, Mr. Taswell Papier, this structure has been stabilised.

In summary, the three elements of our strategy are all critical and applicable for different requirements within the comprehensive human settlements environment. Quite clearly, the continuous allocation of grants for free housing to the poorest of the poor is unsustainable going forward. Strictly speaking, this is more of a welfare programme approach than a long lasting housing policy as this programme is driven by the triple evils of unemployment, poverty and inequity. ***For as long as this is the case, so long shall this programme remain because we as the ANC government are committed to the poor and shall not abandon them through no fault of their own.***

It stands to reason therefore, that given the current socio-economic circumstances, the most optimal and practical human settlements strategic approach is that of the enhancement of the Finance Linked programme.

It is noteworthy that the assistance we provide to our citizens in this regard – black and white – empowers them to become real estate owners; to become real participants in the capital markets as asset owners; real players in the property market

as sellers or buyers; as well as in the financial markets where they can borrow against their assets to advance other economic interests. The need therefore, to speed up the issuing of Title Deeds to home owners can never be more emphasised.

3. Integrated HS Development Challenges

3.1 Deracialisation of Residential Areas

Top of the list of all budgetary challenges that confront the entire country is that of having to tackle the unique question of deracialising residential space. This, more than anything else, reflects the real evil of apartheid social engineering which motivated the United Nations in 1973 to pass a unanimous resolution declaring apartheid a crime against humanity. To undo this will take gigantic efforts over a long period, requiring major resources.

At this stage, it is noteworthy to indicate that the United Nations HABITAT has requested South Africa to host its next conference on human settlements issues later this year.

Our residential deracialisation strategy is underpinned by seven elements.

3.1.1 Firstly, Deracialising White Suburbs by continuing to oblige Banks through HLAMDA and to provide loans to black people desiring to purchase property previously exclusive white suburbs.

3.1.2 Secondly, Inner City Housing

Spearheaded by our agency, Social Housing Regulatory Authority (SHRA), the Department has over a period been purchasing many high rise buildings in the centres of major towns and cities. They are refurbished and transformed from office space to rented family units, some with an option to buy. This social housing is popular amongst young couples, students and single mothers.

3.1.3 Thirdly, Inner City Land

Through our Housing Development Agency (HDA), the Department has acquired land parcels inside the cities from other government

departments and State Owned Enterprises. These strategic pieces of land have been used for settling families.

3.1.4 Fourthly, Outer City Districts

Outer City Districts within the immediate proximity of city boundaries is land which is acquired from other Departments, or in partnership with the private sector, for housing construction. This is earmarked at integrating people within the expanding outer city parametres, a walking distance to vital amenities and facilities.

We congratulate companies that have come on board the EACH-ONE-SETTLE-ONE campaign by building thousands of homes upon our subsidies for their employees, particularly in the mining industry.

3.1.5 Fifthly, “No-Man’s-Land”: Town and Township

The evil utilisation of land as a buffer by the architects of apartheid resulted in the creation of “no man’s land” between Johannesburg-

Soweto, Cape Town-Gugulethu, Pretoria-Mamelodi, Durban-Umlazi, Port-Elizabeth-KwaZakhele, to name a few, resulting in the black areas having little or no amenities and facilities.

Our approach is to focus on building integrated human settlements in this space to locate people closer to the towns and cities.

3.1.6 Sixth, Townships Upgrading Strategy

It is inevitable that the black townships which were created as a reservoir of labour far away from white cities must be upgraded to improve the quality of life of the inhabitants. On our part, we empower municipalities through the accreditation process by giving them direct funds and authority to construct human settlements within their jurisdiction.

It is for this reason, among others, that in partnership with the Department of Higher Education and the Nelson Mandela Metropolitan University, we launched a four-year Bachelor's Degree in Human Settlements

Development, the first of its kind, which will later extend to Masters and Doctoral levels. The same degree will be offered by the Universities of Fort Hare and UNISA in the future.

3.1.7 Seventh, New Non-Racial Towns and Cities

Our mandate is to establish new non-racial towns and cities to concretise the principle of a united people in non-racial residential areas.

The new town of Lephalale – Joe Slovo City – under construction in Limpopo, driven by the economies of the Medupi Power Station, is an example in point.

3.2 Other HS Development Challenges

3.2.1 Other challenges confronting us are about greater coordination together with other related government departments responsible for big ticket items like bulk services, electrification, water and sanitation, sewerage plants, roads, transportation, etc.

The Presidential Infrastructure Coordinating Committee (PICC) whose efforts are beginning to bear fruit is the answer to the required coordination.

3.2.2 It is unacceptable given the fact after the passing of budgets by this House, we always speedily transfer funds to provinces and accredited municipalities. Many of them discharge their responsibilities perfectly well and are applauded. Yet some fail to spend.

Where some of them do, they sometimes resort to fiscal dumping which often results in shoddy workmanship leading to the wasteful practice of rectification amounting to billions of rands. The newly appointed Board of the National Homebuilders Regulatory Council (NHBRC) carries a huge responsibility in respect of safeguarding proper procedures in the construction industry countrywide.

Furthermore, mindful of the positive work by the Portfolio Committee led by Chairperson Dambuzza in its oversight responsibilities, I urge the committee, including the Select Committee to redouble its efforts in coming down hard upon those responsible.

On our part, we have taken some of the severest actions against those who engage in shoddy workmanship or fail to adhere to norms and standards on, for example, sanitation.

It is totally unacceptable that although we provide funds, responsible government entities and certain municipalities fail to even build a simple toilet whilst there is a serious stench of the bucket system in some parts of the country. Where they are built, some are left uncovered such as in the recent scandalous cases in Makhaza and Moqhaka, in the Western Cape and Free State respectively, even prompting the Human Rights Commission to get involved!

Our response of taking away funds from poor performers, as required by the law, will continue but is inadequate. Capacity issues need to be addressed. Most importantly, political parties must ensure that their deployees are capable – and there is nothing the matter with cadre deployment - and in turn such deployees should select appropriately qualified employees for the public service.

Our commitment and resolve to rooting out and exposing corruption remains undiminished. We continue to take a dim view of those housing beneficiaries who are engaged in double dipping – a practice of people coming from other parts of the country where services such as sanitation and housing have already been provided for them, yet they flock to informal settlements. This is wrong.

Others engage in the corrupt conduct of selling their houses before the expiry date, including to foreigners, with the help unscrupulous lawyers and fly-by-night estate agents. This is fraudulent. We implore members of civil society to expose such chance takers who, like many we have caused to be prosecuted, should face the full might of the law.

4. Budget Focus 2013/14 to 2015/16

The Department has been allocated a budget of R28.1 billion for the 2013/14 financial year representing an increase of R2,9 billion. The allocation is expected to grow to R32,7 billion in 2015/16. The conditional grants to provinces constitute a R53, 7 billion over the Medium Term Expenditure Framework (MTEF) period while the

Urban Settlements Development Grants to municipalities will be receiving an allocation of approximately R30 billion in three years of MTEF.

The conditional grants and transfers to Human Settlements Institutions constitute 97% The total capital grant allocation amounts to R26.1 billion which consists of the Human Settlements Development grant of R16.9 billion, the Urban Settlements Development Grant of R9 billion and the Rural Households Infrastructure Grant of R107 million in 2013/14.

To conclude, the National Development Plan states: “The inefficiencies and inequalities in South Africa’s settlement patterns are deeply entrenched. Bold measures are needed to reshape them.”

In the context of all we have articulated, the 2013-2014 human settlements budget is important to the extent that it’s a continuation of the critical stimulus we provide to the total economic development of the country. Our budget should be seen as a catalyst in this process including job creation through our

twin empowerment and construction programmes of Women and Youth Builds.

Incrementally throughout our term, the budget has been earmarked primarily to address the poorest of the poor. In continuing to do so, let there be no doubt that our quest is not to be patted on the back for chasing numbers at the cost of quality.

We are mindful that in addressing the unique challenges of reengineering integrated human settlements in our country, there can be no socio-economic equality without providing our people with quality. On this, there is no compromise.

I thank you.