

**Draft final**

**SPEECH BY L N SISULU, MINISTER OF HUMAN  
SETTLEMENTS ON THE OCCASION OF THE BUDGET VOTE  
OF THE MINISTRY OF HUMAN SETTLEMENTS  
3 MAY 2016  
PARLIAMENT, CAPE TOWN**

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Chairperson

Honourable Members

All human achievements begin with the pursuance of an idea, a spark and at best, a dream. In our case, we, the African National Congress, it was in the course of our pursuit of the idea and dream of freedom that was embedded the protection of all the rights which were aimed at reclaiming our humanity. The struggle was a necessary price to pay if we were to defeat centuries old systems whose hallmarks were to demean, fragment, stratify, racialise and compartmentalise the human condition. The immediate challenge facing the ANC in government was how to create a new human consciousness – a consciousness that would be distinct to that which had been cemented over centuries by apartheid colonialism, to create a different fabric of society, a new identity – all the rights we enjoy today. All of these find expression in our struggle mandate. From a solid base, and innumerable delivery, our struggle continues. We claim no easy victories.

The struggle we talk about is one we lived, not one we heard or read about and decided to expropriate for opportunistic reasons. The rights that our people enjoy today, we have worked tirelessly for. None can take these

away nor seek to erase their significance from the consciousness of our people.

As part of our contribution as Human Settlements, we moved with haste to restore the dignity of our people through the provision of shelter and engaged in the business of changing our human geography. What apartheid segregated, we are integrating at all levels of human existence – socially, culturally and economically. Our successes speak for themselves and they are internationally acknowledged. I repeat this at every opportunity so that we all internalise it: No other country in the world has achieved what the ANC government has achieved in the provision of shelter for its people. None! And we do it because that is what we promised our people, and because we are committed to our promises.

For those whose circumstances have not yet changed, we may not be there just yet, but to gauge our commitment - look at the previous condition of most of our societies and look at them now! **We made that possible.** We are as committed to you. We will change your conditions too. It is for this reason that today's speech is dedicated to all those who still wait in hope. This government builds 1 003 houses every day. That means that every day 1 003 families move into new houses. You are in our sights. Change is within your grasp. To fast-track delivery, we have reviewed our policies and methods, so that you too can enjoy the comfort and security we fought for to give you.

Two weeks ago, the Deputy Minister and I celebrated the incredible feat of having delivered 4.3 million houses and subsidies that the ANC government has provided. We celebrated that we had delivered a world record to more than twenty million people. Put simply, twenty million

people is more than a third of our country's population. And we celebrated this in a city we have been building over the past ten years in Johannesburg, called Cosmo City. It is an amazing place. We built that city brick by brick, just one of many examples of what we are building all over the country. It is an example also of what is possible when the mind and the heart are aligned in pursuit of the best for our people. The model of Cosmo City is in the exhibition area outside the chamber. Please take time to see it and you are allowed to marvel as we continue building a new South African reality.

We are working with the same contractor on an integrated human settlement development at Midvaal, called Savanna City, which will consist of more than 18 000 BNG houses, 16 educational facilities, malls, clinics, crèches, churches, etc. This development will ensure that all the informal settlements in Orange Farm will be a thing of the past.

The first phase of the new city consists of 12 000 units, with mixed typologies that range from fully subsidised BNG houses to bonded houses and Rental units. A thriving city with all the elements that our policy determines constitute a human settlement, complete with twelve schools, three shopping malls, health facilities, police stations, a community centre with a hall, 43 parks and recreational areas, library, cemetery and several churches. Our model of the post-Apartheid city, reversing the legacy of segregation and exclusion. We have just promised them a stadium. Here in this city lives people who time forgot somewhere in Sgodiphoola in Soweto, and who are now fully fledged citizens, energetic, vibrant people, taking charge of their new lives. A changed people. From desperate and desolate to positive and participating.

It is important that we need to keep reminding ourselves, lest we forget, that we have come a long way from an ugly past. The changes did not come about in themselves. We have put a great deal of effort into this and we are justly proud of what we have been able to achieve. We took what was the best of our ideas and called it “Breaking New Ground”. We have had ten years of experience in delivering this endogenous policy. Endogenous, in a sense that it was home grown – not inherited or borrowed from elsewhere. Those operating in this space confirm that it was nothing short of a breakthrough in thinking and development. This policy is now embedded in the National Development Plan and is consolidated into the new Human Settlements policy, which Honourable Members will find on your desks as a draft White Paper.

We have the passion, the space, the opportunity and energy to continue to be at the cutting edge of policy development and contribute to the rest of the developing world. We can claim without arrogance that we are leaders in this field, and are continuously challenging and pushing the frontiers of knowledge.

Last month we had the honour of hosting an International UN conference, in preparation for the Third UN Habitat Conference – a world conference that takes place every 20 years and which will now take place in Quito, Ecuador in October. We had 512 delegates from 54 different countries, and representatives of 54 governments, including 14 Ministers of Housing and we were given the opportunity to shape and influence the future of international human settlement discourse and subsequent policy and practice. The theme of the conference was “Urbanization and Informal Settlements”. This was our choice as host country. We chose it because that is our present and pressing challenge with many of our people still living in

squalor in places such as Khayelitsha, Gugulethu, Nyanga, Philippi, Soweto, Orange Farm, Polokwane, Mahikeng, Tshwane, eMlazi and all whom we dedicate today. The conference grappled with the staggering figures presented.

We deliberated on the global implications and what to do about the fact that approximately one billion people in the world out of a world population of 7.4 billion people live in slums and that this is set to increase. That one out of every seven people in the world today, live in slums. This is the unfortunate story of humanity in the 21<sup>st</sup> century, that this should happen amid the rising wealth of only a few.

We were confronted with the reality that South Africa is among the fastest urbanising countries, with approximately 63.6% of its population in urban areas. It is a phenomenon that is here to stay. Imagine the enormity of the problem. That makes for a very worrying situation. We need to urgently attend to this reality in our country. It is in our power collectively.

We welcomed the opportunity to host this conference, because this forced us to confront the questions around those that set the world's agenda, and what role we should assume to influence it. Our choice of topic was deliberate, because our concern about the poor is not an accident. It is central to how we are socialized in our political formation. It is central to our ideology and our orientation: to be pro-poor and to be concerned about the most disadvantaged. We approach this not out of sympathy but an obligation borne out of our experience of the all-consuming disadvantage of cultural, spiritual, and material dislocation that apartheid bestowed on the majority of our people. It is a matter of commitment as it is also about solidarity. The choice of ourselves as host is also a mark of confidence that

out of our experience we are in a better position to influence the global agenda. We are pleased to be counted among the countries that have made significant contributions to improving the lives of those living in informal settlements, and we will continue to do so.

In the recent StatsSA survey, released last month, it is confirmed that amid growing urbanisation, the percentage of people living in informal settlements has dropped from 17% in 2002 to 11% in 2014. That would technically mean that we are providing shelter faster than the rate of urbanisation, which is 2.4%. This is good news.

At all times we have been driven by the dire need of our people. We are concerned about the conditions of squalor that breeds all forms of social maladies such as crime, education deficit, health crises and the resultant poor quality of life. These are matters that are further exacerbated by the huge inequality gap. Inequality is not only a sad indictment on us, it is also an indicator of failure to grasp what it takes for society to move forward.

Having drawn from the lessons of the past, we have resolutely decided that, in order to speed up delivery, we have to change the way we do business. The first step is to create a new model of development that will unshackle the construction sector from the bureaucratic entanglement that has held it back. We need the industry to deliver faster. In this model, the partnership that we experimented on at Cosmo City is instructive. Here, government will provide the land and services, the banks will focus on providing funding, and so too will our housing bank. Contractors should focus on building houses. Our aim is to ensure that the private sector is stimulated to produce more. We want to unlock the full potential that exists outside government with a view of ensuring that government's burden of

providing houses is shared by those who can assist. We are introducing a framework that allows government to play its part while encouraging the market to participate as a full partner.

This system will also cut down on our entrepreneurs believing that they have to know someone in my department to engage in the construction business. You do not have to have any contacts. Here is an open invitation to all who have an interest and the necessary qualifications. Come build within our specifications and partnership. If you are an interested party, please come to our workshop on 9 May 2016 where we will plan how together we can build a nation. This is workable. We have done it on the N2 Gateway, Cosmo City, Savanna City and Fleurhof and we have had outstanding successes. The economic impact will be enormous. Currently the bid for our catalytic projects stands at R300 billion.

We have had our successes and we are very proud of this, but we have also learned with humility what we can do better. And here are some of the things we intend to do better.

## **1. Beneficiary lists**

As I indicated last year, we were concerned about the inefficiencies in the waiting list process. We have now taken a policy decision to delink developers from the beneficiary list. There is no reason why developers are required to manage community issues of reallocations and allocation of beneficiary list when this is an administrative issue. Developers are a contracting third party to build houses within the time frames stipulated in the contract. Nothing else. The beneficiary list will be centrally approved. We have worked on a model that will be rolled out soon.

In allocating subsidised housing we will be prioritising backyard dwellers whose concerns about queue jumping by urban new comers are legitimate. These are people who are law abiding and have stuck by the rules.

## **2. Catalytic Projects**

I indicated last year that we were going to build *en masse* to meet the backlog. The catalytic projects programme is expected to produce integrated mixed use residential neighbourhoods in well located locations closer to places of economic opportunities and social amenities. These will be built on the same model as Cosmo City, Fleurhof and others.

We have approved 46 provincial government mega cities and I have invited all the successful private developers to an official announcement of catalytic projects on 9 May 2016. Because the model is to sell the units to government, we are hoping for better quality and quicker turn-around time.

## **3. Government Employee Housing Scheme**

In 2006 we embarked on a novel idea of ensuring that we can provide housing for the public servants who fall in the gap market. We have been mulling over this idea and revived it both when I was the Minister for the Public Service and Administration and now at Human Settlements. Together with the Ministry for the Public Service and Administration, we are happy to announce that the Government Employee Housing Scheme is now a reality.



We will act as guarantors to the banks, in order for the banks to make bonds available to government employees, in order for them to buy and invest in property. What we commit to the banks, is to ensure that the monthly repayments will be deducted from the salaries and this will be done by the DPSA. Human Settlements will do the rest, which is ensuring the provision of affordable housing, ensuring the possibility of social housing stock to enter into a scheme of “rent-to-buy”. This will mean that the unfortunate gap market that fall between the affordable and unaffordable, whose bulk is employed by the state, will now be catered for by ourselves.

I am happy to announce that the Departments of Human Settlements and Public Service and Administration have agreed on the terms of an implementation protocol which should allow for the implementation of the GEHS institutional and funding model. We will establish GEHS Project Management Offices (PMO) in all provinces, which will focus on advisory and support functions to make funding for government employees affordable. In October 2015, the Department signed a Memorandum of Understanding with BASA to collaborate in addressing the affordable housing challenges in our country. This includes working together to develop proposals that promote sustainable human settlements in both urban and rural areas, increase and fast track the supply and delivery of affordable housing stock in well located land, as well as to increase the number of approved end user loans for affordable housing.

#### **4. Military Veterans**

We committed ourselves in the 2015 Budget Vote to urgently address the backlog of housing for military veterans and immediately declared the Military Veterans programme a Ministerial Priority Project managed by the

National Department. We have been informed by the Department of Military Veterans that the housing backlog for military veterans is 4 909. Today I am very happy to announce that we have put aside 5 600 houses for military veterans, exceeding and clearing the backlog immediately. What we will embark on, starting tomorrow is the allocation of the houses, matching the database to the province and to the individual. Special arrangements have been made to ensure that we are able to allocate the houses in the shortest time possible.

Now that we have cleared the backlog, a heavy load has been lifted from my shoulders. I take this opportunity to apologise most profusely to this sector for the time it has taken this government to get to this point and I reiterate that none is more special to us than you who delivered us our freedom. As we move forward I hope we can make up for our tardiness in the past and that you will learn how much we appreciate your sacrifice.

## **5. Northern Cape backlog**

We have taken a decision as MinMec that we are going to target the Northern Cape to completely eradicate the backlog of houses. The backlog in the Northern Cape is 52 000 and it is possible for us to clear it within 2 years. I would like to be able to say within my tenure in this administration that there is a province that has no backlog and naturally therefore, no shacks.

Chairperson, now for our 2016 budget allocations. The Department budget is negatively affected over the MTEF period and was significantly reduced from a projected MTEF allocation of R105.7 billion to R101.8 billion, a reduction of R3.9 billion. This reduction affected both the

operational allocation of the Department as well as the allocations of capital grants which would have a negative impact on the creation of housing opportunities.

The Human Settlements Development Grant was reduced by R1.6 billion, the Urban Settlements Development Grant was reduced by R807.3 million and the Restructuring Capital Grant allocated for rental and social housing was reduced by R1.1 billion. The allocation for the HSDG amounts to R18.3 billion. This grant, which aims to provide funding for the creation of sustainable and integrated human settlements was significantly cut by R1.6 billion.

The USDG has been allocated an amount of R10.8 billion. This grant was also affected by a reduction of R807 million over the MTEF. The grant is aimed at supplementing the capital revenues of metropolitan municipalities in order to support the national human settlements development programmes focusing on poor households.

From the HSDG, R1 billion has been ring fenced in the 2016/17 financial year for the upgrading of informal settlements in the 22 mining towns. In the 2016 Grant Framework, an allowance has been made that at least 2% be used for programmes and projects for the implementation of innovative building technologies

As the state we cannot alone address the massive and complex challenges faced by our country in the human settlements arena. The state and private sector and communities must commit to reach out and resolve that South Africans are adequately housed. We call on all employers, large and small to assist their employees to find decent shelter. It is part of what

they extract from the unit cost of labour. We intend to extend our social contract to include large employers in a formal agreement about how we can follow in this endeavour.

In terms of the MTSF target, the Department is expected to strengthen current mechanism to mobilise private sector to contribute to human settlements development. We have therefore developed the Employer Assisted Housing Strategy and the mechanism to track employer assisted housing in the public sector and in the private sector; including commitments as per the Mining Charter and we urge the employers to cooperate.

I intend to approach the churches as they, more than any other sector, have a calling to respond to the plight of the poor. Together with them we can provide for the most basic needs of our people. Their concern about the spiritual needs of their flock should also include their living conditions. If they answer in the affirmative, which I expect they will, I have an answer for them. We are available, willing and grateful for any partnership!

I appeal to each one of you listening today, if you have someone working for you, a cleaner or a gardener, please ask them where they live, because it is your responsibility to assist them to a better life. Sometimes the process is to enrol on a beneficiary list or check the progress of an application. This can be very onerous for some of our people. You can assist them with this.

We have been encouraged to see statistical evidence of the successes we have achieved by StatsSA and the South African Institute for Race

Relations. When all is said and done, we have done exceptionally well. To borrow from the SA institute for Race Relations, “they can huff and they can puff, but they can’t blow these houses down”.

I have consistently been quoting statistics that have been provided to us from outside our own data for the simple reason that we want you to understand that this is not us exaggerating our own story. Here is the final non-partisan quote from renowned economist, Mr Mike Schussler. He predicted that “by the end of 2016, black ownership (as those previously disadvantaged) of South Africa’s primary residential market could be up to as much as 60%”. And he concludes that it “has been a huge success story”.

The Deputy Minister and I would like to thank the Chairperson and members of the Portfolio Committee for their support. They are surely one of the busiest committees in parliament and have a permanently packed programme. A special thank you to the Chairperson for representing me at different fora in the run-up to the Habitat III conference.

I want to conclude with one of Bernard Shaw’s famous comments when he observed that “some people see things as they are, and ask why, and others dream of things as they never were, and ask why not”. We have now delivered 4.3 million houses and subsidies – and we are asking ourselves, what about 6 million? If all the role-players and policies come together, we should be able to deliver 6 million houses and subsidies by the end of the current administration. Let’s all ask ourselves, why not.

I thank you