

**SPEECH BY L N SISULU, MINISTER OF HUMAN SETTLEMENTS ON THE  
OCCASION OF THE BUDGET VOTE OF THE MINISTRY OF HUMAN  
SETTLEMENTS  
7 MAY 2015  
NATIONAL ASSEMBLY CHAMBER, PARLIAMENT**

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*“Building a nation through partnerships”*

Chairperson  
Honourable Members  
Invited guests  
Ladies and Gentlemen

We have spent the better part of the past year consolidating what we conceptualised in 2004 as groundbreaking policy. It was gratifying and reassuring to see that this groundbreaking policy, as adopted by Cabinet in 2004 is now encapsulated as is, in the National Development Plan 2030. Its basis is founded on solid ground, worked through with the support of MECs then and now, African Ministers of Housing and Urban Development, with huge support from the Executive Director of the UN-Habitat, Dr Anna Tibaijuka, eminent academic Jeffrey Sachs of the United Nations Secretariat and the World Urban Forum, the then Ministers of Housing of Brazil, India and Malaysia and the Peruvian economist, Hernando de Soto and the High Level Commission on Legal Empowerment of the Poor.

We owe a great deal of gratitude to these individuals and institutions who assisted us to create the policies that we have, for the generosity of their contributions and their belief that we would be the ideal “best practice” for all developing countries. We have developed our policies over several years and will now be putting out a White Paper on Human Settlements for public comment, based on this support and the support of many other compatriots. It is important to mention all these people who have supported us, so that we understand the burden on us to succeed. This was a difficult period for us, when we had to sift what worked for us and what did not, in practice through a number of pilot projects. Here we are now, ten years later much wiser, but profoundly enriched by our experiences. So, Honourable Members, I can assure you that we have a solid foundation for human settlements in our country.

What will come as a shock to most, because it came as a shock to us, is that when we were done with our research is what we thought was groundbreaking thinking, had already been so well captured in the Freedom Charter, way back in 1955. We were truly astounded by how incredibly advanced the ANC was under the most repressive conditions. The collective wisdom of our people never ceases to amaze me. The section of the Freedom Charter that relates to houses is in the green booklet in front of you, for you to read. And I proceed to articulate the views of ordinary South Africans about the kind of society they dreamed of, that:

“There Shall be Houses, (and through them) Security and Comfort!

- That all people shall have the right to live where they choose, be decently housed, and to bring up their families in comfort and security;

- That unused housing space will be made available to the people to build their own houses;
- That rent shall be lowered;
- That **slums shall be demolished**, and new suburbs built where all have transport, roads, lighting, playing fields, creches and social centres;
- And that fenced locations and ghettos shall be abolished, and laws which break up families shall be repealed.”

That which defines us as a civilised people is the creation of permanent shelter. This defines the centrality of human shelter. The guiding principles that we will emphasise in the White Paper are the following:

- **Restoration of human dignity** – this requires that we pay attention to the quality of houses that we built. It is about the establishment of sustainable and habitable environments
- **Value for money** – this requires that our procurement process should be transparent, efficient and cost effective while paying attention to issues of economic transformation
- **Exploiting economies of scale** – the need is so large that we cannot settle for minor projects
- **Self reliance** – for far too long we have treated benefitting communities and individuals as if they are physically incapacitated. Beneficiaries should be encouraged to participate in their own development. The added advantage is that aside from the beneficiaries valuing and protecting their own output/creation, we present an opportunity for skills transfer.

This booklet shows you the work that was done in 2004 that brought about the concept of human settlements. Based on these founding principles and the NDP, we are confident that the White Paper on Human Settlements that we will produce, will cater for all the challenges we face and are likely to face in the coming years. We have spent a great deal of time on this and the final product will speak for itself, having been in the making for several years.

Chairperson, we emphasise this because we want to give hope to our people, and also to indicate that our foundation is very solid policy. But a policy is only as credible as its capacity to deliver on that policy. It remains our responsibility to ensure good governance, eradicating extreme poverty, ensuring access to housing for the poorest of the poor and promoting partnerships for development. This is the theme for our Budget Vote today.

Going forward, we will need to put emphasis on our delivery, our ability to deliver faster, better and more efficiently. Our commitment, as we indicated last year is to build 1.5 million houses and housing opportunities to accommodate our growing backlog. And in particular we emphasise the issue of partnerships. We could not possibly do what needs to be done alone. Not only do we seek partnerships with the industry, but a partnership with society. Society cannot afford to be a passive recipient of government services. We would like it to be an active part of the delivery process.

South Africa ranks among the top countries in the world in the value of properties. As you are aware, there are huge inequalities in our society, which is not a

true reflection of property vested in an individual. The Department of Human Settlements has a range of subsidies to assist people, because ultimately our goal is to promote home ownership.

Houses are an asset, which can be leveraged to take even the poorest out of their poverty debt trap. This of course depends on people who are given free housing, the indigent, understanding that they may not sell a house before they have lived in it for at least 8 years, and thereafter the first buyer should be government. However, it has been very heartening to learn from research done by the Department that the fastest growing property market in South Africa has been from the sector that we provide our people. Our hope is that the owner selling his house is doing it legally and that his circumstances have changed for the better.

Our job as government is to regulate the sale of houses so that the transaction is legal, the seller is well informed and consciously takes a decision to sell. There is great value in the houses we give our people and we want them to appreciate that. To the extent that it is possible, I would urge that beneficiaries of government's free houses should carefully consider before selling. This is possibly the only asset they can bequeath their children. The generation we are catering for is a generation that has been deliberately impoverished by apartheid and we would like them to use this as an asset base. However, should their circumstances improve to the extent where they can sell the house, we require them to transact through the formal route, which the EAAB will provide for, where they can be protected against underselling. The instances where government houses are sold for R10 000 are shocking. This is largely to foreign nationals and over time this becomes a source of conflict. We are busy looking at a special vehicle to accommodate foreigners who are legal in the country through CRUs, backyard dwellings and rental stock.

Our policies have been piloted through several pilot projects. The most successful ones we could not have done without our partnership with the Banks. They were steep learning curves, but we remain proud of them. I indicated to you last year that we have taken back the N2 Gateway Project as a national project. We have made a great deal of progress on this project. It has been the most difficult project to undertake and therefore most satisfying that it has been one of our biggest successes. On it we have produced 15 000 units and by June 2015 we will have finished Joe Slovo Phase I. The President will be visiting the area towards the end of the month and we invite members of the Portfolio Committee to join the President as we show him the difficulties we encountered and the success it has been.

At the World Urban Forum that was held in Naples in 2012, discussions such as this one were taking place and what became very clear at the end of the discussion was that two of the observations reached have a bearing on us. First, that the Urban Sprawl will be with us for a long time in the developing world, that we have to embrace it and plan for it, and most worryingly is the observation that social distance had developed over time between the implementers of the policy and the beneficiaries of the policy.

Communications and outreach programmes are part of our frontline services to ensure that the correct messages reach our people, in order to reduce the social distance referred to. I have decided to appoint a National Rapid Response Task Team

that will help us communicate with our communities before implementing any policies, so that they understand the benefits, who would qualify and who would not, etc. This, we believe will lessen the tension that always arise when there is a development. This Task Team will also assist us understand where there is a problem and allow us to rapidly respond to problems as they arise.

To assist our people understand our policies we have, accompanying the White Paper on Human Settlements, created a television series, Breaking New Ground, which will show weekly on SABC 2 from 13 May 2015. This programme will not only explain what our policies are, but also explain the work that we have done. We will also have discussions on SABC national and regional radio stations. The value of this is that it gives us a national picture of what has been done and gives hope that our approach is the best solution for the problems we face. We urge you to watch it and you will be proud that South Africa stands first among equals with our groundbreaking human settlements policy.

We indicated to you last year that we would be building 50 catalytic projects. These projects are intended as game changers in the process of spatial planning in our country. They are intended to overcome the problems of the dysfunctional apartheid spatial planning and will shape the future of human settlements development. In other words, the cities and towns that make up post-apartheid South Africa for generations to come.

The President announced in his State of the Nation address the significant progress we are making towards the revitalisation of mining towns. Human Settlements is focusing on 22 mining towns in six provinces. For the last financial year more than 4 000 units were delivered, mainly in Mpumalanga and Northwest, which are the main pressure points. In the Marikana area, there are two human settlement projects being completed that will deliver over 500 units, built on land donated by Lonmin. Anglo American has embarked on a project to provide more than 10 000 housing units. In total, Government has committed R6.3 billion over the MTEF period. Of this amount Human Settlements' contribution is R2.1 billion and the Mining Houses have contributed an amount of R3.5 billion.

We have been approached for partnerships by various other large employers and we welcome these initiatives. We will be signing a partnership agreement with Sibanye Gold where we will be building houses on land that they have donated for their workers. We are hoping that this kind of partnership will roll out where we can create partnerships with all major employers, including government, to build houses for our workers.

Chairperson, on the actual budget of the past year, I would like to report that we have spent 98% of our HSDG allocated expenditure for the 2014 / 2015 financial year. We have looked into the spending patterns of the provinces and I would like to report that when it became clear that Limpopo would not spend its HSDG allocation, we reallocated R559 million through a MinMec decision and allocated R200 million to the Eastern Cape, R200 million to KZN, and the remainder of the R159.5 million was ring-fenced for those provinces implementing the Youth Brigade Programme. I want to lay particular emphasis on Youth Brigades. If we are to deal with the burning issue of youth unemployment, we have to do things differently. For every mega

project approved, the requirement will be for the employment of a Youth Brigade. And, to Limpopo, we have sent a national team to assist the department to ensure that all administrative infrastructure for Human Settlements is in place, to enable them to increase their productivity in the current financial year.

I have held several meetings with Mayors of the Metros so that we can together agree on a policy, on the use of the Urban Settlements Development Grant (USDG). This was necessitated by the discovery that in certain Metros the USDG was used for administrative purposes and as an additional income for whatever the Metro might deem necessary. As you know, the USDG is a schedule 4 conditional grant allocated to the eight metropolitan municipalities to ensure adequate infrastructure development in urban areas, in order to address the urgent need for accelerated human settlement development, economic growth stimulation and to reduce the costs of access to land and services for poor urban households.

We have approved the policy on the conditions of the use of a conditional grant and henceforth the USDG will be used for the following purposes: land acquisition, bulk infrastructure, basic services/ serviced sites and the provision of social and economic amenities that supports the provision of human settlements, ie recreational facilities, crèches, small business areas, etc. It may not be used for any other purpose and any deviation would require the approval of the Minister of Human Settlements.

Together with the Ministers of COGTA and Water & Sanitation we have had several joint meetings with Metropolitan Mayors to discuss the matter of accreditation which, as you know, has the capacitation grant attached to it. We have agreed on a course of action necessary and will report to the Portfolio Committee on the progress on a regular basis.

We have sent an inter-departmental Task Team, consisting of the Department of Human Settlements, together with National Treasury, and the Departments of COGTA and Water & Sanitation to the Nelson Mandela Bay Metro. This was as a request from the Mayor, after realising there were difficulties. This has been underpinned by a Cabinet decision and a Memorandum of Agreement between the three spheres of government and headed by the HDA. We will report to the Portfolio Committee on a regular basis about our progress in the area and invite Honourable Members to visit the Metro and see what is possible when help is sought.

That, Chairperson is on the allocation made last year. This year an allocation of R30.9 billion has been made and we intend to monitor that it performs the outcomes that we have agreed on.

For the purpose of this Budget Vote, I would like to announce some of the changes we have made to ensure that Human Settlements radically transforms not only our spatial patterns, but also how we transform the way we have been doing things. And principally, how we contribute significantly to the economic upliftment of the poor.

### **Rapid Response Task Team**

1. The creation of a Rapid Response Task Team that will interface with beneficiaries to minimise any conflict and reduce the social distance. These are eminent members of our society and in each province where they will intervene, they will be joined by members of the provincial Department of Human Settlements.

### **Hostel policy**

2. We are restructuring our policy on hostels. We would like to gradually abolish hostels in our towns and hostel dwellers who have lived in our towns for a number of years would qualify for a BNG house or the CRU subsidy, depending on their specific circumstances. Together with the Mayors we have agreed that the upgraded hostels would be bought by the SHRA and managed as social housing projects. This we will do in every town where we have upgraded hostels and hostel dwellers have not taken up residency. The message we want to send to hostel dwellers is that we have understood your concerns and responded to your pleas. We request that you allow us to put you up in temporary shelter while we build permanent units for you. These social housing units will give preference to under 40s who do not earn enough to buy a house. They are heavily subsidised by government and we ask our working under 40s to take this opportunity and to pay their rent and services. In time we would like to think of South Africa as an urbanising society as opposed to a society based on migrant labour.

### **Informal settlements and backyard dwellers**

3. As we continue upgrading informal settlements, we will now also prioritise backyard dwellers, largely the children of first generation urban dwellers, who rightly have complained that we are prioritising informal settlements of people who are new to the cities and ignoring their plight as people who have been living in congested environments.

### **USDG**

4. We want to see part of our USDG grant used to keep our cities, towns and townships clean. Clean cities are an economic, environmental and hygienic necessity for all of us who live in them. We have a commitment from the Mayors that they will adhere to this and pay particular attention to the cleanliness of our townships. For this purpose the requisite amount will be ring-fenced in the USDG to employ Youth Brigades to keep cities and townships clean. This will provide employment opportunities for our unemployed youth and ensure that we live in pleasant, healthy conditions. Additionally, we have taken it upon ourselves to provide the indigent with free houses. We would like them in return to look after their houses, fix the broken windows and keep their stands clean. Municipalities have by-laws that require us to keep the environment clean. These must be enforced.

### **Banking Association**

5. The President announced in his State of the Nation Address that we have revived our relationship with the Banks. This is a very important partnership for us and we are extremely grateful for their support. I will therefore be establishing a partnership between my department and the Banking Association of South Africa (BASA). To this end, a Memorandum of Understanding (MOU) is being finalised in terms of which a Working Groups will be created to look at the housing market and to come up with product interventions that will not only stimulate the market but enable those on the outside or the margins to enter the market. A Consultative Workshop will be held before the end of June 2015 where key stakeholders will get together to start an engagement on ideas in this regard. I will communicate further details in due course closer to the event.

### **Subsidy quantum**

6. MinMec deliberated that the subsidy quantum will remain unchanged for the current financial year. We remain very concerned about the subsidy quantum which, as of 2014 stood at R160 573 per house as compared to R77 868 in 2009. This phenomenal leap is unsustainable and MinMec has decided to curb the quantum of the subsidy at its current level, notwithstanding inflationary pressures we currently face in our sector. We take this as a challenge to find more efficient ways to finance our housing commitment for our people, so that we can stretch our resources to cover more.

### **Alternative building materials**

7. We would like to encourage the use of alternative building materials more closely to see if we cannot draw these into our environment to contain costs and allow us to draw our budget cover more.

### **Estate Agents Youth Brigade**

8. We have initiated the 'One Learner One Estate Agency' Youth Brigade programme is designed to place interns with a registered Estate Agency for a period of 12 months to equip intern estate agents with the required property market experience while they obtain the necessary real estate qualification. The EAAB has so far received over 1450 pledges from registered Estate Agencies and more than 7500 CV's of potential candidates. Out of the project, by the end of the financial year we will have 10 000 young people working and getting trained as estate agents.

### **Military Veterans**

9. By the end of the MTEF we would have built more than 5 854 houses for our military veterans. There are active projects in 8 Provinces which are in various stages of implementation and expected to yield 2129 houses, and

709 houses will be delivered this year. The total budget available for the current year for the programme including the contribution of the Department of Military Veterans is R177 million. Provinces will be expected to ensure that the balance of the units to be delivered in line with the commitment I made last year, are budgeted for in the next 2 years.

### **Higher Education partnerships**

10. With a view to creating and strengthening our professional crop of staff in the housing sector, we have partnered with various universities with the view to produce these professionals. The Nelson Mandela Metropolitan University has produced a 4 year curriculum in the field of Human Settlement Studies. The university will also host the Chair for Human Settlement in the discipline of Education. The University of Fort Hare will be establishing a new Bachelor of Social Science in Human Settlement for the first time in 2015. The University of Witwatersrand is offering course that will lead to a Master of Built Environment degree. The Human Settlement Post Graduate Certificate that is offered at Wits is accredited at NQF Level 7. This course has been enrolled by 350 officials from all the three spheres of government. On the other hand the University of South Africa will be offering a degree of Bachelor of Human Settlement in Public Administration. The method of tuition in the course is distant learning that will entail online learning. This course has the capacity to train about 1000 officials who will start in January 2016. The University of Stellenbosch will offer a Human Settlement Post Graduate Diploma which will be pitched at SAQO level 8 by July 2015. On the other hand, Mangosuthu University of Technology will establish the Research Chair that will promote research in the housing studies effective from January 2016.

### **DFIs**

12. We can report that progress has been made with regard to the consolidation of development finance institutions (DFIs). Based on an assessment of our environment, a need was identified for a Human Settlements Development Finance Institution that is responsive, effective and efficient. Part of the mandate of the new institution would therefore be to leverage resources and increase the availability of both development and end user finance for households. Therefore, the consolidation of the operations of the three institutions will be completed by December 2015. The enabling legislation for the new Human Settlements Development Finance Corporation will now be developed. It is envisaged that the new Human Settlements Development Finance Corporation can be approved for legislative establishment by December 2016.

### **Revitalisation of inner cities**

13. We will be embarking on a process in partnership with the various Metros to revitalise the inner cities. Most inner cities have become derelict and susceptible to criminal elements that high-jack buildings. There is also a serious challenge of buildings that have been left vacant for a long time.



We will expropriate unused buildings and assign them for the purposes of building social housing next to the places of work. In most cases the vacant land that are not used are those that are very far from cities and places of work. Those pieces of land that are next to cities are too expensive. It is to this end that we will expropriate land for the purposes of creating human settlement for our people. We will also seek to engage other departments of government to also cede their unused lands for human settlements. We should not just build new houses but must also renovate and rehabilitate the ones that we have.

### **Review of the tender system**

14. We will review the tender system as it is currently formulated. The current tender system is susceptible to abuse, corruption and manipulation. A tender is in respect of housing and the acquisition of related services is fixed. Because the price of the house is fixed there is no room for competition in both the price of the house and land. Given these realities there is very little value for a tendering system. We envisage a new procurement system that will root out corruption. There is also a greater urgency to shorten the procurement period for speedy delivery. We hope use a system where we will enlist the services of companies will be in a panel of approved, accredited and verified companies as to their expertise, skill and track record. Through this process we also wish to ensure that there rampant practise of companies buying contracts and performing sub-standard jobs will also be remedied.

### **Rectification**

15. We are no longer rectifying houses using our budget. Any house that has defaults is the responsibility of the NHBRC, which is responsible to identify the contractor and ensure that they rectify the shoddy work. The money currently used on rectification can and will be used in building more houses.

### **Master Spatial Plan**

16. The Master Spatial Plan is now complete. This means that our intention to restructure apartheid spatial planning is now taking shape. It will enable citizens to participate in spatial visioning and planning processes. We applaud the Province of Gauteng for their bold announcements on the corridors of Freedom. These will be mapped on the MSP to ensure that our intention is not to build away from cities and places of employment, but rather that the cities are accessible to all.

### **Youth**

17. We want to invest in your youth and give them skills. We have therefore ring-fenced an amount of R159 million from our HSDG for this purpose. If

we are going to build a nation we have to concentrate on laying a solid foundation for our youth. Henceforth we are going to do things differently. All our training programmes are going to be aimed at the youth and 60% of our workforce on mega projects will be made up of the youth. Through them we can commit ourselves to change and through them we can realise the economic potential vested in the work that we do.

Finally, what we want you to take home from the speech is that we are going to do things differently. We are going to overhaul our tendering processes, we are gradually going to abolish the concept of hostels, human settlements has an important role in our economic transformation and we need to realise that by educating our beneficiaries, we will need all the partnerships that we can get. And finally, all those people that have made it possible for us to now say that we have a White Paper in the making, look to us to succeed. Because they look to us to replicate our successes and it should make each one of us immensely proud that the international community looks up to us and wants us to succeed.

I thank you