

HOUSING & HOSTELS - GENERAL

1990

JANUARY - JUNE

Homeowner subsidy moves

3/12/90
4/11/90
MANDY JEAN WOODS (123)

RECOMMENDATIONS on what government should do to resolve the crisis surrounding the shortage of funds for the its first-time-homeowners subsidy has been sent to Health Welfare and Housing Minister Sam de Beer, Local Government, Housing and Works Department head Cal- lie Reynecke said yesterday.

Because of the Christmas break no action on the report was expected before mid- January, he said.

In October last year, De Beer said a halt on new ap- plications was being or- dered as the government's subsidy fund for first-time homeowners was running dry.

De Beer said new rules governing the scheme were being drafted as it had "be- come obvious the demand for the scheme was greater than anticipated and re- quests could not possibly be covered by available mon- ey".

While Reynecke would not comment on the recom- mendations which had been sent to De Beer, he said last year various options were being considered, includ- ing, for example, giving ap- plicants with families pref- erence over applicants who were single.

The department expect- ed to pay 18 000 partici- pants about R49m to De- cember last year. In the five years the scheme had existed, R112m had been paid out to 21 000 people.

Housing subsidy crisis: Report sent to De Beer

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Own Correspondent

JOHANNESBURG. — Recommendations on what government should do to resolve the crisis surrounding the shortage of funds for the government's first-time homeowners subsidy have been sent to Health Welfare and Housing Minister Mr Sam de Beer, Local Government, Housing and Works department head Mr Callie Reynecke said yesterday.

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BLACK HOUSING

A nip in the bud

F/M 5/11/90 (123) (237)

Concern is growing that unscrupulous operators could permanently damage the emergent black private housing market. Many developers admit that the pot of gold which was supposed to be at the end of the black housing rainbow is extremely elusive.

There's no doubt that many have lost money. Others, perhaps in order not to do so, have exploited the fact that home ownership is a new concept to most blacks for making a fast buck by using what can, most politely, only be described as sharp practice.

Some people believe that if these practices get out of hand they could cripple the black housing market. Others maintain that, as with hire purchase, the market will quickly normalise and it will become far more difficult to pull the wool over unsuspecting black buyers' eyes.

SA Housing Trust MD Wallie Conradie believes the key to the successful implementation of the home ownership programme involves creating a feeling of confidence in the market among buyers.

"We've seen a period, and it is probably still happening, where promises have been made and money taken for deposits and then the developer disappears. There have also been instances of developers walking away from half-completed homes.

"It is terribly sad, but these things are so destructive to the establishment of the trust and confidence needed for this sort of programme to work. The client in the end must be satisfied that he is being given fair value for money — in short, a fair deal."

While the scams mentioned by Conradie may be the most common, there are others, right down to ones that, though legal, are shortsighted in that they offer special financial packages which the promoters know buyers won't be able to meet in the long run.

These financial incentive schemes vary in nature, but, generally, tempt buyers with fixed-period subsidies, over and above the first-time buyer subsidy, on home loans. In fact, they just defer repayment. The buyer ends up paying more — if he can — on expiry of this so-called subsidy.

Between these extremes are those who, for example, try to hide all the additional costs of buying a house until it is too late for a customer to back out. While the white market is familiar with add-ons, like transfer costs and connection fees for a new house, they are often a complete surprise to black buyers. There are also those who induce customers to sign release forms for the construction when the contract to buy is signed, even though the home has not been built. This robs the owner of control over the withdrawal of funds from the institution.

Clearly, there are causes which have created the climate for such exploitation. As Matthew Nell of the Urban Foundation says, the fundamental problem is that black communities were excluded from private-sector homebuilding and financing mechanisms until the mid-Eighties. This has made them vulnerable to exploitation because they are inexperienced as a result of having been barred from the market mechanism.

He adds that the distorted market, where blacks' demand for homes far exceeds supply, makes it an ideal hunting ground for the unscrupulous. F/M 5/11/90 (123) (237)

Nevertheless, middle- and upper-income blacks have been buying houses for several years. Organisations that monitor the situation, like the Urban Foundation, notice increasing buyer awareness of the rules of the game. Certainly, Conradie believes fewer people are being taken in by the conmen.

Someone extremely critical of misleading subsidy schemes is Perm GM Dennis Creighton: "I don't support some of the incentives offered by developers. In some cases, the buyer may be at risk and in most cases is prejudiced on net interest."

The Perm has consistently refused involvement in such schemes.

Just as important as identifying the problem is finding solutions. Many share Nell's view that it would be counterproductive to try to increase protection through more legislation. He maintains that the most effective weapon against exploitation is a combination of keener competition among developers, providing a greater choice of products and investment in consumer awareness. ■

Employers the housing funds blacks look to

EMPLOYERS are SA's "housing oracles" and they don't even know it, says SA Housing Trust chief

socio-economic re- searcher Louise Botha.

Dr Botha has completed studies connected with the housing delivery process. She found that employers are the sources of information most highly regarded by would-be black homeowners. But employers are often uninformed or underinformed about affordable housing.

She says this finding highlights a major opportunity for companies and employer organisations to motivate workers and improve industrial relations.

However, Dr Botha believes this opportunity could be lost without some employers ever realising that it exists. A national survey of employers last year by the SAHT showed that few regard housing as a priority.

The study shows a general awareness that housing is a problem, she says, but senior executives are more likely to focus their attention on inflation and on their company's day-to-day agenda.

But there was a general realisation that trade unions were beginning to make housing an issue, and therefore, at some stage, employers would give it more thought.

"Yet as soon as questions shifted from general considerations to exact details, we started to draw a blank."

The SAHT carries out surveys of prospective homeowners in all areas where housing projects are planned. The latest project-related survey covered the Northern Free State. There, 53% of respondents listed their employers as a source of possible help and information about housing.

This, says Dr Botha, is a typical reaction. "The worrying aspect about the survey was that 23% of firms originally contacted refused to take part in the study.



LOUISE BOTHA... opportunities missed

would be a big step forward, she says. "The cost to the employer would be minimal." A start has been made — but much more will have to be done if the opportunity is not to be lost.

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Future shock or brave new world



By NOEL BRUYNS

THE main question people are posing as South Africa enters the last decade of the century is: will the country have a black majority government by the year 2000?

Signals from conferences such as the recent one with the African National Congress (ANC) in Paris, the growing acceptance of the ANC's role on the political stage, continuing sanctions by the United States and geo-political changes in Eastern Europe since Mikhail Gorbachev, all will have an impact on Pretoria and the liberation struggle.

A strong argument for the demise of white political domination is the fact that whites, already a minority, will form an increasingly diminishing percentage of the total population.

Simply in numerical terms, Pretoria will not be able to enforce its political and "security" will upon the majority.

If the end of the 80s is anything to go by, the 90s will present South Africa with an ominous mushrooming threat — the ultra-right neo-Nazi element bent on their own brand of terrorism to prevent a peaceful, non-racial co-existence.

Whoever has the reins of government in the 90s will have to contend with this phenomenon. Moreover, South Africa's leaders will have the unenviable task of tackling major "time bombs" within society.

Problem areas include the ecology, overpopulation, poverty, job creation and housing.

South Africa's population this year passed the 30-million mark. By the end of the 90's the total population may be almost 50-million, according to latest predictions.

The population of the city of Cape Town alone will have more than doubled by the year 2000 —

Seven / needed

By LIZ MACKENZIE

BY the year 2000, greater Cape Town will need seven or eight more developments the size of Mitchells Plain.

This highlights questions about urban planning and the interface between urban dwellers and their environments.

It also raises questions about the connection between the environment and development — for whom, by whom and how?

Some local planners have criticised the way land is developed in South Africa as wasteful and disrespectful.

The dominant way of developing urban areas has been a very low density sprawl for middle to upper

AFRICA

IT was a year of much talking and some hope in Southern Africa.

The UN timetable for Namibia's independence began on April 1. Under UN supervision, elections went smoothly in November.

Swapo won the election, but not the two-thirds majority required to write their own constitution.

Peace seemed at last on the way in Angola as the USSR and US drove their clients — the government in Launda and Unita respectively — towards a ceasefire. A first effort, mediated by President Mobutu of Zaire, failed.

Concerning South Africa, all eyes were on De Klerk, who took over from PW Botha, to end destabilisation outside and apartheid inside the country.

He made some positive moves — removing a few apartheid barriers and releasing seven ANC leaders and a PAC stalwart from prison.

Mandela remained in Victor Verster prison while world clamour for his release continued. He was now in frequent consultation with the ANC, the Pretoria government and other African leaders. The ANC held talks with South Africans in several parts of the world.

The prospect for negotiation in 1990 began to look real.

The rest of Africa was more than ever preoccupied with its own economic problems.

Lesotho's military ruler, Major-General Justin Lekhanya, went to court on a murder charge, but remained head of government. The Comoros President Abderemane was assassinated in a coup led by the mercenary Bob Denard.

Botswana's president Quett Masire was re-elected in a model multi-party election.

Zimbabwe had its Willowvale corruption scandal, with several ministers resigning after a public inquiry into car sales.

The birth of a new political party and student demonstrations led to the closing of the university, but did not detract from the stability and relative economic success of the country at the end of its first decade of independence.

EASTERN EUROPE

On November 9 Germans took a pickaxe to the Berlin Wall. People poured through the gaps to hug and kiss relatives and friends while East German Communist guards stood by and laughed.

Suddenly, the eastern bloc as such was no more.

The Soviet Union, where events had created the trigger, could no longer orchestrate. The West could hardly believe that what had seemed for the best part of 40 years a solid, intransigent grouping of countries — the Warsaw pact countries — had suddenly turned out to be a house of cards.

At the centre of all this change was a stocky little man with a winning smile who had been on the world stage for only four years: Mikhail Gorbachev — a man with immense charisma and diplomatic skill.

In four years he had changed the Soviet Union's image abroad from one of hard faces and apparent stony hearts.

On September 12 the Communist Party ceased to rule Poland. In its place was a coalition government, dominated by the Solidarity Movement.

Although the enigmatic General Jaruzelski remained president and communists still held some key posts, an academic, Tadeusz Mazowiecki, became prime minister.

Lech Walesa and Solidarity had struggled for more than a decade to effect the change.

Hungary's liberalisation had for years moved slowly forward under Janos Kadar, the man who took over after the Soviet-crushed revolt in 1956.

East Germany under Erich

Breaking down walls



The Berlin Wall crumbles in November: East German citizens climb the Berlin Wall at the Grandenberg gate after the opening of the east German border was announced on November 10

Honecker had been the most hard-line of regimes. Now people suddenly began emigrating in their thousands to West Germany through other East bloc countries, while back home demonstrations all over the country called for an end to Honecker's rule.

On October 18 he and most of his colleagues were removed from power.

Massive demonstrations in Czechoslovakia brought the old regime there to its knees. One by one the communist leaders — including party leader Milos Jakes and veteran president Gustav Husak — stepped down.

At the same time Bulgaria's Communist Party began to bring in changes as pressure in the streets grew.

By December only President Ceausescu of Romania remained entrenched and even there rumblings of change began to be heard.

Amazingly, the changes had taken place entirely peacefully. Gorbachev, who controls all Warsaw Pact forces, had seen to that.

The challenge facing him now was the call that the Soviet Union itself, as it neighbours were becoming, should also be a multi-party state.

In December he hinted that the party could eventually renounce its leadership role in Soviet society.

His problem was to maintain Soviet unity while 1989 brought with it demands for autonomy, even independence, from Lithuania, Estonia and Latvia, as well as serious upheavals in Georgia and Armenia.

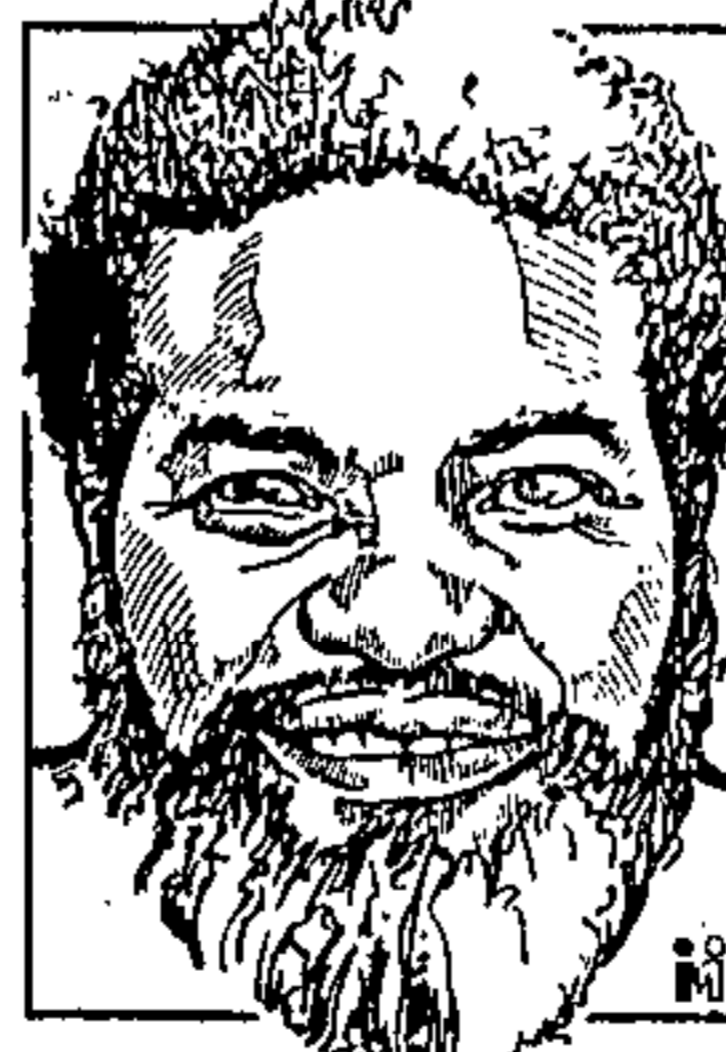
Most worrying of all for Gorbachev was the fact that economically perestroika (restructuring) was bound to be a slow process, given the wall of bureaucracy that had to be broken down to make it work. The West began to worry that he might not survive.

Now the world as it has been since 1917 was really turned upside down: the non-Communist world wanted to become an ally of the Soviet leader and strengthen the Soviet economy.

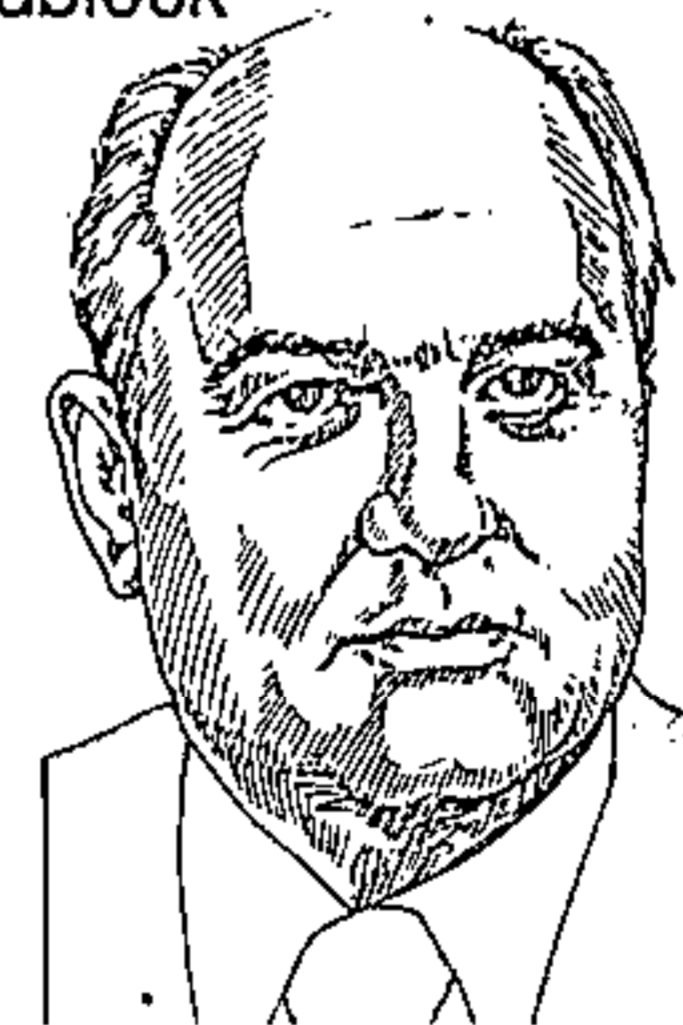
In turn, the Soviet Union was turning to private enterprise and preparing to open up the economy, even talking about making the rouble con-



Chinese protests in June: A Chinese citizen checks out a gun on a burnt out armoured personnel carrier in Peking. In the background is a citizen roadblock



News-maker: Sam Nujoma, whose party won the independence elections in Namibia



News-maker: Mikhail Gorbachev, whose political style and approach are changing attitudes throughout the world

vertible.

On to this scene in January stepped a very different American Republican president, George Bush.

Bush and Gorbachov met in warships off Malta in December.

WESTERN EUROPE

FOR Western Europe, 1989 was marked by prime minister Margaret Thatcher being continuously at loggerheads with her European Community colleagues on the unitary market planned for 1992.

In Britain itself, Thatcher's popularity plummeted after chancellor of the exchequer Nigel Lawson resigned because of differences between the two of them. Even her position as Tory party leader was challenged.

The breaking down of the Iron Curtain resurrected earnest debates and hopes in West Germany for reunification with East Germany.

In France, president Francois Mitterand staged a spectacular celebration of the 200th anniversary of the French Revolution.

Plans for Western aid to be given to Poland and other East bloc countries began to raise fears that the poor countries would suffer. If more help went to Europe in the 1990s, the so-called Third World would get less.

ASIA

FOR a time developments in Asia were dominated by events in China.

The sudden invasion of Tiananmen Square by thousands of students

Germans with pickaxes breaking down the Berlin Wall, the massacre at Tiananmen Square, independence elections for Namibia, and the release of senior ANC members in South Africa. These are some of the events which made 1989 one of the most significant in modern history. **DEREK INGRAM** reports:

calling for democracy after popular party secretary Hu Yaobang's death stunned the authorities.

For days the students took possession of the centre of Beijing and called for dialogue with the leaders.

They went on a hunger strike, erected a 10-metre-high "Goddess of democracy and freedom", and splashed red paint on the giant portrait of Mao.

The uprising was finally crushed when the students were shot down in Tiananmen Square in full view of the world's television cameras.

In India, Prime Minister Rajiv Ghandi sprang an early election in November and lost the gamble. For the second time since independence his Congress Party has lost an election.

Vishwanath Pratap Singh now headed a minority government and faced a most uncertain future, but he quickly bid for communal healing in Punjab by praying at the Sikh Golden Temple in Amritsar and appointing a Sikh as Home Minister.

LATIN AMERICA

IN Latin America the long reign of President Augusto Pinochet of Chile came to an end through democratic elections in mid-December.

In Argentina President Raul Alfonsin gave way to the Peronist President Carlos Menem, who made a surprisingly promising start.

DISASTERS

THE year brought its disasters. San Francisco was rocked by an earthquake; a terrible explosion in the Urals involving a gas pipe and two trains killed 600 people; serious floods again hit Bangladesh; in London a boat full of dancing, celebrating yuppies sank in a collision in the Thames and 50 died.

ECOLOGY

IN 1989 concern about the global environment grew stronger.

Two major conferences — in Helsinki and in London — heard more evidence about the holes in the ozone layer.

Pledges were given to ban a whole range of chemicals.

Green MPs won more seats in the European Parliament elections and a huge Green vote in Britain shook the Thatcher government, though the British electoral system meant it produced no actual seats.

DEPARTED

THE corrupt Ferdinand Marcos died a few weeks before President Cory Aquino overcame the seventh and most serious coup attempt against her since she took over from him.

Another leader unloved in much of the Western world, Ayatollah Khomeini of Iran, died at 86.

Several great artists left the stage: most renowned actor of his day Laurence Olivier, the controversial Spanish painter Salvador Dali, the pianist Vladimir Horowitz, the conductor Herbert von Karajan, songwriter Irving Berlin (aged 100), and film star Bette Davis.

The death of Andrei Gromyko symbolised the passing of the old Soviet Union. And the death of Emperor Hirohito, with all the pageantry of ancient Japan, similarly sent mixed echoes around the world. — GEMINI NEWS

January 1 ushers in not only a new year but the start of the last decade of the present millennium.

What will South Africa look like at the start of the year 2000?

Will the Nationalist Party or the African National Congress be in power?

Will the world still be threatened by the hole in the ozone layer?

And what about South Africa's housing crisis?

On the next few pages SOUTH takes a look at what will or should happen in various fields to prepare for a better world.

Exploitation of environment now part of political agenda

By LIZ MACKENZIE

ECOLOGICAL issues are now claiming political attention worldwide.

In South Africa there is a growing awareness that the exploitation of

the environment is a crucial issue for the political agenda of the 1990s.

With the discovery of the ozone hole, the potential greenhouse effect, the mass devastation of the earth's forests and pollution of its water, there is a growing awareness that ongoing manipulation will change our natural resource base.

Under South Africa's present political and legal system, the state has wide discretionary powers over the environment, the distribution and redistribution of land and its management.

People struggling to survive on a daily basis may not find broad ecological issues a major priority. But the official land management policies based on exploitative apartheid structures have both caused human hardship and contributed to the degradation of the environment.

An example is the forced removal of thousands of people from established rural communities to small barren areas in such large numbers that the new site cannot physically sustain the people, so that it becomes degraded.

An attitude of exploitation allows poisonous chemical waste from industry to be simply dumped on or near impoverished and unsuspecting communities.

Acid rain

There is talk of dumping nuclear waste and toxic waste from overseas industrial countries in South Africa.

Acid rain levels in the Eastern Transvaal are claimed to be the highest in the world.

Decisions over the environment are political issues affecting people's daily living conditions. The question is whether we want to continue exploiting the environment or whether we want to be an integral part of the intricate natural system which sustains and connects all species dependent on its survival.

By depoliticising environmental issues the majority of people are left unorganised, voiceless and powerless, with little say about the way their daily living environments are planned for them.

One of the greatest threats to our environment lies in the mobilising of resources for war. In South Africa, the SADF is the second largest landowner.

increasing by about 2-million people to reach 3,5-m.

The "time bomb" of imminent overpopulation has a frightening fallout: a further drop in the quality of life; serious food and water shortages; insufficient health care; a shortage of education facilities; and insufficient jobs for a growing labour force in a shrinking economic climate.

The average standard of living in the 80s has already declined at an annual rate of 1,7 percent, the President's Council's committee for economic affairs says.

About 5,5-million people are without jobs now. In 10 years' time the number of unemployed or underemployed is expected to be almost 9-million.

The present staggering housing backlog of 700 000 units will increase in the 90s because of the unrestrained population growth and drift to the cities.

The South African Housing Advisory Council suggests about 2-million new houses will have to be built by the turn of the century.

Also the ecology will pose new challenges and threats in the coming decade.

According to Professor Malcolm Scourfield of the Space Physics Research Institute at the University of Natal, the country's ozone layer is directly influenced by the ozone hole above Antarctica.

The greenhouse effect makes it likely that large parts of South Africa will become drier in future — compounding the threat of a serious food and water shortage.

South Africa enters a new decade with problems that might induce a feeling of future shock in some.

However, it could also become a brave new world in the best sense of the word if all its citizens pull together to fight the problems.

The defiance campaign has proven that there is little point in waiting for the state to do something.

The people of South Africa must exert pressure on the authorities so that, before the end of the century, South Africa is a fit place for our children to live in.



ENVIRONMENTAL HAZARD: South Africa's contempt for the environment is clearly illustrated in the streets of Soweto where insufficient cleansing work has resulted in the growth of piles of rubbish on the streets where children play. The environment should also be tackled as a political issue in South Africa's townships

More Mitchells Plain's to solve housing crisis

income groups — a single house on a large single plot.

Rich agricultural land which could be used for food production is thus used for private residential areas — as in the Constantia valley.

Lower income groups have the burden of being situated where flooding occurs — as on the Cape Flats in winter.

For low income groups there are overcrowded, degraded developments on the peripheries requiring long and costly commuting for the people living there.

The large daily movement of people also places a drain on the infrastructure of the city while provision of services, if any, at such distances makes them more

expensive.

Squatters will form the majority of the city's population in the 1990s. The question about how their needs will be integrated into organisational structures has yet to be addressed.

According to projections for the next decade, more than 100 houses a day need to be built in greater Cape Town. The population of greater Cape Town should reach 3,5 million in the year 2000.

The problem, say some planners, is not that cities get too big, but that there is inefficient and ineffective planning, based on exploitative attitudes.

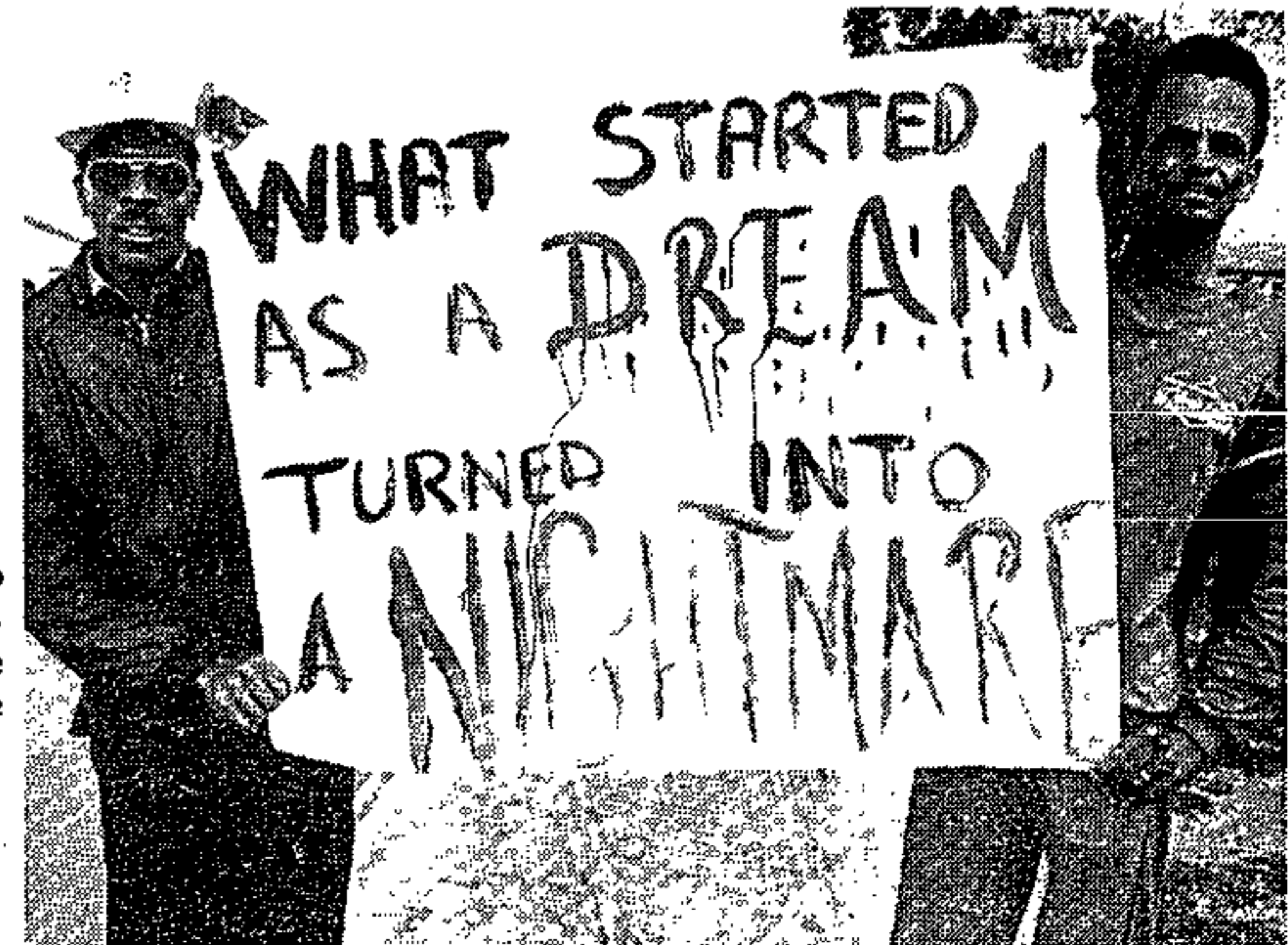
Progressive planners are organising for a different kind of urban

planning, asking questions such as: How easy is it for people to get to the places they need to, for instance to health services? How are different areas laid out? Can people get in and out flexibly? Does the layout allow for buying power to stay in the area?

The equitable use of land resources is an issue requiring serious attention by those preparing to govern in a post-apartheid society.

It is vital that the natural resource base is managed in a suitable way and new economic structures will have to take its limits into account.

(Liz MacKenzie is with the Centre for Developmental Studies at the University of the Western Cape)



HOUSING FOR ALL: Residents of Blue Downs protest against evictions and the condition of housing in the area. The housing crisis which has worsened in recent years has led to similar demonstrations throughout the country

Hope after lean years

By ANTHONY BLACK

AS they reflect on the 1980s, South Africans will be hoping for better times ahead for the economy. The past decade has been the worst since the lean years of Great Depression.

On average South Africans are worse off now than they were at the end of the 1970s. Unemployment has risen and little headway has been made in reducing the burden of poverty.

The costs of apartheid have rendered growth without political change increasingly unlikely.

In his 1986 inaugural lecture at the University of Cape Town, Professor Mike Savage identified seven areas where the costs of apartheid have to be taken into account.

They include the direct costs of implementing and maintaining apartheid programmes, the military and policing costs involved in enforcing apartheid and the punitive costs resulting from embargoes and sanctions.

Given these colossal costs, it is clear that the abolition of apartheid and some form of negotiated settlement is a precondition for economic renewal.

Currently the South African political economy is too fractured with internal dissent and instability, too inefficient to improve productivity through new investment and the development of a skilled and educated workforce, and too reviled internationally to provide a viable foundation for sustainable growth.

The unsustainability of the current order has certainly contributed to shifts in state policy and the apparent new line taken by President FW de Klerk.

Some of these shifts such as the withdrawal from Namibia will have obvious economic benefits.

Other initiatives such as privatisation and deregulation are being welcomed by business but have ominous implications for the majority as minimum wages and controls over working conditions are abolished and social services are privatised.

TRENDS IN THE 1990s

Long term economic predictions are probably less reliable than extended weather forecasts but we can make some estimates about the factors which will influence broader economic developments.

South Africa's population will continue to grow rapidly, even though the birth rate, especially among the



WORKER MILITANCY: Protests against the Labour Relations Act, such as this one by Chemical Workers' Industrial Union members at the Metal Closures Group in Paarden Island, marked a year in which unions cooperated on several levels, including mergers in sectors such as clothing and textiles, and joint action between federations Cosatu and Nactu

urban population, is now falling.

A related feature will be rapid urbanisation. Cape Town is one of the world's fastest growing cities and it is estimated that the population will grow from the current figure of about 2,5 million to 3,5 million by the year 2000.

The unlikelihood of rapid economic expansion means that unemployment will increase. More and more people will be forced to seek out a living as best they can in the informal sector.

Increasing divisions may appear between the organised workforce who can benefit from rising productivity and associated rises in wages and those unable to obtain formal employment.

All this means an increase in the number of South Africans living in absolute poverty.

The severity of these problems will depend on what happens in the economy. Here politics will be the key.

One could sketch two broad scenarios. A shift towards a negotiated settlement would have enormously beneficial economic implications leading to greater internal stability, an easing of sanctions and inflows of capital.

This would raise the prospect of more rapid growth and higher living standards not just in South Africa but for the whole Southern African region.

On the other hand an attempt by the current government to cling to power

will accelerate the downward spiral of the economy as mass opposition intensifies, the sanctions noose tightens and the haemorrhaging of capital and skills continues.

Another important influence will be developments in the international economy.

Our growth rate has tended to follow that of the major western nations because boom conditions in these countries lead to higher commodity prices and buoyant exports from South Africa.

Again the course of events is impossible to predict, but some economists are arguing that the world outlook for the next decade is more positive than it has been for some time.

They cite factors such as declining global tensions which are leading to massive cuts in military spending in the Soviet Union and the United States.

The tumultuous recent events in Eastern Europe will also have a significant impact on the world economy as investment opportunities and markets are opened up.

TOWARDS A DEMOCRATIC ECONOMY?

The South African political scene both inside and outside parliament has been characterised by an extraordinary lack of debate around economic issues. This is likely to

change in the 1990s.

South Africans are now looking forward to a democratic future and the struggle over broader economic policies will become more central.

Increasingly, unions will take up issues beyond wages and working conditions and begin to seriously contest central issues of economic policy such as privatisation, macro-economic policy and the allocation of state expenditure.

Increasingly too, the democratic movement will seek to seriously pose alternatives in the shape of a democratically controlled economy.

The term "mixed economy" has been used to describe a future model for South Africa. But this term can be used to describe economies as diverse as Britain under Thatcher and Yugoslavia's market socialism.

Indeed South Africa currently has a mixed economy. It is really when one starts to look at the "mix" of the mixed economy that the debate begins. Three sets of criteria will determine this mix:

● State versus private ownership.

This is perhaps the most important issue and certainly the most contentious involving emotive questions such as nationalisation and the role of the private sector.

A future government contemplating major economic change will want the state to have a significant economic role; an important lever of economic control is through state-owned enterprise.

Nationalisation is one option for achieving this and is perhaps most likely to be pursued in the future if the existing state sector has been decimated by the current privatisation drive.

● Planning versus markets.

Should the state regulate prices especially of basic commodities such as food or should this be left to the free operation of market forces?

What about exchange rates and interest rates? For instance, while regulation of interest rates would incur certain costs, it may be an effective way to channel funds into income rather than luxury housing.

Another important potential area of regulation is state action to improve working conditions and wages.

Again the implications of such policies need to be carefully considered. Minimum wage regulation may involve employment losses and in any event, will only benefit those in wage employment — thus by passing the informal sector and the unemployed.

● Taxation and budgetary policy.

The state controls massive resources — part of which are available to fund social programmes such as education and health.

It is in this area that demands will be greatest to redress the legacy of inequality.

Stellenbosch economist Servaas van den Berg has calculated that equalising state spending on education, health and pensions up to what benefit levels as well as addressing the housing needs of the poor will cost an amount equal to as much as 34 percent of gross domestic product.

This can be compared to the 1 percent of GDP currently spent on these services.

Such a massive increase is untenable in a Third World economy. Parity will therefore require not only a reduction in the services provided to whites but also a much more effective use of available resources.

It is worth noting in this context that a country such as Sri Lanka, whose public health expenditure per person is only one-twelfth of South Africa's, maintains far better health standards.

Economic growth will always be a central goal, but a future democratic government is likely also to attach considerable importance to achieving greater equality in the distribution of income and wealth.

The mechanics of achieving the twin objectives in a future South Africa are vital areas of concern not just to economists but to all South Africans.

(Anthony Black is a lecturer at the School of Economics at the University of Cape Town)

By CHIARA CARTER

Labour Reporter

THE labour movement in South Africa is entering the new decade with the collective bargaining process largely in tatters.

The Labour Relations Act (LRA) has cast a shadow over negotiations between unions and employers by effectively removing many of the advantages which drew the black independent unions into collective bargaining in the first place.

Litigation

Employers face the prospect of wildcat strikes, with no union prepared to take responsibility for its members' actions.

In the immediate future, the trade union movement is likely to develop further ways of making the act unworkable.

The new decade is also likely to see a move away from the courts.

While the LRA has led to an increase in litigation, especially by the bosses, unions will probably try to sidestep lengthy and costly

Union campaign against Labour Relations Act

legal processes and avoid the industrial courts which generally find in favour of the employers.

The clash over the LRA has created a distance between unions and employers, making it more difficult for both sides to swap notes on South Africa's economic future.

The past year saw a high level of mobilisation against the act. Unions next year will have to maintain the anti-LRA campaign at grassroots level, while negotiating with employers.

The move by major employers, such as the Barlow Rand group, away from national bargaining forums is aggravating the breakdown in capital-labour communications.

Unions on the other hand will try to extend industry-wide agreements. National bargaining forums make negotiations easier for unions and afford protection to

weaker plants through an industry-based minimum rate.

The development of structures within the organised labour movement is of vital importance.

Cosatu's task will be to strengthen existing structures such as industrial local committees, shopstewards' councils and women's committees. It should also forge links with the National Council of Trade Unions (Nactu), independent unions and community organisations.

Mergers

The deep rift within Nactu means there is a strong possibility that the Black Consciousness unions and neutral Nactu affiliates will abandon the Africanists and join Cosatu — leaving behind an Africanist federation.

This would mean further mergers in terms of Cosatu's policy of one union per industry. A breakaway would also have political

implications for the future direction of the federation.

Unionisation in sectors such as the construction industry is weak and the vast majority of South African workers remains unorganised. This represents a great challenge to the trade union movement.

Cosatu has pledged to campaign to include domestic, farm forestry and public sector workers in the Labour Act.

In the public sector, unions are likely to co-operate closely in the face of privatisation which unions have identified as a major threat; in essence it means retrenchment and unemployment, massive increases in the cost of services, weaker unions, greater monopolisation of private ownership and cash for the state's reform strategy.

Many unions in the 1990s will focus on organising in the

homelands where companies have relocated to take advantage of the high rate of unemployment and low wages.

While unions are effectively banned in the bantustans, there are indications that more progressive labour legislation on the cards in Transkei and KwaZulu.

Burden

South Africa's economic crisis places a heavy burden on unions while talk of a negotiated settlement means that unions will increasingly be looking beyond shopfloor issues to broader economic policy.

The economy at present looks bleak, with investment shrinking, no growth in regions such as the Western Cape and an uncertain future for major industries such as mining.

Poverty is a reality for

123

SA housing bonds are among the most expensive in the world

LALA CAMERER

WITH financial institutions offering mortgage rates between 20,75% and 21%, SA interest rates on home loans are among the highest in the developed world.

Australians were recently seen, on M-Net's 60 Minutes programme, bemoaning the fact they pay 18% interest on mortgages. SA wasn't mentioned in the report.

FNB economist Cees Bruggemans believes mortgage rates "will remain at their present level for the better part of this year".

Australia has an inflation rate of 8% and mortgage rate of 18%. SA's inflation rate is currently around 15%.

Dangerous

United Building Society economist Hans Falkena believes "with our 21% mortgage rate, we are significantly lower than Australia in real terms".

However, he says it is "dangerous" to compare rates internationally as it would be like comparing "pears and bananas". One should rather look at real rates.

He says SA's mortgage rates are neither superior nor inferior to the rest of the world because the price of credit is determined by the Reserve Bank.

And he feels the quality of our mortgage loans to be on par with the First World countries. Indications of this are the number of deals it is possible to handle in a certain time period, the amount of repos-

sessions, the flexibility of the market, and whether one can sell mortgages off easily or not.

Standard Bank's mortgage rate of 20,75% is below the prime overdraft rate of 21%. Senior GM Dennis Matfield says: "With costs very high and a large shortage in the money market, financial margins are squeezed. With deposit rates high, savers are getting real return, with borrowers having to bear the consequences."

He believes high rates will remain with no easing until the end of the second or beginning of the third quarter this year.

Economists say the average US homeowner is better off than those in most countries for two reasons: the interest rates are lower and every cent paid on home loan interest is tax deductible. Mr Average American with a mortgage bond of \$50 000, pays interest rates of 9,78%.

With Britain's less stable economy, rates on mortgage bonds are 15%. This could edge up to 18%-19% soon. It was 9% only 18 months ago. Homeowners can now no longer afford a £100 000 loan on a property worth £210 000.

France boasts an interest rate on home loans of 10%, Germany 9% and Australia 18%, which the M-Net programme described as "about the worst in the developed world".

Star 23/11/90

Developers edge downmarket to stay in business

Certain developers and building companies are recognising the difficulties facing lower-income families who want their own homes, says Mr Mike Morkel of SPT Housing Consultants.

Because of this "affordability squeeze", some companies are beginning to edge downmarket to safeguard their sales and stay in business in a fiercely competitive market.

This trend is expected to intensify from April when the loan guarantee fund comes into operation, making it possible for people to obtain bonds of up to R35 000.

Last October, the Urban Foundation, together with the Mortgage Lenders' Association of SA, announced an initiative to establish a loan guarantee fund.

ON APRIL 1 ⁽¹²³⁾

"Indications are that the fund will start operations on April 1", says Mr Morkel.

"Employers who want to take advantage of the opportunities that will be created by the fund are advised to do their homework in the next few months.

"Companies operating housing schemes should continue to shop around when considering buying a home."

Mr Morkel points out that shopping around has always been relatively straightforward for whites. They are serviced by a network of competent agents and are well catered for in the daily and weekend press.

NOT EASY

On the other hand, shopping around in the black, Coloured and Indian markets has never been easy.

SPT, a consultancy specialising in assisting employers structure and implement their housing schemes, has been aware of this for some time. Because of the lack of information about housing opportunities, it recently launched the Housing Monitor.

The publication tells

readers how to contact the lower-cost developers, where the areas are in which houses are available, and the type and cost of housing.

It has a fund of information on the availability of housing in the black, Coloured and Indian markets which companies, employer organisations, trade unions, housing organisations and community-based groups can refer to.

400 DEVELOPERS

The publication is updated twice a year and ad hoc special updates on the latest housing developments are inserted when necessary.

The first edition includes a listing of 400 active developers and detailed information on 60 specific projects.

Mr Morkel says: "Having this information at their fingertips will take some of the difficulties and frustrations out of implementing company housing schemes.

"It will make it easier to track down developers and to make comparisons between them to ensure getting value for money."

He says there is a need for employers and employer associations to exert pressure on black local authorities to hold down the cost of land servicing.

RUSH AT DELFT

"This is essential if developers are to reduce the cost of serviced sites and be able to deliver complete housing packages below the R35 000 cut-off level."

The House of Representatives' affordable housing project at Delft on the Cape Flats, has attracted many buyers since a show village was opened there recently.

The project is limited to Coloured buyers where the breadwinner earns more than R400 but less than R1 000 a month.

In phase one of the development, 2 000 families are scheduled to be housed by the end of this year.

Rethink on housing subsidies in pipeline

By Roy Cokayne

An overhaul of government-controlled housing-subsidy schemes might be in the offing.

An investigation has begun into rationalising housing subsidies, including the feasibility of introducing a one-off capital subsidy scheme as an alternative and as a means of easing the problem of housing low-income families.

The CSIR's Division of Building Technology (Boutek) was recently commissioned by the Department of Public Works and Land Affairs to study the principles and effects of subsidisation and the implications of financing existing housing schemes from state funding sources.

This one-off capital subsidy scheme would be an alternative to forms of subsidisation currently being applied by the South African Housing Advisory Council (Sahac) and relevant state departments and administrations concerned with housing for all population groups.

Boutek director Roy Page-Shipp says the logic behind the one-off capital subsidy scheme is that it simplifies current schemes, reduces the Government's long-term commitments and is free-market oriented.

Mr Page-Shipp says the present value of government contributions per family in terms of the First-Time Home Buyers' subsidy, for instance, could be between R6 000 and R8 000, depending on the prevailing interest rates and the cost of the home.

Similar amount

In terms of a one-off capital subsidy, a similar amount could be applied in a number of ways.

These include a one-off payment to reduce the cost of a house or to provide a serviced site.

According to the latest Boutek newsletter, a capital subsidy could "address a wider spectrum of families in need of housing aid through the medium of funds being

applied more effectively across a much wider field of participants from all population groups than is presently available to them".

It says such a subsidy would also have the effect of reducing the involvement of state machinery currently used to administer housing on a national scale and, in so doing, enable it to address other areas in the field of housing still needing attention.

The newsletter says that since the introduction of the Government's First-Time Home Buyer's Scheme, which is open to all population groups, there has been an increase in demand for available funds.

It says that of the total expenditure on housing aid programmes undertaken solely for blacks, only a relatively small percentage of them had taken advantage of the First-Time Home Buyer's scheme.

However, since 1985 their participation in this scheme has risen substantially.

New Star service

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Legatta application

Elody McDougall

The Conservative Party Council has turned down an application for the Emfuleni Technical Vaal Triangle Technikon to be located at the Emfuleni Park because the site could possibly take part in

now being sought for the re-lease of the site on Saturday March 3. The director for the technikon's affairs, yesterday said the technikon is awaiting the council's decision. He said the students use Emfuleni Park as a study area, which was unacceptable.

House repossessions running

By Michael Chester
25/11/90

House repossessions by banks and building societies are running at record levels as more homeowners fail to keep pace with high interest rates and the resulting surge in bond repayments.

New counts taken by the Information Trust Corporation show that the number of people hammered by the courts for debts on home loans has climbed to an annualised rate of almost 18 000 a year.

Debt judgments handed down by magistrates courts in the past three months — October to December — soared to 3 256. Judgments at supreme court level jumped to 1 228.

This quarterly total of 4 484 shows a 65 percent rise compared with a year ago, when the number of legal actions on debts was already rising. The judgments covered

debts — usually the total still outstanding on bonds — of almost R230 million. Virtually all of the debtors risked repossession of their homes unless they were able to reach agreement on a settlement plan with creditors.

INTEREST RATES

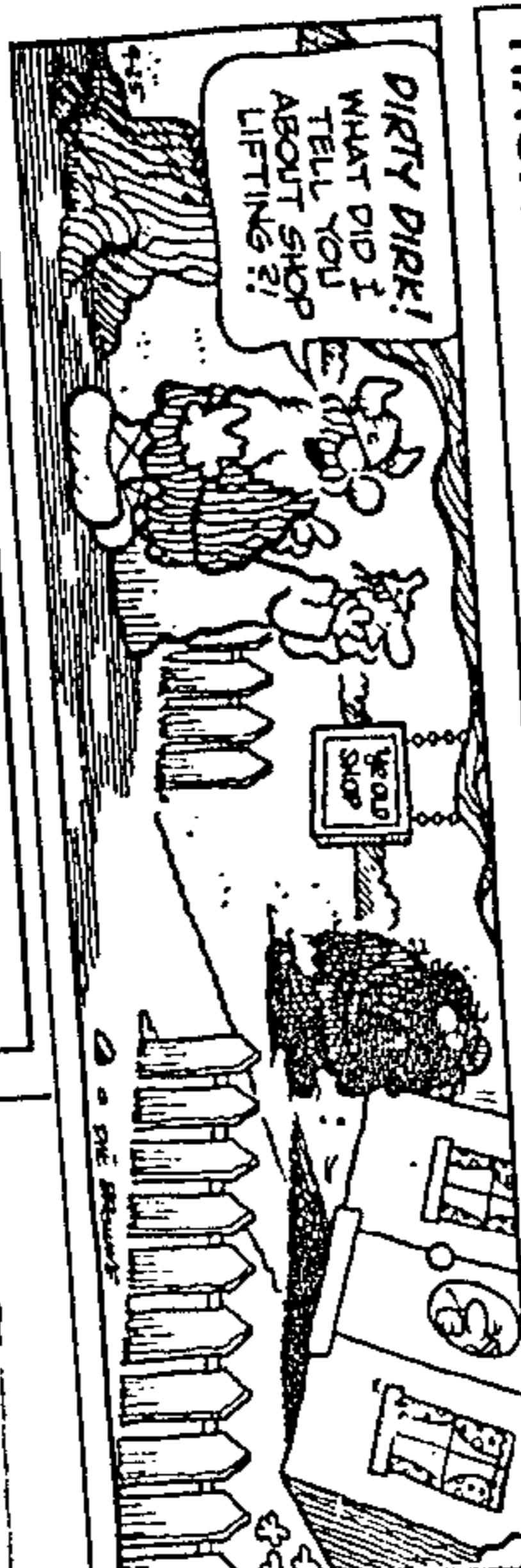
Banks and building societies normally decline to release individual statistics on the rate of repossession orders going out.

But on figures confirmed by Mr Peter Hibbit, a senior general manager at the Perm, the monthly count of sales in execution ordered by the building societies as a whole had already soared from 475 in November 1988 to 850 last August.

According to Mr Bob Tucker, president of the Mortgage Lenders Association, which covers banks and building societies alike, many of the foreclosure problems can be blamed on higher interest rates.

HÄGAR the Horrible

By Dik Browne



Building society bond rates have gone up from around 13.5 percent three years ago to around 20.75 percent.

Interest rates on most bank home loans have gone up from 12.5 percent, at the peak of the "Bond Wars" in 1987, to 21 percent.

The institutions say the rate of foreclosures would be much worse had they not been bending over backwards to try to help homeowners with schemes to reach a compromise on arrears with monthly bond repayments.

"Repossession come only as a very last resort. Sales in execution normally become necessary only when the bondholder ignores our letters or refuses to come in and talk to us.

"There are even a few bondholders who simply march out of the house and leave it deserted — walking away from the whole problem. That can happen when he has been granted a 100 percent bond, leaving him with no deposit to forfeit and a feeling he has nothing to lose anyway."

See Page 21...

'at record levels' 123

Feelings the pincer? Many lose homes

AR 645 25/1/90
123

From MICHAEL CHESTER
The Argus Correspondent
JOHANNESBURG. —

House repossessions by banks and building societies are running at new record levels as more and more homeowners fail to keep pace with the surge in bond repayments caused by sky-high interest rates.

New counts taken by the Information Trust Corporation show that the number of homeowners hammered by the courts for debts on home loans has climbed to almost 18 000 a year.

Debt judgments handed down by Magistrate's Courts from October to December soared to 3 256. Judgments at Supreme Court level jumped to 1 228.

The quarterly total of 4 484 shows an increase of no less than 65 percent compared with a year ago when the number of legal actions on debts was already starting to flow faster.

In terms of value the judgments covered debts — usually the total still outstanding on bonds — of almost R230 million.

Reach agreement

Virtually all the debtors risked repossession of their homes unless they were able to reach agreement on a settlement plan with creditors.

Banks and building societies normally do not release statistics on the rate of repossession orders going out.

But on figures confirmed by Mr Peter Hibbit, a senior general manager at the Perm, the monthly count of sales in execution ordered by the building societies as a whole has soared from 475 in November 1988 to 850 in August 1989.

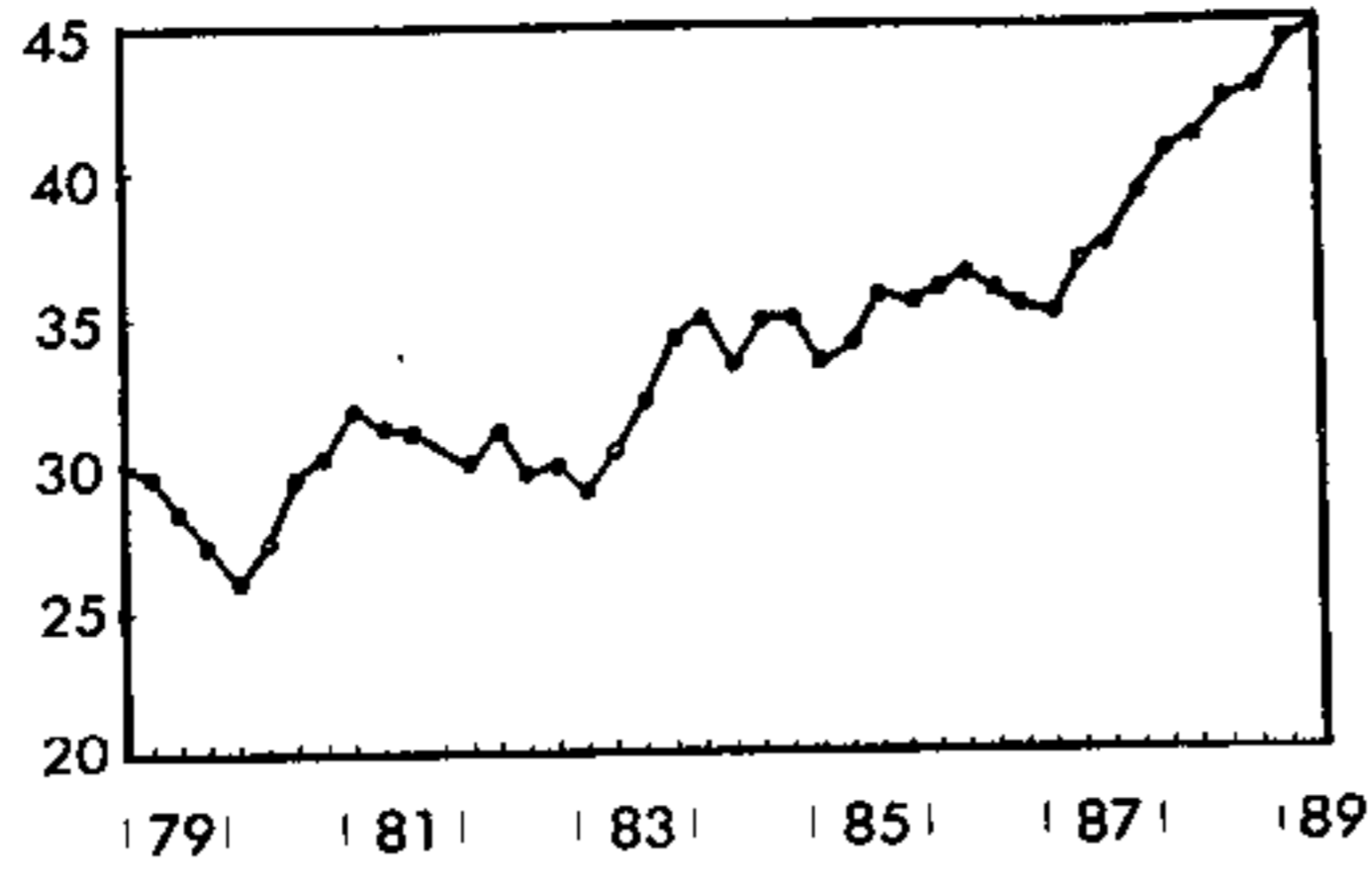
The total was still on the increase in September and October.

According to Mr Bob Tucker, president of the Mortgage Lenders Association, which covers banks and building societies, many of the foreclosure problems can be blamed on the dramatic increase in interest rates that have taken many homeowners by surprise.

Building society bond rates have rocketed from around 13,5 percent three years ago to about 20,75 percent.

Interest rates on most bank home loans have shot up even more dramatically — from 12,5 percent at the peak of the "bond wars" in 1987 to 21 percent.

The banks and building societies stress that the rate of foreclosures would be much worse if they had not been bending over backwards to try to help homeowners with schemes to reach a compromise on arrears with monthly bond repayments.



THE rise in South Africans' debt levels from 1979 to 1989, from 30 percent of disposable income to 46 percent.

Foreclosures

"None of the banks or building societies want to order foreclosures," said Mr Tucker. "They rather do their utmost to work out new repayment schedules for bond-holders."

"Repossessions come only as a very last resort. Sales in execution normally become necessary only when the bond-holder ignores our letters or refuses to come in and talk to us."

"There are even a few bond-holders who simply march out of the house and leave it deserted — walking away from the whole problem. That can happen when he has been granted a 100 percent bond, leaving him with no deposit to forfeit and a feeling he has nothing to lose anyway."

"Everyone is suffering under the burden of a 50 percent increase in bond instalments over the past 12 months or so, especially if homeowners have also borrowed heavily elsewhere to try to maintain their standard of living in the face of high inflation."

"But foreclosures can often still be averted, if bond-holders in trouble would only come in and talk to us about solutions."

Noose tightens for homeowners

The number of homeowners now engaged in struggles to ward off the danger of repossession orders on their property, unable to keep pace with sky-high interest rates on their bonds, has reached the highest on record.

Building societies and banks take elaborate care to draw a veil across the precise details of their foreclosures, but the lists of "sales in execution" run by the Government Gazette have never been longer.

Property market insiders say the tragic list of repossessions may show only the tip of the iceberg. There are far longer lists of homeowners now deep in arrears with their monthly bond repayments — and in the shadow of legal action.

Many of the casualties can trace the root of their problems back to the "bond wars" of the mid-1980s and the battle royal in the corridors of high finance for bigger slices of the multibillion-pound home loan business.

It was the moment when the virtual monopoly held by building societies over mortgage finance deals — the crucial nod or dreaded shake of the head — to prospective homeowners — was challenged by the big commercial banks.

Both sides had glared at each other for years, with heated exchanges of allegations of unfair rules about competition.

Acid arguments

The acidity of arguments becomes understandable when one learns that the tussle was about a financial market worth a phenomenal R35 billion — the current value of all the mortgage cash out on loan to homeowners.

Both sides wanted new ground rules. And the Government provided a set, though, of course, not to everyone's satisfaction.

New laws and new rules, all well intended and based on the new gospel of deregulation and the free market system, gave the go-ahead to a combat that shook the whole business of home-buying finance to its foundations, recalls Mr Neville Berkowitz, the noted property economist.

The building societies and the banks fought tooth

As the number of homeowners facing the nightmare of repossession orders on their properties reaches record levels, and interest rates on their bonds remain high, there appears to be a need for a new set of guidelines that everyone will use in the preparation of a home mortgage agreement. These guidelines should be aimed at providing better advice to prospective homeowners, closer examination of the ability of mortgagors to meet their repayment terms — and words of caution about the risks of shifts of the goal posts with possible changes in domestic circumstances as well as changes in interest rates and higher bills to meet. **MICHAEL CHESTER** reports.

and nail to attract new bondholders — and all of them rolled out the red carpet to homeowners. The general public wallowed in the chance to seize new finance packages that looked like passports to paradise.

Interest rates came tumbling down from peaks of 21.5 and even 25 percent in 1985 to the lowest in years at 12.5 percent in 1987. And there was fierce competition to introduce innovations galore to offer better and still more seductive new home bond packages.

"Often, though, the missing element was a word of caution to families who were tempted to over-reach themselves in commitments to buying homes beyond their budgets," says Mr Berkowitz.

"If there was no active encouragement, there was often very little discouragement as the high-finance combatants fought for market shares.

Not so long ago there were rules that clamped down-payment and a scale of monthly bond repayments that should never swallow more than 25 percent of the income of prospective buyers, counting only the income of the main breadwinner.

In the "bond wars" the rules were often tossed out of the window as eager salesmen were tempted to help buyers construct fanciful versions about their financial affairs and their ability to foot the bills.

123 Star 25/11/90

Mortgage masterplan needed

Mr Paul Edwards, chairman of the Information Trust Corporation, believes the surge of financial problems hitting homeowners has made it vital to introduce a new masterplan to avert the risk of still worse increases of repossession tragedies.

ITC, the credit bureau network that monitors consumer debt patterns, urges the creation of a national data system to test all new mortgage applications to protect homebuyers from over-reaching themselves with bond commitments.

All banks and building societies should be obliged to check with the central data base before signing approval to bond applications that could prove too onerous to buyers when interest rates were jolted higher, said Mr Edwards.

Britain and the United States had already instilled such data bases to check the financial records of borrowers and their ability to cope with new loan repayment pressures, he said.

"When interest rates marched higher and higher, so did the pressure on family budgets, until many of them are now snapping.

"Obviously, none of the banks or building societies take any pleasure in ordering a foreclosure. It's a costly process in legal expenses and hassles — and none of them enjoy being saddled with empty houses up for re-sale.

"But there comes an obvious limit to how far they can go to try to help when longer term solutions to arrears look impossible."

Lessons to be learnt

Even so, argues Mr Berkowitz, there should be lessons to be learnt from the current drama of repossessions.

First, he says, prospective homebuyers would do well to allow for shifts in bond interest rates between 16 and 20 percent over the next four years or so — on average around 18 percent — when they work out whether they can afford a particular purchase.

"Second, perhaps the time has come for the private sector — not the Government — to create a panel of ombudsmen, bringing the talents of economists, accountants and academics as well as property funds, to write a sort of new rule book on home buying.

South Africa should follow suit — especially in view of the hard fact that as many as 60 percent of all potential borrowers, at their own peril, were able to camouflage the full extent of existing debt obligations when they applied for new loans.

Such systems protected not only the lender but also the borrower, particularly less sophisticated borrowers with little actual experience of longer term risks of movements in interest rates.

"The data base system would ensure a responsible approach by lender and borrower alike," said Mr Edwards.

"In the fierceness of competition, mortgages of 90 or even 100 percent of property values have been allowed.

"Many homebuyers stretched themselves to the limit to meet monthly bond payments with little or no capital in reserve — leaving no allowance for swings in bond rates.

INDOCID GEL 10 mg/g. Reg. No. O/31/68. INDOCID GEL 15

ENTER THE FIFTH TRIATHLON

"What's badly needed now is a brand new set of guidelines that everyone will use in the preparation of a home mortgage agreement — banks, building societies, estate agents and everyone else in the chain of events in a bond application.

"The basic aim should be far better advice to prospective homebuyers, closer examination of the ability of mortgagees to meet their repayment terms — and words of caution about the risks of shifts of the goal posts, with possible changes in domestic circumstances as well as changes in interest rates and higher bills to meet."

Mr Dave Miller, national president of the Institute of Estate Agents, recalls a major conference that was held only a few months ago to hammer out ways and means to try to hold interest rates on a more even keel.

Many of the best brains in the property market tried to solve the riddle of trying to ensure that bond repayment bills never became too onerous.

"The conference found it was not possible," he laments.

"One problem is that people are forever optimistic about their financial affairs. Often they make too little allowance for fluctuations in interest rates and other upsets.

"But not even the big financial institutions could have forecast three years ago that interest rates were going to jump by as much as 50 percent in a mere 18 months.

"Now the minimum rates are not far short of double the 1987 level — up from 12.5 percent to around 21 percent.

"None of the institutions is being blooded-minded about repossessions. They bend over backwards to try to help and compromise with arrears. Repossessions come as the very last resort.

"All the problems come back to inflation — and the economic muddles that can be blamed on the lack of direction in government economic policies. No one can forecast what may happen next with interest rates or how to plan budgets with any real accuracy."

ca-
tly

But give-and-take in the ne- during the transition

ment criterion.

month for R425 000.

He says there is more of a case for

Annualised, these returns can outperform the stock markets.

Housing subsidy scheme proposed

B1 Nam 29/11/90

(123)

BENJAMIN COCKRAM

A CAPITAL housing subsidy scheme offering one-off capital subsidies to low income black families may be the solution to SA's present housing shortage, a survey by the CSIR's Division of Building Technology (Boutek) says.

The Department of Public Works and Land Affairs-sponsored evaluation of the effects of housing subsidies said such a scheme was currently being mooted as a solution to the problems of low income blacks, who could otherwise be tied to repayment obligations they would find difficult to meet.

A suitable scheme was currently being discussed by the South African Housing Advisory Council (Sahac) and the relevant state departments, a Boutek newsletter carrying the results of the survey said.

If such a scheme could be introduced, it would address a wide spectrum of families across SA in need of housing aid. The newsletter said this was because funds would be applied far more effectively across a wider field of participants than was now possible.

The newsletter said the scheme would release a large portion of the state machinery, currently involved in administering

housing on a national scale, to tackle other fields of the housing problem in need of attention.

Discussions came about as a result of government's wish to dispel the previously held belief that housing for the low income portion of the population was the sole responsibility of government.

However, government's recent policy concerning the enhancement of the private sector emphasised the concept of individual responsibility, as well as encouraging home ownership with all its advantages of a more stable community.

The scheme was under discussion as it was felt it could compensate for some of the inadequacies of schemes such as the first-time home-buyer scheme which, although it had gained momentum since its implementation, was now leading to a increase in demand on available funds.

Since 1985 a large number of blacks had subscribed to the scheme.

The newsletter said this placed an increasing demand on available funds, resulting in a state-commissioned inquiry into its viability.

House prices set to climb by 10% — UBS

(123)

SYLVIA DU PLESSIS

HOUSE prices could still climb by about 10% in 1990, but this will nevertheless imply a further decline in real terms, UBS says in its latest quarterly housing review. B 1 Dec 6.12.90

It says that as economic activity slows down during 1990 — and probably also into 1991 — the residential property market is bound to follow suit.

The number of house plans passed fell by 18% during the first half of 1989, and a tapering-off in real estate transactions and new houses completed is also "in the offing".

UBS says the average price of a medium-sized house rose during the fourth quarter at an annual rate of 3.5% to R95 000, and for 1989 as a whole by 9% — 1% less than 1988's increase. In real terms, prices fell by 4.8% in 1989.

The average cost of new houses tapered off slightly during the fourth quarter, while prices of existing houses rose by only 2.3% over the previous quarter, reflecting the slowdown in property market activity.

According to UBS, the upward trend in building costs appears to be moderating. While the increase in these costs still exceeded inflation, the costs actually showed a decline of about 1% on a quarterly basis.

Turning to the mortgage rate, UBS says with inflation still at 15%, continued strong growth in the money supply and a low level of gold and foreign exchange reserves, the monetary authorities will have "little choice" but to keep interest rates at their present high levels during the coming months.

"Mortgagers and potential mortgagers will do well to keep in mind that interest rates could remain higher for longer periods than was previously the case," it warns.

Grey view (123)

Activities: Construction and marketing of mass housing.

Control: Directors 91,3%.

Chairman and MD: A C Demmers.

Capital structure: 30,75m ords. Market capitalisation: R38,4m.

Share market: Price: 125c. Yields: 6,0% on dividend; 25,6% on earnings; PE ratio, 3,9; cover, 3,9. 12-month high, 165c; low, 100c.

Trading volume last quarter, 100 shares.

Year to June 30	'88	'89
ST debt (Rm)	0,3	13,5
LT debt (Rm)	—	—
Debt:equity ratio	n/a	0,36
Shareholders' interest	0,85	0,67
Taxed profit (Rm)	8,4	9,0
Earnings (c)	27,4	29,3
Dividends (c)	7,0	7,5
Net worth (c)	99,5	121,3

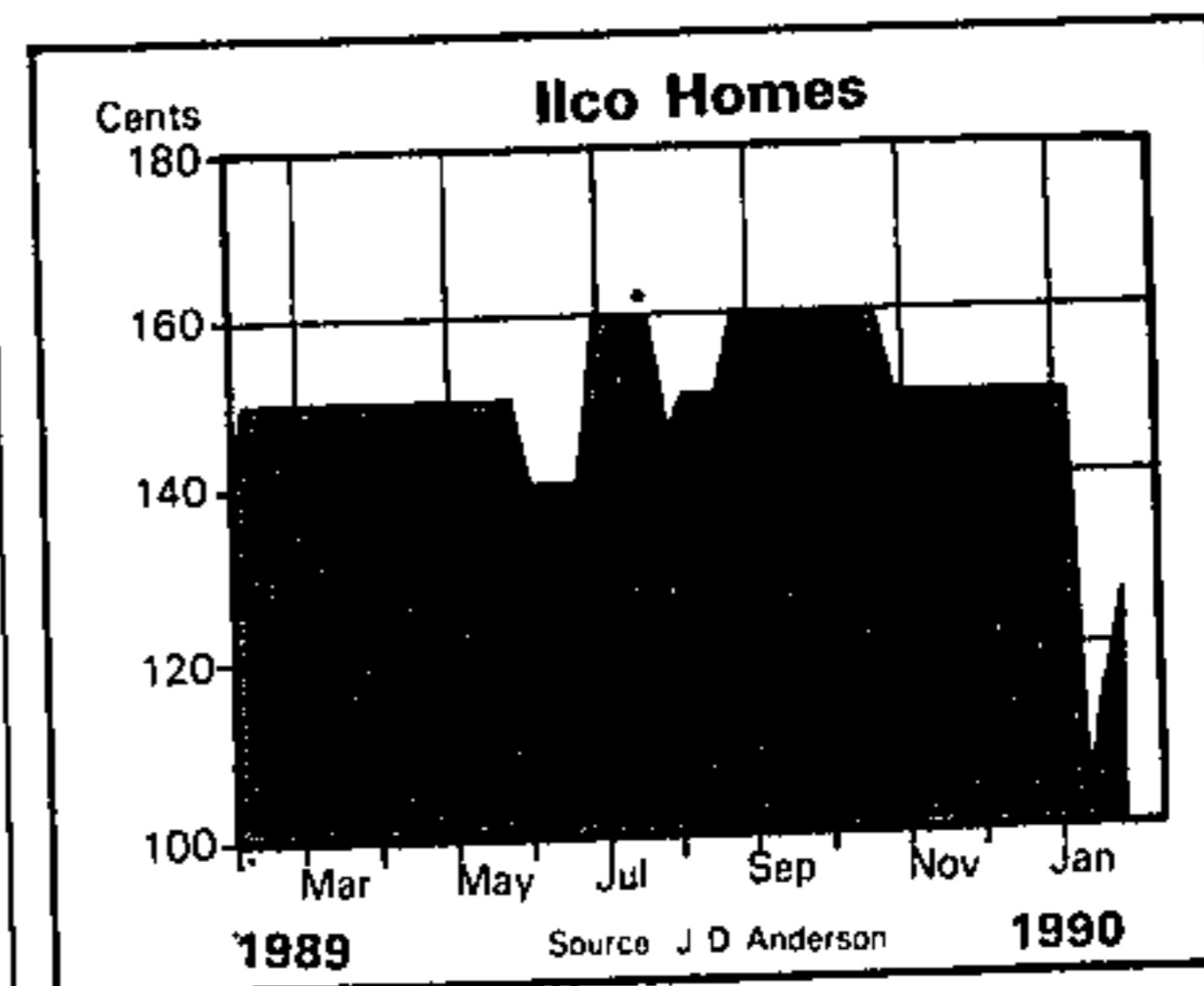
The listing of Ilco Homes has so far brought limited benefits. With directors now controlling 91% of the shares there is no market in the stock — only 100 shares were traded in the last quarter of 1989 — and earnings have been disappointing.

Disclosure policies are unlikely to encourage investors. Turnover is not disclosed and nor is the pre-interest profit stated. While no current tax was payable last year the deferred tax liability has risen to R13m or more than a third of the R37m capital employed.

No explanation is given for the R7,7m advance from the operating company to the holding company. To cloud the issue further, the group is restructuring to take advantage

of the moratorium on stamp and transfer duties. This effectively eliminated an R8m advance to subsidiaries and partially accounts for a threefold increase in work in progress.

Financial director Warwick Lombard says that the reversal of this loan to the subsidiaries will mean that Ilco will forgo the benefit of interest income from this source, but it is hoped the company will use the assets gained to increase profitability. However, he admits that interest payable will be much higher



this year because of higher rates and borrowings.

Overall, Lombard says the current financial year is not going to be good, especially as interest rates are likely to remain high. He feels a decline of 10%-15% in attributable profits for the year is a conservative probability. On that outlook there can be little upside in the share.

Gerald Hirshon

RABIE FIM 9/2/90 (123)

Sales firm

Activities: Develops residential and industrial property.

Control: Directors 59%.

Chairman: J S Rabie; MD: L H Cohen.

Capital structure: 18,4m ords. Market capitalisation: R22,1m.

Share market: Price: 120c. Yields: 12,5% on dividend; 30,9% on earnings; PE ratio, 3,2; cover, 2,5. 12-month high, 275c; low, 100c.

Trading volume last quarter, 62 715 shares.

Year to June 30	'88	'89
ST debt (Rm)	0,05	0,01
LT debt (Rm)	0,24	8,20
Debt:equity ratio	n/a	n/a
Shareholders' interest	0,27	0,28
Int & leasing cover	36	16
Return on capital (%)	44	24
Turnover index	100	248
Pre-int profit (Rm)	5,48	9,95
Pre-int margin (%)	n/a	n/a
Taxed profit (Rm)	5,3	6,25
Earnings (c)	33,4	37,1
Dividends (c)	13	15
Net worth (c)	21	64

High interest rates have presumably persuaded many potential home buyers in the lower-priced sector to defer purchases. However, Rabie MD Leon Cohen says the group is trading "exceptionally well."

He says Rabie is selling about 300 houses a month countrywide, of which 80-100 are being sold in Khayelitsha near Cape Town. First-time black home buyers are keen purchasers. The institutions are readily providing bond finance to qualifying applicants and many can afford to buy. On the other hand, he says, the coloured market in the Cape and

FIM 9/2/90 (123)

turer of playground equipment, Wendy Houses and prefabricated site huts for R14m. The purchase strained the group's financial resources and it benefited when a deal was struck with Murray & Roberts in which Rabie disposed of the total assets and liabilities of Zozo to M&R.

These were then merged with Kwikspace Holdings, M&R's prebuilt accommodation business. Rabie gained a 40% interest in the merged operation and eased the strain on its balance sheet.

The merger took effect on July 1 and made the year-end balance sheet figures ir-



**Rabie's Rabie ...
a firm market**

FIM 9/2/90 (123)

the Indian market in the Durban area have been affected by rates and sales have tailed off.

Rabie last year acquired Zozo, a manufac-

FIM 9/2/90 (123)

relevant. Pro forma figures for July 1 show that shareholders' interest rose from 0,28 to 0,46, total debt was R419 000 (R8,2m) and net worth increased from 64c to 84c.

Cohen believes that, barring unforeseen circumstances, the sales being experienced now will translate into meaningful growth in attributable earnings for the 1990 year. Interim results due soon should reflect this and Cohen is expecting the second half to be better than the first.

Longer term, efficient and experienced developers of low-cost housing could be looking forward to a fast-expanding marketplace. Meanwhile, the 12,5% yield looks attractive.

Gerald Hirshon

15 000 call for re-incorporation

By Mckeed Kotlolo, Pretoria Bureau

HAMMANSKRAAL — About 15 000 Hammanskraal residents marched to the local Magistrate's Court yesterday and submitted a petition calling for the re-incorporation of Bophuthatswana into South Africa.

The petition, which also urged police to stop harassing residents, particularly pupils, was received by the chief magistrate of the Moretele district.

Thousands of workers and pupils gathered, after reaching an agreement with the police, and drew up a petition outlining their grievances about water and electricity bills, bus fares, wages and annual increases in house rentals.

The protesters then marched to the chief magistrate's office where they submitted the petition.

Inside the Magistrate's Court, scores of workers chanted in response to the crowd which toyi-toyed outside. Some policemen toyi-toyed on top of the building.

The marchers were later told about funeral arrangements for two children allegedly killed during police action this week.

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STAR 15/2/90

CSIR project: Build a house for only R9 000

CAPT Thoms 20/2/90 (123)

AS BOND rates soar and many home owners struggle to meet payments, the CSIR has announced that it is now possible to build a house for as little as R9 000.

The 50 square metre homes, using either a single- or double-storey design, were developed with large housing projects in mind, and can accommodate up to six people each.

They consist of two rooms plus another living area, but do not include plumbing, sewerage or electricity.

Architects Mr Anton Heyn and Mr Mike Bolton, both of the CSIR's Division of Building Technology, are behind the project.

Mr Heyn says the cost-savings lie in the flexibility and adaptability of the design, and the innovative use of readily available building materials and resources.

"The design provides for expansion as the owner's income improves, and offers some measure of individuality," Mr Heyn said.

He stressed, however, that the designs were not the solution to the housing problems of the indi-



THE HOUSE THAT CSIR BUILT . . . One of two 50m² home designs developed by the CSIR. These two-bedroomed homes can be built for as little as R9 000.

vidual, but were aimed at companies' large housing projects.

The single-storey house is built using a simple shuttering method. Empty beer cans, stones, bricks and other waste materials can be used to form the core of the wall, which is then filled in with dry-concrete mix.

The double-storey house is built with any conventional building materials which are readily and cheaply

available in the vicinity of the housing project. The house has no ceiling or insulation. It has a concrete ground floor and a pine upper floor.

Cost savings are also achieved, according to Mr Heyn, by the use of local labour forces, cutting down on plot sizes by making use of the double-storey design. The CSIR, he said, would help interested organisations by overseeing housing projects and designing adaptations.

Extra 19,8m for SA home-owners

Call Times 23/2/90

Political Staff

123

AN extra R19,8 million is to be provided for white first-time home-owners, the Department of Budget and Local Government in the House of Assembly said yesterday.

The amount will alleviate the crisis reached in December when the House of Assembly Administration ran out of funds for first-time home-owners.

A spokesman for the department said the R19 831 000 would cover the 33½% subsidies for first-time home-owners until the end of March.

He added that from April 1, a new amount would be allocated for the subsidies, but at this stage no details could be provided of how much would be provided then.

First-time home-owner scheme gets R19m

Political Staff

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said the R19 831 000 would cover the 33,5% subsidies for first-time home-owners until the end of March.

He said from April 1, a new amount would be allocated for the subsidies, but at this stage no details could be provided of how much would be provided then.

In a memorandum tabled in Parliament yesterday, the department said that, due to eager participation, the funds were insufficient to provide for the demand.

CAT Times 27/2/90

Housing out of reach of most

Political Correspondent

THE dramatic increase in interest rates had put the cost of a conventional house "way beyond" the reach of the bulk of the population, the Minister of Planning and Provincial Affairs, Mr Hernus Kriel, said yesterday.

Mr Kriel told an SA Housing Advisory Council's workshop in Pretoria that houses built by developers in the metropolitan areas since 1985/86 "cost so much that hardly 30% of the black population can afford it".

The government realised that it could not meet the acute shortage of housing on its own, "and the involvement of the private sector is necessary if we are to make meaningful inroads into the housing backlog of over 800 000 units".

Mr Kriel said the government could not boast about a constant record of satisfying existing housing needs, "but I think we may justifiably be proud of the spirit in which we are dealing with the painful question of housing".

Mr Kriel said the world currently faced "a truly terrifying tendency" among developing nations to attach more importance to fancy technological status symbols than to the need for housing.

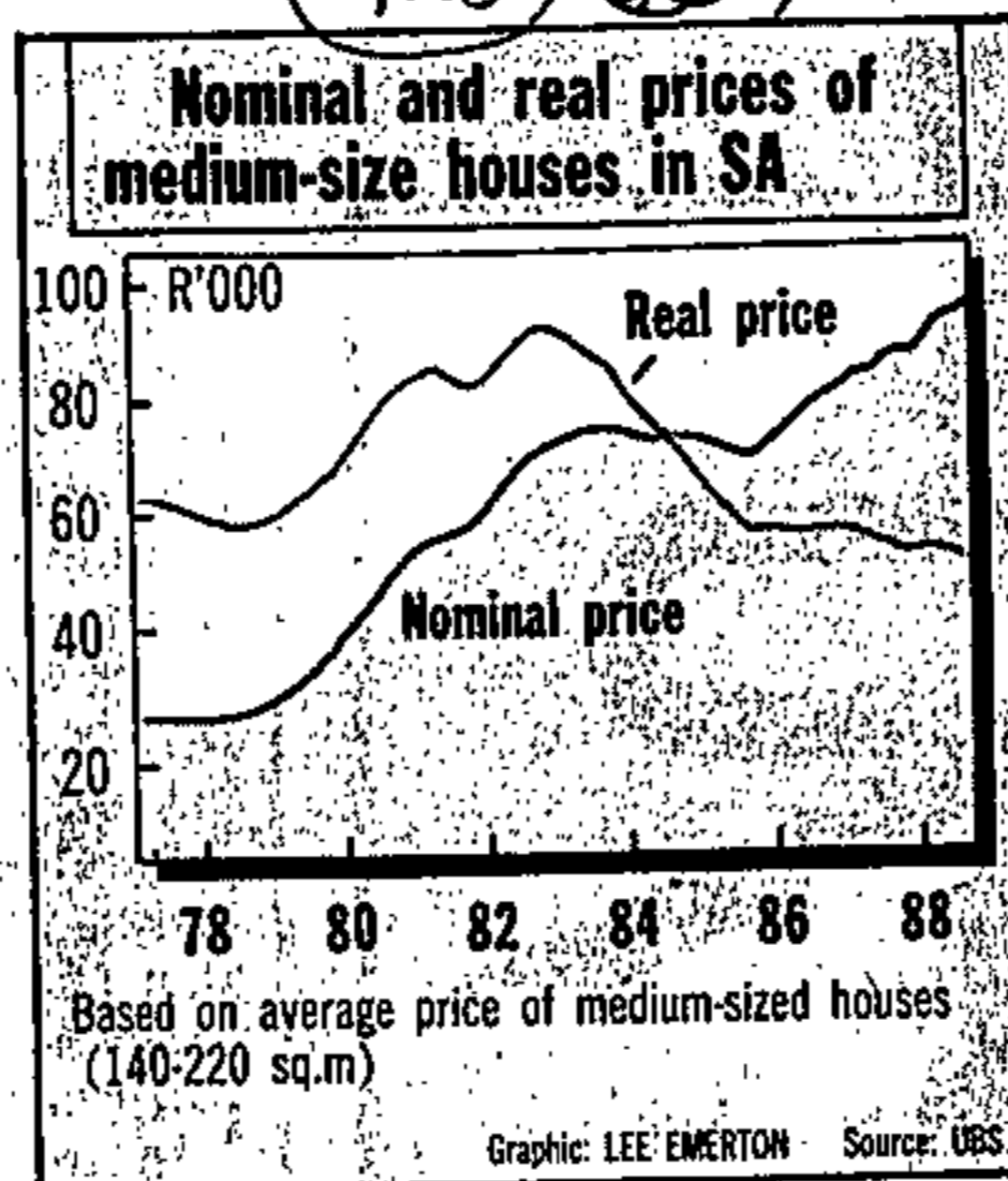
For lower-income groups, affordability of housing was the crucial point and the Loan Guarantee Initiative had made it possible to see a regeneration of the black housing market in South Africa.

"By limiting the perceived risk involved in granting loans under R35 000, the banks and building societies, by this unique R20-million loan guarantee fund, will now be able to extend home mortgage finance to 40% more black households.

"These are households who can afford housing in the R12 500-R30 000 bracket and for whom no finance has previously been available."

The private sector had the capacity to do between R4 and 5 billion worth of business in the residential housing market.

123



By 27/1/90

'Medium-sized house' prices rise 9% — UBS

NEIL YORKE SMITH

PRICES of medium-sized houses increased 9% last year — about one percentage point less than the 1988 increase, United Building Society's quarterly housing review reported.

In real terms (adjusted for inflation), house prices actually fell 4,8% last year, the review added.

Average prices of medium-sized houses increased at a year-on-year (y/y) rate of 3,5% to about R95 000 in the fourth quarter, the review said.

Prices of larger houses rose 8% (y/y) to around R137 000 in the final quarter, while smaller homes traded for around R76 000, representing a 7% increase.

Prices of new houses fell during the fourth quarter, the review said. New-house prices fell at a quarterly rate of 2%, compared with an increase of about 6% in the third quarter.

Prices of existing houses increased at a quarterly rate of 2,3% in the fourth quarter, reflecting the slowdown in property market activity.

"For the year as a whole, price increases for new and existing houses were 12,5% and 10%, respectively," it added.

The review said substantial price increases were recorded in Johannesburg and the eastern Cape (annual rate of 15%), as well as in the Durban-Pinetown and western Cape areas (12%).

The region which recorded the lowest growth rate was the rest of Natal (3%), which experienced a 2% decline in the final quarter.

"The upward trend in building costs appears to be moderating somewhat," the review said.

Although the 15,5% year-on-year increase in building costs exceeded the inflation rate of 15%, on a quarterly basis building costs declined about 1% in the final quarter.

"Conditions for builders have become increasingly difficult and most contractors are slicing their profit margins," said the review.

to supply water to consumers in the RSA. The water supplied from these possible dams will, however, in the most cases not be exclusively allocated to a specific sector, such as agriculture. Experience has shown that multi-purpose schemes can, in most cases, supply water in the most economic way. The one dam will even have to be operated empty, viz the flood attenuation dam outside Ladysmith in Natal.

(b) The specific dam sites are, for obvious reasons, not made public beforehand. The Water Act, 1956 (Act 54 of 1956) stipulates that a White Paper on a Government water scheme amounting to more than R20 million must, however, be Tabled in Parliament, before the construction thereof may commence. Members of Parliament will thus be informed timeously of proposed schemes. For the information of the honourable member, I wish to mention that of the 13 possible dam sites which I already referred to, the majority under consideration are in the Transvaal and more than half thereof is in turn situated in the Eastern Transvaal region.

I trust that the honourable member, after having studied the Report on Water Resources Management, will have greater clarity in the way in which the utilisation of the water resources of the RSA is planned, developed and managed.

RSA: petrol/diesel produced by Sasol
 *22. Dr P J GOUS asked the Minister of Mineral and Energy Affairs and Public Enterprises:†

- (1) What percentage of the petrol and diesel consumed in the RSA during the latest specified period of 12 months for which figures are available was produced by Sasol; *Hansard 27/2/90*
- (2) whether at the privatisation of Sasol the State gave guarantees in respect of selling prices of fuel to the new shareholders; if so, what price guarantees;

*The MINISTER OF HEALTH SERVICES, WELFARE AND HOUSING: Mr Speaker, it is not clear what the hon member means when he says among other things that there is a shortage of housing for senior citizens at homes for the aged.

South Africa is one of the Western countries in which the highest percentage of its aged population receives institutional care. A total of 8,7% of the White aged population is cared for in homes for the aged. In most Western countries this figure amounts to between 3% and 6%. In the USA it is 5% and in England 2%.

Institutional care for the aged in South Africa is provided in subsidised homes which are operated by welfare organisations. There are 428 such homes, in which 31 070 aged people receive care. During the past 10 years the number of residents in these homes has increased by 51%. Three hundred and sixty people are accommodated in four homes for the aged and handicapped which are run by the department itself. Five hundred and thirty-four aged people are accommodated in four homes, which are run by a private enterprise on behalf of the State.

One hundred and twenty private homes which are run by individuals, welfare organisations or other institutions provide for 5 760 aged people.

With regard to category B old age homes, it is a pleasure for me to announce that the subsidy per resident has been adjusted upwards by R91,89 per month with effect from 1 October 1989. In co-operation with local authorities, welfare organisations and utility companies, good progress has been made in establishing housing projects for aged people in the sub-economic category in particular.

Four hundred and twelve projects, in which 25 500 aged people can be accommodated, have been approved. That comprises 6,2% of the total projected aged population for 1988. A provision of 10% for such housing projects is the ideal. Consequently we have a backlog that must be eliminated. The ideal, however, is that aged people themselves should be responsible for their housing as far as possible. They must be kept in the community for as long as possible.

The provision of welfare housing for the aged is aimed mainly at the sub-economic aged people in the country. Loans for the building of service centres, housing and old age homes are granted

at an interest rate of 1%, repayable over a period of 30 years. Welfare organisations receive large-scale subsidisation for the management of service centres and old age homes. [Time expired.]

*Mr H J COETZEE: Mr Speaker, I take cognisance of what the hon the Minister has told us. I wish to thank him for the subsidies which are being adjusted upwards.

Nevertheless it appears to me that the Government is not aware of the enormous shortage of housing for our senior citizens and State pensioners, the fathers and mothers of our White people. As a result of the hon the Minister's policy of converting old age homes into frail-aged sections in the future, only persons in group three are accommodated. What is the hon the Minister going to do about the immense shortage of housing for senior citizens who qualified for this in the past?

The hon the Minister is cutting off the source of supply from frail-care sections at old age homes. That is already being reflected elsewhere in the Budget. The hon the Minister is not even spending the money for which was budgeted. A considerable amount is being saved on the item care of the aged in the Budget. Why does the hon the Minister not negotiate with his colleague of National Health and Population Development to occupy those empty beds in White hospitals with infirm aged? I am sure the hon the Minister should speak to that hon Minister; she has a very soft spot for the aged in South Africa.

Is the Government aware of where these senior citizens find themselves at present? Allow me to inform hon members. Some of them live in the most terrible conditions imaginable in old, decrepit houses on farms, without transport, without water or electricity. That is where so many of our aged people are murdered. Some of them live in backyards in servants' rooms without ceilings and without essential facilities. I even came upon a group living in an old house which is going to be demolished. They have only a toilet and an old bath, without water. Water has not even been laid on.

Even worse is that if there is a place in a frail-care section for the husband or wife, the two old people are separated. The one who remains behind simply has to make do somehow. Hon members know how traumatic it is when two old people are separated.

These are the people who are claimed by the NP, election after election, as if the NP alone takes care of their needs. I wish to issue an urgent request to the hon the Minister. Do something superhuman to take care of the housing needs of the aged and the pensioners. The hon the Minister must not tell us what happens overseas. He has a responsibility to the aged in South Africa, not overseas. Amend the policy in respect of old age homes. The hon the Minister should give serious thought to extending existing old age homes and considering the concept of common residential units which can accommodate four, six or eight people. [Time expired.]

Mr C W EGLIN: Mr Speaker, normally the hon Minister shows signs of sensitivity. I say that his reply today shows a lack of appreciation, a lack of sensitivity. It shows a complacency as regards housing and the housing of the aged in particular. It is a shocking contrast because on the same day the hon the Minister of Planning and Provincial Affairs says in the *Cape Times*: "Rising costs put housing out of the reach of most South Africans."

However, we are particularly concerned about elderly South Africans, people who do not have access to capital, and people who are not independent enough to qualify for basic housing assistance; retired people who were formerly of the middle income group, living on relatively fixed incomes from pensions and savings, who live in flats and rented houses around the country. I must say, as a constituency representative, that as far as accommodation for these people is concerned, the situation is becoming desperate. On the one hand one has inflation eating away at the value of their life savings like a deadly economic cancer threatening their economic security and undermining their living standards, and on the other hand rentals that are shooting sky-high for a number of reasons. The lifting of rent control is removing a certain category of accommodation from the market for these people.

Shareblock schemes and sectional title schemes are changing the capital structure and demanding a higher return. Time-share schemes are taking accommodation off the rental market. The cost of land development, building and finance is putting housing out of the reach of

these elderly people. And it means that no more flats are being built for rental purposes. They are only being built for time-share, share-block or schemes of this kind. [Time expired.]

*The MINISTER OF HEALTH SERVICES, WELFARE AND HOUSING: Mr Speaker, I must say I am rather disappointed in the approach of the hon member for Middelburg, because I really thought the last thing that would happen here, would be that we would drag the aged into this debate in order to exploit them for political purposes. [Interjections.]

The hon member maintains, probably with reference to the Additional Appropriation which we are going to discuss in a moment, that funds for the care of the aged were not utilised. What we are discussing here has nothing to do with housing. In that regard funds for the aged refer to pensions. The hon member is dragging that into this debate with facts which are not relevant.

The hon member referred to unutilised beds in hospitals. I can assure him that we are involved in far-reaching investigations into this matter at the moment. He maintained that we were not sensitive in this regard. He said he did not know where the aged were living, but I can tell him that in Roossenekal, in the area in which he lives, we are at present involved in in-depth investigations into the needs of those people. Why did he not say that here? However, he wanted to tell the outside world that the NP had no sympathy with old people. [Interjections.] I think that is an absolutely reprehensible approach which does not belong in debates in which we want to take care of the fortunes of our aged. [Interjections.]

With all due respect, the hon member for Sea Point was talking about matters which have no relevance to the question under discussion. The question concerns housing of the aged in homes. He maintained in this House that I was insensitive to the fortunes of our aged. [Interjections.] He must introduce a motion on that subject, and then we can debate it. [Interjections.]

*Mr SPEAKER: Order!

*The MINISTER: I shall indicate shortly what we are going to do in this connection according to the Additional Appropriation. [Interjections.] [Time expired.]

*Mr S P BARNARD: Mr Speaker, I actually felt sorry for the hon the Minister now. [Interjections.] I am a person who never likes bullying anyone else. Consequently I am going to be very lenient in dealing with the hon the Minister. [Interjections.]

What has just happened to the hon the Minister, is what happens to someone whose foot is caught in a trap from which he cannot free himself. [Interjections.] He has walked into the situation of a government which has betrayed and forgotten its aged people for 20 or 30 years. [Interjections.] I feel sorry for him. I have great respect for him, because I can see that he can see that the aged have been left in the lurch, and because he wants to do something about that.

There are the sub-economic schemes in which aged people whom we must take care of live, people who receive meagre salaries from which they have to pay the land-tax in respect of the houses they are living in in certain municipalities. They have to pay for the water, sewerage and lights which they cannot use or afford, because they do not have money, because that town council has a by-law which reads that if electricity has been laid on, they have to pay, regardless of whether it is used. These people do not even have any apparatus with which they can use the electricity. They cannot even put on a light, because they cannot afford a globe. [Interjections.]

The problem is that municipalities . . . [Time expired.]

*Mr A P OOSTHUIZEN: Mr Speaker, our White senior citizens are the people who developed South Africa into a prosperous country under difficult conditions. The prosperity that we in South Africa enjoyed up to a few years ago, which has now been destroyed, is thanks to our senior citizens. Consequently we have a debt of honour to these people, and we must take care of their interests too. It is not only this debt of honour which compels us to devote attention to this, but also our Christian responsibility.

We can comply with these obligations and responsibilities by creating the necessary accommodation for these people. It is a fact that up to the last election, these people voted for the NP in

good faith election after election. [Time expired.]

*The MINISTER OF HEALTH SERVICES, WELFARE AND HOUSING: Mr Speaker, I have no problems with what the hon member said and what he regards as our Christian duty in respect of this matter. Perhaps we could talk about this again.

He must merely take a look at what I said in the first part of my reply, because not one of the hon members who spoke on this subject had anything to say about that.

*An HON MEMBER: You spoke too quickly for them.

*The MINISTER: I should like to say that the department is constantly aware of the distress of our aged, and that we view this problem with great sympathy and dedication. [Interjections.] At the end of last year we appointed an interdepartmental committee of inquiry on the aged to investigate and evaluate care of the aged in its entirety. The findings of this committee have been finalised and the report will be handed to me one of these days.

Via our regional offices, we are also taking a look at the problems of our aged in the community and determining what their needs are and how we can meet these needs.

I want to state unequivocally that the Government has its finger on the pulse of the need of our aged, and we shall continue to keep it there, and those hon members need not make politics of that. We see it as our duty and task.

We are examining the results of research and we shall use those results to the advantage of our aged. I indicated that our aged in homes had increased by 51% during the past 10 years, and that funds intended for the management of homes had increased by 422% during the past eight years, and that funds appropriated by the Development and Housing Fund during the past six financial years, amounted to R358 million. Surely these are not the actions of a Government which is unsympathetic with regard to its aged! [Time expired.]

Debate concluded.

QUESTIONS

†Indicates translated version.

For oral reply:

Own Affairs:

House of Commons 27/2/90
School admissions policies: parental choice

*1. Mr K M ANDREW asked the Minister of Education and Culture:

Whether any individual, committee or other group is investigating the question of parental choice in respect of school admissions policies; if not, why not; if so, (a) what are the names of the persons investigating the matter, (b) what is their brief, (c) to whom are they to report and (d) when are they due to report?

House of Commons 27/2/90
B235E
The MINISTER OF EDUCATION AND CULTURE:

Yes,

(a) an internal task group of the Department under the guidance of the Superintendent General,

(b) to investigate the provision of education by the Department with a view to a possible adjustment regarding the rendering of service. The investigation also includes school admission policy,

(c) the Minister,

(d) as soon as possible.

Mr K M ANDREW: Mr Speaker, arising out of the hon the Minister's reply, could he give us an indication on the time frame he was talking about? He said as soon as possible and I accept that he cannot give a precise date, but does he think it is going to be a matter of weeks, months or years?

†The MINISTER: Mr Speaker, I said on a previous occasion that I am in a hurry in this regard, and if I am in a hurry it can naturally not be within weeks or months. The hon member will understand that when we come forward with a possible model, it must also first be submitted to the advisory bodies. The result of the investigation and the possible submitting of a model must take place much faster than that.

HOUSE OF ASSEMBLY

School/tuition fees

*2. Mr R M BURROWS asked the Minister of Education and Culture:

(1) Whether his Department is taking steps to make the collection of school and/or tuition fees compulsory; if so, what steps; if not, why not;

(2) whether he will make a statement on the matter?

House of Commons 27/2/90 B236E
†The MINISTER OF EDUCATION AND CULTURE:

(1) No, the payment of school fees (school funds) is a voluntary contribution and the Department does not envisage making it compulsory. Regarding the levying of compulsory tuition fees various other alternatives for the generation of additional funds are also being investigated;

(2) no.

Mr R M BURROWS: Mr Speaker, arising out of the hon the Minister's reply, may I ask him whether he is preparing to make any aid available to those schools which are placed in considerable financial difficulty by parents who are either unwilling or unable to pay the voluntary contributions on which schools are now dependent?

†The MINISTER: Mr Speaker, we have already discussed this same subject on various occasions. I took the trouble—I think the hon member also did this—to go and look at debates that we conducted about this. We then indicated very clearly that we naturally are aware thereof that the problem exists at specific schools because the school fees are not compulsory.

We will however most certainly not be able to make an *ad hoc* specific grant to a certain school where particular problems are experienced because a large percentage of the parents do not want to contribute to the school fees. In respect of this we are indeed in a hurry, but the hon member will also know that the possible model of compulsory school fees is not the only model. Therefore we are looking whether there are not alternative methods to relieve the financial burden. Only when we have done this, can we come with a well considered solution in this regard.

Continue

12 months so that it is made as easy as possible for the person who received the overpayment.

House of Commons 27/2/90
Mr R M BURROWS: Mr Speaker, arising out of the hon the Minister's reply, may I ask whether any of the cases concerned involved overpayment brought about by incorrect interpretation of Commission for Administration circulars and, if so, whether in those cases of overpayment the officials who have been overpaid are now being requested to pay such moneys back themselves?

†The MINISTER: Mr Speaker, I am not aware of it, but if the hon member has knowledge in this regard, he is most welcome to bring it to my attention. We will then look at it.

House of Commons 27/2/90
Business interrupted in accordance with Rule 180C (3) of the Standing Rules of Parliament.

Agricultural credit committees—political affiliations

†4. Mr A B BRUWER asked the Minister of Agricultural Development:†

Whether the political affiliations of persons play any part in appointments to agricultural credit committees, water boards and other statutory boards falling under his Department; if so, to what extent?

House of Commons 27/2/90 B247E
The MINISTER OF AGRICULTURAL DEVELOPMENT:

No; Political affiliations of persons do not play any part.

For written reply:

General Affairs:

House of Commons 27/2/90
Privatisation: statutory corporations/institutions referred

9. Mr J J WALSH asked the Minister for Administration and Privatisation:

(1) (a) Which statutory corporations or institutions have been referred to his Department since its inception with a view to privatisation and (b) in respect of what period is this information furnished;

(2) (a) which of these corporations or institutions (i) have been rejected as unsuitable for privatisation, (ii) are currently being

House of Commons 27/2/90
P.T.O.—P
HOUSE OF ASSEMBLY

Public servants are up in arms

Dismay at politicians' double rise

Staff Reporter and Political Staff

Public servants are angered by the additional 16 percent increase granted to Members of Parliament.

Dr Colin Cameron, in his most strongly-worded statement in 11 years as president of the Public Servants Association, warned of a "show of force" from dissatisfied public servants.

The executive of the Public Servants' Association (PSA) was meeting in Pretoria last night to decide on a plan of action regarding the 10 percent increase for civil servants and the "lavish" increases for MPs.

At meetings of public servants in Johannesburg, George and East London, there has been deep dismay that public servants were getting only 10 percent from April 1.

The Government has defended the double pay increase for politicians by saying it is necessary to attract "competent" people into politics.

The double increase will push MPs' salaries from R75 000 to about R94 000 a year and Cabinet Ministers' pay from R158 000 to about R181 000.

The chairman of the Commission for Administration, Dr Piet van der Merwe, has said that many public servants will also get notch increases, pushing them up the scale.

Public Enterprises Minister

Dr Dawie de Villiers said critics of the politicians' pay increase forgot that it was a high risk to go to Parliament. The average career lasted only a little more than seven years.

The latest increases did not fulfil the recommendations of the Schiebush Commission, which investigated politicians' pay a few years ago.

If the best professionals were to be attracted to politics the remuneration package could not be too unattractive.

He said it was almost impossible for MPs to supplement their income.

Political issue

Parliamentarians do not receive housing subsidies or a 13th cheque.

They also do not receive a kilometre allowance and MPs representing rural constituencies have to cover distances.

"It is not our terrain to comment on the validity and merits of increases to parliamentarians, that is a political issue," said Dr Cameron.

"We are concerned with what effects our members.

"If you argue, as Dr de Villiers does, that to encourage professionals to embark on a political career you have to offer attractive remuneration, then the same argument is valid for attracting capable people into public services.

"The magnitude of the in-

creases granted to parliamentarians endorses our argument that you have to make adjustments to attract capable and experienced people into the public services," said Dr Cameron.

The 10 percent increase for 981 000 public servants in government and provincial administrations, education, the police, the defence force and labourers and nurses was announced by Dr Wim de Villiers, Minister of Administration and Privatisation, at noon on Friday.

Six hours later, President de Klerk announced an additional R1 000 a month increase for MPs — 16 percent for ordinary MPs and 7,6 percent for Cabinet Ministers — as well as increased monies for their secretarial services.

The PSA has in recent months called for a 20 percent increase for public servants, and most public servants were optimistic they would get at least 12,5 to 15 percent.

Public servants would not be fobbed off with 10 percent, sources said.

In the police, too, there were signs of protest.

Police and nurses have been assured of further increases later, while for teachers the increase comes over and above the 12 percent from March 1.

Posts and telecommunications officers will get 10 percent from April 1, Dr Dawie de Villiers has announced.

Resistance can also be expected from the Posts and Telecommunications Workers' Association, which demanded a doubling of the minimum wage.

Public servants and members of the protection services were living in pressurised times, and were suffering from a lack of morale, and with restrictions on their right to strike they could react with a work-to-rule.

The South African Nursing Association (Sana) said in a statement that after two years of representations the Commission for Administration had fi-



Dr Dawie de Villiers ... need to attract competent people.



Dr Piet van der Merwe ... public servants will get notch increases.



Dr Colin Cameron ... argument applies to public service.



Dr Wim de Villiers ... asks all to tighten belts.

UK MPs do well on perks

LONDON — British MPs earn £26 700 (about R117 480) a year but can boost that to £100 000 (R440 000) with perks.

They enjoy free first-class travel with British Rail, a generous mileage rate, cheap food and drink, poll tax exemptions and much more. All these helped soften the blow recently when British Airways moved to end one of the MPs' favourite perks — being able to fly first class while paying only economy fares.

The free rail travel deal is worth up to £10 000 (R44 000) a year, with wives also allowed free travel. MPs also get a secretarial allowance which many hand over to their wives.

Cabinet Ministers have a basic salary of more than £50 000 (R220 000) and similar perks to the MPs. — London Bureau.

nally indicated it would recognise the association.

"This means the association will be able to make direct representations to the Commission regarding nurses' salaries and their conditions of service ... and ... might in future be involved in collective bargaining with the Government as employer, and not merely acting in an advisory capacity."

Dr Wim de Villiers said in reaction he realised that the increases did not meet requests of staff associations.

He pointed to the need for sacrifices to reduce inflation and ensure future economic growth and stability in South Africa, and said the Government did not only expect sacrifices from its own employees

but also from the private sector.

In a statement issued through the Bureau for Information, President de Klerk said the Government was giving attention to the creation of a statutory body which will determine the remuneration of political office bearers in future and thereby remove this issue from the political arena.

Mr Hans Olivier, general manager of the Public Servants Association, told The Star yesterday public servants found the Government's attitude hypocritical and unacceptable when taking into account that MPs were getting an actual pay hike of 26 percent and Ministers were getting about 18,5 percent.

"There is great unhappiness in the public service," said Mr Olivier.

New deal for home buyers

CAPE TIMES 28/2/90

123

Political Correspondent

THE government last night announced a new deal to make homes more accessible to white first-time buyers.

The Minister of Housing in the House of Assembly, Dr Dawie de Villiers, unveiled a four-point amended-interest subsidy scheme designed to channel scarce funds to the most needy categories.

The major features of the new scheme, which takes effect from March 1, are:

- Consideration of new applications in respect of existing as well as new dwellings will be on condition that the growth of new application is limited to not more than 200 per month.

- Participation under the scheme will be limited to applicants with a gross family income not exceeding R3 500 a month.

- The existing cost limits will be applied and the concessions to compensate for unfavourable soil conditions and high erf prices will be limited as far as possible.

- Participation will be limited to families and/or single parents with dependants.

The expected expenditure for the scheme in the current financial year amounts to R44,5 million.

- House prices 'fell' last year. — Page 2

Black home ownership gets boost

Sowetan 28/2/90

123

Staff Reporter

GOVERNMENT'S loan guarantee scheme for housing loans under R35 000 has boosted black home ownership, says the Minister of Planning and Provincial Affairs.

Speaking at a seminar in Pretoria yesterday, Mr Hernus Kriel said affordable housing was crucial for the lower income groups, and the R20-million loan guarantee scheme had led to a revival in the black housing market.

Since 1985, he said, efforts had been made to make land available in the metropolitan areas and developers had built urgently needed houses. However, these were too expensive and

barely a third of the black population could afford to buy them.

Now, by limiting the risk involved in granting loans under R35 000, banks and building societies would be able to extend mortgage finance to 40 percent more black households who could afford housing in the R12 400 to R35 000 bracket, Mr Kriel said.

No finance had been available to these people before.

The significance of the loan guarantee fund to the home-building industry and informal sector was vast, he said.

UBS offers soft loans on repossessed houses

THE United Building Society will offer soft loans on repossessed houses at 15 percent for the first three years to approved buyers.

United MD Mike de Blanche said this was intended to get repossessed houses off the society's hands as quickly as possible.

Mr de Blanche was commenting on media reports that houses had been snapped up for R10 each at a recent auctions.

He said: "Anyone could bid at the auctions and if a house was bid up to an acceptable figure for us we would be prepared to grant the new owner a 90 percent bond."

The person would have to meet the conditions of the auction which required

STK
3/3/90
a deposit.

TREVOR WALKER

(123)

"People who want to make use of this facility are closely vetted as we do not want to go through the expensive process of repossession if the new owner was also to run into financial difficulties."

Mr de Blanche said the number of properties the society had had to take on to its books had grown steadily and looked set to exceed the number it was forced to buy in the 1984/85 downturn.

He said the society spread its risk through various communities and all levels of wage earnings, but it was true that the lower income earner with no access to housing perks who suffered most.

The societies had to bid at public auc-

tion to protect their loan exposure and to get the property registered in the name of the society.

The societies had to pay the transfer duty and the formality of the R10 price meant that little extra cost was incurred on a property that was already costing the society dearly in lost interest.

A spokesman for the UBS in Cape Town said the deal allowed the home owner to postpone paying transfer duties until the end of the third year.

The house more often than not was sold to him at a figure below that at which it stood in the Society's books.

So in effect he would begin to pay off on a loan account which after three years he would, after taking transfer, begin to pay off a bond.

401 5/3/90 (123)

Housing trust opens settlement

By Stan Hlophe

The South African Housing Trust's new project for the low-income group, which will cost about R85 million, has been officially opened at Palm Springs, near Vereeniging.

The total site covers about 1 408 ha and will be made up of 22 000 residential stands. Palm Springs constitutes Phase 1 of the wider development and accounts for 4 303 of the residential stands.

Houses in the first phase will cost an average of R20 000, including the cost of the serviced stand.

Mr A S Nkonyeni, Nafcoc's senior vice-president, pointed out that housing was a national crisis which all parties (Government, private sector, and financial institutions) had to come to grips with.

He said Markinor research in 1988 found that 3,7 million people were squatters in South Africa.

High city growth rate

In the Western Cape alone, 30 000 people settled in the area every month, and in the early 80's it was estimated that greater Durban was growing at the same rate as Mexico City.

The PWV — which was the most vibrant area — resulted into uncontrollable pressure for housing and had a backlog of more than one million units, he said.

Mr Nkonyeni said the housing crisis had worsened since June last year and this country has been operating on the misguided policy of treating blacks as temporary sojourners.

He welcomed housing trust's development and saw it as a positive contribution to the socio-economic upliftment of the homeless.

He added that stability in this country would not only depend on political change but on socio-economic change as well.

Palm Springs township is situated about 35 km south of Soweto, adjacent to Evaton. The site is the old Wildebeesfontein farm.

It is near Stretford Station, providing a rail link to Johannesburg (via Soweto) and Vereeniging. The Golden Highway (also to Soweto and Johannesburg) runs past the site. Provision has been made to turn Palm Springs into an important taxi terminus.



Ezebilt sees good growth prospects

DEVELOPMENTS in low-cost housing and the need for cheaper accommodation were likely to offer good opportunities for internal growth in Ezebilt Products, Masonite (Africa) chairman Alan Wilson said in the company's annual report.

Other growth opportunities for Masonite's wholly owned subsidiary included industrial markets "which will be exploited through product de-

ANDREW GILL

velopment and focused marketing".

In Masonite's 1989 annual report, Wilson said the communication gap between management and workforce must be narrowed and greater understanding created between the two.

Masonite declared a dividend of 56c a share earlier this year, compared with last year's 67c.

Trust launches ¹²³ R85-m housing ~~123~~ scheme for poor

^{AR663 6/3/90}
The Argus Correspondent

JOHANNESBURG. — An R85-million housing project for the low-income group has been launched by the South African Housing Trust (SAHT).

The whole site, at Palm Springs near Vereeniging, measures 1 408ha and will be divided into 22 000 residential stands.

About 4 300 stands will be developed in the first phase of the project. Houses will cost an average of R20 000, including the price of the serviced stand.

Launching the project, Nafcoc senior vice-president Mr A S Nkonyeni said housing was a national crisis with which all parties (government, the private sector and financial institutions) had to come to grips.

Research in 1988 had found there were 3,7 million squatters in South Africa.

In the Western Cape, 30 000 people settled every month, and in the early 80s it was estimated that greater Durban was growing at the same rate as Mexico City. The PWV had a housing backlog of more than a million units.

He welcomed the development and saw it as a positive contribution to the socio-economic upliftment of the homeless.

He urged employers and financial institutions to be committed to the provision of more and better houses for their employees to increase productivity and stability in the country.

Palm Springs will be about 35km south of Soweto, adjacent to Evaton. The site is the old Wildebeesfontein farm.

It is near Stretford station, providing a rail link to Johannesburg.



The commercial build-up in Johannesburg — Old Mutual's two super blocks, and taking shape nearby the massive Bank City project by First National Bank.

Struc 13/90 (123)

Jo'burg rentals 'rose 32 pc in last year'

Rentals for prime office space in central Johannesburg have firmed by 32 percent over the past year, says Mr Anton Bieber, regional manager, Johannesburg, of Old Mutual Properties.

In the 12 months to November, rents moved from R21,45 a square metre to R28,35.

"A year ago we were achieving R25 at best, whereas today we are getting R30 for larger leases and considerably more on small pock-

ets of prime space," says Mr Bieber.

"Rents were artificially low and did not reflect the quality of space being offered, nor escalating construction costs," he says.

Another reason for the firmer rents is the reduction in excess office space in the central business district from 15 percent two years ago to a current 8 percent.

Mr Bieber also believes that the comparatively low rental levels over the past five years resulting

from surplus space was caused mainly by the migration of companies to Sandton and Randburg.

"This trend is now being reversed," he says, "and some institutions are relocating to the city."

"In the year to last November, Sandton rentals moved only 8 percent — from R22,75 a square metre to R24,60."

The strengthening city market is reflected in Old Mutual's new development, Ten Sixty Six, where a third of the building is already

occupied, nearly half let and "serious negotiation" under way for the remainder of the available space.

Apart from the firmer rental situation, Mr Bieber reports a firming in annual escalation rates.

"Escalations of 15 percent in long-term leases of commercial and industrial property are now accepted as the norm," he says.

And parking rentals? In some major office blocks R250 a bay is not uncommon.



Mr Anto Bieber, regional manager, Johannesburg, Old Mutual Properties.

Interest rates 'to hit smaller man'

High interest rates continue to be a bugbear for the smaller investor in commercial and industrial property and if the bond rate continues to rise, the situation will be aggravated and the "small man" will be squeezed out of the market completely.

This is the view of Mr Ron Berman, a director of Landmark, who says: "Prices have risen over the past 18 months and an acquisition has to show a yield of at least 15 percent to be viable.

"Sellers, on the other



Mr Ron Berman.

hand, are not keen to sell at this high yield which means that prices have to drop to match the required gearing."

Mr Berman, who was a star salesman at the holiday resort Sanla-meer on the south coast in the late 70s before

moving into the commercial and industrial sectors, sees a continuation of rental rises because of high rates.

He endorses the view of other property pundits that once the political situation stabilises the market generally can expect boom conditions, particularly with the increasing interest from foreign investors.

Japan, which has a mountain of cash available for investment, is sure to channel some into South African property.

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Union's civic action goes back to its roots

W/Mand 9/3-15/3/90
By EDDIE KOCH

COSATU has decided to call for the creation of a national civic organisation that will devise a method of local government for townships in a non-racial South Africa.

The plan, rooted in a resolution at Cosatu's congress last year to revitalise grassroots civic structures nation wide, will be discussed with the internal committee of the African National Congress and the United Democratic Front later this month.

The meeting will deal with the insurrection currently sweeping the homelands and plans to discuss forms of administration that can replace the fragile governments that now rule over these areas.

The labour federation's executive committee was spurred into action by the militancy that has erupted around black local authorities in recent weeks as well as the homeland uprisings.

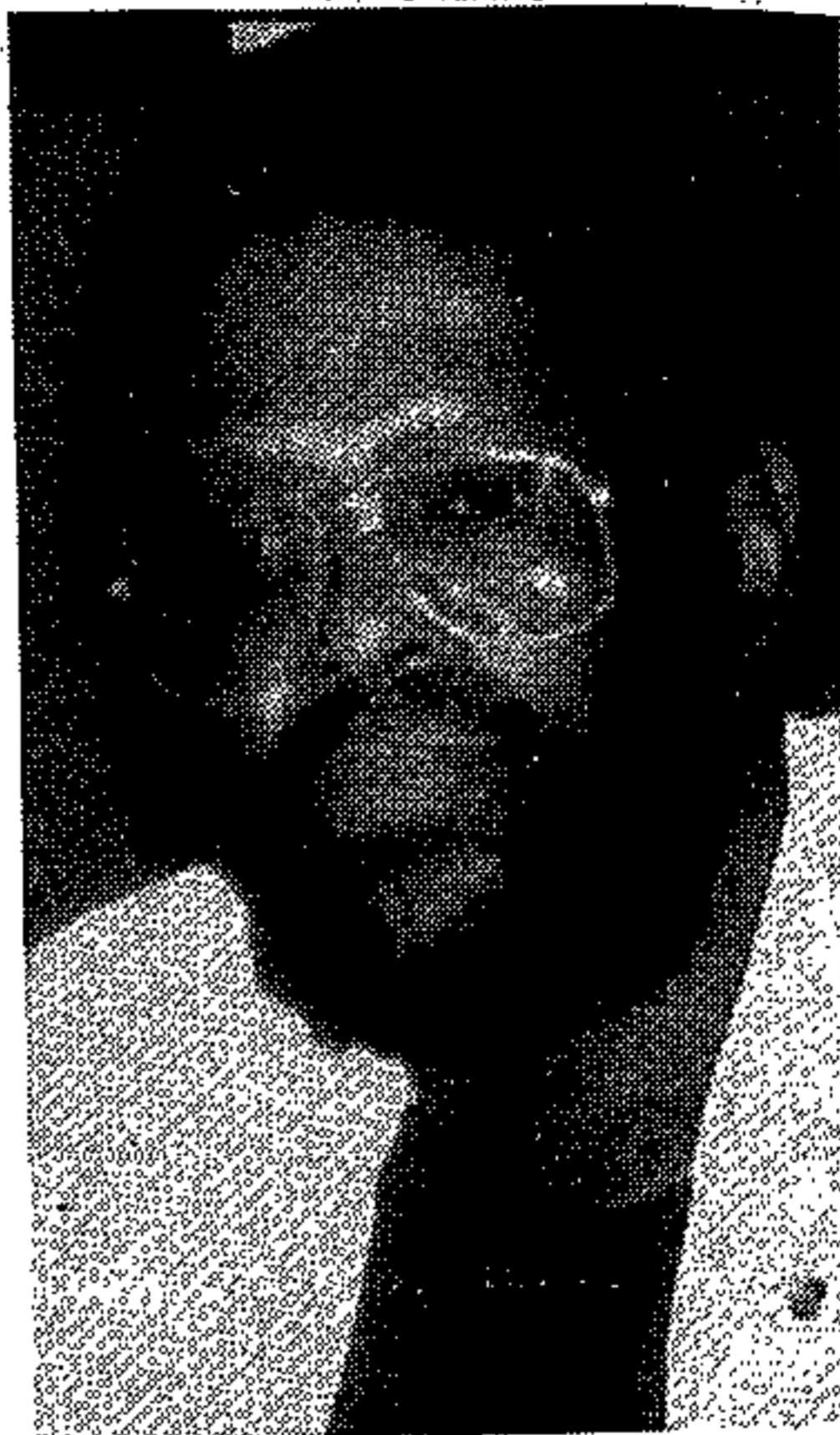
Alexandra township, north of the Johannesburg, has been hit by a wave of militancy that poses a fundamental challenge to the official system of black local authorities.

The township was the lynchpin in the government's strategy to win support for its reform programme by upgrading conditions and setting up moderate local leaders to administer these "oil spots".

But the Alexandra Civic Organisation (ACO), under the leadership of former treason trialist Moses Mayekiso, has revitalised a mass-based campaign to oust the councillors and demand a non-racial form of government.

After a march by 80 000 residents last month in support of ACO's demands, two of the councillors secretly met the organisation and offered to resign, says Mayekiso. There have been a spate of similar protests in townships on the East Rand and in Brits near Pretoria in recent months.

"The state has failed with the Brazilian option — the elimination of militant local leaders and their replacement by moderates backed up by development — in Alexandra and other townships," says Mayekiso.



Organiser ... Moses Mayekiso

He believes the government is now considering two options: either to deal with the civic organisation in line with its commitment to negotiations or to repress the resistance in the township and prop up their town councillors as moderate counterparts to the ANC in the negotiation process.

Cosatu's response to both prospects is to mobilise support for a powerful network of democratic civic groups in the townships.

The national civic organisation will be influenced by the alternative development policies that ACO is demanding and should form the basis of negotiation between the people of Alexandra and government authorities.

These include demands for:

- The central government to assume responsibility for the provision of low-cost housing rather than rely on private developers;
- The state to allocate urban land for low-income development;
- Subsidies for basic services such as water, electricity and sewage;
- Support from the government for housing co-operatives and self-help projects;
- Non-racial municipalities with a shared system of rates and taxes that can generate revenue to subsidise development in underprivileged areas.

Mayekiso has been asked to draft proposals about how the crisis in the homeland's can be addressed and plans to adapt the methods used to build township civics to the rural situation.

A VILLAGE of 40 low-cost homes, phase one in the SA Housing Trust's Palm Springs project, is now on show.

More than R84-million has been approved by the SAHT for phase one.

The entire project will provide 22 000 residential stands on 1 408 hectares of the old Witdebeesfontein farm about 35km south of Soweto and close to Evaton.

Marketing

Palm Springs has 4 303 stands.

Most of the houses cost about R20 000, including the land. Site clearance and work on the water, water-borne sewerage and electrical services began last September.

SAHT managing director Wallie Conradie says completion of other houses will depend on the marketing effort.

R20 000 houses to ease shortage

STimes 11/3/90 (123)

The SAHT says the national housing shortage is critical, and estimates the backlog at 1,3-million units. It expects the houses to be "snapped up".

Builders are beginning to respond to the challenges of the affordable accommodation sector, says Mr Conradie.

"Confirmation of this is the response by developers to the latest SAHT facilitated project, Palm Springs.

"By the end of February, 22 developers had committed themselves to the project and put up 40 houses. Work is expected to continue on the site until 1997."

Mr Conradie believes that

By Charmain Naidoo

the prospect of work for years to come is part of the attraction for builders at the lower end of the market.

"It is tough at this end of the market. Margins are slim and planning has to be spot on. It takes a no-frills, highly disciplined approach with good quality a watchword.

"You have to know what is essential and what is optional. A few errors can eat away most of your profits."

But firms are coming to grips with the realities.

Mr Conradie says: "They show increasing flair — we'll have about 40 different house designs at Palm Springs. That is a large choice when you consider price constraints — R20 000 for house and serviced stand."

Palm Springs will become a town with schools, clinics, creches and a market.

Shared

Several large employers are interested in the project.

"They have concluded housing scheme arrangements with Khayalethu Home Loans, our bond finance subsidiary, to assist workers.

"Some employers regard housing as part of a social responsibility commitment while others think it makes good business to have well-housed, healthy employees with a positive attitude."

He believes shared accommodation and basic shelter will be used by many, and home ownership for every family is unlikely.

Demographic figures put the population at 37-million early in 1989, rising to 47-million by the year 2000.

"Black population growth is usually put at 2,9% a year, but urbanisation may add a further 2,3% to 'magnets' like the Pretoria-Witwatersrand-Vereeniging area, Durban and the Western Cape."

Mr Conradie says a slowdown in the rate of building cost inflation is predicted for 1990.

"Inflation of only one per centage point a month will increase the pressure on builders of affordable homes."

Housing for peace

SI Times 11/3/90

123

HOUSING is one of the major issues being put forward by trade unions at the negotiating table.

The huge backlog in SA and surrounding territories, estimated at about 1.26-million units, has made it essential that employers become actively involved in funding housing projects.

SA Housing Trust managing director Wallie Conradie believes much of employer reluctance to finance such projects is based on the abandoning of long-term planning by many companies because they are uncertain about SA's economic and political stability.

Mr Conradie says: "Employers cannot see the benefits of assisting em-

ployees in housing because the spin-offs are long term, and will not directly impact on the bottom line in a short span of time.

"The benefits of a housing programme are improved labour relations, less industrial strife, lower staff turnover and reduced absenteeism. The consequences of not embarking on such a programme could be huge social disruption and confrontation."

Industrial relations consultancy FSA-Contact is preparing a survey on housing policies in order to provide companies with the necessary background to the issue.

FSA-Contact senior consultant Kira Schaffler says housing schemes tend to take the form of loans, subsidies or the benefit of free or cheap residential accommodation.

Mrs Schaffler says the rapid moves to a new SA could add complexities to the housing issue.

"Should the Group Areas legislation be scrapped, the whole situation concerning company housing for employees could change, many employees qualifying for housing closer to their place of employment. This could also have an effect on property prices.

"It is therefore essential that management be provided with an adequate guide as to how these issues should be tackled from the outset."

The aim of the FSA survey is to provide information about all the main issues which face organisations regarding housing assistance for employees in the 1990s.

Mrs Schaffler says it will not only focus on black housing, but will look at the benefits executives receive.



WALLIE CONRADIE
benefits in long term

Housing sector hampers Time

617 am
12/3/90 NEIL YORKE SMITH

HAMPED by a depressed housing market, Time Holdings increased attributable earnings by 11% to R8,9m (R8m) for the year to December 31. 123

The property and insurance group boosted turnover 27% to R231,3m (R182,5m) but recorded a 13% fall in trading profit which reached R10,6m (R12,3m). It was only the lower tax rate which enabled the group to boost attributable earnings.

Executive chairman Colin Hibbert said in an interview he was disappointed by the poor housing results, but emphasised the whole SA housing industry was depressed.

"Other operations, including Time Life and the commercial property division, performed exceptionally well," he said.

Rough divisional contributions to attributable earnings were: insurance 15%, housing 20%-25% and commercial property 50%-60%, Hibbert said.

"Unlike some competitors we kept housing operations going," he said, adding in the longer term this would boost market share in an industry set for growth.

An annual dividend of 10c a share was maintained on earnings of 25c (26c). Trading at 75c a share on the JSE, Time offers earnings and dividend yields of 33% and 13% respectively.

Scope for rerating exists, especially given the value of Time Life, Hibbert said.

The CP is trying to use this debate today to gain a few points by forcing the hon the Minister to admit to the inevitable, and I fear that the hon the Minister is yet again being deliberately evasive, although he knows that the J G Strijdom Hospital's days as an own affairs hospital are numbered.

In fact, the hon the Minister knows more than that. He knows that the days of own affairs health are limited, and that it is only a matter of time before we move into a new dispensation in which we have only one Ministry of Health, and all public hospitals cater equally for all people in South Africa. [Interjections.] The DP will yet again be able to say: "We told you so."

This debate on the future of one hospital as an own or general affairs hospital is little more than a political game, a point-scoring exercise to some extent on the part of the CP, but really this debate has no relevance to the new South Africa, and the NP and the CP both know that.

I do not believe, in all honesty, that the hon the Minister handling this debate really wants to say the things he is saying, because he knows that the real issue is far greater than the topic of this debate. The real issue is quite simply whether we can afford to keep a system of own affairs health politically, socially, morally and financially when it discriminates so clearly against people on the basis of colour. The answer obviously is no.

We need in this country to be moving quickly into a dispensation which no longer has an own and general affairs health system. [Time expired.]

*The MINISTER OF HEALTH SERVICES, WELFARE AND HOUSING: Mr Chairman, once again this afternoon we have witnessed the Official Opposition's ability to set up a straw doll and to shoot it down. [Interjections.] The hon member asked whether we intended to declare this hospital an own affairs hospital. My reply to him was, no. However, he went ahead as if I had said yes. [Interjections.] Surely that is not what is at issue.

I want to repeat this, because apparently the hon member did not hear what I said. The J G Strijdom Hospital is still an own affairs institution. He said that we did not comply with the

HOUSE OF ASSEMBLY

definition. If the hon member had looked at the findings of the commission which investigated the entire matter and which made certain recommendations with which an own affairs hospital must comply, he would have seen that there were certain specific underlying factors which applied in reaching a decision. Those factors are, *inter alia*, the historical background with the accent on the present involvement of the population group, the level of integration in regard to the rendering of service and the consumer groups in respect of the health service rendered.

Viewed against this background, the fact is that the J G Strijdom Hospital is one that has been erected in a White residential area. It is a hospital with a distinct academic input. Although it renders services which are primarily aimed at the White population group, the rendering of service to other population groups is not excluded. This has always been the situation at the J G Strijdom Hospital. We have always rendered services there to population groups of other colours.

For this reason I also differ with the hon member for Durban North, who, after I had replied that we wished to make optimal use of existing facilities to the benefit of all population groups, nevertheless asserted that we were going about things in a racist manner. [Interjections.]

*Dr F H PAUW: Mr Chairman, previously we had a hospital service which worked well. According to the custom in our country, sick White people were cared for in their own hospitals by their own people. People of colour received a higher standard of service than anywhere else in Africa. Now we are saddled with a service which is at the same time both an own and a general affair. The problem is that the administration of hospital services does not lend itself to this division into own and general affairs.

The tricameral system infringed the right of Whites to govern themselves exclusively, and own affairs were advanced as a method by which they would retain authority over matters affecting the White community. That was simply for the sake of appearances. We are now saddled with an administrative monster. This monster is gobbling up our money for the sake of those appearances. At the J G Strijdom Hospital that

lie has now caught up with us. The hospital is run by the province—a mixed government body—but the funds come from the own affairs appropriation and are in turn paid over to the province for this service.

We do not want to have the wool pulled over our eyes. It is particularly in those intimate situations such as on our sick-bed and our death-bed that we wish to be among our own people in our own environment.

*Mr J H MOMBBERG: When we get to Heaven, we shall all be the same. [Interjections.]

*Dr F H PAUW: I ask the hon the Minister to pause for a moment in compassion and to tell us whether it is silly or racist to ask to be among our own people and in our own environment on our sick-bed or our death-bed.

*Dr W J SNYMAN: Mr Chairman, we quite clearly heard the hon the Minister say that this was an own affairs hospital. Allow me to ask him, however, what will happen in practice to those two wards which have now been placed at the disposal of patients falling under the House of Representatives. [Interjections.] To whose budget will the costs related to patients in those two wards now be linked? Are they going to be linked to this House's budget or to that of the House of Representatives?

I submit that by definition, there will not be a single so-called own affairs hospital left, owing to the crisis management which the Government has brought about, particularly through the dwindling numbers of White nurses as a result of inadequate remuneration packages.

In addition the hon the State President announced on Red Friday that all facilities, including social facilities, had to be completely equal. This means that the Government has irrevocably committed itself to granting all citizens access to all facilities in all hospitals and all other similar institutions. [Time expired.]

*The MINISTER OF HEALTH SERVICES, WELFARE AND HOUSING: Mr Chairman, we are now discussing the J G Strijdom Hospital. The hon indirectly elected member Dr Pauw, however, took it upon himself to talk about all the hospitals. He said that the Whites had lost the exclusive right to make decisions for them-

selves at that hospital. Surely that is not true: we are still running that hospital.

Decisions regarding the J G Strijdom Hospital are taken by the department entrusted with own affairs. Why does he say that we have lost control over this? Surely that is absolute nonsense. He should get his facts straight. [Interjections.] He also mentioned the administrative problems we were experiencing due to the fact that the provinces were running the hospitals. We say, however, that the Government is, in fact, looking into this entire system and the effective functioning of the hospitals. However, those hon members are angry about that as well.

The hon member also said that the fact that we were now rendering a service to the patients of the Coronation Hospital was an infringement of the right to decide on our own affairs. Surely that is not at all true. We still have control over our own affairs.

The hon member for Pietersburg has made repeated enquiries in the past regarding the financial management of those patients who are coming across from the Coronation Hospital. I, in turn, have repeatedly told him that this matter will be dealt with by the administration under which they fall. This is how the matter will also be dealt with in the future.

The fact is that the decisions that are taken regarding the J G Strijdom Hospital are still in the best interests of everyone. They are in the best interests of our own patients at that hospital as well as the other population groups. [Time expired.]

Debate concluded.

QUESTIONS

†Indicates translated version.

For oral reply:

Own Affairs:

Privatisation of boarding establishments

*1. Mr M A TARR asked the Minister of Education and Culture: *Answered 13/3/90*
Whether regulations and arrangements relating to the privatisation of boarding establish-

HOUSE OF ASSEMBLY

ments have been finalised; if not, why not; if so, (a) when will the new system be implemented and (b) what, on average, is the anticipated additional cost per child?
Answers 13/3/90 B444E

123

THE MINISTER OF EDUCATION AND CULTURE:

No, hostels are not being privatised. An economic management system for hostels is under consideration;
 (a) and (b) fall away.

Schools: guest speakers/visitors

*2. Mr K M ANDREW asked the Minister of Education and Culture: *13/3/90*

- (1) Whether, since the inception of his Department, any circulars, notices or other instructions have been sent to schools in the Cape Peninsula relating to guest speakers and/or visitors; if so, (a) when, (b) why and (c) what was the purpose of these cultures, notices or other instructions;
- (2) whether any schools or school principals have been contacted individually in respect of guest speakers or visitors; if so, (a) how many and (b) what were the circumstances?

Answers 13/3/90

B445E

THE MINISTER OF EDUCATION AND CULTURE:

- (1) Yes, to all schools in the Cape;
 - (a) 15 November 1988,
 - (b) and (c) to give guidelines to ensure that visits of outsiders to schools take place in an orderly way;
- (2) yes,
 - (a) and (b) not available.

Mr K M ANDREW: Mr Chairman, arising out of the hon the Minister's reply, why are details in respect of paragraph (2) not available, which presumably should be a matter of some importance and not a triviality?

†The MINISTER: Mr Chairman, let us look at it in practice. There are so many schools and

sometimes there are requests. The school principal uses his discretion to decide whether a person should be allowed or not, and he liaises with the department. Each case is not placed on computer when the liaison takes place. We therefore know there was individual liaison, but no record is kept of who made liaison with them on what date or about what. In the normal practice it is not necessary to do this. *Answers 13/3/90*

Answers 13/3/90

B446E

THE MINISTER: Mr Chairman, that is another intentional conclusion. The hon member knows all too well that the Cape Education Department, like any other education department, like myself and I assume the hon member too, have the utmost confidence in all the principals of all the schools. Therefore that is not the point. If one, however, runs a professional body like a school professionally and you want to do it properly, it applies that you review the professional task of the teacher. Then if it is necessary to get someone from the outside, provided that his contribution is of educational value, one is prepared to do it. It is simply the point that management is conducted in an orderly manner. The principal will, when such a request comes along, decide whether it is necessary to grant such a request, or not.

Mr K M ANDREW: Mr Chairman, may I ask the hon the Minister, further arising from his reply, whether the suggestion is that for the previous 150 years the Cape Education Department had been managed in a disorderly manner? [Interjections.]

†The MINISTER: Mr Chairman, that is another intentional conclusion. The hon member knows all too well that the Cape Education Department, like any other education department, like myself and I assume the hon member too, have the utmost confidence in all the principals of all the schools. Therefore that is not the point. If one, however, runs a professional body like a school professionally and you want to do it properly, it applies that you review the professional task of the teacher. Then if it is necessary to get someone from the outside, provided that his contribution is of educational value, one is prepared to do it. It is simply the point that management is conducted in an orderly manner. The principal will, when such a request comes along, decide whether it is necessary to grant such a request, or not.

Teacher-training colleges: African language

*3. Mr K M ANDREW asked the Minister of Education and Culture: *13/3/90*

Whether any White teacher-training colleges offer an African language as a course subject; if not, (a) why not and (b) what steps are being taken in this regard; if so, (i) which colleges, (ii) what African languages are being offered, and (iii) how many student teachers took such language courses in 1989?

B446E

THE MINISTER OF EDUCATION AND CULTURE:

Yes,

- (i)
 - Bolandse Onderwyskollege
 - Port Elizabeth College of Education
 - Graaff-Reinet College for Continued Training
 - Edgewood College of Education
 - Durbanse Onderwyskollege
 - Bloemfontein Teachers' College
 - Onderwyskollege Pretoria
 - Onderwyskollege Goudstad
 - Onderwyskollege Potchefstroom
 - Johannesburg College of Education

†Dr W J SNYMAN: Mr Chairman, arising out of the reply of the hon the Minister I should like to ask him—he refers to so-called African languages in his reply—whether his department also regards Afrikaans as an African language.

†The MINISTER: Mr Chairman, I really don't know whether it is necessary to owe that clever gentleman a reply. The fact of the matter is that all languages that are taught in Africa, are surely taught in Africa, whether it is Afrikaans, English or German, but normally... [Interjections.]

†An HON MEMBER: Answer the question.

†The MINISTER: Give me a chance; then I will gladly answer the question. Would the hon member like to answer the question for me? [Interjections.] The fact of the matter is that in a normal conversation the normal meaning of African language is that they are Black languages.

Business interrupted in accordance with Rule 180C (3) of the Standing Rules of Parliament.

KwaZulu/Natal Advisory Board of Education: representation

*4. Mr R M BURROWS asked the Minister of Education and Culture: *13/3/90*

- (1) Whether he has refused a request of the Director of Education: Natal Education Department for that department to be represented on the KwaZulu/Natal Advisory Board of Education; if so, (a) when did he receive this request and (b) why did he refuse it;

- (ii)
 - Southern Sotho 14
 - Northern Sotho 183
 - Zulu 17
 - Northern Sotho 95
 - Tswana 142
 - Zulu 98
- (iii)
 - Xhosa 33
 - 38
 - 6
 - Zulu 34
 - 15

(2) whether he has been informed that other executive departments in the Natal/Kwa-Zulu region are currently represented on the Advisory Board; if so, (a) which executive departments are so represented and (b) when was he so informed;

(3) whether he will make a statement on the matter? *Answers 13/3/90* B448E

THE MINISTER OF EDUCATION AND CULTURE:

- (1) No, the Minister did not receive such a request,
- (a) and (b) fall away;
- (2) no,
- (a) and (b) fall away;
- (3) no.

For written reply: Answers 13/3/90

Occupational diseases: certificates

106. Mr P J PALUIS asked the Minister of National Health and Population Development:† In respect of how many (a) Whites, (b) Coloureds, (c) Indians and (d) Blacks employed in industries during each specified year from 1 October 1973 up to and including the latest date for which information is available, were certificates issued while they were alive and after death that they suffered (i) (aa)

B/Dam 13/3/90

Housing scheme would need 'another R55,7m'

GOVERNMENT needs to provide an extra R55,7m to the first time home-ownership subsidy scheme once the Urban Foundation's housing initiative — expected to mobilise an initial R1bn in home loans — gets off the ground.

That projection was made by Llewellyn Lewis of Business Marketing Intelligence (BMI) building research strategy consulting unit.

The housing initiative was developed jointly by the Urban Foundation, the Mortgage Lenders Association and the short-term insurance industry last year to unlock institutional finance to alleviate SA's housing shortage.

Affordability was a major problem facing blacks and the initiative could only succeed if funds available for the subsidy scheme was increased, said Lewis.

He said the increased subsidy scheme would be the key for the initiative to provide an additional 40 000 homes at an average price of R20 863 a home and unlock an initial R834,5m in home loans from financial institutions.

The initiative was expected to provide loans of between R12 000 and R35 000. With every R1m invested into

EDWARD WEST

housing, 186 jobs would be created, said Llewellyn.

SA Housing Trust MD Wallie Conradie agreed the scheme would need to be increased as the initiative would allow more people to own homes. However, he had not seen projections of by how much government would have to increase funds.

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Speculation

Mortgage Lender's Association chairman Bob Tucker said the initiative was on target for April 1, but he could not comment on increases for the scheme as it was under extensive revision by government.

A senior Planning and Provincial Affairs Department spokesman last night dismissed the BMI figures as speculation, but added the department had only been responsible for housing policy since March 1. He said he was not yet familiar with all relevant issues.

Meanwhile, Bifsa said in its Building Review, released yesterday, that business conditions in the housing market

remained unsatisfactory in 1989 due to high mortgage rates and the deceleration in personal disposable income.

Central Statistical Service said the value of building plans passed during the first 11 months of 1989 increased 18,8% to R8,5bn, while the value of buildings completed during the same period increased by 28,9% to R4,9bn.

Non-residential and alteration building plan values increased, but those for homes decreased by 5,1%, while plans for flats and townhouses decreased by 2,3% compared with 1988.

Of 36 668 houses built in the first 11 months of 1989, 39,1% were built for whites, 30,4% for blacks, 22,0% for coloureds and 8,5% for Asians, the CSS said.

Lewis said the CSS statistics reflected changing housing trends in SA. In 1982 to 1985, only 3% of all houses built were for blacks. In 1988, 37% of the houses built were for whites and 40% were built for blacks.

BMI forecast that in 1990, 28% of all houses built would be for whites and 48% for blacks.

Bifsa's review forecast a real negative growth rate of 8% in the residential building market during 1990.

The CP is trying to use this debate today to gain a few points by forcing the hon the Minister to admit to the inevitable, and I fear that the hon the Minister is yet again being deliberately evasive, although he knows that the J G Strijdom Hospital's days as an own affairs hospital are numbered.

In fact, the hon the Minister knows more than that. He knows that the days of own affairs health are limited, and that it is only a matter of time before we move into a new dispensation in which we have only one Ministry of Health, and all public hospitals cater equally for all people in South Africa. [Interjections.] The DP will yet again be able to say: "We told you so."

This debate on the future of one hospital as an own or general affairs hospital is little more than a political game, a point-scoring exercise to some extent on the part of the CP, but really this debate has no relevance to the new South Africa, and the NP and the CP both know that.

I do not believe, in all honesty, that the hon the Minister handling this debate really wants to say the things he is saying, because he knows that the real issue is far greater than the topic of this debate. The real issue is quite simply whether we can afford to keep a system of own affairs health politically, socially, morally and financially when it discriminates so clearly against people on the basis of colour. The answer obviously is no.

We need in this country to be moving quickly into a dispensation which no longer has an own and general affairs health system. [Time expired.]

*The MINISTER OF HEALTH SERVICES, WELFARE AND HOUSING: Mr Chairman, once again this afternoon we have witnessed the Official Opposition's ability to set up a straw doll and to shoot it down. [Interjections.] The hon member asked whether we intended to declare this hospital an own affairs hospital. My reply to him was, no. However, he went ahead as if I had said yes. [Interjections.] Surely that is not what is at issue.

I want to repeat this, because apparently the hon member did not hear what I said. The J G Strijdom Hospital is still an own affairs institution. He said that we did not comply with the

definition. If the hon member had looked at the findings of the commission which investigated the entire matter and which made certain recommendations with which an own affairs hospital must comply, he would have seen that there were certain specific underlying factors which applied in reaching a decision. Those factors are, *inter alia*, the historical background with the accent on the present involvement of the population group, the level of integration in regard to the rendering of service and the consumer groups in respect of the health service rendered.

Viewed against this background, the fact is that the J G Strijdom Hospital is one that has been erected in a White residential area. It is a hospital with a distinct academic input. Although it renders services which are primarily aimed at the White population group, the rendering of service to other population groups is not excluded. This has always been the situation at the J G Strijdom Hospital. We have always rendered services there to population groups of other colours.

For this reason I also differ with the hon member for Durban North, who, after I had replied that we wished to make optimal use of existing facilities to the benefit of all population groups, nevertheless asserted that we were going about things in a racist manner. [Interjections.]

*Dr F H PAUW: Mr Chairman, previously we had a hospital service which worked well. According to the custom in our country, sick White people were cared for in their own hospitals by their own people. People of colour received a higher standard of service than anywhere else in Africa. Now we are saddled with a service which is at the same time both an own and a general affair. The problem is that the administration of hospital services does not lend itself to this division into own and general affairs.

The tricameral system infringed the right of Whites to govern themselves exclusively, and own affairs were advanced as a method by which they would retain authority over matters affecting the White community. That was simply for the sake of appearances. We are now saddled with an administrative monster. This monster is gobbling up our money for the sake of those appearances. At the J G Strijdom Hospital that

has now caught up with us. The hospital is run by the province—a mixed government body—the funds come from the own affairs appropriation and are in turn paid over to the province for this service.

We do not want to have the wool pulled over our eyes. It is particularly in those intimate situations such as on our sick-bed and our death-bed that we wish to be among our own people in our own environment.

*Mr J H MOMBERG: When we get to Heaven, we shall all be the same. [Interjections.]

*Dr F H PAUW: I ask the hon the Minister to pause for a moment in compassion and to tell us whether it is silly or racist to ask to be among our own people and in our own environment on our sick-bed or our death-bed.

*Dr W J SNYMAN: Mr Chairman, we quite dearly heard the hon the Minister say that this was an own affairs hospital. Allow me to ask him, however, what will happen in practice to those two wards which have now been placed at the disposal of patients falling under the House of Representatives. [Interjections.] To whose budget will the costs related to patients in those two wards now be linked? Are they going to be linked to this House's budget or to that of the House of Representatives?

I submit that by definition, there will not be a single so-called own affairs hospital left, owing to the crisis management which the Government has brought about, particularly through the dwindling numbers of White nurses as a result of inadequate remuneration packages.

In addition the hon the State President announced on Red Friday that all facilities, including social facilities, had to be completely equal. This means that the Government has irrevocably committed itself to granting all citizens access to all facilities in all hospitals and all other similar institutions. [Time expired.]

*The MINISTER OF HEALTH SERVICES, WELFARE AND HOUSING: Mr Chairman, we are now discussing the J G Strijdom Hospital. The hon indirectly elected member Dr Pauw, however, took it upon himself to talk about all the hospitals. He said that the Whites had lost the exclusive right to make decisions for them-

selves at that hospital. Surely that is not true; we are still running that hospital.

Decisions regarding the J G Strijdom Hospital are taken by the department entrusted with own affairs. Why does he say that we have lost control over this? Surely that is absolute nonsense. He should get his facts straight. [Interjections.] He also mentioned the administrative problems we were experiencing due to of the fact that the provinces were running the hospitals. We say, however, that the Government is, in fact, looking into this entire system and the effective functioning of the hospitals. However, those hon members are angry about that as well.

The hon member also said that the fact that we were now rendering a service to the patients of the Coronation Hospital was an infringement of the right to decide on our own affairs. Surely that is not at all true. We still have control over our own affairs.

The hon member for Pietersburg has made repeated enquiries in the past regarding the financial management of those patients who are coming across from the Coronation Hospital. I, in turn, have repeatedly told him that this matter will be dealt with by the administration under which they fall. This is how the matter will also be dealt with in the future.

The fact is that the decisions that are taken regarding the J G Strijdom Hospital are still in the best interests of everyone. They are in the best interests of our own patients at that hospital as well as the other population groups. [Time expired.]

Debate concluded.

QUESTIONS

†Indicates translated version.

For oral reply:

Own Affairs:

Privatisation of boarding establishments

*1. Mr M A TARR asked the Minister of Education and Culture: #245-5-90 / 2/3/90

Whether regulations and arrangements relating to the privatisation of boarding establishments

(123)

TUESDAY, 13 MARCH 1990

ments have been finalised; if not, why not; if so, (a) when will the new system be implemented and (b) what, on average, is the anticipated additional cost per child?

B444E

The MINISTER OF EDUCATION AND CULTURE:

No, hostels are not being privatised. An economic management system for hostels is under consideration; (a) and (b) fall away.

Schools: guest speakers/visitors

*2. Mr K M ANDREW asked the Minister of Education and Culture: *Hansen 13/3/90*

(1) Whether, since the inception of his Department, any circulars, notices or other instructions have been sent to schools in the Cape Peninsula relating to guest speakers and/or visitors; if so, (a) when, (b) why and (c) what was the purport of these cultures, notices or other instructions;

(2) whether any schools or school principals have been contacted individually in respect of guest speakers or visitors; if so, (a) how many and (b) what were the circumstances?

B445E

The MINISTER OF EDUCATION AND CULTURE:

(1) Yes, to all schools in the Cape;

(a) 15 November 1988.

(b) and (c) to give guidelines to ensure that visits of outsiders to schools take place in an orderly way;

(2) yes.

(a) and (b) not available.

Mr K M ANDREW: Mr Chairman, arising out of the hon the Minister's reply, why are details in respect of paragraph (2) not available, which presumably should be a matter of some importance and not a triviality?

The MINISTER: Mr Chairman, let us look at it in practice. There are so many schools and

HOUSE OF ASSEMBLY

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The MINISTER OF EDUCATION AND CULTURE:

(i)

Bolandse Onderwyskollege
Port Elizabeth College of Education
Graaff-Reinet College for Continued Training

Edgewood College of Education
Durbanse Onderwyskollege

Bloemfontein Teachers' College
Onderwyskollege Pretoria

Onderwyskollege Goudstad
Onderwyskollege Potchefstroom
Johannesburg College of Education

(ii)

Xhosa

Zulu

Southern Sotho

Northern Sotho
Zulu

Northern Sotho

Tswana

Zulu

(iii)

33

38

6

34

15

14

183

17

95

142

98

Dr W J SNYMAN: Mr Chairman, arising out of the reply of the hon the Minister I should like to ask him—he refers to so-called African languages in his reply—whether his department also regards Afrikaans as an African language.

The MINISTER: Mr Chairman, I really don't know whether it is necessary to owe that clever gentleman a reply. The fact of the matter is that all languages that are taught in Africa, are surely taught in Africa, whether it is Afrikaans, English or German, but normally . . . [Interjections.]

An HON MEMBER: Answer the question.

The MINISTER: Give me a chance: then I will gladly answer the question. Would the hon member like to answer the question for me? [Interjections.] The fact of the matter is that in a normal conversation the normal meaning of African language is that they are Black languages.

Business interrupted in accordance with Rule 180C (3) of the Standing Rules of Parliament.

KwaZulu/Natal Advisory Board of Education: representation

*4. Mr R M BURROWS asked the Minister of Education and Culture: *Hansen 13/3/90*

(1) Whether he has refused a request of the Director of Education: Natal Education Department for that department to be represented on the KwaZulu/Natal Advisory Board of Education; if so, (a) when did he receive this request and (b) why did he refuse it;

(2) whether he has been informed that other executive departments in the Natal KwaZulu region are currently represented on the Advisory Board; if so, (a) which executive departments are so represented and (b) when was he so informed;

(3) whether he will make a statement on the matter? *Hansen 13/3/90* B448E

The MINISTER OF EDUCATION AND CULTURE:

(1) No, the Minister did not receive such a request.

(a) and (b) fall away;

(2) no.

(a) and (b) fall away;

(3) no.

For written reply: *Hansen 13/3/90*

General Affairs:

Occupational diseases: certificates

106. Mr P J PAULUS asked the Minister of National Health and Population Development:

In respect of how many (a) Whites, (b) Coloureds, (c) Indians and (d) Blacks employed in industries during each specified year from 1 October 1973 up to and including the latest date for which information is available, were certificates issued while they were alive and after death that they suffered (i) (aa)

HOUSE OF ASSEMBLY

New scheme to sell flats to blacks

By Winnie Graham

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The sale of sectional title flats to blacks in the Johannesburg suburbs of Hillbrow and Joubert Park is on the cards as entrepreneur Mr Stan Khubeka pushes ahead with plans to renovate dilapidated blocks.

He said last week that the sale of units would herald "the start of great things for blacks".

He added: "Blacks are no longer prepared to wait for the Group Areas Act to go. They want a decent home in a decent neighbourhood now."

The refurbishing of blocks

such as Stanhope Mansions, Margate Court, Coniston Court, Protea Mansions, Branksome Towers, Claridge's and Argyle would start "as soon as differences with tenants had been sorted out".

Mr Khubeka, head of a consortium of black businessmen taking over the head leases of the blocks, said reasonable rentals would be established in discussion with the tenants.

He said he did not wish to inherit problems which tenants had had with the previous management company, nor would he

exploit people. Matters such as arrear rentals had to be resolved.

His consortium would encourage home-ownership; it wanted tenants to buy rather than rent the flats.

Mr Khubeka, whose mother took in washing at R1,50 a day to pay for his education, was born and educated in Germiston and Sophiatown.

After obtaining a BCom degree, he obtained a diploma in theology before working in Lesotho, Botswana and Swaziland.

Shortage of affordable homes

B/dem 4/3/9 AHMED KARIEM

123

THERE is a major shortage of "affordable" homes in SA, according to research conducted through municipalities by the Institute of Estate Agents of SA.

Institute president Dave Miller said the research attempted to determine the volume and cost of surplus homes throughout SA. It set out to assist people to find homes and achieve living standards commensurate with their income.

"Of the replies received to date from more than 70% of the municipalities, most were disappointing. They indicated a shortage of homes in the affordable category," he said.

Miller called on developers and municipalities to employ building systems developed to provide "affordable yet comfortable" accommodation.

Govt ups spending on housing to R1,5bn

CAPE TOWN — Government has increased spending on housing by 15,8% to R1,5bn in this year's Budget.

This is in line with Finance Minister Barend du Plessis's promise to divert increasing resources to the provision of shelter in SA.

However, it is also in accordance with a warning by Finance director-general Gerhard Croeser that because spending on housing is coming off such a low base, it will take several years before it receives a substantial percentage of the total Budget allocation.

Du Plessis said in his Budget re-

MIKE ROBERTSON

view that certain interest earnings and capital repayments also accrued to various housing funds, bringing the gross estimate of expenditure on housing in the 1990/91 financial year to R1,9bn.

He said the increase in expenditure was a reflection of government's commitment to addressing as far as possible the large housing backlog. *B/D am 15/3/90*

It was necessary, however, that individuals and the private sector continued to make an important contribution.

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123 FIM 16/3/90

Being whipped into line

There's growing concern in government circles over the number of retirement village developers seeking exemption from the provisions of the Housing Development Schemes for Retired Persons Act.

This, coupled with increasing disquiet over financial and administrative problems of retirement villages like Helderberg, Silvermine and Eden Village, has prompted Deputy Trade & Industry Minister Theo Alant to urge developers to study the new regulations before they start building.

Alant says the legislation has been designed on the one hand as an incentive to private-sector developers and, on the other, to regulate development sufficiently to protect the interests, particularly financial, of retired people.

A department spokesman stresses the ministry knows of no retirement village, opened since the Act came into force in July, which is having financial difficulties.

Nevertheless, he says Trade & Industry Minister Kent Durr is receiving an "unsettling" number of exemption applications from developers. Most relate to section six of the Act which sets out strict controls and conditions under which developers may receive payment from buyers.

It stipulates that a developer may not receive any money for a retirement unit until it has been certified completed. Any money taken in advance, such as a deposit, must be placed in a trust account and not used by the developer.

"In most cases those seeking exemption want to collect advance payments to fund construction. In some cases this would involve the full purchase price. In others, developers seek permission to receive progressive instalments for each phase of the building project. The danger is the money could run out before the work is completed if this is permitted," says the spokesman.

He adds the receipt of exemption applications indicates the Act is sound even if it isn't perfect. "As far as we can gather, though it hasn't been tested to the full, it is a deterrent to developers who might otherwise have tried to bamboozle purchasers."

He says, though the minister doesn't want to create any precedents which would open the floodgates, three exemptions have been granted.

"They relate to schemes which were being developed when the new Act came into force. There were also other extenuating circumstances which made it desirable to grant relief to the applicants. However, in all cases the prime consideration was that the minister was totally satisfied that the elderly buyers would not be compromised financially as

a result."

One waiver granted related to certain regulations concerning the long-term management of schemes. "At one village, Sanlam offers a package which includes levy guarantees for an extended period. The only way it could back that assurance would be if it were allowed to manage the scheme concerned on a permanent basis." The law allows for the eventual replacement of the developer by a management committee elected by residents.

Another involved a Ramsgate development on the Natal South Coast where the town council controlled the finances. The minister decided there would be no financial risk to buyers if it permitted the council to collect progressive payments during the various phases of development.

The third was in respect of the Housing League's development at Fish Hoek near Cape Town. The minister felt an exemption would be in the interests of the elderly and, as the organisation is "virtually State-controlled," there would be no risk attached.

However, there are moves afoot to have the Act amended (*Property* February 9). This would extend the scope of the legislation beyond the purchasing implications to deal with security of tenure. This is another minefield for the elderly highlighted by the investigations of the Business Practices Committee.

According to the departmental spokesman, the amendment has been before the parliamentary committee. Representations have been made by organisations such as Sapoa and the House of Assembly's Board of Development & Housing. "They have certain difficulties with the amendments. However, these are technical problems rather than disagreement with the fundamental principle of occupational security for the elderly."

Amendment

He expects the committee to reconsider the amendment at its next sitting in three or four weeks' time. The revised Act should become law before the end of the year.

□ The Cape Supreme Court order last week placing the Helderberg Village Share Block Holdings under provisional judicial management is an important step towards rehabilitating the troubled development.

However, the villagers can't be too happy at being landed with a situation which, by an overwhelming majority, they voted against on December 19. They would prefer a voluntary moratorium scheme.

But with voluntary efforts to rescue the scheme failing, an enforced judicial solution was inevitable. With hindsight, it is probably true to say that the financial affairs of the shareblock company and the developer, She-

FIM 16/3/90

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mara Holdings, had become so confused that any rescue plan had little chance of working until greater clarity had been achieved.

This will be a prime task for the weeks ahead and involve considerable co-operation between liquidators of Shemara and provisional judicial managers of the village. ■

Friday, March 17, 1990

Bond debt — 1 600 homes sold

CAM
Tim H
17/3/90

123

By PETER DENNEHY

UP TO 1 600 houses and flats are now being sold in execution of debt throughout the country each month, according to official lists of legal notices in Government Gazettes — yet high bond rates still show no sign of letting up.

The number of homes being lost by their owners has increased since late last year when a Cape Times count showed that more than 1 000 dwellings were sold in execution in three weeks of November.

A subsequent count published last month in Finansies and Tegniek showed that the December total dropped to 888. However, the numbers soon moved up again — 1 600 in four weeks from January to February, and 430 in a single week last month.

In the year up to November 1989, the monthly average of sales in execution had been just over 800.

Mr Ampie Swarts, assistant general manager of the United Building Soci-

ety's loans division, confirmed yesterday that there had been an increase this year in the number of bond foreclosures.

Mr Tim Hart, executive director of the Association of Mortgage Lenders of SA, said yesterday that in his own opinion the bond rate would not come down in the near future.

An economist with United, Mr Christo Luus, said he too did not believe the Reserve Bank would consider easing monetary policy and allowing the bond rate to go down "until at least the second half of this year".

Before that easing happened, he said, inflation would probably have to decline by at least a percentage point to 14% and there would have to be a decline in the money supply as well.

A fair indication that bond rates were not likely to be lowered now had been provided in the budget, Mr Luus said. The official rate at which individuals are taxed on the benefit they receive from low-interest loans is to be raised from 16% to 19% on May 1.

By TOM HOOD
Business Editor

HOUSE prices could be cut by as much as 20 percent if builders could get registration of townships earlier, says Mr Dave Brink, chief executive of the Murray and Roberts group.

"We could build low cost housing in a matter of weeks but the industry is paying the banks interest at 20 percent for 15 to 18 months in land holding costs," he said in an interview in Cape Town this week.

"Housing development has become a financing game and not a building game."

Housing costs could also be lowered drastically. Housing standards were probably more sophisticated than the country could afford.

"The building regulations are still too sophisticated and still in the first world. There are few Meccano-type buildings you are allowed to erect."

Poor people were allowed to put up a plastic hut but developers could not build industrialised housing.

With industrialised building, M and R could build a fully equipped school to Department of Education standards and have it running in four months, said Mr Brink.

Construction could also be speeded up if developers were allowed to go ahead and give a warranty that work would be done properly.

Discussing the group's performance for the half-year to December 31, Mr Brink said M

and R's construction companies made the biggest profit improvement with a 48 percent increase to almost R34 million before tax and interest. Construction now provided 24 percent of group profits.

Construction was a net earner of interest while the other divisions were interest payers and so it was a top performer.

Top profit contributor was M and R Industrial with R48 million, up only 6 percent.

Order books in construction and engineering were good, especially in the Cape. The relaxation in prescribed investments for financial institutions had resulted in good demand for property development.

Several service companies were also benefiting from the Mossgas project.

"The Cape is active and we don't see much of a fall-off in business."

The group was now more selective with contracts. It was eliminating loss-making contracts and paying more attention to detail and a more disciplined approach to working. With high inflation and a 50 percent tax rate "you cannot fund growth if you are not getting your margins."

Discussing rising building costs, Mr Brink said labour costs were going to be under pressure because of the new political situation.

There were cries of anguish when prices of two commodities, bricks and stone, increased. But these increases were cyclical and it became a buyer's market when business went flat.

The group estimate of capital expenditure was R158 million this year and he expected spending would come close to that.

HOUSE PRICES COULD BE CUT

3/1/90
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(123)

20pc

ANC and UDF to help housing trust wants

By DAVID BREIER, Political Staff

12/17/90
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JOHANNESBURG. — The new multi-billion rand housing trust for disadvantaged people, set up with government money, wants organisations such as the African National Congress and the United Democratic Front to help administer the fund.

Mr Jan Steyn, who is to manage the trust after years as head of the Urban Foundation, said he would talk to movements such as the ANC and UDF about participation.

Senior ANC member and former political prisoner Mr Andrew Mlangeni said he believed the ANC would welcome a chance to administer the fund with other community organisations such as the UDF.

"We welcome assistance from anybody prepared to contribute funds towards solving the housing problem.

Exiles' return

"Very soon we will be faced with a very serious problem when exiles return after living beyond our borders.

"I can only assume at the moment that the ANC will attempt to speak to the government about help to solve the problem.

"If certain money is set aside for housing and the ANC is invited to participate in the administration of such a fund, my own view is that it will be welcomed."

He said the ANC had in the past complained it had not been consulted.

President De Klerk said on Friday the composition of the board of trustees would be decided after consultation with community leaders and the private sector. He urged widespread participation to ensure community support.

Another R1-billion

This week the government decided to add another R1-billion to the R2-billion already announced by Minister of Finance, Mr Barend du Plessis, for making up backlogs faced by victims of apartheid, making a total of R3-billion.

R1-billion will be spent largely on building new schools and buying land for black urbanisation.

R2-billion will be used to set up the housing trust and this could be swelled by private sector participation.

Mr Steyn said he had already approached major companies and had had a favourable response.

He disclosed that before he had accepted the appointment he had obtained an undertaking from the government that there was a commitment to a speedy removal of discriminatory laws from the statute book.

"I was worried that racially-discriminatory legislation still on the statute book could inhibit the dynamism of the initiative."

Mr de Klerk said that an undertaking to remove discriminatory laws had been made in last year's National Party five-year plan.

Building industry fears effect of spending cutbacks

SKW 14/3/90 By Frank Jeans

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The building industry is bracing itself for expected cutbacks in Government spending in the Budget today — a move which will inevitably worsen conditions in the public non-residential sector.

And handing out a warning to the Government, the Building Industries Federation (Bifsa) says in its latest review: "You should take clear cognisance that a reduction in capital rather than current expenditure, will severely limit the growth potential of the South African economy in the medium to long term."

Bifsa sees conditions in the housing market as being "relatively unsatisfactory," mainly because of the continued high mortgage rates and the deceleration in personal disposable income.

The construction of dwellings and flats remained, on average, fairly static in 1989, while the townhouse market posted marked gains.

"This could be related to the fact that South Africans have become very security conscious and are increasingly opting for a low-maintenance secure environment," says the review.

A significant trend in housing is the increasing importance of the black market.

Whereas black housing comprised

only 22 percent of the total market in 1988, it soared to 31 percent last year.

"It is also clear that the share of the white market is becoming comparatively less important.

"We believe this structural change has important implications for the interest rate sensitivity of the housing market in the future."

If it is accepted that the income distribution of blacks is biased towards the lower end, future upward variations in the interest rate cycle could translate into rather severe swings in the overall housing cycle, with important ramifications for contractors, building material manufacturers and mortgage lending institutions.

"These swings will, of course, be aggravated should State housing subsidies be further phased out."

Bifsa forecasts that private residential investment in housing will record a negative real growth rate of eight percent this year.

Looking at short-term rates, the federation suggests that in the event of rates beginning to decline from the middle of this year, "we do not expect the prime rate to decline below 18 percent in 1990 and 15 percent next year".

While labour costs are slowing down, building material price rises continue at an "unacceptably rapid rate."

Housing could improve vastly

C/PRESS 18/3/90

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Steyn to steer new trust

By DESMOND BLOW

R2 BILLION of the R3 billion of a new trust fund set up by State President FW de Klerk could vastly improve housing for South Africa's poor.

The money could among others be used to fund deposits for houses for the poor - which would then be paid off by themselves.

R20 million donated by the United States could be used to provide housing loans for up to R200 million, said former Judge Jan Steyn, chairman of the Urban Foundation, who is to head the trust.

The other R1 billion will be administered directly by the government and will be used to eliminate backlogs of a capital nature in education, such as for schools and equipment.

A portion of this money would be spent to acquire land for black urbanisation.

State President FW de Klerk said when funds were used for a new residential area, provision would have to be made for clinics and schools.

However, none of the funds would be used for the normal running of services such as education and health. The budget had made provision for the administration of these services.

Steyn told *City Press*: "I have spoken

to many people during the past 24 hours, including Terror Lekota and Popo Molefe of the UDF and Eric Molobe of the NECC and they are as excited as I am."

He said he would not like to speculate about how the issues of poverty and deprivation should be addressed through the trust until he had first canvassed "priorities, strategies and opportunities" with leadership groups of all sectors of the communities involved as well as the private sector.

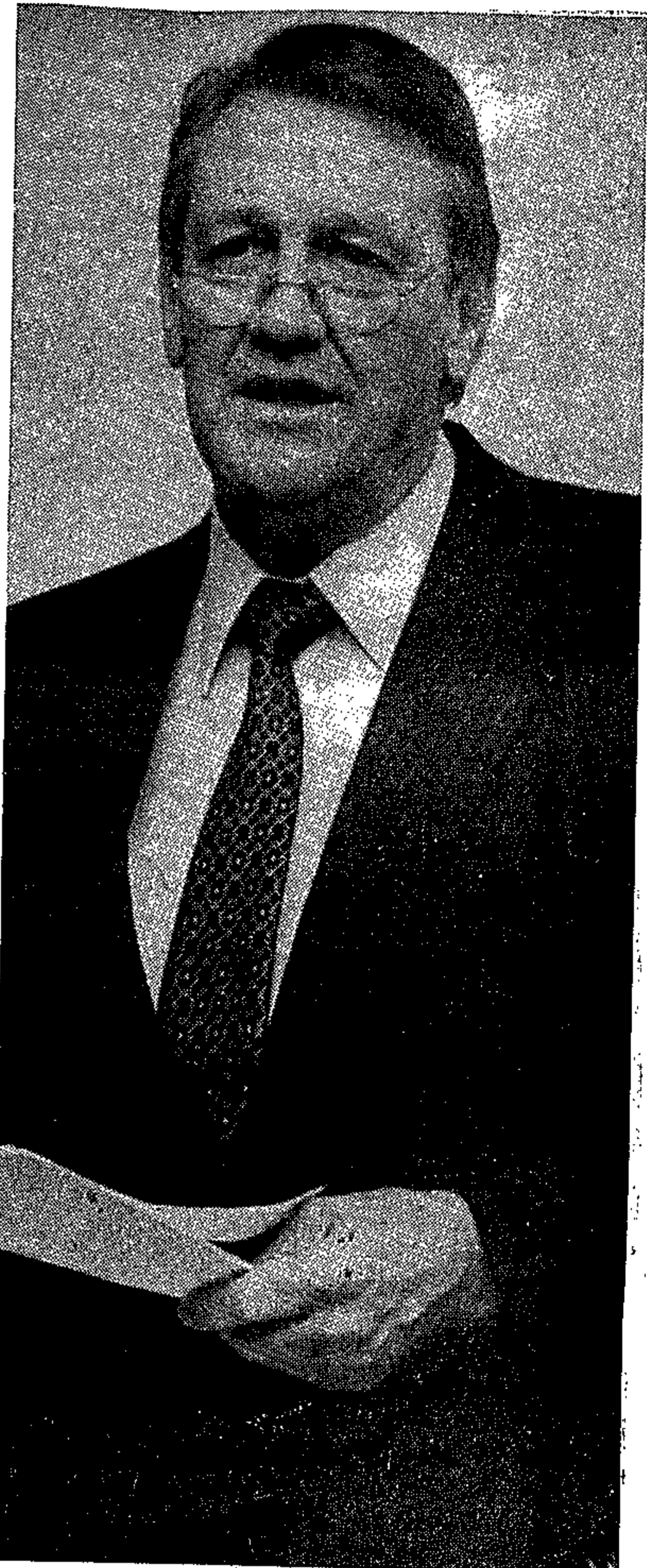
These groups would include political parties such as the ANC.

"Without their involvement our task will be even more onerous than it already is."

He said the trust would seek to ensure the involvement of the private sector and especially financial institutions.

Steyn said Walter Sisulu had said in an address to the Business School at Wits University last week "let's do it together" and he hoped that the trust would be a bridge to do so.

He had a real concern that racially discriminatory legislation still on the statute books could inhibit the initiative, so he had obtained an assurance from the government that all discriminatory legislation would be removed with "deliberate speed", he said.



Jan Steyn, who has already spoken to the UDF

New plan for govt home loans

CAPL-7015

23/3/90

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Political Staff

THE 90% housing loan scheme, which is to be known as the Individual Housing Loan Scheme, is to be extended from April 1 to include existing houses and flats, the Minister of Housing in the House of Assembly, Mr Sam de Beer, announced yesterday.

He also announced various amendments to the scheme including increasing the maximum loan to R35 000.

Mr De Beer, who was speaking during the debate on his vote, said the 90% scheme was introduced to assist prospective home buyers who fell within the qualifying income group but who could not readily obtain the necessary loans in the private sector.

Loans were granted from the development and housing fund to individuals for the building and buying of a house or flat to meet the minimum requirements of the family concerned.

The development and Housing board had reviewed the scheme to make it more viable and purposeful and its recommendations had been accepted by the committee of housing ministers.

"The main aim of the extension is to combat urban decay.

"To this end even the cost of repairs and renovations to an existing dwelling may be included in the loan amount, provided the total amount of the loan does not exceed the limit for which an applicant qualifies, based on his income."

Apart from the extension of the scheme to include flats and existing houses and the increase of the maximum loan to R35 000, the maximum building cost of newly erected dwellings is to be increased to R35 000, the qualifying income of breadwinners is to be increased to a maximum of R1 200 a month, the basis on which the loan was redeemed is to be adjusted and the limit on total cost is to be removed provided the dwelling meets the minimum requirements of the applicant and his family.

"To qualify for the scheme, the applicant must be the breadwinner of the family, and he and his family must occupy the dwelling permanently.

"Furthermore, the applicant must not have cash or negotiable assets, or be the owner of another home, so as to render assistance under this scheme unnecessary."

Applicants for loans were considered on merit by the regional committees of the development and housing board, Mr De Beer said.

New scheme for labourers' housing

The existing low-interest loan scheme of the Department of Agricultural Development for the erection of farm labourer housing is to be replaced with new measures which would eliminate the need to register bonds, the Minister of Agricultural Development, Dr Kraai van Niekerk, said in the House of Assembly yesterday.

Speaking during debate on the agriculture development vote, he said the new scheme involved a one-off amount paid to farmers after completion of the housing. "This eliminates the requirement for the registration of bonds to insure subh a loan.

"These contributions from the State for the building of labourer housing on farms vary from R4 000 for a one-bedroom dwelling to R7 000 for a four-bedroom house," he said. — Sapa.

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SAPA 23/3/90

Rent boycott verges

Star 24/3/90

(123)

TENSION is rising in the Vaal Triangle, Alexandra, Duduza, Tembisa and other townships as residents take to the streets to protest against the rent deadlock. Some townships are suggesting that they be incorporated into larger metropolitan areas and that a joint tax base created to help finance them. ELIAS MALULEKE reports.

THERE is no end in sight to the nationwide rent boycott, and the violent protests that erupted in 1977 are showing signs of being repeated.

Township residents are up in arms and are taking to the streets with renewed calls for councillors to resign.

Most are moved by frustration caused by continual threats of eviction over outstanding rent and service charges.

Many residents say they would like to repay their rent debts. But because the boycott has been in progress for a number of years, their debt has accumulated to alarming proportions and they can now no longer afford to do so.

They have asked the Government to write off their debts so that they can start afresh.

But the Government has refused and residents are continuing with the boycott.

Meanwhile, services are flagging and townships are in a mess: garbage litters streets, the few tarred roads are full of potholes, and blocked drains and sewage systems have become a way of life.

The founder member of the Committee of Ten and honorary life president of the Soweto Civic Association, Dr Nhatho Motlana, says it is impossible to administer and finance black townships through rent and service charges only. He says every township is entitled to its share of the money blacks spend and make "for the profit-makers" because they buy and work there.

Townships' dependency

"There is no way a township like Soweto can be financially self-sufficient as a separate, autonomous municipality," he said.

Soweto Mayor Sam Mkhwanazi agreed. He attributed the rent boycott to "legitimate" grievances. He said blacks could no longer afford to pay escalating rent and service charges.

"We firmly believe that without the Johannesburg Municipality pumping money to help finance Soweto, rent will remain a burning issue in our township.

"To solve the problem, my council decided to write off rent debts after consulting with the Soweto People's Delegation. We fixed flat, reasonable rates for services provided by the council and which residents could afford to pay. But the TPA refused to promulgate our recommendations and made it clear to us that rent debts had to be paid. That is why we have a deadlock," Mr Mkhwanazi said.

Perhaps the most popular mayor since the 1976 Soweto riots, Mr Mkhwanazi feels honoured to have been acknowledged by the Soweto People's Delegation in negotiations for a settlement, because of the prominent leadership of the SPD, which includes Archbishop Desmond Tutu, the Rev Frank Chikane, Albertina Sisulu and Murphy Morobe, among others, reject black community councils as "government-created" institutions. The SPD also held talks with the Transvaal Provincial Administration to try to resolve the deadlock, but the TPA refused to budge.

R350-m in the red

The two PWV councils worst hit by the boycott are Leroia and Soweto. However, more than 30 townships are said to be affected. The TPA has conceded that black municipalities are more than R350 million in the red.

Mpendulo Khumalo of the Mamelodi People's Delegation and the Action Committee, said the TPA has refused to meet them and residents were planning mass action in their bid to solve the rent boycott.

The boycott in the township was sparked in November 1985 after a peaceful protest march ended with 13 residents being shot dead by police and the army. Many others were maimed by bullets.

Mr Khumalo also pointed out that surveys conducted between the buffer township and Pretoria indicated that whites in rich suburbs paid less for their superior infrastructures and services than residents of



SHADES OF 1977: Vaal Triangle residents, led by priests, stage a rent protest march. There are fears that

Mamelodi. Among other things, Mamelodi residents are demanding:

- One joint tax base for Mamelodi and Pretoria.
- Water and electricity should be obtained directly from the Water Board and Eskom; not from the Pretoria City Council.
- Rent debts should be scrapped.
- Flat service rates should be negotiated.
- The Mamelodi council should stop taking action against defaulters.

Arrears deadlock

Although the former mayor of Lekoa Town Council, Sam Kolisang, lowered rent and service charges to a flat R38 per month, residents continue to boycott rent payments because they wanted their arrears to be scrapped. It is estimated that the combined residents of Sharpeville, Bophelong, Zamdela and Boipatong owe the council over R125 million between them.

Now marches and protest meetings are starting to grip Alexandra. The mid-1980s saw the ramshackle township turned into a place of weeping during the nationwide rent and anti-community council riots.

The discontent is slowly spreading to Ratanda, Duduza, the East Rand and Mohlakeng.

Albertina Sisulu of the SPD said: "The ball is in their (the Government's) court; we have done our share."

Those who recall the 1976 uprising may get the message. The Government repeatedly ignored calls to scrap Afrikaans as a medium of instruction in black schools. Since then, townships have never been the same. The unrest was the run-up to the 1977 nationwide rent protests. The then Bantu Administration Board had increased tariffs to offset losses incurred in the riots when government-owned bottle-stores were burnt to the ground.

Councillors were killed, some fled their homes and others resigned, signalling the final collapse of Urban Bantu Councillors. But the anarchy continued into the 1980s as black-on-black violence, "the necklace" and "hippos" (armoured vehicles) ruled townships.

Community leaders say it was a bitter lesson that should not be repeated.

● This is a shortened version of the article which appears in the April edition of Pace magazine.

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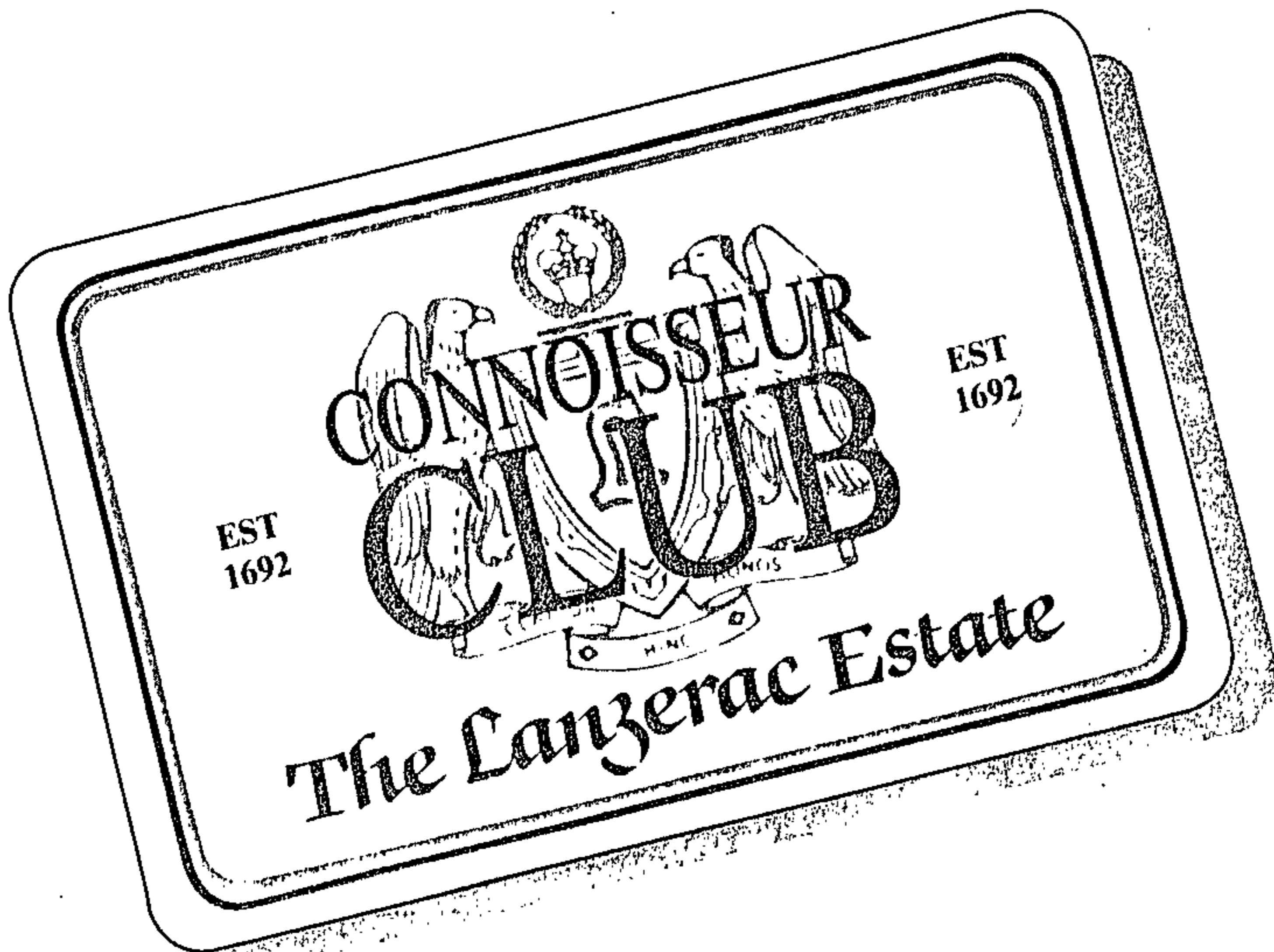
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priests, stage a rent protest march. There are fears that other marches planned could lead to violence. ● Photograph: Len Khumalo, courtesy of Pace magazine.

How this card entitles you to . . .



March in Vaal

127

ABOUT 50 000 Vaal Triangle township residents are expected to march to the National Party offices in Market Avenue, Vereeniging, this morning.

Sowetan 26/5/90

Permission for the march, organised by the United Democratic Front, has been refused by both the Vereeniging town council and the town's chief magistrate.

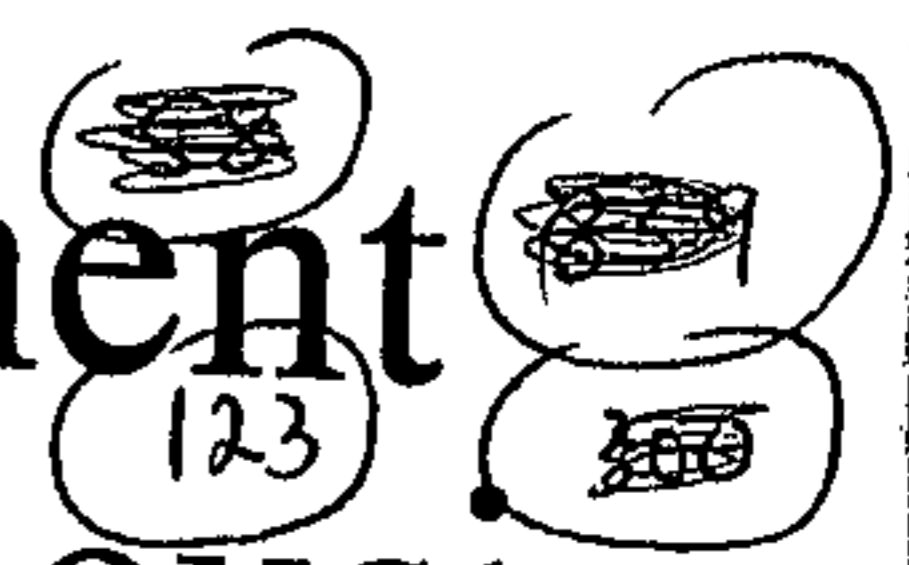
Residents' grievances include the rent issue and the Labour Relations Act.

The march starts at the local showgrounds at 9am.

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B/D am 26/3/90

Mobilising retirement funds for low cost housing



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THE Urban Foundation is soon to introduce a new debenture in an unlisted property owning company to fund the acquisition of land for low income housing.

This was one of the new developments in the field disclosed at the Southern Life seminar in Johannesburg last week on how to mobilise the millions needed for low cost housing.

Giving details on the debenture, Urban Foundation project finance division GM Franz Pretorius said it was expected that the debenture holder (for instance, a pension or provident fund) would represent a large workforce and be able to offer employees access to serviced sites at an affordable price.

Features of the debenture would be:

- A variable rate of interest pegged at a fixed margin over a comparable term gilt or semi-gilt yield to maturity fixed and on a quarterly basis;
- The capital would be compulsorily redeemed as and when the underlying security in the form of serviced residential sites is paid for by qualifying buyers, but within five years;
- Interest would be cumulative and

LINDA ENSOR

paid on a pro rata basis with capital redemptions within this period.

The acquisitions, Pretorius said, would be in parcels of about R50m.

The Old Mutual, together with the Urban Foundation, is having talks with the authorities on the integration of housing as a specific benefit in employee benefit arrangements so that retirement fund credits and contributions can be used as deposits and for mortgage repayments.

Wits Actuarial Science department head Prof Anthony Asher said the authorities were also looking into the possibility of permitting the capitalisation of interest by retirement funds to assist in low income housing provision.

The Urban Foundation has also launched a pilot project company, a Group Credit Company, which uses the system of rotational credit, or stokvels, as a means of issuing loans.

Company MD Christine Glover said the aim was to test the feasibility of releasing money in loans of between R500 and R5 000 to individ-

uals. Loans from the Development Bank and the Urban Foundation are funding the pilot stage.

A further initiative in the lower end of the market is being undertaken by South National Finance which, with the SA Perm, has mobilised retirement funds for the development of site and service stands for Natal fund members. Retirement funds are invested in the Perm, which lends them at normal rates of interest to South National against security of mortgage bonds for the land to be developed.

Peter Goede of the Department of Planning said a shake-up of state subsidy schemes was on the cards to assist purchasers of a serviced site.

What was envisaged, he said, was a capital subsidy on the selling price of a serviced site purchased by a first-time owner where the site is being sold for the first time. The subsidy was aimed at those breadwinners who have a monthly income of R1 000 or less and who are purchasing such a site for the first time.

Subsidies will probably become increasingly important, African Life Homes GM Guy Leitch said.

... van der Merwe between Education and National Education and

Black housing industry loses R100 million

By Jabulani Sikhakhane

Property developers who made huge investments in land holdings in expectation of a continued boom in the black housing market, lost an estimated R100 million last year.

Franz Pretorius, general manager, project finance department of the Urban Foundation told a seminar on low-cost housing in Sandton on Friday the industry still faced a major decline.

He said large land holdings were financed by expensive borrowings and, at current mortgage rates, very little reduction in stockholding was contemplated.

The Urban Foundation, which controls about 40 percent of all land for housing development in black areas, bought large tracts of land four years ago in expectation of a boom.

When interest rates were around 12,5 percent, it was feasible to develop the land, but the sharp increase in interest rates to 21 percent (23 percent in real terms) has made housing unaffordable to most people, he said.

The general manager of African Life Homes, Guy Leitch, said the homebuilding industry had over the past two years experienced a cyclical downswing caused by rapid increases in interest rates.

Margins and affordability came

under pressure from higher building material costs.

Mr Pretorius said the Urban Foundation was concerned that negative prospects facing developers and the homebuilding industry would constrain major developers from bringing suitably serviced land on stream to meet demand for housing.

He said investment by fund managers could help inject much needed cash flow into the hands of major developers.

This would help reduce their cost of borrowing, improve gearing and facilitate the delivery of housing.

Debenture funding could be one mechanism to make investment in residential landholding attractive for fund managers, he said.

Using debenture funding, for instance, in an unlisted property-owning company, debentures could offer a fixed margin pitched slightly above a comparable term gilt or semi-gilt rate.

"The debenture capital and interest rates will be indirectly guaranteed by a commercial bank or other recognised financial institution."

He said the intention of the Urban Foundation was to promote the development and establishment of an appropriate landholding investment vehicle and solicit investor support.

Fund could help housing shortage

27/3/90
By Jabulani Sikhakhane (123)

The mobilisation of just 10 percent of the estimated R153 billion held in retirement funds could help create an additional 765 000 starter housing units of R20 000 each and over 2 million job opportunities, according to the general manager of African Life Homes, Mr Gary Leitch.

He told a seminar on low income housing in Johannesburg last week that private sector developers were delivering about 40 000 low income housing units per year.

BACKLOG

Even if this were to grow by 20 percent each year, it would take developers 10 years to utilise the money of the magnitude controlled by retirement funds.

The head of the Department of Actuarial Science at the University of the Witwatersrand, Professor Anthony Asher, told the seminar that retirement funds could help resolve the housing shortage by lending directly to members for the purchase of their own houses or by depositing money with a bank or building society that will

lend the money on to the members.

The general manager of the retirement benefits division at Southern Life, Mr Roy Lennox, said that a strict reading of the new investment regulations applicable to retirement funds would appear to allow a retirement fund to advance up to 90 percent of total assets in housing loans.

"Investing assets of a retirement fund in housing loans, as opposed to other investment avenues represents an opportunity cost to the fund. In general the lower returns achieved on the housing loans have simply been a cost spread over the entire membership, including those members who do not have housing loans."

The national organiser of the National Union of Metalworkers of SA (Numsa), Mr Geoff Schreiner, said trade unions had become cautious of this idea because unions were caught in a trade-off where some members of the fund were prejudiced because of the low interest rates on housing loans for other members.

The trade union view was that employers should subsidise housing loans for their employees.

HOME IMPROVEMENTS

Housing Trust is making progress

Journal 29/3/90

123

THE South African Housing Trust, which was formed about three years ago to address the acute housing shortage in South Africa's deprived communities, is making phenomenal progress.

The trust has committed itself to over R900-million of approved projects which will eventually result in 49 000 housing units and 33 000 serviced sites throughout the country.

According to the Council for Scientific and Industrial Research's *Housing Research Review*, it has already built more than 6 200 homes with the aid of loans granted by its financing company, the Khayaletu Home Loans.

The mandate given to the company by then State President P W Botha was that it should provide affordable mass

housing to people who earned between R300 and R800 a month. This would stimulate the economy through the creation of employment opportunities.

After intensive discussions with existing financial institutions, the company concluded agreements with local authorities and small developers for the erection of houses on available serviced sites.

Development was, however, constrained by lack of suitable serviced sites and the unwillingness of financial institutions to provide long-term loans to the low-income group.

"The company is, however, doing all it can to make as significant a contribution as possible towards removing constraints through simplifying existing systems and procedures.", the *Review* said.

You'd better hurry if you want that subsidy

Soweto 29/3/90
BUILDING costs are rising rapidly and would-be home owners should act quickly before they pass the magic subsidy level, says Mr Russell Glyn-Curthbert, marketing director of Gough Cooper Homes.

Homes costing up to R45 000 qualify for a R12 000 free subsidy under the Government's scheme to assist first-time home buyers. But after that, buyers are on their own, having passed out of the subsidy bracket.

Further assistance for buyers struggling to save a deposit comes in the form of a Bonus Discount of R2 400 offered by Gough Cooper to be used as part of their deposit. This offer is valid until the end of April.

Says Glyn-Curthbert: "Gough Cooper are still the inflation beaters in the supply of affordable housing. We use innovative skills and the financial muscle that comes from being part of the huge Group Five empire to offer

exceptional value for money, well below the inflation rate.

"We believe that everyone deserves to have a home of his own, and we do our best to make that dream come true. Our easy deposit scheme, and numerous financial packages which can be set up with employers who wish to assist their staff's housing needs, offer an outstanding opportunity for buyers."



123

Hurry



But they must hurry, he says. If they wait much longer, the cost would have crept past the R45 000 barrier, and their hopes of a subsidy would have vanished.

Gough Cooper are already busy in Port Elizabeth, Pinetown, Pietermaritzburg, Durban, Soweto, Tembisa, Mamelodi and Soshanguve.

For further information contact Mr Kevin Dan at (011) 789-2060.

HOME IMPROVEMENTS

Workers, especially those organised into strong trade unions, will not accept a political settlement which does not made significant strides towards solving the housing crisis, says a leading unionist. See story below.



Housing is a right - unionist

THE vast majority of the South African population will not be able to afford decent housing as long as it continues to be governed by profit margins rather than by the premise that housing is a right of all citizens.

This was said last week by Mr Geoff Schreiner, national organiser of the National Union of Metalworkers of South Africa, at the Sandton low-income housing seminar.

Schreiner pointed out at the onset that the views he expressed were not necessarily those of Numisa or of the Congress of South African Trade Unions.

Theme

Speaking under the theme: "The Trade Union Perspective", Schreiner said unless the problem was addressed there would be a situation where few would live in relative affluence while the vast majority lived in abject poverty.

"The fissures in Thatcherite economics are there for all to see and the 'trickle-down' clap-trap of free marketeers must be buried once and for all," he said.

By SY MAKARINGE

He said a much more comprehensive housing policy was required - a policy which saw housing in its totality, as including not physical units but also land, infrastructure and services.

He said it must be a policy which also addressed itself to the needs of the poorest section of the population.

"The political constraints are there - working people will simply not accept a political settlement which does not make significant strides towards solving the housing crisis."

He said the newly announced Backlog Development Fund "will get us nowhere if the scheme is allowed to become a boxing ring for private sector housing initiatives".

He said employers must accept the responsibility of the housing needs of their employees. The State would have to actively intervene by way of subsidies and incentives to facilitate Retirement Benefit Scheme in-

vestments in order to force developers and financial institutions down-market.

"There is a danger of viewing the housing crisis in narrow technicist terms. It is a problem with deep political roots," Schreiner said.

The warm, pink rug for your ceiling

WINTER'S on the way and with it the need to keep homes warm - so why not do it the easy and inexpensive way by installing Aerolite?

This well-known pink product has been on the market for a number of years and has received the South African Bureau of Standards (SABS) mark of approval. It helps protect many South African homes from the winter chills which tend to seep in.

Ceilings

Aerolite is fitted into ceilings and installing it is so simple that many home-owners do it themselves. When it is fitted, it forms a barrier, preventing cold entering the home through the roof and also keeping the heat generated within the home from radiating out.

And a lot of heat is transferred from the inside of a home, which means a great deal of money and energy is wasted trying to keep a house warm.

As much as 50 percent of this heat is lost through the roof.

Looking like a big, pink blanket, Aerolite acts like one too. It is a safe way to keep a home insulated: it does not conduct electricity and so presents no danger, it is fire-proof, and it does not dry out the air like most other heating devices tend to do.

De Klerk's handout is not enough, says Arnott

Sowetan 29/3/90

THE shortage of low income housing has become a major sociological, economic and logistical nightmare, Mr Adrian Arnott, executive director of Southern Life, said at the low-income housing seminar.

Arnott said an enormous challenge existed in mobilising finance for home ownership.

He said President F W de Klerk's recent announcement that about R3-billion had been allocated to the provision of housing, health and education must be seen as a bold step in the right direction.

He said, however, that the amount required was far in excess of the sum.

Arnott said his company was concerned at the shortage of low-cost housing, and added that it had already experimented with shareholders' funds in that direction.



ADRIAN ARNOTT

"We have put our toes in the water and have not been scalded," he said.

He said there was a popular perception in the minds of the public that life assurers were awash with money.

"This is true in part, but only in part, since it does not acknowledge the competitive forces in the marketplace which demand that we give the best returns for policyholders and pension and provident fund members," he said.

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Recipe for inter-group conflict

123
29/2-11/4/90

From MONO BADELA
JOHANNESBURG. — THE abolition of the Group Areas Act is a necessary first step in building cities that can serve South Africa in the 1990's.

This is but one of the findings contained in a 56-page study undertaken by the Urban Foundation into future urban policies.

The report suggests that a decision by the government to repeal the act should be taken as a "matter of urgency".

The report states that the Group Areas Act is a fundamental structure of South African society.

It is one of the key "building blocks" of the present constitutional, administrative, social and political system.

The report suggests there could be little doubt that the State President's search for a new, negotiated constitution for the country places the Group Areas Act firmly on the national agenda.

The report, which arose from a four-year research project by the Private Sector Council on Urbanization, leads to the conclusion that racial legislation and in particular the Group Areas Act were the key obstacles to effective urban growth and development.

It says success in South Africa's national search for a new and acceptable constitution.

The abolition of the Group Areas Act was a "necessary first step".

The main reason for the abolition of the Act, the report says, is that it is not functioning.

It says the Group Areas Act has been rejected by a majority of South Africans. It has been overtaken by

events, and economic and population growth undermine its efficacy daily.

The reality of urban South Africa is that the Group Areas Act is no longer able to contain black South Africans

to pre-selected, separate urban areas and will increasingly become a legal anachronism," the report continues.

It says the main benefits of the repeal of the act would be:

- General clarity as to the future trajectory of change in the country's urban systems, specifically in the direction of normalisation and governance by market forces.

• The freeing of energies in public and private sectors to attend to the more pressing issues of promoting socially and economically vibrant urbanisation and urban development.

The report says the main costs of maintaining the Act include the continuance of broader political conflicts which the Act tends to crystallise and symbolise.

It also avoids the emerging urban realities and the mounting costs of eventually attending to these realities.

Freedom

The report says there are great risks attached to the experimental Free Settlement option and the increased politicisation of urban issues which lessen the chances of their resolution.

The report proposes that the government should commit itself to the principles of residential freedom, the establishment of a free property market in the country's urban areas, the preservation of neighbourhood quality and environmental upgrading.

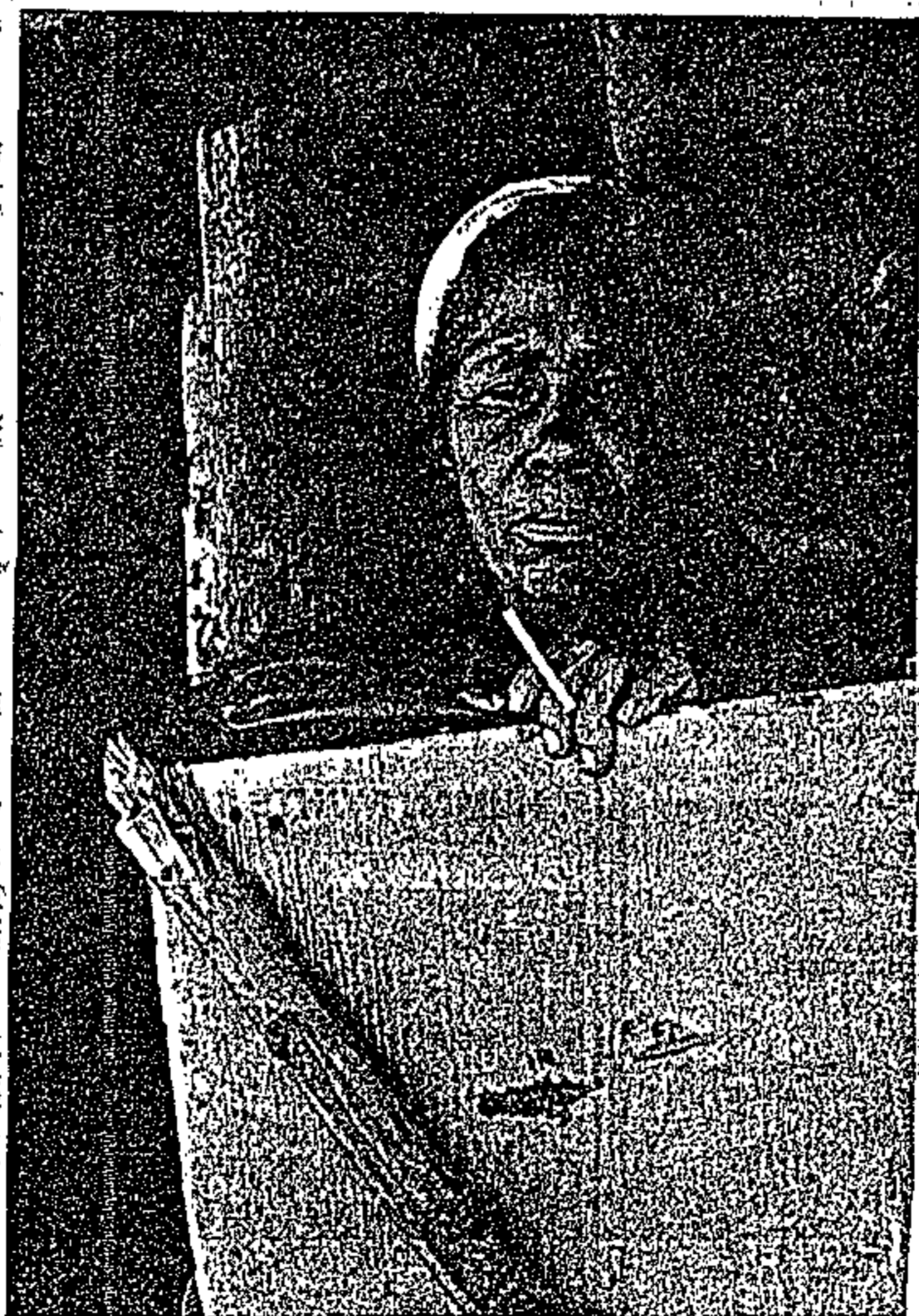
It calls for a proactive urban policy at national and local level to protect, preserve and extend public and private investment in South Africa's inner cities.

To prevent any insecurity in the interim, the report proposes that the government should take the necessary legal steps to ensure that no further prosecutions take place under the Act.

The Act creates an inward, group-oriented consciousness which in turn is one of the bases for race-based political mobilisation and intergroup conflict, the report says.



OUTRAGED: Mr Witbooi demonstrates how a municipal official grabbed his daughter, Yvonne, 18 months, before tossing her into the sand. His wife Katrina holds her



MISERY: Mrs Mina Meels in her plastic and cardboard shack at Bloekombos

SOWETAN BUSINESS

Looking for ways to ease housing shortage in SA

IT is up to trustees of retirement funds to balance the need to provide adequate retirement benefits with more immediate

By JOSHUA RABOROKO

need for shelter, says Southern Life general manager, Mr Roy Lennox.

He said the housing crisis in South Africa was acknowledged as a problem and that initiatives to remove the backlog were welcomed.

Southern Life, recognising its responsibility to society, has allocated funds to help ease the problem.

However, while it was true that life offices controlled large amounts of money, these were managed in a trusteeship role.

Therefore, accepting the lower returns from investments in low-income housing was a decision life assurance companies were unable to make unless the policyholders, employers and members specifically requested it.

Clearly, he said, the assets of a retirement fund in housing loans as opposed to other investment avenues represented an opportunity cost to the fund, which could impact on the ultimate retirement benefits provided.

In general, the lower returns achieved on the housing loans have simply been a cost spread over the entire membership base, including the members who did not have housing loans.

This resulted in a degree of cross-subsidisation.

Benefits

"Some unions are against the use of retirement funds to subsidise housing needs.

"They argue that the objective of such funds is to provide benefits in retirement and that the State and employers be responsible for housing assistance."

Yet, Lennox said, some retirement funds did use their resources to provide housing loans.

Southern Life, in particular, had established various mechanisms to enable retirement funds to give their members housing loans.

Such loans, granted in terms of the Pension Funds Act, could be granted for amounts below the normal building society lending criteria.

Costs are kept to a minimum as bonds do not have to be registered.

"It is important if trustees decide to use funds to grant housing loans that they should set some criteria for eligibility.

"Clearly, some limitation is required to ensure that a reasonable portion of the assets of the retirement fund are directed towards growth securities such as equities and properties.

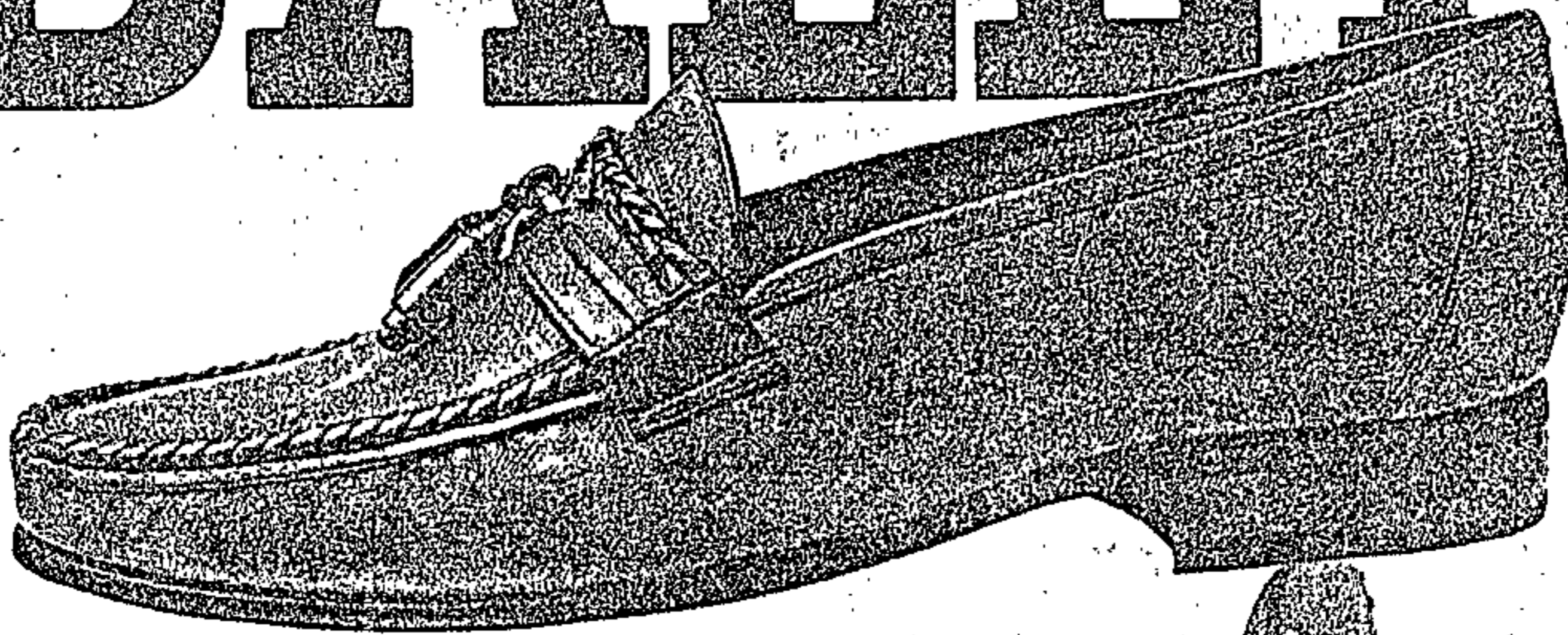
"Inadequate retirement benefits are likely to result if an excessive amount of the assets are held in the form of fixed-interest housing.

"Hopefully the initiatives started by various organisations, together with a reasonable flow of finance from retirement funds, can make a significant contribution towards solving this serious housing shortage," Lennox said.

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 3 WEST STREET, CNR. ANDERSON, JOHANNESBURG
 "FIND-THE-NAME-GAME" S4554
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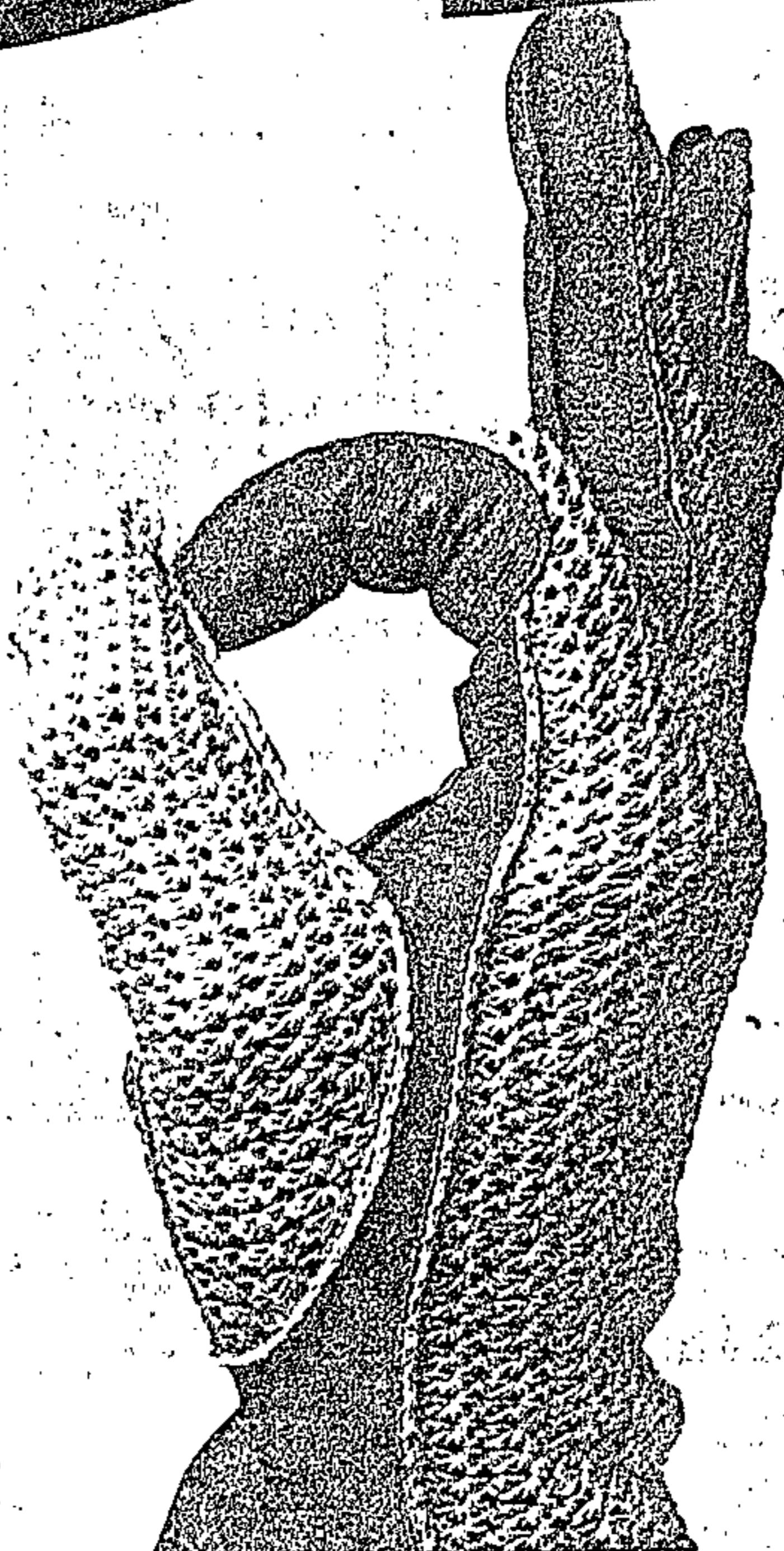
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KENNEDY/WYRVE

LPG IS cheap and safe

MORE than 70 percent of homes in South Africa's 208 black townships have no electricity, according Mr Colin Harris, marketing manager of Easigas (Pty) Ltd.

Harris said, for example, that Alexandra township, which is only two kilometres from the affluent Johannesburg suburb of Sandton, had a mere 30 percent of its houses supplied with electricity.

"We believe that developers must look to other energy sources if they are to meet the ever increasing demand for power supplies," he said. *Sowetan 24/3/79*

"Liquified petroleum gas (LPG) is, to my mind, the most logical and practical solution to this enormous problem. LPG is an excellent energy source and is perfectly safe provided sensible precautions are taken," Harris said.

He said LPG fulfilled all the power needs of the ordinary household: cooking, lighting, heating, hot water and even refrigeration.

"As a heat source, LPG is tremendously popular in this country because of its convenience. Conventional cylinders are portable, and LPG provides instant heat and gives off no pungent odour.

"It is an economical fuel because you use only what you need.

"The typical household installations have two cylinders which ensure that LPG is always available. As soon as one cylinder is empty, all it takes is a turn of a manifold lever to switch over to the other cylinder," he said.

He said a security cage could also be installed to protect cylinders from potential

Black housing industry loses R100 million

From JABULANI SIKHAKHANE

JOHANNESBURG. — Property developers who made huge investments in land holdings in expectation of a continued boom in the black housing market, lost an estimated R100 million last year.

Franz Pretorius, general manager, project finance department of the Urban Foundation told a seminar on low-cost housing in Sandton that the industry still faced a major decline in turnover and profitability.

He said large land holdings were financed by expensive borrowings and, at current mortgage rates, very little reduction in stockholding was contemplated.

LARGE TRACTS

The Urban Foundation, which controls about 40 percent of all land for housing development in black areas, bought large tracts of land four years ago in expectation of a boom.

When interest rates were around 12,5 percent, it was feasible to develop the land, but the sharp increase in interest rates to 21 percent (23 percent in real terms) has made housing unaffordable to most people, he said.

The general manager of African Life Homes, Guy Leitch, said the homebuilding industry had over the past two years experienced a cyclical downswing caused by rapid increases in interest rates.

Margins and affordability came under pressure from higher building material costs.

CONSTRAIN DEVELOPERS

Mr Pretorius said the Urban Foundation was concerned that negative prospects facing developers and the homebuilding industry would constrain major developers from bringing suitably serviced land on stream to meet demand for housing, particularly at the lower end of the market.

He said investment by fund managers could help inject much needed cash flow into the hands of major developers.

This would help reduce their cost of borrowing, improve gearing and facilitate the delivery of housing in the middle and lower-income market segments.

Debenture funding could be one mechanism to make investment in residential landholding attractive for fund managers, he said.

FIXED MARGIN

Using debenture funding, for instance, in an unlisted property-owning company, debentures could offer a fixed margin pitched slightly above a comparable term gilt or semi-gilt rate.

"The debenture capital and interest rates will be indirectly guaranteed by a commercial bank or other recognised financial institution," Mr Pretorius said.

He said the intention of the Urban Foundation was to promote the development and establishment of an appropriate landholding investment vehicle and solicit investor support.

Low income housing a must

Sowetan 29/3/90
By SY MAKARINGE

123
THE government must make home ownership accessible to the lowest income group, chairman of the finance committee of the SA Advisory Council Peter Goede said last week.

Addressing a low income housing seminar at the Sandton Sun, Goede said fine housing policy; the availability of funding at market rates; excellent housing delivery systems and the availability of land and infrastructure with services would not satisfy people in the lowest income group without financial assistance from the government.

Taxation system

"It is a function of the State to redistribute wealth and income through the taxation system and its appropriation.

"When referring to housing subsidies, it is one of mechanisms to provide basic facilities worthy of a civilised and caring community.

"I believe that it is now, after years of debate, generally accepted, that the State has a prominent role to play to facilitate the provision of housing and to provide assistance, particularly to those who have a serious affordability problem," he said.

Rent boycott keeps Mandelas out of luxurious home

By David Braun, The Star Bureau

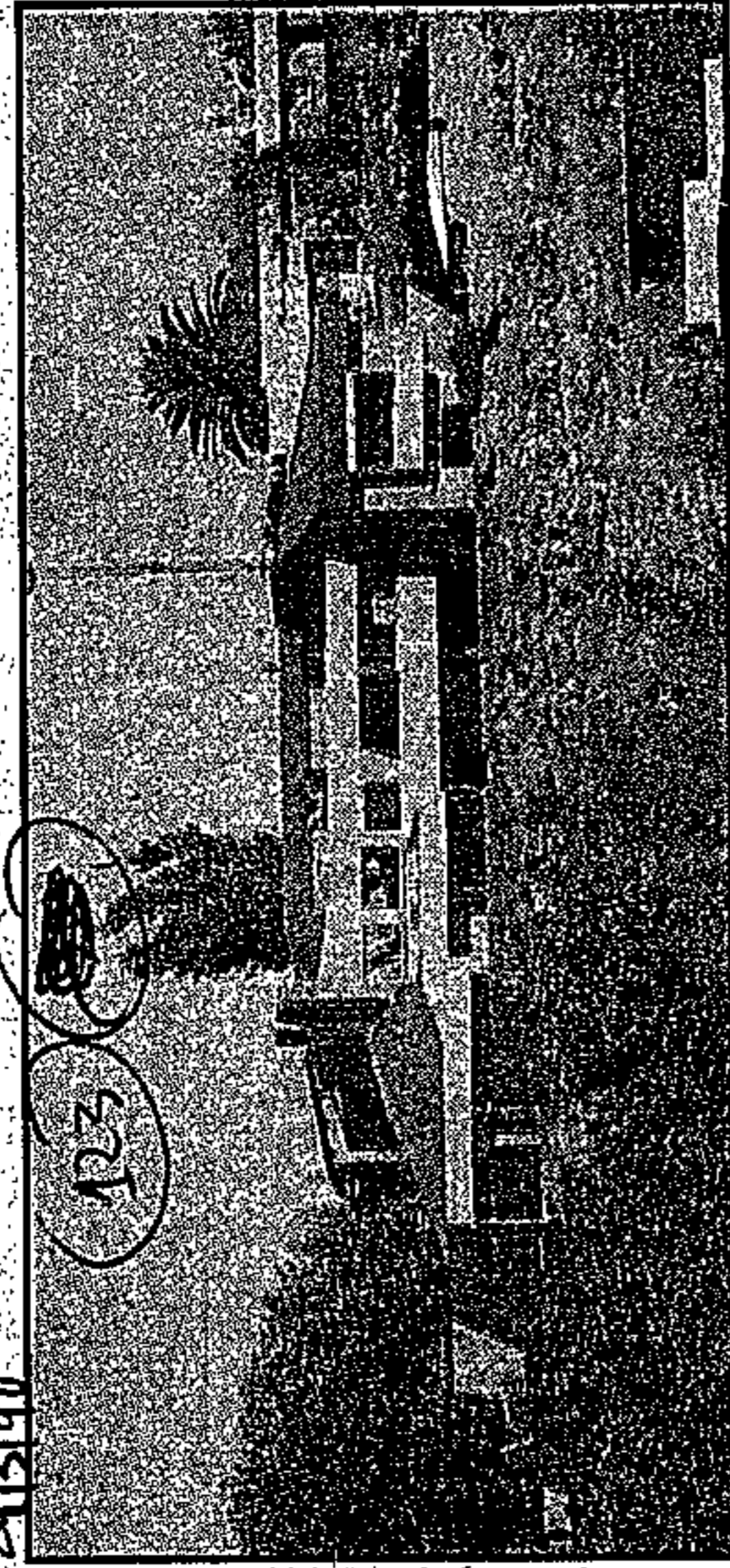
WASHINGTON — The ANC deputy president, Mr Nelson Mandela, and his wife would move into their luxury Soweto home once it has been connected with electricity, water and other services, said the president of the Soweto Civic Association, Dr Nthato Motlana.

But the services could not be supplied until the rent boycott was over.

There was no reason why Mr Mandela should have to live in the ghetto called Orlando merely because it was felt he should live among his people, Dr Motlana told a meeting of the Carnegie Endowment for International Peace in Washington on Tuesday.

Wherever Mr Mandela lived, anywhere in South Africa, he would always be among his people.

Dr Motlana said the Mandelas were living in most uncomfortable conditions in their three-roomed



from friends in the United States and I signed the contract with the builders.

"Unfortunately, at the beginning of June 1986 the Soweto Civic Association decided to call a rent boycott, and as a result we have been unable to connect the water, sewerage and electricity to the house. Until the rent boycott is resolved, we are going to have a problem accommodating the Mandelas in that house," he said.

Dr Motlana said the ANC had taken the decision that Mrs Mandela should not move into the house because of the unfavourable political reaction to it at the time. That matter now appeared to have been resolved and the Mandelas would move in once the services had been connected.

"We reckon he has made his gesture by returning to Orlando and there is no need for him to live any longer in that house."

The Mandelas will move in once water and electricity are connected.

home in Orlando. A great many people visited them, and they often wound up sitting on the bed, the floor and even under the bed.

He said he wanted to take the public blame for what had happened to Mrs Winnie Mandela over the

building of the larger house, which was tubbed by the international media as "Winnie's folly".

"The truth is we formed the Madiba Trust with me as chairman so as to provide suitable accommodation for Nelson. I myself acquired the property. We got some money

W/Mail 303-14/4/90

Stokvel (123)

loans bring money to the poor

By HILARY JOFFE

A NEW company is using the *stokvel* concept to grant very small loans for housing, which will allow poor people to upgrade their shacks or houses or buy serviced sites.

The Group Credit Company lends to groups of between 10 and 25 people, rather than to individuals. In turn, the group decides the amount of the loan to which each of its members is entitled, and peer pressure ensures members make their repayments on time. Individuals stand surety for each other and the group stands surety for them all.

The company, an Urban Foundation subsidiary, was set up with R1,5-million loan capital from the Development Bank and start-up funding from the UF. It is running a two-year pilot project for the scheme, during which it expects to sign up about 40 groups. It advanced its first loan in November and already 12 groups (174 individuals) are participating, according to Group Credit Company manager Christine Glover, who outlined the new scheme at a conference on Low Income Housing in Johannesburg last week.

Loans to individuals range from R500 to R5 000, with an expected average of R3 500. The loans are for up to five years, with fixed monthly repayments. Each group has to put down a 10 percent deposit, at any bank or building society, to secure the loan. The Group Credit Company grants each loan group a credit limit, raising it at four-month intervals if the group's repayment performance proves good.

Glover says in the three repayment months since the scheme began, monthly payments have been received in full and on time.

The interest rate charged on the loans is 33 percent. This is the maximum allowed by the Usury Act but is well below the 100 percent to 1 000 percent *per annum* interest rates charged by informal moneylenders, whom the UF found were one of the only sources of small loans for the poor.

The other major source of finance for the poor was found to be rotational credit or collective savings schemes, such as the *stokvels*, which enable members to afford to buy consumer goods. It is this concept which the new company is now extending to housing finance.

The private sector finance available at present addresses, at most, the 40 percent of urban black people who can afford conventional houses costing upwards of R12 500. The Group Credit Company aims to develop a form of private sector finance for the other 60 percent, many of whom are in casual employment, the informal sector or domestic work. These people usually do not have access to employer housing subsidies and can only afford "informal" houses (shacks) on which they cannot get bank or building society bonds, especially for the small amounts they might require to upgrade their homes.

Glover said all the groups participating in the scheme so far are in Cape Town's Khayelitsha, where borrowers are using their loans to register 99-year leaseholds, to provide R500 deposits on new houses for which they can get bonds from the Perm, or to upgrade their existing shacks, for example by insulating these. Some are adding two to three rooms to their homes.

BUSINESS

(123)

Government plans raising subsidies for black housing

The government has been spending far more to subsidise white home buyers than black, via the first-time home buyers subsidy, although the racial balance is beginning to shift.

And the government is looking at introducing a new scheme in which it will subsidise the cost of a serviced site purchased by a first-time owner, aimed at the majority of black families, who cannot afford formal houses but can buy serviced sites and build their own dwellings.

Between November 1985 and September 1989, white first-time home buyers were subsidised to the tune of R79-million (53 percent of the total), while black (African) home buyers in urban and rural areas received only R22-million (14 percent). However, in the period July to September 1989, R9,9-million was spent on the subsidy for whites (39 percent of the total) while R6,9-million (27 percent) was spent on urban and rural black (African) home buyers. For all black people, the total subsidy in this period was R15,6-million (61 percent).

The figures were presented to the Southern Life low-income housing conference last week by P Goede, of the South African Housing Advisory Council, which comprises government and private sector representatives and advises the government on housing policy matters.

The first-time home buyers subsidy, in terms of which the government pays one third of the interest on

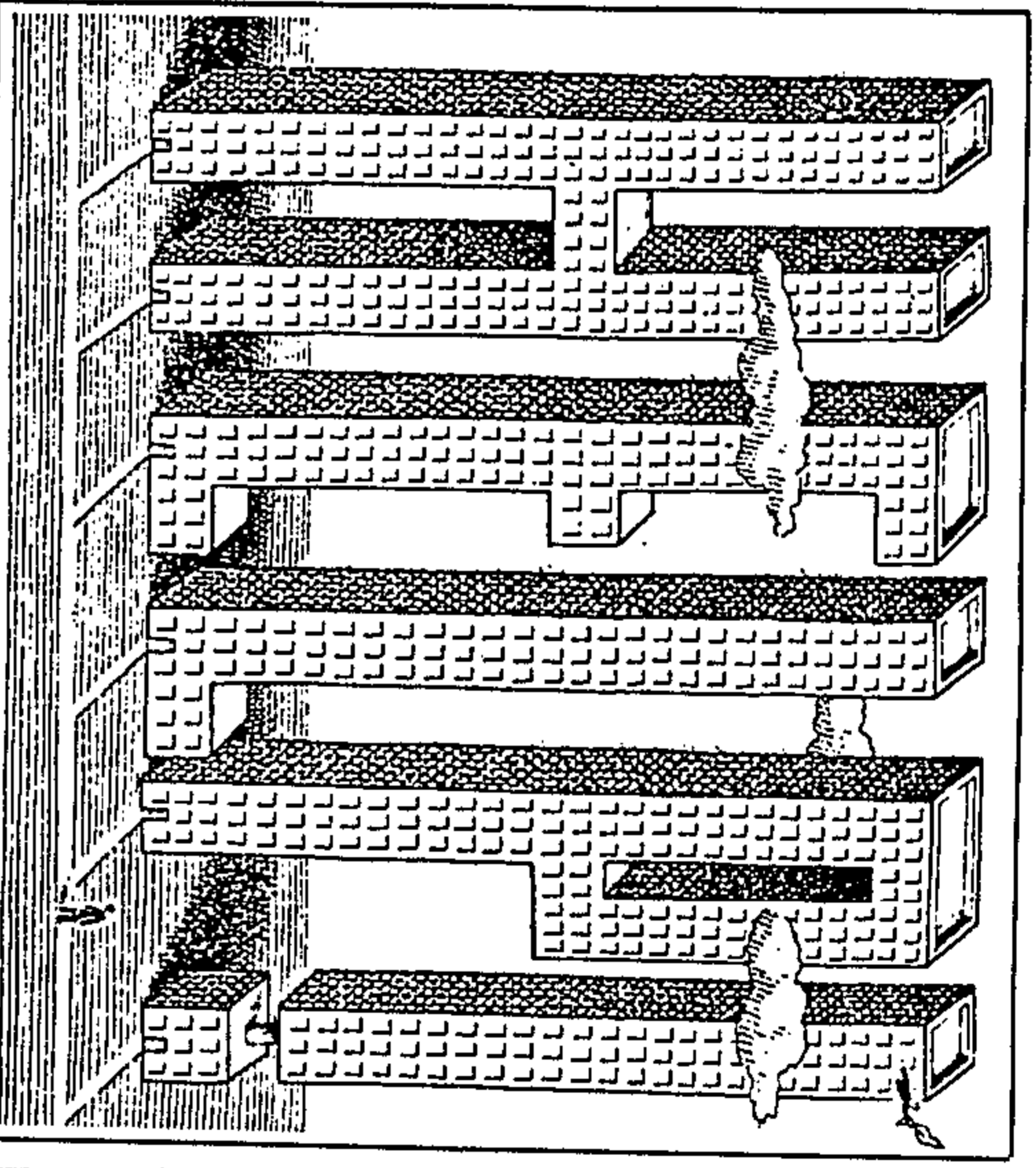
Policy on housing subsidies will undergo a major review in the light of constitutional and political changes, reports HILARY JOFFE

a bond for a house costing up to R60 000, was initially aimed only at newly built houses but for white people now applies to all houses. The scheme for whites has recently been amended so that only those earning R3 500 a month or less are eligible — a response to criticism that the subsidy was not restricted to low-income families.

The scheme is, however, limited by budget constraints and the effect of rising costs, according to Goede, who noted that the direction of South Africa's constitutional development and political realities dictated a "fundamental shake-up" of the subsidy policy.

The new proposal is for a capital subsidy on land to complement the first-time home buyers subsidy.

Urban Foundation housing policy director Jill Streitz told the conference if a capital subsidy on sites was introduced, 43 percent of urban black people would be afforded "incremental" or "informal" homes, and a further 41 percent would have access to "starter" homes. This would leave only five percent unable to afford to buy — compared to over 60 percent at present.



High demand ... a rethink on subsidies can help alleviate shortages

The new capital subsidy proposed by SAHAC would be on the selling price of a new serviced site in a site-and-service or settlement upgrading scheme, developed by the public or private sector. It would be available to those with a monthly income of R1 000 or less.

The maximum subsidy would be R6 000. This is based on the typical selling price of about R7 720 for a site provided with waterborne sewage, metered water, tarred bus routes, graded roads, stormwater drainage and public lighting. Electricity will not be covered by the scheme. The subsidy paid would be less in rural areas because the "raw land" cost is lower, Goede said.

Site and service schemes were one of the key issues at the conference.

Until now these have generally been provided by the public sector, and in very limited numbers. The South African Housing Trust now plans to move into this area. And a new black-owned company, South Finance Corporation, will sign contracts this year to service 10 000. Its funding will come from pension and provident funds, via the Perm.

The conference focused on ways of using retirement (pension and provident) fund money to meet housing needs.

Professor Anthony Asher, head of Wits University's Department of Actuarial Science and a consultant to trade unions, argued housing was a legitimate investment for pension and provident funds if fund members did not have housing, because this would increase members' financial security.

There are already some avenues for retirement funds to invest in housing. Pension funds can make loans to their members for housing, or a member's stake can be used as collateral for a bank or building society bond. New investment rules for pension and provident fund have made it feasible for them to direct a greater proportion of their investments towards residential property than previously. Southern Life is recommending up to 25 percent of a fund's money could be invested in housing although in theory the possible figure is greater than this.

The conference also looked at some new investment vehicles, which would make it easier for funds to make secure investments in housing which would earn market-related returns.

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JOHANNESBURG. — Barlow Rand's chairman Mr Mike Rosholt is to succeed Mr Jan Steyn as chairman of the Urban Foundation's board of directors.

Mike Rosholt follows Steyn in UF chair

The president of the Board of Governors of the Foundation, Mr Harry Oppenheimer, said in a statement after a meeting of the board yesterday that Mr Steyn had indicated he could no longer continue as the Urban Foundation chairman in view of his appointment as chairman of the new independent Development Trust.

Mr Steyn's resignation will become operative on May 31, but he will remain a member of the Foundation's board of governors.

Mr Rosholt is currently a governor, director and also a non-executive chairman of the Foundation's residential development division.

Mr Oppenheimer said he was delighted that someone with Mr Rosholt's long and distinguished record of community service had agreed to chair the board.

"The Foundation welcomes the recognition by government of the urgent need for development to meet the socio-economic backlogs facing lower-income South Africans and its consequent decision to establish a trust

under Mr Steyn's chairmanship," said Mr Oppenheimer.

The Foundation believed that this step emphasised the need for independent private sector development agencies such as the Urban Foundation, that have the ability and capacity to manage major development projects.

He said the Foundation looked forward from its independent vantage point to even more dynamic participation in the development process in South Africa.

Mr Rosholt became a full-time executive director of Barlow Rand in 1963 and was appointed joint deputy chairman the same year.

His further appointment as managing director followed in 1968, and in 1972 he became vice-chairman and chief executive.

In 1979, Mr Rosholt was appointed executive chairman of Barlow Rand. Six years later he stepped down as chief executive, handing that position over to Mr Warren Clewlow.

Pension cash for houses

THE mobilisation of retirement funds must become a key factor in easing the huge shortage of low-income housing, say experts. (380) (123)

The provision of housing has become one of the most important topics in trade-union negotiations with employers. Speakers at a low-income housing seminar considered the challenges faced in meeting union demands for employee housing.

African Life Homes general manager Guy Leitch said the application of retirement funds for housing had become essential if SA's future was to be safeguarded. S/Times 1/4/90

"The mobilisation of just 10% of the R153-billion held in retirement funds

allows for the creation of an additional 765 000 starter housing units of R20 000 each.

"This will create over 2-million additional jobs in the immediate industry and an associated multiplier in related industries."

Although such investment of retirement funds would ease the housing backlog, life offices have been reluctant to become involved. Indeed, many unions object to the idea as well, arguing that the State and employers should be responsible for housing.

Southern Life employee benefits general manager Roy Lennox said that although institutions controlled large amounts of money, it had to be appreciated that the managers of life office, and pension-provident funds, acted in a trusteeship role.

"They manage the funds on behalf of policyholders, employers and members who are looking to them to maximise returns.

"Accepting the lower returns from investments in low-income housing is therefore a decision managers are really unable to make unless the policyholders, employers and members specifically request it."

But Mr Lennox said life offices and other companies had recognised that they had a responsibility to society and had voted funds for housing.

He said there were several possibilities open to trustees of retirement funds to facilitate finance for low-income housing. These included bank loans to employees which were secured by pension-fund assets and loans from retirement funds direct to members.

Mon 2/4/90 123

Beware the grey areas in home loans

INDIVIDUALS may get into deep water — or institutions find themselves under attack by their clients — over new generation home loans.

Innovative unit trust-linked and endowment-linked home loans appear to offer attractive returns on maturity compared with conventional bonds. But certain grey areas exist, say independent consultants.

Surplus

Income on maturity with either type of investment covers the original cost of the home, leaving a capital surplus, which may be free of tax for the borrower.

On unit trust-linked bonds, the theory is that when the capital amount is finally due under the bond, the unit trusts may have grown sufficiently to provide a capital sum large enough to liquidate the debt.

But unlike an endowment-linked bond, it does not guarantee any minimum payout.

Ernest & Young partner David Clegg says while such unit trust-linked

schemes may, on the face of it, meet the required financial objectives, there could be tax risks involving any capital gains.

"The length of time for which an investment is held is still an important factor in determining whether gains on realisation are of a tax-free (capital) or taxable (declining) nature — the longer, obviously, the better."

However, in the end, the shareholder's (or bond borrower's) intention, usually at the time of acquisition but in some cases later on, is critical and the period of holding does no more than support or cast doubt on it.

"Although the statement by Finance Minister Barond du Plessis in his Budget speech provides safe haven rules for JSE-listed securities held for more than 10 years, this does not necessarily assist investors in unit trusts (which are not listed) or those who link to shares, but whose loans mature in less than 10 years."

Clegg says the difficulty with the new unit trust scheme is it almost inevitably

presupposes the unit trust certificates will be realised to pay off the debt, and this intention exists at the moment of purchase.

"This seems to be a case in which even a very long holding period (20 years) after the first purchases would not provide any protection against an attack by the Receiver."

Defend

"In the case of certificates bought nearer the bond maturity date, not even the hand of time would help defend the 'capital' argument," he says.

It has been suggested that holdings in unit trusts are different from investments in quoted shares and that gains, or losses, are inherently of a capital nature.

"If so, that would put an end to the concerns raised above. But unfortunately, that is not the case," says Clegg.

In the only recorded court decision on the point, it was held that a farmer who bought unit trust certi-

ificates during the bull market of 1969 did so with the intention of making a profit on resale.

As it happened, he made a loss!

But the court's decision meant that the Receiver had to grant that loss as a deduction in determining his income from other sources. In other words, he was a "dealer" in unit trusts.

Certainly, it is possible the Receiver will not raise the question when a bond is repaid and that a simple note that the realisation of unit trust certificates was on capital account will be accepted. But this is unlikely — given the probable amount involved.

On the other hand, an extension of Du Plessis "safe haven" statement, or a practice note by the Receiver acknowledging that unit trusts are equivalent to listed shares, would go some way to removing the concern.

Endowment-linked bonds, which give borrowers the opportunity for bond-based money man-

agement while providing a tax haven (in the form of an appreciating asset from the bonded property) appear also to have shortcomings.

Inflexibility in the light of findings by building societies, which suggest SA's white yuppies sell their homes every five years on average, is the main problem.

Because no endowment policy has a term, or guarantee, under 10 years (otherwise there are severe tax penalties for endowments), the bond holder is virtually locked in for this minimum period.

Return

Maritzburg-based Surelink Consultants broker David Turner says the average bond rate during the past five years has been around 17%.

Yet, the historical performance return on endowments is 18% "at best" over 10 years. This excludes bond cover costs. He sees no saving for about eight years if bond interest rates remain above 19%.

Turner says if the average term of a bond is five years then five-year term life cover is all that is required.

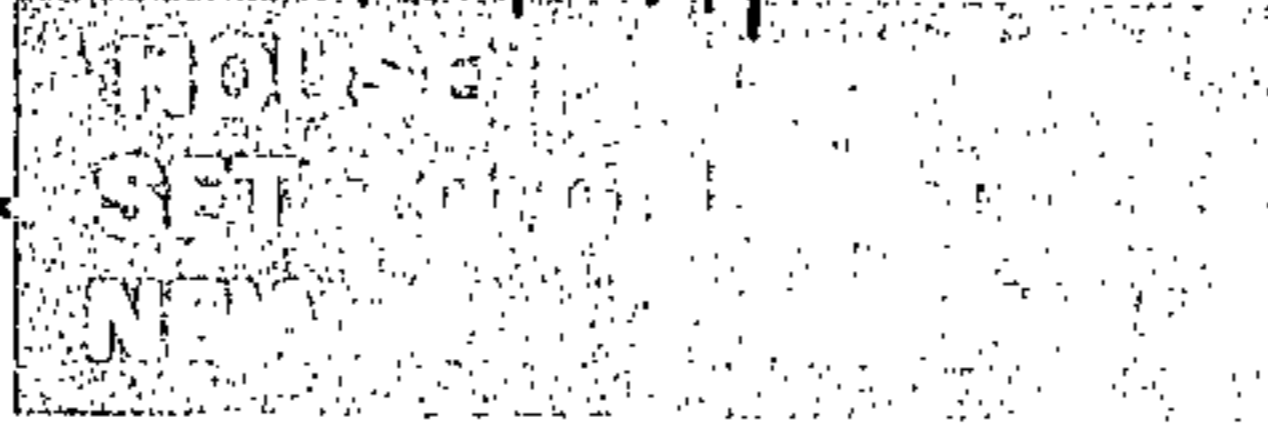
"The early surrender value, of say five years, of an endowment is an adverse factor due to the insurer's life cover and commission charges," he says.

If terminated prematurely, the endowment-linked bond investment is made "paid up," resulting in a surrender value considerably less than what the borrower has paid in, and with tax penalties within the first 10 years.

But should the borrower see out the 10 years or longer the endowment-linked bond guarantees repayment of the bond on expiry of the home loan term, or on the death of the borrower.

If the client elects to continue the policy for the full term of the bond he could also receive a large, tax-free lump sum over and above the guaranteed amount required to cover the capital liability under the bond.

BIDAY 24/90



HOUSE prices in many instances are achieving all-time highs, and the residential property market is at its best, says Eskel Jawitz JHI Real Estate MD Eskel Jawitz.

There is a shortage of good quality homes for sale and strong (in terms of numbers), though apprehensive (in terms of where interest rates are going), buyer demand.

"The market is displaying this resilience and buoyancy in the face of rampant inflation, interest rates almost at their previous peak and high GST and personal tax."

Market enthusiasm has been further curbed by Reserve Bank Governor Chris Stals' determination to stem domestic over-expenditure.

Entreaties

Jawitz ascribes positive sentiment for property to South Africans having become inflation-oriented as well as finding it difficult to save — despite certain entreaties by the authorities.

As savings returns cannot keep pace with inflation, people consider it better to buy now, despite high interest rates, believing the cost of credit will remain lower than ever-spiralling costs.

"People are acquiring assets wherever and whenever they can, with residential property certainly considered an asset. Their home is their one tangible asset, which accounts for the market being as strong as it is."

He believes interest rates could rise further and this raises the issue of affordability.



ESKEL JAWITZ

Indeed, high interest rates overseas — 15% in the UK and 10% in the US — have caused problems for property, placing housing in the doldrums in both countries.

While economists contend SA's real rate of interest is low compared with certain overseas countries (based on the difference between interest rates and that of inflation), it is open to contention as the ordinary consumer battles to cope with his declining disposable income.

However, the upper income market appears to be buoyant as local financial institutions vie for greater market share of this more lucrative sector by offering attractive home loan incentives.

Notwithstanding another hike in interest rates, which could cause a downward adjustment in the home market, it would be inadvisable to wait for such before buying a house.

"One buys residential property for the security of owning one's own home and as a hedge against inflation: its value is determined not by when one buys, but by when one sells," he says.

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SA Trust provides R1,2bn for homes

3/Day 2/4/90

SINCE its inception three years ago, the SA Housing Trust (SAHT) has contracted for R1,2bn which it estimates will provide about 50 000 houses and 46 000 serviced stands over the next few years.

Trust market development manager Mike Fowlds said in an interview that at the end of December the trust had built 13 941 houses and was able to provide 23 388 serviced stands.

Through bond financing division Khaya-jethu Home Loans, which acted as a lender of last resort, the trust had led the huge financial institutions to the point where commitment had now been given to granting loans in this market as low as R12 500.

"We welcome this move as that is where the greatest accommodation need is," Fowlds said.

Assists

He said the encouragement of black construction companies by the trust and the Urban Foundation was one of several routes the organisations were following to address SA's critical housing shortage.

The trust assists with training and bulk buying for the entrepreneur and one of its protégés in the Western Cape has won his first contract for 50 houses.

Through the Contractor Development Agency, a new project for the Urban Foundation, black construction entrepreneurs are helped with advice and to raise the finance to make them able to handle bigger projects.

Only about 700 000 houses are owned by the black community in SA at present and there is demand for another 800 000.

It is estimated that to eliminate the backlog and provide for growing demand,

CHARLOTTE MATHEWS

about 300 000 accommodation units a year need to be built for the next 10 years.

"The possession of a home gives a man dignity within his own community," Fowlds said.

"A man who owns a home becomes a part of the economy. He has an asset as security for getting HP and other credit financing. It creates a middle band of economically viable people.

The trust has embarked on a pilot project north of Evaton where it can provide a serviced stand, but without electricity, and an incremental house for R8 500.

"The trust's thought at this stage is that as the home-owner earns more money over time he can add to the house. We could register an initial bond of R20 000 so that he does not have to re-register each time he wants additional capital.

"We are also investigating other financial packages," he said.

An Urban Foundation spokesman said until recently only 10% of blacks who needed housing had been able to afford what was available, namely loans of R35 000 or more from building societies.

The Loan Guarantee Fund, an initiative by the Urban Foundation and the Mortgage Lenders Association of SA, would be launched soon. It was an insurance fund to enable building societies to give low loans.

The foundation was urging government to move away from the present policy of subsidising the interest rate on home loans to providing a once-off capital subsidy up front for serviced sites.

Barlow Rand chairman Mike Rosholt is to succeed Jan Steyn as chairman of the Urban Foundation's board of directors.

SA Housing Trust addresses the critical shortages

Own Correspondent

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CMF Times 2/4/90
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Steyn gets down to planning R2-b project

ARLW 2/4/90 123

From MICHAEL CHESTER
The Argus Correspondent

JOHANNESBURG. — Mr Jan Steyn has confirmed he has resigned as honorary president of the Urban Foundation to devote his full attention to his role as supremo of the special R2-billion fund created by the government to spearhead a bold new black advancement programme.

Mr Steyn will be succeeded at the Urban Foundation by Mr Mike Rosholt, chairman of the vast Barlow Rand industrial empire and long an active member of the foundation's board of governors.

While Mr Steyn presses ahead with the launch of the R2-billion fund aimed at new socio-economic initiatives, Mr Rosholt will take the reins of a new programme by the Urban Foundation to set out sweeping new proposals for a radical new look at the destruction of apartheid in all forms of urban planning.

The foundation has released the first section of a series of nine special reports and urged the total removal of the Group Areas Act and a block to Free Settlement Areas as a first target.

Mr Steyn had already start-



Mr Jan Steyn

ed a round of talks aimed at bringing in the African National Congress, the Mass Democratic Movement, the private sector and trade unions to discussions to plan the programme.

Task force

The R2-billion is earmarked for sweeping moves to improve the socio-economic status of black society with emphasis on

new housing schemes for low-income families and better education facilities.

The fund was created with state funds by President F W de Klerk on March 16 to be run by an independent task force and ploughed into black advancement.

It was widely welcomed as a surprise bonanza from the government to press ahead with reform, running in parallel with a separate R1-billion programme to be launched by the State.

The only shock opposition he has encountered has come from Dr Nthato Motlana, chairman of the Soweto Civic Association, who told an anti-apartheid audience in Washington that black civic organisations would not touch the R3-billion because it was "insultingly too little".

Dr Motlana was reported as telling the Carnegie Endowment for International Peace in the American capital that he intended telling President De Klerk: "Go to hell, man. This is a question of principle. We are not going to touch that money."

Mr Steyn says he has held discussions with black political leaders and has been assured "at the highest level" that participation in management of the fund is under consideration.

Motlana denies spurning R3-bn upliftment fund

The Argus Correspondent *ARCUS 3/4/90*

JOHANNESBURG. — Soweto community leader Dr Nthato Motlana has vehemently denied telling an American audience last week that blacks would not touch the government's R3-billion fund for socio-economic upliftment.

Dr Motlana was quoted as saying: "We are going to say (to President De Klerk) 'Go to hell, man'. This is a question of principle. We are not going to touch that money."

This caused an outcry among blacks and even drew criticism from the United Democratic Front and the Azanian People's Organisation.

The Argus correspondent in Washington, David Braun, insisted that he had accurately reported Dr Motlana's speech to the Carnegie Endowment for International Peace in Washington. Two tape-recordings had been made of the meeting.

Dr Motlana, a former chairman of the Soweto Civic Association, said yesterday he had said that anti-apartheid groups were reluctant to touch money from governments friendly to South Africa.

"I never said 'go to hell' to the State President. I would never use such language. But I certainly said the money was too little," he said.

CM: 7/15/89 (123)
**Housing aid
for 137,300**

**ABOUT 137,300 civil ser-
vants of all races (18,79%)
were participating in the
government's housing
subsidy scheme, the Min-
ister of Administration
and Economic Co-ordina-
tion, Dr Wim de Villiers,
said yesterday.**

**In the 1989/90 financial
year, about R48 million
was paid out in respect of
subsidies on voluntary
additional capital re-
demption.**

Building plan figures

CNA Times 3/4/90 Political Staff

123

MORE building plans were approved for blacks in 1988 than for whites, the National Manpower Commission (NMC) reported yesterday.

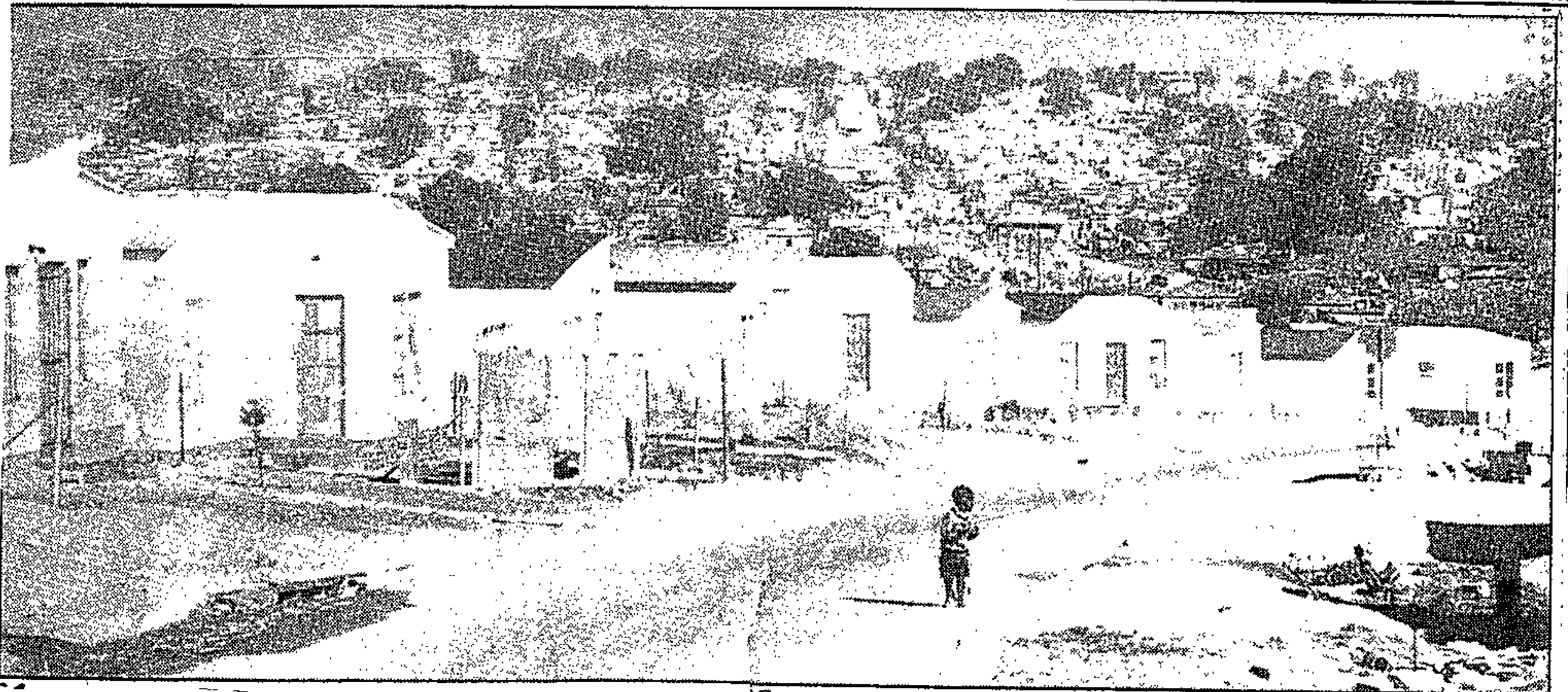
Building plans for black housing had shown a large increase, the NMC said in its annual report tabled in Parliament.

"During 1988, a total of 25 195 plans for blacks were approved, as against 23 042 for whites.

"As recently as 1984, only 596 buildings in respect of housing for blacks were approved."

Between January 1986 and December 1989, a total of 63 478ha was allocated for black housing and it was estimated that R1 151 million would be available for housing for the lower-income group in the 1989/90 financial year, the NMC said.

HOUSING



Providing fundamental shelter for the poorest

When Mr Mike Fowlds starts to talk about black housing he wastes no time and first runs without hesitation into the daunting statistics that trot out the dimensions of the problem.

As market development manager of the SA Housing Trust, he knows that is where the answers are buried.

The mind reels when the cold numbers begin to take shape. To cope with the backlog and make provision for families still emerging from the population boom, South Africa needs to build 312 600 homes a year over the next decade.

That equals the creation of 40 new cities, with costs running at an astounding R6 billion a year.

That is when Mr Fowlds, though no slouch in vision, becomes pragmatic.

Affordability

More important than the aggregate totals may be the realities of affordability or bringing new homes within the budgets of all potential buyers.

Barely 5 percent of South Africa's black workers earn more than R1 600 a month; a slim 16 percent earn between R800 and R1 600; 28 percent earn no more than R400 to R800.

It is the balance that concerns him most. More than half of all black workers — 51 percent to be precise — earn less than R400 a month.

That is the segment that conventional thinking inside the banks and building societies regards as no-man's land when relating in comes to home bonds.

That is exactly the segment that Mr Fowlds is concentrating on.

"In the last couple of years, financial institutions have shown a bit more willingness to come down to consider houses in the R25 000 to R35 000 bracket at the lower end of the market.

"Now, with the Loan Guarantee Fund being launched by the Urban Foundation, they may be willing to consider houses down to R12 500.

"But what about the realities of black families that cannot even meet a R12 500 commitment?"

That is where Mr Fowlds sees the main challenge facing the SA Housing Trust, launched in 1987 with R400 million in state funds on condition that the private sector injects more than double that amount.

Its stated mission: the creation of more affordable mass housing, with the creation of more job opportunities as a spin-off. The target: buyers on incomes as low as R300 to R800 a month.

Mr Fowlds believes the SAHT is coming nearer to its objective of tailoring schemes for families trapped at the bottom rungs of the income ladder.

The newest venture is an experiment outside Evaton in the Vaal Triangle.

The Trust is providing small plots, with concrete foundations and basic services such as water and sewerage connections, first fitted out with basic two-room structures seen as the shell of new homes.

Market approval

The strategy is to provide at least fundamental shelter for the poorest of families, leaving it to buyers themselves to pace out the cost of gradually building on to the core as their incomes allow.

The SAHT is awaiting market response and approval before it expands the scheme. The magic, it believes, is that bond obligations fall all the way to only R8 500, with repayments down to around R112 a month.

"It's pretty raw and very basic," says Mr Fowlds, "but it's solid shelter away from the squatter camps. Improvements are up to initiative.

"The best feature of all is that it offers the chance of home ownership to perhaps thousands of homeless families. And with that, most important of all, comes a sense of dignity."

B/Dam 5/4/90

Owners warned on slum devaluation

PROPERTY owners should assess their interests in residential and commercial areas which are most vulnerable to "ghetto-isation" and value decline following deregulation.

Writing in Property Prices in Post Apartheid SA published by Real Estate Surveys, Erwin and Antoinette Rode said the phenomenon of grey areas was fundamental and unavoidable.

Therefore the Group Areas Act should be scrapped or the local option, where large municipalities were simultaneously deregulated, should be implemented.

Grey areas would eventually have to be declared open and most other white suburbs were not in danger of "invasion".

"All the negative factors arising from a total abolition of the Group Areas Act will apply in a more severe form to slow, incremental deregulation," the authors said.

They urged the abolition of rent control because it allowed the poor to occupy areas in a manner inconsistent with free market forces and discouraged constant refurbishment, aiding slum formation.

- Areas susceptible to invasion were:
- Older precincts close to the metropolitan core and already prone to urban decay;
 - Areas where a large proportion of accommodation was rented rather than owned; and
 - Areas close to the social infrastructure of black people's residential areas.

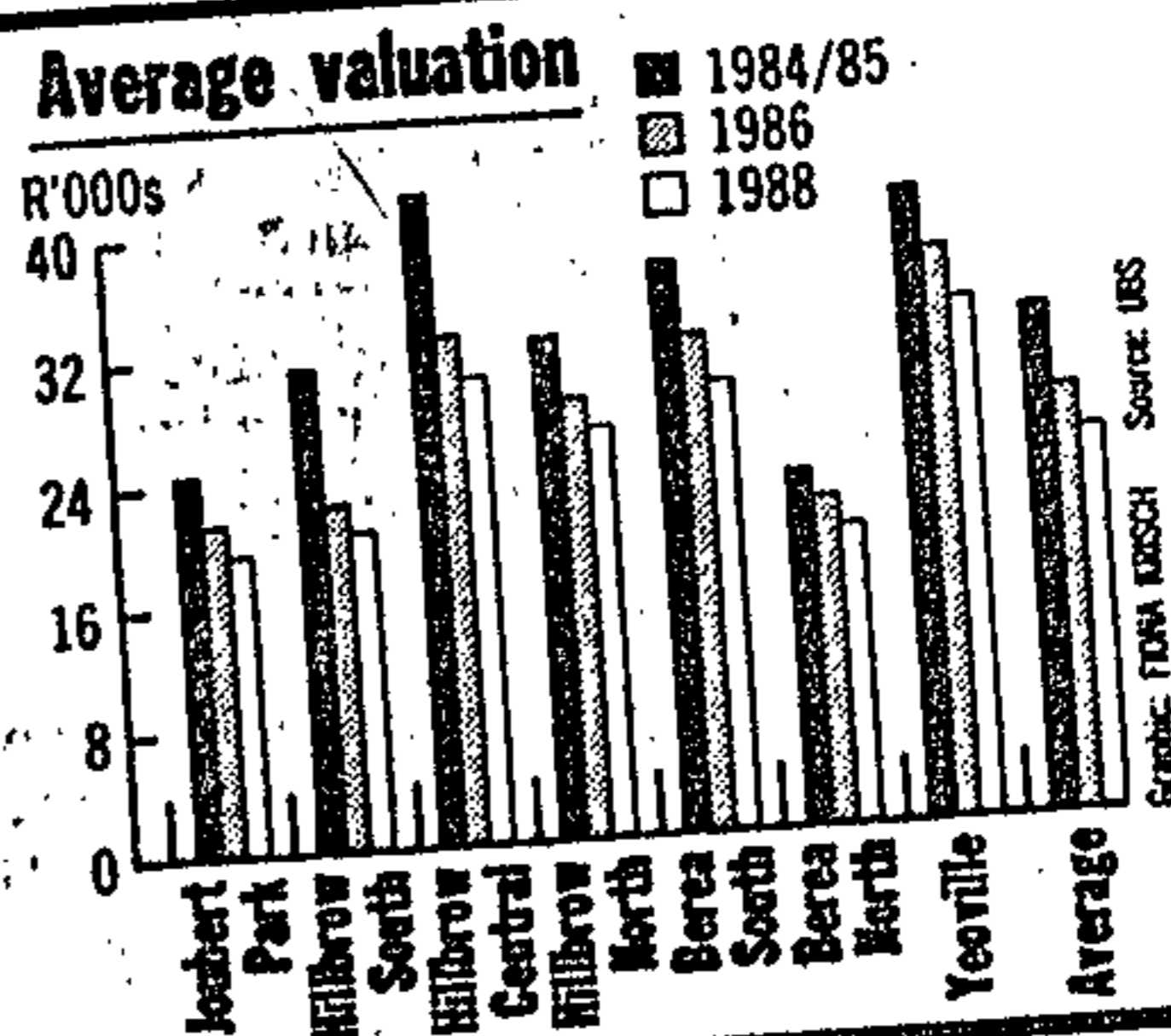
They cited figures provided by the United Building Society (UBS) which showed the valuation of flats in seven grey zones around Johannesburg had declined by 24,1% on average between 1984 and 1988.

As no general index for flat prices was

CHARLOTTE MATHEWS

available for comparison, this was contrasted with the UBS's index for smaller houses in Johannesburg showing an increase of 9,1% in valuation in 1984, a decline of 8,2% and 0,9% in 1985 and 1986 and increases of 2,4% and 16%, in 1987 and the first half of 1988 respectively.

Invasion usually had an initial, if not permanent, negative effect on the residential environment and therefore on prices.



The negative effect was permanent if "slumification" took place, they said.

The "slumification" of a residential area would also drag down the values of commercial properties in that area.

"A number of coastal holiday resorts in the SA metropolitan areas are exposed to instant value depreciation through invasion by buses during the peak holiday season," the said.

PROPERTIES IN POSSESSION

FIM 6/4/90
Signs of the times

Building societies are counting the costs of aggressive marketing campaigns. Reports, submitted quarterly to the Registrar of Banks & Building Societies, show repossession by many of the societies rose steeply in 1989.

123

Value of unsold properties held by building societies, including the Perm, which is now part of the Nedcor banking group, rose from R117m in December 1988, to R126m in March 1989.

With the Perm excluded from building society statistics, properties in possession for the remaining four societies rose from R119m in June, to R142m in September and R169m in December. The Perm had a similar surge with these properties rising from R22,8m to R25,8m and R32,5m.

Banks are not prepared to admit to similar casualties.

First National's Pat Lamont says the rise has been marginal. Standard has sold in execution "a very small percentage of its books, but has a great number of arrangements," says GM Terry Power. Trust Bank's Jan Kühn says its properties in possession are negligible.

This comes as a surprise. Banks have, if anything, been more aggressive in their marketing tactics than building societies. They lent at lower rates for at least a year, made an average loan of R64 000 in 1989, against building societies' average of R45 000 and, unlike building societies, are allowed to lend up to 100% of the value of the property. But as banks' home loans are statistically camouflaged in a category called *loans against the security of property*, the extent of repossessions cannot be established.

The main reason for the increase is the climb in interest rates — on average from 13,5% to 20,75% offered by building societies, and from 12,5% to 21% by banks. NBS's Trevor Olivier expects the situation to deteriorate further during the next six months. "There is always an overrun when interest rates move."

Another indication of the extent of the problem comes from Perm GM Peter Hibbit

who has collated figures on judgments, which clear the way for sales in execution. He says they increased by 152% to 888 between December 1988 and the end of last year. However, not all judgments end as sales in execution — "We have found at the Perm this happens only to around 50% of our judgments," says Hibbit.

Lamont also points out many homes are used as collateral for business loans from banks. So sales in execution figures are deceptive and need to be kept in perspective.

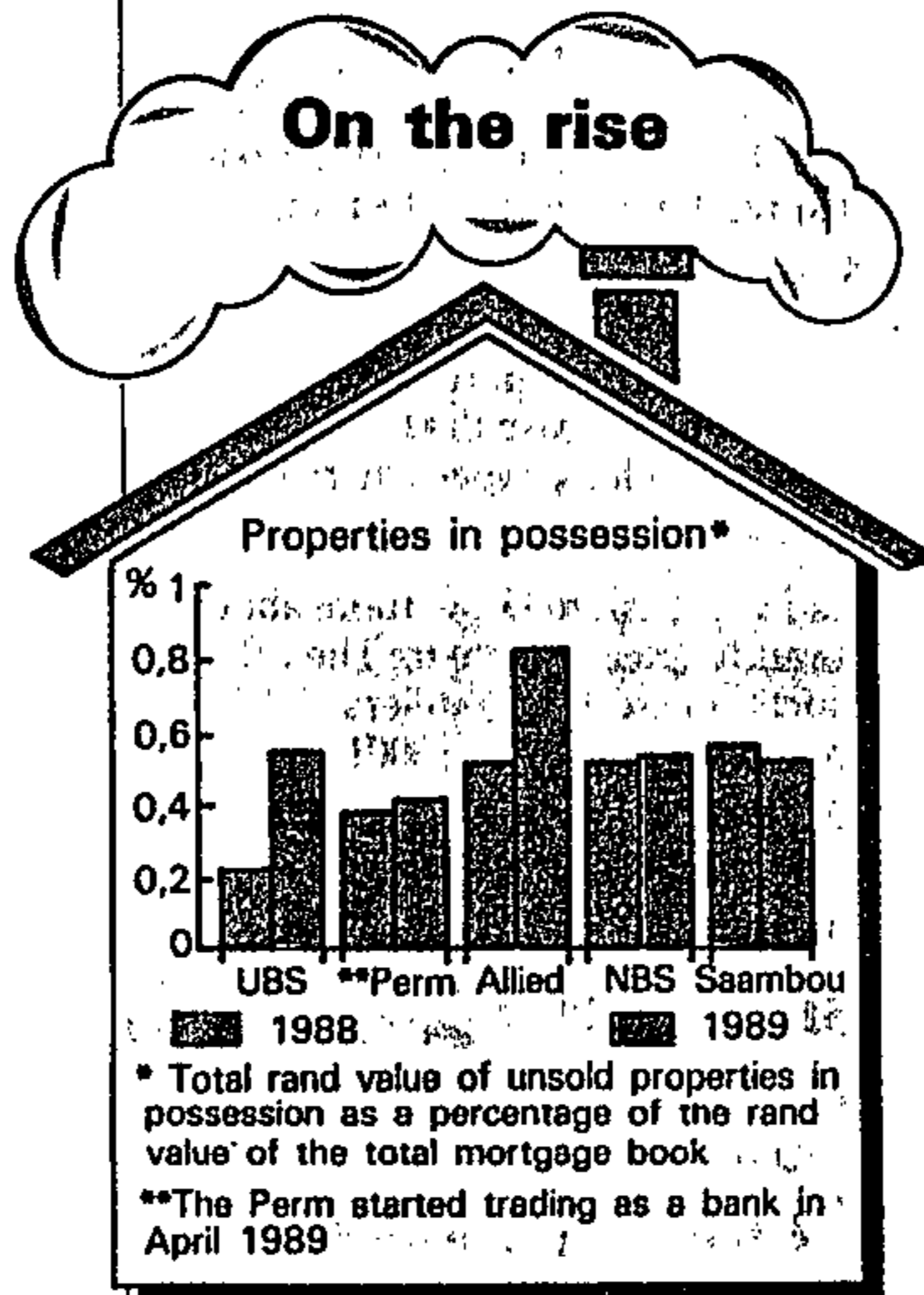
Many problems arise, says Information Trust CE Paul Edwards, through "borrowers who neglect to disclose all their commitments and inflate earning capabilities." Failures to meet payments also stem from developers who sell homes without asking for an initial deposit. The UBS's Piet Kruger says: "Terms are offered which make monthly repayments easier for a period but, when this falls away, instalments automatically become higher."

The only society to show a decline in properties in possession, as a percentage of total book, is Saambou, 0,56% to 0,52%. "We have made a concerted effort to get rid of them. We have priced these houses on the basis of loss of interest and have offered them to those renting them to get them off our books. This has paid off."

Institutions are determined to cut down on repossessions and sale of execution is a last resort, says Allied GM Geoff Bowker. "We are surprised at the difficulty in getting borrowers to come in and talk to us."

Information Trust has mooted a centralised database with full credit rating information on clients fed by banks, retailers and HP concerns along the lines of those in the UK and US. Edwards says this would enable them to assess a borrower's ability to service a debt more accurately.

□ Figures originally submitted by the Allied, on BSA11 forms, for properties in possession were not accurate because the division between sold and unsold properties was incorrect. The NBS's reported figures are not directly comparable with those of other organisations, says Olivier, because properties sold are not moved from the unsold category until transferred. The chart shows correct figures.



PRIVATISATION FIM 6/4/90

Art of the possible

Selling off the State is big business. From being the ideological preserve of the free market right, privatisation has become central to policy in developed and developing countries with governments of widely varying views.

This does not mean it has been depoliticised. Indeed, if politics is the art of the possible, then privatisation has become pure politics. Questions over what to sell, how, and ways to regulate the resulting enterprise are more controversial than ever, even if the

Where's the top?

F/M 6/4/90

In which direction are residential property prices headed? While prices have generally held up well in the post-Mandela release period, there are worrying signs that stubbornly high interest rates and a new surge in emigration is starting to turn the tide.

Demand for housing remains high however. And the proud claims of estate agents and the volume of new bonds written by the lending institutions tell an impressive — if somewhat historic — story.

The agents' claims of posting record sales figures are given credence by the growth in the value of housing bonds held by the building societies from R40bn at the end of December 1988 to R46,7bn last year — a growth of about 17% (see *Economy*). The number of bonds registered with both banks and building societies is 925 000 — of which building societies hold 539 000 and the banks the balance.

But, discounted for inflation (running at 14,7% last year), the figures are far less impressive.

And the major lending institutions have picked up the first signs that persistently high interest rates, along with other forces, are increasingly quelling demand for homes in certain sectors, particularly at the lower-to middle-end of the market.

Among the organisations showing the first signs of what could be a changing scenario is Aida, said to be the country's largest residential real estate group. Aida showed a decline in profitability in its half-year results to August. It seems, however, to be recovering well. It claims to have written a record R89,2m worth of sales in February. Pam Golding estates says it did R54m in sales the same month.

While Pam Golding's Transvaal MD Ronald Ennik says his organisation is selling consistently in the middle market, NBS Developments deputy MD David Gorven says demand for homes is largely driven by location and income sector now.

Overall, the demand for bonds is still rising. Last year, NBS had another record lending year. However, taking inflation into account, the numbers don't look quite so good. Says Gorven: "Demand for bonds relates to what people can afford. The lowering of the minimum criteria to qualify for a mortgage during the bond war of two years ago, when the banks entered the home loans market, coupled with a rapid rise in interest rates, is now being felt. Many families find that substantially more than 25% their monthly pay cheque goes into bond repayments."

For this and other reasons, he explains, the home ownership pressure points have

changed. "In the past, when times got tough the top end of the market was the first to suffer, while middle and lower income housing showed greater stability."

This time around, he says, the resilience has come from the upper end, while the lower- and middle-income groups have tended to struggle.

"This is because the affordability threshold is much more sensitive to high interest rates in these brackets. Household budgets are being stretched to the limit because of high mortgage repayments."

The problem is these difficulties are increasingly affecting the home buying market higher up the economic scale. This trend could be accelerated by measures such as those contained in Finance Minister Barend du Plessis' Budget. In it, he lopped between R500 and R600 off the salaries of many senior managerial employees through measures such as increased perks tax. People most affected are those in the R150 000 to R300 000 housing bracket.

However, Gorven insists: "Most of those buying at around R500 000 will be largely unaffected by high interest rates and the Budget. Firstly, they don't tend to be big home loan borrowers. Secondly, many people buying into this market derive a large proportion of their income from dividends which, if anything, means reduced tax under the new Budget."

By and large, he says home repossessions

have been kept down by the fancy footwork of lending institutions which have helped many people hang on to their homes. Apparently, few people have taken advantage of the lifeline of subsidised interest rates for certain income groups thrown out by the then Trade & Industry Minister Dawie de Villiers before the October election.

Subsidies, says First National's assistant GM Banking Pat Lamont, are in fact one of the reasons demand for bonds remains so buoyant. A large proportion, "no one knows how large," of home owners have subsidised bonds, and the impact of rising interest rates is less severe on them. Perks tax increases, he says, could have an impact but he believes subsidies will continue to provide a cushion.

All things being equal, as long as property owners can find some way of ameliorating the effect of rising costs on their budgets — either through increases, subsidies or help from accommodating lending institutions — property prices are likely to continue steadily upwards, even if there are a few hiccups along the way. ■

RATING F/M 6/4/90

Paying one's dues

The British "Poll Tax" row shows just how strongly people can react if they feel they are being unjustly taxed through the municipal

NO UGLY DUCKLING

Industrial buildings are not generally the prettiest structures but Gold Fields Properties seems to have its heart set on changing that.

One way was to use striking colours on developments at Stormill and Robertville on the West Rand.



The units at Stormill, pictured here, are suitable for both manufacturing and warehousing.

They have been designed with the needs of the smaller entrepreneur in mind.

Unit sizes range from 227 m² to 418 m² and rentals start at just over R8/m².

This is considered to be low for the area.

Star 9/4/90 (123)

Novel ways sought to finance mortgages

By Michael Chester

The plight of the bottom layer of low-income families, unable to meet the rigid standards normally laid down by banks and building societies when it comes to home loans, has inspired new thinking about ingenious ways to crack the problem.

One novel answer was outlined at a recent business seminar by Mr Guy Leitch, general manager of African Life Homes. His solution — using pension funds as collateral to back loan deals.

The audience gasped when he spelt out the impact if fund managers broke out of their traditional conservatism and used pension schemes to provide loan guarantees to fund members.

If they mobilised no more than a modest 10 percent of their combined R153 billion committed to retirement funds alone, it would unlock the resources to build a staggering 765 000 starter homes worth R20 000 each over the next 10 years.

Not only that, it would also create thousands and thousands of new jobs inside and outside the building industry.

The notion of using pension funds as collateral behind home mortgages is typical of a new generation of thinking about cracking the financial conundrums faced by low-income home-buyers.

This solution would of course, depend on the potential home-buyer having the good fortune of holding a secure job, with a fair-sized pay packet and with a sound retirement fund behind him in the first place.

What about the still far bigger total of black families — two-thirds of black society — with lit-

tle chance of raising even the deposit for a house purchase, let alone meeting minimum bond repayment requirements needed in buying a formal conventional home?

They are inclined to think in terms of a modest few hundred rands rather than thousands — often content to settle for buying a plot, with basic services, and setting about buying the raw materials to build homes themselves.

And that is the segment of the market that the Urban Foundation has in mind with the launch of a radical new loan scheme under a new offshoot named the Group Credit Company.

A R2 million pilot scheme has been started, with help from the Southern Africa Development Bank, and if all goes well it will swell into a R50 million project.

It is based not on the formal western approach to high finance — beyond the resources of most black families — but on the traditional African savings club approach of *stokvels*.

In short, the company allocates a block of cash to a specific group of potential home-buyers, with loans going out to

members of the group in rotation. Each group will have about 25 members and loans will be anywhere between R500 and R5 000.

Repayments will be spread over about five years if necessary — and each group will be responsible for seeing to it that payments arrive on time.

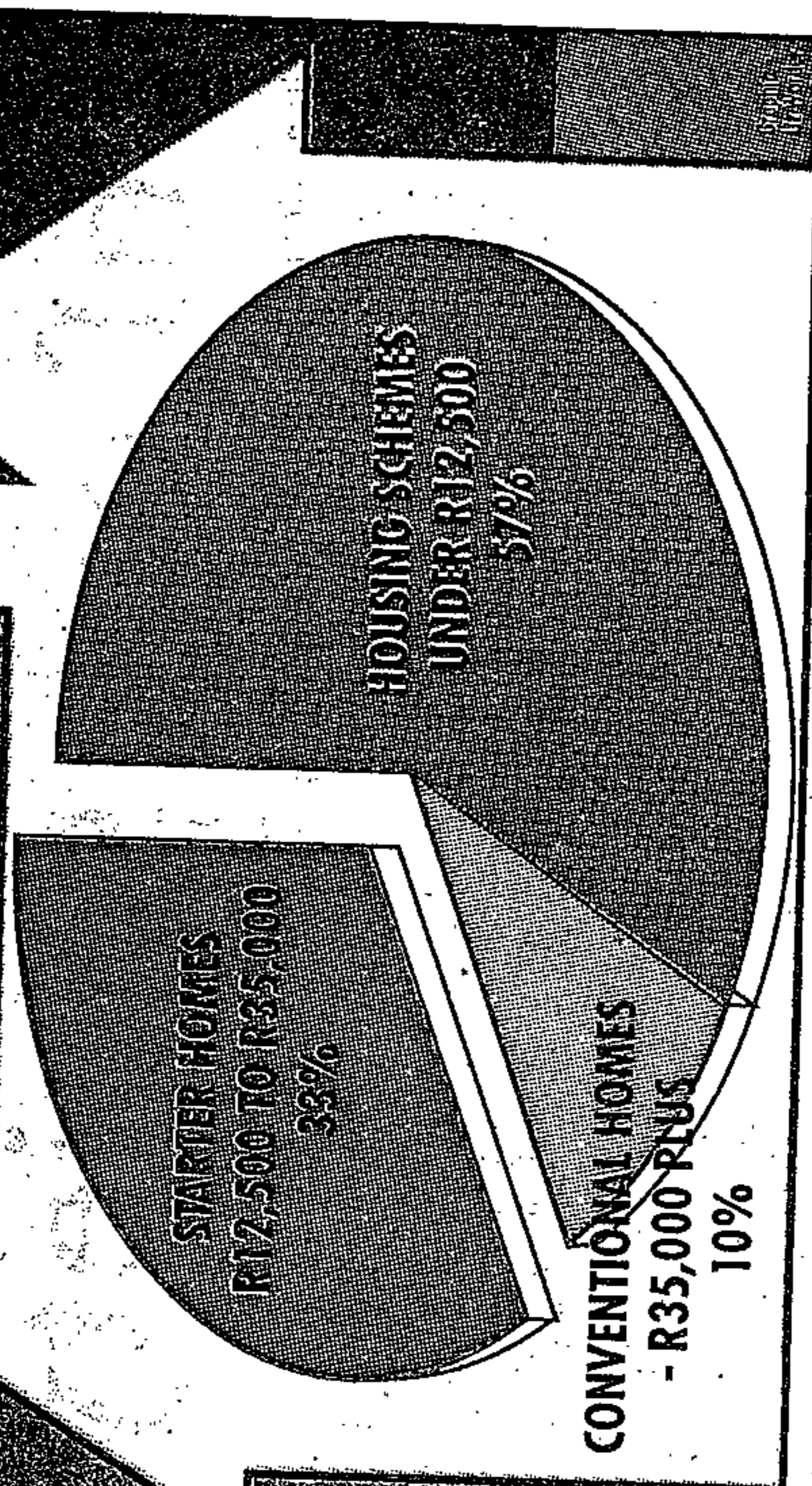
Ms Christine Glover, manager of the company, has little fear about the risk involved in the operation — because each group, like the *stokvels*, will rely on peer pressure among members to see that everyone keeps a clean record. In short: one default and the whole group is locked out of further loans.

The only snag she sees is that interest rates on loans must inevitably be pitched higher than the rates on bank or building society loans. They have had to kick off at 33 percent.

But that, believe it or not, is chicken feed compared with the charges on alternative sources of loans — private moneylenders. Moneylenders, who have often held a monopoly on loans needed by many black families until now, charge anything between 100 percent and 300 percent for short-term loans.

NEWS

**ANNUAL DEMAND FOR HOMES
BY BLACK FAMILIES - 312 600**



Without homes and (almost) without hope... Well over half of the black families desperate to buy homes of their own are trapped by low-income budgets that put even R12 500 purchase prices beyond their reach. Ingenious methods are being devised to help them.

**Aid needy communities,
businessmen are urged**

By Winnie Graham

Business has been asked to step up its support to grassroots organisations in disadvantaged communities — or face the consequences in the form of despair and frustration expressed through industrial and urban unrest.

The chief executive of the Leadership Institute, Mr Stan de Klerk, said this week an analysis of the sources of corporate giving indicated only a handful of business concerns were giving, while the vast majority contributed on an unplanned "token charity level" or not at all.

He suggested an immediate three-point plan to boost corporate support for community improvement projects:

- All companies should commit themselves to giving at least 0.5 percent of their profits to educational, welfare and community development projects.

- Companies should define a policy of how they were going to choose what to support and how they would monitor the use of their donations. Involvements of the labour-force, and consultation with credible community organisations in identifying priority needs, were essential, Mr de Klerk added.

- Local employer organisations should meet representatives of credible community organisations

tions from which they drew their workers. This process could, in the long run, be expanded to consultation at regional and national level.

In addition, he said, the Leadership Institute felt consideration should be given to broadening the scope of tax exempt donations (currently limited to defined educational institutions) to include all donations to organisations with fund-raising authority.

The limit of corporate donations permitted as business expense items should be increased from 0.5 percent of profits to one or even two percent.

A portion of tax revenue collected for developmental and welfare services and projects should be made available to community organisations through credible non-governmental organisations, he said.

Apartheid system

Mr de Klerk said most community organisations refused to apply to State-controlled funding sources for assistance because they did not wish to lend credibility to structures of the apartheid system.

The Leadership Institute, he said, worked with more than 120 community organisations, helping to implement projects in a cost-effective manner.

Conference to focus on housing industry

By Norman Chandler, Pretoria Bureau

The housing industry is to come under the spotlight at a conference in Pretoria next month.

Mr Johan Grotsius, executive director of the National Association of Home Builders, said in Pretoria last week that the industry was going through a growth period despite a cooling-off of the economy.

"The numbers of prospective first-time homeowners, particularly in the black housing market, are increasing at an enormous rate while the de-

mand for homes by people in the middle-income group has fallen appreciably," he said.

In the growing housing market for blacks, the emphasis fell on the building of new homes because there were not enough existing houses for sale, Mr Grotsius said.

These and other challenges are to be discussed at the conference — entitled "Housing: The Engine for Growth" — to be held at the CSIR conference centre in Pretoria on May 8 and 9.

Sta. 2/4/90 (123)

Mike Morkel, SPT Housing Consultants.

807 10/4/90
Consultants
123
employees
on housing,
says expert

An inadequate understanding of employee's housing circumstances and their needs is a common weakness of housing schemes, says Mike Morkel, a director of SPT Housing Consultants.

SPT specialises in helping employers implement effective housing schemes.

"To be successful, a sustained management commitment to achieve the objectives of housing schemes is essential," says Mr Morkel.

"This is particularly so for those directed towards lower-income employees."

AFFORDABLE

A major prerequisite is the development of a scheme that is affordable to the company and is in accordance with its business philosophy and operating structure.

Employers should see that participants can obtain access to sources of home-loan funding.

Schemes which provide only for the granting of collateral security to enable employees to qualify for 100 percent loans generally fail to meet the needs of employees who cannot afford the repayments.

FROM TOP DOWN

Mr Morkel warns against schemes that are designed from a top-down perspective and which fail to recognise the need to consult with employee representatives.

"Bringing the various players together — employees, financial institutions, developers and company representatives — is by far the best way to ensure success."

SPT has produced The Housing Monitor, a publication which informs employer organisations, trade unions, housing organisations and community-based groups how to contact low-cost developers, areas in which houses are available and the type and cost of housing.

It has information on more than 400 active developers and on 60 specific projects.

Home builders face price crisis

Cape Times 11/4/90

123

Own Correspondent

JOHANNESBURG. — The home-building industry is facing an affordability crisis as a result of high interest rates on mortgages, especially in the middle to upper segment of the market.

Sources in the home-building industry mostly agreed yesterday that their 1989 turnover dropped by between 20% and 50% in comparison with 1988.

Sage Schachat group executive director Mr Hylton Katz added that in recent months the unrest in the black townships had not added to the confidence of that sector.

The only company which recorded a near-standstill was Cape-based Bellandia Homes, whose 1989 turnover rose by 20% before inflation adjustment against 1988.

Managing director Mr John Clark said his company operated in the R80 000 to R250 000 white housing market, and the R60 000 to R100 000 coloured and black markets.

"In a period of prolonged high interest rates, items with big price tickets are the first to experience a drop in demand.

"The upper end of the market can withstand this to a certain extent because the buyer can borrow from his relatives or dig into savings to produce a larger deposit and so reduce

the size of his bond."

National Association of Home Builders executive director Mr Johan Grotsius said that the average drop in turnover for the industry was 4,5% compared with 1988 but with inflation added this was more in the region of 20% to 25%.

Another factor inhibiting the market was red tape in getting ground proclaimed, according to Murray & Roberts Construction executive director Mr Charl van der Merwe.

Murray & Roberts Construction is a developer, and is involved in acquiring the ground and building the houses. It operates in the R40 000 to R70 000

market for Indian, coloured and black buyers.

Ribco construction director: housing Mr John Adendorff said black housing turnover had dropped by 50%. The company was a developer, not an estate agent, but he estimated that the housing they built would sell for R35 000 to R100 000.

"That market has dropped. Now we are looking at building houses of R10 000 to R12 000 for which there is a demand.

"We are a bit worried now because we have had a lot of inquiries but the clients are nervous, partly for political reasons and partly because of interest rates."

Time Holdings targets 51% rise in turnover

MANAGEMENT and financial services group Time Holdings, strongly positioned in its key areas of activity, is targeting a turnover approaching R350m (R231,3m) in the current year — an increase of about 51%.

And chairman Colin Hibbert says that, barring unforeseen circumstances, he is confident attributable earnings and earnings per ordinary share will show "real meaningful growth" during this period.

Time, whose three major operating divisions are property, housing and financial services, upped bottom-line earnings by 11% to R9m up to December 1989 on turnover of R231,3m. Earnings of 25c (26c) a share were achieved on an increase in the average number of shares in issue.

Hibbert says in the group's latest annual review indications are that the current economic slowdown is set

SYLVIA DU PLESSIS

B12am 14/4/90
to continue through most of 1990 and interest rates are unlikely to drop significantly before the third quarter of the year (123)

But strong ties with large institutional investors and a cross-section of private developers hold "considerable promise" for the group's property and housing divisions.

Growth in the housing division will be anchored in expanding into the lower cost housing market and it is well positioned to benefit from any upturn in the market, given its established infrastructure throughout SA, he says.

Time Properties, now handling about R500m worth of commercial development projects, is well-placed

to contribute strongly to the group's earnings base, while the medium-term outlook for Time Life Insurance — where profits declared last year were conservatively estimated at about R1m — is "most promising".

On financing requirements, Hibbert says the group has more than adequate financial facilities to fund its current businesses.

"Growth in its core businesses, particularly in the financial services and property divisions, however, will require a better mix of short and long-term finance both to ensure adequate funding and to strengthen the balance sheet in preparation for the next growth phase."

Accordingly, directors hope to propose the issue of 10-million convertible redeemable 14% shares of R1 each by way of a rights issue to shareholders, Hibbert says.

Own Affairs:**Bed occupancy rate in hospitals**

59. Mr M J ELLIS asked the Minister of Health Services, Welfare and Housing:

What was the average bed occupancy rate in 1989 in each specified hospital falling under the control of his Department in (a) Natal, (b) the Orange Free State, (c) the Cape Province and (d) the Transvaal?

B497E

The MINISTER OF HEALTH SERVICES, WELFARE AND HOUSING:**Natal**

Grey's Hospital	64,87%
Hillcrest Hospital	80,38%
Greytown Hospital	32,45%
<i>Orange Free State</i>	
Voortrekker Hospital	69,08%
Bethlehem Hospital	54,16%
Sasolburg Hospital	50,18%
Jagersfontein Hospital	37,7%
Zastron Hospital	29,6%

Cape Province

Volks Hospital	39,2%
Walvisbay Hospital	44,49%
William Slater Hospital	32,93%
Port Elizabeth Hospital	54,17%

Transvaal

Andrew McColm Hospital	63,3%
Bernice Samuel Hospital	42,8%
Bloemhof Hospital	48,9%
Brits Hospital	73,9%
Delareyville Hospital	31,1%
Duiwelskloof Hospital	68,1%
Edenvale General Hospital	56,1%
Elsie Ballot Hospital	32,5%
Evander Hospital	49,7%
F H Odendaal Hospital	64,2%
General De la Rey Hospital	45,5%
Groblersdal Hospital	39,6%
H A Grove Hospital	36,4%
Hendrik van der Bijl Hospital	54,5%
J G Strijdom Hospital	48,3%
Kempton Park Hospital	61,9%
Louis Trichardt Memorial Hospital	47,0%
Ontdekkers Memorial Hospital	45,0%
Paardekraal Hospital	55,2%
Phalaborwa Hospital	56,3%
Pretoria West Hospital	54,3%
Sannieshof Hospital	39,9%
South Rand Hospital	42,3%

Sybrand van Niekerk Hospital	57,6%
Van Velden Memorial Hospital	52,1%
Ventersdorp Hospital	43,2%
Vereeniging Hospital	69,6%
Far East Rand Hospital	54,0%
Voortrekker Hospital	42,7%
Warmbad Hospital	41,2%
Waterval Boven Hospital	62,0%
Willem Cruywagen Hospital	54,3%

1989 matriculation examination scripts: markers

65. Mr K M ANDREW asked the Minister of Education and Culture:

Whether any candidates in the 1989 matriculation examinations were permitted to (a) calculate marks, (b) enter marks on mark sheets and (c) work in any capacity at centres at which matriculation examination scripts were being marked; if so, (i) why, (ii) where, (iii) under what supervision, (iv) how many candidates were involved, (v) on what basis were these persons remunerated and (vi) how much were they paid?

B560E

The MINISTER OF EDUCATION AND CULTURE:

- (a) No,
(b) no.

(c) yes, (i), (ii), (iii) and (iv) to the knowledge of the Department an examiner contrary to the regulations, made use of the service of a Senior Certificate candidate to add marks under his supervision of a subject which the candidate did not offer. The matter has already been dealt with departmentally.

- (v) according to a personal agreement between the examiner and the pupil,
(vi) unknown.

67. Mr L FUCHS asked the Minister of Health Services, Welfare and Housing:

- (1) (a) What conditions in respect of (i) rent and (ii) any other specified levies or services may be imposed by the Rent Control Board after the deregulation of a building and (b) what action is taken against a landlord who fails to comply with such conditions;

(2) whether any landlords have been fined for failing to comply with conditions laid down during the past five years; if so, what are the relevant details?

B566E

The MINISTER OF HEALTH SERVICES, WELFARE AND HOUSING:

- (1) (a) (i) and (ii) The conditional phasing out of rent control makes a distinction between two categories of lessees, namely persons who on the basis of their income or age qualify for continued protection and persons who do not qualify for continued protection.

The first mentioned category is not affected by the phasing out of rent control, as long as they continuously occupy the dwelling units concerned and as long as the income qualifications are met.

Premises which are occupied by these lessees are therefore still subject to the conditions of the Rent Control Act, 1976 (Act 80 of 1976), and a lessor of such a premises may only ask a rental which has been determined by his local Rent Board at his request.

The second mentioned category is exempted from rent control subject to the following conditions:

- (a) that the lessor may not require the lessee to vacate the premises within a period of three months as from the date of exemption, unless such vacation is required as a result of default of payment, misconduct or other circumstances as provided for in section 28 of the Rent Control Act, 1976; and
(b) that the lessor may not, within a period of two years as from the date of exemp-

tion, increase the rent by more than 10% per annum.

Premises which are occupied by the last mentioned lessees and have been conditionally exempted from rent control, are not subject to the provisions of the Rent Control Act, 1976 and the Rent Control Board and applicable Rent Board therefore have no jurisdiction in respect of such premises and cannot therefore impose any conditions after deregulation in respect of rent and any other specified levies or services.

- (b) Should a lessor increase the rent of premises exempted in terms of these conditions to such an extent that exploitation can be proved, the Minister may in terms of the powers vested in him in terms of the Rent Control Act re-impose Rent Control in respect of such premises. Lessees are also entitled to lodge a civil action against a lessor who does not comply with the conditions of exemption.

(2) No.

Pupils/school psychologists: ratio.

75. Lt-Gen R H D Rogers asked the Minister of Education and Culture:

What was the ratio of pupils to school psychologists in each State education department falling under the control of his Department as at the latest specified date for which information is available?

The MINISTER OF EDUCATION AND CULTURE:

Cape	3 206 : 1
Natal	2 195 : 1
Orange Free State	2 042 : 1
Transvaal	2 337 : 1
March 1990.	

More options open for home buyers likely this year



Mr Zuko Tofile

THE recent positive steps in the South African political arena have been welcomed by business leaders and should result in a significant long term improvement in the economy's performance.

This was said by the chairman of Time Holdings Limited, Mr Colin Hibbet, in his annual report.

By JOSHUA RABOROKO

However, he says, the current slow-down in the economy is expected to continue through most of 1990 and interest rates are not expected to fall significantly before the third quarter of the year.

He says the group, which comprises three major operating divisions focusing on the areas of financial services, and insurance, housing and commercial property management and investment, is nevertheless strongly positioned in its three keys areas of activity, and is targeting a turnover budget approaching R350 million.

The report says in October Urban Foundation announced details of a scheme to provide bond finance for homes costing less than R35 000.

Until recently, developers were faced with a financing gap as few building societies would grant bonds of below R35 000 while the South African Housing Trust had a R20 000 lending ceiling.

Time can now enter the market for homes costing between R20 000 and R35 000 - a market which is estimated to exceed 250 000 units - thanks to the Urban Foundation, the report adds.

"Several statutory and practical issues remain to be resolved before the initiative comes into effect but we expect to benefit increasingly from the scheme from mid-1990."

Unique chance for exhibitors

By JOSHUA RABOROKO

THOUSANDS of people are likely to attend this year's Matchmakers Exhibition at Nasrec from May 16 to 18.

White industrialists will once more come in their numbers hoping to identify black undertakings they can do business with.

Matchmaker director, Mr Zuko Tofile, said ordinary people will be exposed to a number of products and services which are available right on their doorstep - the townships.

Exhibitors will thus be provided with a unique, efficient and powerful platform from which to market their products and services.

Attracting the public to this event (and attracting their buying power) will be a programme of events the likes of which has never before been experienced, he said.

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Land reform (123)

20/4/70

vital — Relly

W. D. van der Merwe

SA's economic prosperity demanded a more stable and equitable political dispensation, former Anglo American Corporation chairman Gavin Relly said yesterday.

SA's economic prosperity demanded a more stable and equitable political dispensation, former Anglo American Corporation chairman Gavin Relly said yesterday.

Speaking at a Witwatersrand Agricultural Society luncheon at the Rand Show, Relly said the well-being and continued growth of the economy would provide an essential underpinning to the difficult political process facing the country.

Political liberties on their own were meaningless unless there were economic opportunities for all — including in agriculture.

There could be no justification for the existing racial restrictions on ownership of farmland and ways would have to be found to give people of all races access to the land market. — Sapa.

(SA) (SAPA)

F/M 20/4/90

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Divisional contributions to income are not detailed but the contribution from the housing division, previously the main earner, was not much higher than that from the new life company, TimeLife, which contributed almost R1m of R9,1m attributable profit.

Net interest-bearing debt rose 74% and — after deduction of R6,3m goodwill on the acquisition of R McCarthy — shareholders' funds fell marginally, with gearing rising to 0,60. Turnover was 27% higher but operating profit dropped 28% and finance charges more than trebled. A deferred tax reversal boosted attributable income but with more shares in issue EPS dipped 4%.

The innovative rights offer (Fox April 6) will help Time through a difficult period and provide capital for expansion. Preference shares were chosen over debentures largely because Time has a low tax rate.

Though the housing slump hit harder in the second half, chairman Colin Hibbert believes that, with cutbacks now over, housing's contribution will recover. A small re-

TIME F/M 20/4/90

Housing slump

Activities: Project manager, property development, life insurance.

Control: Directors hold 52%.

Chairman: C T Hibbert.

Capital structure: 20,8m ords. Market capitalisation: R15m.

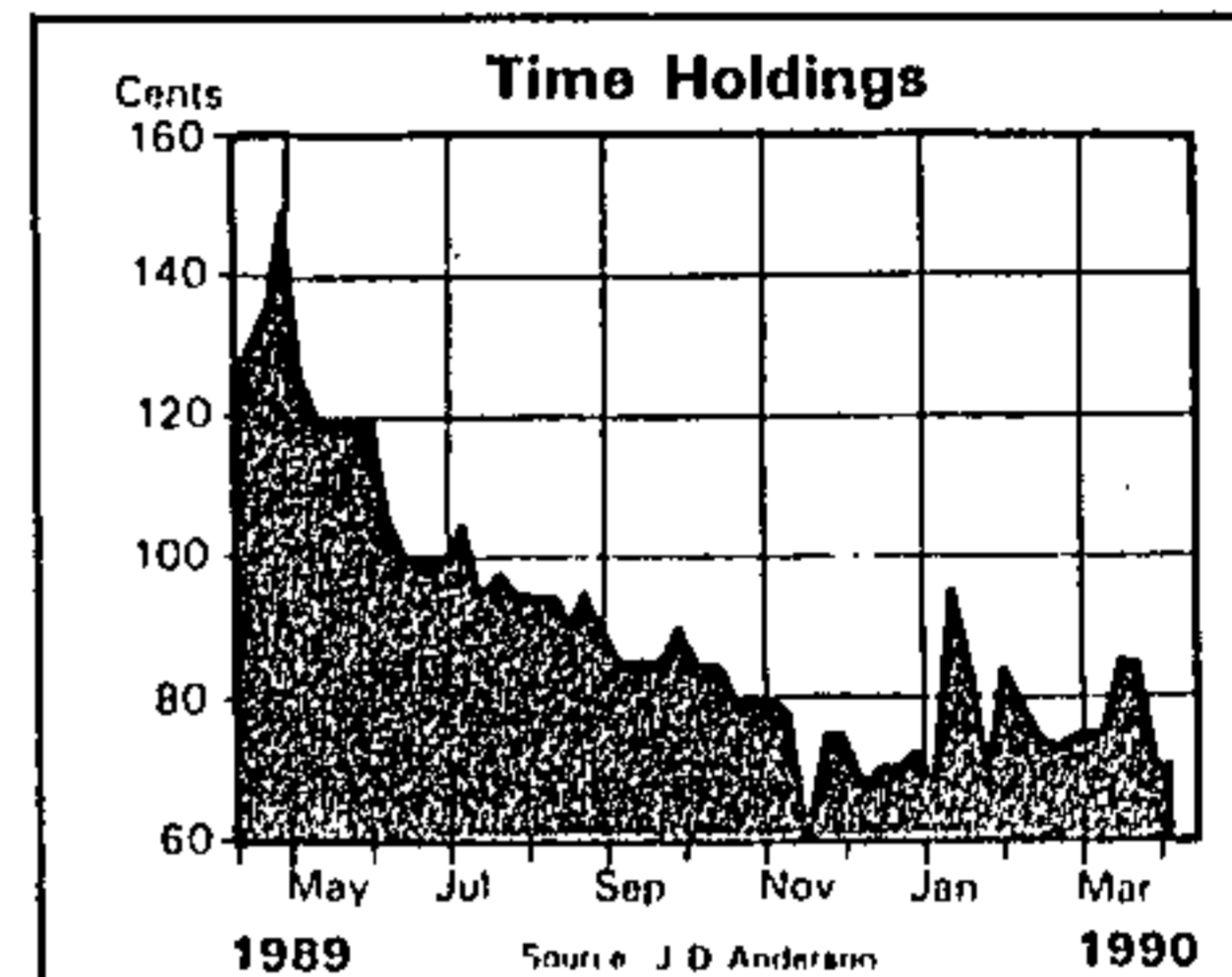
Share market: Price: 68c. Yields: 14,7% on dividend; 37% on earnings; PE ratio, 2,7; cover, 2,5. 12-month high, 150c; low, 60c. Trading volume last quarter, 1,4m shares.

Year to Dec 31	'86	'87	'88	'89
ST debt (Rm)	—	0,5	5,6	13,2
LT debt (Rm)	0,4	2,6	18,8	15,0
Debt:equity ratio	n/a	n/a	0,42	0,60
Shareholders' interest	n/a	0,19	0,30	0,28
Int & leasing cover ..	10,6	22,9	14	4
Return on cap (%) ..	21,6	12,7	20,3	13,5
Turnover (Rm)	30,4	105,9	182,6	231,3
Pre-int profit (Rm) ...	2,2	6,4	12,3	10,7
Pre-int margin (%) ..	7,1	6,1	6,7	4,6
Earnings (c)	4,4	14	26	25
Dividends (c)	—	6*	10	10
Net worth (c)	n/a	32,6	95,1	83,3

* Annualised

The market has accorded Time's share a low rating, perhaps partly because it is seen as a housing company. This is not surprising because about half its assets and turnover remain in that sector.

The housing division did not escape the slump in the market, which has been reflected in results from companies like Bester, Quantum, Faircape and Goughco. Time's sales in Johannesburg, Cape Town and some mining areas slumped by as much as 50%, though they were buoyant in coastal areas. The strategy was to reduce overheads but not close in affected areas.



covery in the market, despite high interest rates, will help as will the Urban Foundation's initiative. In October the division was awarded the contract for housing of Moss-gas's permanent employees, probably the largest awarded in recent years.

The property developments division had an exceptional year and was the largest contributor; it will be hard to grow much from that high base this year. And, while housing may contribute more, deferred tax reversals are unlikely to match last year's R1,5m. TimeLife is exceeding budget and growing well off a low base.

Thus, though Time expects real earnings growth, this year is unlikely to be dramatic. High growth is more likely from 1991 when the housing market should improve and TimeLife will contribute increasingly. The share, which fell throughout 1989, must soon begin to reflect those developments.

Teigue Payne

Pension fund options viewed

DURBAN — Pension funds should be allowed to invest in unconventional avenues — like housing schemes for lower-income groups — provided their solvency is not put at risk and the schemes are expertly managed, it has been suggested. (123)

This was one of the main points made yesterday by Japie Jacobs, special economic adviser to Finance Minister Barend du Plessis, who delivered the keynote address to the Pensions Institute of Southern Africa congress.

Jacobs also said:

- Du Plessis had called for private sector nominations to a proposed standing advisory committee on the pensions industry;
- Government was ready to review prescribed investment guidelines relating to the pensions industry — and had called for private sector input; and
- The net investment in equities by the pension funds still stemmed largely from the secondary market.

Referring to calls on pension funds to invest in low-cost housing, Jacobs said it would be unsound to score short-term gains at the expense of future sacrifices.

Our correspondent reports that Bobby Godsell, director of industrial relations and public affairs at Anglo American, told the congress unions were no longer opposed to the concept of providing for retirement. A realistic amount of money earned had to be set aside in some form of scheme.

The door was wide open for trade unions that were open to making provision for old age. — Sapa.

C/press 22/4/90

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Durban racism is alive and nasty

By S'BU MNGADI

THE body corporate of a Durban block of flats has blocked the sale of six flats to a university student on the grounds that she might rent out the flats to black people.

Kate Shuttleworth, a mother of two and law student at the University of Natal, entered into six agreements of sale for the purchase of shareblocks in Earl's Court which would have given her or her tenants the right to occupy those flats.

However, before the shares may be transferred to her, the consent of the directors of the body corporate is required.

They suspect Shuttleworth intends to allow black people to occupy her flats. On this basis the directors refused to sign the transfer of the shareblock. This means completion of the sale to Shuttleworth has been blocked.

Previously, the estate agents, Wakefields, acting on behalf of the body corporate, demanded Shuttleworth sign an undertaking not to allow black people to occupy flats purchased by her. Shuttleworth refused on principle to sign this undertaking.

She said she could not exclude the possibility she would lease her flats to black people.

She pointed out her friends included black people who had attained eminence in professional and political fields.

They include Beryl Sisulu Simelane, the daughter of Walter Sisulu; Makgatho Man-

Sale of flats blocked by directors as the tenants may be black

dela, the son of Nelson Mandela; Prince Nwayizeni Zulu, senior prince of the Zulu Royal House and other lawyers, doctors and advocates.

Regional Director of Lawyers for Human Rights Churton Collins said LHR was doing everything possible to enable Shuttleworth to transfer the shareblocks.

He said a meeting had been held with representatives of the Earl's Court body corporate on April 18, 1990. At the meeting Shuttleworth pointed out that any black people who might take occupation of the flats were respectable people.

Representatives of the body corporate said it did not matter who the people were or what their status in society was. Their objection to such people was simply that they were black.

They said it did not matter whether the Group Areas Act was in force, unenforced or repealed. Their objection to any possible tenants of Shuttleworth was on the grounds of their colour.

LHR may apply to the Supreme Court for an order declaring unlawful the refusal by the directors of the body corporate to allow the transfer of shares into Shuttleworth's name.

However, Collins pointed out that as far as the Group Areas Act was concerned, only Shuttleworth as owner or any black occupant were liable for prosecution. The body corporate was not liable for prosecution.

He said the body corporate had jurisdiction to deal with communal matters such as the cleanliness of corridors, the state of exterior lighting and the lift. Such jurisdiction did not extend to legislating on the colour of people who might occupy the block of flats.

Collins said it was up to the police to decide whether to investigate an offence or not, and up to the Attorney General whether to prosecute or not. This was not the preserve of the body corporate.

Shuttleworth said she was extremely upset by the attitude of the body corporate. She said South Africa was rapidly moving into a new era, and it was depressing to find old racial attitudes prevailed in some quarters.

8/Times
22/4/90

123

Building managers under Unisa attack

SOUTH Africa's approach to management of buildings is way behind the times, says Pluto Webb, a Unisa School of Business Leadership professor.

His criticism is echoed by SA Property Owners Association (Sapoa) executive president Brian Kirchmann, who says some townhouse developments also suffer at the hands of unqualified managers.

But Anglo American Property Services (Ampros) managing director Gerald Leissner says the criticism is unfounded.

He says professionals manage buildings as efficiently in SA as anywhere in the world.

Professor Webb, a former director of CSIR's Building Research Institute, says more than R12-billion is spent annually on construction and related facilities in SA.

"But little, if anything, is done about the efficient management of these investments."

Wild

"In these times of inflation and wildly escalating costs, the economics of operating and running buildings is a matter of great concern not only among leaders in the industry but to everyone in the country."

Professor Webb says this is particularly true of housing and of vital interest to the building industry.

One of the biggest shortcomings is the failure of developers and owners to provide manuals for buildings.

"Consumers normally receive a comprehensive manual on the working, maintenance, repair and operation of cars, hi-fi sets, radios and the like."

"Yet in the case of a many R50-million building, no such documentation exists."

It is an indictment of the building community that there are no suitable education and training facilities for those responsible for the operation and management of a building.

"There is not one appropriate course at either techni-

By Charmain Naidoo

kon or university level providing formal training in this field.

"This highly responsible position, which looks after the health and security of the tenants and manages the cost, is usually put in the hands of a junior or relatively unqualified person. We in SA have a lot to learn," says Professor Webb.

Mr Leissner says Ampros has a staff of 2 150, all part of the buildings management team.

Saving

"We have cleaners, security guards, engineers, technicians ... a multitude of people who are concerned only with the management, operation and maintenance of buildings."

"At the Carlton Centre we have an energy management centre which we run ourselves. Our cost structures are carefully worked out for maximum efficiency."

Mr Leissner says training and education form a large part of the operation. He dismisses allegations of unqualified management.

But Professor Webb says: "If only 1% of annual capital expenditure on the construction of building and other facilities were to be saved by better management, a yearly saving of R120-million could be achieved."

Energy and water often represent about 22% of a building's running costs.

"Experience in the USA and Japan shows that electricity savings of up to 30% can be achieved by simply improving the management of buildings. With big buildings in the CBD, savings can be as much as R30 000 a month."

He says some buildings for the public sector are "much too expensive and pretentious".

"It is a good example of a Third World economy in which people aspire to First World standards. It gives substance to the allegations sometimes made that an official's status is judged by the size of his office."

● A two-day conference on these problems has been arranged by the Unisa School of Business Leadership in conjunction with Sapoa and the Association of Facilities Management on May 15, 16.

The conference will cover energy and water conservation, cleaning, security, the impact of design and legislation, education and training, and likely trends.

Blom 24/4/90

Distribution of Boardprop raised by 13,75% a unit

CHARLOTTE MATHEWS

BOARDPROP, which is managed by Board of Executors Property Transvaal, has improved distribution on a weighted average of units by 13,75% to 30,86c a unit for the six months to March from 27,13c in March 1989.

Boardprop announced last week it intended to raise about R40m in a rights issue to finance the purchase of additional properties.

Income before debenture interest rose 22,8% to R3,6m (R2,9m) but the number of units in issue increased by 1,5-million in December partly to pay for a property acquired in Durban and partly to buy a property in Sandton's Wierda Valley.

Boardprop director Nikki Vontas (123) said yesterday the rights offer would be targeted only at purchasing prime real estate properties.

"Our long-term strategy is to specialise in prime properties and not go for bargains to push up our income yield in the short term.

"The Wierda Valley property has a forward yield of 10% although the portfolio income yield is 12,3%.

"In the long term the capital appreciation will more than compensate for the low initial investment yield."

He said a prime listed property vehicle should give a similar performance to a traditional institutional portfolio. The internal rate of return (IRR) in the long term should be around 25%.

"Property is a long term investment and you should not apply short-term criteria," he said.

ARGUS 24/4/90
123

66 percent of blacks' houses will be owned

PRETORIA. — An estimated 66 percent of the available houses for blacks in the Transvaal will be privately owned by the end of this year.

This was disclosed by Mr John Mavuso, member of the executive council for housing and community development in the Transvaal Provincial Administration.

Nearly 35 percent of available housing for blacks has been sold to private owners since the government started the private ownership scheme for blacks on July 1 1983.

According to a statement released by the TPA, 117 490 houses have already been sold nationally out of the total of 333 604. — Sapa.

Surprise bond rate drop

4/16/70

7/6/4/90

123

Financial Staff

FIRST National Bank is expected to announce a cut in its home loan rate soon — breaking rank from the other banks that will keep their interest rates high for some months.

First National senior general manager Mr. Jimmy McKenzie said: "Our margins are in good shape because we curtailed asset growth. Having just reported good profits, the time is right to become more aggressive. We are considering taking some action on the home loans front."

HOUSE OF DELEGATES

QUESTIONS

† Indicates translated version.

For oral reply:

General Affairs.

First-time home owners: subsidy

*1. Mr K PANDAY asked the Minister of Planning and Provincial Affairs:

Whether he is giving consideration to raising the ceiling of the subsidy for first-time home owners from R65 000 to R75 000; if not, why not; if so, what are the relevant details?

D121E

The MINISTER OF PLANNING AND PROVINCIAL AFFAIRS: *Hansford* 26/4/90

No. There are not sufficient funds available to meet the expected greater demand, should the maximum cost limit be increased.

May I just add, with your permission, Mr Chairman, that I honestly think that this is the sort of question that should be addressed to the hon the Minister sitting next to me. It actually falls within his field of responsibility.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, arising out of that answer and explanation, has not the hon the Minister of Planning and Provincial Affairs any jurisdiction over such matters?

The MINISTER: Mr Chairman, since 1 March the housing policy has been handed over to me by the hon the State President. Our department, in conjunction with the various ministries that handle the actual provision of housing, does determine housing policy from time to time, but there is a great scope for autonomy within each housing ministry for housing ministers to arrange, within the scope of their budgets, the allocation of funds for their specific needs to the best of their ability.

The LEADER OF THE OFFICIAL OPPOSITION: Further arising out of that reply, is the hon the Minister aware that on matters such as this there has been a general agreement that all

the administrations have a uniform approach? Secondly, has there been any submission from any of the administrations—the House of Delegates, the House of Representatives or the House of Assembly—for the ceiling to be adjusted?

The MINISTER: Mr Chairman, I would like to reply as follows: It is not correct that there is a totally uniform approach, for the simple reason that, as the hon the Leader of the Official Opposition in this House will realise, the needs of people differ among the various population groups—if we like to refer to them as such. It is a fact of life. In other words, we cannot have exactly the same approach towards White and Indian housing as we would have towards Black housing. The hon the Leader of the Official Opposition is free to approach me and we can go through the various areas . . .

The LEADER OF THE OFFICIAL OPPOSITION: I accept.

The MINISTER: The hon the Leader of the Official Opposition will appreciate that we shall have to make provision for the various groups. Whether we classify them in terms of race, colour or creed, there are different groups present in this country and, when it comes to housing for those specific people, we try to cater for the practical needs on the ground. Because there is no uniform approach, the second part of his question falls away.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, further arising out of the hon the Minister's reply, the first explanation he gave was that this approach was due to a lack of funds. Will the hon the Minister agree that in respect of a particular community, where there is a justification for the increase, and that administration has R20 million unspent on housing at the end of the financial year, the lack of funds cannot be an excuse?

The MINISTER: Mr Chairman, I cannot agree with the hon the Leader of the Official Opposition. I shall tell him why I say so. When we budget and a specific Department is allocated certain funds because of projections that that Department made, then, with all due respect, in this country, we have to get away from the

syndrome "have money, must spend". We have to get away from it.

If we have over-budgeted then we must be big enough to say that we shall not squander that money, but instead let it go back into the central financial coffers of our country, so that that money can be utilised where it is needed most.

Therefore, I honestly cannot agree with the hon the Leader of the Official Opposition and say that because there is money left those concerned did not do a good job. Surely, being a businessman, the hon the Leader of the Official Opposition will not apply a principle like that in his own business?

Relief for homeowners

looms

123
28/4/90

has been forthcoming, it now seems clear that the bank rate will remain where it is for the foreseeable future — making it virtually certain that mortgage bond and overdraft rates will not rise.

The spectre of interest rate increases on hire purchase contracts and credit card debit balances has not, however, been removed, although the scope of the banks to lift these rates other than marginally is extremely limited.

The banks would dearly like higher rates on the money they lend because the cost of the money they borrow — along with other costs they incur — has been rising faster than the interest rates they have been able to charge on lendings and profit margins are being eroded.

They haven't simply increased interest rates on funds (principally overdrafts and mortgage bonds) lent to their customers because they could lose customers to banks which declined to do the same.

Slowing down

Another reason is that they would incur the wrath of the Reserve Bank, which, via the bank rate, effectively lays down the maximum interest rates they may levy on prime customers.

And the Reserve Bank is resolved to keep a lid on the rate because it contends that the economy is slowing down quickly enough while a higher bank rate could push the economy from the current mild slowdown (the so-called "soft landing" scenario) into a full-blown recession.

Precipitating the fear that the Reserve Bank might buckle under the pressure from the

(See page 5).

sult of the move. *WILKINSON*

"Our current home loan book stands at R3,7 billion and we would expect that figure to rise to around the R4 billion mark within the next few months."

Mr Bartlett says it is "quite possible" that FNB's reduction will force other institutions to lower their rates.

"However," he warns, "the scope to reduce rates much further is extremely limited. For example, I can't see bond rates coming down to 19 percent before the end of the year. There's no profit at all at that level and FNB for one will not write unprofitable business."

● South Africa's borrowers can rest easy for the time being.

While no official comment

From JOHN SPIRA
JOHANNESBURG. — Relief for homeowners may be in store following First National Bank's decision to reduce its bond rate.

FNB has lowered its rate from 21 to 20,75 percent and to 20,5 percent for homeowners who place their banking business with FNB.

The average rate being charged by building societies is 20,75 percent. Hence, the FNB initiative could spark off a bond rate skirmish, with the man in the street walking off with the spoils.

FNB senior general manager Viv Bartlett is confident that his bank will attract substantial additional business as a re-

Relief for homeowners looms

WILKINSON 28/4/90 (From page 1) *123*
banking sector for an increase has been Governor Dr Chris Stals's revelation about banks off-balance sheet repurchase agreements.

The aggregate sum involved in these agreements to exceeds R10 billion.

In order to protect depositors, the Reserve Bank requires that the banks hold 20 percent of their assets in the form of cash and short-dated (readily realisable) securities.

Understandably, the banks don't like this arrangement, because they earn no return on the cash and a low interest rate on the short-dated securities.

To offset income losses some banks have been selling longer-dated securities to institutions outside the banking sector on the understanding that these will be repurchased at a predetermined date.

The repurchase obligation is not reflected in the banks' balance sheets.

By removing the longer-dated securities, from their books the banks are then obliged to hold a correspondingly smaller amount of their assets in cash

and short-dated securities, thereby enhancing their overall profitability.

Dr Stals has called a halt to these activities. All such agreements must now be reflected on the banks' balance sheets, though the banks have been given some breathing space to the extent that those which keep the levels down to those prevailing in February this year will not, for the time being, be required to keep reserves against the repurchase agreements.

But new legislation, expected to be promulgated before the end of the year, will require all deposit-receiving institutions to meet the reserve requirements in respect of off-balance-sheet, as well as on-balance-sheet, commitments.

The squeeze on profit margins is certain to intensify, with the result that they will be seeking new avenues for cutting costs and boosting revenues.

In the meantime, borrowers, although paying a great deal more for their overdrafts and bonds than they did 18 months ago, can enjoy the solace of being fairly certain that the interest charges they are currently incurring won't rise in the months ahead.

A nest egg in your house

IN times of high interest rates it is sensible to repay the outstanding capital on your home loan as fast as possible.

Payment of a mere R50 a month extra will bring down the number of years over which the loan is repaid.

At the end of say 10 years instead of the standard 20 it would have taken to repay the bond, you will have a property fully paid for.

You may want to sell the house, and the market value may not be all you had hoped

for. It takes an exceptional property to appreciate in value at more than 30% a year — 30% being the yardstick set by investing in unit trusts over 10 years. So although the bond might be fully paid, the value of the house might not have kept pace with the rising cost of living. *S Times 29/4/70*

Several lending institutions have developed means by which you can repay the loan in a more efficient way. Some schemes have been linked to unit trusts, others to endowments.

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CIPress.

29/4/98

123

somebody, say a relative or employer, can provide surety. In that event the applicant's income must cover a minimum of 80 percent of the monthly instalment.

The ability to meet the monthly instalments is therefore really the point of departure to determine the loan one can afford. This aspect should be clarified before looking at houses.

The interest charged may vary from one building society to another and it is constantly adjusted upwards or downwards. The repayments are therefore adjusted from time to time.

When the monthly repayments are reduced as a result of the reduction in the rate of interest the lender may maintain the existing instalments, giving him the benefit of an increased capital repayment.

Building a new home

Building a new home calls for even more careful planning than buying an existing one. The first step would be the acquisition of an erf which is acceptable to the building society. The agreement of sale should therefore contain an "escape clause", allowing the buyer to withdraw from the contract if the erf is found to be unsuitable.

The next step is the provision of a plan for approval by the local authority and the building society.

An oral contract with a builder is legal, but it would be more sensible to enter into a written agreement. The Building Industries Federation of South Africa has drafted a standard contract which can be used to save costs. But it is even more important that both parties come to an agreement about the finishes.

A misunderstanding about the end result can be disappointing and subsequent additions and alterations not provided for in the agreement will cost extra money.

To avoid this it is suggested that a schedule of finishes down to the finest detail be drawn up and agreed to by the builder.

The building contractor will usually agree to draw up a check list specifying the finishes in detail. Some builders do provide a convenient checklist to make it easier for both parties. It may be emphasised that the builder is not obliged to do work or to use material not agreed upon. Any changes called for after agreement may prove extremely expensive.

Additional expenses

Buyers should bear in mind that building societies do not include additional expenses in calculating the 90 percent loan. They should therefore carefully note what these expenses are so as not to be caught on the wrong foot when payment becomes due.

■ *A Home of Your Own*, by JC Bekker, is published by JL van Schaik and is available from local bookshops.

HOUSE BUYING FRILLS & ESCALS FOR

BUYING a house? How do you find the finance and what will it cost you? Here are tips and advice from *A Home of Your Own*, a manual on home-ownership in the townships.

Few people have enough money of their own to buy a house. If a buyer has that large amount of money it is probably the best form of investment. It is decidedly better than interest-bearing investments with building societies and banks, as the rate of inflation is considerably higher than the highest interest rate available at a financial institution.

For the same reason it pays to make the highest deposit that one can afford, which is not only a sound investment but may reduce the monthly instalments on a loan to more manageable proportions. Or it will reduce the term of the loan if the amount of the monthly instalments is not reduced.

Where interest on a loan is subsidised by an employer, the subsidy is regarded as a taxable fringe benefit. Although it is not yet fully taxable, it might ultimately be better not to have a big loan, especially not for people in the higher income groups.

It is also advisable to pay higher amounts than the minimum monthly instalments on the bond account, either when spare income is available or as a fixed amount monthly. An ordinary investor is unlikely to find a more lucrative investment elsewhere.

Even a small amount, say R20 a month, quickly adds up to a substantial tax-free saving and reduces the term of the bond considerably. Building societies will gladly provide information about the exact benefit that may be derived from an increased instalment.

A buyer must, however, anticipate hidden costs over and above the price of the house. These are dealt with under the heading "additional costs" below. A buyer has to have some extra money available to cover these costs as and when they arise. In the case of leasehold they are negligible, but generally it takes more than the deposit to buy a home.

Bond subsidies

Many employers are willing to help their employees to buy houses. They do it by direct loans, building society loans supported by collateral security, subsidies or a combination of these. Companies will probably not grant financial assistance to one employee but will devise a scheme under which all employees derive equal benefits.

These will take one of the following forms:

■ Direct loans — granted to employees, mostly at a low rate of interest. The company will use its own funds or company pension funds and the amounts of assistance will vary from small loans for deposits to the full cost or a substantial portion of the cost of buying a house.

■ Employees will not receive loans as a matter of course. Loans, and the other forms of assistance discussed below, will probably be linked to salary, the period of service or the employees' pension fund contributions.

■ Building society loans supported by collateral security.

The employer or pension fund can arrange loans through a building society, bank or other financial institution. If an employee does not have the necessary deposit, the company could provide collateral security by way of a guarantee to enable the building society to increase the loan, so reducing the amount of the deposit.

In other words, the building society would grant a loan of 80 percent and on the strength of collateral security furnished by the employer another 10 percent, resulting in the would-be buyer requiring a deposit of only 10 percent.

■ Subsidies, the most common form being:

(a) A fixed monthly housing allowance.

(b) Payment of part of the interest charged by a

What to look out for when you set about looking for that first home

building society. If, for instance, the interest charged by the building society is 14 percent the company could undertake to pay eight percent. Companies often apply this on a differential basis according to an employee's income — the more an employee earns the less subsidy he receives.

(c) A combination of methods. In practice, housing schemes consist of a combination of loans, subsidies and guarantee schemes.

An employer may provide a building society with a guarantee to reduce the deposit requirement and subsidise the interest. It may also invest its own funds or money obtained elsewhere with a building society to be borrowed by its employees.

(d) Public servants' housing loans. The government as an employer has two schemes to assist public servants to acquire their own homes — a housing loan scheme and a subsidy scheme.

In order to qualify one must be an officer or full-time employee and must have been a contributing member to one of the public service pension funds for at least one year. Details of other qualifications, like age, marital status and length of service can be obtained from the personnel branch of the department concerned.

The housing loan scheme simply boils down to this: that the State, with the backing of public service pension funds, provides security to enable a public servant to obtain a housing loan of up to 100 percent from a building society and the State subsidises the interest. If one does not need the collateral security, one still qualifies for the interest subsidy.

As may be expected in the case of a large employee like the State, there are detailed rules and regulations to ensure equality of treatment.

The schemes operate smoothly and information about them is readily available from building societies, the officials dealing with the applications and public servants' staff associations.

(e) State home-ownership savings scheme. This scheme is, in effect, a savings plan run by all building societies. A person may save up to a maximum of R20 000 over a period of not more than 10 years. The savings earn the current building society interest plus three percent contributed by the State. All interest is tax free. The tax benefit and the State's interest subsidy fall away if the maximum amount or the maximum period is exceeded or if the money is used for any purpose other than the buying of a home, a plot of land, or both.

Any amount may be saved each month. Building societies will generally grant bonds to investors who have accumulated funds under the scheme. Half the savings may be used to buy a stand if the investor intends to build his own house on it.

The money must be used for the acquisition or building of a home within 12 months after the investor has reached the R20 000 limit.

(f) State 33 1/3 percent interest subsidy. Full-time home-owners, regardless of sex or marital status, are eligible to apply for this subsidy. An applicant should, however, not receive any housing allowance or subsidy whatsoever from an employer or years.

New houses go up in a township. But what is involved for the buyer to wants to live in one?

The home must be a new one; the would-be buyer must be its first occupant; and the value of the house, excluding the land, must not exceed R40 000. The subsidy will be payable on a maximum of R40 000 of a loan granted by a building society or other recognised financial institution. It follows that the applicant must qualify for a loan.

The subsidy is 33 1/3 percent of the interest portion of the monthly instalments, but not the capital portion. It will be calculated at the minimum applicable building society bond interest rates.

The scheme is valid for the first five years of the bond repayment period. The subsidy is paid directly to the building society, bank or other financial institution in equal instalments and the borrower's monthly instalments are decreased by the subsidy amount.

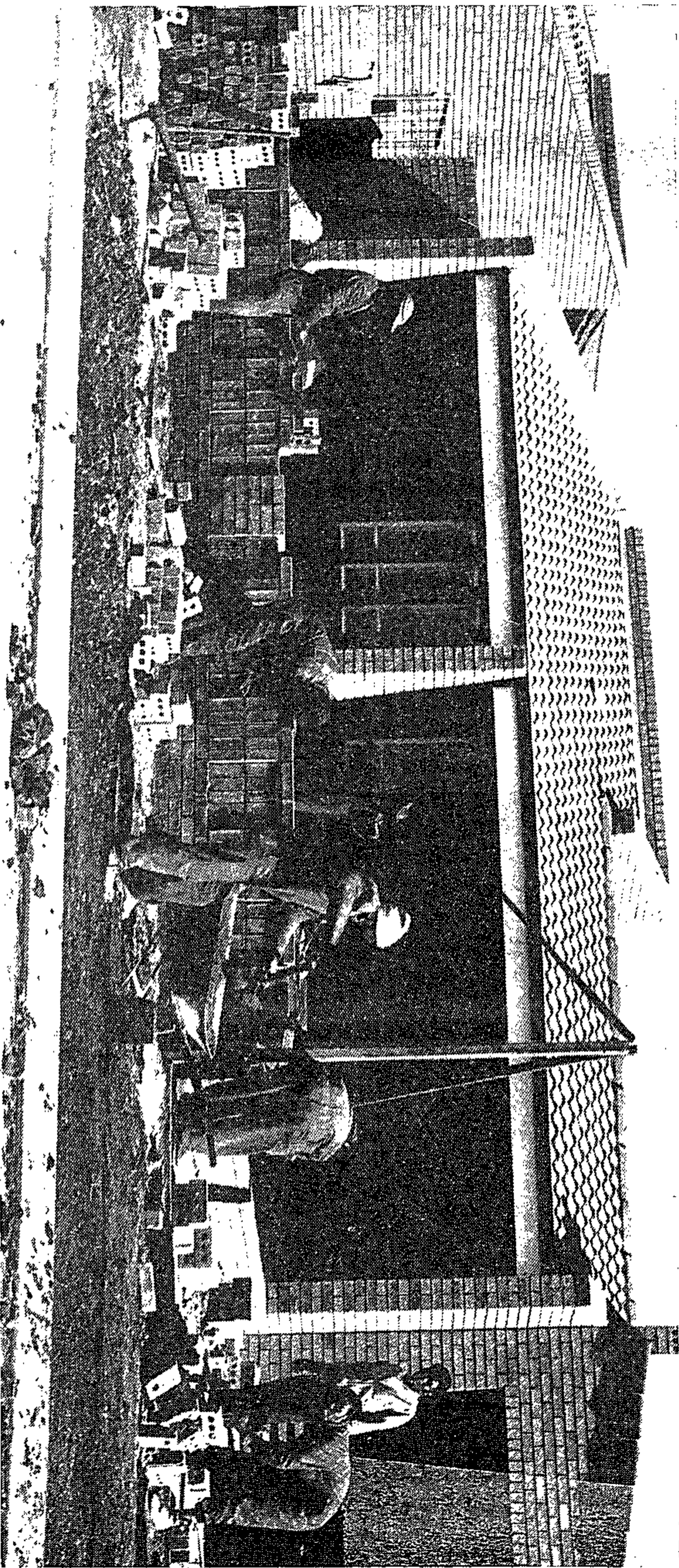
(g) Loans by local authorities or national housing commission. Only people who are unable to obtain financial assistance from a building society or other financial institution qualify for these loans.

The scheme is open to married breadwinners, regardless of sex, or to an unmarried person with permanent dependants, with a maximum monthly gross income of R800, including allowances, bonuses, etc.

The applicant must be a first-time homeowner and must occupy the house himself. The house, whether a new or existing one, must not have more than five living rooms, a pantry, bathroom, toilet, kitchen and usual outbuildings.

The maximum loan is presently R29 700. Preference is given to new houses because the government wants to encourage the creation of new housing.

(h) Finance for building materials. A maximum amount of R5 000 is available for people who have bought a stand on which they want to build a house, either themselves or by a building contractor. The interest rate is presently 11.25 percent and the loan is repayable over a maximum period of 20 years.



Local authorities and the regional offices of the provincial administrations will provide information about this scheme.

Buying land

A buyer of leasehold will naturally want to know what he may expect to pay for leasehold land, as distinct from the house or other improvements on the land.

To understand how the price of leasehold is regulated it must be borne in mind that almost all sales of leasehold are "first-generation" sales — that is the first grants of leasehold. This means that there is no real property market yet — no widespread buying and selling of land and houses. The market forces of supply and demand have not come into play.

Secondly, most of the land is public land. It belongs to the State, an administrator or a local authority. This in itself is somewhat unusual. Normally land on which townships are developed belongs to private developers and from them it passes into the hands of private owners.

In practice, all this boils down to the fact that a first-time buyer from the State, administrator or local authority will pay a fixed price.

He must be told how the price is made up. If he, in turn, wants to sell, he can negotiate his own price with the buyer. Likewise, a private township developer can even in the first instance sell at a negotiated price, unless the land was made available to him under section 34(9). Lastly, business and industrial sites will be sold by public tender.

Mortgage finance

What is a mortgage bond? Most buyers borrow at least part of the money required to buy a house, in the form of a mortgage bond. The money may be borrowed from a building society, bank, other financial institutions, company or a private person.

A mortgage bond is created when a person borrows money from a building society, any other financial institutions, such as a bank, company or another person,

against property which the bondholder holds as security for the loan. The bondholder can, of course, not physically hold the property. Its interest is secured by an endorsement on the title deed of the property registered in the deeds office indicating the existence of the bondholder's claim on the property.

The effect of the endorsement and registration of the mortgage bond is that the property may be not be sold until the mortgage bond has been cancelled or some other arrangement has been made with the bondholder. In terms of the Mutual Building Societies Act 24 of 1965 and the Building Societies Act 82 of the 1980 the risk of a building society is limited to 90 percent of its valuation of the property. If, on the other hand, the selling price is less than the valuation, the loan may not exceed the selling price.

This means that a buyer will need to pay 10 percent of the purchase price plus additional costs, which are discussed below. The 10 percent share of the purchase price may be reduced if collateral security can be offered.

The collateral security can be in the form of an investment with the building society or an employer's guarantee.

The monthly instalments are repayments which include a reduction of the capital, which is very small at the outset, plus all the interest for the month and calculated to wipe out the whole loan in a fixed period, which is normally 20 years.

The instalments should preferably not exceed about 25 percent of dependable income. The yardstick is not so much a mathematical calculation but whether the borrower can afford the instalments. Under certain circumstances part of the wife's income can be taken into account.

There are no hard and fast rules, but building societies will take the wife's income, or part of it, into account if the applicant does not get a subsidy. There must be continuity of her income. If, for instance, she has a temporary, or casual job, a building society is unlikely to consider her income. The 25 percent hurdle can also be overcome if



Mortgage bond rate battle shifts into a higher gear

Business Staff

McK's

(123)

FURTHER salvoes in the bond-rate battle between banks and building societies are expected in coming weeks, with spokesmen for at least two financial institutions predicting a decline of at least one percent in the home mortgage finance rate before the end of the year.

The prediction follows this weekend's announcement by First National Bank (FNB) of a comprehensive new approach to home mortgage finance, including a reduction of up to 0,5 percent in mortgage rates, shifting the bond war between the country's leading financial institutions into a higher gear.

Its mortgage rate has been dropped to 20,75 percent across the board while a further reduction of 0,25 percent will be made if the client uses at least two other products from the FNB stable, including associated insurance companies.

Biggest lender

In another development, United, still the biggest lender in the residential property market, is negotiating for a substantial shareholding in De Huizemark, one of the country's largest property marketing companies.

United, in an effort to hold off the increased competition from the banks in recent years, already owns 33 percent in Multi-Listing Services (MLS) as well as a strategic interest of 25 percent in Aida Holdings, the only listed estate agency.

By gaining strategic stakes in estate agencies United has stolen a march on its competitors as this provides it with an ideal vehicle to increase market penetration. It is understood that Aida franchise holders will be trained to grant United bonds immediately on the sale of a property.

FNB has built up a mortgage finance "book" of more than R4,3 billion since it entered the home loans market in 1983, roughly equivalent to 10 percent of the total residential mortgage finance market.

In addition to a reduction of mortgage rates, FNB is now offering 90 percent bonds on properties valued up to R150 000 plus a further 10 percent for renovations and extensions.

It is also enticing mortgage holders to transfer to FNB by offering to pay for bond cancellations and re-registration costs, under certain conditions.

The senior general manager for FNB, Mr Jimmy McKenzie, thinks mortgage rates could decline to 19,5 percent by the end of the year.

123

85% blacks are 'in favour of owning homes'

Political Staff

A GOVERNMENT-SPONSORED survey of black people has found that 85% were in favour of home ownership, the Department of Public Works and Land Affairs disclosed yesterday.

The survey, conducted in the Pretoria-Witwatersrand-Vereeniging area, also found that 61,7% of existing home-owners had financed their homes out of their own funds.

It was carried out at the direction of the committee of housing ministers.

The survey showed that despite an intensified communication programme during 1987, a large number of tenants were still unsure of the correct steps to take when they wanted to buy a dwelling.

By the end of last year, 197 458 hired houses had been sold to people of all race groups and 171 630 of these had been bought by black people.

With 522 207 houses identified for sale, 324 749 houses were still available to buy, 217 787 of which were available for black people and 96 198 for coloured people.

The rate of sales diminished from the middle of 1988 to the end of last year and according to feedback from the provincial administrations and local authorities, the decline was partly attributable to the fact that most buyers who were capable of buying the houses they rented had already done so.

"The situation is further complicated by the present economic climate and the large-scale unemployment.

"It is evident that renewed attention will have to be given to accelerate the sales campaign, particularly amongst the black community," the department said.

Between 1982 and 1989, 540 983 sites on which rented houses had been erected in black townships outside the homelands had been surveyed and the plans approved.

This left 149 341 of the units identified for sale in 1982 to be surveyed and the plans approved.

A further 285 427 new erven were surveyed, bringing the total number of surveyed sites to 826 410.

The department said 138 680 leasehold rights and 2 296 full freehold rights had been registered by the end of 1989.

Countdown to the big homes show

By Marguerite Moody

Builders are adding the final touches to their houses and the last preparations are being made for the largest homes exhibition mounted in the Transvaal — The Star 1990 Homes Show Spectacular at Kyalami Estates.

Nine luxurious designer homes in the R400 000 price bracket will be on show with a feast of exhibits and family entertainment when the prestige event opens on May 12.

Several exciting events have been planned for the 75 000 expected visitors, including fashion shows, aerobics displays and live music entertainment. Puppet and magician shows, jugglers and a jumping castle are sure to keep the young happy.

Several equestrian events have been planned, including a challenging cross-country race meeting on the last day. Children can enjoy pony rides every afternoon between 2 and 5 pm.

Anyone can win in the exciting "dig for a diamond" competition to be run for the duration of the four-week show.

Celebrity fashion

Because mums should be spoilt on Mother's Day, a special lunch and celebrity fashion show have been planned for May 13. A mother and daughter look-alike competition is also in the pipeline.

Kyalami Estates, a township developed and marketed by Anglo American Property Services, was conceived with the specific aim of providing a safe and secure neighbourhood and is enclosed with only one point of entry.

The estate boasts attractive, spacious parklands with spring-fed water features, sidewalks and a horse stabling centre.

Most of the stands in the estate's first phase have been sold, with the sale of stands in the second and third phases expected to pick up during the show.

The show will be open to the public on Saturdays, Sundays and public holidays from May 12 to June 3.



The German Oompah Band of Mr Derrick Denniss (left) and Mr Otto Kahl will be one of the bands providing live musical entertainment to the 75 000 expected visitors to The Star Homes Show at Kyalami Estates which opens on May 12.

●Picture by John Hogg.

It was impossible to accommodate more people in the city.

Advice for black home buyers

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4/5/90 By Joe Openshaw

Incompetent contractors, unethical credit brokers and dishonest developers may soon prey on the millions of homeless people desperate for proper housing as the black population becomes rapidly urbanised.

This warning was given in Johannesburg yesterday by Mr Keith Sandile Kunene, executive member of the Black Lawyers' Association, at the launch of a Housing Advice Centre.

The centre is being set up by the Legal Aid Bureau (LAB), assisted by the South African Housing Trust (SAHT) -- to give guidance and assistance to people new to property ownership and who could fall victim to exploitation by unscrupulous operators.

The SAHT presented a cheque of R50 000 to Mrs Pauline Lipson, director of the LAB, for the initiation of the first advice centre.

"The SAHT believes the housing shortage in the whole country could top 2 million units by 1992.

"By the end of this century two in every three black South African will be city or town dwellers.

Today's population of 38 million is expected to have grown to 48 million by then.

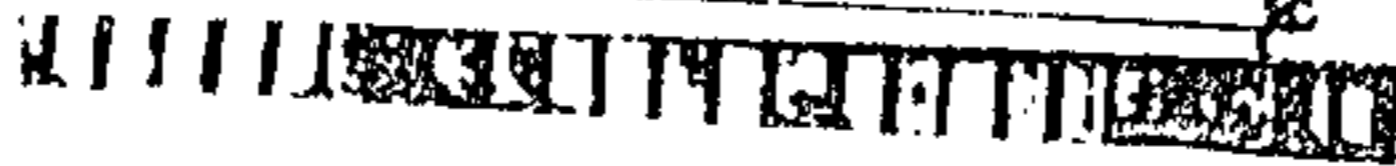
Deepening despair

"These statistics spell just one thing for millions of homeless people -- deepening despair.

"Unsophisticated people not acquainted with private ownership, the savings ethic, with capital and interest or mortgages and repayments are obviously going to be confused when moving into the affordable housing market for the first time," he said.

Mr Kunene said unscrupulous exploitation of the desperate and ignorant could derail or seriously hamper the whole national housing effort.

The first Housing Advice Centre will be run from York House, Johannesburg and it is hoped, eventually, to have a network of advice centres at townships throughout the PWV area.



35 councils told to act on rent arrears

The Transvaal Provincial Administration has ordered 35 black councils to take action against rent defaulters.

The councils, hit by rent boycotts, were this week told to "take definite and drastic steps" against people owing rent.

Olaus van Zyl, the MEC in charge of local government and regional services councils, said in a statement the province had limited funds for helping local authorities with bridging finance.

He said the boycott was closely linked to consumers being intimidated into not paying rent and service charges. Councillors were also being pressured to resign.

"We have about R30 million a month to bridge financing but at present we have to pay between R50 million and R60 million a month to make good any deficits of local authorities," he said.

It was the councils' duty to take steps to charge current levies and not to shirk their duties in this regard.

Councillors of the affected areas were called to a meeting in Pretoria on Wednesday by the TPA to discuss the boycott. Last week, the TPA's executive committee dismissed the entire Lekoa Town Council for failing to rectify the "unhealthy state of its financial affairs".

Residents in the townships under the Lekoa council owe about R147 million in rent arrears dating from the start of the boycott in 1984.

Ver verlate vlaktes

F/M. 4/5/90

Integral to reform is the repeal of laws which control the political use of land. It is salutary to consider the enormous historic distortions introduced by the Land Acts, in comparison with which, unravelling the Group Areas Act will be easy. They are a key component of geographic apartheid, introduced long before the National Party era.

These Acts — of 1913 and 1936 — define land racially: 87% for white use, 13% for black. The black regions are fragmented, remote from industrial centres and poor in resources, primarily because of the realities of colonial conquest. That they were used as the basis of migrant labour (and as dumping grounds for "surplus labour") followed logically. It took the genius of Hendrik Verwoerd to turn them into 10 ethnic "nations."

The De Klerk administration is looking at ways of changing the Acts so that land acquired by the SA Development Trust for "consolidation" (2m ha of it as yet unapportioned to the homelands) can be sold or leased to black farmers (see *Current Affairs*). It is obviously useful to have this land available for such redistribution, but it hardly compensates blacks for having foregone 73 years of shareholding (in the broadest sense) in the nation's most irreplaceable asset.

In many ways this loss is utterly unquantifiable — and can

never be made good. For example, locked into the Acts' conditions as they were, black agricultural wages stayed much the same from Union until the Sixties, when they began to rise. Blacks were regarded as temporary sojourners in the cities, so education, health and prosperity suffered.

It therefore makes little sense to formalise black settlement on Development Trust land wedged between or surrounding the bits and pieces of the homelands themselves — not if land reform is to be in earnest. That would just serve to make rural ghettos slightly larger. Logically, agricultural land as much as residential must be available to be bought and sold or leased by anyone, nationwide.

The issues are enormously complex, taking in tribal rights, the subdivision or consolidation of unviable agricultural entities, absentee landlordism, the legitimacy of various title deeds, the depopulated platteland, and so on. A little attention is being paid to the matter, but not perhaps enough — given the pace of overall reform.

Wholesale nationalisation of the land would be as disastrous as that of any industrial "commanding height." But the great rural tinder-box will not be dampened by the minimal changes to the Land Acts which are so far, apparently, all that is contemplated by government. ■

Peace 'to spark property boom'

Own Correspondent

123

JOHANNESBURG. — A political settlement in South Africa would spark off a property boom with unprecedented price rises, according to Camdon's nationwide managing director Mr Scott McRae.

He urged the "average man in the street" to acquire a home within the next 18 months because if he did not "he may never have another opportunity".

Mr McRae said that in spite of the short-term pessimism due to events in Natal and the self-governing states, the impetus towards a new political dispensation was irreversible.

The property market, he said, would be one of the first areas to benefit from a political settlement.

He said the "inevitable" elimination of the Group Areas Act and the emergence of

a black middle class would place pressure on property prices.

Other factors which would contribute to the rise in property prices after a political settlement in this country, he said, would be the subsequent increase in foreign investment, large-scale immigration, especially from Eastern Europe and the Far East, increased standards of living for a broader sector of the population and a fresh, intense bout of industrial development.

"I do not pretend to be a politician," Mr McRae said. "However it does not take much insight to predict that a government at least dominated by blacks will emerge from the current negotiations.

"This will hardly signal the death knell of the property market.

Indeed, the experience of our independent neighbours shows property rights are written into the constitution and are very

carefully preserved."

Mr McRae said the combined effect of these developments coupled with the fact that South African properties had laboured under what he called "political discount" for decades, would see prices escalate far more rapidly than in the past.

"While it is obviously impossible to be accurate, I would be prepared to predict property price escalations of 40% a year or more in the wake of a political settlement being reached for South Africa."

In the interim, he said, prices would generally at least continue to match inflation.

"For the investor the market holds considerable appeal right now.

"For the average man in the street acquisition of a home within the next 18 months has become critical.

"He may never have another opportunity."

Bond rises 'unlikely'

MORTGAGE bond rates appeared to have levelled off since last May and increases in the near future were unlikely, Anglo American Property Services (Ampros) said in a statement this week. (S) (123)

In the Property Exchange published by Ampros today, a graph reflects the home loan rates for new bonds granted by Standard Bank and United Building Society. This shows the sharp increases in mortgage rates since January 1988, when rates were 12.5%, to their present 20.75%. bid am 915/90

Ampros also publishes a graph showing the movement of the JSE property and property trust indices.

The property index at 414 is still 10% below the high of 461 achieved before the crash of 1987, and the property trust index has only recently passed its pre-crash high of 172, although it has since fallen back to 168.

In the last 16 months the property index has gained 45% and the property sector index has risen 39%.

Ampros attributes the recent strength of the indices to the reclassification of property trusts and property loan stock as fixed property instead of equity for the purpose of prudential investment.

"Property stocks are expected to improve their rating in the current uncertain market as they provide a defensive investment backed by assets," Ampros said.

Outlook for housing bleak

123

PRETORIA — Political unrest was increasing and this, with demands for the redistribution of wealth, would have a negative effect on investment in housing, Stellenbosch University's business school chief Attie de Vries said here yesterday.

Speaking at the Home Builders' Conference he said SA was in the midst of vast socio-political change which would unleash strong demands for income redistribution, and intensified trade union action was likely.

De Vries said the level of activity in the building industry would be negatively affected until virtually the end of 1991 with a sharp decline in real terms.

GERALD REILLY

Contractors would be faced with ever increasing competition and continually rising costs, including labour and materials.

"Survival will be the name of the game through an ability to adjust to the changes ahead." *Blom 915/90*

De Vries said the current backlog of more than 1-million housing units for blacks, plus an ever increasing annual need, would lead inevitably to more public sector resources being redistributed to meet the need.

the opinion that such association will not be detrimental to him. Juveniles are also separated with regard to age groups where facilities permit. *Hansen 9/15/90 (278)*

Discussions take place regularly between the South African Prisons Service, the local magistrates, prosecutors and the South African Police with a view to keep awaiting-trial juveniles out of prison.

Greater Cape Town area:
Whites/Coloureds/Indians

386. Mr C W EGLIN asked the Minister of Home Affairs: *(123)*

What estimated number of (a) Whites, (b) Coloureds and (c) Indians resided in the

greater Cape Town area as at 31 December 1989?

B914E

The MINISTER OF HOME AFFAIRS:

Data for 1989 is not available at the Central Statistical Service. The population information is obtained from population censuses. The latest available information is that of the 1985 Population Census, namely:

- (a) 542 705
- (b) 1 068 921
- (c) 17 437

The next population census will be held on 7 March 1991.

Hansen

HOUSE OF ASSEMBLY

Contractors

: EU Civils (Town 2B)
(1) Murray & Roberts (Town 3)
(2) Savage & Lovemore (Town 3)
Burge & Wallis (Town 4)

QUESTIONS

†Indicates translated version.

For written reply:

(Signature)

Trunk Sewerage:

Consultant Engineers: Ninham Shand
Contractors: Basil Starke

General Affairs:

Upgrading of KTC squatter camp/Brown's Farm

22. Mr J VAN ECK asked the Minister of Planning and Provincial Affairs:

- (1) (a) What private companies were involved in the upgrading of (i) the KTC squatter camp and (ii) Brown's Farm in Cape Town and (b) for what construction work in each case;
- (2) whether tenders were invited for such construction work; if not, why not; if so, (a) what companies submitted tenders and (b)(i) which tenders were accepted and (ii) why;
- (3) which authority is responsible for the (a) hiring of companies, and (b) payment of such companies, in each case? B50E

The MINISTER OF PLANNING AND PROVINCIAL AFFAIRS:

(1) (a) (i) and (b)

Civil Consultant Eng: Voster, v d Westhuizen & Partners

Contractors: Asla Construction

Electrical:

Consultant Eng: De Villiers & Moore

Contractors: (1) Wheeler Plumlec
(2) Mast & Pole Maintenance

Surveyor:

(1) De Villiers, Reed, Chiddy & Murray
(2) Hoenson & Gluckman
(3) Groenewald, Turner & Wynne.

Town Planning:

Makroplan

(a) (ii) and (b)

Internal Services:

Consultant Engineers: Ninham Shand

Electrical:
Consultant Engineers: Hill, Kaplan & Scott
Contractors: Racec

Surveyor:

Julian Grey (Co-ordinator)

Town Planning:

Bertie van Zyl

(2) Yes.

(a) Clifford Harris

Lightning Structure

WP Electric

Sectional Poles

Africa

Mast & Pole

Maintenance

Valley Construction

Sanvido & Sons

GCF Construction

SFS Construction

(a) Clifford Harris

EU Civils

Basil Starke

Murray & Roberts

Burger & Wallis

Racec

Savage & Lovemore

Asla Construction

Power

Construction

Marten & East

WJM

Construction

Cyclops

Engineering

Housing backlog of 2-million units

GERALD REILLY

123

PRETORIA — SA has a housing backlog of about 2-million formal housing units, about 90% needed by black households, CSIR's division of building technology chief Tobie de Vos said here yesterday.

He told the National Association of Home Builders' Conference it was expected an additional 1.2-million units would be needed from now until the year 2000, when 5.8-million homes would be required.

This implied that about 3.2-million or 320 000 housing units a year would be needed to house the urban population by then.

A production rate four times the current 70 000 to 80 000 units a year was needed. At a gross density of 20 units a hectare, at least 160 000ha of additional township land would be needed by 2000.

By way 10/5/90

R6bn needed to electrify all SA homes

CAPE TOWN — The electrification of the 20-million SA homes which did not have access to electricity would cost about R6bn, an Eskom spokesman said during a President's Council hearing yesterday.

Giving evidence for the council's investigation into a policy for a national environment management system, as requested by President F W de Klerk at the start of the parliamentary session, Eskom management services GM Johan van den Bergh confirmed the figure.

He said the provision of electricity to these people — about two-thirds of the country's population, excluding the homelands — could alleviate the social, economic and environmental problems caused by the use of other energy sources such as coal and timber.

Mineral and Energy Affairs

LESLEY LAMBERT

Minister Dawie de Villiers said during his department's budget debate in Parliament that Eskom could electrify one-million homes in an intensive five-year programme.

De Villiers said Eskom had sufficient capacity to generate and distribute more electricity and this could be done without major capital investments in additional infrastructure. He said the objective was to reach as many people as possible using the least possible capital expenditure.

In his submission to the President's Council, Van den Bergh said Eskom had 26 nuclear, fossil-fuelled and hydro power stations. Some were the largest of their kind in the world.

The public utility was a world leader in the use of low-grade coal

which had, at most, a 40% ash content. Its power stations produced 16,5-million tons of ash, released about one-million tons of sulphur dioxide and 400 000 tons of nitrous oxides and consumed about 259 000 megalitres of water annually, he said.

De Villiers also announced yesterday that the board of the Electricity Council — Eskom's controlling body — had been reconstituted.

The new members are Nafcoc executive director Mofafi Lekota and Seifsa representative D B Mostert.

Other private sector members whose term of office will be renewed when it expires on May 23 include Anglo American economist Aubrey Dickman, representing the SA Chamber of Business, and Chamber of Mines representative Albert Allen Sealey.

CHT limits

Friday, May 11, 1990 5

Housing subsidies may rise

By BARRY STREEK

THE government is considering raising housing subsidies for public servants from the present ceiling of R50m.

The Minister of Administration and Economic Co-ordination, Dr Wim de Villiers, said yesterday: "Any increase of the subsidy limit will naturally depend on the availability of funds."

He was replying to a question tabled in the House of Delegates.

The Minister of Home Affairs, Mr Gene Louw, said yesterday that 1 680 838 people were employed in the public sector, including SATS. More than a third, 608 877, were white.

Some 29,9% of the economically active whites worked for the public sector, 16,4% of economically active coloured people, 11,8% of economically active Indians and 11,4% of economically active blacks.

St- 12/5/90 (123)

Actstop plans to march on civic centre

ACTSTOP has been granted permission by the city council to hold a march to Johannesburg's civic centre in Braamfontein this morning to present a memorandum to deputy town clerk James Sadie and "a high-profile delegation of councillors".

Actstop spokesman Mohammed Dangor said the march was aimed at highlighting the housing shortage in the city, the need to apply the Slums Act (or its successor, the Development of Housing Amendment Act) and a call for the reintroduction of rent control.

"The non-application of health regulations and the lack of a health clinic in the city centre are other concerns," he said.

Starting at 10 am from the old Witwatersrand Technical College building on the corner of Plein and Wanderers streets, the march will proceed along Koch and Twist streets, down Kötze Street to the front entrance of the civic centre in Rissik Street.

Business Times Reporter

SOUTH African Housing Trust has helped to launch an advice bureau to newcomers to the low-cost home market who run into trouble.

By sponsoring the Legal Aid Bureau to set up a Housing Advice Project (HAP), SAHT hopes to prevent potentially unscrupulous operators from entering the affordable housing market.

SAHT managing director Wallie Conradie insists that the project should not be seen as an indication that chicanery is rife in low-cost housing.

Abuses (123)
Our co-operation with the bureau is prompted by our eagerness to preserve the credibility and good standing of the many reputable concerns providing low-cost housing.

"It would be a tragedy if a national effort like this were besmirched by the activities of a few operators."

Mr Conradie says incompetent newcomers to the sector who promise more than they can deliver undermine public confidence.

"Our help in launching the HAP is an acknowledgement that the potential exists for abuses. We realise there is a need to gather information that will help in the formulation of safeguards."

Mr Conradie says SAHT is unaware of a wave of irregularities and abuses.

Net cast for the housing sharks

5/7/73
13/5/70

"The only indicator that the graph is rising is the report from the Legal Aid Bureau that its case load involves an increasing incidence of complaints related to housing."

The Johannesburg-based bureau reports a steady stream of black families who have been cheated out of deposits, tricked over plans and palmed off with shoddy workmanship.

The HAP will be independently run under the bureau's auspices. A senior SAHT executive will sit in at policy meetings as an observer.

Housing boom tapering off

123
AP&W's
14/5/90

By TOM HOOD, Business Editor

THE housing boom is tapering off, say two respected organisations, United, the country's largest building society, and the Stellenbosch Bureau for Economic Research.

But prices are still rising steeply for exceptional houses in upper-class suburbs, they report.

In the Western Cape, houses classified as "large" showed a 5 percent price increase in the March quarter, compared with a year ago. Compared with the previous quarter, however, prices of large houses improved at a rate of only 3 percent, reported the UBS today in its latest Housing Review.

Medium-sized houses in the Cape gained in price 13 percent in the year to March, but the quarterly trend showed only a 4 percent increase.

Prices of small houses rose 14 percent in the 12 months in the Cape, plunging to a rise of 2 percent in the March quarter.

The country's average price of a medium-sized house increased only 8 percent on a year-on-year basis in the March quarter.

This represents a price increase of less than 3 percent, compared with the previous quarter, according to the UBS Housing Review today.

The average annualised increase for the six months to March was 3,2 percent, while the figure for the previous six months was 12,4 percent. The average price of houses in this class was R96 000.

The average price for larger houses was R135 000, showing an annualised quarterly increase of 6 percent, while

smaller houses recorded an 11 percent gain to an average price of R81 000.

The year-on-year increases of new houses was 16,7 percent after slowing during the second half of 1989. The United reports this was owing mainly to a 20 percent increase in the cost of building materials.

The price differential between new and existing houses remains at 30 percent.

Johannesburg registered the largest increase in house prices at 9 percent, followed by the OFS and Northern Cape with 5 percent and the Vaal Triangle at 3 percent. Prices declined by 2 percent on the East Rand and 1 percent in the Durban-Pinetown area.

The Stellenbosch Bureau, in its latest building survey, reports house prices rose between 20 and 25 percent earlier last year, falling to an 11,5 percent average growth rate by the year-end.

"The growth rate of house prices is definitely trending down after peaking at the end of 1988."

House prices in middle-class suburbs were rising by only 9,5 percent, well below the consumer price index, the country's main measure of inflation. Prices in lower-middle-class suburbs were rising slightly faster at 10,5 percent.

But prices in plusher suburbs such as Constantia and Clifton were still rising at more than 18 percent.

Sharply higher mortgage rates, which had hit most home-owners, had not affected owners of expensive houses, and there was also increased interest in expensive houses by overseas buyers, especially in Cape Town, the bureau reported.

THE LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, further arising from the reply of the hon the Minister, is he aware that a question with regard to this matter was raised at the Natal Provincial Committee meeting and that the reply of the province was that the authorities concerned do not know anything about this?

The MINISTER: Good luck to them if they do not know anything about it. The less they know about it, the better! As far as I am concerned, I want the lot to go. [Interjections.]

Mr M Y BAIG: Mr Chairman, further arising from the reply of the hon the Minister, has he taken into consideration that, whilst this is a good measure, the establishment of this road will place a heavier strain on Higginson Highway? Therefore, whilst this is on the drawing board, a second access road should also get off the ground to accommodate the additional flow of traffic.

The MINISTER: Sir, I take the point that has been made by the hon member for Moorcross. The most important point that was made in the consultant's report was that the planning and execution of a road of this nature had been long overdue. The Shallcross area does not have a proper access or link road into the main road system.

First-time home owners: subsidy

*5. Mr K PANDAY asked the Minister of Housing: (123) *Hansard 15/5/90*
Whether, with reference to the reply by the Minister of Planning and Provincial Affairs to Question No 1 on 26 April 1990, he is giving consideration to raising the ceiling of the subsidy for first-time home owners from R65 000 to R75 000; if not, why not; if so, what are the relevant details?

D163E

The MINISTER OF HOUSING:

No. Under normal conditions the maximum total cost of a property including all cost in respect of stand, dwelling, administration, financing, freehold rights and consultant's fees may not exceed the amount of R65 000. However under exceptional conditions where inexpensive sands are not available and the valuation of the stand by the building society/

The MINISTER: Sir, all the funds that had been allocated to this Ministry have been earmarked for some purpose.

The LEADER OF THE OFFICIAL OPPOSITION: You are inefficient! [Interjections.]

The MINISTER: I just want to say that I have only been in this position for six months. If the money has not been used, the person who was here before me, must have been hopeless. [Interjections.]

The CHAIRMAN OF THE HOUSE: Order! The hon the Minister is on his feet.

The MINISTER: Mr Chairman, I was saying earlier that funds allocated to us in our budgets, have been allocated for a great many projects. The fact that that money may not have been

Education budget: shortfall

*6. Mr K PANDAY asked the Minister of Education and Culture:

Whether there is a shortfall in the education budget for the 1990-91 financial year; if so, (a) why, (b) what (i) is the extent and (ii) are the details of this shortfall and (c) what steps have been taken and/or are to be taken in this regard?

D167E

Hansard 15/5/90
The MINISTER OF EDUCATION AND CULTURE:

Yes.

(a) Due to a general cut-back in Government expenditure a consequential shortfall was passed on to the education function. This in turn restricted the allocation to this Administration to a level where at this moment in time our actual requirements cannot be met by the allocation.

(b) (i) R73 096 000

(ii) **EDUCATION AND CULTURE VOTE**

Programme 1 : Administration

Programme 2 : Education

Programme 4 : Culture: Promotion

EDUCATION RELATED SERVICES

Budgetary and Auxiliary Services

Programme 2 : Associated and Supporting Services

Local Government, Housing and Agriculture

Programme 1 : Administration

Programme 3 : Acquisition of Land

Programme 4 : Provision of Building and Structures

: Hire of Accommodation

: Minor works

: Repairs and Renovations

R 27 435 000

R 1 456 000

R 25 677 000

R 302 000

R 45 661 000

R 456 000

R 67 000

R 823 000

R 23 286 000

R 61 000

R 988 000

R 17 107 000

Bond repayments similar to 1986 levels — United

6/10/90 13/5/90 CHARLOTTE MATHEWS  123

NOMINAL mortgage repayments have reached an all-time high as a result of house price increases over the past few years and relatively high mortgage rates, according to the latest United Quarterly Housing Review.

Monthly mortgage payments have increased by about 14% over the previous year.

But, the review pointed out, if salary and inflation were taken into account, current bond repayments were at about their 1986 levels and not even close to the peak of 1984/85.

House prices in relation to salary levels have been on a decreasing trend for the past six years.

According to United, the average price of a medium-sized house rose to R96 000 in the first three months of 1990, which is only 1% above the previous quarter or an annualised 3,7%. The increase is however 8% higher than the first quarter of 1989.

Larger houses in this period cost on average about R135 000 while smaller houses cost around R81 000.

New house prices rose by 16,7% in the first quarter of 1990 compared to the first quarter of 1989, mainly as a result of the 20% rise in the cost of building materials.

Prices of existing houses lagged behind new houses. In the first quarter of 1990 they rose by 7,5% by comparison with the previous year.

The United forecast that the prime overdraft rate and mortgage rate were unlikely to decline by more than one percentage point to 20% late this year because of government's strict monetary policy.

The decline in economic activity was likely to depress the residential property market.

'Social investment' is a better term

SOCIAL responsibility is in danger of becoming devalued as a concept, says SA Housing Trust (SAHT) MD Wallie Conradie.

But the more descriptive term "social investment" gives the idea of long-term benefit to the company while still recognising the positive impact on the wider community.

Conradie says the "investment" aspect of the term deserves particular emphasis when a company is considering housing assistance for its workers.

However, the cost side of the equation appears more tangible than the gains which will accrue. Altruism is therefore assumed when the company concerned can be drawing major benefits.

"Unfortunately, the question of long-term 'dividends' from this type of investment is still unexplored."

Conradie says the benefits are substantial, but no one has yet put a figure to them.

He says: "Accountants find it easy to work out the

cost when it comes to housing assistance for workers. But how do you cost the benefits?"

It is possible to itemise the advantages, but there is as yet no scientific rands and cents measure to go with the checklist.

To begin with, there is a productivity gain. A well-housed workforce is healthier, better rested and motivated.

There is less absenteeism, less sick leave and an improvement in the industrial relations climate.

Model

"Staff turnover is reduced, resulting in a saving in training costs and the saving implicit in having long-serving workers on the job rather than newcomers with a low work-rate and proneness to error."

Conradie says he can provide a computer model or an accounting procedure that will deliver instant rands and cents figures to set against the cost side of the exercise.

SAHT liaises with em-

ployers countrywide, often helping them set up worker housing schemes and granting access to its own development projects.

The trust rarely comes across indifference to the housing needs of workers. There is often an eagerness "to do something", although the costs are assumed to be prohibitive.

The housing question is beset by assumptions or ignorance, he says.

"We research the potential demand for all projects and approach major employers in the specific catchment area. Our researchers often report some employers with little or no knowledge of the housing needs of their workforce."

Basic questions such as where workers live, how far from the factory and in what conditions remain unasked or unanswered.

"Meanwhile, there is the assumption that housing assistance implies major and instant injections of capital, which is not the case."

Conradie says an em-



WALLIE CONRADIE

ployee education effort on the disciplines and benefits of home ownership can be launched at little or no cost.

"Employers can utilise one of our schemes which call for guarantees rather than cash up front. We usually recommend an incremental approach that allows parties to proceed up the affordable housing learning curve together," he says.

Once the SAHT has established a relationship with an employer the information gathering process becomes an information exchanging process.

BLOOM 18/5/90

123

A fresh approach to housing finance

USING retirement funds to assist with housing finance is a fresh and flexible approach to making houses more affordable to the low-income buyer, says Old Mutual assistant GM employee benefits Henk Beets.

In an article published in the Labour and Economic Research Centre's quarterly Trustee Digest, Beets says at national level government priority given to schemes which subsidise or aid home-ownership and the provision of affordable shelter for South Africans, have to contend with other important national needs — such as health care, education and care of the aged.

Important

This means individuals and employers have to be involved in developing systems and structures to enable people to buy their own homes.

The need for appropriate accommodation extends into retirement, so that an investment in housing by an individual has to be seen as an important part of retirement preparation, he says.

The provision of housing assistance is no different from other employee benefits. However, the cost of providing a full range of benefits at the same time to all employees can be higher

than can reasonably be afforded either by the individual or by the company.

What is needed is greater flexibility in individual benefit options available from retirement funds and a focus of available resources on meeting priority needs first.

It is important to identify individuals' priorities and to direct the available cash-flows towards their life-cycle of needs, he says.

If owning a house is an immediate priority, money which is used for retirement benefit provision can be diverted for some time to make this possible and to speed up the process of home-ownership.

Beets gives an illustration how this approach operates and how it makes housing finance cheaper and easier to obtain.

A new member joins a fund to which he or she makes contributions and to which the employer also contributes.

Over a period of time, credit is built up and some or all of this accumulated credit is refundable to the member should he or she withdraw from the fund.

After a period, an amount equal to the member's credit in the fund (or the withdrawal benefit less any tax liability) is lent to the member as a deposit on the purchase of a home.

Subsequent contributions to the fund are also lent

back to the member to assist in repaying the housing-loan commitments to other institutions (for example a bank or building society).

The contributions are therefore effectively channeled directly into repaying the member's mortgage bond.

After all the money owned to the bank or building society has been repaid, contributions to the fund again started accumulating towards the member's retirement benefit.

In addition, the portion of the member's income which was previously used to repay the mortgage loan is redirected to the fund to help ensure an adequate benefit is built up when the member retires.

Beets says through this process the member, remains eligible for the normal death and disability benefits provided by the fund.

If the member resigns before retirement, his or her outstanding loan from the fund is offset against the withdrawal benefit (less tax payments due).

If the mortgage bond has not been fully repaid, the member is still responsible for the rest of the repayments to the bank or building society.

The key features of the approach when considering low-income earners are:

□ Members who would otherwise have difficulty in ac-

cumulating the required deposit for the purchase of a home are granted access to a lump sum;

□ Traditional mortgage-loan finance is made more available because of availability of a deposit, and because the member is able to repay a loan by redirecting his or her retirement fund contributions to the lender.

Affordability:
□ Full ownership of the home is made faster by making available additional repayments. Furthermore, contributions to retirement funds are normally based on a percentage of salary and increase as salaries go up. This approach also means the member can repay a mortgage bond much faster.

Security

There is greater security and easier administration for a bank or building society because repayments are collected in bulk through the employer's salary administration system.

Beets says the state plays an important role in creating and adapting the financial climate which can encourage and facilitate private home-ownership and retirement funding.

Certain facilities already exist within the pension and provident funds for making housing loans to members.

But, he says, these structures are inadequate and need to be amended to fully accommodate this scheme.

House prices lag behind inflation

CAPL 7/12/90 18/5/90 123

Financial Editor

HOUSE prices have failed to keep pace with inflation in most areas, says Boland Bank economist Louis Fourie. And he thinks lower bond rates combined with inflation-linked salaries will help home owners in the year ahead.

In his latest Economic Focus, devoted to the property market, Fourie says the average dwelling "purely valued as an investment, maintained a negative real rate of capital appreciation since 1984.

"This is an 'achievement' that has been continued even during the economic revival of the last three years."

To illustrate his point Fourie continues: "A residence purchased for R70 000 in 1983 should, under normal circumstances, fetch a market price of about R112 000 in 1990."

To keep pace with inflation over the period, the house would have to fetch a price of R180 000. "This rate of growth has been maintained only in exceptional cases or in some higher income residential areas."

Pointing out that legislation in SA "still cushions the property market from the full forces of supply and demand", Fourie continues: "This legislation is, however, being applied less rigidly than in the past and fairly prominent exceptions to the rule are already influencing certain residential areas."

Bond rates are now at their highest level in real terms, allowing for inflation, since early 1984.

But Fourie believes that interest rates "have probably reached a peak which, against the back-

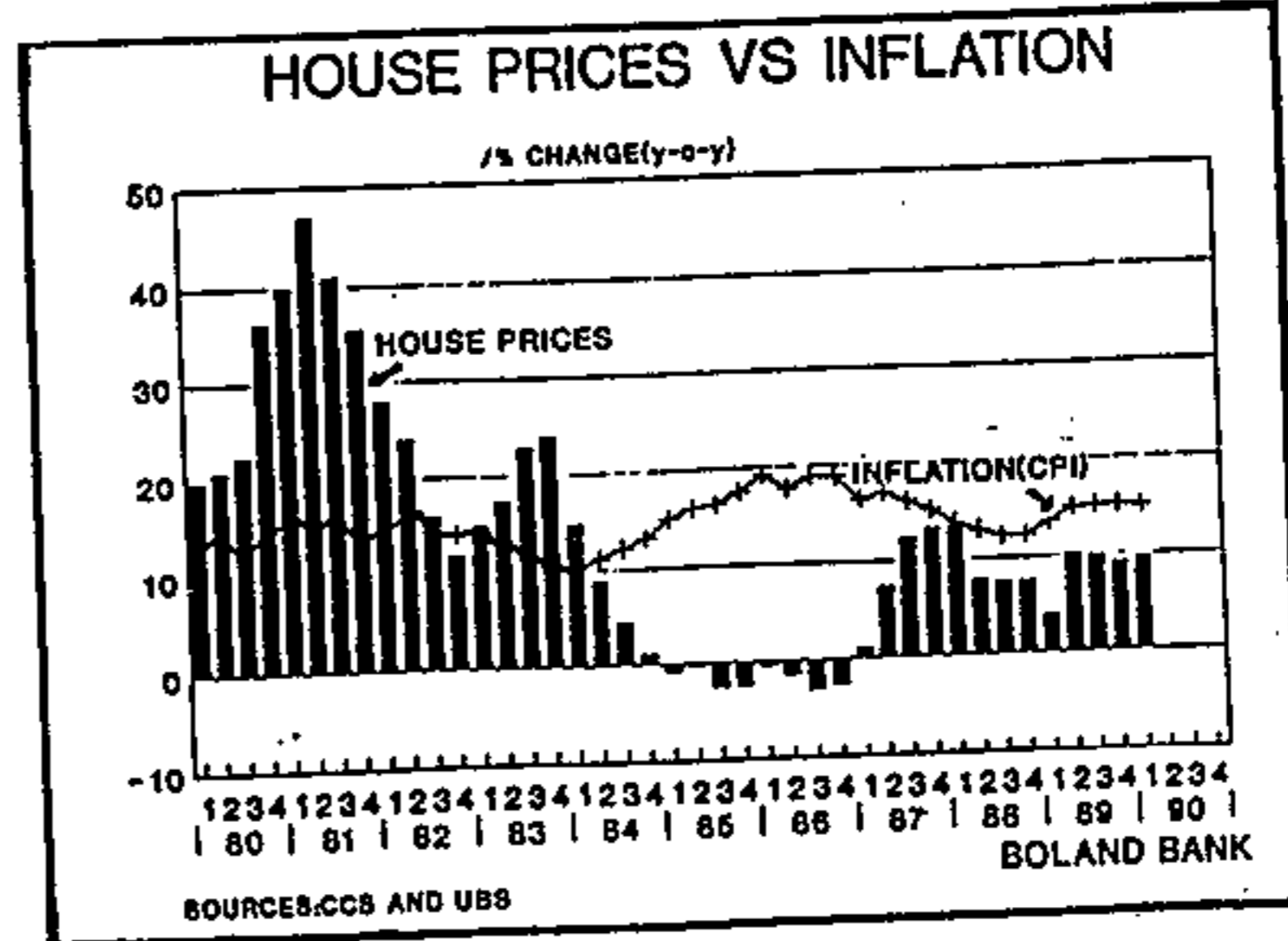
ground of inflation-linked salary increases, should effectively make property slightly more affordable to individuals in 1990-91."

Discussing building costs, Fourie says: "The year-on-year percentage rise in total building costs has declined from a high of almost 25% in the second quarter of 1989 to about 19% in the first quarter of 1990.

"This downtrend can mainly be ascribed to a more favourable trend in price increases of building material.

"Intensified competition between contractors is also systematically putting pressure on tender prices — a situation which will bring a further slowdown in the rate of increase in building costs over the following 12 to 18 months."

He says the causes of building cost escalation



last year were "a reasonably sharp rise in labour costs in the past 12 months" and the "restricted capacity of suppliers".

"The latter is still a result of the stringent recessionary conditions which prevailed during the mid-80s."

Building activities are still showing a rising

trend but this, says Fourie, "is mainly supported by an increase in non-residential projects. The construction of residential buildings has been in a downward phase since the middle of 1988."

He thinks that institutional buying will support prices of commercial and industrial buildings.

Poor results reflect economic downswing

ei from 20/5/90

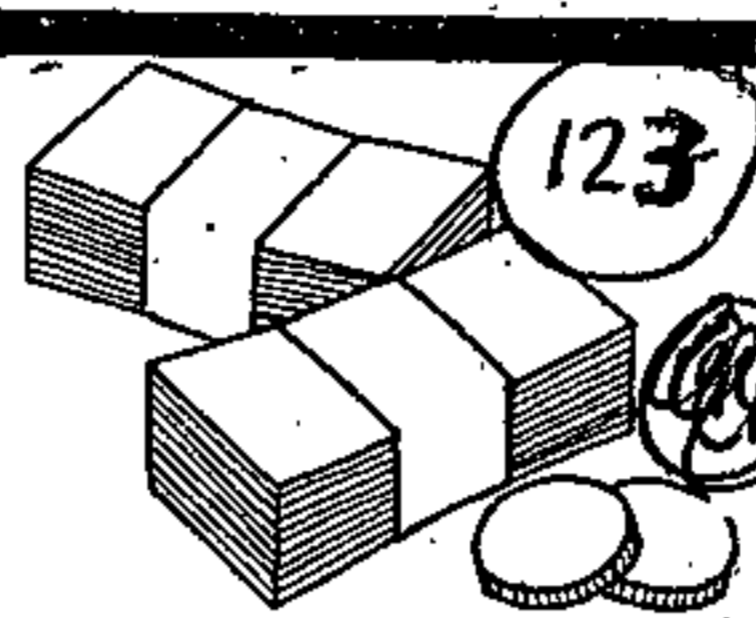
THE financial results of important South African companies, reporting for periods up to March, reflect the economic slowdown.

Another disturbing trend is that countrywide wildcat strikes are causing money and job losses.

Even the black housing programme is being delayed. Pretoria Portland Cement, which has already mothballed its massive cement plant in the Eastern Transvaal, reported a decline in sales in areas affected by unrest.

The inference is clear. Builders stop work during unrest and the chain reaction eventually affects production at plants manufacturing building materials.

PPC was fortunate to push up earnings by 14,4 percent to 117,3c a share. But this achievement is not impressive, because it



MONEY TALK

barely exceeded the inflation rate.

However, PPC fared better than Nampak, Africa's biggest packaging business, which reported a three percent drop in profits.

This company has shown impressive growth during the past five years and its bad performance surprised shareholders.

Nampak is a big supplier of packaging materials to the food and beverage industries, so is regarded as more resilient to eco-

conomic downturns than most industrial companies.

Apart from a heavier tax and interest burden, its performance was affected by disappointing sales.

Management partly blames lower sales on strikes at many of its clients' premises.

Trucks delivering packaging materials regularly returned fully loaded to the warehouses due to strikes.

This again caused a chain reaction: full warehouses cause plants to cut back on production, resulting in management not taking on any new workers and even forcing retrenchment of staff.

Official statistics confirm the economy is going through a difficult period. Growth has virtually come to a standstill, while inflation remains unacceptably high.

were drunk and failed to identify themselves.

R3,6m for housing *Call Time 22/5/90 (23)*

JOHANNESBURG. — The Urban Foundation last night received a cheque for R3,6m from the Hanns Seidel Foundation of the German Federal Republic. The cheque forms part of a major thrust to make lower home loans available to low income South Africans.

he made the implementation of the commissions for the days and Sundays),
Political Staff CM 14/8 22/5/90
Natal CM 14/8 22/5/90
October 1986, more than 70 000 hectares of

Kriel warns on black housing

Political Staff
BUILDING societies and the private sector would simply stop building new houses in black townships if the residents stopped bond repayments, the Minister of Planning and Provincial Affairs, Mr Her-nus Kriel, warned yesterday.

A disturbing situation had begun to develop with housing committees in townships and squatter communities making unrealistic demands on housing authorities and the private sector, he said.
Mr Kriel, speaking at the start of his Vote, said one committee had demanded that every second house should be demolished as they were too close to each other and the residents rehoused at the expense of the developer.

It had demanded a maximum monthly repayment of R50 over 30 years, and that existing houses either have two rooms

added at the cost of the developer, or be reduced in price by 60%.

Mr Kriel said the committee had stated that until these demands had been finalised, all residents would suspend their monthly repayments.

"An attitude like this poses a very dangerous situation," he said.
"I want to call on black leaders to stop these actions. Nobody but nobody can benefit from such an attitude."

As urbanisation gathered pace, living space for about 11 million new arrivals would have to be found during the next ten years — "a daunting picture, but by being frightened we cannot address the problem", Mr Kriel said.

"We shall have to manage this phenomenon in an orderly manner. And this is the challenge which the government has accepted."

land had been demarcated as development areas and thousands more hectares were under consideration and planning. It was estimated that all this land could accommodate eight to nine million people, not enough to overcome the backlog.

"There are too few persons who realise the urgency of this problem and too many who put their own interests first."

The private sector's contribution towards housing black people was estimated at R2 billion in 1989/90 and R3 billion in 1990/1, but it was imperative that it was not just involved in middle-class and elite groups.

The state was subsidising about 34 000 first-time buyers at a cost of R40 million, Mr Kriel said.



New black towns 'must be near jobs'

APR 22/5/90

123

By MICHAEL MORRIS, Political Correspondent
SOUTH AFRICA could no longer afford or justify the "luxury and inconvenience to others" of placing new black towns as far as possible from existing residential areas, the Minister of Planning and Provincial Affairs, Mr Hernus Kriel, has warned parliament.

But he also warned that unless the country's 900 000 squatters co-operated with the government's aim of achieving "orderly urbanisation", action would be taken against them in terms of the Squatter Act.

On the question of creating new black towns, Mr Kriel said existing property rights would be taken into account, but the time for locating them far from other residential areas had passed.

Introducing the debate on his department's budget, Mr Kriel said urban planners would have to find space to house about 11-million more black people in towns and cities in the next 10 years.

Must be found

"South Africans will have to accept that living areas for newcomers must be found. Such land will have to be found as close as possible to the areas where job opportunities exist in order to save the taxpayer and commuters unnecessary commuting expenses.

"In our planning, existing rights will have to be taken into consideration, but the time has passed when a black town was erected as far as possible

from existing residential areas. We cannot afford or justify such outdated luxuries and inconvenience to others."

The State was responsible for about 70 percent of the demand for black housing. He expressed appreciation for the private sector's increasing involvement in black housing development.

The government had accepted the challenge of providing housing and since 1986 had earmarked enough land to house about nine million newcomers in the urbanisation process.

He said a sum of R69-million had been set aside this year for buying land for black housing development in the four provinces. Furthermore, if parliament approved the R1-billion for development announced by President De Klerk, not less than R200-million of it would go towards buying and developing land to help "catch up on the enormous existing backlog".

Mr Kriel also announced that his department was working out ways to cut red tape and save time and money in the process of creating new black towns.

Solving the growing problem of squatting required balancing the needs and feelings of the squatters with the rights and frustrations of property owners.

Mr Kriel warned that if squatters sought confrontation, they would be acted against in terms of the Squatter Act. The government could not allow orderly urbanisation to be replaced by anarchy.

Govt reverses policy on far-flung black housing

22/5/90 Political Staff (123) CAPE TOWN — South Africa could no longer afford or justify the luxury and inconvenience to others of placing new black towns as far as possible from existing residential areas, the Minister of Planning and Provincial Affairs, Hernus Kriel, has warned Parliament.

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"The time has passed when a black town was erected as far as possible from existing residential areas. We cannot afford or justify such outdated luxuries and inconvenience to others."

SA now had about 15 million urban blacks. By the turn of the

century this was likely to rise to between 25 million and 26 million.

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The Government had accepted the challenge of providing housing and since 1986 had earmarked enough land to house about 9 million newcomers in the urbanisation process.

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● See Page 12.

growth for the rest of the year. ■

LEGISLATION F/M 25/5/90

Back to square one

The newly published Housing Development Schemes for Retired Persons Amendment Bill will starve the retirement village industry of development funds. (123)

That, according to Sapoia, it will perpetuate the problems of the original Section 10 of the Act which was repealed because of pressure from the private sector. (123)

Sapoia's response relates to one of two property-linked Bills published last week. The other was the the Usury Amendment

Bill by the minister of finance. The Usury Act amendments are integral to the grand strategy, masterminded by the Urban Foundation, to entice institutional funds into low-cost housing. (123)

In a strongly worded memorandum to the Director-General of Trade & Industry, Sapoia executive director Brian Kirchmann points out that the Retired Persons Amendment Bill (the second such amendment in less than a year) secures right of occupation to a retirement village unit for the purchaser, irrespective of whether the deal involves sectional title, share block or life right.

However, the main problem is that the amendment is structured so that it gives the unit buyer rights superior even to those of the mortgagee who provides the funds for the purchase. (123) (123)

He goes on to suggest that it would be trite to mention that a mortgagee lends to a mortgagor on the principle that the property can be sold to meet outstanding debts if the buyer fails to meet bond repayments.

However, in terms of the proposed legislation, any sale in execution now becomes subject to 75% of the holders of right of occupation consenting to the sale.

Kirchmann adds: "We cannot envisage

any mortgagee being prepared to lend money subject to these conditions. To expect a mortgagee to acquire the consents envisaged in the Bill before a sale in execution is preposterous." (123) (123) (123)

He further claims that the amendment is badly drafted because it is vague about issues such as preferent claims and where they apply. He suggests that the holder of a right of occupation should have rights equal to that of the registered lessee.

Kirchmann and Sapoia's view is endorsed by property attorney Johan Roodt who points out that the amendment is designed to give pensioners a real right to the property they occupy irrespective of the type of purchase (*Property* February 9).

"If it goes through as it stands, a buyer of a life right unit will have greater rights than a freehold title owner who is subject to a mortgage bond." He believes the proposal, if approved, will severely affect the ability of developers to fund such schemes because of

the lack of security for capital finance. It also restricts the developer's rights when dealing with his property. No scheme can take place on the site without the consent of all occupants.

"The net result is that all schemes in future will have to be self-financing because there will be no security available for long-term lenders. It makes nonsense of the business of development.

"Secondly, it fails to address an existing loophole related to the definition of retirement villages. This allows developers to bypass the constraints of the Development Schemes for Retired Persons Act altogether by simply not calling the development a retirement village and not confining occupation to people over the age of 55."

The Usury Act amendments (nine in all) seem likely to have a smoother passage. They are aimed at resolving two perceived obstacles to the entry of the financial institutions into low-cost housing (*Property* December 8).

They relate to the recovery and scale of the administrative costs of providing home loans by the banks and building societies.

Key aspects of the new legislation will be to entitle lenders to levy what is called the bond administration fee which will be a one-off R175 and a monthly ledger fee of R5 a month from borrowers.

Furthermore, every time the security under the property is varied or substituted, the lending institution — which previously wasn't entitled to charge for reviewing the new financial circumstances — will be entitled to charge R100.

In terms of security, an example would be where a person has a bond over two properties and wishes to have one of them released. The R100 will recover the administrative cost of making the change.

It also clears up a long-standing anomaly related to the charging of compound interest on overdue mortgage instalments.

The Usury Act amendments are an integral part of the Urban Foundation's strategy

2 F/M 25/5/90 (123) (123)

to dramatically dent the low-cost housing logjam. As part of this initiative the foundation negotiated a R20m loan guarantee fund on the international financial markets which will reduce mortgagee exposure in the sub-R35 000 housing arena, particularly as such lending carries a higher risk as a result of political disturbance, and the risks of defaulting on payment by purchasers because of strikes, boycotts or loss of employment.

According to attorney Standish O'Grady, who worked on drafting the legislation, the Bill will also entitle the lender to recover premiums for guarantee insurance (the premiums paid into the loan guarantee fund for high-risk, low-cost housing). ■

CMT TIPS

28/5/90

123

State to maintain freeze on rent rises



Sam de Beer

ALL rent increases in regard to the interest and redemption component of rentals and instalments on houses built with state funds are to be frozen for a third consecutive year.

This was announced yesterday in separate statements by the Minister of Housing in the House of Assembly, Mr Sam de Beer, and the Minister of Housing in the House of Representatives, Mr David Curry.

The committee of ministers responsible for housing had decided on the freeze on April 19, they said. The new rent freeze would be from July 1 this year to June 30 next year.

It had been decided to extend the freeze because of the difficult economic climate.

Mr Curry also warned: "The concession unfortunately has serious financial implications regarding the housing fund's ability to finance new development programmes and as a result, it will not be possible to extend it further after 30 June, 1991."

Meanwhile, rentals on houses and flats often jumped more than 100% when rent control was suddenly lifted, Mr Willem Boucher, chairman of the Cape Metropolitan Rent Board, said yesterday.

However, this did not mean

that tenants were being forced out of their homes immediately.

Landlords could now apply to have their properties decontrolled, but certain categories of tenants qualified for protection until their tenancy ended.

Those who were protected included tenants of rent-controlled units who were single and earned R750 a month or less; had dependents and earned less than R1 250 a month; or were 70 years or older.

Even those who did not qualify could not have their rent increased by more than 10% a year for the first two years, Mr Boucher said. — Political Staff and Municipal Reporter

leads SA ¹²³ in top-price housing

CAPE TOWN 26/5/90

While a general cooling off in house prices in South Africa is being noted, a national house-price survey shows that up-market housing in the Cape Peninsula is an outstanding exception. **ROGER WILLIAMS** reports.

THE Cape Peninsula has by far out-performed the rest of South Africa in house-price trends at the top of the market.

A national survey shows that house-price growth in select residential areas in the Cape, is almost double that of other parts of the country.

Erwin Rode, editor of Rode's Report on the South Africa Property Market, says Cape upper-class house prices have been out-pacing the rest of South Africa, since the middle of 1987, to a point where at the end of last year, up-market growth in the Peninsula was about 32% compared with 18% for the rest of the country.

He said possible reasons for better Cape price performance are:

- The Western Cape economy is more service-based than the Reef and Greater Durban areas.

During the '80s, this sector of the economy fared better than manufacturing, based mainly on the Reef and in Greater Durban.

- There is a growing belief in some quarters, that the "more westernised" Western Cape, will be a relatively safer place to live in, in a new South Africa.

This might have resulted in some hedge-buying by Transvaalers.

- Foreign buyers, using financial and commercial rands, who prefer the Cape Peninsula for its quality of life.

Rode says the demand for new custom-built houses in South Africa could collapse this year because of the "rapidly declining affordability" of middle-class homes.

He adds that in tandem with the general economy, which has been in a "consolidation phase",

the property market is also cooling — one of the notable exceptions being top-quality property in the Cape Peninsula.

Rode says house prices in South Africa, as measured by the Rode House Price Index, are decelerating with about 11,5% growth towards the end of last year.

Rode added: "However, there are significant differences in the yearly growth rates of the various classes of suburbs.

"Towards the end of last year house prices in upper middle-class suburbs were growing at nearly double the rate of middle and lower middle-class areas.

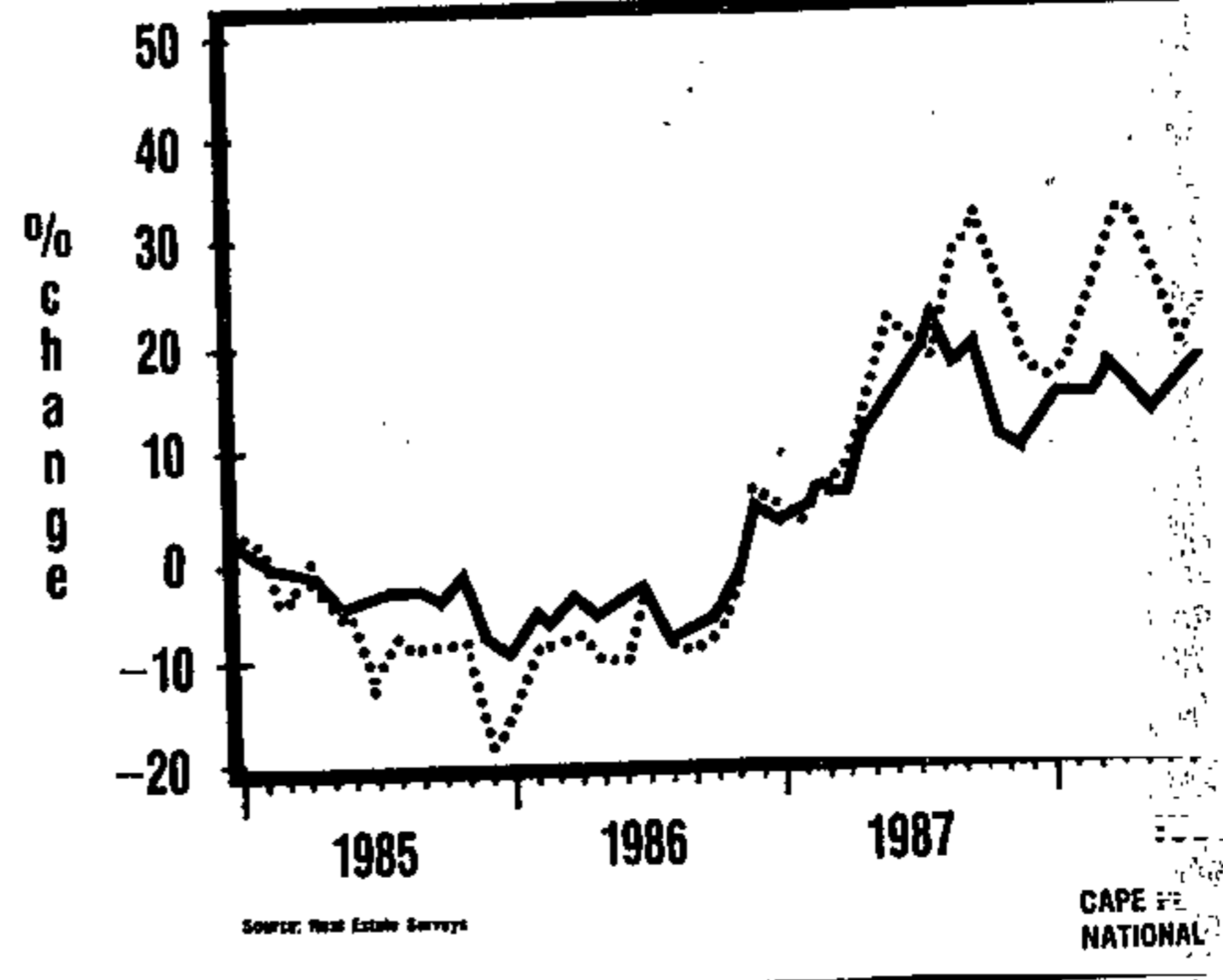
"While national growth last year was about 11,5% for all classes in the major cities, the growth rates by class of suburb were: upper-middle 18,1%; middle 9,5% and lower-middle 10,5%."

Rode expects the Rode Home Affordability Index to decline further from the late-1989 level, "because mortgage bond rates advanced by about 1% thereafter and home prices were still growing during the rest of 1989, albeit at a moderated rate.

"However the good news is that both these factors are probably close to their cyclical peaks.

"In addition, as forecast by Dr Okkie Stuart, director of the Bureau for Economic Research at the University of Stellenbosch, real disposable incomes might not

UPPER CLASS HOUSE PRICES: NATIONAL vs CAPE
% change on a year ago



PENINSULA OUT-PERFORMS REST OF SA... The up-market house prices in the Cape Peninsula have out-performed the rest of SA. Upper-class house prices were growing at about 32% last year, compared with 18% for the rest of the country.

Rising to the challenge of affordable housing

THE South African Housing Trust, provided with seed capital in the form of an initial interest-free loan of R400 million by the Government in 1987, has made remarkable progress since its inception.

More than 14 000 low-cost housing units have been built and 232 000 stands serviced throughout the country in an attempt to alleviate the critical shortage of housing in the black communities.

In the three years that it has been in existence, the Board of the SAHT has approved housing projects worth more than R1 billion. This will result in the

building of more than 50 800 housing units and the development of 46 000 stands.

123 Educational

Journal 29/5/90
The SAHT, in its facilitative role, orchestrates and co-operates with many other parties in the industry to provide affordable housing, mainly in the range of about R20 000.

The Trust has, in addition

to its facilitation work as a job provider and home builder, an educational role. This encompasses the education of prospective home-buyers in making sure they fully understand the process and obligations, building awareness among employers and improving general understanding of the nature and extent of the affordable housing challenge.

Standards

For instance, the SAHT launched the Affordable Housing Design Competition last year to improve low-cost housing

awareness among students of architecture.

Its current national contest, the Small Builder of the Year Competition, provides recognition for the new generation of home builders while focusing attention on the challenges of the accommodation backlog.

Another facet of the SAHT's educational work involves the fostering of high professional and technical standards in the low-cost housing sector.

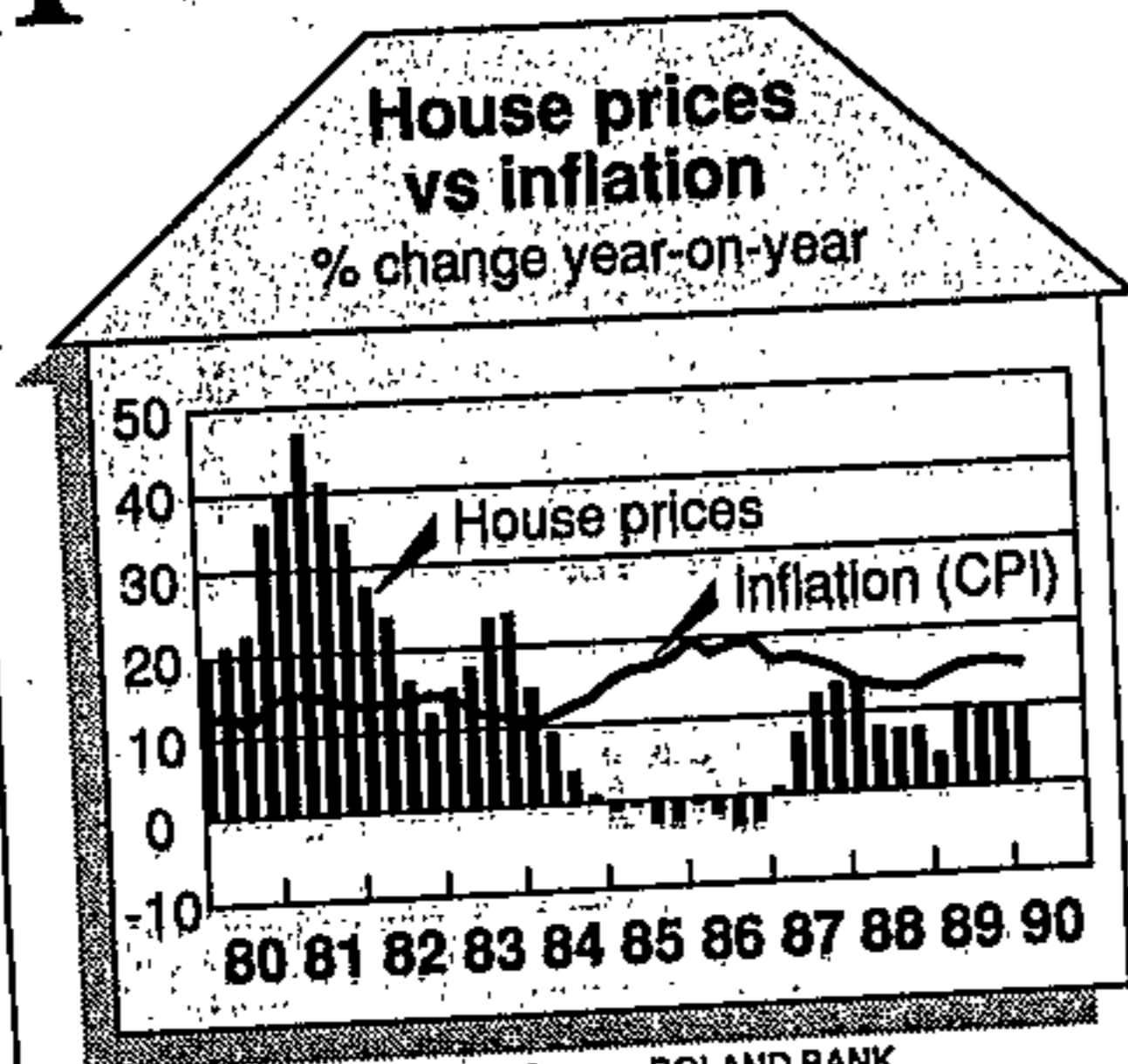
This professional stance has been underlined by its co-operation with the Legal Aid Bureau in the launch of the Housing Advice Project.

123

Inflation beating increase in house prices, says bank

Bl Day 29/15/90

ANDREW GILL



Graphic: FIONA KRISCH Source: BOLAND BANK

HOUSE price increases have been constantly outstripped by inflation since 1984, the latest issue of Boland Bank's property market focus has shown and, according to economists, short-term prospects for the market are not encouraging.

This is despite the market's economical revival of the past three years which saw house prices registering nominal growth but negative real growth.

Illustrating the trend Boland said a house bought for R70 000 in 1983 would fetch about

R112 000 at the moment. To realise an inflation-linked growth, however, the house should fetch R180 000.

Property economist Neville Berkowitz said house price prospects were not expected to start realising real growth until at least late 1991. As soon as the Group Areas Act was abolished, he said, there would be a boom in the market.

"It is a case of increased demand and static supply which will obviously hike prices."

He said in the past 10 years real growth had been attained. With inflation running at 14,5% and a house price growth of 16,6%, a 2,1% real growth is realised.

His advice was to "hang in there" for a couple more years or even buy now if one had the money, as long as one was prepared to wait for a return.

UBS economics researcher Christo Luus said a negative real growth rate of about 3,5% was expected for 1990 and probably 1991 too, but an upturn was expected in late 1991.

He said a trend of 9% to 10% growth in the housing market was expected, against an average inflation rate of 13%.

Berkowitz said the exciting area of property investment was in gearing where one could write off certain charges and let out the property and eventually get good returns.

Standard records growth in home loans to almost R5bn

STANDARD Bank's mortgage lending book has just about reached R5bn, home loans GM Terry Power said last week.

The R500m increase during the first five months of this year confirmed Standard was determined to maintain extraordinary growth in this division.

Last year the home loans book soared 50% — or R1,5bn — to R4,5bn by December.

"We had 11% of the total R42bn SA market.

"This is particularly impressive when considering Standard's home loan division was launched in January 1987," said Power.

Standard's division ranked fourth in terms of size of book in the SA market.

Ahead of it were the UBS, Nedperm group and Allied.

"Competition in the home loan market is likely to increase this

NEIL YORKE SMITH

year and will be based on quality of services offered," said Power.

"Product and interest rate similarities between different players will increase the focus on efficiency and service.

"In this high interest rate environment and with the economy slowing, new business is likely to be harder to find. *BIP am*

Leader 29/5/90

"We expect slower growth this year, but the fact remains that people need houses and they need to finance them."

Since entering the market, Standard had been a leader in new product development.

"Our aim was to make home loan products more malleable,"

said Power.

Generally, financial institutions were feeling a margins squeeze as a result of high interest rates, which increased bad debt levels.

Power said bad debt levels were definitely higher than a year ago.

He confirmed Standard's home loan division was no exception. However, he said this would not stop the quest for new business.

"We are comfortable with current bad debt levels, which are not as high as we expected."

"Still, under no circumstances will lending criteria be relaxed in an effort to obtain new business."

"Besides being a good long-term income generator, home loans generate a wide range of affiliated services," said Power.

These included insurance, investments, estate planning and related banking services.

Govt loans for 5 000 homes

GOVERNMENT loans for the purchase of building materials helped black people to build more than 5 000 new homes in the 1989/90 financial year, according to the Department of Planning and Provincial Affairs.

Loans for buying building materials are among a number of Government subsidy schemes for low-cost black housing. However, the Government has acknowledged that existing schemes are inadequate and is considering new ones.

The department has budgeted R322 million for "urban development and housing aid for blacks" this year.

Source 29/5/90 **New stands** (123)

This is a 14 percent increase. But once allowance is made for inflation, it is roughly the same amount as was allocated last year.

In its contribution to a review published with the Budget, the department says it provided about 8 000 serviced stands and upgraded about the same number in the previous financial year.

It says it envisages establishing informal towns "in which individuals will be permitted to erect their own structures with their own means".

This is a restatement of the existing policy, although officials say efforts to accommodate "controlled" informal housing in the cities are being increased.

comments of the advisory bodies, would be made available in the fullest detail to every parent in this country so that every parent in this country would know precisely what was involved.

What are we dealing with? This interpellation was placed on the Question Paper by the hon member for Brits for the sole reason of playing politics with education, and I refuse to participate in the political discussion. I am not prepared to join the Official Opposition in wasting time when it comes to the education of this country. As far as this side of the House is concerned the education of this country is far too responsible a matter to turn into a party-political football.

Debate concluded.

QUESTIONS

† Indicates translated version.

For oral reply:

Own Affairs:

Speaker at schools

*1. Mr K M ANDREW asked the Minister of Education and Culture:

Whether, since 1 January 1989, any officials of his Department have refused permission to allow any school in the Cape Peninsula to have a particular speaker or taken any action after any school had a speaker; if so, (a) on how many occasions, (b) why and (c) what are the names of the speakers?

21/5/90
B1069E
The MINISTER OF EDUCATION AND CULTURE:

Yes,

- (a) 4,
- (b) the appearances were to take place during school hours and were therefore contrary to relevant departmental policy,
- (c) (i) Messrs K M Andrew MP and G Rossiter of the NECC
(ii) Mr G Rossiter of the NECC
(iii) Mrs P van der Velde
(iv) Mr G Rockman (formerly Lt Rockman of the SAP).

HOUSE OF ASSEMBLY

April, 31 May or 10 October or a particular day, arrangements are made in the school programme in respect of the honouring of a particular hero or cultural matter. It has nothing to do with a normal question to have somebody addressed on the desirability of open schools, as it was in this particular case. *21/5/90*

Rent control: income limits

2. Mr K M ANDREW asked the Minister of Health Services, Welfare and Housing:

(1) Whether it is intended to review in the near future the income limits of tenants qualifying for rent control; if not, why not; if so, when;

(2) (a) when last were these income limits adjusted and (b) what are the current limits?

B1123E

The MINISTER OF THE BUDGET AND LOCAL GOVERNMENT (for the Minister of Health Services, Welfare and Housing):

(1) No. The Government has committed itself to the speedy removal of measures which constrain the economy unnecessarily and are in conflict with free market principles. By increasing the income limits to qualify for continued rent protection the rent control phasing-out process will be prolonged. Such a step could only be justified should wide-spread rent exploitation become evident, which is presently not the case. *21/5/90*

(2) (a) 1 February 1987, by virtue of Proclamation No 24 of 1987.

(b) A gross monthly income of not more than R750 in respect of single tenants without dependants; and a gross monthly income of not more than R1 250 in respect of married tenants or tenants with dependants. The gross monthly income is considered to be the joint income of husband and wife.

Mr K M ANDREW: Mr Chairman, arising from the hon the Minister's reply, and in view of the fact that he was the responsible Minister when this policy was introduced, may I ask him what the Government's plans are for the thousands of people who, simple because of inflation, move out of the brackets as rent-controlled tenants and who end up not having a place to live?

The MINISTER: Mr Chairman, I think the reply I have just given does give a perspective on the matter. I would suggest that the hon member first study the reply. However, what he has put before me now I will pass on to my hon colleague. *21/5/90*

Pre-primary teachers: pupil/teacher ratio

*3. Mr R M BURROWS asked the Minister of Education and Culture:

(1) Whether the number of pre-primary teachers employed in schools subsidised or controlled by his Department was directly related to the number of pupils in those schools by way of a pupil/teacher ratio laid down in terms of the provincial ordinances prior to April 1990; if not, according to what criteria was the number of teachers established; if so, what was the pupil/teacher ratio laid down in these ordinances;

(2) whether the termination of the services of pre-primary teachers in Natal was effected in accordance with the provisions of any ordinances; if not, why not; if so, in accordance with which such provisions;

(3) whether he will make a statement on the matter?

B1129E

The MINISTER OF EDUCATION AND CULTURE:

(1) Cape: yes, 23:1

Natal: yes; ± 23:1

OFS: no, posts have been created taking available funds into consideration
Transvaal: yes, ± 20:1

(2) the services of no permanent teachers in the pre-primary phase were terminated;

(3) no.

Mr R M BURROWS: Mr Chairman, arising from the hon the Minister's reply, I would like to know if he can indicate to me whether the number of teachers appointed per number of pupils in the first part of the question were all permanent, or permanent and temporary, and if so, why he is only concerned that no permanent teachers' services were terminated?

†The MINISTER: Mr Chairman, the answer is simple. The hon member has often spoken of this and now he is looking for something sinister behind it which is not there.

HOUSE OF ASSEMBLY

... Pretoria's orders, ex- next year when negotia- should recruit and pro- mote on merit alone.

Insurance costs look set to rise - warning

Sowetan 30/5/90

123

Sowetan Correspondent

HOMEOWNERS and motorists have been warned to brace themselves for dramatic increases in insurance on houses and vehicles. They could exceed 20 percent in the next 12 months.

The warning comes from the South African Insurance Association.

The combined blows look set to add serious fresh burdens to household budgets already under pressure from inflation and high interest rates.

SAIA chief executive Rodney Scheeberger said the scale of increases was inevitable, but imperative.

The short-term insurance industry, he said, had been rocked by:

- * New estimates that the toll of claims over the tornado which hit Welkom two months ago could soar to more than R300 million.

- * New guesstimates that the number of vehicles likely to be stolen by the end of the year could climb to 72 000. To this had to be added the crippling cost of claims from mounting road accidents.

The Automobile Association noted in a recent count that premiums on motor insurance had already jumped in past months, and should be expected to leap between 20 percent and 40 percent by the end of the year.

Now the SAIA has said that premiums on houseowner and householder policies, covering property and all contents, can be expected to increase by 20 percent or more.

Scheeberger said the association had sent letters to top insurance companies warning them to call a halt to a three-year rates war to win new customers.

Alarm bells had been rung by figures showing that total income from premiums on houseowner and householder policies dropped by 2 percent last year.

Scheeberger said it seemed that several insurance brokers and their clients had been lulled into a false sense of security when the insurance payouts on catastrophes dropped almost zero last year.

Insurance costs look set to rise - warning

Sowetan 20/5/90

123

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Cl/Res 7/6/90

123

Low-cost housing for exiles who return home

By PATRICK MAFAFO

A new "village type" low-cost housing scheme is on the drawing board. The aim is to provide homes for returning political exiles and the scheme can also be used to upgrade squatter camps.

In the scheme, six-three bedroomed units are accommodated on a 400-square metre site. Each unit will cost R14 000.

The scheme will qualify for the Urban Foundation loan guarantee initiative which was officially launched this month. Through this initiative building society finance is available to borrowers who seek loans from as little as R12 500.

A property development company specialising in black areas is handling the sale of sites for the units. The company owns sites in all provinces.

Heinz Hachler and Peter Fellows, designers of the concept, hope to draw finance for the project from the R3 billion fund set aside for socio-economic development and the R100 million Liberty Life Fund.

Hachler, an architect, and Fellows, a structural engineer, are both involved in a pilot scheme to provide recreation and non-formal education in black townships. These proposals, which they say are at an advanced stage, will also be put to the R3 billion fund and the Liberty Fund.

Fellows runs companies in Johannesburg and Lesotho. Projects he has worked on include the Royal Place for Lesotho's King Moshoeshoe II and flats for the Lesotho Housing Corporation. He has won numerous awards for outstanding design.

Hachler, a Swede with permanent residence in South Africa, has worked in Sweden and Saudi Arabia. He specialises in housing, civic centres, hotels, theatres, offices and shopping malls.

Fellows and Hachler plan to meet the consultation group set up to deal with returning exiles. The group was established at a three-day meeting at Koinonia attended by 23 service organisations. These included the ANC, PAC, BCM, Muslim Judicial Council, Jews for Social Justice, Southern African Catholic Bishops' Conference and the SA Hindu Maha Sabha. The meeting was hosted by the SA Council of Churches.

Thousands face repossession threat

Homeowners' debt soars to new peak

5/14/90 123

By Michael Chester

Threats of house repossessions by banks and building societies have reached record levels as more homeowners are overwhelmed by inflation and high interest rate bond repayments.

The Information Trust Corporation, which runs a national network of computer systems to keep track of trends, reports that:

● The number of debt judgments handed down by magistrates' courts over arrears on mortgage payments has almost doubled compared with only a year ago.

The May 1989 total of 872 soared to 1 577 last month, equal to an annual figure of almost 19 000. The mountain of debts to be settled from court actions last month alone climbed from R44 million to more than R82 million.

● Debt judgments in the Supreme Court, the last leg before actual repossession by sales in execution notices, jumped from 260 to a record 892. Amounts to be cleared rose from R16.5 million to R45 million.

ITC chairman Paul Edwards said the toll of repossessions was now the worst on record.

Black families

"What is becoming of increasing concern," he said, "is the number of black families who purchased homes of their own for the first time in the past couple of years.

"They were encouraged into home ownership and now find they do not have the experience to have allowed elbow-room to cope with changes in interest rates and changes in circumstances with their personal finance."

Black families in the lists of sales in execution announced every week were of particular concern.

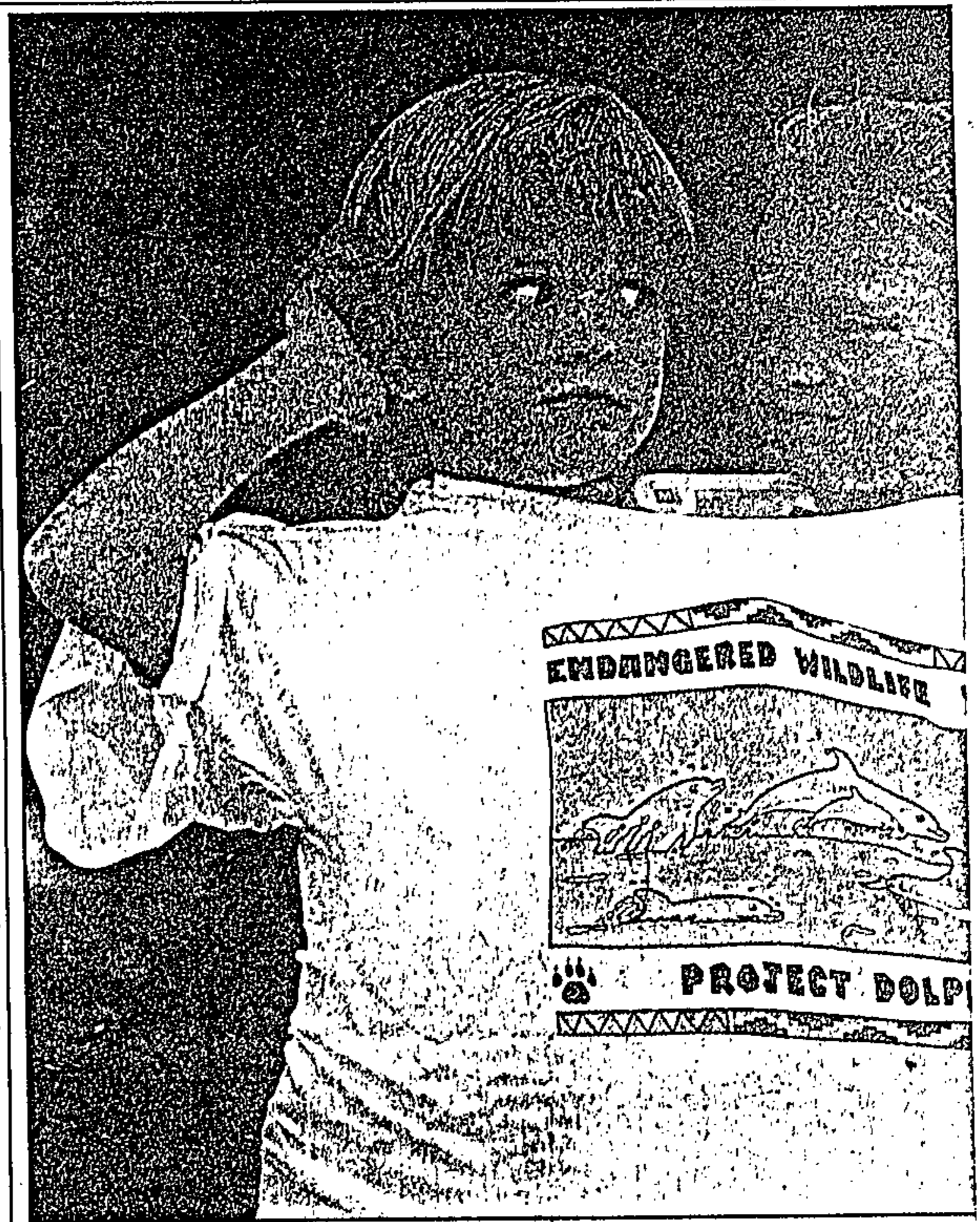
Mortgage Lenders' Association president Bob Tucker said the catastrophe was spread across high and low-income families alike.

The association compiled no precise breakdown of repossession statistics, but there was grave concern about the scale of the problem.

"We are now seeing the tragic aftermath of the house-buying spree in the mid-1980s when thousands of families were tempted by low interest rates to buy houses far beyond their means," he said.

"The casualties are home-buyers who made the mistake of thinking that interest rates were going to stay down at 12.5 percent for the duration of their mortgages. The climb in rates to around 21 percent has crippled many budgets.

"Yet even when a sale in execution goes out, it may still not be too late to mount a rescue operation. Battling homeowners should explain their plight to their bank or building society. It may still be possible to avert catastrophe with a package of compromises," said Mr Tucker.



Endangered species? Justin Wills (6) and his sister Nadine (8), of Sundowner, Randburg, investigate and conserve marine ecosystems.

Gold's slump puts industry in crisis

By Magnus Heystad and Peter Fabricius

The crisis in the gold mining industry is deepening as the gold price continues its weak performance on international markets.

Gold shares took a hammering on the Johannesburg Stock Exchange yesterday, with the all-gold index dropping by more than 5.7 percent (93 points) to 1 517.

Uncertainty over Soviet gold sales pushed the price down to an eight-month low of \$356.05 yesterday afternoon in London, down from Friday's close of \$363.45.

It recovered slightly in New York to close at \$358 and opened

at \$359.75 in Hong Kong today.

The slide in gold share prices pulled down the overall index by 42 points to 3 126, but the industrial sector held firm as selected buying of blue chip shares pushed the index up 18 points to 2 978.

Gold's slide is placing the gold mining industry in severe jeopardy. Already the Cabinet has to make a decision on whether to increase its aid to the troubled ERPM mine on the East Rand.

An announcement expected last night has been postponed for at least a week while additional contingency plans are considered.

ERPM has made a last-ditch ef-

fort to raise capital, including its slimes dumps, Boksburg properties.

Money raised by the company, however, not reduce R300 million debt, but operating capital for a

Without continued ERPM is faced with certain closure, with abject losses. Once closed, the mine will not be reopened as the slimes dumps rapidly fill with water.

Between 11 and 16 million tons of slimes also face uncertainty at current level they earned about R1 billion in foreign exchange last

Bonds crunch — more lose homes

From MICHAEL CHESTER
The Argus Correspondent

APR 26 4 5
5/6/90 123

JOHANNESBURG. Threats of house repossessions by banks and building societies have spiralled to record levels as more home-owner budgets are overwhelmed by inflation and sky-high interest rates on bond repayments.

The Information Trust Corporation, which runs a national network of computer systems to keep track of trends, reports that:

- The number of debt judgments handed down by Magistrate's Courts over arrears on mortgage payments has almost doubled compared with only a year ago.

The May 1989 total of 872 soared to 1 577 last month, equal to an annual disaster toll of almost 19 000.

- Debt judgments in the Supreme Court, the last leg before actual repossession by "Sales in execution" notices, jumped from 260 to a record 892. Amounts to be cleared rose from R16,5 million to over R45 million.

Mortgage Lenders Association president Bob Tucker said the catastrophe of repossessions was spread across the whole spectrum of homeowners — high-income and low-income families alike.

Urban future 'more like Rio than Dallas'

WHITES would have to stop deluding themselves that they could still afford cities that looked like Frankfurt or Dallas when SA had a per capita GNP closer to that of Mexico or Brazil, Independent Development Trust chairman Jan Steyn said yesterday.

Speaking at a City Futures conference arranged by Wits University's Centre for Policy Studies, Steyn said whites had for too long used legal devices such as the black urban areas legislation and group areas to hide "our realities".

"This means we have to become accustomed to adapting our lifestyles to urban complexity... a situation far closer to that of Rio than to our delusive image of an unrealistic,

PETER DELMAR

hyper-privileged past incapable of being sustained save through oppressive and unjust measures."

Part of the solution to urban problems, he said, lay in features that were regarded as failures. These included shack settlements, which served an important housing purpose.

Steyn also urged the conference to consider federalism at a local government level as a means to avoid the alienation of important political groups. B10m 6/6/90

He said a one man, one vote system at the local level could alienate constituencies whose councillors and officials had the longest experience in

local management.

To avoid this, it was essential that a form of local federalism or dual level structures be frankly debated as soon as possible.

Transvaal MEC Olaus van Zyl told the conference local authorities in the province were being urged to negotiate with their people's delegations and civic associations on local issues, including rent boycotts.

Negotiation on local issues could not be delayed until a decision on future municipal structures was reached at national level, he said.

He said national negotiations on future municipal structures would have to be accompanied by negotiations "on the ground". (123) (S)

'Port' of Pretoria means saving for container shippers

GOVERNMENT has declared its Pretoria container depot (Pretcon) an inland port, which will have an impact on the Pretoria shipping community through significant savings in direct and indirect costs.

Safmarine spokesman Peter Kemp said yesterday the May 1 declaration by the Customs and Excise Department meant shippers could manifest shipments to and from Pretoria instead of to coastal ports.

Initial indications at Pretcon showed shippers were saving up to

EDWARD WEST

R200 on container shipments by saving on high delivery charges to the Johannesburg shipping terminal at City Deep, the spokesman said.

Two shipping companies, Safmarine and Mediterranean, had offices at Pretoria which were able to handle container shipments.

The declaration of the Pretoria depot as an inland port represented the first major change to container ship-

ping infrastructure since the introduction of containerisation in 1977.

Safmarine, having anticipated the move, opened a Pretoria branch in 1984 with its agents, Freightmarine and Saftainer, opening offices in 1985 and 1989 respectively. (S)

These offices were electronically linked to one another and to Safmarine's Cape Town mainframe. They would enable Pretoria and northern Transvaal shippers to use a more effective through-transport service.

ANC told: Beware of wasteland legacy

CAI + 7th 7/6/90
Political Correspondent

ORGANISATIONS like the ANC, UDF and Cosatu, which believe they have majority support, should behave like governments-in-waiting rather than "irresponsible opportunists", Mr Robin Carlisle (DP Wynberg) said yesterday.

If the estimated four million black people participating in rent and services boycotts continued to break their "social contracts", organisations with majority support could inherit "a wasteland".

Speaking on the Usury Amendment Bill, Mr Carlisle said "when large numbers of citizens deny their social obligations anarchy is around the corner".

He said that in the past the National Party had seriously undermined the social contract by governing on the premise that they had diminished obligations — or none at all — to black citizens.

"Now it is ever increasing numbers of blacks that are breaking the social contract, with frightening consequences for the future."

Citizens might dispute the amount of their social obligations, but these remained the essence of a democratic society. To walk away from them "creates a mind-set that will destroy our economy more certainly than sanctions or disinvestment".

Social defects in towns need to be tackled with creativity

EXTRACTS from an address by Mr J H Steyn, chairman of the Independent Development Trust, in Johannesburg this week.

LIKE so many South Africans, I have been hugely encouraged by the recent change in the political climate. There certainly appears to be an irreversible series of shifts towards a free, participative and more open society.

Again along with many South Africans, I have become increasingly concerned about the enormous socio-economic problems any new political dispensation will have to address.

I have had to ask myself whether compromises, understandings between political leaders, and indeed democracy itself could hope to satisfy the explosion of expectations and fears that will accompany the emergence of a new constitution of South Africa.

New flexibility

I think it is obvious that a need exists — simultaneous with constitutional negotiations — to identify and exploit parallel opportunities for policy negotiations around some of the critical issues of development, socio-economic inequality and economic justice. Here again I have been gratified that there has been similar thinking in both the government and other political actors and parties...

The announcement last week in Parliament by the responsible minister that five models for constitutional reform at local government level will be put to the Cabinet indicates a new flexibility. It is also important to note his undertaking that the future constitutional dispensation in each area would have to be negotiated in local "indabas" involving all political interests.

Nationwide, 61% of black households and nearly 40% of

coloured households currently cannot contribute financially towards housing.

They would, therefore, in the absence of some form of intervention, be excluded. Calculations for the major cities are less depressing in the sense that proportions unable to afford housing are almost halved, but with 30% to 40% excluded from the housing market by virtue of levels of poverty, the inevitable effect on our cities is obvious.

The closest we can come to solutions is a very careful combination of policies which still have to be formulated, often with the clear knowledge that the consequences are not clearly predictable.

Undesirability

Whether anyone likes it or not, part of the "solution" in virtually all cities with high levels of poverty, lies precisely in features which we tend to regard as failures, such as shack settlements. This sounds like an awful thing to say and I do not say it lightly.

These settlements do, however, serve a purpose inasmuch as social undesirability depresses the market values and the costs of services to within reach of the poor.

Rentals in such settlements are far below the interest and redemption costs which would be required to replace them.

Squatters on buffer strips around townships and cities the world over are occupying land with theoretical market values and theoretical full servicing costs which the squatters could not remotely afford.

Part of the solution to urban problems is to cope creatively with social defects and not to adopt an absolute or perfectionist attitude, thus throwing the baby out with the bath water.

Urban poor

If one accepts that there are no single element solutions, that there will always be a shortage of money and that there are no heroic agencies or policies which can ever overcome constraints which have never been overcome before, certain broad principles on urban policy for South Africa suggest themselves:

- All sectors must contribute to the improvement opportunity: the public sector, the private sector, organised labour and the urban poor themselves;

- We cannot afford the artificial structures of divided urban tax bases when even the collective tax base of central and local government will be insufficient to address the problems in our cities;

- We, and here I refer particularly to whites, must stop deluding ourselves that we can afford cities that look like

Frankfurt, Dallas or Zurich when we have a per capita GNP closer to that of Mexico, Brazil and Turkey. We have for too long used legal devices like the black urban areas legislation and Group Areas to hide our realities;

- This means that we have to become accustomed to adapting our lifestyles to urban complexity, inter-cultural and inter-class juxtaposition; a situation far closer to that of Rio than to our delusive image of an unrealistic, hyper-privileged past incapable of being sustained save through oppressive and unjust measures;
- Finally, because all segments of our urban population are going to have to compromise on what they have had in the past or what they think they are entitled to, we need general political legitimacy. We need to involve the leaders of all classes and interests in working towards a solution.

More affluent

Here we should face two realities. The first is that continuing urban instability, while it may have had its place in the past in heightening awareness of the high levels of deprivation, is bound to undermine our urban economies.

The second is that unless the more affluent South Africans are politically involved in the design of solutions they will do what so many of their counterparts in the United States have done — take the local taxes they pay and the jobs they create beyond the city limits or, in our case perhaps, even out of the country.

These principles clearly indicate the need for comprehensive metropolitan negotiations, re-integrated cities with a single tax base, general participation in local government, judiciously targeted central state assistance in addressing backlogs in infrastructure and housing, special projects for the purchasing and bulk servicing of land for site-and-service housing and a number of other policy initiatives.

Rent boycotts 'recipe for disaster'

Parliamentary Staff

Boycotts of rents, municipal service charges and home loans in the black community could have disastrous results, and leading black organisations like the ANC should tackle this problem, Parliament was told yesterday.

Robin Carlisle (DP Wynberg) said the growing tendency in some communities to refuse to pay for services "creates a mindset that will destroy our economy more certainly than sanctions or disinvestment".

"When the denial of obligations is promoted by civic associations, countenanced by the mass-based organisations and underpinned by the threat of physical violence,

then we are indeed in serious trouble," Mr Carlisle warned.

"It behoves those organisations that claim to have majority black support — ANC, UDF, PAC and Cosatu — to recognise that the problem will not go away when true democratic government comes to South Africa."

Like mealies

Mr Carlisle argued that the National Party had seriously undermined the social contract by governing on the premise that it had diminished obligations, or none at all, to black citizens.

"Thus, blacks were seen as some sort of resource, like coal or goats or mealies, to be used when necessary," the MP said.

While the NP had changed, it was blacks who were now breaking the social contract in increasing numbers.

"Rent and service-charge boycotts began in 1984 and have extended to over 60 African townships. The Centre for Policy Studies estimated that in 1989, 616 000 households, or about 4 million blacks, were participating in boycotts. Increasingly, the boycotts have extended to home-owners and leaseholders in respect of services and municipal charges.

"The reasons for this are numerous and understandable ... but the consequences are disastrous and could, in the medium term, be terminal to our society."

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PARLIAMENT

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Acts amended to minimise risks

R3,5bn boost for housing on the cards

123
B/Dam 7/16/90

CAPE TOWN — Funds of up to R3,5bn for the provision of low cost housing will be released once legal amendments, currently before Parliament, are implemented.

The funds were committed last year by South African banks and building societies to the Urban Foundation's loan guarantee fund for the supply of low cost homes. But they were committed on condition that certain provisions were introduced to limit the risk and improve the return on the administration of smaller home loans.

These provisions are included in two amendment Bills currently being debated in Parliament. The Usury Amendment Bill proposes changes which will make the administration of smaller loans financially more attractive to mortgage lenders, while the Re-insurance of Material Damage and Losses Amendment Bill aims to minimise risk by including riot insurance in the cover of the low cost homes.

The funds are earmarked for the provision of mortgage loans for homes in the R12 500 to R35 000 price range, over a three year period. Up to now few lending institutions, with the notable exception of the SA Perm, have been prepared to venture into this end of the market because of the relative cost and high risk.

But the new legislation will remove the obstacles. The Usury Amendment Bill proposes changes which will enable financial institutions to recover the fixed cost of small loans on low cost homes which are as expensive to administer as large loans.

One of the proposed changes enables them to charge the same interest rate on all home loans in the same risk category. Another clarifies the calculation and recovery of interest on payments in arrears.

LESLEY LAMBERT

It allows them to charge compounded interest on the previous months' arrear interest with immediate effect and retroactively.

By allowing this, the amendment will not only put an end to previous battles between banks, building societies and the Registrar of Financial Institutions over the correct manner of calculating the interest on arrears. It will also allow institutions to apply accounting measures which will limit the recovery of arrear interest to the defaulters rather than spread it in a manner which leaves regular payers subsidising defaulters.

The Re-insurance of Material Damage and Losses Amendment Bill addresses the problem of risk. It proposes the extension of insurance on the homes to include protection against politically inspired damage or loss. Up to now the risk of unrest-related damage not covered in ordinary insurance policies has been a major obstacle to the provision of funds for homes in the townships. The inclusion of cover by the SA Special Risks Insurance Association (Sasria) is aimed at reducing this form of risk to acceptable proportions.

The compounding effect of the amendment on arrear interest has been criticised by people who have mistakenly interpreted it as interest on interest, rather than arrear interest on arrear interest.

But Deputy Finance Minister Org Marais, who introduced the Bills in Parliament yesterday, warned that "no consumer protection arrangement should make it possible for the consumer to pay less than the actual damage which he has caused."

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Housing

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However, he said the joint committee on finance had submitted a proposal to lower the maximum interest rates applied in terms of the Usury Act, by one percentage point to compensate for amounts which had been over-recovered in the past.

While the Bill contained aspects which were not easy to accept, it would also give lower income groups access to the neces-

sary capital to obtain suitable housing, Marais said.

He said that while all existing legislation affecting credit, including the Usury Act, was presently being investigated by the South African Law Commission, with a preliminary report expected early next year, it had become necessary to address certain stumbling blocks immediately.

□ From Page 1

Crisis in urban areas may derail political solution

123 Steyn 7/6/90

The high-level political settlement on which most people are pinning their hopes could be seriously undermined by the crisis in urban areas, Jan Steyn, chairman of the Independent Development Trust, has warned.

Speaking for the first time in his capacity as head of the trust set up by the Government to administer R2 billion set aside for social upliftment, Mr Steyn said that as the rate of growth of urban areas was double that of the overall population, it was in these areas that "strong links in the chain of our emerging national structures will be forged or broken".

Addressing a "City Futures" conference this week organised by the Wits Graduate School of Business Administration, he said increasing rent boycotts, black local authority debt and protests about local grievances were in part a reflection of generalised restlessness and expectations. However, urban conditions for the mass of poor people remained very negative.

Difficult

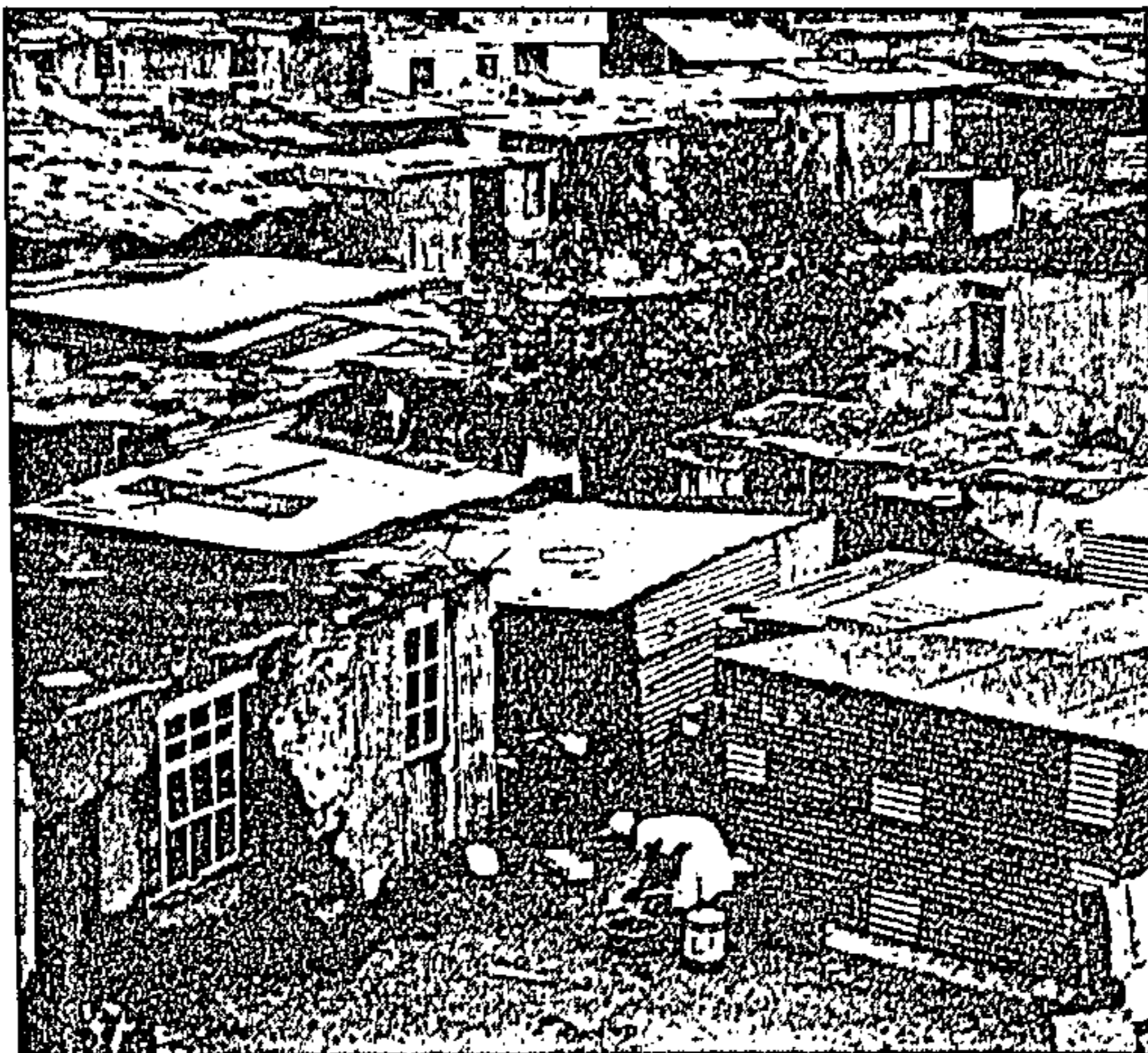
He said he was gravely concerned that the high-level political settlement on which most people were pinning their hopes would be seriously undermined by the crisis in towns and cities. Urban problems were among the more difficult challenges facing humankind.

In the provision of housing, market forces were powerful impellers of development, but only at levels at which demand could operate.

It had been suggested that 61 percent of black households and nearly 40 percent of coloured households could not contribute financially towards housing. State provision and subsidies — unless the government was inordinately wealthy or the population slow-growing — was usually accompanied by severe housing shortages.

"For 'third world' cities like ours, there are no solutions, only carefully assessed and monitored compromises ...

Can negotiations for new local government structures be contemplated before national negotiations? This was one of the questions put by Jan Steyn in the first speech delivered in his new capacity as chairman of the R2-billion Independent Development Trust. KAREN STANDER reports.



Homeless ... South Africa's poor people have suffered enough, says Jan Steyn. The time has come to build.

"The closest we can come to solutions is a very careful combination of policies which still have to be formulated, often with the clear knowledge that the consequences are not clearly predictable," said Mr Steyn.

"Whether anyone likes it or not, part of the 'solution' in virtually all cities with high levels of poverty, lies precisely in features which we tend to regard as failures, such as shack settlements.

"This sounds like an awful thing to say and I do not say it lightly. These settlements do, however, serve a purpose as social undesirability depresses the market values and the costs of services to within reach of the poor ...

"Part of the solution is to cope creatively with social defects and not to adopt an absolute or perfectionist attitude."

South Africans, particularly whites, needed to stop deluding themselves that South Africa

could afford cities that looked like Frankfurt, Dallas or Zurich, when the country had a per capita Gross National Product closer to that of Mexico, Brazil and Turkey. "We have for too long used legal devices like the black urban areas legislation and Group Areas to hide our realities.

"This means that we have to become accustomed to adapting our lifestyles to urban complexity, inter-cultural and inter-class juxtaposition; a situation far closer to that of Rio than to our delusive image of an unrealistic hyper-privileged past incapable of being sustained save through oppressive and unjust measures.

"We are going to need innovation and expertise in urban planning and administration at a level which makes it absurd to divide our professional and administrative experience between politically separated

parts of our cities.

"And finally, because all segments of our urban population are going to have to compromise on what they have had in the past or what they think they are entitled to, we need general political legitimacy.

"We need to involve the leaders of all classes and interests in working towards a solution."

Continuing urban instability "while it may have had its place in the past in heightening awareness of the high levels of deprivation", was bound to undermine urban economies.

Also, unless the more affluent South Africans were politically involved in the design of solutions, they would take their local taxes and the jobs they created beyond the city limits, or even out of the country.

Mr Steyn questioned whether the metropolitan negotiating process could be contemplated before national negotiations "which, hopefully, will soon be underway in Cape Town and Pretoria".

Suffering

He said the future constitution and development pattern of the cities was complex, requiring high-level consideration, particularly by representatives of the majority.

"The key question, therefore, is whether or not the negotiations about future constitutional options and development strategies for the cities should not perhaps be centrally organised and launched as an adjunct of national negotiations.

"There are obvious benefits as well as disadvantages."

He pleaded for the poor to be given a better deal: "Poor people in South Africa have suffered enough. Don't let us compound the injustices perpetrated through the apartheid system by the continued destruction of our urban infrastructure — both human and physical.

"The time has come to build together. Let us begin by developing productive and constructive approaches towards the challenges and opportunities offered by our cities."

ANC 'must tackle the rent boycotts'

By MICHAEL MORRIS
Political Correspondent

BOYCOTTS of rents and municipal service charges in the black community could have disastrous consequences for South Africa, and organisations like the ANC should tackle this problem, parliament has been told.

Democratic Party MP for Wynberg Mr Robin Carlisle said the growing tendency in some communities to refuse to pay for services "creates a mind-set that will destroy our economy more certainly than sanctions or disinvestment".

It amounted to a corruption of the social contract.

He warned: "When the denial of obligations is promoted by civic associations, countenanced by the mass-based organisations and underpinned by the threat of physical violence, then we are indeed in serious trouble."

Blacks seen as "a resource"

"It behoves those organisations that claim to have majority black support — ANC, UDF, PAC and Cosatu — to recognise that the problem will not go away when true democratic government comes to South Africa."

Mr Carlisle argued that the National Party had seriously undermined the social contract by governing on the premise that it had diminished obligations or none at all to blacks.

"Thus blacks were seen as some sort of resource, like coal, or goats or mielies, to be used when necessary."

While the NP had changed, it was now blacks who were breaking the social contract in increasing numbers.

"Rent and service charge boycotts began in 1984 and have extended to over 60 African townships. The Centre for Policy Studies estimated that in 1989, 616 000 households, or about four-million blacks, were participating in boycotts.

"Increasingly, the boycotts have extended to homeowners and leaseholders in respect of services and municipal charges.

Moral obligation

"The reasons for this are numerous and understandable . . . but the consequences are disastrous and could, in the medium term, be terminal to our society.

"Those who believe that housing and services can be had at no cost will prove an eager market for expedient opposition parties as any representative government tries to enforce the social contract."

Mr Carlisle believed that there was a "moral obligation on the ANC particularly to join with other well-intentioned South Africans to restore the social contract now".

"In the long dark night of Nationalist oppression, many eyes turned on the ANC as a source of hope that might offer a better moral future to South Africa. If, like the Nationalists, the ANC cannot rise above sectional and selfish interests, then hope is extinguished."



Mr Harry Schwarz

'Crime' to obstruct housing Schwarz

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THE housing need was of such a nature that figuratively speaking it would be a crime to obstruct solving the problem, said Mr Harry Schwarz (DP Yeoville).

Speaking during the second-reading debate on the Usury Amendment Bill, he said the guarantee fund that had been established was nonracial and provided help for the low-income group and not only for blacks.

"The truth is there are more poor blacks in the country than poor whites."

"When a man owns something he looks after it much better. The stability in South Africa cannot be solved by more police — there are social conditions that are also important."

INITIATIVE

The DP supported the Bill and welcomed the initiative of the Urban Foundation, especially that of the former chairman, Mr Jan Steyn.

It was unbelievable that Mr Cehill Pienaar (CP Heilbron) could refer to Mr Steyn as a man who handed out necklaces.

Earlier in the debate Mr Pienaar said he would not be surprised if Mr Steyn handed out necklaces.

Mr Pienaar also referred to Mr Robin Carlisle (DP Wynberg) as someone who would hand out necklaces, but was ordered by the chairman to withdraw his statement. — Sapa.

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Call for overhaul of housing design

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THEO RAWANA

HOUSING should be designed to accommodate the development of home industries through small-scale entrepreneurship, a top architect told the SA Housing Trust in Johannesburg yesterday.

Addressing the launch of the SA Housing Trust Affordable Housing Design Competition, Prof Dieter Holm, head of the architectural department at Pretoria University, said: "SA's Soweto-style model is based on the outdated concept of suburban dormitory towns ... a style that needs to be drastically updated."

"This way of planning is a reaction to the industrial revolution of the 19th century in Europe and was aimed to separate housing from the then polluting factories. The housing was, in turn, separated from the commercial and recreational areas."

B10 21 8/6/90 Pollution

Holm said this type of model also involved the doubling and tripling of services such as lights, water, sewerage, roads and refuse removal, "which are also grossly underused".

"Moreover, these so-called residential areas often end up generating more pollution than in the industrial areas."

SA's acute housing and squatter crisis, which currently reflected an accommodation backlog of 1 260-million units, would never be overcome unless it was perceived as an opportunity rather than a crisis, Holm said.

He said SA was now entering a "post-industrial age", where urban design and architecture of the future demanded drastic changes.

"The cottage industry, or informal sector, is growing rapidly and is currently producing in excess of R16bn a year."

He said housing should therefore be designed to enable the development of home industries through small-scale entrepreneurship.

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Industry Averages Labourer's Wages Weekly



Stuart Pennington illustrates a point. Picture: ROBERT BOTHA

State intervention 'necessary' to reorganise finance network

WILSON ZWANE

RESTRUCTURING private sector investment would require direct state intervention, Wits senior economics lecturer Mark Addleson said yesterday.

Speaking at a seminar on wage bargaining in Johannesburg yesterday, Addleson said the restructuring of financial networks comprising the conglomerates would not be accomplished by nationalisation.

"This would be best carried out by the use of anti-trust policy, specifically the dissolution of the holding companies which are the critical feature of SA's conglomerate structure" Addleson said.

"The controlled sale of the holding companies' shareholdings in operating companies would achieve a more equitable ownership distribution, especially if affirmative action was used to to promote black business ownership at the same time."

Also speaking at the seminar, industrial relations consultant Stuart Pennington said it would appear that the central reality for many workers was that the current wage was a quest for survival.

Employers should give this issue priority attention as the pressures for nationalisation and distribution

mounted, Pennington said.

Addressing SA's housing problem, SPT Housing Consultants director Mike Morkel said the crisis was forcing the homeless and the underhoused to resort to squatting.

Morkel said the current housing backlog in black, coloured and Indian communities in the urban areas was acknowledged to be in excess of 1-million units.

"To meet these backlog requirements, plus to cope with the demand for additional homes from a growing population, requires that about 200 000 formal units be constructed annually for all groups till the turn of the century or beyond.

"The sad reality is that the construction sector is only delivering one-fifth of the required units annually," Morkel said.

"Access to land and housing underpins the very foundation of the economic power in SA," Morkel said.

SA Institute of Race Relations official John Kane-Berman said the state had to change its attitude to squatting.

"Squatting is now a solution to housing backlogs," he said.

Chambers of commerce in the
PAC in Johannesburg and the

Scheme for returning exiles rejected

BIDAN 8/6/90

THEO RAWANA

THE Returnees' Task Force, established by church and political groups to handle returning exiles, has rejected a low-cost housing scheme designed by a Swiss-born architect for the returnees.

The scheme was drawn up by West Rand-based architect Heinz Hachler, who looked at backyard shacks in black townships and decided that little or no new land would be needed to put it into operation.

Hachler said in townships, where the most rudimentary services — water and toilets — were available, structures which were somewhere between shacks and ordinary houses could be put up and sold at about R14 000.

"In a 400m² space six 5mx4m units each with a sitting room, a kitchen-

ette, toilet and shower, and a bedroom could have a short stairway to an upper floor with another two bedrooms," Heinz said this week.

Unions and political organisations could buy units for returning exiles for accommodation while they were settling down to look for more formal housing.

Hachler said he would like to meet the group set up to deal with returning exiles.

SA Council of Churches director of information Saki Macozoma, who is a member of the returnees task force, said yesterday the scheme was "totally unacceptable as it is within the context of existing apartheid laws".

Macozoma added: "Housing must

be free of apartheid legislation. People must have places of their own. We need low-cost housing, but we wouldn't be happy if our horizons were limited by the amount of land provided.

"We have identified the issue of the discriminatory Land Act as a major obstacle in the provision of housing. We want to embark on a campaign to get the Land Act and the Group Areas Act repealed. So we won't look at the provision of housing for returning exiles in the context of existing apartheid laws. We won't adjust."

But he said the concept was "interesting" in so far as it dealt with homelessness in general. "Since he wants to have discussions with us, we will talk to him and see if the idea could be used," Macozoma said.

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'Urban crisis' could scuttle hopes of peace

JOHANNESBURG. — The high-level political settlement on which most people were "pinning their hopes" could be seriously undermined by the crisis in urban areas, Mr Jan Steyn, chairman of the Independent Development Trust, has warned.

As the rate of growth of South Africa's urban areas was double that of the overall population, it was in these areas that "strong links in the chain of our emerging national structures will be forged or broken", he said.

Mr Steyn this month took up his new position as head of the trust set up by the government to administer R2-billion set aside for social upliftment.

Addressing a "City Futures" conference this week organised by the Centre for Policy Studies of Wits University's Graduate School of Business Administration, he said increasing rent boycotts, black local authority debt and protests about local grievances were in part a reflection of generalised restlessness and expectations.

However, urban conditions for the mass of poor people remained very negative.

He was gravely concerned that the high-level political settlement on which most people were pinning their hopes would be seriously undermined by the crisis in towns and cities.

Urban problems were among the more difficult challenges facing humankind.

Severe housing shortages

In the provision of housing, market forces were powerful impellers of development, but only at levels at which demand could operate.

It had been suggested that in South Africa 61 percent of black households and nearly 40 percent of coloured households could not contribute financially towards housing. State provision and subsidies, unless the government was inordinately wealthy or the population slow-growing, was usually accompanied by severe housing shortages.

"For 'third world' cities like ours, there are no solutions, only carefully assessed and monitored compromises — hopefully rapidly ameliorating human deprivation. The closest we can come to solutions is a very careful combination of policies which still have to be formulated, often with the clear knowledge that the consequences are not clearly predictable.

"Whether anyone likes it or not, part of the 'solution' in virtually all cities with high levels of poverty, lies precisely in features which we tend to regard as failures, such as shack settlements.

Can metropolitan negotiations for new local government structures be contemplated before national negotiations? This was one the questions put by Jan Steyn, chairman of the R2-billion Independent Development Trust, in the first speech delivered in his new capacity. **KAREN STANDER** reports.

"This sounds like an awful thing to say and I do not say it lightly. These settlements do, however, serve a purpose as social undesirability depresses the market values and the costs of services to within reach of the poor.

"Part of the solution is to cope creatively with social defects and not to adopt an absolute or perfectionist attitude."

"Adapt our lifestyles"

South Africans, and particularly whites, needed to stop deluding themselves that South Africa could afford cities that looked like Frankfurt, Dallas or Zurich, when the country had a per capita gross national product closer to that of Mexico, Brazil and Turkey.

"This means that we have to become accustomed to adapting our lifestyles to urban complexity, inter-cultural and inter-class juxtaposition, a situation far closer to that of Rio than to our delusive image of an unrealistic hyper-privileged past incapable of being sustained save through oppressive and unjust measures."

"And finally, because all segments of our urban population are going to have to compromise on what they have had in the past or what they think they are entitled to, we need general political legitimacy.

"We need to involve the leaders of all classes and interests in working towards a solution."

Mr Steyn questioned whether the metropolitan negotiating process could be contemplated before national negotiations. The future constitution and development pattern of the cities was complex, requiring high level consideration, particularly by representatives of the majority.

He pleaded for the poor to be given a better deal: "Poor people in South Africa have suffered enough. Don't let us compound the injustices perpetrated through the apartheid system by the continued destruction of our urban infrastructure — both human and physical."

Time Housing joins loan guarantee plan

SD
Time Housing is taking part in the Urban Foundation loan guarantee scheme launched recently. (123)

Through this initiative building society finance will be widely available to borrowers seeking loans for as little as R12 500.

The foundation's scheme addresses the problems of building

society reluctance to lend money for homes under the R35 000 mark.

Restricted loans from R12 500 upwards can, in this way, be granted, providing finance in areas where it was previously available only through the SA Housing Trust.

Mike Graham, managing

director of Time Housing, says: "We have encountered many potential clients but due to a shortage of finance we have been unable to assist them."

"Fortunately, we have records of all inquiries and with the introduction of the Urban Foundation initiative, we hope to be in a position to aid a large proportion of these people."

RETIREMENT VILLAGES

Tidying up? ~~(123)~~ (123)

The proposed Housing Development Schemes for Retired Persons Amendment Act, which came into force last week, could kill the retirement village industry.

Trade & Industry Minister Kent Durr says he's been assured it won't stifle investment in retirement villages but he has been accused of making short-term political capital at the expense of developers and, in the long run, the elderly. FIM 15/6/90

A Johannesburg property lawyer, for example, maintains the Act will make it too risky for lenders to provide independent developers with funds. The upshot is that the industry is likely to be left in the hands of a few large institutional developers, such as Old Mutual and Sanlam, which are already in the retirement village market.

Not everyone, however, believes the amendments are counterproductive. Dennis Lehmann, former management committee chairman of the mothballed Helderberg Retirement Village (under judicial management) says that, though it came too late to help Helderberg, the Act should be welcomed because it will prevent undesirable developers.

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provided certain principles are embodied in the Act. I am advised that the State law advisers have confirmed that these principles are indeed embodied in the new Bill."

Durr added he may also introduce legislation to end alleged misleading advertising relating to "so-called life rights." This would also affect the Housing Development Schemes for Retired Persons Act. "It would forbid developers claiming they are offering a life right when purchasers do not acquire rights of occupation.

"I'm sure that once the provisions of the amendment Bill are enacted, no retired person whose rights fall within its ambit will go through the agony of losing that which he has endeavoured to provide during his economically active life."

Lehmann believes the amendments, though not retrospective, will close "a few little doors" and make it more difficult for fly-by-night, inexperienced and inefficient developers to squander the money of retired people. FIM 15/6/90

Responding to criticism that it will discourage retirement village development, Lehmann says the Act will enhance the credibility of developers. "People will no longer be suspicious because they know they are protected by tight legislation. True developers with access to cash who want to get into this market will not be discouraged."

However, a leading private developer argues: "Durr is trying to make political cap-

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The amendments, primarily aimed at securing the right of occupation for the buyer of a unit, irrespective of whether the deal is done via sectional title, share block or life right tenure, has also been roundly criticised by Sapoia. FIM 15/6/90

Focus of criticism from a developer's viewpoint falls on section 4B of the Act which deals with alienation of land subject to right of occupation. It states that the land on which a village is located may not be sold without the consent of 75% of village occu-

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pants. It also gives them a preferential claim to the proceeds of a sale.

It was this clause that prompted Sapoia to write a strongly worded memorandum to the Director-General of Trade & Industry when the draft amendment was first published (*Property* May 15). The Bill was not changed but the issue was addressed by Durr in parliament. FIM 15/6/90

He said: "The legal advisers of the Association of Mortgage Lenders say the association has no objection to the amendments,

FIM 15/6/90 ~~(123)~~ (123)
ital out of the Act after the Helderberg disaster, but he is killing the retirement village market by going too far. Who will lend money on bond for such developments?

"Any potential mortgagee will back off once he realises he cannot sell the property in execution to recoup losses from a defaulting mortgagor without the permission of 75% of villagers. Furthermore, even with their permission the village occupants have a priority claim to the proceeds of the sale," he says. ■

Who stands where?

A legal consultancy role being played by a deputy minister — responsible for black housing in the provinces — is coming under the spotlight. Provincial Affairs Deputy Minister Tertius Delport does work for a Port Elizabeth law firm, Stulting, Delport & Cilliers, which handles all conveyancing for the SA Housing Trust in PE townships.

The NP caucus is edgy now about low-cost black housing schemes in that area (*Current Affairs* June 1).

Senior partner Piet Delport, asked whether Tertius Delport's connection with his firm could be construed as a conflict of interest, says: "In a way, yes. However, I have never given it a thought. I will take the matter up with him."

Attorney Delport says the deputy minister (who is related to him) had asked the firm whether he could act as a consultant. "He is also an attorney," Piet Delport adds, "and he came to us after he had become an MP (for Sundays River) in 1987. At that time, of course, Tertius did not know that he would be appointed as deputy minister."

Piet Delport admits his firm did all the conveyancing for the trust dealing with low-cost black housing in PE: "It is so, a man from the trust is presently in my office." Before his election to parliament, Tertius Delport was a lecturer at the University of Port Elizabeth law faculty; and involved in black housing before that, serving on the National Housing Commission until the end of 1986.

In April 1987 a group of concerned PE businessmen and other community leaders formed an entity called the Peace and Prosperity Utility Association, a non-profit organisation under Section 21 of the Companies Act. It had seven members — Tertius Delport was one — and campaigned for the training of unemployed blacks and the building of houses. The trust and Cape Provincial Administration were contacted and 300 stands allocated to Peace and Prosperity. (Delport later resigned as a member.)

Delport introduced two young builders to the group: Toto van der Merwe, a lawyer who studied under him, and William de Villiers, a development officer at Volkskas. In June 1987, Van der Merwe and De Villiers formed Amakhaya Construction which built houses for Peace and Prosperity.

In the same month Van der Merwe set up a marketing company, MTM Behuisingskonsultante CC. Delport acted on occasions as consultant to the company, says Van der Merwe.

Van der Merwe tells the *FM* that Delport introduced him and De Villiers to a Cape-based company, Fintrust, which, according

to Delport, also wanted to get involved in low-cost housing. Fintrust director Charles Robertson and an associate, Johan Posthumus, confirmed at their Cape Town office that Delport was instrumental in their meeting with Van der Merwe and De Villiers.

A Cape company, Amakhaya Konstruksie (Kaa) (Edms) Bpk, was formed shortly after in 1988; De Villiers, Van der Merwe, Robertson and Jacobus Cornelis Pauw became directors. The relationship between Van der Merwe, De Villiers and Fintrust later ended.

MTM had meanwhile made a breakthrough in the St George's Strand, PE, development for black property owners: Van der Merwe succeeded in acquiring options on about 85% of houses belonging to whites, and empty stands. The possible expropriation of the St George's Strand area had earlier become a dispute among Nationalist MPs in the eastern Cape. PE North MP Gert Myburgh, in whose constituency St George's Strand falls, believed the land should have become a coloured, not black, area.

Van der Merwe tells the *FM* he heard from Delport about the proposed development at St George's Strand. He says he and Delport had talks with a black community leader about the possible development and "I have also seen a letter from the chairman of the ratepayers' association of that area. If Delport had not told me about the development I would not have known."

The *FM* has sent Delport various questions dealing with his involvement with Stulting, Delport & Cilliers and association with Van der Merwe, MTM Behuisingskonsultante and Fintrust. He declines to com-

ment.

Black housing in the PE area — specifically in the Motherwell township — became a hot issue recently after a speech by Algoa Bay Nat MP Frans Smit, who asked for the Advocate-General to investigate the matter. Smit says development has been delayed and irregularities concerning alleged speculative buying have occurred. The Cape Provincial Authority admits speculative buying — contrary to the letter and spirit of land availability agreements — has taken place but it is unable to act without sworn statements (*Current Affairs* June 8).

Among complaints are allegations that large outside developers have been favoured when stands (at R1/m²) have been allocated by the province. Eastern Cape developer Dimitri Zenios confirms that he and others have complained to authorities about substantial allocations made to Bester Homes. The *FM* reported last week that Bester received 627 stands in April 1988 — none of which, according to an official provincial memorandum, had been developed up to the end of last year.

On June 28 1988, former PFP MP John Malcomess asked then Constitutional Development & Planning Minister Chris Heunis whether a certain MEC of the provincial authority, whose name had been given to the minister, had been "entertained overseas by any director or employee of a company or group to which erven had been allocated in Extension 4B or 7 of Motherwell Township?"

Malcomess also wanted to know whether the wife of the MEC was also entertained and whether their airfares were paid or

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subsidised by the company or group. In his reply Heunis said the Cape Administrator had replied no to the questions.

The *FM* has also sent questions to Cape MEC Koos Theron on this matter — as well as queries on how stands are allocated. Theron says that in the light of the Advocate-General's investigation the matter is regarded as sub judice. He did say, however, that in order to speed up development in the area, bigger developers have been allocated stands.

Theron warns that the availability of funds and high interest rates have brought development in the area to a virtual standstill. "Our biggest danger is that we may lose private developers. I have already succeeded in getting some of the developers to hand back some of their stands to smaller developers," he says.

Eddie Botha

UK donates R2,25-m for black housing in SA

CAPE TOWN — A cheque for £ 500 000 — nearly R2,25 million — was presented by the British ambassador, Sir Robin Renwick, to the outgoing chairman of the Urban Foundation, Mr Jan Steyn, for the foundation's scheme to help provide new low-cost housing for black South Africans.

Presenting the British grant at the British Embassy yesterday, Sir Robin said there was general agreement in South Africa that the two areas of most critical need were black education and housing.

"In the field of education, we are making a major effort with

a large scale increase in the number of scholarships and assistance for teacher training," Sir Robin said.

Sir Robin said the idea for the new low-cost housing scheme, which will come into operation on July 1, was first discussed when Mr Steyn, Mr Sam Motsuenyane, president of the National African Federated Chambers of Commerce, Mr Mike Rosholt, chairman of Barlow Rand, and Dr Anton Rupert, chairman of the Rembrandt Group, met Prime Minister Margaret Thatcher in London 18 months ago.

They had made clear the full

extent of the backlog in the provision of housing for black South Africans and "we agreed that if a scheme could be devised which would help make lending on a large scale available for low-cost housing, we would take the lead in pledging a contribution."

"As far as we are concerned, this is only phase one of a new effort to help disadvantaged South Africans gain access to better housing," Sir Robin said.

He said that in dealing with the problems of the squatter settlements the first step had to be to help people move out of those settlements into new low-cost

formal housing.

"At the same time, increased efforts must be made to help those who cannot at present afford access to formal housing of any kind."

Britain will be increasing its assistance in this area.

Sir Robin said that if an increased effort was not made to tackle these problems now, they would become insuperable for any future government.

● Mr Jan Steyn is now chairman of the Independent Development Trust and will be succeeded as chairman of the Urban Foundation by Mr Mike Rosholt. — Sapa.

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THURSDAY, 21 JUNE 1990

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HOUSE OF REPRESENTATIVES

QUESTIONS

† Indicates translated version.

For written reply:

General Affairs:

J G Strijdom Hospital: admissions

28. Mr T R GEORGE asked the Minister of National Health and Population Development:

- (1) Whether the J G Strijdom Hospital is a general affairs hospital; if not, why not; if so, why;
- (2) what average number of patients is admitted to this hospital per day;
- (3) whether persons of colour have to be referred by the Coronation Hospital in order to be admitted to the J G Strijdom

Hospital; if not, what is the position at present; if so, why;

- (4) whether a decision has been taken as to the number of persons of colour who will be admitted to the J G Strijdom Hospital in future; if so, what are the relevant details; if not, what policy is it anticipated will be followed in respect of admissions at this hospital;
- (5) whether she will make a statement on the matter?

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THE MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

- (1) to (5) Seeing that the matters raised are the responsibility of the Minister of Health Services and Welfare in the House of Assembly, I cannot answer the questions as put for reply. It is suggested that the relevant questions be cleared in writing with the responsible Minister.

1937

THURSDAY, 21 JUNE 1990

1938

HOUSE OF DELEGATES

QUESTIONS

† Indicates translated version.

For written reply:

Own Affairs:

Indian housing: amount allocated

25. Mr K PANDAY asked the Minister of Housing:

- (1) What total amount was allocated for housing for Indians in the 1989-90 financial year;
 - (2) whether any part of this amount was unused at the end of that financial year; if so, (a) why and (b) what was the amount involved?
- The MINISTER OF HOUSING:
- (1) R154 122 000,00.
 - (2) Yes.
 - (a) Not all local authorities claimed the amounts apportioned to them by the Housing Development Board, in full.
 - (b) R26 707 111,17.

Housing Development Board: shopping centres/plazas

26. Mr E JOOSAB asked the Minister of Housing:

- (1) Whether the Housing Development Board controls or owns any shopping centres and plazas on behalf of the Administration: House of Delegates; if so, (a) what are their names and (b) where is each of them situated;
 - (2) on what dates were the rentals for each of these shopping centres and plazas reviewed during the past 20 years?
- The MINISTER OF HOUSING:
- (1) Yes. Attached is a list which reflects the names of all the complexes which are owned by the Housing Development Board.
 - (2) Information in this respect up to the time of the establishment of the Administration: House of Delegates is not readily available. The Housing Development Board however approved on 2 March 1990 (Mooroon), 15 March 1990 (Moorford and Westcliff) and 30 March 1990 (Moberni Heights, Havenside and Potchefstroom) an increase in rentals in respect of the said shopping centres.

List of shopping complexes owned by the Housing Development Board

Region	Complex	Number of shops
Port Elizabeth	East London Oriental Plaza	49
Cape Town	Cape Town Oriental Plaza	74
Durban	Moberni Heights	15
	Ladysmith Oriental Plaza	56
	Havenside	21
	Montford	22
	Noor	2
	Mooroon	21
	Westcliff (shops)	28
	Westcliff (stalls)	41
	Weenen	38
Johannesburg	Delmas	9
	Heidelberg	12
	Vereniging	55
Pretoria	Bethal	40
	Bloemhof	26

CAF Traps 22/6/90 (123)

UK gives R3,5m for housing

Staff Reporter

BRITISH ambassador Sir Robin Renwick handed over a cheque for half-a-million-pounds (R3.5 million) for low-cost housing yesterday to outgoing Urban Foundation chairman Mr Jan Steyn.

Asked whether this grant was in contravention of the ANC's sanctions call, Sir Robin said he believed there was "a lot of support from black leadership, including the liberation movement, for what we are doing".

The scheme — which will help make loans available to people with low incomes — had been thought up 18 months ago at an informal lunch in London attended by Mrs Margaret Thatcher, Mr Jan Steyn, Dr Anton Rupert, Mr Mike Rosholt and Mr Sam Motsuenyane.

Mr Steyn said that until the Loan Guarantee Fund initiative had been

launched, "most lending institutions were not prepared to lend any money for the purchase of homes below R35 000 in value".

The result had been that almost all housing finance in South Africa generated by private institutions had been directed at middle- and upper-class housing.

The state had withdrawn to a large extent from financing house-building, so very little money was available to enable poor people to acquire homes, Mr Steyn said.

"Our experience in the Foundation confirms that poorer people are more reliable honoures of their obligations than more affluent people."

However, lending institutions had to be encouraged and also protected, and this was what the loan guarantee fund could do when it came into operation on July 1.

Britain's grant, together with smaller amounts from Germany and Switzerland, had been matched by R13,3 million from the business sector in SA.

"This enabled us to generate R350-million worth of insurance... which encouraged lending institutions to commit in excess of R3,5 billion to this segment of the market."

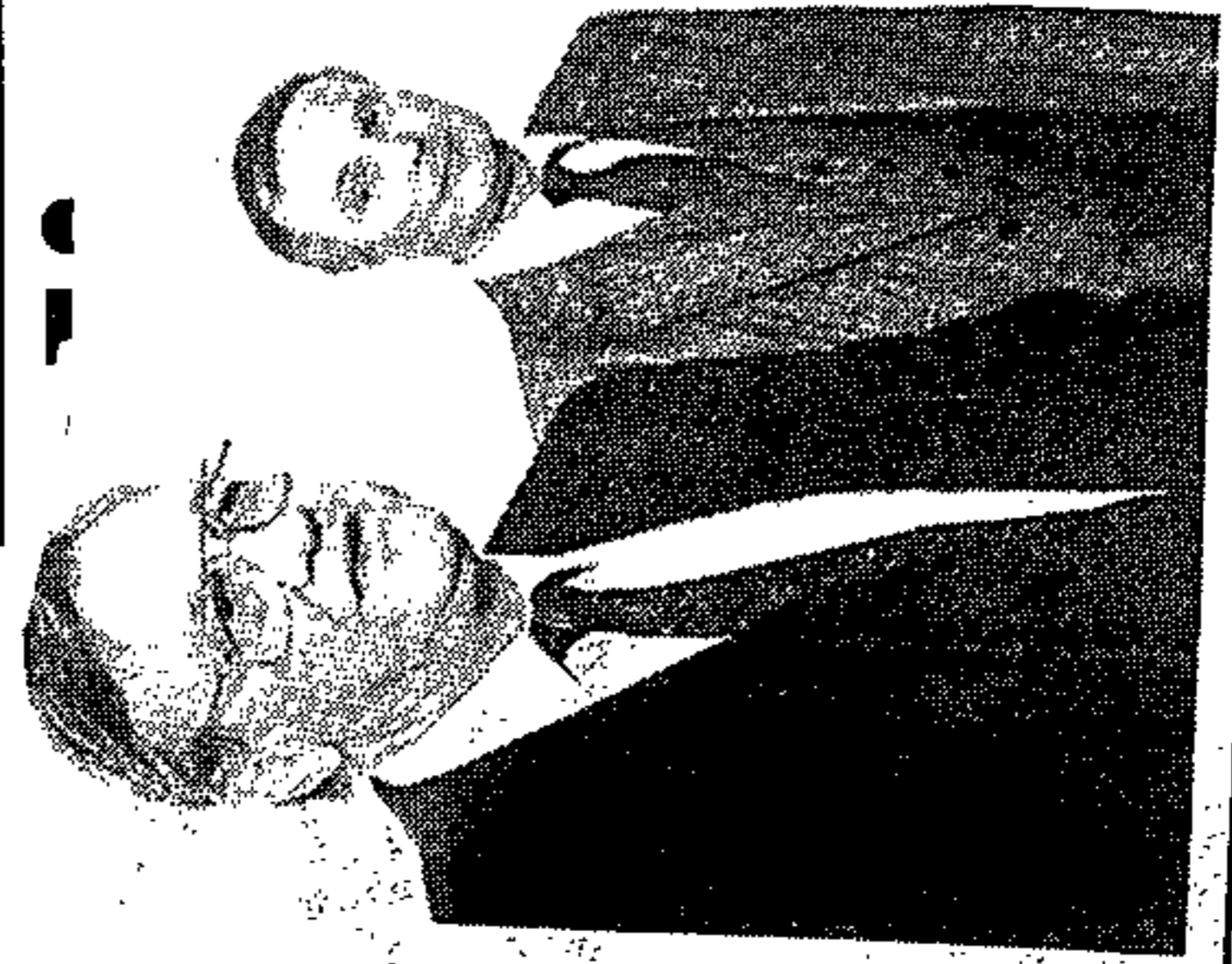
Mr Steyn, a board member of the Home Loan Guarantee Company which will administer the new

scheme, said that if his organisation could extend the insurance capacity and thus facilitate the flow of funds over the next five years, it might be possible to deliver "some 140 000 new housing units".

Sir Robin said this was only the first phase of efforts to help disadvantaged South Africans gain access to better housing.

Britain would also increase its assistance to those who could not afford formal housing of any kind.

It was considering doing this by providing credit for shack improvements such as weatherproofing, Sir Robin said.



HOUSING CHEQUE... Mr Jan Steyn, outgoing chairman of the Urban Foundation, thanks British Ambassador Sir Robin Renwick (behind him) for the British contribution towards low-cost housing. **PICTURE: RICHARD BELL**

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22/6/90
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R3,5-m boost for black housing

The British government yesterday handed over nearly R3,5 million to the Urban Foundation's scheme to provide low-cost housing to the country's disadvantaged people. The money was handed to former chairman of the foundation, Jan Steyn, by the British Ambassador at a ceremony held in Cape Town.

Mr Steyn said the R8,7 million received from West Germany, Switzerland and the United Kingdom was a large contribution to the success of the scheme.

1987

FRIDAY, 22 JUNE 1990

1988

- (bb) None
(cc) None
(dd) None
(ee) None

(b) It is unfortunately not possible to determine the number of commuters involved in each of the relevant financial years, but the numbers mentioned below are calculated according to the number and type of subsidised bus tickets which were sold at Harrismith and Bethlehem and there are no other commuters involved —

Year	Harrismith	Bethlehem
1980/81	1 514 326	Nil
1981/82	1 724 564	33 630
1982/83	2 151 198	69 952

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

Number of lung cancer deaths in the Republic of South Africa by Population Group, 1989 (as on 11 June 1990)

Province	Population Group		
	Indian	Black	White
Cape	2	41	98
Natal	20	3	54
Orange Free State	0	1	0
Transvaal	1	27	55
Total	23	72	207

Notifications received by the Department of National Health and Population Development.

Marasmus/kwashiorkor: cases

540. Mr M J ELLIS asked the Minister of National Health and Population Development:

How many (a) cases of (i) marasmus and (ii) kwashiorkor were reported, and (b) children were treated in clinics for each of these diseases, in 1989?

Hansard 22/6/90
The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT: B1275E

(a) (i) and (ii) Marasmus and kwashiorkor are not notifiable diseases. Accurate incidence figures are thus not available for these two conditions.

(b) During 1989, 3 045 children were treated for marasmus and 7 672 for kwashiorkor through the departmental scheme.

HOUSE OF ASSEMBLY

Hansard

1989

FRIDAY, 22 JUNE 1990

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- (a) The purpose of the most important changes are as follows:
- * The revised allowance scheme does not provide for the continued subsidisation of additional capital redemption.
 - * In terms of the revised allowance scheme, employees will only be paid an allowance until they reach the age of 65 years whereas no age restriction existed under the previous scheme for the payment of subsidy to employees.
 - * Under the previous scheme participants were penalised in terms of shortening the period for which they could participate in the scheme as a result of some or other action (eg the net profit realised from the sale of a previously subsidised dwelling was not utilised as payment for a next dwelling). Under the revised scheme, penalisation will be effected by means of decreasing the amount of the monthly allowance payable.
 - * Participants in the previous scheme were divided into two percentage groups, namely the 3% group and 4% group with the salary notch R29 205 as division point between the two groups. In the case of the 3% group, the interest above 3% up to and including the average building society interest rate was subsidised whilst in the case of the 4% group, the interest above 4% was subsidised. The new allowance scheme will only cater for one percentage group namely a 3% group.
 - * The previous scheme permitted a person to buy (or own) only two dwellings consecutively while stationed at the same headquarters. Furthermore, he could in respect of the first dwelling for which he received a subsidy, raise his registered mortgage more than once in order to obtain funds for innovative improvements/alterations to

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such first dwelling. In the revised scheme, no such limitations exist.

* If a person under the previous scheme, in addition to the dwelling which he occupied, owned another

(i) paid-off dwelling in respect of which he previously received a housing subsidy, he was excluded from participation in the scheme; or

(ii) not paid-off dwelling in respect of which he previously received a housing subsidy and if such other dwelling had a smaller mortgage bond than the bond on the dwelling which he occupied, the subsidy payment period (in respect of the house he occupied) was shortened according to a prescribed formula.

In terms of the revised allowance scheme if a person owns another (paid-off or not paid-off) dwelling, he will qualify for participation in the scheme but a reduced monthly allowance is payable in respect of the dwelling he occupies.

* Under the previous scheme a person who sublet his dwelling was penalised in terms of the period for which he qualified for the payment of subsidy. In terms of the revised allowance scheme, no penalisation for subletting takes place.

(b) 1 August 1990.

(2) An accurate costing was not undertaken. Care has however been taken to ensure that the expenditure resulting from the revised allowance scheme does not exceed that of the previous scheme.

Brandvlei area, NW Cape: Radio SA transmissions

552. Mr J VAN ECK asked the Minister of Home Affairs:

With reference to his reply to Question No 448 on 28 May 1990, (a) how many radio listeners are detrimentally affected by the fact that the English service of Radio SA is not transmitted

HOUSE OF ASSEMBLY

Public Service Staff Code: housing subsidies

545. Mr R M BURROWS asked the Minister for Administration and Economic Co-ordination:

- (1) Whether the Commission for Administration recently effected alterations to the Public Service Staff Code relating to the housing subsidy scheme for State employees; if so, (a) what is the purpose of the alterations and (b) when will they come into effect; *Hansard 22/6/90*
- (2) whether a costing has been done of the effect of these alterations; if so, what are the relevant details?

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The MINISTER FOR ADMINISTRATION AND ECONOMIC CO-ORDINATION: B1289E

(1) Yes.

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Some builders cut corners

Business Staff

THERE was no doubt that some builders were cutting a few corners by not observing regulation and buying inferior products, Mr Robert Low, director of Murray and Roberts (supplies and services) and national president of the Concrete Masonry Association, said this week.

Mr Low said the home building industry in the Cape had reached a low ebb due largely to interest rates which had nearly doubled since 1988.

This was especially noticeable in the areas of housing design for those with incomes of less than R2000 a month.

"Here where it seems almost impossible to provide a house and ground costing less than R30 000, the prevailing interest rate has made that house completely unaffordable. This is all part of the inflationary spiral.

"A worse situation has arisen for those who managed two years ago to buy at interest rates of 12 percent. They find themselves incapable of supporting the new bond repayments. These people have become bitter and disillusioned and are consequently finding fault both politically and materially," he said.

Mr Low said as a result "many detrimental things have been said about the builders and the quality of the houses".

"No doubt some of the builders in-

deed cut a few corners by not observing regulations and buying inferior products.

"Some of the bad publicity has been used to decry concrete masonry. The best way to ensure that bricks are of suitable quality is to insist on bricks manufactured with the SABS mark of approval, whether they be clay or concrete.

"Regrettably there are not similar standards for building contractors," he said.

Mr Low said that it was possible to counter inflation with the use of modern building materials.

"The savings in the use of hollow concrete masonry over conventional brick can be substantial — of the order of R2 000 in a house costing R20 000.

"Furthermore there will not be noticeable differences in performance between a house built of concrete masonry and one of clay, and the difference on building techniques is minimal.

"It is for this reason that concrete masonry is fast becoming the most popular building material in the country as it is in most of the modern world where over 60 percent of masonry is built with concrete products."

He said prospective builders should consult the Concrete Masonry Association for advice on the supply and use of concrete masonry.

'Building defects rife'

By MAGGIE ROWLEY
Business Staff

ALMOST every dwelling that was up for sale in both the new and second-hand market has defects, says Mr Derek Bonheim, independent property surveyor.

More than 90 percent of houses he had inspected for clients had had problems with walls, finishes, plumbing and drainage, he said at a Press luncheon this week.

"Of the houses I have inspected about 70 percent had problems with roofs and coverings, more than 60 percent had problems with doors, windows, floors and finishes, nearly 30 percent had electrical problems and about 20 percent had problems with the foundations."

Mr Bonheim said that while there were numerous mechanisms in the industry to check standards these had "almost no effect".

"This is borne out by the fact that at the end of the day what is being built is not up to standard."

He said construction problems were on such a large and widespread scale that they represented "a national disaster".

Mr Bonheim urged home buyers not to buy a house until it had been properly inspected.

"In most Western countries no one buys a house until they have had it inspected by an independent building inspector. While a report of this na-

ture costs homebuyers, in the long run it can save them thousands," he said.

The situation, he said, was aggravated by a number of factors. "People selling their homes are motivated by their own short term interests and are not concerned with the long-term interests of buyers.

"Threats of alternative offers often mean buyers rush into the sale without properly inspecting the house. It is very easy to hide defects with a quick coat of paint which will not be picked up through inadequate inspection.

"It is also in the interest of estate agents and developers to ensure the sale takes place as quickly as possible. All this counts against the buyer who is the one left holding the problems," he said.

He said to overcome the immense housing backlog developments had been going up at great speed and "the speed of erection has resulted in reduced quality control".

Mr Bonheim said that with the changing political dispensation there was a push towards home ownership in the lower income group.

"Many of these first-time homebuyers are not familiar with the market and are being taken advantage of.

"And they as a group are the least able to pay for high maintenance costs that result from inadequate quality control and construction methods," he said.

The worst is over, says CBA chairman

By MAGGIE ROWLEY
Business Staff

THE Clay Brick Association (CBA) of the Western Cape is optimistic that the slowdown in the building industry will be short-lived and interest rates would drop by year end, chairman Mr Harry Voorma, said this week.

In an interview following a Press luncheon this week, Mr Voorma said that high interest rates had had a serious impact on the middle to lower income group housing industry.

"February 1988 heralded a watershed period for the industry as interest rates started to rise, people stopped investing in housing developments and sales levelled off.

"The general level of activity in the past year was about 30 percent lower than the 1987/88 period. However the luxury market was unaffected and there has been more activity in this sector than was seen two years ago."

Mr Voorma said that the worst period appeared to be over.

"News this week that South Africa's foreign debt crisis is over and that South Africa will have repaid the last of its instalments under the terms of the second arrangement of standstill of debt augers well for the property industry.

"So does the new political climate and the move towards a 'new' South Africa," said Mr Voorma.

He said he was optimistic a drop in interest rates could be seen as early as September or October.

"Once interest rates drop I have no doubt that the property industry will rebound quickly and we will see spec builders coming back into the market and developments will start snowballing," he said.

Mr Voorma, who is also chairman of Corobrik in the Western Cape, said price increases of clay products had been lower than the inflation rate in the past year.

The Clay Brick Association, he said, was concerned about the quality of new home building in the Western Cape.

"This concern and a growing lobby for better standards, particularly in the mass housing market, has led to a renewed drive by clay brick producers in the region to ensure that the best possible materials are specified.

"It has been to the general detriment of the building industry that strident complaints — most of them justified — have been voiced by new-home owners, predominantly in the affordable housing sector.

"The material used in the walls of these homes, where there has been premature cracking and other faults, was not clay brick. It must be noted that the dissatisfaction of home buyers has been concentrated on poor workmanship and not materials. Problems arose where alternative building materials were not used in the correct way," he said.

Mr Voorma said it was the contention of the CBA that many housing projects in the Cape did not meet the expectations of buyers in terms of investment value and houses could prove a liability as maintenance costs soared.

The argument that alternative masonry products were cheaper to use, he said were false.

"While specifying bricks other than clay can cost the developer less for other materials, only by complying with strict building procedures can he be sure that the alternative products will perform well.

"These strict procedures are expensive and would result in the building costing the same as, or more than, one constructed from clay brick.

"Some developers have not observed the construction rules related to alternative products in order to capitalise on the low cost of the materials and the houses have failed to meet basic standards.

"So, while the buyer is offered a cheaper home, his long-term costs, both financially and psychologically are high and will far outstrip those of a home built from clay brick particularly one built from clay face brick."

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VAT Will 'hit' housing

By MAGGIE ROWLEY
Business Staff

THE new valued added tax, which is to be applied to commercial construction and the sale of land and buildings including new homes, will make housing even less affordable, Mr Dave Miller president of the Institute of Estate Agents, said this week.

Spelling out how the new tax will affect the building industry, Mr David Clegg, tax consultant with Ernst and Young said commercial construction and sale of land and buildings, including residential property, would be subject to VAT.

He said, according to draft legislation, the sale of land and buildings between private individuals (for example, their private residence) would not be subject to VAT.

"However, all construction and sales of buildings and land, including sectional title units and shares in shareblock companies and time-sharing interests made by enterprises registered for VAT, will be subject to the tax," he said.

Mr Clegg said that because a credit it would be granted for input tax paid by those purchasers who were

registered for VAT, the major impact from the inclusion of construction and sales for both new and older buildings would be:

● On private individuals purchasing new residential property from developers who were unable to claim the input VAT as a credit.

● On organisations such as banks, building societies, life insurers and other financial institutions which were exempt from VAT but who would be unable to claim input VAT as a credit.

He said the commercial developer of land and buildings would be charged VAT by his building contractor and would be able to claim an input VAT credit against the VAT charged on the sale of his developed properties or rental charged by him on the letting of those developed properties to commercial users.

"Where the developer is letting the completed property for private residential purposes, he will not be entitled to an input VAT credit and the rentals will be tax free," he said.

"One thing is for certain that the 200 pages of draft legislation means the property industry has homework to do!"

Mr Miller said the Institute of Es-

tate Agents was very worried that VAT was to be applied to new homes "particularly because as a class, homeowners are more heavily taxed than anyone else".

"It is all very well saying that VAT will work out at less than GST but this is not in fact demonstrable.

"GST as currently applied is paid by a builder on all materials.

"However, when the property is sold his profit is calculated on the total cost combined whereas once VAT applies it would apply to labour as well as materials.

"Obviously the profit calculation would be on an inflated basic cost.

"This means that VAT plus transfer fees will be paid on the property, and if the builder bought the land under the VAT system both VAT and transfer fees will be paid on this too.

"I believe therefore that housing will be far less affordable whereas at present our main thrust should be towards making properties more affordable, particularly for first-time home buyers.

"It is a shame that we are being taxed to the hilt and money is being wasted in all directions which, hopefully now that new political objectives are being reached, could be channelled more sensibly into housing."

Mr Miller said recent Press reports had highlighted the fact that about R20 billion, spread over three years could come from Mossos, reduced defence spending and reduced spending on bantustan bureaucracies alone without any increases in tax.

"Furthermore it has been demon-

strated both in developing and developed countries that the real engine of the economy could be a dynamic and viable housing industry.

"A recent survey in the United States showed that for every \$1 billion spent on new house construction a further \$7 billion was generated in the economy as a whole.

"Such items as furniture, floor coverings and appliances for example are all taken into account.

"Countries like Thailand and Colombia have made tremendous strides in recent years by funneling money into housing construction, particularly at the lower end of the scale and doing so in co-operation with private enterprise.

"A whole army of construction workers could be created through sheer concentration of effort.

"We could meet our need to create a half a million jobs a year on average, just to keep pace with those entering the job market so conceivably housing construction could supply a large percentage of job opportunities in both the formal and informal sectors."

"In the US housing construction accounts for roughly 18 percent of the GNP and has done so for many years," he said.

Mr Miller said the Institute would be addressing this problem through their 10 branches around the country and would make every effort to alert the authorities to the attraction of a vibrant housing industry and the benefits which could flow from it to the advantage of the country as a whole.

black market

AD-MONITOR

ments featuring leading local municipal representatives appeared in Cape Town newspapers. In an open letter to the public of Cape Town, Alderman Louis Kreiner spelt out the details of the dispute the City Council is having with the South African Munic-



Some of the 150 low cost houses being built in Jouberton near Klerksdorp.

Low cost housing becomes reality

A LEADING construction company, in association with the South African Housing Trust, has entered the low cost housing market in a bid to provide affordable housing.

The company has already started work on 150 sites in Jouberton near Klerksdorp.

The houses are being built on sites developed by the SA Housing Trust.

Financial packages – which include land and legal fees – are available from as little as R21 000.

Says a regional director of the company: "We are happy to be involved with the SA Housing Trust which has been able to provide serviced sites at low cost."

The 45-square metre homes comprise two bedrooms, a bathroom and an open-plan lounge-

kitchen. Stands range from 230 square metres to 280 square metres.

Already 20 houses have been sold and construction is at an advanced stage.

"We already have 40 prospective buyers and expect strong demand to continue throughout the year."

The US-designed houses are made of reinforced wire in which a polyurethane foam core is embedded. The insulation properties of the materials are said to match conventional building material.

The materials substantially reduce foundation costs for homes built on poor soils and those found in mining areas. The nature of the system virtually eliminates cracks.

Said the regional director: "Sav-

ings on foundation costs and gunning equipment allow us to offer a colourful house complete with water, sewerage, shower and taps for the price of a basic house in dull-grey cement block finished off roughly.

"Extensively tested and widely acknowledged, the products have up to now been used primarily for upmarket housing, or in areas with unstable soils.

"We have consistently highlighted the many difficulties faced by consumers in the low cost housing arena.

"Our company is committed to doing all it can to reduce the backlog in the low cost housing market by, among other things, investing in cost-effective and efficient building methods and materials."

Star
25/4/90 (123) (123) (123)

Govt 'must write off R731-m rent debt'

By Montshiwa Moroke

The Government will have to write off the estimated R731 million rent arrears owed by Transvaal's black townships before residents would consider resuming payment of service charges, a Soweto civic leader said at the weekend.

The president of the Soweto Civic Association (SCA), Isaac Mogase, said this after the Transvaal Provincial Administration announced last week it would no longer cover the cost of services to boycott-hit townships. The TPA said if councils were not able to collect enough money to pay their bulk suppliers, supplies would "most probably be discontinued".

Mr Mogase, who is also a member of the Soweto People's Delegation (SPD), said the people of Soweto had never refused to pay service charges.

"The problem is that they (TPA) have been dealing with councillors and not with residents," Mr Mogase said.

The SPD is expected to meet provincial authorities next month in an effort to resolve the rent crisis in the province.

A spokesman for the TPA said last week arrears in the 82 black local authorities in the Transvaal, at the end of March, amounted to about R731 million.

"The rent boycott is effective in 42 of the 82 councils and we have only R26 million every month available for bridging finance. In the past three months we have paid out R164 million in bridging finance and that amount should have been spent after six or seven months.



State faces land distribution poser

AR665
26/6/90

123

By GRAHAM LIZAMORE
Staff Reporter

THE inequality in the distribution of land had to be addressed as a matter of urgency to help stem the flood of people to the urban areas.

Dr Philip Frankel of the Centre for Policy Studies at the University of the Witwatersrand said the government would have to give serious consideration about making under-utilised rural land available as well as making funds available to help blacks buy land in the rural areas once the Land Acts of 1913 and 1936 are repealed.

South Africa was a land of gross inequalities particularly in so far as land, education and

wealth distribution was concerned, he said.

"Because of the inequalities of land ownership in the rural areas the migration has been to the cities where unemployment, inadequate infrastructure and poverty are now becoming rampant," he pointed out.

He said it was not enough to remove barriers to the purchase of land in the rural areas.

Recently the government had been selling land in the Transvaal that had previously been confiscated in terms of the Land Act from black people.

However, in terms of the Land Act black people were not allowed to buy back land which they had owned.

Dr Frankel said State intervention would become a matter of necessity to address the inequalities that occurred as a result of apartheid.

Echoing his views, Mr Gerrie Bezhuidenhout of the South African Chamber of Business in

Johannesburg said he believed land and housing were major problems that would have to be looked at during negotiations between the government and black leaders.

"There is not enough land to develop black housing," he said.

Mr Bezhuidenhout said although South Africa was facing major problems, people were beginning to recognise these problems.

Big debate

He said the big debate would not be about objectives but on the means that would be used to achieve these ends.

"We have to find ways of getting the country going again," he said.

Referring to the homelands he said it was difficult to say whether they would be allowed to remain in the "new South Africa" but it was important that uniform labour legislation be implemented in all areas of southern Africa.

Govt reviews stance on sale of housing stock

PRETORIA — ^{B. Day} Government housing stock still unsold at the end of last month totalled no less than 213 572 units, a spokesman for the Planning and Provincial Affairs Department said yesterday.

This means in the seven years since government decided to sell houses in black townships throughout SA — in a project known as the "Big Housing Sale" — only about a third of the 333 443 houses originally available have been sold.

And Planning and Provincial Affairs Minister Hernus Kriel said yesterday a new housing strategy was being planned.

He was waiting for a report and recommendations from the Housing Advisory Council on a possible new structure and approach to the housing problem.

Among the issues being looked at was whether re-

^{26/6/90}
GERALD REILLY

maining government housing stock should be given to occupants who had lived in the houses for lengthy periods. (123)

A Transvaal provincial spokesman said houses were being sold for an average of around R3 000 each — based on the initial costs of construction.

In the Transvaal alone, 83 330 houses had been sold, leaving an unsold balance of 149 572. (K)

Meanwhile, DP finance spokesman Harry Schwarz said he disagreed with "giveaways", but it seemed fair that occupants of houses who had paid government rents over a period of 20 years or more should qualify to be given their properties. However, service charges should be paid.

Low mortgages agreement signed

EDWIN UNDERWOOD

THE Association of Mortgage Lenders and the Urban Foundation yesterday signed an agreement which will make available mortgage loans of less than R23 000 by November this year.

The agreement is the forerunner to the start of the Loan Guarantee Initiative (LGI) which will act as an indemnity fund for lending institutions. The R20m LGI was announced by the Urban Foundation last October and will become a legal entity on July 1.

In terms of the agreement, a borrower will be able to apply in the usual way to financial institutions for a mortgage loan and usual lending criteria will apply.

Each institution will announce when it is ready to start offering loans in a new category of R35 000 and less. In terms of the agreement, all institutions will be ready to start the scheme by November 1.

Participating financial institutions are: Allied Building Society, Eastern Province Building Society, First National Bank, Grahamstown Building Society, Natal Building Society, NedPerm Bank, Provincial Building Society, Saambou National Building Society, Standard Bank, TrustBank, United Building Society and Volkskas Bank.

While the financial institutions have committed an amount of R3,5bn to the category of lending, it is expected that an amount of between R200m and R400m will be lent in the first year.

Although it will be some time before the participating financial institutions begin lending, they will start updating their legal, financial and administrative systems immediately.

Time purchase satisfies most - researchers

Sowetan Reporter ~~123~~

AN independent research conducted by Markinor has revealed that nine out of 10 timeshare owners are satisfied with their time purchase.

The survey done on behalf of the Resort Condominiums International (RCI) investigated, among other things, the level of member satisfaction with the timeshare week purchased. (123)

More than 89 percent of owners indicated that they were either "satisfied or very satisfied".

The survey also revealed that:

* Timeshare owners were on average English-speaking, with tertiary education, aged over 35, married with one or more children;

* Family income levels of purchasers were above R4 000 a month; and

* Only 34 percent of owners have Afrikaans as a home language.

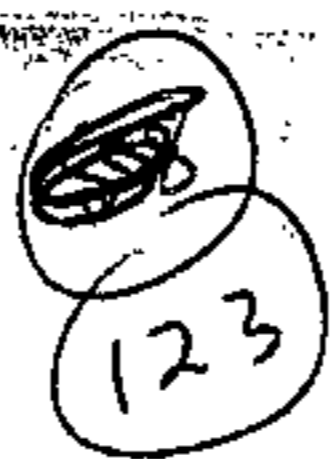
Commenting on the findings, RCI's managing director Mr Bruce Ravenhill said the real benefits of timeshare had triumphed over the gloomy predictions made by some observers of the industry.

He said an increase in membership was also a reflection of the public's confidence in timeshare as the best holiday option.

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Spiralling bond repayments: how to cope with them

Howefan 25/6/90



AS bond repayments continue to spiral with the increase in interest rates, you are probably battling to meet the repayments demanded by the financial institutions.

Do not despair and hide your head in the proverbial sand hoping the demand for payments will go away. You are among numerous other home owners who are in the same predicament.

The key point, when you find yourself in this kind of financial trouble, is to talk to the people at the bank or the building society where you have your home loan and not suddenly just stop paying because you can't cope.

Experts

Home loan experts from the Perm advise that, before difficulties occur, you should attempt to have contingency, for example a regular saving scheme, which will help you prepare for those unexpected emergencies.

You could also ask your employer to deduct your monthly payment from your salary and send it direct to the financial institution.

If your loan repayment is 20 years, they may consider extending it to 30 years so that your monthly repayments are reduced or, in some cases, they may, by agreement only, allow you to miss a few months payments.

They could also suggest you take in a tenant who can contribute towards the repayments

or in circumstances where your difficulties are insurmountable they may suggest that you sell the house and buy a smaller, lesser expensive one with a low bond.

You also could be among the many people who, faced with an increased payment, believe that you can continue repayments at the previous level.

Loan life

This has the immediate effect of extending the life of a loan.

The maximum period of a home loan is usually 20 years but this can be extended to 30 years and not longer.

While extending the period of your bond may take the immediate pressure off you, remember there is a cost attached. For example, a R75 000 bond over 20 years at 19 percent will cost you R1 215.51 a month, amounting to R216 723 for the 20 years.

The cost over 30 years jumps to R354 000.

However, once you find yourself heading for a financial quandary, let the bank know as soon as possible as, and depending on your individual circumstances, there are several things that can be done.

Most lending institutions have a number of alternative schemes on offer, which you may consider, rather than extending the life of your loan.

The home loans department at Nedbank for example, will consider the merits of re-negotiating the terms and conditions of your existing loan with the bank.

Excess

You should also note that monthly repayments in excess of the home loan repayment are permissible.

Re-advances and additional bond finance can

always be applied for and will be considered by the bank.

Nedbank borrowers can choose between interest rate options and instalment option.

These are:

* Interest rate options:

Here you have three choices:

A one, two or three-year fixed rate of interest. After expiry of the three year period, the interest rate will revert to Nedbank's mortgage bond rate for the remaining term of the loan, unless a further fixed term-rate or another option is negotiated.

A three-year interest capping scheme: The Nedbank mortgage rate plus a margin is applied to the loan with a maximum capping rate, that will not be exceeded during the three-year term.

Unless the option is extended by negotiation after the three-year term has expired, the bank's mortgage rate will apply.

Options

* Instalment options:

The three options available are:

Monthly instalments of interest and capital. An initial period of grace during which no instalments are payable for up to three months is negotiable.

Monthly interest repayments of interest only may be negotiated for a period of up to five years, after which normal monthly instalment conditions apply.

This option gives you the advantage of an even repayment stream for the period negotiated, while increases in your income will place you in a better position to meet higher future requirements.

* This article has been reproduced with courtesy of *Plan ahead*, Nedbank's monthly magazine.

HOME IMPROVEMENTS

Homeowners need to look at contracts

HOMEOWNERS who encounter problems with their bond repayments often do not get expert advice before signing contracts, says Mrs Tammy Taranto, project and marketing manageress at FHA Homes.

"People need to understand what they are signing for when buying a property."

Taranto has been on the housing field for many years. Her company is involved in the

By **KENOSI MODISANE**

Urban Foundation's low-cost housing scheme for people in the lower salary bracket.

She also blamed other housing consultants who do not often consider affordability and preference of their clients when making deals with them.

"Buyers often fail to repay their bonds because they are not told how it will affect their salaries.

"They are only told

about the package deal which does not always reflect how their pay packets will be affected."

"Home ownership is not only an investment. The underlying responsibility which goes with it should be understood by the buyer."

"People need to understand that the repayment they make on a monthly basis will continue for at least 20 years. And such a commitment when buying a house should not be overlooked."



Tammy Taranto

Taranto said a home buyer must be given chance to consider his decision to buy a house.

"This is a lifetime decision which needs a thorough consideration."

caption.. Mrs Tammy Taranto... project and housing marketing manager on housing.

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28/6/90 123

7m in SA live in shacks

Political Staff

SEVEN million people — one in five South Africans — live in shacks or informal shelter and there are 80 informal settlements in South Africa, according to the Urban Foundation.

"Housing is, by any measure, one of South Africa's critical national priorities.

"The lack of it can cause deep and lasting socio-economic problems," it said in a statement, which was released together with a video on the issue entitled "Dilemma or Direction".

It said formal housing in South Africa was inadequate and the backlog was about 850 000 houses, outside the homelands.

Many townships, like Soweto, had informal settlements and thousands of shacks in backyards because of the housing shortage.

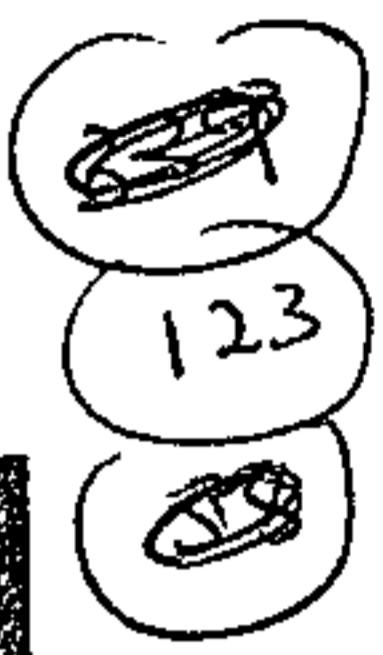
South Africa did not have the resources to provide formal houses for everyone needing accommodation, but "informal settlements are here to stay.

"They must be accepted as part of South Africa's housing stock. People have to live somewhere," the foundation said.

HOME IMPROVEMENTS

1 000s will benefit in new home bond deal

Sowetan 28/6/90



THE Association of Mortgage Lenders and the Urban Foundation have signed a R20-million loan guarantee initiative (LGI) agreement which will lower the bracket of home loans to as little as R12 500.

The initiative taken by the institutions will put mortgage finances for home ownership over the next few years within the reach of thousands of South African who have so far not had access to such finance.

The scheme will come into effect on July 1, but it may take some time before the institutions will start lending money.

By KENOSI MODISANE

Once it is underway, anyone in need of a mortgage loan within a certain category can consult any of the following institutions.

The person will however, still be expected to meet the lending institution's normal criterion.

The financial institutions are: The Allied Building Society, First National Bank, Nedperm Bank, Standard Bank, Trust Bank, United Building Society, Volkskas Bank, Saambou National Building Society, Natal Building Society, Provincial Building Society and the Grahamstown Build-

ing Society. Each of the above institutions will individually announce when they are ready to start offering loans in the new category

of R35 000 and less. All institutions are expected to be ready by November this year. While the institutions have committed R3.5-

million to the category of lending, it is expected that an amount of about R200-R400-million will be lent to home buyers in the first year.

HOUSING & HOSTELS - GENERAL

1990

JULY - DEC.

3-million houses needed

By PATRICK MAFAFO

(123) (123) 11 7190

AN estimated three million houses will have to be built by 2000 to meet black housing needs.

At a seminar convened by the Human Sciences Research Council (HSRC) last weekend, Tim Hart, of the HSRC's environmental studies division, spelled out some of the key factors leading to the existing shortage of 860 000 units outside the independent homelands:

- Rapid urbanisation and population growth;
- Weakness of the national economy and the lack of political will to initiate ambitious national housing campaigns;
- Low wages and high levels of unemployment and job insecurity; and
- The manipulation of land and housing to serve the ends of the apartheid policy.

F/M 6/7/90

123

overseas, confirms the increased interest by foreigners.

"Indications are that when political negotiations are firmly on track in SA there will be a flood of foreign investment," he confidently predicts.

Seeff says prices at the top end of the Cape Town market are holding up well compared with Johannesburg and Durban where there has been a definite dip. He adds that, contrary to popular belief, most expensive residential property in Cape Town is sold to South Africans with only about 5% of sales at the top end of the market to foreigners. He says there is growing interest from Transvaal buyers who acknowledge the inherent value of top Cape real estate.

Recent sales in the upper price bracket include a 350 m² house in Ocean View Drive, Bantry Bay, which went for R1,85m cash after only three weeks of marketing through Multi Listing Services. The deal was concluded by Seeff's Ian Tamaris.

Seeff says in March and April his company sold 15 properties for more than R1m each. The value of total sales for the two months topped R67m. Seeff's first quarter sales figures were 82% up on the corresponding figure last year. ■

RESIDENTIAL F/M 6/7/90

The sky's the limit

Who says the residential property market is heading for a crunch? Whoever they are didn't build into their calculations Cape Town where property prices — particularly at the top end — seemingly know no limit.

House prices in the R750 000-plus bracket have risen by between 30% and 40% in the past year, according to brokers.

Foreign investor interest in particular has been heightened by the perception overseas that SA now has a more stable political climate. In addition, foreign buyers seem undeterred by the scrapping last year of the facility which allowed them to finance up to 50% of the purchase price of residential property with financial rands.

Pam Golding MD Cecil Golding says immigrants can still buy property with financial rands. About 60% of his company's sales to foreigners now are to immigrants and the rest to non-resident investors. 123

Cape Town's Atlantic seaboard suburbs — Bantry Bay and Clifton in particular — are among the most sought after by foreign investors.

"The political changes have resulted in an increase in inquiries at our London office, though buyers remain cautious. Prices at the top end of the market are still rising and there is a shortage of suitable stock," says Golding.

Seeff Property Organisation MD Lawrence Seeff, who has just returned from

Fedgen launches home defects policy

Business Editor

MOST home owners are not insured against structural defects in their homes and, if any appear, may have an expensive legal battle on their hands — provided the builder is still in business — John Towsey, GM of Fedgen, said yesterday.

He was speaking at the launch yesterday of a new home defects insurance policy by Fedgen, the Building Industries Federation of SA (Bifsa), the Master Builders' Association (MBA) and the Builders' Civils and Engineering Underwriting Managers (BCE).

The scheme was initiated by David Taylor, MD of BCE, who will manage it. The cover can be given only before building has started, so that the foundations can be inspected, and provided the builder or contractor has been approved by his regional MBA or Building Industries Association.

A lump sum instalment for five years' cover, of 1% of the purchase price, with a minimum of R1 000, must be paid in advance and Towsey recommends regular topping up to keep pace with inflation.

"A house costing R100 000 today will probably be worth R150 000 in three years' time" he pointed out.

In return for this, he



At the launch of the Fedgen/Master Builders Association home defects insurance policy were, from left, Mike Loy, director of the association in the Cape Peninsula; Fedgen's Cape Town branch manager Michael Thompson; the president of the association in the Cape Peninsula, Harold Matthiae; the GM of Fedgen Insurance, John Towsey and the Cape branch manager of BCE — underwriters of the policy — Francois Theron.

said yesterday, the home owner has only to complain to Fedgen about any structural defect and repairs will be carried out. Fedgen will try to recover the cost from the builder.

"Repairs will be as extensive as necessary. The whole house could be rebuilt if it is discovered that the foundations are wrong for that particular site."

Towsey said that although some large building firms offer a five

year guarantee this amounts only to an extension of the normal three month period during which they will send their own team round to put right any defects which appear.

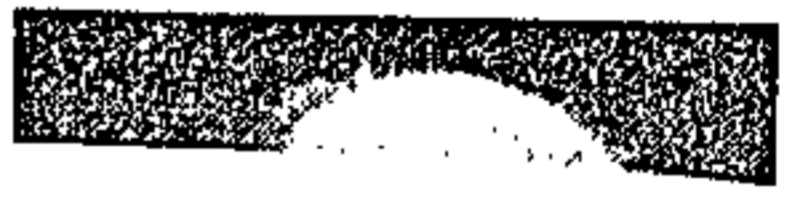
"Unlike an insurance company, with a solvency margin, they have no funds to guarantee repair work."

He said that often a home owner faced with a defect found the builder had gone out of business, or was told that it was

not his responsibility because it was the fault of a subcontractor or due to the site or to faulty materials.

This could lead to expensive litigation, which an insurance company was better able to afford than an individual.

Towsey said it was envisaged that speculative builders would take out cover against defects, which would make their houses more saleable.



Shock for home buyers

123
14/7/90

Black subsidy cut 'disaster' for developers

MAGGIE ROWLEY

THE Government has cut back on first-time home buyer subsidies for blacks in a shock move which could effectively "wipe out" 80 percent of the home building industry and cause losses totalling billions for property developers.

Hernus Kriel, Minister of Planning and Provincial Affairs, confirmed yesterday that new limits on interest subsidies for black families and single parents buying homes for the first time had been introduced from July 2.

According to the new measures, black households with joint incomes of more than R2 000 a month will no longer qualify for the subsidy.

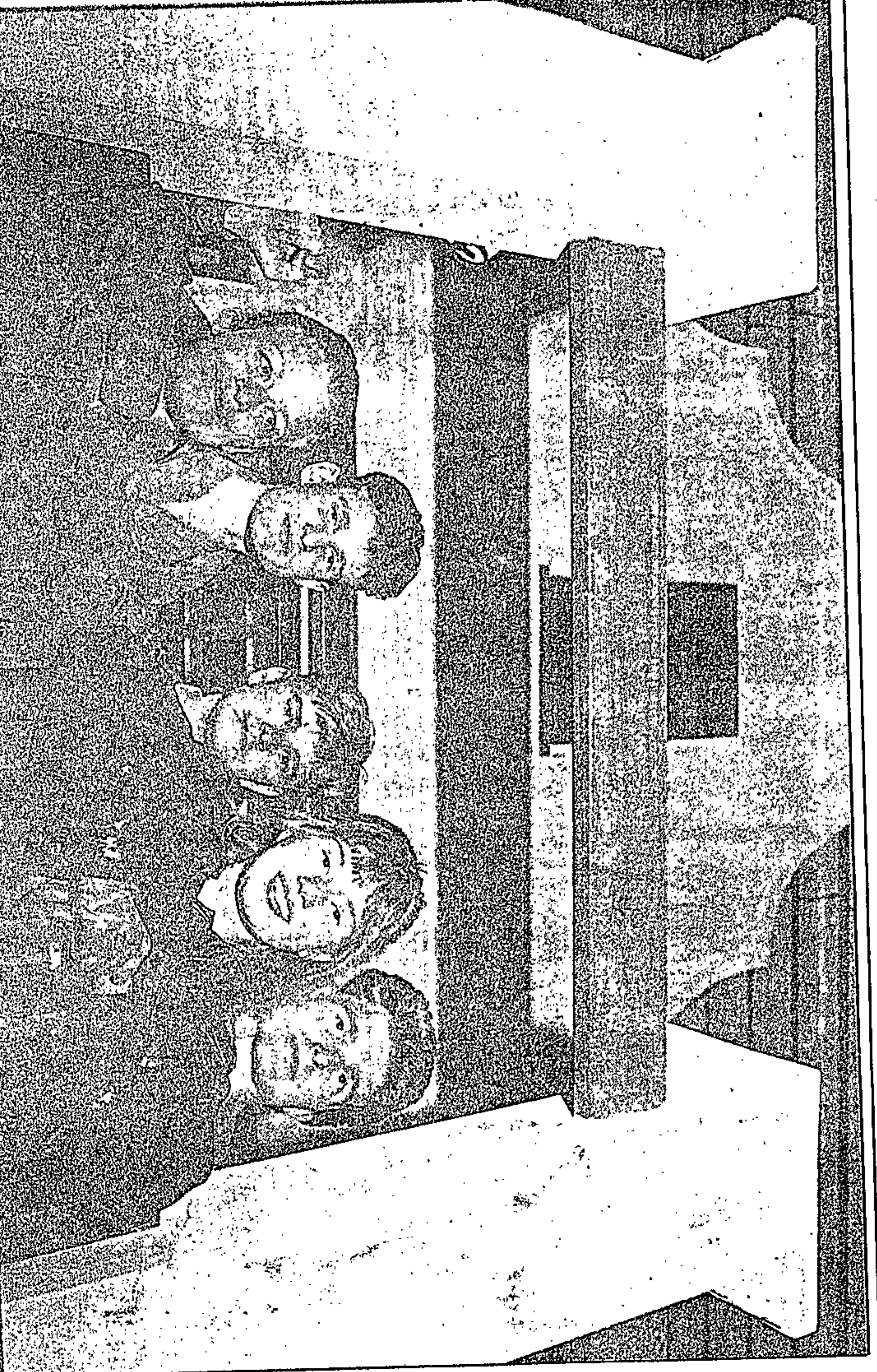
The new limits were set out in a circular to building societies, banks and developers on June 29. However, this does not apply to home-buyers who have registered their bonds prior to the cut-off date, a spokesman for a major building society said.

The circular states: "Because of growing participation in the scheme, the amount budgeted for this purpose in the financial year 1989/90 had to be increased by 300 percent.

"This increase was only made possible by the economising of funds by other budget votes within the departmental budget.

"Since the need for housing is the biggest in the sub-economic sector, Government had to vote more

TO PAGE 2.



CAPE DEUTSCH? A few of the newly arrived East German students. From left are Andrea Forster, Manning Nopper, Alexander Melhorn, Astrid

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P.T.O.

Instant, DIY folding house may be basic shelter for millions

Cape Times 14/7/90 123

By ROGER WILLIAMS

A CAPE TOWN architect's invention of a cheap but sturdy folding house — easily transportable and capable of being erected in half an hour and totally weatherproofed in one hour — has attracted countrywide interest.

The quick-shelter structure, which could become a world first for South Africa, is designed to be "concertinaed" to a fraction of its floor area for mass transportation.

State interest

The basic material used would be glass fibre, with a layer of marble/sand-grit to enhance insulation and resistance to ultra-violet rays — as well as to provide a pleasing appearance. The structure could be firmly secured to a concrete slab.

It is estimated that two un-

skilled labourers would be able to erect and secure up to 18 of the folding houses in one day — and that all 18 could be carried in one lorry-load.

A prototype of Sol Kesler's "Foldapod", a patented structural system and a product of "rational deduction" devised as a quick, cheap, flexible and effective shelter for the homeless, is to be demonstrated at Paarden Eiland, probably next week.

Government, quasi-government and other institutions such as the Urban Foundation, concerned with low-cost and shelter housing throughout South Africa, have expressed great interest in the concept.

Estimates are that a 20 m² Foldapod shelter house, fully erected on site, could cost only R3 950, and a 41 m² unit less than R6 000.

Kesler's folding house con-

cept featured in a publication issued by the International Union of Architects after the United Nation's recent International Year of Shelter for the Homeless.

The Foldapod is intended to house families while they build their future permanent home. Once the walls are built the unit, without modification, can be hoisted, stretched and adjusted to whatever degree of pitch is required, to become a permanent roof.

Based on triangle

Kesler said the Foldapod could reduce the cost of large-span, column-free structures by up to 30%. He said a leading Johannesburg engineering consultancy was analysing its structural system, with a view to industrial and commercial building applications.

Logic, he said, demanded

that with the world population increasing at a rate faster than the speed at which houses could be built, "a new, totally innovative and revolutionary, informal building process had to be found, to keep pace".

"Accepting the triangle as the most stable structural form, I compiled a brief but daunting list of requirements. First, Foldapod had to be very good, and cheap. That called for an industrialised approach, the fewest of factory-produced elements, speed of manufacture, ease of handling and transportation, instant erection on site, use of unskilled labour, total weather-excluding qualities, strength, stability and safety and a life-span of more than 20 years.

"Other criteria we have had to meet are flexibility of form and configuration and multi-purpose adaptation."

Subsidies cutback a 'bad move'

CPA Tint
14/7/90
123

Staff Reporter

THE government's cutback on first-time home-buyer subsidies — disqualifying black households with joint incomes of more than R2 000 — has been slammed as "retrogressive".

The move, announced on June 29 in a circular by the Department of Planning and Provincial Affairs to building societies, banks and developers, came into effect on July 2.

It has angered property developers, who claim it will effectively wipe out 80% of the home building industry and cause losses of billions of rands.

A spokeswoman for Mr Hernus Kriel, Minister of Planning and Provincial Affairs, said last night that Mr Kriel would meet captains of industry on Monday to discuss the issue.

Until then, Mr Kriel would not issue any statements.

The ceiling level for whites to qualify for interest subsidies is a joint in-

come of R3 500.

In the department's circular, institutions were told that "because of growing participation in the scheme, the amount budgeted for this purpose in the financial year 1989/90 had to be increased by 300%. This increase was only made possible by economising of funds by other budget votes within the departmental budget.

"Since the need for housing is the biggest in the sub-economic sector, government had to vote more money for expenditure in this sector and limit expenditure on the interest subsidy claim."

Mr Brian Goodall, DP spokesman on black housing, slammed the government action as a "very bad move and retrogressive". He said it was critical for political reasons to develop a large middle-class.

"If you want to bring about a liberated free enterprise democratic South Africa, your actions must show that," he said.

Star 17/7/90

(123)

NEW

Land invasion plan: police slam UDF

By Craig Kotze

Police have slammed the plan by the United Democratic Front to invade disused land countrywide, saying the movement was using innocent squatters in the front line of a move which would lead to confrontation.

In sharp contrast, a Law and Order Ministry spokesman praised as "highly responsible" the African National Congress's reported opposition to the UDF's plan, which seems set to bring it into confrontation with the Government as well.

"This is a responsible move which must be praised," the spokesman said.

He urged the UDF to use the funds it planned to allocate to its campaign for more construc-

tive purposes, such as providing housing in demarcated areas for the homeless.

"We deplore this latest move by the UDF. We feel it will eventually lead to confrontation with the SAP, who are compelled to enforce the law.

Circumspection

"We do not want this confrontation and so we strongly urge the UDF to abandon its plan and to use the money to actually provide housing for the homeless.

"Innocent squatters, who are already suffering the plight of homelessness, will now be used for political purposes which will worsen their condition even further," the spokesman said.

However, he added that police would handle the situation with the necessary circumspection, but said the law would in the end have to be enforced.

A spokesman for the South African Police Public Relations Directorate in Pretoria said today that police did not remove squatters from land, a task performed by municipal authorities.

He said that when people trespassed on private land and owners complained by way of a sworn statement and were prepared to testify in court, police had strict instructions to arrest trespassers and bring them before the court.

The ANC was not available for comment at the time of going to press.

Kriel to invite UDF for talks over plan to occupy ground

THE Minister of Planning and Provincial Affairs, Mr Hernus Kriel, says he intends inviting the United Democratic Front to discuss its campaign to house the homeless on unused ground and in empty flats in white areas next month.

Kriel condemned the campaign and said it would put the organisation on a path of confrontation,

He said the campaign was no more than a call for anarchy and disorder and a disregard of the property rights of others.

Kriel emphasised the government was not prepared to allow anarchy and disorder in South Africa.

He met one of the presidents of the UDF, Mr Archie Gumede, to discuss the matter yesterday and was referred to a co-president, Mrs Albertina Sisulu.

Kriel and Sisulu have not yet been in contact.

He rejected allegations that the government was doing nothing to alleviate the plight of squatters.- Sapa.

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All but gone in a flash

Planning & Provincial Affairs Minister Hernus Kriel's bolt from the blue, dramatically lowering the earnings ceiling at which first time black home buyers qualify for State subsidies, has been labelled damaging and discriminatory.

Kriel's decision, which took effect at the beginning of July, means black households with combined incomes in excess of R2 000 a month will no longer be eligible for a State first-time homeowner's subsidy. Buyers who qualified before July 2 are not affected.

While homebuilders feel this pulls the rug from under their feet, the Urban Foundation sees Kriel's measures as an indication that government is running out of funds for subsidies. Its housing policy director Jill Strelitz says the minister is right to channel available capital to the most needy.

The foundation has for some time been negotiating with government over ways of restructuring the subsidy system to direct it more specifically at the low-income sector. But it brands as discriminatory the fact that there is a discrepancy between the income ceiling for blacks and other race groups — the maximum qualifying income of a white first-time buyer remains R3 500.

It's the suddenness of Kriel's decision that's attracted most criticism, for the confusion it has caused and because it allows no possibility of softening the impact. There is a general feeling that this is a case of government making snap decisions to save money at the expense of all around it.

Confusion and loss of business are likely to cost contractors dearly, particularly in holding costs for suddenly unwanted development land. The end result for those that survive will be higher overheads, which will add to the price paid by future home buyers.

Strelitz says builders, before committing capital to servicing sites and building houses, must know whether they can be sold on a first-time buyer's subsidy. Sudden removal of that subsidy also removes the market.

"If the department needs to consider applications it should do so on a project basis before the start of a scheme, not at the late stage when a financial institution applies for a subsidy on behalf of a buyer.

"Given the long-term nature of development, it is neither a rational nor acceptable practice for the State to change the subsidy policy without phasing-in."

She adds that the immediacy of the change will result in many of those committed to buying homes no longer being able to afford them. A significant number of developers will be threatened with insolvency.

Among those likely to beat a path to Kriel's door, to seek either clarification or

possibly a compromise, will be the Mortgage Lenders Association. Director Tim Hart says: "We had no prior knowledge that this was going to happen. Our members are involved in the implementation and administration of such schemes so we are disappointed that there was no consultation over how best to implement the measures."

He adds that future demand for bonds will depend a great deal on how homebuilders react and whether they stay in the market — and, indeed, whether demand from black buyers falls. ■

W/Mant 20/7-22/1990

Cosatu move to give vacant land to the homeless

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By JO-ANNE COLLINGE

THE Congress of South African Trade Unions has thrown its weight behind the campaign by affiliates and regional structures of the United Democratic Front to tackle the problem of the homeless.

The union body is to organise for people without anywhere to live to move into vacant property.

The action by Cosatu comes as the UDF National executive is considering how to respond to an invitation by Minister of Planning and Provincial Affairs Henrus Kriel to meet and discuss the issue.

"We support this programme of defiance since it seems to be the only way to force the government to face up to some harsh realities," said a statement released by Cosatu yesterday.

"At the same time the responsibility remains squarely with the government to provide land, basic facilities and services — to allow the people to build the housing which they are entitled to as citizens of this country."

UDF national secretary Popo Molefe confirmed yesterday that his organisation had received an invitation from Kriel. He added that the NEC would have to decide how to respond to it.

Molefe added that the front had strong views on black South Africans being denied land, although the campaigns to occupy vacant property had not been formally adopted as a policy of the UDF on a national level.

The UDF demanded an immediate halt to evictions and that the acquisition of land and provision of services for the homeless be addressed more speedily, Molefe said.

"One cannot justify the demolishing of shacks — which leads to women and children being homeless in winter — just because those shacks are in an inconvenient location," said Molefe.

For as long as there was a shortage of land it was entirely understandable that people, "at a local and regional level

Developers under fire in District Six

GAYE DAVIS: Cape Town

THE United Democratic Front plans protest action against the developers of Cape Town's District Six, as part of its campaign to re-occupy vacant land and expose the country's housing crisis.

Pickets and sit-ins are being considered to stop developers Ilco Homes from erecting 176 luxury homes on a 3,5 hectare site in the area.

Ilco Homes chief executive AC Demers was not prepared to make any comment, his secretary said yesterday.

Other developers — including quasi-state institutions such as the Cape Technikon, a largely whites-only facility — will also be targeted in the campaign, which aims at a total freeze on all development in the disputed area until proper consultation takes place.

"Our organisations and members are prepared to do anything necessary to stop the development," said UDF vice president in the Western Cape, Dullah Omar, at a press conference yesterday.

More than 50 000 people were uprooted from District Six in the Sixties after a Group Areas Act declaration.

would, through anger, have begun to occupy land that is vacant".

The UDF was fundamentally opposed to the 1913 and 1936 Land Acts, said Molefe, and demanded their abolition.

Cosatu strongly condemned the "hysterical reaction" in many quarters to the notion of orchestrated land occupation. This demonstrated "a complete insensitivity to the plight of people who are homeless," said Cosatu.

"It is depressing that there hasn't been a similar outcry at the brutal evictions of people in the middle of winter. The impression has been created that there is far greater concern for property in this country than for people," Cosatu said.

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Black house subsidy cut, buyers lost

By PETER DENNEHY

GOVERNMENT funds for subsidies for black first time home-buyers have dried up — leaving some 8 400 prospective home-owners in the lurch.

This was revealed yesterday by Mr Johan Grotsius, executive director of the National Association of Home Builders (NAHB).

"There are 8 400 applications for this subsidy (for black people) in the pipeline as financial institutions have approved the bonds," he said.

He said that in some cases houses were already in the process of being built.

Mr Grotsius was worried that some prospective buyers might be able to avoid their obligations, claiming that one of the conditions upon which they had entered contracts had now fallen away.

"The buyer might not be willing or able to make up the extra amount. He might tell the developer to keep the house. That multiplies the problem for the developer," he said.

"You can't run a business on the basis of having customers for the first four months (this year's subsidy funds became available in April) and then

closing your doors for the rest of the financial year. One needs forewarning for planning purposes."

All this had been conveyed to the government, which fully appreciated the problems of the building industry and the plight of the individual who entered into contracts under the mistaken assumption that subsidy funds would be available, he said.

Mr Grotsius said that if all 8 400 applications in the pipeline were to be granted, it would cost R20 million for just one year.

This meant that on average, the value of the subsidy for each home-buyer would be in the region of R2 400 a year, or R200 a month.

Mr Tim Hart, executive director of the Association of Mortgage Lenders of SA, said it was unlikely that many of those who now failed to get the expected subsidy would be able to avoid their obligations.

One could back out only at a very early stage, he said. However, it might become plain to a financial institution or a developer that certain clients were "headed for disaster" without the subsidy.

Mr Hart said he understood that "the plug had not been pulled out" on the subsidy scheme completely, and negotiations were still taking place.

DP urges rethink

Political Correspondent

THE Democratic Party yesterday urged the government to reinstate the subsidy which has dried up for black first-time home buyers.

The announcement this week by the Minister of Planning and Provincial Affairs, Mr Hernus Kriel, that funds for subsidising first-time black home-owners had run out, could not have come at a worse time, said the DP spokesman on black affairs, Mr Jan van Eck.

He said this would have a serious effect on the already critical housing situation in the black community.

Mr Van Eck said: "It should be questioned why funds for black first-time buyers have dried up while it was announced this year in Parliament that additional funds have been made available for white first-time home buyers."

If the subsidy benefit was designed to benefit the needy, then all needy home buyers should receive the subsidy.

Mr Van Eck said the latest decision by the government would have the following effects:

- Increase the number of homeless since most black first-time home buyers were not able to afford a house without the subsidy.

- Increase the demand for informal housing and squatting.

- Create hardship for first-time buyers who were acting in the belief that they would receive the subsidy.

- Increase demand for cheap rented accommodation which the government refused to provide.

Civil servant's dream of a home is shattered

DREAMS of a home to retire to have turned into a nightmare for Ottosdal civil servant Lucas Molete.

The house is so much smaller than was expected that the Molete family cannot move into it, and bond arrears mean their debt has risen from R56 000 in 1988 to R64 000 today.

The building society is about to repossess the unoccupied house.

This will mean Molete's R11 000 pension - for which he qualifies in two years and for which he has worked in the same job for 36 years - will be forfeited.

Civil servants get housing subsidies which cover deposits as well as monthly bond repayments. The deposit is guaranteed by the Department of Public Works and Land Affairs, secured by the applicant's pension fund.

If a house is repossessed, the bank or building society usually sells it for the amount owing to them after they have collected the guaranteed amount from the department.

If you lose your house, you lose your pension. And two years before retirement, that's a hard blow.

"If you could see our house, you would be ashamed. The rooms are so small, the lounge can take only four

chairs and nothing else," Molete told *City Press*.

Echoing complaints from other *City Press* readers, Molete said the rooms on the plan he saw when he signed for the house looked much bigger than they actually were.

The Allied Building Society told Molete it could not assist him because he had signed a contract showing the house which had been built for him.

Molete insists the original plan he was shown was much bigger.

City Press advised Molete to avoid the Allied repossessing the house by selling it himself as quickly as possible.

It would have been better if he had tried to sell the house as soon as he realised it was not what he wanted. This would have saved several thousand rand in bond repayments deducted from his salary in the past year by his employers for a house he has never lived in.

If the house is sold now and the bond paid off, Molete will not lose his pension.

He may not have a home to retire to, but at least he will still have a pension to live on.

Bargain houses as prices slide

NOW is the time to buy a house, says property economist Neville Berkowitz.

He says: "House prices are going sideways. That means they are dropping in real terms. Supply exceeds demand because people, influenced by political uncertainties, are hanging back with their major investment."

"Interest rates are stiff and we are entering the hard part of the downturn, which will continue at least for the next six months."

"The third quarter of 1991 should show an increase in house prices — above the rate of inflation — assuming that interest rates fall to 17,5% and the economy picks up. The time to buy is in the current six months. Historically, people have entered the market when it is too high. Perhaps they will get it right this time."

Mr Berkowitz says Johannesburg prices for "secure-living" houses have soared. The average price in Inanda, Sandton, has risen by 44% to R650 000 in four years.

By DIRK TIEMANN

View

Atlantic seaboard price rises have been greater than in Johannesburg because people pay more for a view.

Durban remains solid with a shortage of good-quality housing.

Port Elizabeth estate agent Phillip Bowman says house prices have doubled in the past 2½ years.

"Prices levelled off in the last quarter, but have not softened. Houses for sale are on the market for longer. It used take about 10 days to sell a house. Now it's a month."

"No speculative building is done apart from townhouses. Few new houses are coming on the market."

Johannesburg estate agent Basil Elk says the price of existing houses is 30% below replacement value, making it

unattractive for developers to build.

"All the building is up-market, but there is a dire shortage of low-cost housing. Buyers are not around because they expect prices to fall, which they will do in the next six months or so if interest rates hold."

"Average house prices in June were the highest ever. The cost differential between existing and new houses is closing. This should encourage the building industry. Prices in April and May were 5% and 16% respectively higher than for the same months last year."

Mr Elk says prices cannot go lower. SA has the cheapest housing in the world.

Curve

"House price increases are nowhere near the rate of inflation. I use a 12% annual escalation curve, which means the average price for a home should be R190 000, but it is R158 000. Building costs increase by 1½% every month."

"There will be a sharp upward adjustment as soon as we have normal interest rates."

JHI real estate manager Len Bobrow says buyers are cautious and showhouse attendances have fallen.

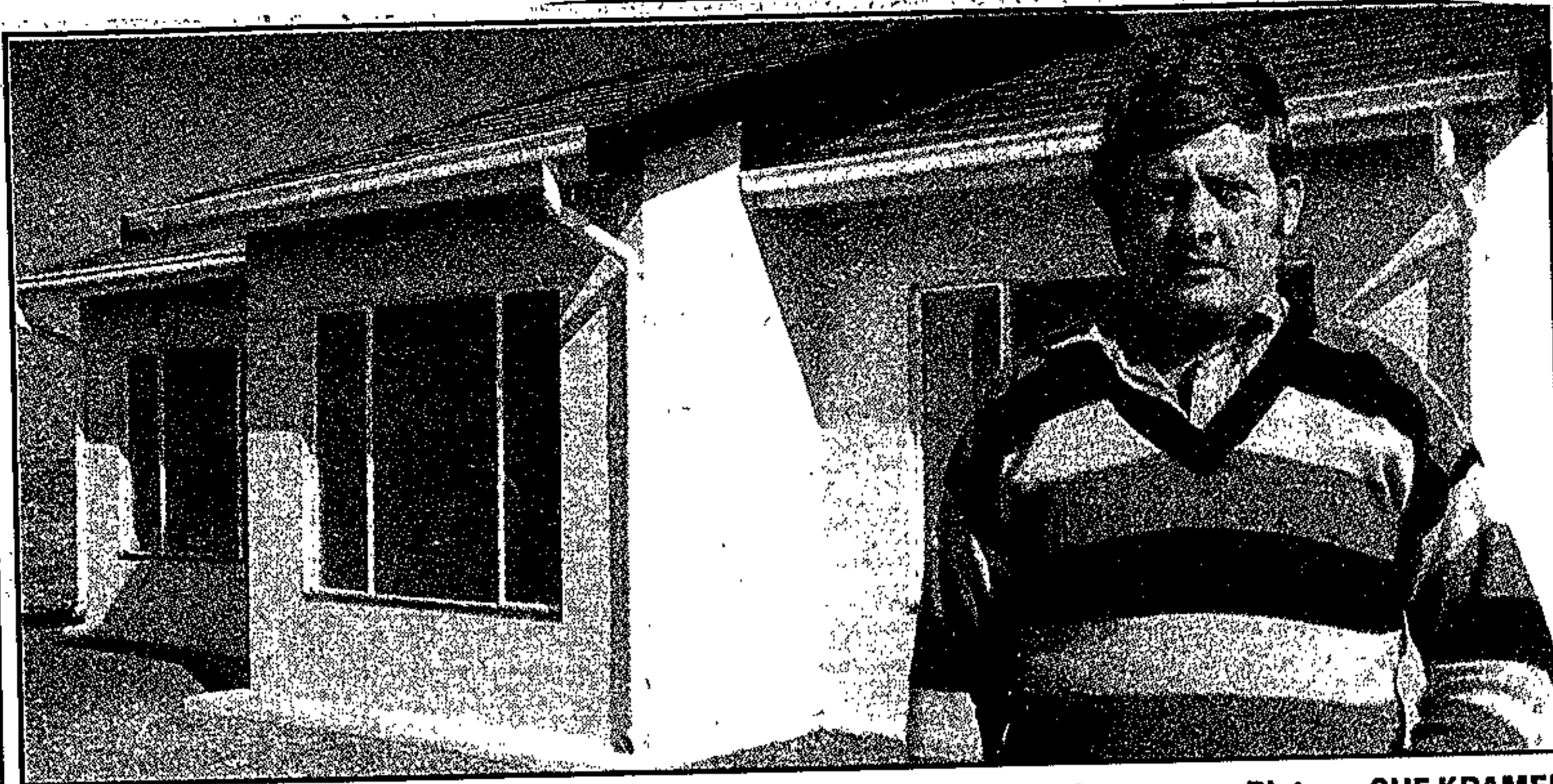
"To build a standard house can cost up to R1 200 a square metre compared with R400 about 10 years ago."

Mr Bobrow believes the time is right for buyers to enter the market.

Clifton and Bantry Bay, Cape Town, have boomed. Houses that cost R750 000 a year ago now fetch 40% more. But only eight houses have sold for more than R1-million in the past year in Bryanston, Sandton.

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JOHAN DE BEER . . . the home that's easy to build with a handyman's help . . .

Picture: SUE KRAMER

By CHARMAIN NAIDOO

PLASTIC houses could help solve the critical housing shortage and change the face of home ownership.

But the concept has still to be accepted for cheap accommodation by the mainly black market.

John Marshall, managing director of marketing company Direct Franchise & Patent Brokers, says the problems have been overcome. "The response here and abroad has been favourable and we have an order for 30 000 kits from Israel."

Plastic houses look like conventional ones built of bricks, but take a fraction of the time to assemble and are much cheaper.

The test, says SA Housing Trust marketing director Mike Fowlds, is whether buyers and financial institutions find the houses acceptable.

"We have not studied these houses.

(123)
A plastic house up in a jiffy
S/Times
 22/7/90

Financial institutions will want to know if the homes qualify for a bond — will they last for 20 years?

"The opinions of the people who live in the houses will mean success or failure for the project."

Designed by Potchefstroom product developer Johan de Beer, the first plastic house has been assembled in Beverly

Hills in the Vaal Triangle. Dr De Beer, whose International Patents & Product Development Corporation spent months finding the right plastic, says: "I was working on a plastic doll's house and started thinking about the material's wider use."

"My associate Deon Pieterse and I began searching for a non-flammable, super-strong, non-toxic plastic. Our houses have a life of at least 25 years."

They settled on a hardened polypropylene, treated to resist fire and which does not give off toxic fumes when hot. The material, which conforms to SABS standards, does not melt.

Buyers can order a house in kit form, with instructions for assembly. Tools are supplied free.

Dr De Beer says: "A handyman and two helpers with a bit of carpentry experience can put up a house in a week."

Housing market gets political jitters

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Business Staff

POLITICAL uncertainty, high interest rates and a low gold price have put a damper on the housing market, although isolated pockets of buoyant activity still exist. Prices on average are still up on last year's levels, but have not kept pace with inflation.

These are the findings of a countrywide survey conducted by Aida Holdings Limited, the largest estate agency group in the country. The survey has shown a decrease in the number of buyers willing to commit themselves to the property market.

Hesitancy and caution appear to be the dominant market sentiments and are likely to remain so until greater clarity on a new political dispensation emerges, according to the survey.

Chairman of the group, Aida Geffen, says that despite the prevailing mood of uncertainty, a comparison of group sales activity during March, April and May this year and the same period last year, shows a 16% increase in units sold and a 26,5% rise in turnover.

"Three of our largest franchises, located in Johannesburg, Port Elizabeth and Pretoria, were particularly active, turnover having lifted by 56% on the back of a 32% rise in the number of units sold", she says.

Other areas, such as Maritzburg, Pietersburg and Klerksdorp have not fared as well.

The factional violence in Natal has affected the Maritzburg property market severely.

Sales are down by 50% over the same period last year, building activity has virtually come to a standstill and, when owners have been desperate to sell, prices have actually fallen.

"Our information is that up to 70% of the sellers in Maritzburg are people who can't meet their bond repayments."

End of subsidy could wipe out R1-bn black homes industry

If the first-time home buyers' subsidy scheme is allowed to collapse it will be a death blow for the middle class black home building industry.

That is the view of Theunis Kotzee, financial director of construction company Group Five.

He says: "A vital industry worth R1 billion could be wiped out within weeks, with the loss of tens of thousands of jobs."

"There would also be thousands of prospective home owners with no hope of ever owning a home of their own."

Minister of Planning and Provincial Affairs Hernus Kriel announced recently that the cut-off limit for blacks to qualify for the subsidy was a joint household income of R2 000 a month.

This was followed by news that the funds allocated for the subsidy had dried up.

Questioning whether the Government had thought the decision through, Mr Kotzee believes the consequences



Property & Construction

FRANK JEANS

of an end to the subsidy in the present social and political climate are explosive.

He argues that this critical situation could be avoided by mobilising R2 billion from the upliftment fund set up by the Government.

"The loss of interest on that sum for one month is the equivalent of the amount of the first-time buyers' subsidy for a year."

"The sales tax on materials used for black homebuilding which the Government will lose if the industry grinds to a halt, would be in the region of

R65 million, yet the subsidy is only R40 million."

Another serious effect would be an increase in insolvencies, especially among smaller black entrepreneurs.

"These people bought serviced land in areas suitable for black middle class housing development," says Mr Kotzee.

"If the land cannot be used for that purpose, they will be left holding it indefinitely with huge finance charges building up."

Calling on the Government to think again and come up with a plan to prevent a vital national industry going to the wall, he says: "Here we sit with an enormous housing problem which gets worse by the day and everyone is producing reasons why nothing can be done about it. It's madness!"

Other building leaders endorse Mr Kotzee's view.

Maggie Rowley reports from Cape Town that many major property developers, whose future is being threa-

tened by the drying up of funds for first-time black homebuyers, could quit the industry, according to Mike Graham, managing director of Time Housing.

He says the South African housing industry is already in bad shape due to rising bond rates, political uncertainty, unrest and the effect of the gold price plunge over the past year.

Substantial losses

"Most major housing developers are either at breakeven point or accumulating substantial losses."

"They are cutting back on skilled staff at all levels and reducing branch networks. The only developers holding out at present are those with strong holding companies."

"We could see many developers leaving the industry, which will be to the long-term detriment of the entire country," he says.

Question mark over future of homes subsidy

7/24/79

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The shock waves are still spreading from the news that Government funds earmarked for black home-buyer subsidies in the current financial year have been exhausted.

A first round of cutbacks has already torpedoed the chances of thousands of black families pressing ahead with house purchases — and the list threatens to grow far longer.

The admission that the subsidy scheme is broke came from Minister of Planning and Provincial Affairs Hernus Kriel.

It came on the heels of a shock announcement of a new clampdown on subsidies for all applications from black families trying to buy a home for the first time, if their joint household incomes climb above a ceiling as low as R2 000 a month.

What has added to the controversy is the way the limit has been clamped specifically on black applicants, while the limit on the incomes of white first-time home buyers stays unaltered at R3 500.

Discrimination

It smacks of discrimination, according to the Urban Foundation.

But the admission that the State coffers are empty has put a question mark over the immediate future of the entire scheme.

The National Association of Home Builders, concerned about the impact on potential low-income black home-buyers and on the whole building industry, is now alarmed over what happens next unless there is an urgent injection of fresh funds.

It has already sounded a warning that several thousand jobs may have to be axed by building companies in a matter of weeks unless a rescue package saves the subsidy scheme for low-income home-buyers with a chain of company liquidations looming on the horizon.

As urban reforms begin to unfold, potential home-owners look for new land, houses, loans and subsidies. MICHAEL CHESTER reports that the Government subsidy scheme is broke.

1990 was depleted by more than two-thirds from the outset of the year, simply by the cost of servicing the 20 000 subsidies already in operation.

The timing could not have been worse in view of the steep climb that was underway in demand from more and more potential black homeowners, and the rising expectations of black communities in the reform programme.

Urgent talks with the Minister have already been launched in search of solutions, even if they yield only a temporary rescue package while longer term answers are found to the chronic problems of black housing shortages.

If the Government needed any reminder about the key role of subsidies it has been provided by studies commissioned by the NAHB from the Council for Scientific and Industrial Research.

The studies probed into the effect of the first-time home-buyer subsidy scheme, and fluctuations in interest rates, on the whole burning issue of the affordability of home loans among low-income families.

The research results are now at the centre of discussions aimed at working out total new strategies to crack the housing crisis.

One finding has demonstrated the enormity of the problem: as many as 78 percent of all black households are struggling to survive on less than R800 a month.

The crucial importance of subsidies, especially in times of sky-high interest rates on home-bond repayments, is demonstrated in sets of tables.

Until now, the state subsidy scheme has footed the cost of one-third of home loan repayments over the first five years of ownership, as long as the house or flat costs no more than R45 000, excluding the cost of land.

That makes State assistance a make-or-break issue to thousands of families weighing

their earnings against the price tag on the home they have set eyes on.

The role of the subsidies increased all the more when interest rates started climbing to the sort of 20/21 percent levels at which they stand today.

For example, the researchers found the subsidies to be especially critical for first-time white home buyers looking at loans of about R30 000.

With subsidies, and with interest rates perched at 20 percent, that cost level came within the reach of more than 80 percent of whites. Without subsidies, the proportion dropped to below 70 percent.

Even making allowance for subsidies, loans at the identical R30 000 level were within the reach of a mere 7,9 percent of black households. Without assistance, the proportion dropped to only 5,1 percent.

Dramatic

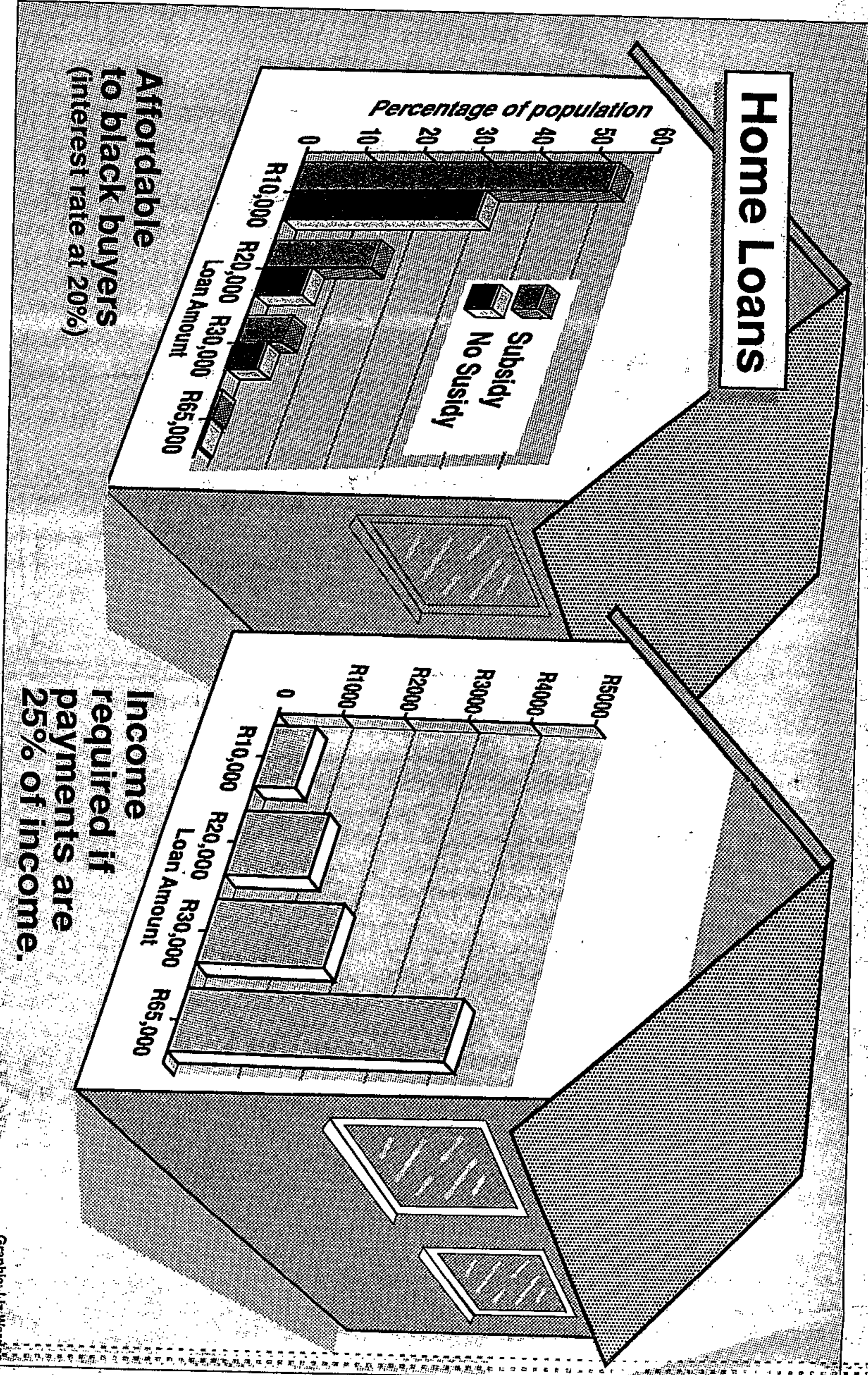
The loan repayments at 20 percent interest rates would stand at R504 a month. Assuming that repayments were pegged at 25 percent of income, the earnings of the household would need to be at least R2 044 a month.

The dramatic clout of interest rate patterns is also demonstrated. On a similar R30 000 loan, at the 12/13 percent rates of the mid-1980s, the basic monthly income required would shrink to about R1 300 a month.

With interest rates at 24 percent, the peak reached about three years ago, incomes would need to stand as high as R2 400 or more.

Not many black families could meet bond repayments even if they dropped their sights and took aim on new homes carrying loans of a more modest R20 000.

Even with subsidies, only 18 percent of black households earn enough to stand the chance of a mortgage loan. Without subsidies, it plunges to barely above 8 percent.



Coming down to earth to face the fact that 78 percent of all black households earn less than R800 a month, the problems multiply.

The studies show that, at 20 percent interest rates, it would require a basic monthly income of R704 to entertain even the idea of a home loan as

low as R10 000. That in turn collides with the economic realities of the affordability of new homes when house builders need to ensure that projects look viable and make hard business sense.

These are the issues that the National Association of Home Builders want to tackle in discussions with the Government

The association is also anxious to discuss the role to be played by the Urban Foundation with its new loan guarantee scheme that forecasts the release of about R3,5 billion in home loans from the financial institutions over the next three or four years.

NAHB executive director John Grotsius considers it equally urgent to see signals of action with the real mobilisation of the R3 billion that the Government has said it has set aside for mammoth social upliftment initiatives.

The association is already seeking talks with Jan Steyn,

former chairman of the Urban Foundation who was appointed head of the independent trust assigned to decide how best to spend R2 billion of the total. Insiders are showing growing dismay over the delay in news about progress while the black housing dilemma becomes even more entangled.

Graphic: Liz Wardell

VAT expected to hit the mass housing sector hard

THE introduction of value-added tax (VAT) could have a "devastating" effect on construction costs, warns Camdon's MD Scott McRae.

He says the effects on retirement village development and mass housing in particular would be totally out of keeping with government's new social and political stance.

"The proposed system would definitely boost costs at a time when the construction industry and the housing market can least afford it," says McRae, adding that first-time home owners would be particularly hard hit.

"Building costs are rising by about 2% per month. VAT would boost this rate of increase significantly, making it difficult, if not impossible, for the first-time home owner to buy property," he says.

This would mean growing numbers of people without a financial stake in a peaceful future, and facing a steadily eroding standard of living as rentals increased along with inflation.

McRae suggests that instead of taxing the construction sector through VAT, a national strategy should be worked out to encourage home ownership.

"Quite apart from the socio-political repercussions, there is the problem of curtailing the contribution to the economy made by the construction industry."

National survey shows slower housing market

ALTHOUGH there are still isolated pockets of buoyant activity, with average prices still up on last year's levels, political uncertainty, high interest rates and a low gold price have put a damper on the housing market.

This is the finding of a national survey conducted by Aida Holdings, which shows a decreasing number of buyers willing to commit themselves to property.

The survey indicates that hesitancy and caution appear to be the dominant market sentiments and are likely to remain so until greater clarity on a new political dispensation emerges.

Chairman Aida Geffen says that despite the prevailing mood of uncertainty, a comparison of group sales activity during March, April and May this year and the same period last year shows a 16% increase in units sold and a 26,5% rise in turnover, with Johannesburg, Pretoria

and Port Elizabeth franchises being particularly active.

Factional violence in Natal has affected the Maritzburg property market severely, with sales down by 50% over the comparable period last year. Building activity in the area has virtually come to a standstill and prices have fallen.

"Our information is that up to 70% of the sellers in Maritzburg are people who can't meet their bond repayments," says Geffen.

Gold

The survey also shows Pietersburg as another area suffering from "buyers' cramp".

"Mining towns such as Klerksdorp have been affected by the lower gold price. Approximately 50% of the housing market is linked to mine housing schemes and some mines have frozen guarantees and upped qualifying periods for housing schemes from one to three years."

Geffin says Durban, SA's fastest growing city, is also reflecting the current mood.

"There is more activity

at the lower end, but this market is hypersensitive to day-to-day political developments. This creates wildly fluctuating sales cycles, some months being very active and others completely flat."

Cape Town and East London appear to be bucking the national trend. There is a shortage of houses in East London and sellers are achieving their asking prices.

"Likewise, the Cape Town housing market is still buoyant, mainly due to a shortage of stock. House prices are still rising and are likely to continue doing so. Available land is negligible in the southern suburbs and people wanting to build new houses are doing so in the north".

The survey reflects an almost insatiable demand for upmarket sectional title development in the Peninsula's southern suburbs.

"These areas don't have the mix of apartment blocks to be found on the Atlantic seaboard in Sea Point and Clifton and, because there are few top-bracket addresses, it's a market we find particularly buoyant."

IN PRICE

Housing subsidy 'may be on agenda'

ADDITIONAL funding for the Department of Planning and Provincial Affairs could be one of the subjects to be discussed at today's Cabinet meeting, a Department of Finance source said yesterday.

This could not be confirmed by the department, as the agenda was confidential, a spokesman said.

Planning and Provincial Affairs Minister Hernus Kriel announced last month that the interest subsidy for black first-time home buyers with a joint income of more than R2 000 a month would be cut with effect from July 2.

CHARLOTTE MATHEWS

The announcement has provoked an outcry from organisations involved in the provision of black housing.

SA Housing Trust marketing and network GM Dirk Ackerman said the move could deter developers and institutions.

According to recent newspaper reports, the National Association of Home Builders (NAHB) is conferring with government because it believes the move will cause large-scale retrenchments and liquidations in the building industry.

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INNER CITIES FACE 'GHETTO' RISK

CENTRAL commercial and office zones of all South African cities are increasingly characterised by a majority of black employees. It is inevitable that this workforce will seek, both in its own interest and (as a consequence) that of city efficiency as a whole, to minimise distances between home and work.

The Group Areas Act can no longer be enforced or implemented effectively. There can be little doubt that legally enforced residential segregation will increasingly come under tremendous pressure. Its removal can only be a matter of "how" and "when".

The current Free Settlement Areas legislation is in many respects an impractical response to the de facto breakdown of group areas.

Difficult to implement

In essence, it is an adjustment to the Group Areas framework which is unlikely to accommodate the scale of economic, demographic and property market forces in any single city.

Thus legislation, as designed, could well result in uniracial city centre "ghettos". It is extremely complicated for local government, will be difficult to implement and may further politicise the process of residential desegregation.

The record of desegregation of towns and cities elsewhere in southern Africa is positive in terms of the housing market and inter-racial relationships. The impact on the residential pattern of these cities has not been disruptive.

Moreover, the international experience shows that the Group Areas Act is not an indispensable mechanism for the maintenance of broadly homogeneous neighbourhoods. All over the world the residential concentration of par-

Group Areas Act is core obstacle to good urban management

CAPT Timp 25/7/90 (80) 123

In Johannesburg yesterday the Private Sector Council, a coalition of commerce, industry and community leaders, released a major report, "The Urban Challenge", drawing on research carried out in association with the Urban Foundation. In this extract the PSC concludes that the Group Areas Act can no longer be effectively enforced and should be scrapped and the implementation of the Free Settlement Act should be halted.

ticular groups results from voluntary choice, economic factors and, at worst, informal processes of discrimination.

Vibrant

The maintenance of the Group Areas Act is the core policy and legal obstacle to effective urban management for the 1990s. Separate residential areas form the base for dividing functionally integrated cities on a racial, political, administrative and financial basis.

This is the key inhibition to planning for effective metropolitan-wide and city-wide futures for South Africa.

However, the abolition of racial laws is essential but cannot alone guarantee a healthy, vibrant, urban environment with improved neighbourhood quality and amenities. This will require positive, effective and appropriate management. In particular inner cities (widely defined) will require special attention by city managers.

A period of transition places the quality of life and the enormous investment in South Africa's city centres at risk.

Compact cities

To prevent decline through official neglect, high-density neighbourhoods will need creative positive intervention to protect this investment, provide security for existing and new tenants and attract people back to the city and full use of its facilities.

Such positive intervention is inhibited by the retention of the

Group Areas Act and the resultant insecurity in city centres. Moreover, the demarcation of Free Settlement Areas in the inner city alone will do little to enhance conditions and could exacerbate them.

The abolition of the Group Areas Act is the critical first step (and only the first) in an incremental process of tackling the structural changes necessary to create more efficient, equitable and compact cities better able to provide jobs, services and shelter for an expanding population.

It is necessary therefore to judge all policy and legislative changes to the Group Areas Act in the context of the core development challenge facing South Africa's divided cities, whose populations will double in the next 20 years.

Fears and uncertainties in a period of transition must be recognised and acknowledged. Leadership is required to place these fears in the context of national priorities, rights of citizenship, the needs of the cities and the failure of the Group Areas Act in practice.

Fundamental

The 1990 repeal of the Separate Amenities Act and the recent announcements by the State President on the likely repeal of the Group Areas Act indicate that this kind of leadership is possible.

The Group Areas Act is a fundamental structure in our society which can no longer be effec-

tively enforced. The key policy challenge then is to immediately repeal the Act and then institute pro-active measures to manage the transition away from legally enforced segregated residential areas.

The success or otherwise of this transition is critically important as it will affect future residential harmony, urban growth and in particular inner-city development, race relations more generally, and the speed and timing of constitutional developments.

Property market

Government should commit itself to the following principles concerning the cities:

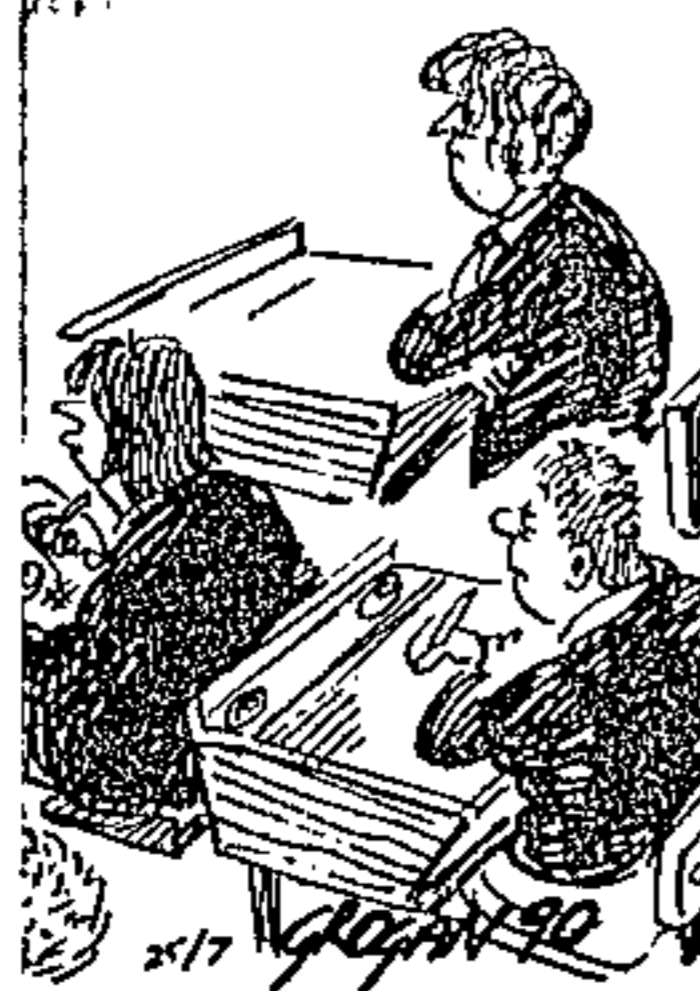
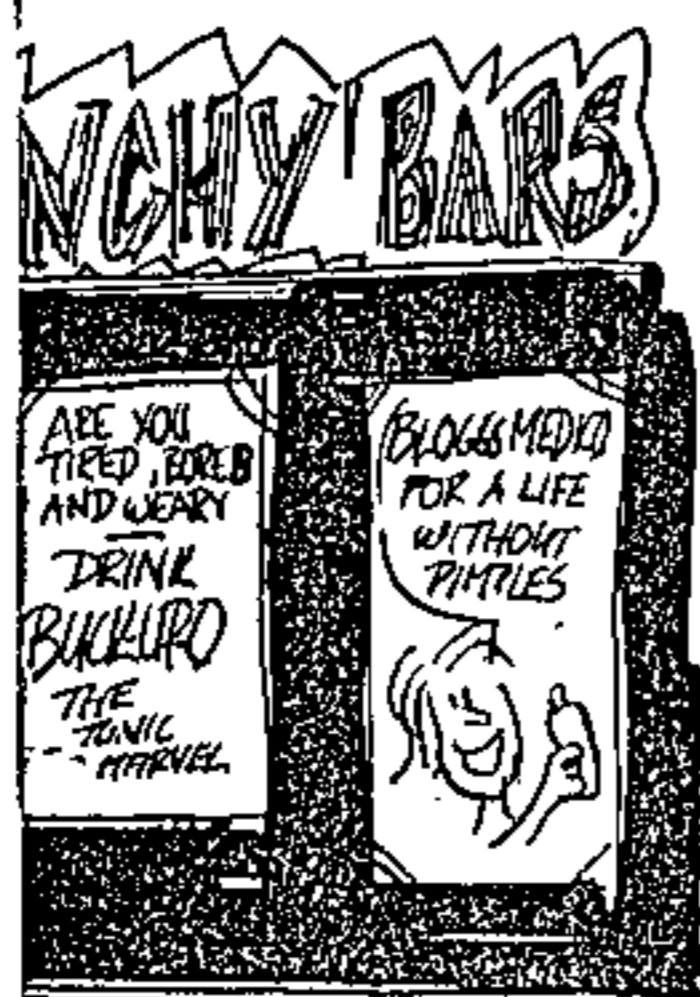
- Residential freedom and choice for all.
- The establishment of a free property market in urban areas.
- The preservation of neighbourhood quality and environmental upgrading.
- The enforcement of democratically formulated legislation and municipal by-laws to enhance neighbourhood quality and prevent the decline in urban conditions.
- A pro-active urban policy at national and local level to protect, preserve and extend the public and private investment in South Africa's cities.

These principles are in direct contradiction with the Group Areas Act and other existing laws, and government should therefore:

- Stop the implementation of the Free Settlement legislation.
- Repeal the Group Areas Act as a matter of urgency.

To prevent any insecurity in the interim, government should take the necessary legal steps to ensure that:

- No further prosecutions are made under the Group Areas Act.
- All permit applications under the Act be granted.



fields — News report.

Aida hopeful about future franchise profits

FUTURE profits from Aida Holdings will show the benefits of the recent opening of two new offices and the increase in sales staff, chairman Aida Geffen said in the 1990 annual report.

Offices had been opened by the Northern Johannesburg franchise in Randburg and Kensington.

"The impact of these two extra offices can already be

CHARLOTTE MATHEWS

felt in the February 1990/March 1990 results." An additional motivation to sales staff would be provided by the group's move to a new corporate head offices towards the end of the year.

In the year to February Aida returned after-tax profits of R516 010 on turn-

over of R7,7m compared with 1989's profits of R751 492 on turnover of R7,85m.

Geffen said there had been a considerable slowdown in the residential property market over the past year.

"There is no question that the unbanning of the ANC and the ongoing pronouncements by its leader-

ship are having a strange push-pull effect on the market," she said.

In the year under review Aida Holdings increased the number of franchise offices in SA to 51 from 41 in the previous year.

"In spite of tremendous difficulties, the group's penetration into the black housing market has been slow but sure," Geffen said.

A NEW concept in low-cost housing that includes the provision of warm water without using electricity has been announced by the CSIR, SABC Radio News reports. (123)

Low-cost housing

A project leader in the CSIR's refuse and energy division, Mr Fred Hose,

said on Tuesday that the gas-driven hot water system was extremely cost-efficient and easy to use.

The main benefit of this system was that it caused no pollution. Sapa.

Eskom's housing subsidy programme is privatised

6/Jan 27/7/90

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CHARLOTTE MATHEWS

ESKOM has formed a joint financing company, with some major financial institutions to administer its R1bn mortgage subsidy scheme for employees.

Properties development manager Banie van Vollenhoven said in an interview that the Eskom Finance Company (EFC) had been formed from five separate corporations or syndicates each holding a 20% share in the company.

These were Eskom, Nedperm, and The Standard Bank as separate entities and two syndicates.

Natal Building Society, Rand Merchant Bank and First National Bank have formed one syndicate and the United Building Society, Volkskas and Saambou have formed the other.

EFC raised funds from the capital and money markets directly and was not tied to the present average bond rate of 20,75%.

"If, for example, the cost of raising funds in the capital and money markets is on average 19%, Eskom need not subsidise its employees' bonds at 20,75%, using this structure," Van Vollenhoven explained.

The administration of EFC's bonds was put out to tender because Eskom wished to retain the professional services of a building society in dealing with its employees' bonds.

The United Building Society tendered successfully and on March 1 set up an

office inside Megawatt Park which is called the Eskom Loan Administration Bureau (ELAB).

The United received a fee based on the services it was called upon to perform.

UBS credit GM Piet Kruger said the services included not only administration but valuations and legal services.

He would not put a figure on the contribution the fee income would make to the UBS on an annual basis.

Savings

Van Vollenhoven said the rationale behind setting up EFC was the saving Eskom would derive from reduced subsidies, the savings on duplication of services, simplification of services to employees, and a tax reduction to employees because of the lower subsidies.

He said the savings to Eskom were difficult to calculate because there were now far more loans than a year ago.

"The difference between interest rates of 20,75% and around 19,5% is the saving to us," he said.

Eskom is now transferring — with the consent of individuals — about 14 000 bonds. Officials hoped to complete the process by the end of November.

Cheap housing threats

By DON ROBERTSON

LOW-COST home builders are reeling after the Government's decision to cut housing subsidies to first-time buyers and because of a bond boycott. 123

The position could worsen next month when the State withdraws its support for black local authorities.

If arrear rentals as a result of the rent boycott are written off, bond payers could demand similar consideration. Situations 2917190

Denis Creighton, general manager of the SA Perm's housing division, says: "We have some specific situations where there have been bond repayment boycotts. This has often been because of dissatisfaction with the home and not necessarily a political stance."

But home builders warn that the industry could collapse.

Time Housing managing director Mike Graham says: "Most developers are either at a break-even point or are accumulating losses. They are cutting back on skilled staff and reducing branch networks."

Repossession homes more than double NBS

Office News 30/6/90

R3



J.G. Sassenberg has been appointed divisional manager, research and diagnostic services, for the Groman Consulting Group.



Peter Reijnders has been appointed divisional manager, project management services, for the Groman Consulting Group.

By AUDREY D'ANGELO
Business Editor

HOME owners are struggling to pay off mortgages at today's high interest rates — and the value of properties reposessed by the Natal Building Society (NBS) more than doubled to R34,4m in the year to March 31, chairman Gordon Chapman says in the annual report.

The NBS has more than doubled its provision for losses on mortgage loans and properties in possession, to R30,7m from R13,5m.

But Chapman is confident that, if the inflation rate can be reduced to single figures, "it could unleash a pent up demand for home ownership and also encourage personal savings to flow into interest bearing investments".

Financial pressure

Chapman says it seems unlikely that interest rates will fall below their present levels "for some months".

Meanwhile, he continues: "There is no doubt that the decision of the authorities to pursue a policy of real interest rates has placed mortgagors under considerable financial pressure."

"This has been reflected in a growing incidence of arrear instalments and properties in possession."

He re-assures shareholders: "Although the situation gives rise to some concern, it should be noted that adequate provision has been made to meet all identified potential losses, and the provision for losses on mortgage loans and properties in possession has been increased from R15,5m to R30,7m."

Pointing out that inflation has "undesirable effects on deposit-taking institutions" and distorts the manner in which savings are invested, he welcomes the prospect of its coming down as a result of the authorities' monetary policy.

He also points out that if the rate of the proposed withholding tax on interest is low enough it will allow building societies to recover lost ground in the personal savings market "thus providing the funding for the extension of home ownership in a new SA".

He says the raising of the tax exempt proportion of interest income, in the last Budget, from R1 000 to R2 000 will be "of marginal assistance to the deposit taking industry".

But the announcement that a

withholding tax on interest at a low rate is to be introduced in March, 1991, is of greater significance.

"During the past decade the combination of high marginal tax rates and inflation has virtually destroyed the incentive for individuals to save in interest-bearing investments."

"Providing the rate of withholding tax is low enough, and it is indeed a final tax, there is the possibility that retail deposit rates after tax will exceed the inflation rate."

Chapman says he is optimistic about the future of SA following changes brought about since F.W. de Klerk became State President.

Future growth

"I believe the alternative of endemic violence and possible revolt will be discarded in view of its unacceptability to the majority of South Africans."

He expects trading conditions to become more difficult in this financial year. "However, the inherent financial strength of the group coupled with the momentum developed during the past year should result in earnings growing in real terms once again."

CMC-71245 1/8/90

Trust members named today

Political Staff 123

THE members of the R2-billion Independent Development Trust, which has been established to help overcome backlogs and assist disadvantaged people particularly with housing, are to be named tomorrow.

The fund was established earlier this year, under the chairmanship of Mr Jan Steyn, after President F W de Klerk said the government had decided to set aside R2bn for this purpose.

Mr Steyn said at the time that he hoped the trustees would represent as wide a spectrum as possible.

Tax loophole in housing subsidy scheme is closed

PEOPLE who have been enjoying benefits of employer housing subsidy schemes on a reduced tax formula by buying their houses through a trust have been dealt a blow by legislation gazetted on July 11.

Deloitte, Haskins & Sells (DHS) personal financial planning division associate director Trevor McGlashan said that until July there had been a loophole in the Seventh Schedule to the Income Tax Act.

Previously, under the Act an employee was taxed on a formula basis on the fringe benefit of having housing provided for him by his employer unless he, his wife or his child owned the property directly or indirectly through a company or close corporation.

The Act did not include owning the property by means of a trust.

As a result, an individual could buy property in the name of a trust, rent it from the trust and his employer could pay the rental to the trust.

The employee would then be taxed on a formula basis on the benefit.

Under the changes to the Act, where the employee, his wife or child is in any way a beneficiary of the trust which owns the property, the formula no longer applies and he is to be taxed on the actual rental paid to the trust.

The legislation is retroactive to March 1. McGlashan said: "For example, if the

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CHARLOTTE MATHEWS

formula-based tax value was, say, R500 a month and the actual rental paid to the trust R1 500, the employee's monthly income has now risen retroactively by R1 000 and the tax due to be levied on this could be as high as R440 a month."

It will be acceptable for the employer to spread the extra back tax for the four months from March to June over the next eight months.

"This means in the example given that the employee would pay an extra R660 a month in tax until the end of February 1991 — R440 for the current month and half of that amount for back tax," he said.

This puts a heavy administrative burden on the employer who has to recalculate his payroll so the correct balances are reflected at the end of the year.

He has to recalculate the taxation of employees affected who have resigned in the interim period.

If these employees cannot be traced an IT3(a) form will be forwarded to the Receiver's office and put on the computer so the extra tax due can be charged to the individual on submitting his 1991 return.

"Unfortunately the end result will be more angry taxpayers, extra administrative work for employers and more hostility between Receivers and the general public," McGlashan said.

R2-bn trust fund begins its work

By JOHN YELD
Staff Reporter

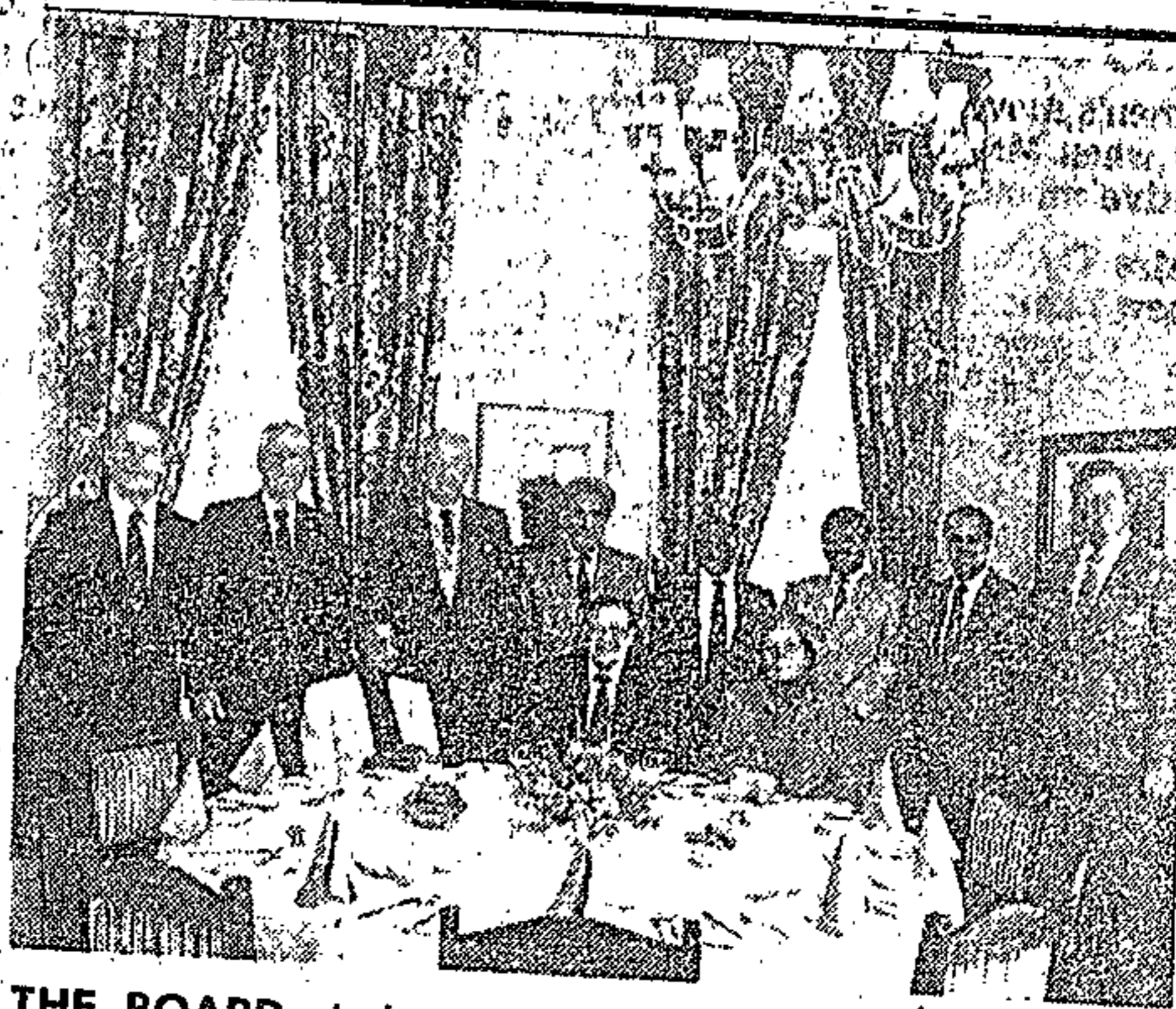
THE first projects to benefit from the R2 billion set aside by the government to promote development of South Africa's "very poor" could be getting assistance by the end of this month.

This was announced yesterday at a Press conference in Cape Town by Mr Jan Steyn, chairman of the Independent Development Trust established to manage the fund.

The R2 billion had already been paid to the trust and was earning interest, he said.

Mr Steyn also announced the names of trustees, who include prominent black leaders, academics and businessmen. They were all "caring South Africans" who had some experience or knowledge of development, Mr Steyn said.

They are businessman Mr Len Abrahamse, child health expert Dr Jerry Coovadia of Natal University, accountant Dr Len Konar of the University of Durban-Westville, president of the South African Institute for Race Relations the Rev Dr Stanley Mogoba, retired industrialist Mr Johan Moolman, chairman of the African Bank and Nafcoc president Dr Sam Motsuenyane, consulting engineer Mr Patrick Naylor, University of Cape Town social anthropologist Dr Harriet Ngubane, fellow UCT academic Dr Mamphela Ramphele, University of Transkei principal Professor Wiseman Nkuhlu, Barlow Rand and Urban Foundation chairman Mr Mike Rosholt, SA Perm building society managing director Mr Bob



THE BOARD: Independent Development Trust board members named yesterday, standing left to right, are Mr Bob Tucker, Mr Johan Moolman, Mr Mike Rosholt, Professor Jerry Coovadia, Dr Stanley Mogoba, Professor Wiseman Mkuhlu, Mr Patrick Naylor, Dr Tjaart van der Walt, and sitting are Dr Mamphela Ramphele, Mr Jan Steyn, Dr Harriet Ngubane. Absent were Dr Sam Motsuenyane, Mr Len Abrahamse and Dr Len Konar.

Tucker, and Human Sciences Research Council president Dr Tjaart van der Walt.

Mr Steyn said everyone in South Africa recognised that long-term political resolution had to be accompanied by meaningful socio-economic reconstruction.

The new trust was specifically directed at redressing some of the damage done by "an unacceptable heritage of unequal opportunities", he said.

The trust had already been inundated with requests for financial assistance and Mr Steyn appealed to organisations not to apply at this stage.

The trustees met yesterday to start formulating a policy and would meet again before the end of the month to complete this, Mr Steyn said.

The trust would be "action-oriented" with only a small administrative structure.

President De Klerk had stated that the government had no intention of creating a new bureaucracy and wanted a fully independent, broad-

based, community-oriented structure.

Replying to a question, he said the trust had been discussed with "virtually every political organisation that could possibly have a significant interest in what we're undertaking".

These had included the ANC, PAC, Mass Democratic Movement, UDF, Azapo, business leaders and organised commerce and industry, and "established structures" such as central, provincial and regional authorities.

The trust would not be ethnically-oriented.

"Poverty knows no ethnic barriers and this trust is not directed at a particular population group, but it's common knowledge that the overwhelming majority of poor are people of colour," Mr Steyn said.

He warned there were no instant solutions to the problems of poverty.

"We will not even attempt to provide immediate relief in the form of handouts, which are destructive of the goal of self-reliance and restoration of human dignity."

FIM 3/8/90

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nel the remaining funds to the most needy cases (*Property* July 20).

The commission faces the opposite problem. It oversees the housing subsidies available to public employees and, since the State's manpower cutbacks appear to be working, it may be in a position to divide the existing funds more generously between fewer public employees who do qualify for assistance.

"The suggestion is that broadly four out of every 10 State employees on a subsidy will move to the private sector and that will leave a considerable amount of money in the subsidy pool for redistribution," says H Lewis-Trafalgar's Peter Ferreira. He adds that a subsidy review is overdue because they haven't been revised for several years.

Needless to say, the commission is keeping mum on the issue — other than to confirm that a meeting to discuss the matter is to be held with various civil service personnel organisations later this month.

However, it is widely believed the ceiling on subsidies could be raised from R50 000 to R70 000.

Civil servants are now subsidised to the tune of R662 a month on bonds of up to R35 000. Above that mortgage assistance drops to R627 a month for bonds not exceeding R50 000.

Any change in the subsidy ceiling could have a particularly dramatic affect on Pretoria's flagging residential property market. Just as demand for office space in Pretoria is largely dictated by the needs of the public sector, so the housing requirements of civil servants project the biggest influence on the residential property market.

The result of a static or shrinking civil service in Pretoria's case, according to agents like H Lewis-Trafalgar and E G Chapman, is a soft residential market with stagnant or even declining house prices in all but the higher priced brackets. Particularly badly hit are flats and apartments — even though there has been little or no flat building in Pretoria in recent years.

Chapman executive director Robert Ketjes says the market seems to be adopting a wait-and-see attitude on the State employee subsidy issue. "As a result our agents are having to work hard to close deals." ■

HOUSING SUBSIDIES FM 3/8/90

Overstated

123

While Planning & Provincial Affairs Minister Hernus Kriel grapples with the daunting task of spreading rapidly diminishing subsidy funds among a growing number of first-time home-buyers, his colleagues in the civil service Commission for Administration have a very different problem on their hands.

Kriel has been forced to reduce the earnings ceiling of blacks applying for the first-time home-buyer's subsidy in order to chan-

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Growing support for Trust

By BARRY STREEK

THE new Independent Development Trust (IDT) had received widespread support, including from the ANC, PAC and Inkatha, but it would be completely independent, its chairman, Mr Jan Steyn, disclosed yesterday.

The trust, which intended to announce its first projects in squatter action and an educational venture by the end of August, would be independent of both the government and political groupings, Mr Steyn emphasised at a press conference.

The fact that he had been able to win across-the-board backing for the trust, established in March with a R2 billion grant from the government, was a major boost for the project, which was aimed at promoting the development of "disadvantaged people" in South Africa.

The extent of support he has won was reflected in the disclosure yesterday that the United Democratic Front (UDF) national executive had decided to participate after a special investigation by a committee headed by Mr Eric Molobi of the National Education Co-ordinating Committee (NECC).

Mr Steyn said yesterday he had consulted political groupings such as the ANC, UDF, MDM, PAC, Azapo and Inkatha and a number of business leaders, including the chairmen of most large companies, as well as "establishment" institutions such as Umsa, Ucasa, the government RSCs, administrators and provincial executive committees.

"I have not asked for any endorsements but I have asked for participation and involvement — and I have received that from everyone I have talked to," Mr Steyn said.

The first trustees are:

PROFESSOR JERRY COOVADIA: Vice-president of the Natal Indian Congress and Professor of Pediatrics and Child Health at the University of Natal.

DR STANLEY MOGOBA: President of the Methodist Conference and the SA Institute of Race Relations.

DR MAMPHELE RAMPHELE: Senior lecturer in anthropology at UCT and founder of a black communities programme clinic at King William's Town.

MR LEN ABRAHAMSE: Deputy chairman of the Old Mutual and chairman of the UCT Council.

DR SAM MOTSUENYANE: President of National African Chamber of Commerce and chairman of the African Bank.

MR MIKE ROSHOLT: Retiring chairman of Barlow Rand, chairman of the Urban Foundation and chancellor of Wits University.

MR BOB TUCKER: Managing director of SA Perm.

MR JOHAN MOOLMAN: Former chief executive of Federale Volksbeleggings. He is active in the Urban Foundation.

PROFESSOR TJAART VAN DER WALT: Former principal of Potchefstroom University and current president of the Human Sciences Research Council.

PROFESSOR WISEMAN NKHULU: The principal of the University of Transkei, head of the highly critical investigation into decentralisation.

DR LEN KONAR of the department of accountancy at the University of Durban-Westville.

MR PATRICK NAYLOR: A Cape Town consulting engineer who has been involved in low cost housing.

DR HARRIET NGUBANE of the Department of Social Anthropology at UCT.



FIRST TRUSTEES . . . The board of the Independent Development Trust was named yesterday. At the first meeting are (standing, from left): Mr Bob Tucker, Mr Johan Moolman, Mr Mike Rosholt, Professor Jerry Coovadia, Dr Stanley Mogoba, Professor Wiseman Nkhulu, Mr Patrick Naylor and Dr Tjaart van der Walt. (Seated, from left): Dr Mamphele Ramphele, Mr Jan Steyn and Dr Harriet Ngubane. Absent were Mr Sam Motsuenyane, Mr Len Abrahamse and Dr Len Konar.

CAPL Texts
4/8/90

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R20m to help home buyers

Political Staff

THE government had agreed to pump an extra R20 million into the first-time home buyers' scheme for blacks, the National Association of Home Buyers (NAHB) said in a statement yesterday.

This means the scheme for blacks will be the same as the subsidy scheme for white first-time buyers.

The announcement, if confirmed, will end the controversy following the government decision — because of lack of funds — to suspend all assistance to black first-time buyers, except to households earning less than R2 000 a month.

The NAHB statement was issued after a meeting yesterday morning between it and the Minister of Planning and Provincial Affairs, Mr Hernus Kriel.

Although a spokesman for the department confirmed last night that the meeting had taken place yesterday morning, he was not in a position to comment on the NAHB statement.

Mr Kriel, who was in the Eastern Transvaal, and the Director-General of the department, Mr Dougie de Beer, could not be contacted last night.

The earlier decision to restrict the subsidy was possibly reconsidered by the cabinet at its two-day "bosberaad" this week as well as at its regular meeting on

Wednesday, following a storm of criticism from political, community and housing bodies.

The NAHB said Mr Kriel had pledged to allocate the additional R20m to the scheme "in order to handle applications already in the pipeline.

"Following detailed representation from the NAHB, the minister also agreed that (the limit) would be recalled and that the scheme would now be limited to households earning less than R3 500 per month."

"This makes the scheme identical to that of white households."

The minister had also pledged to investigate a further allocation of funds to handle the expected applications of the 1990/1991 financial year, the NAHB said.

CAPE TOWN 4/8/90 123

Owners of posh homes could be hit

Municipal Reporter

CHANGING Cape Town's rating system to relate it more directly to market values could result in higher rates for people owning expensive properties.

Cape Town City Council confirmed yesterday that "it could be argued" that this would be the case. However, council public relations officer Mr Ted Doman did not specify the extent this might entail.

In the "total market value system" of valuation — which the council would like to implement if it can get the valuation ordinance changed — land and buildings are evaluated as a package.

Yet in the present system, only

land is evaluated at market value, while buildings are evaluated on the estimated cost of construction in a given base year, less a depreciation allowance.

The market value of upmarket properties "could be higher than what it would take to replace the property" for three reasons, the City Council said:

- The effects of the financial rand in property purchases by foreign nationals.

- The increased investment potential in the Peninsula.

- The non-availability of vacant land in such areas.

Mr Doman stressed yesterday that a revaluation — which the council has decided to undertake

under the existing system — did not necessarily mean an increase in rates.

"The rate in the rand (how much one pays in rates per rand of municipal valuation) would be reduced to facilitate the collection of revenues as budgeted for the financial year," he said.

Mr Robin Marten, a member of the national executive of the SA Institute of Valuers, said the wealthy would not necessarily be harder hit under the proposed system.

In wealthy suburbs site values tended to be higher owing to scarcity, he said. Taking the global market value of a property might ameliorate this.

BLACK HOME DEAL BACK

w/lt 4/8/90
AKS By MAGGIE ROWLEY *123*
Business Staff

THE first-time homebuyers scheme for blacks has been revived with an additional R20 million being allocated to cover applications already in the pipeline.

The joint income level for black families to qualify was raised from R2 000 a month to R3 500 in line with the figure for whites.

The announcement followed a meeting yesterday between the National Association of Homebuilders (NAHB) and Mr Hernus Kriel, Minister of Planning and Provincial Affairs.

Mr Johan Grotsius, executive director of NAHB, welcomed the move.

"In view of the success of the scheme in providing home ownership to a large section of the black population, Mr Kriel said his department would investigate a further allocation of funds to handle the expected applications for the 1990/91 financial year."

He said, of equal importance, was the announcement that the original administrative procedure for application approval by bond financiers had been reintroduced. Applications would no longer need the department's consent.

"This scheme should not be tampered with. It is the most effective use of government funds and enables a meaningful percentage of aspiring black families to achieve home ownership.

"We would like to congratulate the minister on his positive and rapid response to the industry's representations," he said.

held, he expected a continuing trend.

Home buyers get R20m more

123 TANIA LEVY

GOVERNMENT will almost double its First Time Home-Buyers (FTHB) Scheme for blacks if necessary to subsidise at least 10 000 prospective homeowners this year.

Planning and Provincial Affairs Minister HERNUS KRIEL has agreed to inject an extra R20m into the R40m scheme and to find a further R10m if necessary, after a meeting on Friday with the National Association of Home Builders.

He also raised the income limit for black households to qualify by R1 500 to R3 500 a month.

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6/8/90
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Dewar warns on plans for District 6

Staff Reporter

DISTRICT SIX is "under threat" and should not be developed before there is widespread community support, says Professor David Dewar, director of the Urban Problems Research Unit at the University of Cape Town.

"It's potential for an integrated development has been steadily eroded by various land uses, such as the technikon, and we are keen that its potential should be fully realised," he said.

When there is "widespread community support", Prof Dewar envisaged low-rise, relatively high-density, mixed-use, racially open housing for the area.

Prof Dewar said the Urban Problems Research Unit did not take any position with regard to the United Democratic Front's plans for squatting in District Six. He said the matter was between the UDF and the city council. The issue of District Six had always been sensitive, he said, and legitimately so.

Speaking in his capacity as a consultant to Headstart, a non-profit housing company, he said the company would not undertake development in District Six until legitimate leaders endorsed the project.

Headstart's function is to promote inner-city development with particular emphasis on moderate-income housing.

Subsidy is reinstated

By KENOSI MODISANE

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THE Government has reinstated the first-time home buyers' subsidy and set aside an additional R30 million for the scheme.

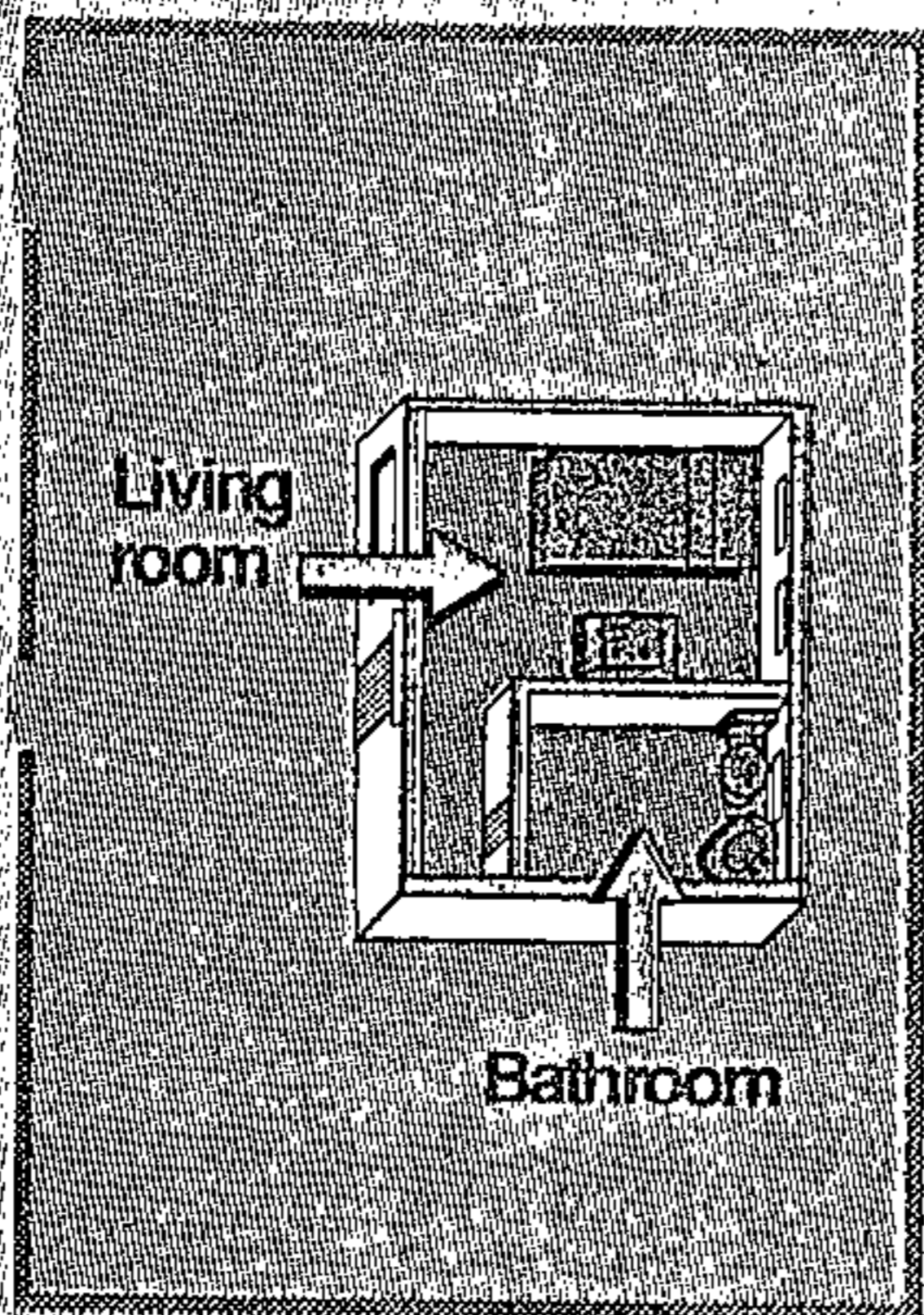
Addressing representatives of the National Home Builders Association at the weekend, Planning and Provincial Affairs Minister Mr Hernus Kriel said: "An earlier plan to cut-back the subsidy has been withdrawn and a further R30 million added to the scheme."

Kriel said the Government had introduced a new limit for those wishing to apply for the subsidy. The limit had now been raised from R2 000 to R3 500 a month. *spuuten 7/8/90*

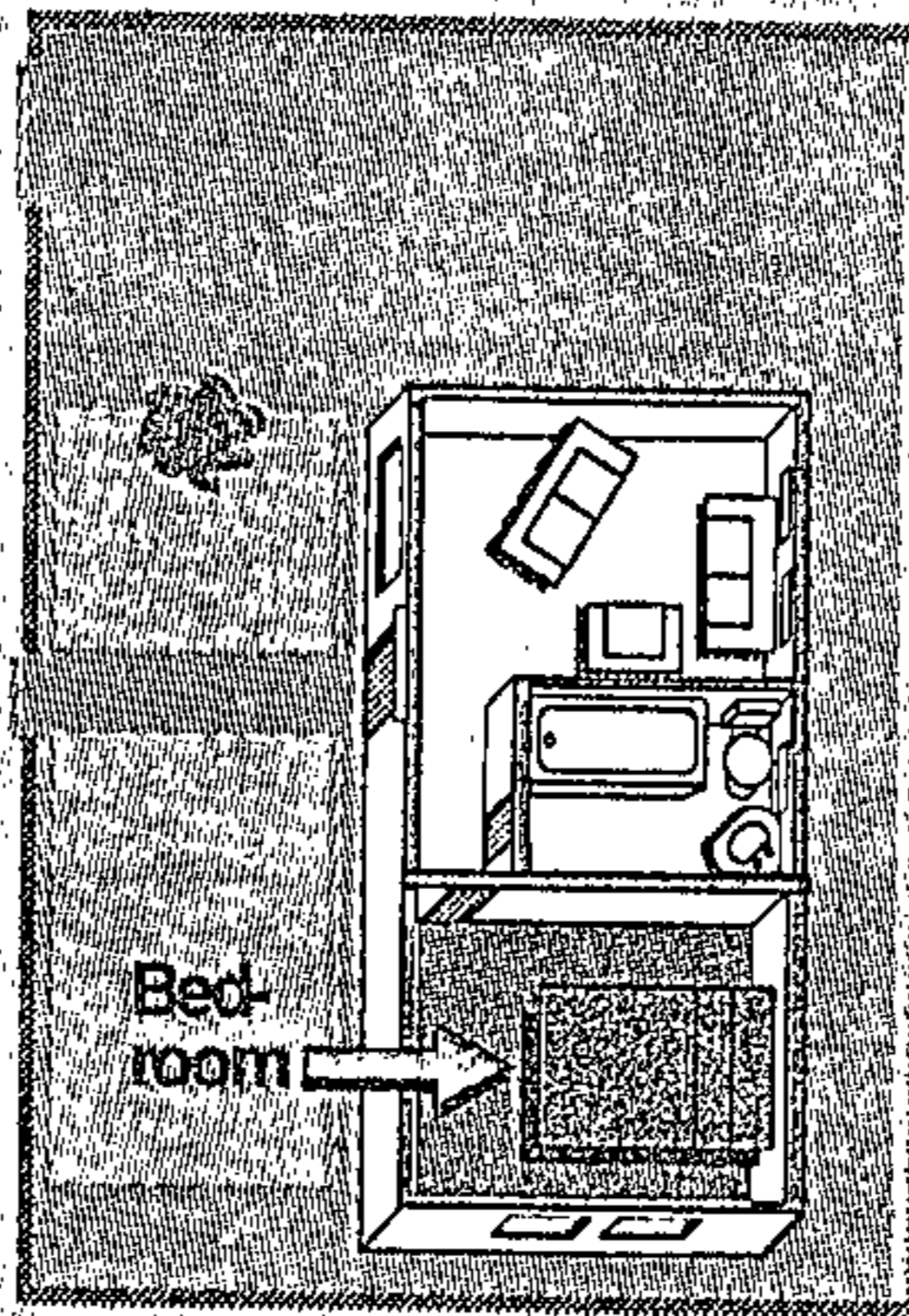
A total of R40 million had been budgeted for the scheme and a further R10 million might be added.

He said efforts would be made to "find a further R10 million to fund the scheme uninterruptedly until the end of the current financial year".

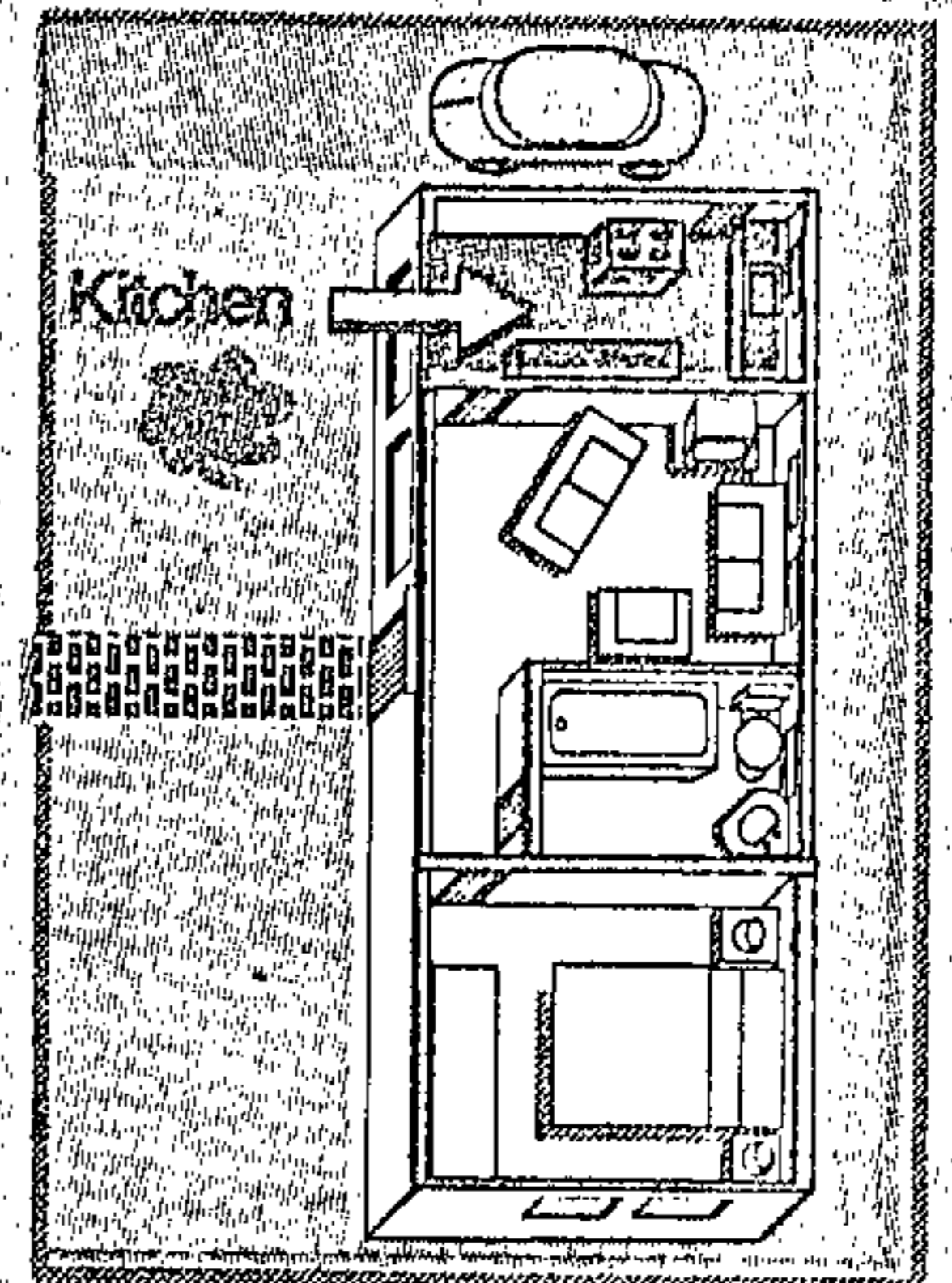
Incremental development of a house



STAGE ONE -
Living room plus bathroom
Bond rate: R125 per month



STAGE TWO -
Bedroom added
Bond rate: R125 + R50



STAGE THREE -
Separate kitchen added
Bond rate: R175 + R50

Cracking SA's housing

There must have been moments when the team of experts at the SA Housing Trust were tempted to throw in the towel in the battle to solve the black housing crisis.

Every time the computers zipped out results of new research, the size of the problem grew larger — and answers looked more and more elusive.

Among the latest estimates to cause dismay:

- Surveys by the Council for Scientific and Industrial Research, commissioned by the National Association of Home Builders, showed that 78 percent of all black households — almost four in every five — struggled on incomes below R800 a month.

- Researchers at Markinor calculated the population of the squatter settlements spreading around the main towns and cities at 3,7 million.

- Other studies showed that with current interest rates running at around 21 percent, each homeless black family needed a combined income of at least R2 112 a month to stand even a chance of a home bond of R30 000 — regarded by many banks and building societies as the lowest level in conventional home-buying.

The problems, according to SAHT market development manager Mike Fowlds, were compounded by pie-in-the-sky promises that solutions were close —

A practical scheme — at a pared-down cost of R125 a month for a core home — offers hope to the millions of South African blacks who need homes. **MICHAEL CHESTER** reports.

all to evaporate when it came to the crunch.

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There is a scale model of how each house would start, how it could be extended and improved — and how a whole estate would look.

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and well-intentioned do-gooders have proved to be mirages.

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"The cost of conventional houses, designed to meet the requirements of most banks and building societies, is simply beyond the reach of most squatters.

"We have tried to bring the whole problem down to earth — and we reckon we may have found a few radical new answers."

Mr Fowlds pulls out blueprints to set down alongside scale models showing the development of a typical house following the new design. They show:

- **STAGE ONE:** The simple first shell of the house — down to the basics of a concrete foundation on a small stand connected with water supplies and sanitation services.

Brick walls and roof enclose the core of the house, 22 square metres divided into a main living

room and bathroom, fitted with sinks, toilet and shower.

The total cost of each basic has been worked out about R1 — and that also covers the services, including good street lighting, convenient bus tion and taxi ranks, plus rail if possible.

Mortgage finance has already been arranged by the SAHT its subsidiary, Khayaletu Loans.

The bond costs, allowing first-time buyer subsidies, been slashed to a deposit as as R500 — and repayments to only R125 a month.

- **STAGE TWO:** When family gets allow, a separate bedroom about 12 square metres — can added.

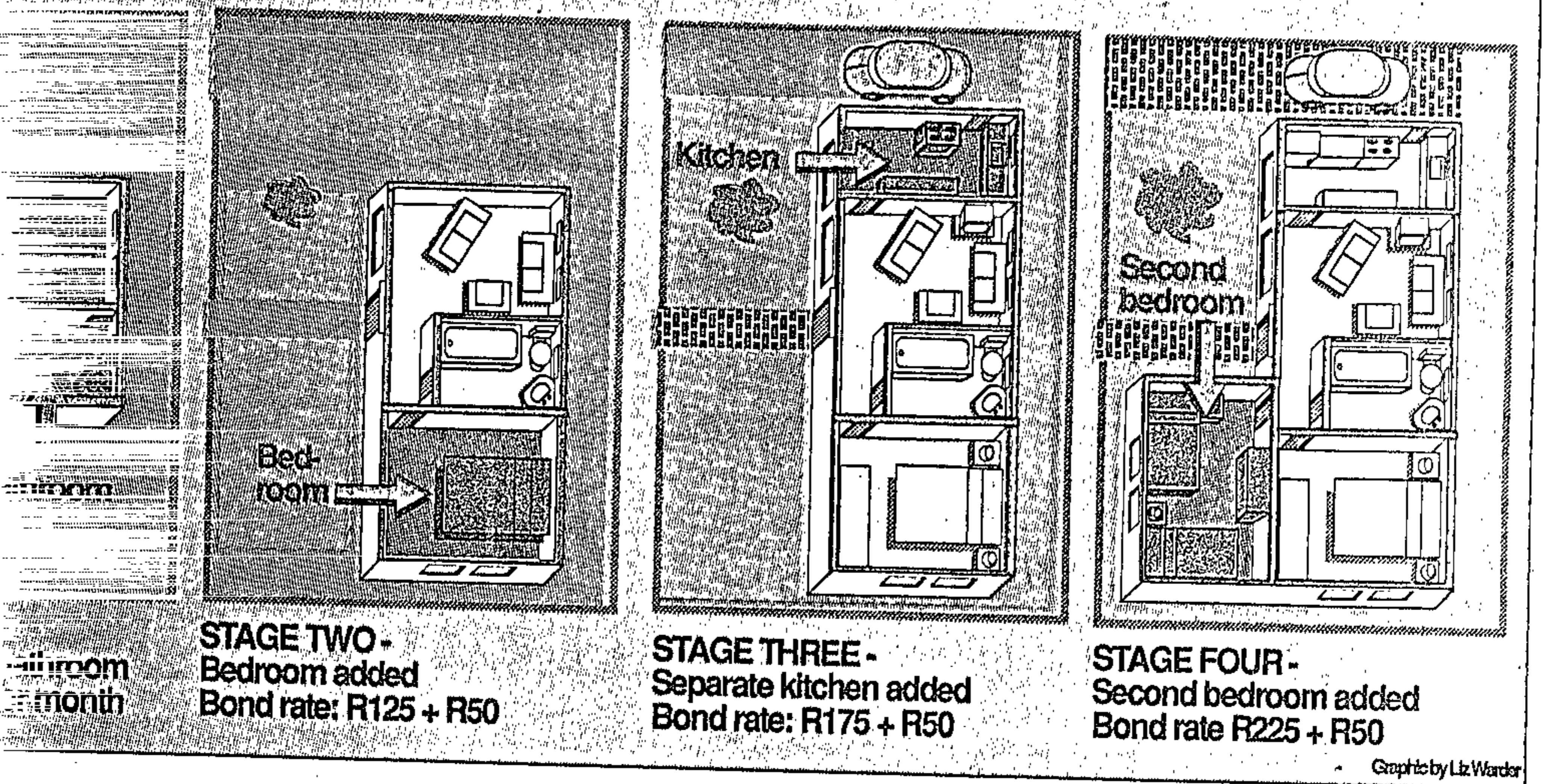
The additional cost: about R50 a month, bringing the total to a modest R175.

- **STAGE THREE:** The house has the chance of a separate kitchen and pantry, providing other 12 square metres of space.

The extra cost: another R50 a month, still holding repayments down to R225.

- **STAGE FOUR:** As the house grows and living standards

Initial development of a house



Ending SA's housing crisis

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Brick walls and roof enclose the core of the house, 22 square metres divided into a main living

room and bathroom, fitted out with sinks, toilet and shower.

The total cost of each basic unit has been worked out about R10 000 — and that also covers the cost of services, including good roads, street lighting, convenient bus station and taxi ranks, plus rail links if possible.

Mortgage finance has already been arranged by the SAHT with its subsidiary, Khayaletu Home Loans.

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The additional cost: about R50 a month, bringing the total to a still modest R175.

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● **STAGE FOUR:** As the family grows and living standards im-

prove, a second bedroom or separate dining room/study can be added at little extra cost.

"Moreover, none of the designs or lay-outs has been pegged down to a rigid formula," says Mr Fowlds. "We have already worked out as many as 43 variations on house layouts and finance options.

"The home-owner will have freedom of choice on how and when he expands or improves the house all the way from the basic unit to whatever he selects as the finished product.

"All the emphasis is on the realities of affordability. We shall be consulting members of black communities themselves on how best to tackle the details.

"Once we feel that the black communities are fully behind the scheme, we shall be setting out with similar projects on a nationwide basis.

"So far we have been able to shave the cost of home loans on the basic core houses to R125 a month, which everyone considered impossible a couple of years ago.

"Unhappily, even that may be beyond the means of thousands of homeless families. But we haven't done yet. With the co-operation of black communities, pooling all our ideas, we may be able to cut costs even more.

"The vital factor is that the housing crisis has got to be cracked somehow — and the time has come to turn talk into action."

Higher taxes seen for housing backlog

CAF T.M.S 9/8/90

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By AUDREY D'ANGELO
Business Editor

TAXES will have to rise by "at least 10%" if the taxpayer has to meet the cost of catching up with the backlog in black housing and education, Attie de Vries, professor of economics at the Stellenbosch Graduate School of Business, warned yesterday.

He suggested that business, which was "paying lip service and nothing more", to the need for redistribution of wealth should make a bigger contribution.

Tito Mboweni, head of the ANC department of economics and planning, said that huge savings would be made by dismantling the independent homelands and that "we will shift the emphasis of taxation towards the major corporations".

Both were speaking at the annual congress of the Institute of Life and Pensions Advisers (Ilpa) at the Cape Sun.

Mboweni said that although it would probably be necessary to use anti-trust or anti-monopoly legislation, there would still be private enterprise. The ANC favoured a mixed economy, but its orientation would change to benefit the people as a whole.

Although an integrated plan would be drawn up for the best use of SA's resources it would not be communist-style state planning. It would be "indicative planning" after discussion with the people involved.

It would be vital for SA to be-

come competitive in world markets, and to attract substantial foreign investment, said Mboweni.

There would probably still be a modified form of exchange control, but "we are aware that we shall have to fight very hard to secure foreign investment, particularly in view of developments in Europe."

Both De Vries and Mboweni stressed that black housing and education would have to be improved and past injustices addressed.

But De Vries warned that it would be impossible for any government to meet "the explosion of expectations" without causing South American-style inflation.

He did not believe nationalisation would come about, in spite of the repeated calls for it.

"But we shall have to address inequalities and do more about the redistribution of wealth. The private sector can do much more than it has so far."

The new SA was coming into being "impoverished, inflationary, with a weak rand and high unemployment" as a result of past economic mismanagement.

Population growth was far too high. As a result of this, the demand for more schools was immensely high. Although 15 new classrooms were being built every day for black pupils, the need was for 40, De Vries continued.

And 3,7m blacks were living in

shacks not more than 9 m² in size, each containing an average of six people.

"We are spending about 3% of gross domestic product (GDP) on (black) housing. We need at least to double that," said De Vries..

It was his opinion that the best way to tackle the education crisis would be to give identical state education to all races up to the level of standard five. Education after that would have to be privatised.

This would be an opportunity for business to make a meaningful contribution.

De Vries said the redistribution of wealth should not be viewed in a negative way, but as an opportunity. "It will be an opportunity for the private sector, in particular, to go into new, untapped markets."

But, he warned: "It will not be the same pattern. You people will have to start thinking in a completely different way. Otherwise your existence will be in jeopardy."

● Tom Boardman, executive director of the Board of Executors, said in an interview at the congress that business people had told him they would gladly give up a portion of their income or company profits to ensure a peaceful future for SA.

He thought the government had lost an opportunity to raise money for black housing and education by lifting the ceiling below which interest income is tax free from R1 000 to R2 000.

VAT will push up home building prices

soveftu 9/8/90
The VAT system in its present form, and which is due to be introduced in South Africa in October 1991, is likely to have an adverse impact on the residential property market.

Its effect is likely to mean still higher costs in home building and less for the seller.

VAT and its effects were major talking points

at the opening of the annual convention of the Institute of Estate Agents in Sun City following a speech by Antony Chait, tax partner of Johannesburg accountancy group Fisher Hoffman Stride.

Giving an example of how the seller could be hit, Chait said: "The commission paid to an agent will now attract VAT. Taking a R100 000

residential deal, the agent's commission might be six percent or R6 000.

Agent

"Attracting VAT at, say, 13 percent the seller will receive R600 to R700 less because the agent will charge the seller that additional amount in respect of VAT."

The end price of a new

home must inevitably rise, too, for, whereas previously, the builder was taxed on materials used and the home - the finished product - was not subject to sales tax.

This will now change under VAT as the builder will charge the new home buyer to the extent that VAT will now be payable also on the labour content of the building operation.

Blowing down the paper houses

■ There are solutions — but also too many players and a skewed subsidy system

SA has no single housing crisis. It has millions of them — each a tale of tragedy and human suffering.

You could even say that thinking in terms of a single housing solution to a single housing problem has created its own difficulties. Witness the seemingly endless rows of "matchboxes" in Soweto and elsewhere. You can't substantially build on to them — so because families grow and houses don't just spring up, family life gets crowded. This shortage is one legacy of apartheid; so is the fact that many who were bottled up by influx control have in recent years been seeking to

improve their lot, which naturally means choosing the bright lights, houses or no houses.

So the immediate crisis is that caused by squatters — 7m already and rising daily — who are moving on to any available scrap of land as close to the cities and work as possible.

The response to the inflow has often been draconian. Property owners fall over each other to barricade any open land with razor fencing; birdshot and bulldozers are sent to flatten settlements and drive the hapless families off in search of other places to live.

Which, of course, defeats the purpose.

Almost anything constructive tends to run straight up against bureaucracy and prejudice. Not surprising when you consider that there are 14 different government housing departments, making it impossible to know just who to deal with. The State has created confusion by slashing first-time buyer subsidies for blacks and there are various "civic" committees who actively encourage rents boycotts and their equivalent among mortgagees — meaning that further investment in their areas is stifled and squalor becomes entrenched.

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FINANCIAL MAIL AUGUST 10 1990

Casting its shadow over everything is that obnoxious bit of legislation from the past, the Group Areas Act. Government has fudged the issue so often that latest reports that the law will be scrapped next year have simply added to the confusion. After all, at this stage of negotiations, no one yet knows how long housing will remain an "own affair" in terms of the tricameral system. Free settlement areas continue to dribble into being, distorting the market.

There is also a multitude of housing agencies. Organisations like the Urban Foundation and the SA Housing Trust; development companies like Time Housing and Group Five — all battle to make an impression by building more homes. The institutions — particularly the Perm — are constantly looking for innovative ways of providing appropriate funding for the masses.

But where to start?

As the foundation's Matthew Nell points out: "International experience shows that identifying one minimum standard, acquiring the subsidy to build (the houses), yields few dwellings. And, because they're so scarce, they usually accommodate the people with the connections and bureaucratic leverage rather than the poor people for whom they were intended. Financial resources and development must be scaled to demand if the right people are to get the homes.

"We're making progress — but it's naive to believe we can solve the problems instantly. We must first reduce the degree of failure."

Nell identifies four broad segments of housing demand:

□ Conventional housing of above R35 000 with full services built to a conventional design supported by traditional home loan finance. This accounts for slightly less than 10% of the market;

□ Below that are "starter homes" — often a combination of simply being smaller, with reduced services, and having lower-quality finishes. This reduces the cost but gives the buyer the opportunity to upgrade at a later stage. Prices range from about R12 500 to R35 000 and they account for 41% of the market — or would do if demand could be matched by credit. The hitch is that financial institutions generally won't grant loans to this sector because of the low profit potential and the perceived high risk;

□ The third category (involving about 43% of the population) is even less popular with the institutions. It is the "incremental homes arena." This involves informal settlements on serviced sites; over time (sometimes as little as six months, but usually five to 10 years) the shack is gradually upgraded into a formal dwelling; and

□ The remaining 7% of the population who, according to Nell, cannot afford any kind of ownership. Poverty forces them to rent whatever shelter they can get.

The problem is to match available resources to these demands. That means the acquisition of suitable land and manoeuvring the appropriate credit facilities into a posi-

tion where would-be homeowners can take advantage of them.

Despite a crazy history of racial zoning, there is good vacant land close to the cities which could be used for mass housing of various kinds. However, it would only be possible to capitalise on this advantage if the land were to be unlocked for habitation by the introduction of a sensible rather than perfect land registration system for the swift transfer of land. In addition, existing — and often politically unacceptable to blacks — local authorities would have to be replaced

by bodies which could fund bulk infrastructure.

Until that happens, the poor will continue to be squeezed out to the periphery.

The trust and foundation have been working feverishly to create a financial climate which would entice financial institutions into low-income housing areas. The most receptive has been the Perm, with mixed success. Perm GM, housing, Denis Creighton says slightly more than 25% of its activity is in the sub-R35 000 bond market — the cut-off point for conventional housing.

Taste is the reward

The Famous Grouse Scotch Whisky owes its unmistakable character and pleasing mellowness to the rare skills of the 185-year-old family firm, Matthew Grouse & Sons, of Perth, Scotland.

It is their matchless experience and meticulous care which goes into producing the taste of this truly remarkable Scotch — a delight to the palate of whisky lovers around the world.

Only the finest individual malt and grain whiskies are used, each aged to the peak of perfection, then blended together and matured for an unusually long time in oak casks.

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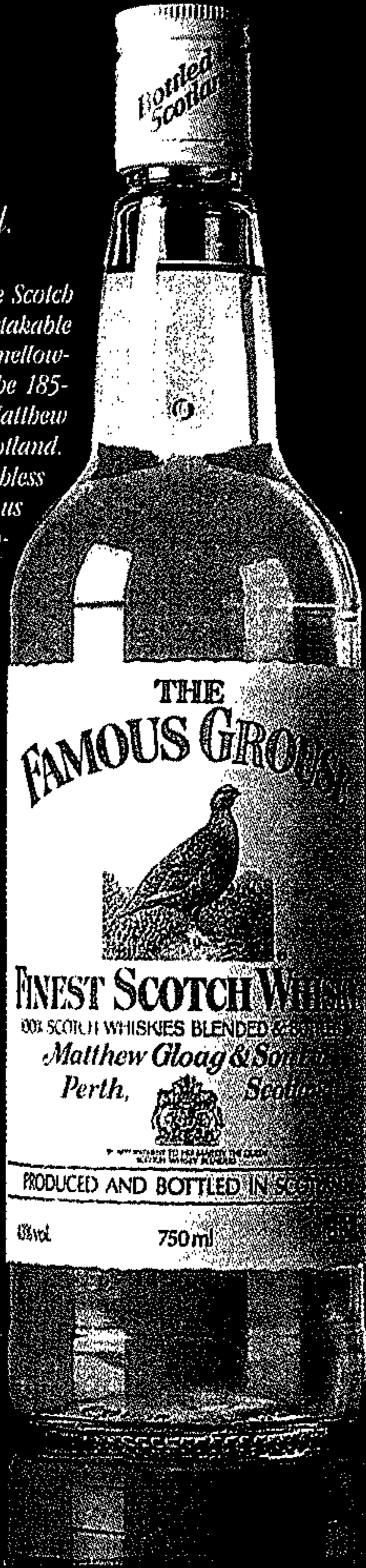
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Quality in an age of change.

Tucker: Act will shake up home loans players

B1227 10/8/90

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THE new Deposit Taking Institutions Act which comes into force on January 1 next year will facilitate rationalisation in the industry, Perm MD Bob Tucker said yesterday.

It had to be anticipated that at least one of the major home loan institutions could be involved in a merger or takeover.

In a statement issued after the Institute of Estate Agents' annual convention at Sun City, Tucker said the new Act might result in the acquirer having a disproportionate share of total assets in mortgage loans, and that the acquirer and the institution would for a period withdraw from the home loan market.

The effect of the Act would be to level the playing field between banks and building societies, also making it possible for one institution to take as much as a 49% interest in another institution. Previously this was limited to 10% in the case of building societies.

On the acquisition by United of a stake in MLS and Aida, Tucker said the

Business Day Reporter

Perm was aware that other discussions were taking place. He felt the estate agent industry and its relationship with financial institutions would look very different a year from now.

He suggested that the institute urgently look to its structures and practices and decide what was necessary to best serve the interests of the industry — and not any particular segment or factional interest — under prevailing circumstances.

Other factors which would affect the industry in future were a zero negative real rate of growth during 1990, a very low positive real rate of growth in 1991 and a decline in white living standards, which would "inevitably affect the standards of housing and purchasing behaviour of potential homeowners".

Tucker expected the Group Areas Act to be scrapped or at least become irrelevant in the next year. This would also affect the property market.



● TUCKER

He said economic recession and factional disenchantment would lead to a relatively high level of unrest. Endemic violence should be expected, but it should not be remotely sufficient to derail the negotiation process.

"Unrest and violence directly affect home owners' attitudes and behaviour, and must be taken into account by the estate agents' industry."

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‘In the real world, there are no magic wands. The crunch comes when we talk to most homeless families about the affordability of house-buying.’ Weekend Argus Correspondent MICHAEL CHESTER in Johannesburg sees new hope for black home-buyers.

Homing in

at R125pm

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There must have been moments when the team of experts at the South African Housing Trust were tempted to throw in the towel in the challenge to solve the conundrum of finding answers to the black housing crisis.

Every time the computers zipped out results of new research, the size of the problem grew larger — and answers looked more and more illusive.

Among the latest estimates to cause dismay:

- Surveys by the Council for Scientific and Industrial Research, commissioned by the National Association of Home Builders, showed that 78 percent of all black households — almost four in every five — struggled on incomes below R800 a month.

- Researchers at Markinor calculated the population of the squatter settlements spreading around the main towns and cities at 3.7 million.

- More studies showed that with interest rates running at current levels of around 21 percent, each homeless black family needed a combined income of at least R2 112 a month to stand even a chance of a home bond of R30 000 — regarded by many banks and building societies as the bottom level in conventional home-buying.

THE problems, according to SAHT market development manager Mike Fowlds, was compounded by pie-in-the-sky promises that solutions were close — all to evaporate as illusions when it came to the crunch.

Now, however, the SA Housing Trust head office in Randburg is buzzing with a new wave of optimism.

Mr Fowlds watches the gleam in the eye of visitors such as Eric Ntshiqela, chairman of the Vulindena United Community of South Africa (Vucosa), claimed to represent the bulk of squatters, when he takes the wraps off details of a proposed new scheme.

There are tables and charts that set out to show how home-buying can be brought within the reach of black families on joint incomes as low as R600 a month.

To bring the concept to earth, there is a built-to-scale model of how each house would start, how it could be ex-

tended and improved — and how a whole estate would look.

Better still, the SAHT has been able to invite Mr Ntshiqela to lead a full team of squatter leaders down to a pilot site alongside the Golden Highway from Johannesburg to Vereeniging where the builders have erected a cluster of such houses to examine in detail.

“Until now,” says Mr Fowlds, “Many of the grand solutions offered by a number of politicians and well-intended do-gooders have proved to be mirages.

“The main concentration has been on spelling out the growing size of the housing shortages — and raising high expectations of a magic wand to solve it all.

“In the real world, there are no magic wands. The crunch comes when we talk to most homeless families about the affordability of house buying.

“The cost of conventional houses, designed to meet the requirements of most banks and building societies, is simply beyond the reach of most squatters.

“We have tried to bring the whole problem down to earth — and we reckon we may have found a few radical new answers.”

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STAGE ONE: The simple first shell of the house — down to the basics of a concrete foundation on a small stand connected with water supplies and sanitation services.

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The extra cost: another R50 a month, still holding repayments down to R225.

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“Moreover, none of the designs or lay-outs has been pegged down to a rigid formula,” says Mr Fowlds. “We have already worked out as many as 43 variations on house layouts and finance options.”

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“Unhappily, even that may be beyond the means of thousands of homeless families. But we haven’t done yet. With the co-operation of black communities, pooling all our ideas, we may be able to cut costs even more.

“The vital factor is that the housing crisis has got to be cracked somehow — and the time has come round to turn talk into action.”

Homeless taking a defiant stand

By DON SEOKANE

HOMELESS people are exposed to the double tragedy of being unemployed and without shelter. Mr Ishmael Mkhabela, director of Urban Community Organising Division, said at the weekend.

Mkhabela was speaking at a seminar at the Wilgespruit Fellowship Centre as part of the Ubuntu Social Development Institute update to highlight the plight of homeless people.

He said the homeless were open to exploitation.

However, homeless people were beginning to be defiant and were discarding the idea of entrusting their hopes on civic organisations.

"They are rejecting the waiting list because councillors have given them false hopes of getting houses and instead they resorted to building shacks."

"They do not want to tie themselves to the building societies because some of them have the experiences of owning houses financed by building societies and losing them due to increasing bond rates," he said.

Students asked to help solve housing crisis

By ANDREA WEISS
Staff Reporter

ARLW
14/8/90 (123)

ARCHITECTURAL students have been asked to design a house costing less than R15 000 with enough space for a family of six, in the second annual Affordable Housing Design Competition.

The competition, run by the South African Housing Trust (Saht), has been launched in an effort to combat a critical housing shortage in the country.

Students in their final year are being asked to adopt a more "comprehensive housing approach" rather than formulate a design for an individual home because savings are often achievable in a wider development plan.

In terms of the brief, on site services including water, sewerage and electricity would be available.

Mr Hennie Loubser, Saht executive in charge of the competition, said: "The accommodation crisis is going to be with us for a generation or more. It and the education crisis are the biggest challenges facing our country."

"Young people have two natural advantages when faced with human problems of this nature. They care and they are naturally creative. And it will take caring, creative people to make a dent in the accommodation backlog."

● Saht estimated that in the first quarter of 1990, 312 600 new units a year would have to be built until the end of the century (about 1,26 million units) to clear the total backlog, replace old housing stock and keep pace with demographic growth.

NEW SOLUTIONS

If building costs continue to rise at 20 percent a year and traditional building solutions are followed, the demands of the mass housing market will not be met.

Some of the ideas from the competition could lead to new solutions and lower rates of building price escalation.

First prize in the competition is R10 000 and would-be entrants should contact the Head of the Faculty of Architecture at the University of Cape Town.

Study of home-owners

B 10 of 15/8/90

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THE SA Housing Trust (SAHT) has just completed a study of 2 001 owners of low-cost homes to determine what factors distinguish buyers who fall into arrears with their bond repayments.

SAHT chief socio-economic researcher Louise Botha said: "We wanted to find out if there were any demographic factors, such as married or single status, or where people came from, that made them fall into arrears."

"We discovered that the level of income and the quality of the product played a role. People would move into a house and stop paying three months later because a crack appeared."

"We found that the problem is that people don't differentiate between the builder, the developer and the financial institution. They hold the financial institution responsible for defects in their home."

She said a certain percentage of house owners believed they owned their home only after the last bond repayment was made.

"The most important trend to come out of the study is the dire need for information in this regard."

The majority of the re-

spondents in the study were very satisfied with the fact of home-ownership, but there were still some problems. Often the buyer did not see a show house but made a decision to buy on seeing the plans and found the reality was not what he envisaged.

Botha has just completed another survey in an area where forms of incremental housing are being sold.

"I think there is also room for education in the field of what things cost," she said.

"People believe they are only paying for the bricks and the roof — what they can see. They don't understand that the land and the services are also included in the price."

Homeless have little to cheer, says Boesak

**SOWETAN
Correspondent**

WHILE President de Klerk and Mr Nelson Mandela were talking change and negotiation, people without homes and jobs had little to feel cheerful about, said Dr Alan Boesak, former dominee turned politician.

Speaking at a Press conference in the northern areas where 65 people died in recent unrest, he said the country was sitting on a powder keg. What had happened in Port Elizabeth and was happening in other parts of the country was a serious threat to the peace initiative.

While police officers and community leaders came to certain agreements it had taken far too long for these orders to filter down to the rank and file.

"Besides the socio-economic problems of



ALAN BOESAK

poverty and unemployment and frustration, there is another very serious problem. People here on the ground cannot find any direct link between the negotiations at Government level and what they are experiencing.

He said apartheid was still being felt and administered by the same people who showed scant respect for people's self respect and need.

He said all the elements of the worst days

of the state of emergency were prevalent in the northern areas last week with police ready to admit that they had lost control.

He said he had heard that there was no immediate police response to the call for protection and police had tried to divide residents by calling on certain sections to wear white armbands, reminiscent of the witdoeke in Cape Town.

If the Government did not do something about controlling the police then there was going to be less and less support for negotiation.

He condemned the "excessive use of live ammunition".

Commenting on the allegations against the police, Major Bill Dennis, police liaison officer for the Eastern cape, said the police were continually being accused of either acting too forcefully or not forcefully enough.

ANC exiles face

By TOM HOOD
Business Editor

SOUTH Africa's huge housing shortage is likely to come under immense pressure from rising immigration and the return of thousands of ANC exiles.

The number of immigrants has started to outstrip the numbers leaving the country and the country is gaining at least 1 000 families a month, according to official figures.

Many of the immigrants are returning South Africans trying to capitalise on the low rand by selling their property in Britain or Australia and buying houses here at a fraction of overseas prices.

Agents report many inquiries from people in Britain who want to retire to South Africa, buying property cheaply and receiving their pensions at the

bargain rate of about R5 to the pound.

"Television scenes of violence from Natal or the Transvaal seem to have little effect on people overseas. They are so accustomed to seeing violence everywhere," said Mr Scott McRae, managing director of a country-wide property company.

"The country has received enormous publicity from Mr Mandela and President De Klerk and people in Hong Kong who had never heard of South Africa a year ago are now inquiring about coming here."

Vacant flats and houses to rent are so few that rents have started to rise even in the deepening economic recession, say Cape estate agents.

"There is a big demand for anything below R1 000 a month in the Peninsula," said a spokesman for Steer and Co,

one of the largest letting agents.

The millions of homeless black families will soon have their numbers increased by the return of ANC exiles — estimated to number between 20 000 and 40 000.

Their return involves planning and logistics on the scale of a military invasion, including a huge airlift by the United Nations mooted.

Most of the blacks returning may be able to find accommodation in the "extended family" tradition but thousands of others — including wives and children who have never set foot in South Africa — will need to be found homes.

The possibility of taking over a 54 storey Johannesburg skyscraper, the Ponte City block of flats in Berea, to house up to 2 000 ANC exiles, has been disclosed by the South African South African Council of Churches general secretary Frank Chikane.

Johannesburg property brokers said today they knew of no agreement to rent or buy the building and any purchase might require government funds — help which the ANC might be reluctant to accept.

The building could be used as a staging post or temporary hostel if the exiles returned in small groups.

A report from Weekend Argus correspondent in Johannesburg indicated that thousands of exiled members of the ANC may be brought back in a huge airlift operated with United Nations help.

A property economist suggested that immense problems faced those returning. While many had been living rough, others had become accustomed to schools and housing standards that could not be satisfied by living in the equivalent of squatter settlements.

HOUSING CRISIS

123

R264 a month more in housing perks

The Argus Correspondent
PRETORIA. — Public servants could take up to R264,62 more home each month because of an increase in the ceiling of housing subsidies from R50 000 to R70 000.

The increase agreed by the government and public service associations will be implemented on October 1, subject to parliament approval. This figure is calculated at present interest rates.

Estate agents have welcomed this move, as have financial institutions.

HIGHER STANDARD

Mr Rob Ketjen, chairman of the Northern Transvaal branch of the Institute of Estate Agents, said it would help public servants who were facing increases in the cost of buying a house.

It could also give the individual the opportunity of increasing their standard of housing and cause a gradual increase in the overall price of property.

Mr Ketjen said it would also lead to more activity in the

property industry, at least in the short to medium term.

Mr Pat Lamont, First National Bank general manager of home loans, said it would impact on the affordability of housing of public servants and increase their disposable income.

Mr Trevor Olivier of Natal Building Society warned that the increase would not be as dramatic as might be expected because of fringe benefit taxation.

BOND RATES

Mr Louis de Villiers, communications manager of the Trust Bank, said it would relieve households hard-pushed by the increases in bond rates.

It would be felt the most in the black housing sector where there was a growing number of public servants and it would make housing more affordable for the bottom sector of public servants.

Mr Mauritz Blignaut of Aida Verwoerdburg said it could mean the difference between buying a two-bedroom flat or a three-bedroom house.

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4 blasts rock homeland

Capricorn Times 21/8/90
MMABATHO. — Four blasts occurred in Bophuthatswana at the weekend, according to the region's official news agency, Bopana.

Two explosions rocked Lehurutshe on Sunday — one at the magistrate's court and the other at a shopping centre.

A third blast occurred on the same day at the Braaklaagte police station, which is still under construction.

On Friday night, a device was detonated at a railway bridge between Mafikeng and Lichtenburg. — Sapa

Ceiling may go up for state home buyers

Capricorn Times 21/8/90
JOHANNESBURG. — An increase in the housing subsidy for civil servants to R70 000 from R50 000 is on the agenda for approval by the cabinet before August 30, government sources confirmed yesterday.

This follows the recent announcement by Planning and Provincial Affairs Minister Mr Henus Kriel that owing to a shortage of funds the subsidy for black first-time home buyers would only be applicable to households earning R2 000 a month or less.

The subsidy is applicable to both black and white civil servants.

The director-general of the Office of the Commission for Administration, Mr Louis Kluever, explained that the maximum housing subsidy received by civil servants was about R650 a month. This formed part of the total salary package.

"If you want to compete on the labour market your dispensation must offer you at least a reasonable chance of getting the people you need," he said.

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Wargill, 19, 116.10M
coastal trips, which could be
depots.



Housing and employment needed for returning exiles

By PAT CANDIDO
The Argus Bureau

PORT ELIZABETH. — Between 10 000 and 15 000 political exiles and their families are expected to descend on the city in two months' time to re-establish their lives here.

Details of the influx were given to civic leaders at the City Hall this week.

The return — the largest percentage of exiles in the country — is expected to put housing and jobs in the city under a severe strain.

Altogether 20 000 exiles and their families are heading for the Eastern Cape — 40 percent of the estimated 50 000 exiles returning to South Africa.

These figures represent a total of 400 000 people returning to the country, says the SA Council of Churches, with 160 000 people making for the Eastern Cape.

The authorities have just eight weeks to prepare for their arrival.

Port Elizabeth's Anglican Bishop Bruce Evans, a member of the regional structure formed to assist their resettlement, met municipal

officials on the topic for the first time yesterday.

Town clerk Mr Paul Botha said the city had to accept that the majority of those who left Port Elizabeth would return here.

"We will approach the technical advisory committee of the Greater Algoa Planning Authority to make land available for housing. Between 10 000 and 15 000 families are expected to settle here within a matter of months.

"This was as far as we got with our planning."

On the question of jobs, he said:

"We have no data at present on whether these people are professional or unskilled, but obviously all will be needing jobs.

Even national chairman of Ex-Political Prisoners Mr Benson Fihla could not be more precise.

He said: "Employment is going to be a big problem, as is housing.

"Special departments have been set up by the national body to try to cope with these problems."

Most of the exiles are living in other parts of Africa, while a few are in Europe. Some left South Africa as long ago as 1961.

Call to tackle squatter problem

By Michael Chester

Trustees of the special R2 billion fund created five months ago to bolster black advancement came under pressure yesterday to tackle the growing squatter problem as a first priority when they start the flow of aid programmes.

The pressure was triggered by the chairman of the Vulin-dena United Community of South Africa (Vucosa), Eric Ntshiqela, who estimated that the population of squatter settlements had now swollen to more than 7 million — and was still growing.

He told the Independent Development Trust, headed by former Urban Foundation chairman Jan Steyn, that a multimillion-rand injection of funds to support radical new

low-cost housing schemes had become crucial.

The R2 billion trust was launched by President de Klerk in March as the spearhead of new drives to improve the socio-economic standards of black society.

It was stressed at the time that Mr Steyn was given total freedom to run the trust as an independent venture, outside of any Government influence or interference.

A spokesman for the trust yesterday said a full meeting of trustees was due to be held in Cape Town tomorrow and an announcement was expected to follow from Mr Steyn on details of first initiatives to be financed out of the R2 billion programme.

Mr Ntshiqela urged the Independent Development Trust

to take swift action to assist squatter families with new low-cost housing projects after talks with the SA Housing Trust (SAHT).

He said Vucosa, claiming to represent squatters on a nationwide basis, had been highly impressed by the results of SAHT pilot schemes to design basic starter houses with home bonds slashed as low as R125 a month — featured in The Star on August 9.

He had led a Vucosa delegation on a tour of demonstration houses erected near Palm Springs, on the Reef, to view the results.

Mr Ntshiqela said the urgency of solutions was underlined by estimates that South Africa needed to build at least 312 000 new home units every year over the next decade to wipe out the black housing backlog

Sowetan 23/8/90



HERNUS KRIEL

R10-m¹¹ for¹²³ home²⁰⁰⁹ buyers

THE Government has made available another R10 million towards the first home buyer/rent subsidy.

This increases the initial amount of R40 million budgeted for this year to R50 million.

The Minister of Planning and Prerequisities, Mr. HERNUS KRIEL, announced this in his address to the Institute of Housing of Southern Africa conference in Bloemfontein on Tuesday.

Kriel said no government could have open-

ended schemes as this led to poor budgeting and expenditure.

He said this scheme would, therefore, have to be investigated in order to allocate a fixed amount of money a year.

Referring to the provision of basic serviced sites for low cost housing, Kriel said at the moment the heavy burden was being shouldered by the State.

The challenge for the future was to get private sector involvement in this regard. - Sapa.

Housing problem a 'true crisis'

By DON HOLLIDAY *AP/W*
Staff Reporter

23/8/90
THE simple provision of houses is not the answer to South Africa's housing crisis.

This was said by University of Cape Town academic Professor Bruce Boaden, of the Department of Construction Economics and Management, at the inaugural lecture of the Department of Adult Education and Extra-Mural Studies last night.

Professor Boaden based his lecture on studies of shack settlements near Durban. The lessons learnt there were applicable to the Western Cape, he said.

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The solution lay in meeting a series of needs of the community, not just the provision of houses, he said. These needs included shelter, security of tenure, financial security, self sufficiency and economic power resulting from the possession of a house.

Professor Boaden gave statistics to support the argument that the problem was "truly a crisis".

The current housing shortage was 1,8 million units and was expected to grow to 4,6 million units in 10 years. To cope with this, at least R4,5 billion a year would be required.

Only 57 percent of African

families in the Western Cape could afford to pay anything for their housing.

There had to be security of tenure, Professor Boaden said.

It was no good investing in a house if there was a threat of eviction or if there were real fears of being swamped by violence.

Conventional financing favoured conventional housing.

The university's involvement in low-income schemes had to be based on academic understanding rather than altruistic motives.

"We live in a very suspicious world," said Professor Boaden.

MARKET

FIM 24/8/90

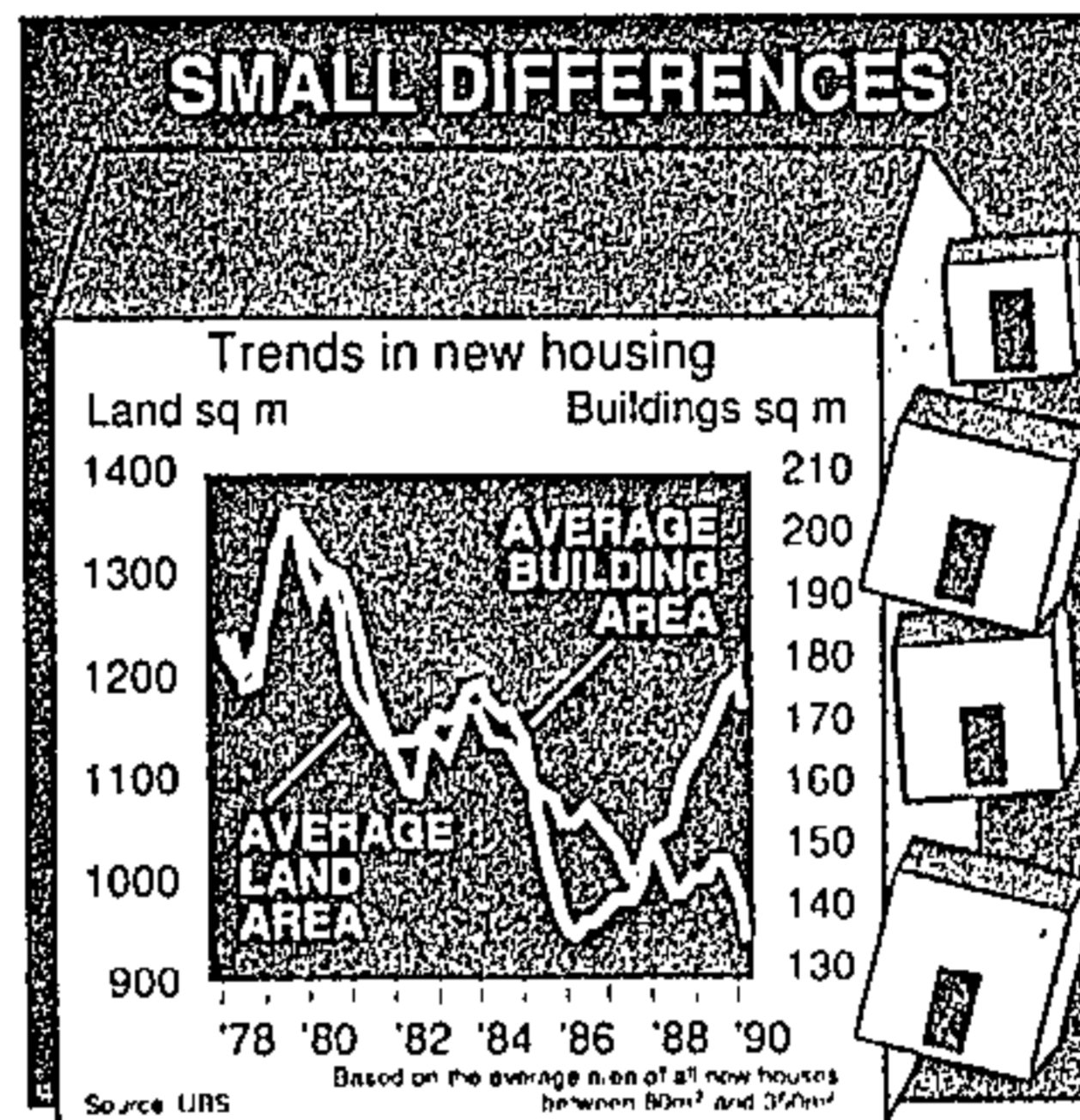


by the high cost of mortgages.

The trend is also emphasised by the UBS's *Quarterly Housing Review* (see graph). Author Hans Falkena points out that home building costs are rising at an annual rate of more than 20%. "The availability and cost of land has also had an effect on the building of new homes. The average stand size fell to roughly 920 m² during 1990's second quarter."

But, even if properties are getting smaller, prices are rising. (123)

According to the UBS survey, medium-sized house prices rose by 4% on the first quarter to more than R102 000. This represents an increase of 12% compared with the same period last year — but that's below the inflation rate and an indication of just how



Moreover, it's a trend which is likely to continue. Says Falkena: "As the recession becomes more intense, activity in the residential market can be expected to taper off. The number of new houses completed has already declined 12% on a year-on-year basis in the first quarter of this year and further drops can be expected during the remainder of 1990."

Some people believe the market could pick up almost overnight should there be a significant decline in the bond rate. Some, like Lamont, optimistically believe even a 1% decline might give the residential property market a boost. ☑

RESIDENTIAL FIM 24/8/90

Belt tightening (123)

New houses are getting smaller. It's a trend that's been evident abroad for some time and now SA homebuyers seem to be following the international pattern.

First National Bank's Pat Lamont says the main reason is the combined effects of rising building and land costs, helped along

Govt to give ¹²³ extra R10-m for new homes

Star 24/8/90

By Frank Jeans

The first-time home-buyers' subsidy scheme is to get a further boost of R10 million on top of the R20 million allocated recently by the Government.

This will give added impetus to the black residential market and, with a total of R30 million in the coffers, will have the effect of mobilising about R450 million for housing through financial institutions.

The additional funds should ensure there is sufficient capital for the scheme to continue operating for the balance of the 1990 financial year.

The R10-million bonus was announced by Planning and Provincial Affairs Minister Hernus Kriel when he addressed the Institute of Building in Bloemfontein yesterday.

"As a result of the success of the subsidy scheme, the first R40 million allocated for the 1990-91 financial year has already been committed."

New applications

"A further R20 million was recently allocated and, to meet demand, the scheme will be boosted by another R10 million.

"The total R30 million will cover any new applications for the remainder of the year as well as the approximate 8 500 applications already in the pipeline."

Johan Grotsius, executive director of the National Association of Home Builders, said: "We are pleased at the outcome of our lobby on behalf of the home-building industry.

"This latest allocation means builders will be able to continue trading for the remainder of the year without restraint."

The R450 million of private sector money which will come into the home-building process will enable about 20 000 first-time buyers to secure a property.

"Of equal importance," says Mr Grotsius, "is the fact that the increased subsidy will provide employment for an estimated 85 000 people."

'Single housing body needed,' says Du Plessis

123

By ALAN HIRSCH: Cape Town

SOUTH Africa needed a single authority to devise a national housing policy, Finance Minister Barend du Plessis acknowledged yesterday.

"When you pay dearly for duplications it ultimately has more influence than political considerations," he said at the South African Property Owners annual convention.

"If the relevant parties in and outside government circles combine their efforts to promote urban planning and upliftment, the whole process of planning will be better managed."

Urbanisation is one of the most pressing development issues facing the country, said Du Plessis. By the year 2000, 3,2-million housing units will be required. "This requires a rate of production no less than four times the present 70 000 to 80 000 units currently being built per year."

One of the big challenges facing government was the provision of land for blacks moving to the urban areas. The government is to set aside R250-million of the R1 000-million privatisation proceeds made available for socio-economic upliftment of the underprivileged for this purpose.

Another major problem was the provision of funds for investment in low-income residential housing. One aspect was the "channeling of remaining savings into inflation hedge instruments provided by insurance companies and unit trusts".

He noted that an investigation was under way to "see if it is necessary to level the playing field" between financial institutions, and to explore tax cuts that would make savings more attractive.

Panel solution to housing problem

A TRANSVAAL company will, within the next six months, begin producing what could be a solution to South Africa's housing problem.

John Blore and Len Bosch of Resin Bond Coatings, which holds the rights to the patents, plan to offer the formal housing market a low-cost housing system which will be marketed in the form of wall panels.

"A home built from these panels will be just as strong as a house of the same dimensions built from bricks and mortar, but at half the cost," said Mr Blore.

The water-, fire- and fungus-resistant panels are made from wood fibre chips, coated and bonded with a poly pitch.

The pre-painted panels will be sold

with and without glazing and doors. They will also be sold with or without concrete foundations and electrical, plumbing and drainage outlets.

"Four unskilled people will be able to put a complete one-room unit together, with its roof and gutters, in less than a day. The unit could be added to at will," said Mr Blore.

A 72 sq m six-roomed house — consisting of a concrete slab/foundation, a kitchen area with sink and cupboard, a bathroom, all electrical fittings, plumbing and drainage facilities, internal partitions, ceiling, roof and gutters — will cost about R28 000. A single 3 m by 3,5 m room — using four panels — will cost between R4 000 and R5 000.

123 SUE OLSWANG

Star 25/8/90

Housing policy must be 'drastically revamped'

Staff Reporter

The current housing policy was inadequate and needed to be drastically revamped to include the State, the private sector and community organisations, Independent Development Trust chairman J H Steyn told a University of South Africa conference on housing yesterday.

Four requirements needed to be met if any housing policy was to be successful:

- It had to be comprehensive enough to accommodate all households, especially the low-income informal sector.
- Different race groups had to be accommodated equally although assistance could be put to different uses.
- All resources had to be mobilised.
- It had to be capable of modest economic growth of about 3,8 percent.

Conventional households needed three times the current poverty datum line of R700 to be able to afford a house, which was too large for any government to be able to subsidise, he said.

He suggested the "kick start" should be in the core housing and serviced site sectors.

The State had to find a more efficient way of identifying land for housing. It also had to make an appropriate capital subsidy policy available for each site where there was an effective economic demand.

Housing should be provided by the State on a properly commercialised basis to allow private sector competition.

The State also had to find a way around the "red tape at local authority level" with a set of agreements on standards and cost recovery.

Companies had to find ways of opening financial markets on the best possible terms for low income households, he said.

Democratic institutions on a community level had to prevent unattainable expectations from hampering or entirely preventing attainable housing levels from being reached, he said.

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SAME CARE SINCE

New quick-build homes could be the answer

The Argus Correspondent

Argus 27/8/90

JOHANNESBURG. — A Transvaal company will begin producing in the next six months what could be a solution to South Africa's housing problem.

Mr John Blore and Mr Len Bosch of Resin Bond Coatings, which holds the rights to the patents, plan to offer the formal housing market a low-cost housing system which will be marketed in the form of wall panels.

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ALL ELECTRICAL FITTINGS

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A 72 sq m six-roomed house — consisting of a concrete slab/foundation, a kitchen area with sink and cupboard, a bathroom with handbasin, toilet and bath, all electrical fittings (plugs and lights), plumbing and drainage facilities, internal partitions, ceiling, and roof and gutters — will cost about R28 000. A single 3m by 3,5m room — made up from four panels — will cost about R4 000 to R5 000, complete.

Scheme could house 2-million

A STATE subsidy of R3,5bn to replace the present first-time homebuyers' scheme with a capital subsidy and to provide mortgage financing for core houses would put owning a site or a basic house within the reach of more than two-million people.

Independent Development Trust chairman Jan Steyn told the Unisa housing conference in Pretoria yesterday that such a subsidy, although a large sum, would not have to be found within a single year.

"And, perhaps most importantly, if present hidden subsidies are taken into account, this is not more than the present burden the tax payer is carrying."

Steyn based his estimate on current costs of R7 500 for a modestly serviced site, R15 000 for a minimal

CHARLOTTE MATHEWS

core house, R26 000 for a better core house and R37 000 for a conventional house.

With these prices and the current financing and subsidy system, only about 500 000 households could afford to rent a shack. If administrative constraints did not interfere with the production of serviced sites, a further 200 000 households could afford to buy them.

"If the first-time homebuyer's scheme were replaced with a capital subsidy of R6 000 and if the better core houses could be mortgage-financed, 320 000 households could afford to own a serviced site and a further 275 000 a starter house," Steyn said.

Only 130 000 households would rent shacks, the majority of these because they want to rent rather than being unable to afford to buy a serviced site.

His estimates did not assume help from employers.

GERALD REILLY reports that MEC in charge of housing John Mavuso told the conference urgent attention had to be given to the systematic extension and development of metropolitan areas that are subjected to the greatest urbanisation pressure. He said although the industrial decentralisation programmes had achieved results, political pressure and an unfavourable economic climate demanded a restructuring of the urbanisation strategy. Fully fledged towns had to be established.

B 1D am 29/8/70

(123)

PROPERTY

Two ideas aimed at providing cheaper homes

123
B/day 29/8/90

THE single-skin house and the plastic house are two of the latest products on the market aimed at making houses even more affordable to the hard-up black buyer.

And from the beginning of September the first mortgage loan will be granted under the Urban Foundation's Loan Guarantee initiative, a foundation spokesman confirmed.

The Home Loan Guarantee Company was launched in July. With the backing of R350m in insurance arranged by the Urban Foundation, financial institutions are to make R3,5bn available to provide mortgage loans for houses in the R12 500 to R35 000 range.

Ten days ago the Clay Brick Association (CBA) received the Mantag Certificate for houses based on single-leaf clay brick walls.

The Mantag Certificate is official sanction from the Agreement Board of a particular building system based on certain standards of habitability and durability.

CBA executive director Ockert Goosen said the CBA's system would only be erected by contractors or self-help builders who had been licensed by the CBA.

Ockert said the system was based on conventional building methods so no extensive training was needed. The CBA would instruct on the system using a video and a training manual.

"We are not sure of the cost," Ockert said. "We have built two units ourselves,

Reports by
CHARLOTTE MATHEWS

one in East London and one in the Olifantsfontein area. These cost us just below R7 000 for the shell of the house.

"It is a very basic type of house. The buyer has to upgrade from there and decide for himself what he wants."

In July Direct Franchise and Patent Brokers launched a plastic house. According to newspaper reports the structure looks like a conventional house but takes less time to assemble. It can range in price from R8 000 for a shell to a very upmarket version for R150 000.

The plastic house can be ordered in kit form with instructions for assembly.

Incremental

The SA Housing Trust has built nine units in a pilot project in Stretford, near Palm Springs. Market development manager Mike Fowlds said these ranged in price from R8 500 to R10 000 depending on size.

The units, built on 200m² stands, are incremental. They provide a walled bathroom with a bath or shower and a basin. On the other side of the wall from the basin is a sink which would form the basis of a kitchen. The owner can surround the unit with corrugated iron sheeting until he can afford to build up a house.

Fowlds said the project was entirely for research and not for sale at this stage.

Insurance is vital for homeowners

20/8/90

123



MOST new home owners have to make some difficult choices. They have to cut down on certain items of expenditure, deciding what is essential and what is not.

Only by cutting out the non-essentials can they live comfortably within their means and still meet the bond repayments.

It is important not to skimp on the wrong items!

For instance, when you move into a new home there is a big temp-

By **KENOSI MODISANE**

tation to buy lots of furniture and other new goods to fit in with the new lifestyle. But think before you buy - especially if you have to resort to hire purchase (HP).

A couple of HP accounts to pay a month can ruin all your financial planning.

However, there are some new items of expenditure that many consider essential if you are to enjoy peace of mind in your new home.

Here, we are referring to insurance on your house.

Any financial institution will insist that you take out insurance on the structure of your house.

Because they lend you any money for the house, the institutions want to make sure that should anything happen to the structure of the house you are insured and will be paid out.

Financial institutions also advise clients to take out insurance against death and disability.

The prime breadwin-

ner in the household is important to everyone. What happens if you are injured in an accident and cannot work again?

The worst case, of course, would be your unexpected death. What happens then?

If you are covered by life assurance, part of the home loan will be paid by the insurance company. In this way, your family will be protected. They will still have a roof over their heads. At least the bond will have been paid off.

Nowadays, financial institutions also arrange an extra safeguard called Sasria insurance. This is extra cover in case there is a riot in your area and the house is damaged by rioters.

Contents

There is another type of insurance - also a sensible item of expenditure - which you should be aware of.

The insurance given by the financial institutions does not cover the contents of the house - movable things like furniture, kitchen appliances, clothes, TV sets and radios.

If you wish to cover these items, you will have to take out special insurance cover for the contents of the house.

Special words to watch are premiums (what you pay) and cover (what is expected and to what value).

For more information you should contact your bank, building society, insurance broker or your nearest Khayalethu office.

* This report has been compiled with the assistance of the South African Housing Trust.



Co-ordinating curtains, cushions and tablecloths.....from the Visions range produced by W and A Textiles.

Imaginative furnishing

Govt needs additional R1,2billion

Own Correspondent
30/8/90

JOHANNESBURG. — The government will need R1,2 billion more than budgeted from the capital market to finance extra expenditure in the current fiscal year, according to a senior Department of Finance official.

The Deputy Director-General of Finance, Mr Estian Calitz, said special expenditures, announced after the budget, could mean a greater demand on the financial markets.

A revision of spending estimates for the 1990/91 fiscal year yielded about R74,1bn — against a budgeted R72,9bn. This implied an increase in spending of 12,9% for the year (budgeted 11,8%). He said "various actions" were under way to ensure compliance with the adjusted budget figures.

Increased spending would reflect a portion of R1bn set aside for black schools and buying land for black urbanisation.

"These expenditures, to be financed from privatisation proceeds or, failing that, from other sources of finance, have yet to take place. For logistical reasons it is doubtful that more than about 50% of this money will be spent during this financial year," Mr Calitz said.

Although privatisation proceeds had been identified as a source of finance, the macro effect on the financial markets would be no different from direct borrowing in the capital market.

"Both methods represent a demand on private savings through the financial markets," he said.

Clay puts hope into hearts of 'first-timers'

CML-10/11/90
125

THE Clay Brick Association has started a new development in the housing sector of South Africa's building industry.

There are many people in this country who would like to own their own homes but simply cannot afford a conventional house. The CBA's new clay brick housing system is aimed at bringing homes within reach of this low-income group.

The innovative system which has been awarded the Mantag Certificate by the Agrément Board, proposes constructions comprising single-leaf clay brick walls. These are built with burnt clay face bricks or clay plaster bricks with a thickness of 106 mm.

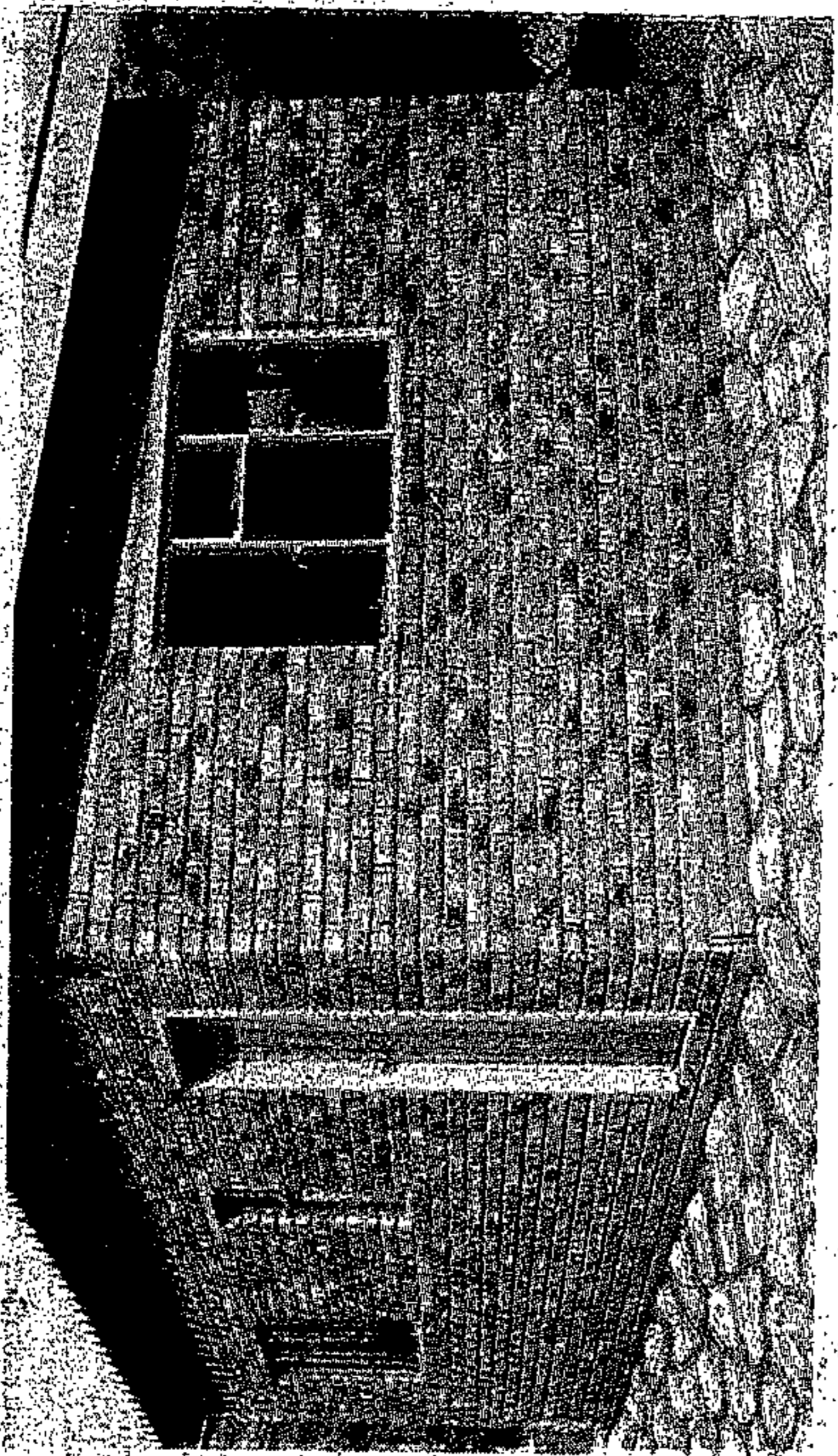
Conventional floors and roofs can be used while window frames are adapted or purpose made. Specifications cater for roof anchorage, junctions with external walls and attached piers where necessary. The single-leaf wall is set back on a conventional concrete strip foundation to allow for the external addition of a second wall should the homeowner wish to upgrade the house.

The jointing of brickwork is vital in order to prevent the ingress of water. CBA's unique clay brick housing system employs both Hollow Key jointing and Weather Struck jointing which are formed with the correct tools to ensure the wall's weather performance. Careful attention is

paid to the sand/mortar mixes and the proper filling of all mortar joints.

The Mantag Certificate is an official sanction from the Agrément Board of a particular building system. Its purpose is to give local authorities the confidence to approve the use of a building system in the knowledge that the completed dwelling will meet defined and acceptable standards of habitability and durability. To attain certification, the CBA's structure was submitted to a number of stringent tests.

Sample single-leaf walls were tested to establish their behaviour in fire, their structural strength and stability, termite resistance, thermal perform-



The CBA's new clay brick housing system is aimed specifically at bringing affordable homes to the low-income group.

ance, weather tightness, and their provision for ventilation and natural lighting. Acoustic performance, condensation, durability and the allowance for practical upgrading were also assessed.

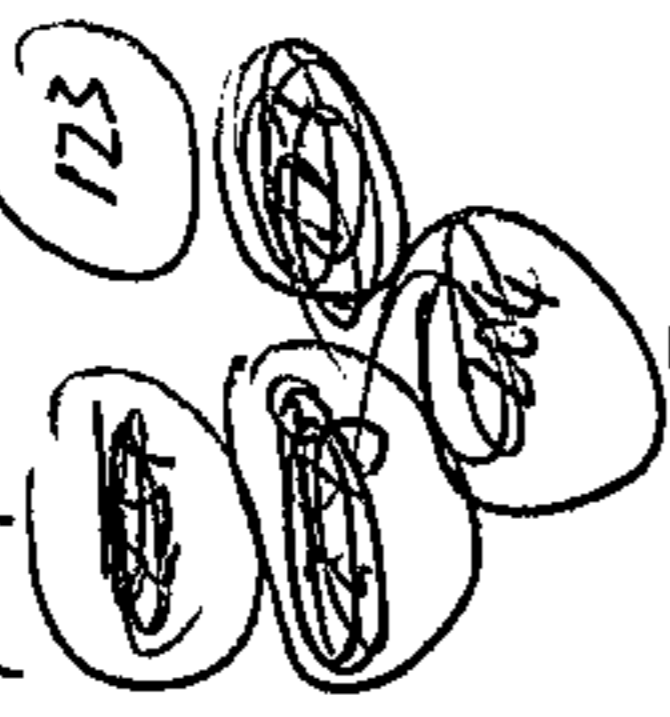
The clay brick housing system will be erected only by those contractors or self-help builders trained and licensed by the CBA. To further assist users, a comprehensive construction guide will be provided. Prospective users of the single-leaf system will have to apply for registration with the CBA. In addition, an association representative will continuously monitor the standards of workmanship on site.

FW orders urgent probe of police action

23 die in violence

CANT Tmfs

3/9/90



JOHANNESBURG. — Fighting flared in strife-torn East Rand townships at the weekend, killing 23 people and shattering a tenuous peace enforced by emergency rule as the conduct of the police came under the spotlight.

In two developments at the weekend: ● President F W de Klerk announced an urgent probe into alleged police complicity in the recent violence. This follows last week's meeting between Mr De Klerk and a deputation of senior churchmen, which included Archbishop Desmond Tutu and the secretary of the SA Council of Churches, the Rev Frank Chikane. A memorandum on the role of the police was handed to Mr De Klerk.

● The Goldstone Commission of Inquiry found that police acted unjustifiably and without discipline during a march in Sebokeng in March this year when 18 people were killed and 281 injured. Mr Justice R J Goldstone also recommended that an unspecified number of policemen be investigated on possible criminal charges — including a sergeant responsible for four deaths.

Yesterday police said patrols found 21 people shot or hacked to death in Thokoza and Tembisa, east of Johannesburg, after an unidentified group of men armed with rifles and sharp weapons "went on a rampage" late on Saturday night.

A patrol in nearby Vosloorus found two bodies

riddled with gunshot wounds near a hostel, which houses mainly Zulu migrant workers.

The deaths came only hours after the signing of a regional peace accord on Saturday between Inkatha and the ANC in the north of hard-hit Natal province, since 1987 the scene of the worst fighting between the groups.

The ANC has insisted police have sided with Inkatha.

Despite police denials, Mr De Klerk said in a statement: "I would like to stress that certain allegations which have been made against the South African Police are regarded in an extremely serious light. I have therefore referred this matter to the Minister of Law and Order (Mr Adriaan Vlok) for an urgent and in-depth investigation."

To attorney-general

Mr De Klerk also announced a probe into the hostel system, which the ANC has said should be abolished and workers absorbed into the communities, where they can live with their families.

"The government believes that it is in the interests of healthy family life that accommodation should be provided on a family basis," Mr De Klerk said, noting he had referred the issue to Health Minister Dr Rina Venter and she would examine "the feasibility of converting hostels into suitable family units".

He said Mr Vlok would issue a statement on the question of police complicity "in time".

Responding to the Goldstone Commission's recommendation that the actions of certain police members be referred to the attorney-general, Mr Vlok said in Pretoria that it would be implemented and the necessary dockets submitted.

He said departmental steps were also being considered against certain individual members and that in future special constables, as far as possible, would not be used for riots and crowd control.

Mr Vlok said the government had taken note of the findings and recommendations and had referred the report to him "for further attention and action".

Meanwhile the ANC called for all SAP members involved in the Sebokeng shooting to be prosecuted to the full extent of the law.

The ANC said it was clear from the commission's report that police officers violated standard police procedures, willfully choosing to disregard the authority of a Colonel Mazibuko, the SAP senior officer in the area.

Shooting was completely unjustified and the police had no need to use live ammunition or any other deadly weapons, they said.

ANC spokesman Ms Gill Marcus said yesterday the organisation had noted Mr Justice Goldstone's criticism aimed at the MDM organisers and would investigate crowd control measures at public marches.

"We are certainly taking this matter very seriously. We are very concerned about loss of life." — Sapa, UPI and Own Correspondent

● Sebokeng probe blames police, UDF — Page 2
● Natal leaders sign peace accord — Page 2

Our housing policy needs major overhaul

Sowetan
6/9/90
123

IT is well known that the current rate of production of shelter lags well behind the requirements of South Africa's people.

A high rate of inflation coupled with real mortgage rates - now of the order of six percent - and an economy in recession, combine to render even the most modest formal houses unaffordable to the greater part of our urban population.

Government housing policy is not well adapted to current circumstances: fewer than a quarter of new black households in need of State assistance receive it.

Progress

While there has been some progress in creating the conditions for financial institutions to lend money in smaller parcels, much remains to be done. Furthermore, current initiatives in financial practices cannot achieve a great deal on their own; they need to be accompanied by an all-round policy overhaul if they are to have their maximum possible effect.

There is a general agreement that current housing policy is inappropriate. However, serious difference of opinion manifest themselves in the debate about the desirable direction of change.

Proposals

A wide range of proposals have been made, ranging from complete reliance on the market. A number of intermediate positions are also possible.

Implicit in these proposals are a diverse range of value positions as well as differing estimates of the capacity of the various possible actors to make a contribution to improved performance. These assumptions are not always well articulated (or even well understood). I want therefore to start my address by outlining four requirements which a new housing policy ought to meet and to suggest reasons why these should become widely held objectives.

In the first place, housing policy must be comprehensive. It must offer the best deal possible

THIS is a speech on the housing policy for a new South Africa by Mr Jan Steyn, chairman of the Independent Development Trust, made at a housing conference at Unisa.

to all South African households and not merely to those in the middle class, or even the unionised working class.

The needs of those households with members working in low-income formal sector jobs or in the informal sector must also be dealt with. Not to do so is only to neglect the people most in need of assistance.

It also means that unless these needs are addressed, a great number of people will end up in overcrowded, unsafe shelter and that the efforts of both the state and the formal private sector will be overwhelmed by land invasions.

Equality

Secondly, housing policy must respect the principle of equality of treatment by the State. Antiquated practices which treat households differently on the basis of imputed racial identity have no place in the new South Africa. People currently classified as "white" or "coloured" or "Asian" have no right to greater support from the State than black people in the same circumstances.

Of course, households may have different priorities and may want to put the same amount of State assistance to different uses; other things being equal, a housing policy which enables different tastes to find expression is to be preferred over one which does not.

Resources

But these two issues are different and every attempt to confuse them should be resisted.

Thirdly, housing policy must efficiently mobilise all resources capable of making a contribution. This requires an unprejudiced assessment of the capacities of various actors in the field.

Heavily ideologically biased approaches of either a statist or an



anti-statist kind, will serve only to obstruct the search for improved performance.

Finally, housing policy must be sustainable. One looks with considerable suspicion on calls for massive programmes which are not accompanied by estimates of cost and proposals for financing.

Claims

Equally unacceptable are single issue approaches which ignore the competing claims of education, health and welfare (to name just three important fields) on public and private resources.

And, while a case can be made for an economic growth potential in 1990s considerably greater than the actual poor performance of the 1980s, the formidable political difficulties of realising this potential must be acknowledged.

A robust housing policy must be capable of application in a context of modest economic growth (say, 3,5 per annum). If higher rates of growth are realised, it would always be possible to achieve more in a shorter period of time.

Realities

There are also certain realities which have to be accepted. Chief among these is the fact that - barring miraculous rates of economic growth - no government will be able to ensure that even by the end of the 1990s that all households will be accommodated in conventional housing.

Slow economic growth and rapid urbanisation means that the proportion of households in the metropolitan areas living in absolute poverty has risen. If we accept at present a poverty datum



Mr JAN STEYN

line of R700 a month, about 40 of households in metropolitan areas outside the homelands and 55 percent of households in the homeland sections of cities receive income below it.

On the other hand, the smallest conventional house now costs between R35 000 and R40 000. Even with the operation of the first-time home-buyer's scheme one currently needs an income of three times the poverty datum line to afford conventional housing.

Mortgages

Of course, current mortgage rates are high and incomes depressed as a result of recessionary conditions. However, the gap between affordable payments for shelter and required repayments on conventional houses will remain much too large for any government to be able to bridge by housing subsidies.

The second reality is that the market for conventional housing among all population groups is probably approaching equilibrium. By this I mean that the old administrative constraints which prevented demand for effective representation in the market place have been broken.

* The second and final part of this report will be published tomorrow.

Removing obstacles to housing progress

Suetan 7/9/90

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MANY people have called for a housing "kick-start", both to stimulate economic activity in general and to deal with a major basic need. But is not in the conventional housing market that this kick-start can presently be generated. Rather, one should be looking at two other markets - the market for starter or core housing and the market serviced sites on which incremental housing be built.

In both these markets, political and administrative constraints continue to hamper construction of what households are able to afford.

Let me identify seven such constraints. The first five will have to be dealt with by the Government. There is also a task apiece for business and the communities.

In the first place, land in sufficient quantities and at appropriate prices (as projected by demographic and economic studies), must be made available for the development of serviced sites and starter housing.

Progress

Over the past few years, considerable progress has been made in the identification of land as suitable for township development in general. Such identification, of course, immediately increases the value of land.

In order to keep land price increases within bounds, it may be necessary to make new distinctions: to say that some land is for any kind of residential land, but that other parcels can only be used for site and service development or for starter housing to be sold at prices below a certain limit.

Such limitations on end use will serve to limit the prices which people are prepared to pay for raw land; these prices will, of course, be higher than the price of the land in agricultural use, so that specialised development rights will be valuable.

Secondly, there must be sensitive planning in relation to the location of such areas. Whilst piracy of land cannot be defended,

TODAY we continue the second and final part of a speech on the housing policy for a new South Africa by Mr Jan Steyn, chairman of the Independent Development Trust, made at a housing conference at Unisa recently.

poor planning and statist policies exacerbate social tensions.

I am glad that it is recognised today that households able to afford only starter or incremental housing have to be accommodated in our cities. The choice is not whether or not to have households with low or modest incomes in the cities; the time when that choice could have been contemplated is long past. It is whether to have them in decently planned settlements designed to offer the best facilities possible in the economic circumstances, or whether to have poorly located, badly serviced and overcrowded settlements with perpetual disputes about ownership.

On the other hand, it should be recognised that residential systems should be planned so as to yield reasonable income gradients across space. Immediate physical juxtaposition of low-cost shelter with expensive housing is bound to met with fierce and understandable resistance.

Thirdly, there needs to be an appropriate subsidy policy. Private ownership of shelter not financed by mortgage loans is completely unassisted by the present state subsidy system. While it is impossible to replace it with a system which will enable every household to afford a conventional house, it is certainly within the bounds of possibility to apply a capital subsidy to each serviced site and starter house for which there is effective economic demand.

The level of this subsidy should cover most of the cost of a modestly serviced site. The corollary is reorientation away from increasing the capital of housing commissions in order to construct family housing, for which the state needs to find not only the subsidy component, but the balance of the construction cost as an advance against repayments.

Under the capital subsidy scheme, on the other hand, the

non-subsidy component of the price of shelter is mobilised through the market, enabling the private sector to contribute to housing finance.

This, in my view, is critically important.

Fourthly, level playing fields need to be established between the state and the private sector in the provision of housing.

If the state provides housing on a properly commercialised basis, then it is entirely reasonable that it should compete with the private sector, the same subsidy rules applying across the board.

In such a way, monopoly situations are avoided and the spur of competition encourages the technical innovation needed to reduce the cost of housing in relation to the average wage level. If, however, the state is able to offer housing at prices made possible by all kinds of hidden extra subsidies, the private sector will face unfair competition and will be reluctant to make a contribution or may even be completely prevented from doing so.

Monopoly

This creates the condition for an effective state monopoly on housing production, which has failed wherever it has been attempted. The stimulus to efficiency and innovation is lost and the political pressures to produce expensive housing for a few rather than to treat everyone equally, powerfully reinforce a deplorable tradition of ruthless patronage politics.

Fifthly, a way has to be found through the political, administrative and financial mess at local authority level. We need to facilitate the establishment of agencies capable of providing services which are affordable and which relate to the nature of site and service and starter housing developments.

This requires a set of agree-

ments on standards and cost recovery which do not impose an impossible burden on the state. It may well be necessary to address the particular problem of new settlements of this kind, attempting to lift it out of the difficulties in existing areas.

Reference has already been made to efforts to reduce the minimum sizes of mortgage loan which financial institutions are prepared to offer.

The Urban Foundation has been instrumental in establishing a loan guarantee fund in order to reduce risks in a new market to acceptable levels. It has also taken a lead in establishing a Group Credit Company which offers small unsecured loans for relatively short terms and (inevitably) at higher interest rates than the mortgage rate, though appreciably lower than rates generally available in the informal money-lending market.

Other initiatives are possible. Loans can be made by companies or financial institutions against the security of withdrawal benefits in pension and provident funds; these can have the effect of cushioning households against high real repayments to later years when inflation has eroded the real value of bond repayments.

All these efforts are designed to open financial markets on the best possible terms for people who have, up to now, had very little access to them. They make a substantial difference to the pattern of demand, provided that the other necessary changes are made at the same time.

Finally - and perhaps most importantly - I wish to refer to the contribution that the communities, through their organisations, can make.

Indeed, this is the key to achieving everything else. The prospect of political change has induced considerable expectation - and rightly so.

The development of democratic institutions - which work - is the key to achieving the advanced industrial society which will provide the material framework for the satisfaction of popular aspirations.

THE first necklacing murder was committed in a township whose name belied the gruesome act as well as the lives of its residents.

It's called kwaNobuhle — the place of beauty, near Uitenhage: a description far from true for any but the most wealthy sections of a township.

The first occurrence in the Transvaal of this horrific invention was in another township with a misbegotten name — Duduza, which is meant to be a soothing place, but is not. In the Free State there's supposed to be happiness in Thabong but for most of this year its residents have lived in fear of their far-right neighbours in Welkom — a town in which they were not welcome, except as labourers.

There is something particularly South African, in keeping with "apartheid culture", about the official place names scattered around the country — a deliberately misleading practice that started with Acts of Parliament after the Nats took over the reins of power in 1948.

The Suppression of Communism Act meant what it intended, but the euphemistically-named Mixed Marriages Act gave the law the powers to do exactly the opposite — no mixed marriages and imprisonment for any couple who dared to make white blood impure. And the purpose of the Extension of Universities Education Act was to prevent another impurity by abolishing integrated education, even if only a few black students ever entered the hallowed groves of academia.

Granted that this Act did "extend" universities by setting up establishments in the bush, but they were still not towers of learning. There was no academic comparison between Turfloop and the University of the Witwatersrand, as the students forced to trek to the northern Transvaal and Zululand for their education made clear often enough. They held strikes, boycotted classes and took other disruptive actions that led to the slogan "liberation before education".

That was rule by law — dictatorial — rather than the rule of law under which democracies are supposed to live. And all South African governments have claimed to be democratic, despite evidence to the contrary.

Then there's rule by propaganda. The first townships, known then as "locations", were given names that were memorials to people — Sophiatown outside Johannesburg after the wife of a land developer; Lady Selborne beyond Pretoria for the wife of a colonial master; and kwaMashu in Durban is the Zulu corruption of Marshal, the name of the farmer who previously owned the land.

The inspirational names of the new-



The ironies of South African place names

er townships have been imposed by officials who think residents can be persuaded to believe that their lives under apartheid are as happy as those of their masters in, say, Sandton for those living in Alexandra township within sight of the posh Johannesburg suburb. Apparently some do believe the propaganda, if the number of rattle-trap cars bearing stickers which declare their love for that "dark city" are taken into account.

Alex was a bad enough slum when I skulked along its potholed streets, some of them cut off by *dongas* and streams in which sewerage floated. Only those denizens of the night, *tsotsis*, didn't skulk in the dark city which had no street lights. It is, sadly, much worse now: more of a sewer than a slum. The survival of freehold rights are about all that can be said in favour of Alex, although some residents will possibly disagree.

There is something peculiarly South African about the inspirational names bestowed on townships by officials deemed to know what is best for their residents, says

ARTHUR MAIMANE

On a grander scale is the homeland named Bophuthatswana by propagandists in Pretoria. How could they believe that the jigsaw pieces of land allocated to the baTswana were enough to be a homeland for all of them when they obviously couldn't cope even for a weekend with a gathering of a fraction of all the baTswana.

North of mmaBatho, the Bop capital, is a bigger city with a gory name that was only too apt in the last century: Bulawayo — "where people are killed" — as they were by the Ndebele

kings who had fled into what is now Zimbabwe from the Zulu impis in Natal.

History does not say how many were executed in Bulawayo; and it is still not certain how many have been murdered in the current bloodbath along the Witwatersrand. Be it 500 or 600, the fighting has, unfortunately, provided proof that however inspirational the imposed names of the newer townships, the residents are not overjoyed by their lot as the wretched of a potentially wealthy land.

Phola Park on the East Rand has been a war zone rather than a place of relaxation. Neither has Kagiso been a place of peace; Thokoza a township in which to rejoice nor Kaitleng the home of success. One name that was not imposed by propagandists and has the same gruesome ring of authenticity as Bulawayo is Mshayazafe — beat him to death. The residents of this

squatter camp accepted the name, whoever first thought it up, and Mshayazafe has been the scene of death and brutality during the Natal fighting.

Unlike the official name for a squatter camp in the Cape, Khayelitsha. The inspired propagandists expect its squatters to believe that the shacks they live in can be praised as new homes. The same goes for Lethabile — "the sun has risen". It is the site to which the residents of Oukasic, near Brits, were forcibly "re-settled". And "re-settled" is another false word.

The Free State boasts Thabong as well as Botshabelo — "a place of refuge". The immediate question the name raises is why any African should require a place of refuge in his native land. The name has turned out to be prophetic now that its residents are refusing incorporation into Bophuthatswana.

Govt lifts housing subsidy ceiling

PRETORIA — Government has raised the ceiling on the housing subsidy for civil servants from R50 000 to R70 000 from the beginning of next year.

In a statement released at the weekend, Administration and Economic Co-ordination Minister Wim de Villiers said that, after representations from staff associations and an investigation by the Commission for Administration, the Cabinet had approved housing benefits to all Exchequer personnel.

The present limit for the subsidisation of mortgage debt in terms of house-owner allowances would be raised from R50 000 to R70 000 from January 1 next year.

EDYTH BULBRING

Existing measures for assisting officials with mortgage loans higher than R50 000 would be continued until the end of the year and would then be replaced by the new scheme, De Villiers said.

Public Servants' Association GM Hans Olivier said at the weekend about 20% of public servants were making use of the scheme. The PSA had asked for this scheme to be implemented from October 1, but budgetary constraints had not allowed this.

The PSA was therefore happy with government's decision, he said.

016/11/1979

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Rabie reports substantial drop in bottom-line profit

5/10/91 179/90

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EDWIN UNDERWOOD

RABIE Investment Holdings, the national housing developers, have reported a bottom-line profit of R4m, down 35% from last year's final results of R6m.

Earnings a share fell by 40% to 20,8c (34,9c) and the directors have decided not to declare a dividend as they wish to conserve working capital.

Chairman John Rabie said the company had been hard hit by high interest rates, township upheavals and inconsistency in the state's administration of subsidies for first-time buyers, which wreaked havoc in the residential development industry.

Rabie said difficult trading conditions frustrated efforts to conclude sales at a satisfactory tempo.

Nevertheless turnover for the year rose by 34% on an index basis.

The value of fixed assets plummeted by 85% to R2m (R14m) — a result of last year's merger when certain assets and liabilities were merged into Kwikspace Holdings, resulting in new investments on the group's books of R13m.

Cash reserves fell by 85% to R1m (R8m).

Rabie said this was a result of the difficult conditions faced by the group.

He said there was a meaningful contribution to earnings from the prebuilt accommodation business of Kwikspace Holdings, of which Rabie holds 40%.

Rabie anticipated another sound contribution to earnings from Kwikspace, which includes the CI Homes, Zozo, Ready Built and Prebuilt Products business.

"However, current conditions make forecasting difficult, particularly in the housing market," he said.

"A stable and peaceful environment will lay the foundation for growth flowing from an anticipated strong demand for housing.

"Our Future Homes range is expected to appeal to many of the 120 000 people to be housed through the Loan Guarantee Initiative over the next three years.

"And the lifting of the Group Areas Act, especially in Johannesburg and Cape Town, will open new markets for us," he said.

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12/9/90

Cape Times, Tuesday, Sep

By BARRY STREEK

PEOPLE living in hostels were so enraged by their degradation and awful conditions that it took very little to get them out to kill, a University of Cape Town anthropologist, Dr Mamphela Ramphele, said yesterday.

This had been demonstrated in 1976 when it was proved easy to use hostel-dwellers to attack township residents.

Once they had been instigated to attack, a momentum developed that could not be stopped, she said at the annual congress of the Association of Black Accountants of Southern Africa (Abasa) in Cape Town.

"All it needs is for someone to say over drinks 'By killing you will feel like a man' for it to happen."

Dr Ramphele, a member of the Independent Development Trust who has conducted research among hostel-dwellers in Cape Town over the past five years, said everyone was responsible for the current situation, including other

Hostel living fuels killing fever



Dr Ramphele township residents who looked down at them. "I know just how en-

raged these hostel-dwellers have become. They have been denied the right to be full citizens of Cape Town."

They were not migrants at all and some had been living in Cape Town for 40 years.

"They are enraged by the dehumanizing conditions in which they live.

"It is simply awful," Dr Ramphele said.

People had seen what had happened in 1976: "It takes very little to get them out to kill."

Their anger and violence usually turned inwards but it took little for that violence to turn outwards.

All South Africans had to recognise the humanity of these people, as some church people had done by praying with them.

"It is no good demolishing or bombing the hostels, nor can we wait for a change of government."

It was the responsibility of the private sector to intervene in this situation and provide the hostel-dwellers with decent accommodation.

No VAT likely on low-cost housing

Several changes are currently being made to the draft bill on Value Added Tax (VAT), Dr Org Marais, deputy Minister of Finance, said this week.

While he would not elaborate on all proposed changes, he said a method had been found for low-cost housing to be exempt from VAT.

Dr Marais has just returned from a two-week trip abroad during which his delegation visited various countries in Europe to study the practical effects of a changeover from GST to VAT.

"Although the cut-off date for representations to the VAT Advisory Committee has already passed, we would still be prepared to listen sympathetically to appeals from various sectors of the community," he said.

Dr Marais, however, said exemptions from VAT, which comes into effect in October next year, would be kept to a minimum.

"We will not allow the in-

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tegrity of the VAT system to be undermined by an increasing number of exemptions.

"This would erode the tax base, as happened in the case of GST, which meant a higher rate of tax in general."

He dispelled fears that the introduction of VAT would boost inflation.

Experience in most other countries that had made the transition showed that the inflationary effect was at worst minimal.

What might happen, as in the case of Ireland in recent years, was that government income could rise substantially in the first year of the change-over.

Hopefully, the same would happen in South Africa, he said.

One major impact of the VAT system was that capital equipment would be tax-exempt, thus reducing the cost of capital by as much as four percent, he said.

Dr Marais said he intended embarking on a major publicity campaign in order to force manufacturers who would benefit from the exemption to pass on reduced costs to consumers.

"I am even prepared to publish a list of all the companies and manufacturers who stand to gain from this exemption in order to force them to pass on the savings," he said.

Inside
Out

ANN
CROTTY



Ann Crotty hung up the "Gone fishing" sign this week but will resume her Inside Out column next week.

20 SEPTEMBER 1990

Squeeze on black housing!

By COLLETTE CAINE

Press R3

IN a shock move two major building societies in the black-homes' market have pushed up house deposits from 10 percent to 20 percent, drastically reducing the chances of many to own their own homes.

The two building societies - the SA Perm and the Natal Building Society - are also asking employers for guarantees and are applying income rules for bonds more strictly than before.

At the same time major building contractors are adopting a wait-and-see attitude before tackling new developments. Some have even reduced the prices of newly-built houses by as much as 15 percent to get rid of existing stock.

United Building Society General Manager Piet Kruger said the UBS was sticking to the 10 percent minimum deposit, but was being more selective in granting loans.

Upped deposits no picnic for buyers

He ascribed the downturn in development in black areas to:

- The high interest rate;
- Uncertainty about the government's first-time buyers' subsidy scheme;
- Township violence; and
- Bond boycotts in areas like Khayelitsha, Old Crossroads and Daveyton.

He said it was extremely difficult to invest in new developments unless the political situation normalised.

He welcomed an announcement this week that the six-month bond boycott of 1 400 houses in Old Crossroads and Khayelitsha in the Cape had been discontinued.

Observers, however, don't think it would do much to restore confidence in the black housing market.

Building Industries Federation of South Africa (Bifsa) economist Dr Charles Martin said the increases in interest rates on home loans to 21 percent had a negative effect on the building industry.

National Association of Home Builders (NAHB) executive director Johan Grotzius said some members of the association were wary of future involvement in black housing.

The uncertainty about the future of the government subsidy scheme for first-time buyers had hit the industry hard.

In June the government announced it was immediately limiting the black housing subsidy scheme for first-time buyers to people earning less than R2 000 instead of R3 500 a month.

After representations from the NAHB and other organisations, the scheme was reinstated and granted R30-million to last to the end of the year, but the future of the scheme remains uncertain.

The cutting of the subsidy showed the building industry in black areas was not healthy because it could not survive without the subsidy, Grotzius said.

Builders are not optimistic about this week's launch of the Urban Foundation's R3,5-billion loan guarantee scheme which limits loans to R5 000.

Builders point out that plots cost up to R12 000,

leaving just more than R20 000 for a house - which cuts into profits.

But pulling out of black housing is not a solution for many developers who have invested millions of rands in land and other assets and make a huge slice of their profits from black housing.

Gough Cooper Homes marketing manager Russel Cuthbert said the company was dedicated to the black homes' market, and despite difficulties, would not be pulling out.

"We do 90 percent of our business in the black market and have invested more than R20-million in land alone. We are trying to find ways around the problems being experienced in the black homes' market," he said.

Gough Cooper last week reduced house prices throughout the Reef by up to 15 percent. Although this cut their profit margin, the company hopes to recover their losses by increasing sales.

Bester Homes manager Rob Henderson said the company was still heavily involved in black housing, but not to the extent it had been.

Henderson predicted higher minimum deposits would further reduce the number of houses being built

Big home-loans scheme nears launch date

By Michael Chester

The Urban Foundation began the countdown yesterday to a November 1 launch for the first flow of home loans from a R3,5 million scheme to tackle the black housing backlog.

The first phase of the new scheme, it was announced, promised to give the opportunity of home-buying to at least 40 000 low-income families.

No fewer than 250 000 parents and children were expected to be housed under the new deal in an initial phase that was poised to release R1 billion in extra funds to boost the black

housing programme.

An additional R2,5 billion was expected to be provided by financial institutions.

The launch date was set in Johannesburg at the first of a series of special seminars being held to brief builders, banks and building societies on the new legal and administrative systems to be used in working out home-bond details.

Stress was laid by housing consultant Mike Morkel on the need for employers to formulate new corporate schemes to help employees with their housing problems.

The scheme, he said, was ideally placed to finance home-buying by employees earning between R750 and R1 200 a month, who could only afford houses priced at R15 000 to R25 000 and cash deposits or collateral of about five percent of total costs.

The broad outline of the scheme was first announced by the Urban Foundation late last year.

The key to the new formula was the creation of a R20 million package to finance a special loan guarantee fund that protects home-bond lenders

from the risk of defaults by home-buyers, and is backed by the Association of Mortgage Lenders.

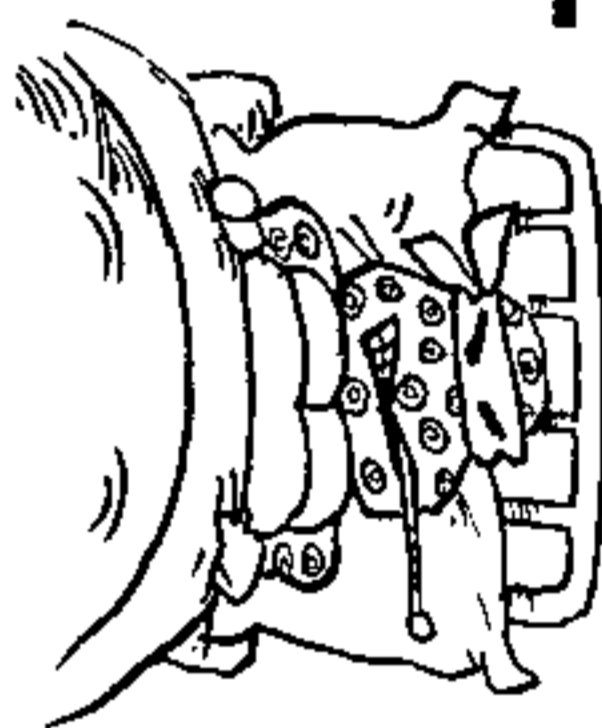
Cash was ploughed into the insurance package by the governments of Britain, West Germany and Switzerland as well as big business at home and overseas.

The multiplier effects of the insurance cover against the risk of defaults in payments, according to the Urban Foundation, allowed financial institutions to pledge R3,5 billion to boost home-bond funds available to low-cost housing.

Trends

Helping you keep up with the future

The shorter you are, the longer you'll live. That's according to an Ohio accident who claims that two centimetres in height can make a difference of 1,2 years in longevity. — Daily Mail.



The Ninja Turtles may be heroes, but the real thing — pet turtles — can be a health hazard. Turtles are known to be a source of salmonella and other infections. — The Independent.

Sign on a California bus terminus: "If We're Late You Ride Free". Commuters will be repaid their basic fare if a bus is 15 minutes late at a scheduled stop. — New York Times.

HOUSING

Light living for locals

The wolf might have been thrilled at the idea of a house built of polystyrene — but the three little pigs needn't have worried. He wouldn't have been able to blow them out of this one.

Polystyrene houses, based on a revolutionary Swiss-designed building method known as the "plashau" system, will be introduced to South Africa next year. They are cheap and quick to build, developers say.

Constructed with an extrusion of reinforced polystyrene wrapped with reinforced steel and covered with concrete walls and roof, the house looks like any other built with ordinary building materials.

The difference, claims Ezra Shidlovsky, who is responsible for bringing Plashau to South Africa, is that this method is cheaper and quicker, the house does not crack or burn and has better acoustics than conventional houses.

A 73 sq m house with kitchen, bathroom and toilet,

lounge and three bedrooms costs R36 500. A 12 sq m room costs about R1 400, which includes erection costs. An 18 sq metre room costs R1 750 and 22,5 sq m room R1 990.

To save labour costs, buyers may receive free training to erect the building at ESCC Builders (Pty) Ltd. They have the choice of buying only the kit or paying extra for labour.

This scheme is aimed at squatters, Mr Shidlovsky says. It comprises one square room with one door, one window and no toilet, bathroom and kitchen.

Mr Shidlovsky says this is a more secure abode for squatters and will help alleviate the housing crisis.

But, a housing expert and the Squatter Association see it as a more sophisticated shack which makes squatting acceptable.

Eric Ntshigela, chairman of the Squatter Association, says squatters will decide whether this is what they want.

"From my dealings with squatters I know they prefer brick houses with prop-

er sanitation, water and electricity."

The South African Housing Trust is offering two-roomed brick houses with a toilet and bathroom for about R10 000. The houses also come with a foundation for another two rooms which can be built on.

Mr Ntshigela says squatters have inspected these houses and have suggested certain changes which the housing trust has accepted.

Squatters

It is important for squatters to be directly involved in any plans for their housing needs, he says.

An architect from the Built Environment Support Group, Bro Walton, says housing must be looked at in a broader socio-political context, and not just in terms of providing a roof over one's head.

At a time when the country is looking at doing away with the hostel system and squatting, it is important that developers take this into consideration when introducing housing

schemes, he says.

Technically, the Plashau system appears to be good as it is used in countries which have high building standards — Italy, West Germany, Spain, Yugoslavia, France and the Soviet Union, Mr Walton says, but it is a new system and people may be cautious.

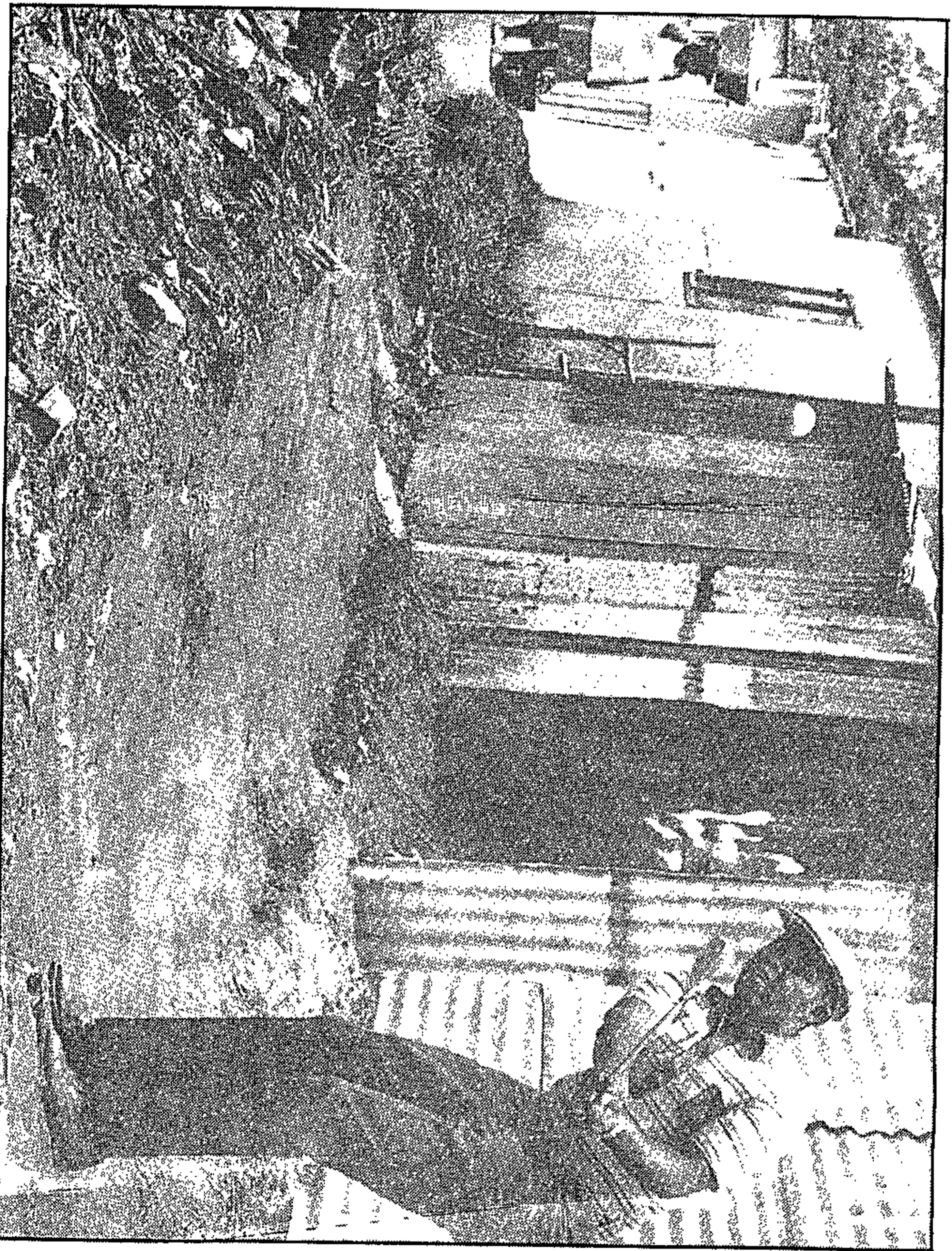
Tradition and attitude influence people's choices, he says. People are familiar and comfortable with brick, mortar and tin.

Anything outside these materials might appear to be inferior, especially at a time when squatters are demanding the same type of houses as those in the white community.

Block houses of 60 sq m were selling for R27 000 in Durban two weeks ago, Mr Walton says.

There are various low-cost housing schemes being marketed by developers, most of them without any consultation with the community whose needs they are expecting to serve, he says.

SHAREEN SINGH



Pressure on land and housing turned what was once a golf course into a shantytown in Soweto. Now a developer says a new concept has been introduced to this country which could alleviate the housing crisis.

A new concept in housing — polystyrene homes — will be introduced in South Africa next year. A private developer says they could alleviate the housing crisis. But experts in the field, with a broader socio-political outlook on the problem, are critical.

Fall in Ilco Homes bottom line

HIGH interest rates and reduced consumer spending have brought mass housing construction company Ilco Homes' bottom line for the year to June down to less than a third of its 1989 level.

Attributable earnings dropped to R2,6m from R9m. On earnings of 8,5c (29c) a share the directors maintained the dividend at 7,5c, unchanged from 1989.

CE Adrian Demmers said two major projects had to be abandoned during the year because of decisions taken by local authorities "due to outdated housing policies and increased red tape in property development".

Profits were also reduced by a net interest payment bill of R1,9m compared with an interest income of R1,8m in 1989.

Current liabilities on the balance sheet rose to R21,6m from R18,2m and most of

CHARLOTTE MATHEWS

this increase was in interest bearing debt.

The company does not pay tax because it has contingent development expenditure allowances. R 10m 28/9/90

Demmers said forecasting was difficult in prevailing circumstances.

He believed a major solution to current political instability was mass housing.

The company has started a 5 500 home development aimed at middle and lower income groups.

It is also trying to get a development in the PWV approved which, if successful, will house 250 000 people.

On a current share price of 95c, Ilco's dividend yield on the latest dividend announcement is 7,9% compared with a sector average of 7,5%.

Dynamite with a short fuse — the black housing crisis

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WALTER Sisulu, internal leader of the African National Congress, has described the black housing and educational crises as

“dynamite”.

For several years now, we have witnessed explosive clashes between the authorities and the people over these issues.

Under the National Party and its operatives in other institutions of authority, we can expect little respite on these issues.

The ANC leadership recognises that whoever takes over the government will inherit serious problems, since dispossessed people will expect their lot to be improved overnight.

Housing and educational problems go hand-in-hand, but the question of decent housing is arguably the more crucial. Tiny, overcrowded homes, often without electricity supply, are not conducive to encouraging children to study indoors.

This enforced lack of interest in studying at home has repercussions in school, where the same pupils won't care much if they lose out through boycotts.

If government is not interested in providing decent shelter for citizens who desperately need it, it should not complain that black educational institutions are a waste of money because of boycotts.

And because the government and other authorities have neither the inclination nor a visible strategy to tackle the housing crisis, black people put up crude shacks on land near towns and cities. These people are called “squatters”.

Having determined that 87 percent of the country belongs to them, white people have regularly voted into now-

in support of the right of the homeless people to stay where they are, but have urged the authorities to provide the basics of water, electricity and sewage disposal, and to ensure that health hazard is eliminated.

Concerned organisations have repeatedly written to the government, the provincial administration and the House of Delegates, calling for an improvement in the conditions at the camp. They have been shunted from pillar to post by the bureaucrats.

Now we have a situation where officially-approved residents of Lenasia are at loggerheads with themselves over the camp, and some of them are at loggerheads with camp residents.

The divide-and-rule policies of the National Party have reached their logical, explosive climax. But the Nats did not foresee that they would be called in to police those they have so divided.

They pass the buck. Recently, the House of Delegates, which has repeatedly denied responsibility for housing those who are not classified “Indian”, sent security guards to the



AMEEN
AKHALIWAYA

camp.

Obviously, a confrontation developed. Angry residents chased the guards away. Police were called in to keep the peace.

The HoD claimed the camp residents were illegally occupying land earmarked for “Indian” housing. In the same breath, it claimed the land was “dolomitic”.

The local ANC branch and the UDF-affiliated Federation of Residents Association have pointed out the obvious contradiction and challenged the HoD authorities to debate the problem publicly.

The wealthy HoD chief minister, JN Reddy, a champion of privatisation and free enterprise, has remained

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Having determined that 87 percent of the country belongs to them, white people have regularly voted into power governments that are very stingy with the allocation of the rest of the 13 percent.

The way the government controls the allocations means it believes, to all intents and purposes, that even that 13 percent belongs to it.

So when dispossessed people put up shacks on unused or disused land, how on earth can they be accused of "squatting" in their own country?

When they take occupation of a tiny piece of ground, they are hounded by officialdom either through the iron fist or the courts.

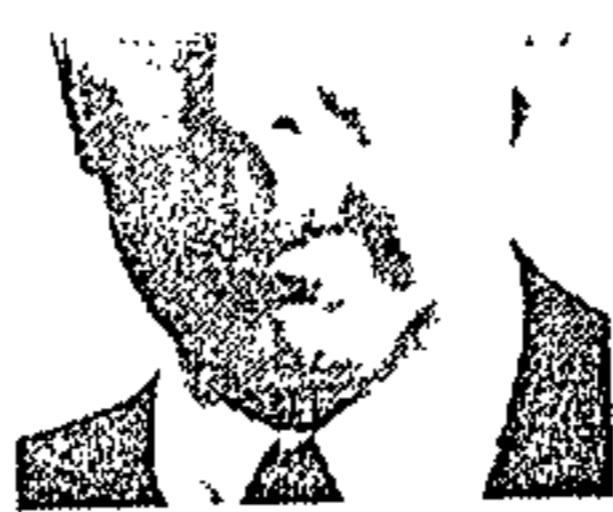
Take the Lenasia area as an example. Homeless people have erected shacks on vacant land opposite the neat houses which have been sold by the authorities to people who qualify under the Group Areas Act.

The camp of the homeless continues to grow. The reaction of some settled residents, who are classified "Indian", has shown how far down the slope of racism we have slid.

They have demanded that the camp be destroyed. Publicly, their argument is that it is a health hazard. Privately, they add that their property values have slumped and they blame camp residents for the high crime rate in Lenasia.

The irony is that the most vociferous anti-camp people are themselves victims of the Group Areas Act.

In turn, many other Lenasia individuals and organisations have come out



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AKHALWAYA

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The wealthy HoD chief minister, JN Reddy, a champion of privatisation and free enterprise, has remained deafeningly silent on where exactly the homeless people must go in their land of birth.

When he comes down from his high-salaried seat — paid for by the people against the will of the majority — he will perhaps explain to the camp residents why they are foolish to support organisations that demand "re-possession and redistribution of the land".

State President F.W. de Klerk, having publicly declared his Christian commitment to justice for all, will perhaps explain how the official hounding of — or at best, disinterest in — homeless fellow-Christian people can be reconciled with his beliefs.

He will no doubt explain it to those churches which are working hard to help the homeless.

For De Klerk has been a part of the government which some 10 years ago declared grandly that it would eliminate the housing backlog in a few years. His predecessor, P.W. Botha, appointed former postmaster-general Louis Rive to tackle the housing crisis in Soweto and then kwaZulu.

In the decade since that grand declaration, the housing crisis has deteriorated instead to such a level that Walter Sisulu can describe it as "dynamite".

Who can doubt his fears?

More importantly, who in government is determined to ensure that the dynamite doesn't explode?

To electrify every home in SA 'will cost R14bn'

CAPE TOWN — It would cost R14bn, or R700m a year over two decades, to electrify all homes in SA, research sponsored by Eskom and the National Energy Council has found.

A report, based on research by senior UCT electrical engineering lecturer Charles Dingley, criticises the existing structure of the electricity supply industry and proposes a major national programme to electrify all SA homes.

Dingley, whose report has attracted the interest of ANC deputy president Nelson Mandela and Mineral and Energy Affairs and Public Enterprises Minister Dawie de Villiers, estimates that four million homes, representing two thirds of the population, are without electricity — a level which is low even by the standards of developing countries.

A programme aimed at complete electrification within 20 years, including provision for population growth, would have to supply 350 000 new households a year at a cost of R700m, says the report.

The cost represents 18% of Eskom's annual capital expenditure and 1% of the national budget. The report notes that urban electrification projects would pay for themselves over a period of time.

Rural projects, however, would be more expensive because of low consumer densities.

According to the report, the project would have significant economic implications, providing suppliers and contractors with an annual estimated R1,4bn and creating about 50 000 new jobs in these sectors.

Sub-optimal

Dingley, a former Eskom employee, is critical of the "unsatisfactory and deficient" structure of the electricity supply industry and urges government to address the matter.

"It not only represents a major obstacle to the electrification of under-developed areas, but also results in sub-optimal use of national financial and human resources."

He says the delay in electrification of the country's underdeveloped

areas has nothing to do with the actual generation of electricity — Eskom's excess capacity is several times that of Koeberg and could supply every unelectrified home overnight.

Rather, the problems are institutional and financial.

In many areas, the supply authorities needed to operate and maintain the provision of electricity do not exist and the necessary funding is not available.

Eskom's approach to distribution in its recently launched electrification initiative is to set up a small local distribution authority in each area to be electrified.

But, says Dingley, this fragments the supply industry and leads to complex and intractable problems.

The report proposes rationalisation of the industry into a bulk supplier — Eskom — with no more than 20 area distribution boards covering the entire country.

Essentially, it proposes central co-ordination of a broader version of Eskom's initiative by a government-established, but semi-autonomous, National Electrification Board.

123
b/Day 2/10/90
LESLEY LAMBERT

HOUSING *FIM 5/10/90*
MATTER OF INTEREST

Serious concern has been voiced in the low-cost housing market over the role of a property marketing company owned by SA Housing Trust former MD Joe Taylor — because he is still a director of the trust.

Taylor was this week defended by his successor, Wallie Conradie, after minutes of a meeting between a trust official and its residential agents came into the possession of the *FM*. *(123)*

The trust's mission, according to its 1989 annual report, is described as "the improvement of the quality of life of lower-income communities through the funding and initiation of affordable mass housing . . . to maximise job creation (and) opportunities for entrepreneurs . . ."

Conradie says there is no conflict of interest involving the trust and Fortune Homes, the company formed by Taylor after he resigned as trust MD. Conradie says he and executives of the trust are aware of Taylor's chairmanship of Fortune Homes. "The trust currently has no contractual or other relationship with Fortune Homes."

Conradie acknowledges, however, that various trust residential agents "voiced their concerns about Taylor's involvement with Fortune Homes."

The trust has appointed residential agents in all the major centres through its Khaya-



Taylor . . . concern voiced by agents

lethu Home Loans division.

Taylor was an economic adviser to ex-President P W Botha; he now serves on the National Housing Commission and SABC board. His involvement and that of Fortune Homes in the property market emerged during a management meeting held by residen-

FIM 5/10/90 *(123)*
tial agents in August last year.

The point was raised by agent Dawid Human, co-director of PWV Housing Agency, in Fairland. Manie Smith, a former director of PWV Housing, joined Taylor's Fortune Homes last year.

The meeting was attended by Human; Bartel Pieterse and Dennis Graham of Graham Pieterse cc; Ivan Dembo of Projects Air Land Sea; and Frans van Eeden, a former trust official who is now a director of the iKairos agency. According to the minutes the agents informed Khayaletu's Dirk Ackermann of their "frustrations, mistrust and fears" concerning Fortune Homes.

Taylor reacted to the *FM* on Monday. He denies his company presents any competition to the residential agents, or that there is a conflict of interest.

He says Fortune Homes acts on behalf of developers. "We do the paperwork for the contractors. When we receive an application we take it to the trust, or the commission or a building society. About 15%-20% of the financing is done through Khayaletu." He says his company gets paid a stipulated commission per house sold: "R100 per house from the commission and R500 per house from the trust. Normal commissions are paid by the building societies."

Taylor says he is now involved with the construction of the Ultra City complex near Halfway House, Transvaal, through Founders Facilitators (a subsidiary of Sege Holding, the holding company of Prestasi Makelaars, of which he is a director).

Taylor's involvement with Fortune Homes — and the subsequent meeting with Ackermann — were recently mentioned in another document which initially had been compiled to serve as a petition to Planning, & Provincial Affairs Minister HERNUS KRIEL.

It was intended to form part of a written complaint by residential agent Ivan Dembo and fellow directors Trevor Horner and Linda O'Donovan, after their contract with Khayaletu had been cancelled.

However, Dembo tells the *FM* that legal action is being considered against the trust instead of a petition to Kriel. *Eddie Botha*

Homes: Special unrest (123) cover (123) needed

By BRIAN SOKUTU

HOMEOWNERS whose houses are destroyed during unrest cannot claim compensation from insurance companies without an additional policy with the South African Special Risks Insurance Association, the group's executive director, Mr George Raath, warned this week.

Many homes have been destroyed on the Reef since the outbreak of violence in August.

However, it appears many township residents are not aware of the special risks policy.

The association, said to have accumulated R2 billion, was started after the outbreak of the 1976 Soweto uprisings and has links with the Government, Raath said.

Help

But so far we have been running without any financial assistance from the Government, he said.

An average homeowner's comprehensive insurance policy only covers damages caused by a storm, earthquake or fire - not riot or unrest damage.

This would be covered by the South African Special Risks Insurance Policy at a rate of R22,50 a month for a home and its contents valued at R150 000.

The policy does not apply to council homes.

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Soweto 5/10/90
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Housing shortage a chronic problem

By ZB MOLEFE

THE country's chronic housing shortage presents a problem for South Africa now and in the post-apartheid future, says South African Housing Trust managing director Wallie Conradie.

But Conradie believes a number of innovative solutions have to be found to tackle this problem.

These include informal housing as the core of a national plan, a co-operative approach to the funding of low cost housing and a drive to help people become familiar with home ownership.

These suggestions emerged from the Trust's annual report released this week.

Trust chairman Simon

Brand says more than 4 200 000 people are living in squatter settlements in and around metropolitan centres.

This confirms research that urban South Africa can expect an influx of more than 956 000 new city dwellers a year for the next 20 years as urbanisation accelerates.

"Informal settlements will have to be recognised as an essential part of meeting the shelter requirements of the South African population on an affordable and sustainable basis, in tandem with more formal housing developments," said Brand.

The urgency of the housing problem is also illustrated by the report which quotes Council for Scientific and Industrial Research figures that put the housing backlog in metropolitan South Africa at more than 1 800 000.

The Trust has also recognised the danger of unscrupulous operators,

and has helped the Legal Aid Bureau set up a Housing Advice Centre to provide legal assistance and counselling "to those who may have been tricked".

In addition, points out Conradie's report: "Focused home ownership education is one of the most fundamental prerequisites."

There is also a regular programme on Radio Metro by the Trust's executives who discuss specific aspects of home ownership.

As a result of South Africa's chronic housing problem, the Trust has become a leading contributor in the affordable housing sector. Already it has approved R1,3-million to be spent on housing projects. This, points out the annual report, will result in the building of 62 681 houses and the provision of 54 831 serviced stands.

Statistics on the home- less also serve to under-



SA Housing Trust's MD Wallie Conradie.

score the urgency of the Trust's call for greater participation in housing by the country's financial and construction sectors.

The Trust is already deeply involved in studies, research and shelter experiments in a number of squatter communities. Nine prototype core units have been built and viewed by leaders in these communities.

These units can be built for R8 500 to R10 000, including the cost of a serviced stand. "Additional options may yet be added to these prototype units as the SAHT philosophy is non-prescriptive and is driven by the preferences of potential buyers in the lower income groups."

A subsidiary company of the Trust has already given the lead in this area by granting bonds of less than R10 000 on core units. The Palm Springs project north of Evaton in the Vaal is a case in point.

In calling for a co-operative approach to low cost housing by financial institutions, Conradie concedes that risks in this market have been underlined by (township) unrest and boycotts.

But he adds: "In-depth discussions held with some of these institutions during the year will continue with a view of clearly defining such underlying difficulties."

Violence is restricting township activities

BASIL Read Homes sees itself as addressing the housing needs of a new SA.

Housing MD Bill Henderson says: "Living conditions must be uplifted for political stability in SA."

"Housing must be a growth industry," he says.

Basil Read Homes is concerned with land identification, acquisition and township design, as well as

providing in-house service.

The company is involved in projects across the country, in communities of all race groups.

Violence and intimidation have been severely restricting on constructive work in the townships.

"If SA is to solve its political problems, these inhibiting factors must go."

The political scenario — and high interest rates —

have been detrimental to the industry.

"However, Basil Read has been cautious with capital expenditure and will continue to be," Henderson says.

"We intend to continue in housing."

A mitigating factor to the future of housing in SA is the trade unions, Henderson says.

123
"With the advent of stronger unions, the issue of housing has been appearing on negotiation agendas," he says.

"Unions are addressing worker requirements and this is including the implementation of subsidy schemes."

A large percentage of Basil Read's work is for workers who are subsidised by their employers.

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Director of the Johannesburg City Council's transport department Ed Curtiss, left, and management committee member Councillor Paul Asherson, show off the refurbished buses. Picture: REUTERS

Johannesburg testing bus refurbishment

Bloom 9/10/90
LINDEN BIRNS

A SCHEME to refurbish the Johannesburg municipality's 450-strong bus fleet could result in savings of about R150 000 a bus, transport director Ed Curtis said yesterday.

Speaking at the unveiling of five refurbished buses, Curtis said the rebuilding costs amounted to approximately R350 000 a bus — as opposed to a replacement cost of R500 000.

He said the council had decided to put the five completed vehicles on a trial of six months to a year. Their performance would be monitored and commuter reactions surveyed.

The five refurbished buses were all of different designs and the best points of each model would be incorporated into the final rebuild design if the scheme got the go-ahead, he said.

Extended

If the project is put into action, buses will receive an extended operating life of about 15 years. Most of the buses in the single decker fleet were purchased in the early 1970s.

The project involves the complete stripping down of the bus, an inspection, and replacement of fatigued parts. Single seats are included in place of the bench seating arrangement.

New braking and steering mechanisms are incorporated in the designs, as is a computerised central lubrication system ensuring regular lubrication and a cutback in wear and tear.

Refurbishment could take place at a rate of 30 buses a year, with the entire single decker fleet being rebuilt within 15 years, Curtis said.

Trust gives go-ahead on R500m for cheap housing

Bloom 9/10/90 Business Day Reporter (123)
THE SA Housing Trust (SAHT) gave approval for R500m to be spent on shelter provision projects in the year to end June, its annual report indicated.

Chairman Simon Brand said that this brought to nearly R1,3bn the total value of facilities approved by the board since the trust's operations began in 1987.

It was expected that these approvals would result in 62 681 houses and 54 831 serviced stands being made available. The value of advances made during the period was R268m compared with R142m for the 1988/1989 financial period.

New project approvals by the board of R500m in the past year indicated that the pace of work would continue to quicken in 1991.

MD Wallie Conradie said in the report that the trust was involved in 33 new projects nationwide in 1989/'90, and that most of the 9 114 new houses built were in the price bracket below R20 000 each. This included a serviced stand.

MATTHEW CURTIN reports that Brand said the trust would shift the focus of its loan guarantee operations towards the area of greatest need, and would even be prepared to consider involvement in core home developments of under R10 000.

He said the trust welcomed the launch of the Urban Foundation's loan guarantee scheme as long as its focus remained on the lower end of the conventional housing market.

The first mortgage loan under the Urban Foundation scheme was granted at the beginning of September. The Foundation arranged R350m in insurance, and financial institutions agreed to provide R3,5bn to provide loans for houses in the R12 500 to R35 000 bracket.

Housing standards 'unlikely to rise'

B/Dam 11/10/90

LINDEN BIRNS

THE building industry had to get away from the myth that in a new dispensation housing schemes would have to be of a high standard, Building Industry Federation of SA (Bifsa) economist Charles Martin said at a Housing Issues workshop on Tuesday.

"The economy simply cannot sustain this," Martin said.

Namibia's independence had shown that the international community was prepared to invest in development projects but would not give budgetary aid. This made it even more important for government to increase spending on housing projects, he said.

Cancellation

"There should be a gradual acceleration process where this is done, but a future democratic government would be acting irresponsibly if it embarked on a major housing project without consulting suppliers, as this would lead to inflation and rising building costs," he said.

Sage Schachat MD Rob Crockett said builders had a dual responsibility — to provide housing and to their shareholders. High interest rates had dented sales so profits had fallen since February 2 when President F W De Klerk had led the country into an era of change.

"The housing crisis actually deprives people of shelter and has resulted in the cancellation of contracts and the laying off of sub-contractors, supervisors and builders," Crockett said.

This, together with sanctions, political instability and escalating violence, had in-

hibited the home building industry with investors reluctant to make long-term commitments.

Perm housing division GM Denis Creighton said many South Africans aspired to housing beyond their means and called for a closer match between affordability and supply.

There was also an urgent need to explore the possibility of an unemployment insurance fund which could address the problem of people with outstanding loans becoming unemployed, he said.

Delegates agreed that SA's housing shortage was not something that would go away unaddressed with constitutional change and therefore needed immediate action.

A key point of agreement which emerged from the presentations was the industry's responsibility to talk to community and civic bodies in order to assess their requirements and aspirations.

They also agreed on the necessity for co-operation between the public and private sectors.

Delegates called for central and local government to streamline housing administration into one administrative body rather than the present 20 bodies.

This should happen together with a change in the stipulations for the identification and zoning of land for the development of low income housing.

The provision of full basic services and proximity to centres of employment were important factors for consideration, delegates said.

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Attacked conductor kills man

Crime Reporter

AN armed train conductor shot dead a middle-aged man — thought be a bystander — on Hazendal station while defending himself from about 30 knife-wielding passengers who refused to buy tickets yesterday morning.

Police said the dead man, who had not yet been identified, "was probably a bystander who got caught in the fire".

He was hit in the leg and bled to death on the platform.

The conductor, Mr Andries van Zyl, 24, was treated for bruises and a stab wound in the leg.

Police said violence erupted at Hazendal station in Athlone at 8am after Mr Van Zyl approached about 30 men who had boarded the train at Pinelands without having bought tickets.

The men pushed him off the train, then attacked him with knives.

Mr Van Zyl fired two shots in self-defence.

ANC proposes tax on white properties

Own Correspondent

JOHANNESBURG. — The ANC proposed a windfall profits tax on residents of exclusive white suburbs as well as a punitive tax on under-utilised property in low-density residential areas to recompense people whose land was dispossessed under apartheid legislation.

The "proposals and not hard-core policies" were put by ANC land commission member Ms Bongive Njobe to the Building Industry Federation of SA (Bifsa's) National Association of Homebuilders housing-issues workshop held on Tuesday.

Ms Njobe said strategies had to be put into action which would end the duality between exclusive white suburbs and their poorer neighbouring black townships and result in the establishment of non-racial democratic municipalities.

"At the moment there is vast under-utilisation of property in the exclusively white urban areas," she said.

"There should be a tax on this property as it would provide an incentive for land-owners to build cottages on their property which they could use for stimulating the rent market," Ms Njobe said.

While the ANC would not be able to nationalise urban land, some sort of compensation fund would have to be set up and be paid for by those who "unjustly benefited" from dealing with land dispossessed under the apartheid laws, she said.

Township infrastructure and services desperately needed to be upgraded and this should be carried out at the expense of white residents who enjoy the privilege of established infrastructures and services in exclusive residential areas, she added.

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'State shirking responsibility for housing'

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From MONO BADELA
JOHANNESBURG. — The

The government's policy on privatisation of housing has been strongly rejected by delegates who attended last weekend's ANC national consultative conference on local government and planning.

Privatisation was not designed to solve the housing crisis but to shift responsibility for providing housing and services from the state, participants said.

The conference resolved that land should be

made available to the homeless.

A conference on land issues is to be held outside Pretoria this month.

The ANC at the weekend presented its guidelines on local government which call for existing councils to be scrapped and replaced by nonracial, local interim bodies.

Conclude agreements

The democratically-elected interim bodies would forward proposals to be taken up during national negotiations.

Addressing a press conference at the end of a three-day conference in Johannesburg, Mr Thezani Botha, convener of the ANC's local government committee, said: "Existing local struc-

tures should not conclude agreements with city councils or other bodies because that may be taken at a national level."

However, he stressed that civic associations should engage in negotiations with provincial administrations on the delivery of services.

Botha said the regime should stop formulating new laws that apply to "our people, as we are moving towards a new South Africa".

He said legislation was being passed in parliament without black participation and "those very acts have implications for a post-apartheid South Africa. Let our people participate in the constitutional dispensation and formulate the kinds of laws that will govern us."

Botha said he was convinced that the two objec-

tives the conference had set itself had been achieved. These were to have an integrated approach of local government negotiations at local level and to look at regional differences so that plans could be made timeously.

A statement released at the end of the conference said the delegates representing civic bodies, trade unions, the ANC and the United Democratic Front had also resolved "that all apartheid legislation should be abolished before the transformation of local government structures can begin".

Botha said the next step for the ANC after the conference would be to prepare a document based on the discussions and resolutions at the conference for national discussion.

The statement added that civic associations should be independent of local authorities and autonomous of political organisations but could enter into alliances with political and other organisations on issues which sought to improve the quality of community life.

Shared tax basis

"To ensure community participation, people's assemblies should be established and the civic and the political organisations should draw up a charter on local government."

Delegates adopted resolutions on democratisation of local government, civic structures, local metropolitan and regional government, administration and training, an approach to local government negotiations, rural local government, finance of local government and housing.

The conference also called for the immediate implementation of a shared tax basis.

Earlier Mr Zola Skweyiya, head of the ANC's constitutional department, said the conference was part of the ANC's programme to prepare a new constitution for the country.

The conference was addressed by local and foreign local government experts. Foreign experts came from Zimbabwe, Sweden, Nicaragua, India and the United States.

Land tax: Proposal 'not policy'

By PIETER COETZEE
Financial Editor

THE ANC yesterday dismissed its own proposal of a tax on exclusive white suburbs as "merely a proposal and not hard-core policy".

ANC land commission member Ms Bongwiwe Nijobe proposed the tax on monied white suburbs — as well as a punitive tax on under-utilised property in low-density residential areas — earlier this week at a Building Industries' Federation workshop.

But yesterday ANC media relations officer Mr Saki Macozoma told the Cape Times that the tax was not part of ANC policy.

"The proposal was made only to throw open different options on the debate on redistribution of wealth and nationalisation," he said. "There are different ways of the redistribution of wealth of which land is but one."

Mr Gary Eaves of tax firm KPMG Aitken & Peat said nothing would be achieved by punitive tax measures on under-utilised property in low-density residential areas.

"What is needed is that money must be generated and therefore wealth created on a broad spectrum so that everybody can reap the benefits.

"Nothing can be achieved by breaking down on the one hand and then rebuilding on the other hand.

"The free market system has been proven to work and by penalising certain sectors of the population you do not create wealth."

By ANTHONY JOHNSON
Political Correspondent

HOUGHTON DP MP Mr Tony Leon yesterday called the ANC's proposal for a windfall property tax on house sales in white areas "racist in tone and intent".

Mr Leon, the DP spokesman on local government, said the ANC's proposals were "wrong and misdirected" and, if implemented, would lead to the collapse in the property market.

Mr Leon questioned what treatment would be meted out to the "many blacks" who were daily buying property in his Houghton constituency.

"If the ANC is serious about non-racialism and this windfall property tax, how are black persons increasingly resident in so-called 'white' suburbs going to avoid being hit by this tax, when they choose to sell their properties in a few months time, at a profit?"

Mr Leon said that contrary to "popular mythology", most whites were not possessed of numerous sources of income

DP slates land tax proposals as 'racist, wrong'

and investment and their single most important investment was generally a home.

"To threaten such an investment is simply to create insecurity, instability and to encourage a skills and capital flight out of the country at a time when South Africa can least afford it."

Mr Leon said the ANC's proposals would lead to a "massive" exchange of household properties between whites themselves or to fictitious close corporations prior to the implementation of the tax.

Thereafter there would be a collapse in the property market, he said.

Squeeze on rented accommodation as flat building winds down

By ROBERT LAING

RENTED accommodation is hard to find. No new flats are being erected and tenants in old buildings are seeing their homes sectionalised and sold under them at prices they cannot afford.

Estate agent Eskel Jawitz says: "It's a question of affordability. The market can't support the high rent needed to offset high-rise building costs."

"New flat buildings are not economical — especially with interest rates at 20-21 per cent."

Sable Holdings financial director Andy Bolleurs says: "People think residential ren-

tals have gone through the roof, but they are still not high enough to attract developers. I don't know of a new flat building that has been built in Johannesburg within the past 10 years.

"The returns on residential property are way below those of office or industrial property."

Financial institutions see residential property as bad business. Fedlife's property portfolio is a typical example: offices, 55 per cent; industrial, 27 per cent; retail, 12 per cent; vacant land, 4 per cent, hotels and residential, 2 per cent.

Residential buildings are a management

headache with little profit, according to the institutions. "You have hundreds of tenants complaining about the plumbing and other stuff. Commercial property is a pleasure — you simply collect your cheque every month," Bolleurs says.

Some estate agents blame the Rents Act for the lack of rented accommodation. Flats built before 1966 were rent controlled at prices landlords found unrealistically low.

Government hopes to rekindle developers' interest in rented accommodation by phasing out the rent control of white dwellings by the end of the year.

Rent control will remain for married ten-

ants with dependents whose gross income does not exceed R1 250 a month, single tenants with dependents whose gross income does not exceed R750 and tenants who are more than 69 years old.

Landlords will be prevented from increasing rents on decontrolled buildings by more than 10 per cent each year for the first two years after the abolition of rent control.

Axing rent control, however, is unlikely to harvest any new flat buildings.

"Economics dictates. Building costs and interest rates are too high to justify property developers investing in flat buildings," Jawitz says.

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Violence brings black housing to 'standstill'

The Argus Correspondent

JOHANNESBURG. — The black housing programme, designed to provide more than five million units by the year 2000, has come to a virtual standstill because of township violence.

This was confirmed in Pretoria yesterday by the Minister of Planning and Provincial Affairs, Mr Hernus Kriel.

He said banks and building societies were no longer providing new home bonds for blacks because loans were not being repaid.

Eight of the largest companies involved in township housing construction had stopped operations. They were now merely completing existing contracts.

"It is possible the companies will not return to this particular market.

Dropped dramatically

"Because of the violence the delivery of homes by the private sector has dropped dramatically in the Transvaal, from 20 090 in 1989 to only 13 541 so far this year. This is not a very inspiring picture."

Spokesmen for the Building Industries' Federation of South Africa, which is holding its annual conference in Durban, and the Urban Foundation last night said they would comment after Mr Kriel's comments had been studied.

Mr Kriel blamed "some political institutions" for the latest black housing crisis.

He called on leaders of the SA Communist Party, the African National Congress, the United Democratic Front and the Mass Democratic Movement to urge supporters to change their attitude.

"People have been told to withhold bond repayments except for R50 a month, to demolish every second house built so far or to add extra bedrooms to homes without paying for them."

Political purposes

"It is time people realised they are being used for political purposes."

Mr Kriel said he would like to discuss housing problems with the ANC and other organisations.

"The government's goal is to house every family, but to do so we needed the co-operation of the State machinery, the public sector and the population in general.

"About nine million people will become urbanised by the end of the decade. It is not possible for the State alone to provide housing for these people. The private sector must be involved.

"Until now it has been very active but an alarming situation has arisen. Eight major building companies have withdrawn, for a number of reasons, including unrest.

"They have said they cannot build houses where the lives of their workers and the security of their properties are being threatened.

"They also cannot obtain development capital nor bond financing from financial institutions."

Conditions could worsen in home-building industry

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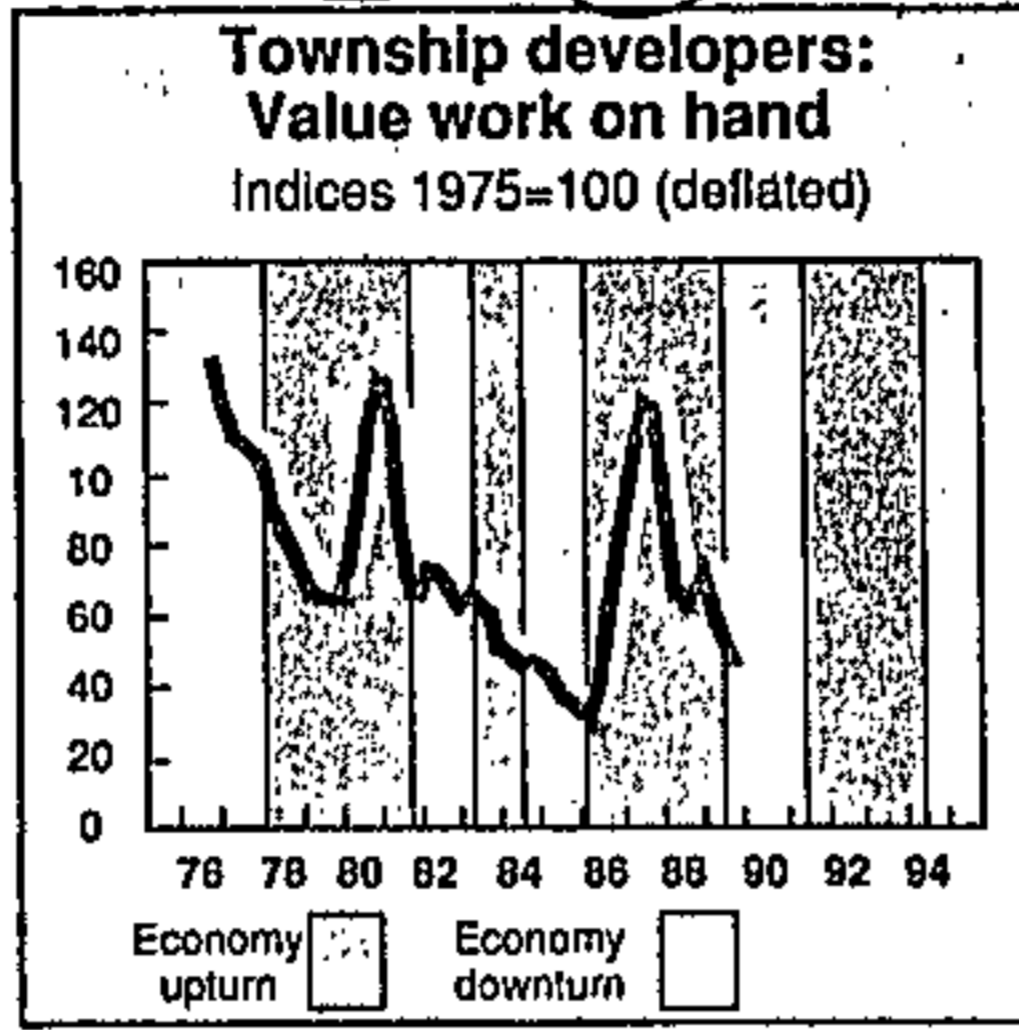
Reports by
CHARLOTTE MATHEWS

THE home-building industry is moving towards a downturn similar to that of the 1986 recession, according to a report commissioned by the National Association of Home Builders (NAHB).

The report, by Medium-Term Forecasting Associates (MFA), concludes that conditions in the industry are likely to worsen further in the next six to 12 months.

As a result of the sharp drop in the real value of work on hand in recent months, a number of township developers and home-building companies have left the industry.

Other reports quoted by the NAHB show that of 32 firms active in the white housing market in 1981 to 1984,



only seven remained in mid-1990. Two more firms recently announced their withdrawal.

NAHB executive director Johan Grotsius said unemployment was directly linked to unrest and the home-building industry was an im-

portant source of employment for the unskilled.

He quoted a recent statement from the National Manpower Commission that for every R1m invested in the building industry, 186 new jobs were created, compared with 124 in agriculture and 67 in commerce.

According to the MFA report, the increase in the funds allocated for low-income housing was to be welcomed, but these were still inadequate to meet the demand from first-time home buyers.

MFA believes R150m a year should be budgeted for the first-time home buyers' subsidy.

"The funds to speed up the housing process are available," Grotsius said.

"It is time they were channelled where the need is greatest.

"In turn, this would alleviate the severe recessionary pressure being felt in the industry."

Do-it-yourself sales system launched ⁽¹²³⁾

A NEW package has been launched to help home owners sell their own houses for a fraction of the cost of using an estate agent. *JE.S. 10 am 17/10/70*

The Private Seller System has been developed by R L Real Estate. It includes a video, instruction booklet, "for sale" and "showhouse" signs, all the necessary legal documentation, an advertising campaign and a full back-up service.

The advertising campaign consists of a month of classified and display advertisements with pictures in the local and national Press.

R L Real Estate MD Robert Luscombe said the average commission on the sale of a home costing R350 000 was R21 000.

The Private Seller System's, including advertising costs, was R1 950.

"The average commission on the sale of residential property in SA is two to three times that paid anywhere in Europe or the UK," Luscombe said.

"In these difficult and inflationary times, there seems little justification for this practice and the trend of informed sellers and buyers must surely be away from the exorbitant middleman."

The Private Seller System instruction booklet includes advice on how to price the house correctly. This is done by identifying positive and negative factors and comparing the price with other showhouses in the area.

Institute of Estate Agents president David Miller said selling your own house was not as simple as it seemed.

"It is like trying to do your own divorce settlement in court," he said. "It can work but often it doesn't."

The estate agent offers the seller the protection of screening off a passerby sees a 'for sale by owner' sign outside a house, he can walk up to the owner — who could be a woman on her own — and demand to be admitted.

On the legal side SA has 84 Acts altogether affecting property. Estate agents are required to have a basic knowledge of at least nine of these.

Moreover, not all attorneys are allowed to handle conveyancing — the transfer of property — because specialist examinations have to be written."

as long as that is not considered, any other measure is peripheral."

Earlier in the day, Mr. Mandela was presented with India's highest civilian award, the Bharat Ratna. He is only the second foreigner to receive the award.

Mr. Michael Mansell of the Tasmanian Aboriginal Legal Service said Aborigines planned to protest against Mr Man-

2 Cape Times, Wednesday, October 17 1990

Kriel slams sanctions

PRETORIA — The advocates of sanctions should change their tune so that the "enormous problem" of housing in South Africa could be solved, the Minister of Planning and Provincial Affairs, Mr. Hernus Kriel, said here yesterday.

He revealed at a media briefing that eight major building companies had withdrawn from the black housing market because of unrest and bond repayment boycotts. He feared they might not return to the market.

Mr. Kriel said it would cost R5 billion to provide housing for the 1,5 million "illegal" squatters — not counting the "legal" ones — and the two million backyard dwellers in townships.

He stressed business had to become more involved in black housing because the government alone would be unable to supply housing for the nine million additional people expected to become urbanised before the end of the century.

Mr Kriel identified those who called

Boycotts' end could solve housing crisis

for bond-repayment defaulting and sanctions as supporters of the SACP, ANC, Cosatu, UDF and MDM, and said the leaders of these organisations could "do the country a tremendous service by telling their supporters to stop this nonsense because it's not to the advantage of anybody".

Asked about housing arrangements for returning ANC exiles, Mr Kriel said:

"Announcements in this regard will be made by my colleague (National Health and Population Development Minister) Dr Rina Venter who is handling some aspects of this, but I personally have a problem and that is

that we have such a backlog of people who are living in South Africa that I doubt whether we would be able to make special provision for people who are returning.

"Surely the people who are here should also be provided with an opportunity to obtain a house?"

"I also believe there is such a lot of money available to the exiles through the political parties they support that I think the political parties will be in a position, as I see it, with all this foreign money that they have available, to provide housing and to buy land for that specific purpose."

In some black areas, rent defaulting

ran as high as 90%, and the "ridiculous demands" coupled to the boycott campaign were that every second house should be demolished to provide bigger stands, an extra bedroom should be built onto each house free of charge, and that bond repayments be limited to R50 per month.

Because of this, financial institutions were no longer prepared to put their money at risk, knowing they would not be repaid, he said.

The government's goal was that every family should be properly housed — formally or informally — by 2000, but the co-operation of the government, the private sector and the people of the country was required for this.

Mr Kriel said in order to achieve the goal of a shelter for all, he had directed the South African Housing Advisory Council to formulate a national housing policy, to be published as a White Paper.

He added he would welcome opportunities to discuss housing policies with extra-parliamentary groups such as the ANC. — Sapa

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Hitch for low-cost housing scheme as institutions 'blacklist' townships

MOST banks and building societies are effectively blacklisting townships where unrest and threats of bond repayment boycotts have occurred — a move that could hamper the implementation of the Urban Foundation's R3,5bn low-cost housing scheme.

While bankers are emphatic there have been no official decisions to cut exposure to the black housing market, they say the risk attached to some townships, such as Vosloorus and Kathlehong, is too high to justify lending on solid commercial grounds. While they remain committed to the foundation's scheme to build 140 000

low-cost homes, they have informed the foundation that there are certain areas they want to avoid.

Allied home loans manager Geoff Bowker said: "We have not changed our official lending policy. But every loan is assessed for risk in the normal course of business and naturally unrest and the threat of bond repayment boycotts in many cases rule out the granting of loans in some townships."

He said the Allied remained committed to participating in the Urban Foundation housing scheme, which is based on partial insurance for financial institutions against

bond payment defaults.

First National's Pat Lamont said any manager who had to assess the risk of a loan in areas where there was a threat of boycotts and violence would have to take those factors into account.

"Sometimes it would be downright irresponsible to grant the loan," he said.

The Standard Bank's Dennis Matfield said: "We have to be sure that we are lending against security and right now we do not have this certainty in a number of

areas.

"The same risk criteria apply to lending in terms of the UF fund. But we remain committed to the black housing market and the fund."

So far, the only financial institution to have started granting finance in terms of the foundation fund is the Perm.

Its MD, Bob Tucker, said yesterday that it had not been subject to a single "bond boycott" anywhere in the country and that it was continuing to grant loans to black home owners at more or less the same pace as in the past.

"It is true that the Perm has exper-

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PETER DELMAR
and GRETA STEYN

enced a couple of threatened repayment boycotts but in every instance, the problems have been of a specific and localised nature and have been resolved as a result of intense interaction and communication with the community concerned," he said.

A housing expert said that financial institutions had responded differently to the changing situation in black townships.

While some were scaling down involvement, others were making it more difficult to obtain loans and were requiring larger deposits.

Urban Foundation MD (residential de-
□ To Page 2

velopment) Matthew Neil said last night he agreed with Planning and Provincial Affairs Minister Hennis Kriel that the bond boycott situation in the western Cape was causing "a very high level of anxiety."

"There can be no question that with the lack of clarity, particularly concerning the issue of mortgage boycotts, financial institutions are monitoring the situation very carefully before going into major new investments."

However, the situation in the western Cape related to a specific area and was not "spreading like wildfire".

Neil said, however, it would not be fair to say that any of the financial institutions involved in the fund were currently reconsidering their positions.

Neil said in a statement yesterday the foundation was concerned at the withdrawal of major private sector home builders from the black housing market.

From Page 1

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Firms face big losses from black housing

Star 18/10/90

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By Norman Chandler
Pretoria Bureau

Huge losses may be incurred by some of the biggest construction companies in South Africa as a result of their withdrawal from the black housing market.

Those in the process of quitting include LTA Comiat Homes, Schachat Home Builders, Time Holdings, Gough Cooper Homes, Bester Homes and Grinaker Construction.

Another company, Stocks and Stocks Holdings, said yesterday it would remain in the field.

It is understood a number of medium-sized companies are also reassessing their position following the disclosure by Minister of Planning and Provincial Affairs Hernus Kriel this week that the industry had virtually ground to a halt because of unrest and a shortage of bond financing.

He said banks and building societies were not providing new bonds for blacks because loans were not being repaid.

The input of the private sector was vital to overcome the housing backlog.

The Urban Foundation yesterday expressed concern at the withdrawal of companies from the black housing market and said that without their participation, the potential to meet housing needs of low-income segments was limited.

Misleading

The National Association of Home Builders believes many companies pulling out will probably return once the unrest situation has normalised.

One of the building societies providing home bonds for black clients, the Perm, said yesterday that to lay the blame solely on bond boycotts was mislead-

ing and inaccurate.

Perm managing director Bob Tucker said the demise of the market had occurred over a period of time and was attributable to the interaction of a range of different forces.

These were:

- That houses built by the private sector fell overwhelmingly in the unaffordable R40 000-plus price range.
- The high rate of interest payable on bond finance.
- The quality of the housing.
- Very recently, the possible withdrawal of some financial institutions had been supposedly attributed to threatened bond boycotts.

Independent Development Trust chairman Jan Steyn said treating households differently on the basis of "imputed racial identity" had no place in South Africa.

- Black housing bubble bursts

'Resistance didn't cause this crisis'

The ANC yesterday strongly condemned the attempt by Minister of Planning and Provincial Affairs Hernus Kriel to place the responsibility for the dire housing crisis on "the people's resistance to apartheid".

It said in a statement the lack of housing, welfare, education and social services that existed today were a direct result of the policies of apartheid.

"Our people's resistance to apartheid has included rent and service boycotts, consumer boycotts and the total rejection of dummy institutions, particularly the community councils. We have consistently refused to pay for our own oppression.

Stopped

"Since the early 1970s the Nationalist Party Government has virtually stopped all building programmes of rented accommodation for black people. Even the so-called low income housing schemes built by the private sector are beyond the means of most families."

The ANC said it was the responsibility of any state to provide for all its people. Housing was a fundamental right. Other initiatives, including the important role of the private sector, should complement state housing programmes.

"Furthermore, Minister Kriel's statement that political parties, such as the ANC, have a lot of money at their disposal and should, therefore, provide housing, is preposterous.

"There can be no piecemeal addressing of this issue. Legislation such as the Group Areas Act must be repealed for there to be any meaningful change in access to housing." — Sapa.

(123)

Bank, building societies blacklisting townships

Own Correspondents

JOHANNESBURG. — Most banks and building societies are effectively blacklisting townships where unrest and threats of bond repayment boycotts have occurred — a move which could hamper the implementation of the Urban Foundation's R3,5bn low-cost housing scheme.

While bankers are emphatic there have been no official decisions to cut exposure to the black housing market, they say the risk attached to some townships, such as Vosloorus and Kathlehong, is too high to justify lending on solid commercial grounds.

While they remain committed to the foundation's scheme to build 140 000 low-cost homes, they have informed the foundation that there are certain areas they want to avoid.

Allied home loans manager Geoff

Bowker said: "We have not changed our official lending policy. But every loan is assessed for risk in the normal course of business and naturally unrest and the threat of bond repayment boycotts in many cases rule out the granting of loans in some townships."

He said the Allied remained committed to participating in the Urban Foundation housing scheme, which is based on partial insurance for financial institutions against bond payment defaults.

"But that does not mean we will provide bond finance in areas where it does not make commercial sense," he said.

First National's Pat Lamont said any manager that had to assess the risk of a loan in areas where there was a threat of boycotts and violence would have to take those factors into account.

"Sometimes it would be down-

right irresponsible to grant the loan," he said. However, he stressed that there had not been any official policy decision to cut back.

The Standard Bank's Dennis Matfield said: "We have to be sure that we are lending against security and right now we do not have this certainty in a number of areas. The same risk criteria apply to lending in terms of the Urban Foundation fund. But we remain committed to the black housing market and the fund."

So far, the only financial institution to have started granting finance in terms of the foundation fund is the Perm. Its MD, Bob Tucker, said yesterday that it had not been subject to a single "bond boycott" anywhere in the country and that was continuing to grant loans to black home owners at more or less the same pace as in the past.

"It is true that the Perm has experienced a couple of threatened repayment boycotts but in every instance, the problems have been of a specific and localised nature and have been resolved as a result of intense interaction and communication with the community concerned," he said.

A housing expert said that financial institutions had responded differently to the changing situation in black townships.

While some were scaling down involvement, others were making it more difficult to obtain loans and requiring larger deposits.

Urban Foundation MD (residential development) Matthew Nell said last night he agreed with Kriel that the bond boycott situation in the Western Cape was causing "a very high level of anxiety".

"There can be no question that

with the lack of clarity, particularly concerning the issue of mortgage boycotts, that financial institutions are monitoring the situation very carefully before going into major new investments."

However, the situation in the Western Cape related to a specific area and was not "spreading like wildfire" throughout the country.

Nell said, however, that it would not be a fair comment to say that any of the financial institutions involved in the fund were currently reconsidering their positions.

Nell said in a statement yesterday the foundation was concerned at the withdrawal of major private sector home builders from the black housing market.

He added that the potential for private sector home builders to operate viably was severely curtailed by the current environment.

ANC to seek funds from business sector

Star 19/10/90
By Michael Chester

The ANC is planning a multimillion-rand drive to boost contributions, widen its financial base and provide assistance programmes for members returning from political exile.

ANC head of finance Vusi Khanyile said yesterday that businessmen and companies would soon be approached — “along with all levels of society”.

High among priorities would be programmes to help returning exiles find jobs, homes and places in schools.

Mr Khanyile also confirmed the national executive committee was discussing the creation of a new development bank with overseas ex-

perts. He denied reports the ANC had already approached corporate giants like Anglo American about contributions.

However, businessmen and companies would be invited to contribute to the fund-raising programme when launched at national level.

“The ANC needs funds for a wide range of requirements,” Mr Khanyile said.

Responding to the reports, the SA Chamber of Business (Sacob) stated: “The question of which political parties to fund — whether black or white — is a decision which companies alone must take.

“Sacob, a non-partisan organisation, engages in dialogue with all political constituencies.”

Business 'must redress housing imbalances'

Own Correspondent

DURBAN — Business would have to redress the imbalances in housing and address low standards of medical treatment, Standard Bank Investment Corporation group MD Conrad Strauss said yesterday.

He was the closing speaker at the annual Building Industries' Federation of SA (Bifsa) congress.

Strauss said it was no longer enough to be a "good corporate citizen" — more was required.

The key would lie in human resources management. Inadequate training was a major constraint on development and coupled with unrealistic expectations in disadvantaged communities, serious conflict could ensue unless business took steps to redress the imbalance.

Imbalances occurred in housing, low standards of medical treatment, inadequate infrastructure and communications. Management would have to take corrective action — something new for most in SA.

The provision of housing, health care, pre-primary schooling and other social services had been a feature of business operations in several leading manufacturing countries for a long time.

Small business should be promoted because it created jobs and it made people aware of the market system.

Managements could spread their buying to this sector.

Discussing the trends towards increased mechanisation, Strauss said it had been promoted in the past for political ends.

However, business was faced with militancy from trade unions, which resulted in rapidly rising labour costs, while importing machinery strained the balance of payments and was costly because of a weak rand.

He said the next five years would be difficult economically for the country while it was undergoing rapid change.

Black housing bubble bursts

Sowetan
19/10/90
123

A CATCH phrase is no more. And also gone appear to be the hopes of millions of South Africans who do not have a suitable roof over their heads. The phrase is "black housing" - the huge industry which has come into its own since influx control was lifted six years ago and black people began to surge to key urban centres from the rural districts.

As they arrived, the majority without shelter of any sort, squatter towns began to dot the countryside - a phenomenon with which the Government grappled through soul-searching and evictions, then took a step backwards as well as a deep breath and declared the better ones to be "informal towns" which would at some time or other be upgraded to "formal towns."

Potential

It didn't take long for entrepreneurs in the building industry to see the chance of a new potentially lucrative market, and they were soon followed by medium-sized companies - and then the giants fell over themselves to help blacks find a decent place in the South African sun.

All saw the housing market mushroom into

The euphoria which greeted huge housing projects in black townships has almost gone as a result of unrest and a refusal - usually as a result of intimidation - by homeowners to repay their loans. Sowetan correspondent Norman Chandler traces the market's history.

Successfully applied for court orders against bondholders who did not meet their commitments.

Thousands of people have lost their homes as a result of such orders. There have been denials and counter-claims on this issue for months but at some stage

It was done this week by Hemus Kriel, Minister of Planning and Provincial Affairs, when he called a Press conference to discuss the country's housing situation and the development of a new policy.

What he said is proving devastating for black people, for the industry, and for investors.

Financial institutions had, he confirmed, placed a freeze on new home bonds for black clients, top construction companies had decided to stop operations in the townships and were now merely completing existing contracts.

The reasons, Kriel spelt out, were the violence, a refusal to repay loans, and an understandable reluctance

by finance houses to invest money in what has rapidly become a risk market.

First indications that there was something drastically wrong with the market came last month when the SA Perm and Natal building societies, two of the biggest lenders, doubled their deposit requirements for black buyers.

Others said they were being "more selective" ... double-speak for "we're not giving out any

further loans until we know what the situation is going to be like".

At the same time, building contractors virtually downed tools.

Ironic

It was a cruel irony that only a day or so before, the Urban Foundation - which has been in the forefront of trying to improve the lot of black South Africans - announced a November 1 launch date for the first of thousands of new home

loans for low-income families.

This is part of a multi-billion rand loan guarantee fund, assisted by the British, German and Swiss governments, designed to protect bond lenders from the risk of default.

Even more ironic - in view of what has taken place this week - the guarantee fund is backed by some of the same financial institutions which are re-thinking their position on the black housing market.

The "miracle" the industry had been waiting for ever since the bottom fell out of the commercial market a few years ago. Huge townships - much like the New Towns which have become a feature in the United Kingdom - have been developed, and thousands of people moved from their old houses to homes styled on "European lines" (their own preference, as house builders said) with their own gardens, services and other mod-cons.

Unrest

The Government has gone on record as saying that at least nine million people will have become urbanised by the end of the decade - and that translates into tens of thousands of houses being required.

But the bubble burst when the latest wave of unrest began. The violence has resulted in expensive new homes being destroyed, and people being urged, usually through intimidatory methods, not to repay loans obtained from banks and building societies.

As the violence escalated, the building industry began to take a hard look and when staffs were threatened and building materials pillaged in townships across the country, decided to adopt a wait-and-see attitude. The legal notices sections of successive "Government Gazettes" have become thicker and thicker as finance houses

Perm refutes claims of 'bond boycotts'

19/10 - 25/10/70
Weekly Mail Reporter.

IN response to Planning and Provincial Affairs Minister Hennis Kriel's recent comments on the withdrawal of eight home builders from the black housing market, SA Perm MD Bob Tucker says the Perm is not subject to a single "bond boycott" anywhere in the country and secondly, that the building society is continuing to grant loans to black home owners at more or less the same pace as it has done in the past.

Tucker says most houses built by the

private sector cost R40 000 or more; this coupled with high interest rates makes them unaffordable to most blacks.

He says uncertainty was generated by the termination of the first time home-buyers subsidy. (123)

"To lay the blame solely on bond boycotts, when, in our experience, there are none and where the demise of the market has occurred over a period of time and is attributable to the interaction of a range of different forces is, in my view, very misleading and inaccurate," he says.

1990 likely to be bumper year for housing

Biday 23/10/90

CHARLOTTE MATHEWS

THE residential property market looks set to turn in its best performance in 1990 as a whole since 1983, according to the United Building Society (UBS) Quarterly Housing Review released yesterday.

The overall price increase for medium-sized houses is likely to amount to 11-12% in 1990, which implies a drop of only 1% in real terms, according to the review.

"Although the residential property market can be expected to be affected by the recession, other factors could again contribute to buoyant conditions next year," the UBS comments.

"These could include slightly lower mortgage rates, a continued net immigration gain, increase in public sector employees' housing subsidy and the repeal of the Group Areas Act as it stands."

In the third quarter of 1990 the average price of a medium-sized house rose 3% to R106 000 compared with the previous quarter and by 12% over the same period in 1989, while the price of smaller houses rose by 15% to R88 500 on average compared with the same period in 1989.

At the top end of the market the UBS's survey shows the average price has remained virtually unchanged on the previous quarter at R146 300, only 7% above the same period in 1989.

The price of new houses has risen less steeply in the third quarter to 16% year on year compared with increases of 30% and 28% in the first two quarters.

House prices in Natal outside the Durban/Pinetown area rose by 5% in the last quarter compared with 4% in

the western Cape, 3% on the East Rand and 2% in the Johannesburg, Free State and northern Cape areas.

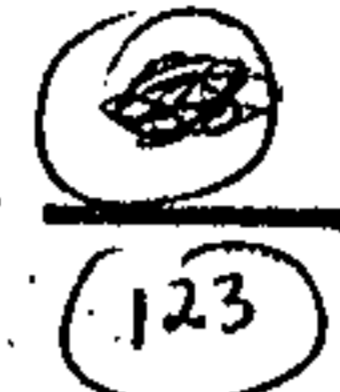
In the Vaal Triangle house prices fell by about 3% in the third quarter.

Johannesburg is still the most expensive place in the country. A new house of medium size costs nearly R137 000. Second most expensive is the western Cape where a medium-sized house costs about R126 000.

Nominal mortgage repayments on a 20-year bond of 80% on the value of a medium-sized house — a bond of R84 800 — amount to R1 495 a month in the third quarter of 1990, the UBS notes.

This is 19% more than the monthly repayment a year ago but in real terms is only 6% higher.

The UBS says the possibility of a decrease in its 20,75% basic mortgage rate before the end of 1990 is unlikely.



UBS

Star 24/10/90
123

Housing market buoyant

By Frank Jeans

Further indications of the continuing buoyancy of the residential property market despite high interest rates and general economic constraints is seen in the latest housing review of the United Building Society.

It says the average price of a medium-size home is likely to have risen by 11 to 12 percent this year — the best performance of the housing market since 1983.

During the third quarter this year the average price of a medium-size house rose to slightly above R106 000 which is three percent higher than the previous quarter's figure and 12 percent more than the year-ago price.

Prices of smaller units

averaged about R88 000 during the third quarter, representing an increase of 15 percent previously.

The top end of the market appears to have been affected by the downturn, with the average price for larger homes remaining virtually unchanged since the previous quarter at R146 000.

Nevertheless, this is seven percent higher than the figure for this category a year ago.

The Johannesburg area is still the most expensive region in the country, says the review, with the average home of about 265 sq m costing nearly R270 000, while the figure for the average medium-size property is R137 000.

The second most expensive area is the Western Cape (R126 000 average),

followed by Pretoria (R111 000), Durban-Pinetown (R107 000) and West Rand (R105 000).

Looking at the affordability factor, the review says repayments on a 20-year bond of 80 percent of the value of a medium-size house (a bond of R84 000) amounted to R1 495 a month in the third quarter — 19 percent more than the repayment a year ago.

"However, after adjusting for the effect of inflation, this repayment is only six percent more".

Bullish in its outlook, the United sees a boost for the market in 1991 on the back of a hoped-for reduction in mortgage rates, a continued net immigration gain and the repeal or amendment of the Group Areas Act.

Faircape Homes hit by instability in black market

MARIETTE DU PLESSIS

THE instability of the black housing market had an adverse effect on property developer Faircape Homes' results for the six months to end-June but it has taken remedial action by focusing on middle to upper income group housing.

Interim results published today show that Faircape Homes posted an attributable loss of R1,4m compared with a profit of R1,2m for the same period last year.

Turnover dropped to R13,3m (R18,4m) while a loss of 15,2c a share was

reported, compared with previous earnings of 13,7c. No interim dividend was declared.

Joint MD Micheal Vietri said bond repayment boycotts had caused financial institutions to curtail lending to the black market, and the temporary suspension of the first-time buyers' subsidy had compounded matters.

Vietri expected the disposal of Faircape's remaining 37,4% stake in the Health and Racquet Club Holdings Group for R2,95m earlier this month to further reduce gearing.

Net asset value a share rose to 113,0c (77,4c), while total borrowings to total shareholders' funds declined to 2,5 times (3,55 times). The current ratio eased marginally from 1,6 times to 1,5 times.

Home owners struggle to meet bond payments

B Day 28/10/90

123

MAJOR home mortgage institutions agree the number of individuals struggling to meet their bond repayments has been creeping up over the past 18 months.

All institutions emphasised they were willing to make arrangements with clients who were battling to meet their repayments.

As one solution, Camdons Nationwide MD Scott McRae has suggested that the lifetime of a bond is extended to 45 years instead of the usual maximum of 35 years.

He said the cost of homes was doubling every four to five years because building materials were rising at around 15% a year. The individual's after-tax pay was not keeping pace with this.

However, spokesmen from the institutions said there was little point in extending the bond repayment period by much over 25 years.

UBS executive director Nallie Bosman, Standard Bank senior GM Dennis Matfield and First National Bank

Reports by
CHARLOTTE MATHEWS

(FNB) GM Norman Axten said the point of having an average bond of 25 years was so that the repayments were made during the individual's earning life.

Meaningful

"If a person buys a house at 30 on a 45-year bond, he would be repaying the loan until he is 75," Axten said. "It is not really desirable for him to be paying off his house in his retirement."

NBS Holdings MD John Gafney showed that a R70 000 bond at 21% interest a year over 45 years would cost R1 225,10c a month in repayments compared to R1 231,76 a month for a 25-year bond on the same basis.

"There is government assistance where they peg the rate at 17% and allow institutions to capitalise the interest," Gafney said. "That is far more meaningful."

Institutions generally are making arrangements on the basis of the individual plight.

"We are going to quite extraordinary lengths to prevent people from losing their houses," Perm housing division GM Dennis Creighton said.

"But none of the assistance programmes we offer are long-term solutions. They really are short-term crisis measures to get people over the difficult patch."

Some institutions will extend a further loan if the individual needs bridging finance, depending on the valuation of the property, or reduce the payments to what he can afford.

"It has to be a realistic figure, sometimes even capitalising the interest he cannot afford to pay now," Standard Bank's Matfield said.

The institutions agreed it was better to keep the individual in his house — repossession is not in either the owner's or the institution's interest.

CAPE TIMES 25/8/90

Union funds gain investment power

123
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By AUDREY D'ANGELO
Business Editor

INCREASING black membership of pension and provident funds will be one of the most effective ways of redistributing wealth in SA, says Southern Life director (employee benefits) Adrian Arnott.

Southern is administrator of the huge National Union of Mineworkers (NUM) provident fund, which has a monthly income of R12m from its 260 000 members' subscriptions.

This means, Arnott points out, that NUM general secretary Cyril Ramaphosa — a noted opponent of capitalism — is a trustee helping to control funds which at present total about R200m. "That means he is part of the system," said Arnott.

"And in spite of its size the NUM provident fund is not the biggest.

"As these funds grow I think the situation here will become like that in the US where union pension funds, through their investment power, own a large part of the economy."

There was also the question of investing funds in low-cost housing.

"Everyone is shouting that the life offices should invest in black housing.

But, through their brokers, we are getting the message that provident funds money should be invested to get the best return."

However, said Arnott, the insurance industry was working as a unit through the Life Offices Association to see what could be done to channel funds into the provision of low-cost housing and how they could best be utilised.

Discussing the effect of the present recession, Arnott said a worrying recent development was that firms with their own private pension funds were going under.

This had already happened in three cases and more were likely to follow as the recession continued.

Money in pension funds was protected, and was not distributed to creditors. It was distributed to members according to their entitlement and those about to retire would still receive the pension "and possibly a little more."

The real losers when a firm went into liquidation, warned Arnott, were people who had tried to provide for their retirement through deferred compensation.

"They do not receive this and usually they have sacrificed salary increases for it."

CMT 7/17/90 25/8/90

Union funds gain investment power

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BLACK HOUSING *FIM 26/10/90*
AGAINST THE TIDE *123*

Though many developers and financiers are fleeing the black housing market in the face of violence and co-ordinated bond boycotts,

FINANCIAL MAIL • OCTOBER • 26 • 1990 • 83

there are still organisations with the courage to venture into the market for the first time.

And, they're not small fry either. They include the likes of Standard Bank and J H Isaacs Natal (JHI).

While others are running for cover, Terry Power of Standard's home loans division confirmed that the bank will be putting a tentative toe in the low-cost housing market in the next few weeks.

Similarly, JHI's Natal chairman Trevor Warman this week announced that the company will henceforth include black housing in its residential property marketing activities. He says as JHI disapproves of the Group Areas Act and as the scrapping of the Act is on the cards anyway, his organisation will ignore it.

"We want to meet our clients' needs. If that involves a house on the Berea or Westville for a person of colour, we will handle it. In theory we would be breaking the law, but we aren't particularly worried about it. We plan to do business openly and upfront."

Brave words indeed, but whether it will be practical now remains to be seen.

He explains that any transaction in a "wrong area" will be registered in the name of the person concerned. However, pending the scrapping of group areas, a clause will be included in the agreement stating that the sale will be subject to the acquiring of a permit by the buyer.

"In cases where there are restrictive clauses, the sale will still go through. But, in such cases, the buyer will have to take steps under the Removal of Restrictive Conditions of Title Act, to have the clauses removed," he says.

For the Standard, which will be looking at providing bonds in the R12 500 to R35 000 range for the first time, it is a move into an

123
arena which has, with the exception of the Perm, been conspicuously ignored by the lending institutions.

Power explains: "We're responding to the Urban Foundation's low-cost housing initiative. We expect our system to be up and running in weeks rather than months."

He concedes that with violence and boycotts it is a market fraught with dangers. But he's comforted by the fact that the foundation will be holding Standard's hand in the early stages of its involvement.

However, the bank's step will initially be a small one.

The level of activity, says Power, hinges on human resources. Low-cost home lending is expected to be labour intensive. In the Standard's traditional environment a bond application can virtually be processed by pressing a few buttons. Also, most applicants are familiar with the procedures involved.

"Most of our new customers will never have owned a home before. They'll need a lot of education and training in home ownership. It's going to be pioneering for all of us."

He adds that the bank is better prepared for the low-cost arena now than it was four years ago. It has learned a lot about the market through its activities in the R35 000 plus mortgage market. ■

No relief yet for strapped homeowners

Sowefan 26/10/90

123

THE likelihood of a reduction in home loan interest rates has been set back further as a result of the recent 25 percent fuel price hike precipitated by the Gulf Crisis.

Brian Short, NBS public affairs general manager, says the long-awaited reduction in interest rates is now not likely before March next

year.

"This latest fuel increase will ensure that the downward trend in the inflation rate will be arrested and as a result interest rates will remain where they are for the short term."

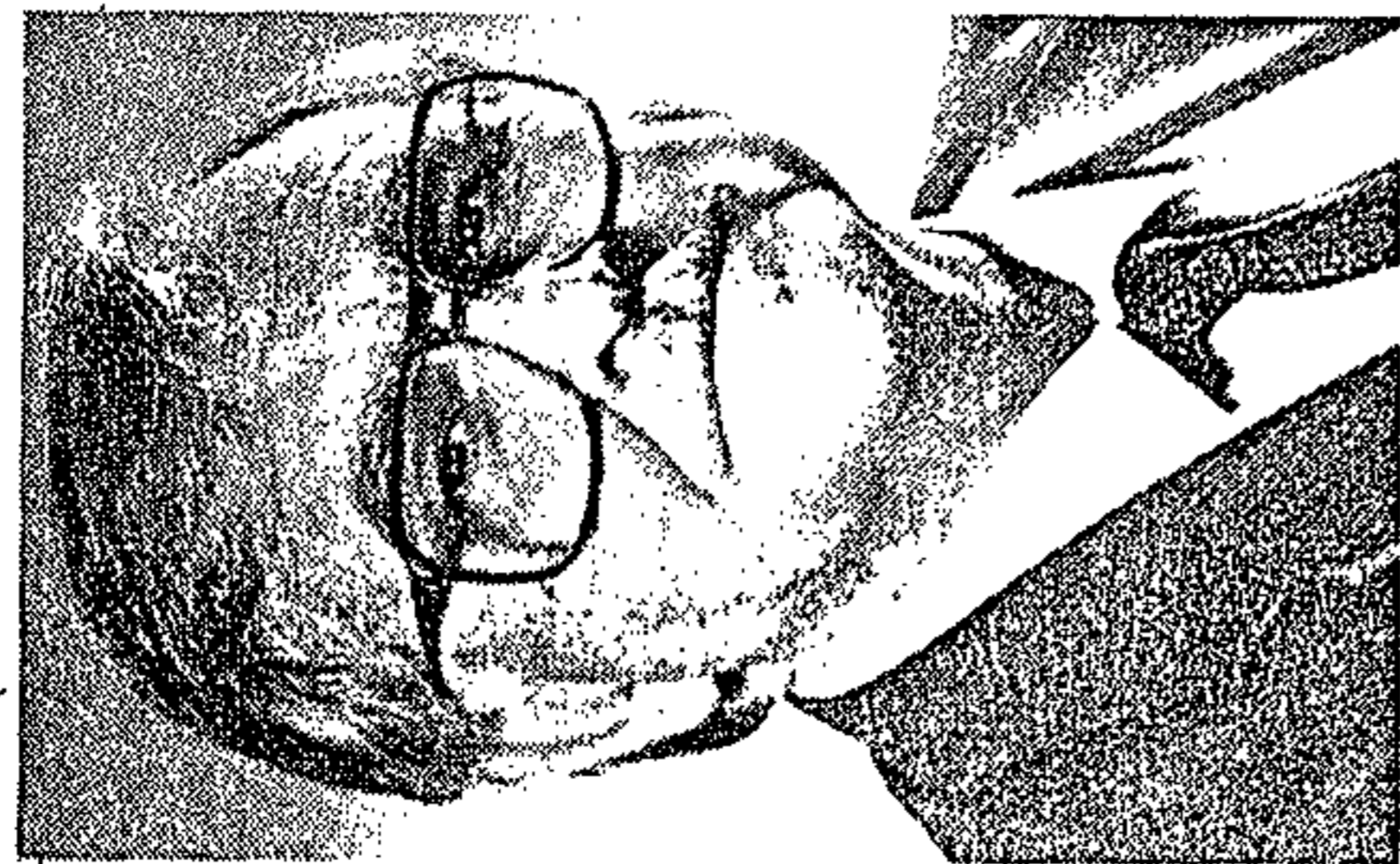
"There is, however, a glimmer of hope that the current fall in the oil price will continue and the latest fuel increase will be reversed, or reduced, allowing for the inflation

rate to resume a sustained downward path.

"Interest rates will fall only when a sustained drop in the inflation rate has been achieved."

Short says because of the volatile nature of the share market, property related investments will also prove to be secure and if homeowners can sit tight their patience will be rewarded when the predicted fall in interest rates occurs in the first half of next year. - Sapa.

123



Hemus Kriel — stirred up homer's nest

PLANNING and provincial affairs Minister Hemus Kriel has stirred up a homer's nest by dragging the serious housing shortage into the party-political arena with his claim that major building contractors are withdrawing from the townships because of political unrest and bond boycotts.

He claims the violence has caused the number of private houses being built in the Transvaal to fall from 20 090 last year to 13 541 so far this year. The black housing programme was designed to provide more than five-million new homes by the turn of the century, which now seems impossible: the Urban Foundation's estimate is that the national backlog is a million units, with about 850 000 being in the African sector.

Another reason, according to Kriel, is the "bond boycott" which he indirectly blames on liberation movements because their members are the boycotters. The African National

Congress' heated reply is that housing is a fundamental right that should be provided by the state: private building should be a complementary option — and it's one most Africans cannot afford.

The ANC also points out that "since the early 1970s the Nationalist Party government has virtually stopped all building programmes of rented accommodation for black people". A likely reason for this policy could be that there are now, according to Kriel, 3.5-million people living illegally in urban squatter camps and township backyards: to house them would cost the government R5-billion. Kriel says a new national housing policy is being formulated by the SA Housing Advisory Council which will, in time, produce a White Paper.

Illusive 'bond boycotters' are re

Wle Mail 26/10 - 11

The government and political movers each other for the escalating housing crisis. The matter is really quite simple? ... pe pay. **ARTHUR MALMANE**

Common-sense observers hold a similar view to the Perm on the basis that no reasonable person who's bought a house is likely to join a boycott, knowing that the property could be re-possessed and they'd lose all of their investment.

Tucker adds that there's also been "considerable uncertainty" following the government's decision to end the first-time buyer's subsidy as well as "bureaucratic delays in the payment of bond subsidies" that still exist.

That could take years during which more people join the urban flood of squatters in increasing acres of "informal housing" — and the formal housing shortage worsens while the government and political movements blame each other for the worsening crisis.

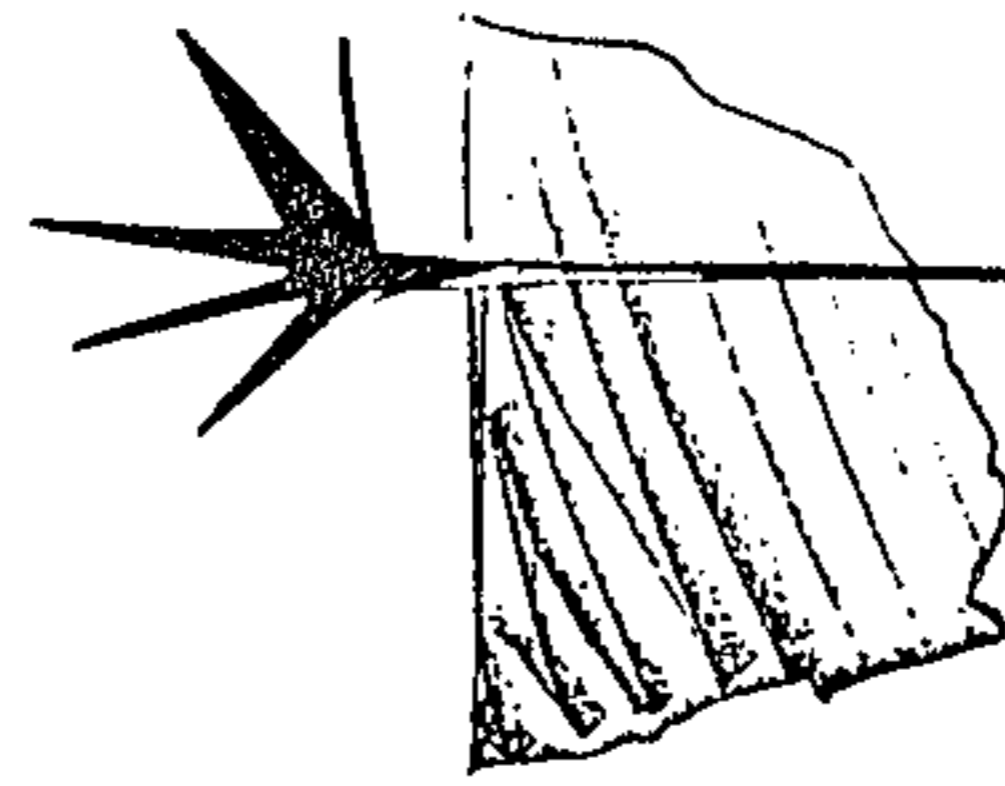
What, then, are the facts — as far as they can be made out? According to Perm managing director Bob Tucker, there is, for a start, no organised "bond boycott" but only an inability to pay high interest rates. And home-buyers are shackled by a loan threshold that is "overwhelmingly in the R40 000-plus price range".

Standard Bank, though, says it has experienced two "isolated" cases of bond boycotts; but involving only about 40 householders in all.

changing South Africa

FILM FESTIVAL & CONFERENCE

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31 October - 3 November
Senate House Basement
University of the Witwatersrand
Presented by E vira
Workshop Group

Inside the Poison Trade
Director: Nick Davidson, Alan Hayling
Producer: Belbo Films/TVE/CIT
Length: 45 minutes
France/Netherlands 1989

In the summer of 1988 the arrival of a ship the Karin B in British coastal waters provoked widespread public protest. The Karin B's cargo of toxic waste from Italy had already caused an international scandal when it was discovered, dumped in leaking drums, on Koko Beach in Nigeria. Inside The Poison Trade traces the routes of some of these infamous cargoes, talks to new European entrepreneurs who are making fortunes exporting unwanted waste from Europe's chemical industries, and interviews concerned leaders of Third World countries who see this new trade as yet another example of

In The Dust Of Development
Director: Meera Dewan
Length: 45 minutes
India 1988

In the Indian state of Bihar, the Adivasis, India's original inhabitants, once collected firewood from the thick jungle on their doorsteps. Now their tribal lands have been taken over by commercial forestry, and many Adivasi women must walk up to 20km to find wood to sell in the market and to buy food. In Bihar's steel city - the industrial centre of India - 16 tribal villages were bulldozed to make way for development which, the government claimed, would bring employment opportunities for the "backward" Adivasi people. But it was the outsiders who benefited from this new life. Today many Adivasi

When the Bough Breaks... Our Children, Our Environment
Director: Lawrence Moore/Robbie Stamp
Producer: TVE/Central/Observer Production
Length: 53 minutes
UK 1990

There are nearly six billion people on earth today - two billion of them children under the age of 16. Throughout the world, children are abused, malnourished, exploited and neglected - the most vulnerable victims of an increasingly degraded global environment. In a series of case studies of children - in Poland, India, Sudan, Bolivia, USA and UK - When The Bough Breaks explores how environmental problems are affecting the lives of our children, children who can

The Black
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They really can't afford to pay

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Political movements are blaming housing crisis, but the truth of simple... people can't afford to

the lenders regard people who can only afford low-cost housing as a higher debt risk. To encourage down-market loans, the Urban Foundation has raised R20-million at home and abroad for what it terms a Loan Guarantee Initiative.

The scheme, which will take effect in November, insures the purchaser against falling into debt. For a property valued at R12 000 the purchaser will pay a premium of R159,38 which provides five years' cover against an inability to pay the bond — and so reduces the risk currently feared by lenders. For a property valued at R35 000, the present minimum loan, the premium will be R446,25. So far 12 finance companies including Allied, Eastern Province Building Society and Natal Building Society have

agreed to operate the Loan Guarantee Initiative. Aspirant home-owners forced by the present system to borrow more money than they should are the ones most in danger, according to Phil Khumalo, chief executive of Business Challenge.

"They are persuaded by estate agents to buy houses they can't really afford just so these agents get their commission," he told *The Weekly Mail* at his Johannesburg headquarters, where he works closely with the Allied Building Society.

"These agents sort of cook the books to make a sale, and they promise government subsidies which will not happen. But most serious is that they don't explain the financial load to purchasers, like warning them that in-

centage of Africans, Asians and coloureds are among the "fortunates" whose income is above R6 000. A few more are among the "successfuls" with incomes above R4 000 while the overwhelming number of the "strugglers" paid less than R1 000 are African.

Yet the average price of a small suburban house — four rooms and garage — is R119 000, requiring bond repayments of R1 500 a month and stretching the family budget even for a "successful" breadwinner.

In townships the total price of a small house, including land and legal fees, is R75 000 — far beyond the reach of "strugglers". The bond repayments are near-impossible even for "survivors" — about half the black population, who earn up to R2 000. But they are encouraged to buy houses and when they fall behind with repayments and lose their investments, they are called "bond boycotters".

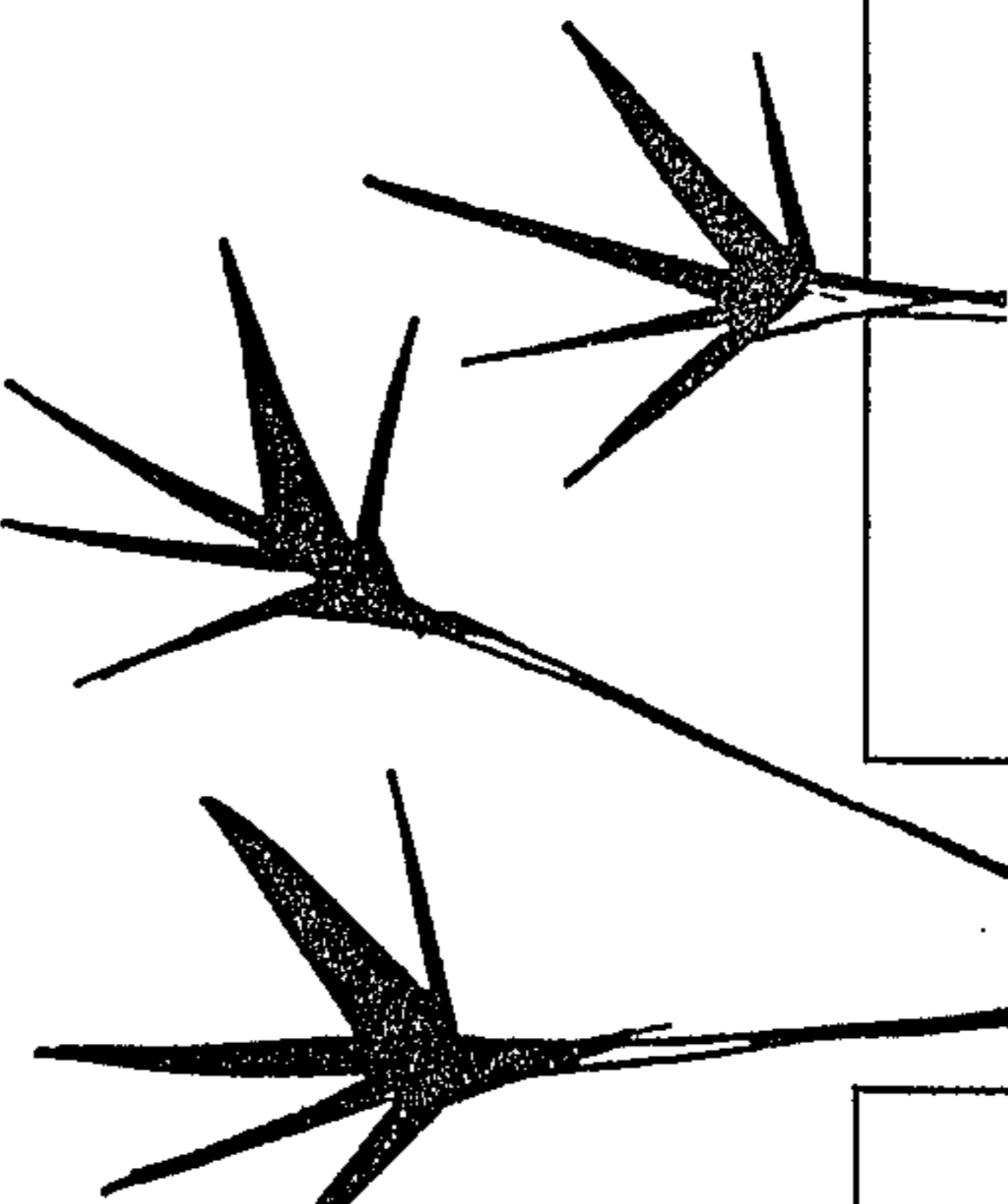
flation could increase their bond repayments beyond the 25 percent of income which is the standard rate."

Khumalo says the money-lenders aren't much help either: "If people who go to them for a loan qualify (because their repayments will be under 25 percent) they're just told 'sign here and sign there' without any detailed explanation of what they're committing themselves to. Most people need help and education about the building industry, but they don't get it from any of the people concerned."

Khumalo remarked that the R35 000 minimum valuation for a loan assumed "people want palaces when in fact all they want is decent shelter for their families".

According to research by advertising agency DMB&B, only a tiny per-

November Environment Witwatersrand Environment Film



Sponsored by:

Television Trust for the Environment (TVE) • Christian Aid, UK • Oxfam, UK • Rowntrees Charitable Trust • Wildlife Society • Oxfam, Canada • Interfund • Greenpeace

The Black Triangle
Producer: Ron Orders
Director: Nick Davidson
Length: 52 minutes

The border region between Czechoslovakia and East Germany known as the Black Triangle is one of the most polluted environmentally devastated areas in the world. To the south, in Czechoslovakia, coal mines dominate the countryside, swallowing up villages. Sulphurous smoke from the ubiquitous power stations results in regular smog alerts: the health of the people and the landscape are threatened by the coal from brown lignite coal deposits. On the other side of the border, in East Germany, lies Europe's biggest concentration of uranium mines. Uranium slag heaps, emit radiation levels between four and ten times higher than normal levels. Nick Davidson exposes the extent to which unregulated industrial activity has turned this region into an environmental disaster area.

ENVIRONMENT FILM WORKSHOP GROUP

ENVIRONMENT FOR A CHANGING SOUTH AFRICA

SATURDAY, 3 NOVEMBER, 1990, 10am — 4.30pm
University of Witwatersrand, Senate House Basement, Main Campus

1. CONSERVATION IN SOUTH AFRICA

VENUE: Senate House Lecture Room no 6 (5H6)
is there popular support for game reserves and other forms of conservation in South Africa? Some local communities are apathetic or openly hostile, to game reserves and their officials. What can be done to ensure maximum public support for efforts to prevent the extinction of valuable

TIME: 10am - 12.30 pm



Kriel: ANC condemns bond repayment boycotts

AKG 31/10/90 (123)

By CLIVE SAWYER, Tygerberg Bureau

THE government and the ANC are both opposed to bond repayment boycotts.

Provincial Affairs and Planning Minister Mr Hernus Kriel said this at the opening of Phase 2 of N1 City in Goodwood.

Mr Kriel said he had met Mr Thabo Mbeki yesterday to discuss bond repayments.

"He joined me in condemnation of bond repayments which are not honoured. I believe this will lead to a stabler building industry and greater confidence from investors," Mr Kriel said.

Free market

The opening of N1 City Mall was the realisation of a vision which would not have been possible if South Africa was not a free-market oriented society.

"In the new South Africa a development like this must still be possible — entrepreneurs must be able to fulfil their dreams," he said.

It was important for financial institutions and pension funds to invest in industrial development and housing and so create new job opportunities.

"Unemployment is the mother of revolution," said Mr Kriel.

N1 City was completed despite an unfavourable economic climate.

"There are a lot of small businesses in here and I wish them well, for their profits will determine the viability of the centre," Mr Kriel said.

The R115-million shopping centre is part of a 45-hectare development being built in several phases.

Video games

The mall is anchored by several major retail stores and houses a 2 000 square metre entertainment centre.

The centre includes state-of-the-art video and computer graphic games and a life-sized fairytale castle which doubles as a television theatre for children.

There is parking space for 2 200 cars and a bus station and Monte Vista railway station is 250 metres away.

N1 City will eventually comprise the shopping centre, a luxury hotel, a polyclinic, an office park and residential sites.

Clear policy needed to ease housing crisis

THE Urban Foundation will launch proposals for a national urban housing policy this month, says Urban Foundation residential development MD Matthew Nell.

Nell was speaking at a banquet in Johannesburg last night after being elected 1990 Housing Person of the Year by the Institute for Housing of Southern Africa. Institute vice-president Jan Viljoen said Nell had earned the award for his efforts to promote financial institutions' involvement in the first-time home-ownership market. *Biday 2/11/90*

Nell said SA was ill-prepared to meet the housing challenges of the 1990s. The housing backlog was at an all-time high and continued to grow.

Public housing policy was obscure. Any hope for clear national policy and strategy was being subordinated to the parochial interests of the own affairs departments.

"In response to higher risk levels, shrinking margins and limited affordability, the private home-building industry is withdrawing. The process of withdrawal is being hastened by sporadic levels of civil

unrest as well as uncertainty as to the policy reform in the housing field."

High interest rates and inflation were eroding affordability levels. The situation was exacerbated by violence in black areas, which resulted in work stoppages.

Non-parliamentary groupings were fuelling black communities' high housing expectations by promising the undeliverable — conventional homes for all.

Recent mortgage boycotts in the western Cape had made it "extremely difficult" to secure mortgage finance for this market segment. Local government lacked the resources, viability and credibility to facilitate and maintain housing developments.

"Black communities, for so long excluded from market-orientated housing provision, do not understand mortgage finance and are suspicious of the private sector." These suspicions had been strengthened by exploitation and poor selling practices.

The key to resolving the housing crisis was to deliver housing at scale and on an affordable basis. — Sapa.

Govt planning new housing subsidies

B/Plan 2/11/90

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GOVERNMENT was considering a new subsidy scheme for the housing of lower income groups, Planning and Provincial Affairs Minister Henus Kriel said in Johannesburg yesterday.

Speaking at a demonstration of a new housing concept by building company CV Construction, Kriel said government efforts were directed towards a process through which every family might acquire safe shelter by 2000.

Kriel said the SA Housing Advisory Council was reviewing, at his request, government's housing policy and would advise on the formulation of a national housing policy and strategy for its implementation.

"We are investigating the implementation of a capital subsidising scheme which should greatly assist the lower income groups and at the same time attract private sector involvement," Kriel said.

CHARLOTTE MATHEWS reports the subsidy scheme being considered involves the introduction of a capital grant on serviced stands. The first time home buyers' subsidy would remain in place.

Planning and Provincial Affairs Department housing planning chief director Neville Carson said R6 000 per application had been proposed.

"It is not yet formally decided but we have reached an advanced stage in discussions," he said.

The scheme should not be confused with the first time home buyers' subsidy which had run out of money earlier in the year because the number of applications had exceeded expectations.

"One of the aspects we are looking at for this new proposal is how to finance it within the framework of the existing scheme," he said.

Urban Foundation housing policy direc-

THEO RAWANA

tor Jill Strelitz said the foundation had made proposals to government on the scheme.

The grant would probably be in the form of a capital subsidy on the selling price of a serviced site and would assist those who could not afford a house above R12 500.

"We would welcome any initiative to provide housing to the lower end of the market," she said.

Kriel said politically motivated attempts to damage construction programmes, which created uncertainty in financial institutions, did not help matters and should end.

Government was striving for a climate of economic growth which would promote peace, and if other political organisations contributed, this would be achieved much sooner, Kriel said.

Government was giving urgent attention to, and had made great strides in, making serviced land available.

Conventional housing was reaching saturation point and available funds should be applied to other areas in the building trade.

"The government cannot afford to supply conventional housing to low income groups. In this regard I believe the private sector has a crucial part to play."

He said policies recently adopted by government were guided by the principles that:

- An individual was responsible for his own housing;
- The state should only play a role where the individual was not in a position to satisfy his own housing needs; and
- The state's primary task was to create the necessary environment for the private sector and the individual to undertake the provision of housing.

Body blow for Boumat

SA 2/11/90
By Jabulani Sikhakhane

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Boumat has reported a 71 per cent slump in earnings to 13,3c (46c) per share for the six months to September.

Attributable earnings were down 69 percent to R3,2 million (R10,3 million).

But the group has been able to lift the interim dividend to 24c (22,5c) because its distribution policy is based on ability to pay rather than on a fixed percentage of earnings.

Directors are pessimistic about the six months to next March and expect sales to rise

only six percent to R1,062 billion, compared with the original forecast of R1,1 billion.

Margins will also come under pressure, falling to 2,9 percent from 5,8 percent achieved in financial 1990.

Earnings per share for the whole year are expected to fall 78 percent to 18c (82c).

They attribute their pessimism to the retreat from the low-cost housing market by major players, which, they say, signals further deterioration in investment in residential construction.

South Africa does not uphold the claim of the poor to shelter, writes Josie Adler

Star 2/11/90 123

The right to build a roof over your head

HOUSING is more than a roof and four walls. Our society needs to shift its thinking from housing as a commodity to housing as a human right, and from the building of houses to the building of communities. No State and no single approach to solving housing needs has completely and sustainably solved the housing problems in any country.

At least 5 million South Africans cannot live near to where they work in a place where they can sleep safely at night. They are deprived of the normal benefits of living. They suffer great stress through insecurity and lack of access to clean water, refuse and sewage removal. Because there is no lawful and appropriate accommodation which they can afford, they are criminals wherever they stay.

Landowners are not at present upholding the right to shelter. To

keep their land "clean", they make use of razor fencing and the draconian provisions of the law to demolish and evict. Property investors accumulate extensive land for profit, while there is no land on which homeless people can lawfully live. The proponents of the free market system in the new South Africa cannot justify this state of affairs. Property owners are not exempt from participation in the process of freeing of land for affordable residential living.

Uphold

Few town councils uphold the right to shelter and housing. In recent months the councils of Midrand, Alexandra, Johannesburg, Alberton, Vanderbijlpark, Soweto and Katlehong demolished shelters erected within their jurisdiction. What have these councils done to promote the human right

to shelter? With few exceptions — like Benoni, Duduza and Daveyton — town councils are not assuming responsibility for homeless people within their jurisdiction. Midrand's local gazette has requested the public to report to the police any homeless people who are living unlawfully.

The police do not uphold the right to shelter. They are obliged to enforce squatting and trespass laws — laws which decree the destruction of shelters although there is no lawful alternative for millions of low-income people.

The Government — in this case the provincial authority — does not uphold the right to shelter. It has been well known for at least five years that over 2 million people live unlawfully in shacks on the Witwatersrand. In the last four years about 30 000 sites have been developed in three places in the region for lower-income resi-

dence by the Transvaal Provincial Administration.

Not one of these areas was opened without there being a fierce struggle by homeless people not to be removed from where they were squatting before a suitable alternative was provided.

If the province is committed to the right to shelter and housing, it would have opened many more areas all around the region. People who have been homeless for many years would be able to choose for themselves a place best suited for their needs.

Instead, the authorities have created a shortage of supply of accommodation. People have to "qualify" for entrance to the only three available areas, Orange Farm, Zonkissisee/Rietfontein and Kaalfontein. The response among desperate, homeless people is predictable — a new system of "tickets" and queue-jumping, with all

manner of associated black-market tricks. Another response has been "land invasion".

South African law does not recognise the right to shelter as complementary to and requiring to be balanced against property rights. It is a rare judgment that considers the welfare of those less materially possessed and who are excessively punished by society for being poor.

Neglected

Realising shelter and housing for all in a new South Africa requires the balancing of a variety of societal interests. Inevitably the recognition of housing rights will entail some redistributive measures. It is unthinkable that the majority of urban dwellers should have lawful access to only a fraction of the land.

Various issues not traditionally

seen as matters of human rights need to be incorporated into the debate around housing as a human right. These include population policy, rural development, employment policy, physical planning (land, cities, etc), economies (rates of inflation, interest rates, income levels and distribution, systems of taxation) and others.

Environmental issues also play a large role in the area of housing rights. Polluted and neglected environments, which are often the only places low-income people can find to live in, threaten the health of all, and debilitate the urban environment.

● Josie Adler is an urban researcher for the Community Research and Information Network, and a member of the Urban Removals and Homelessness Group of the Black Sash. □

Anti-apartheid forces face a tactical dilemma, reports Political Editor John

Patten

Confrontation v co-operation

Nov. 1990

[Handwritten initials] *[Handwritten initials]* 123

THE interesting thing about the R4 billion Numsa-Cosatu-ANC-SACP housing plan announced last week — to replace urban township single-sex hostels — is that it is aimed at stabilising society rather than mobilising resistance through obstructive action.

It is the echo of the growing international dilemma over whether retention of sanctions on South Africa will help or hinder the removal of the last vestiges of apartheid — a puzzle that is drawing various answers.

It is a tricky calculation to make: to decide when to jump off the destruction bandwagon (while gaining maximum effect from it) to get aboard the reconstruction bandwagon (and gain maximum political benefit from that).

Inevitably, with President de Klerk's effort to normalise South Africa through full democratisation, the question is arising both abroad and inside the ranks of disfranchised anti-apartheid groups how much longer sanctions and resistance will be effective, popular and capable of being defended as justifiable. Mr de Klerk has

done a good job in persuading South Africans and the world of his sincerity.

If the joint Numsa-Cosatu-ANC-SACP hostel replacement proposal, which would eliminate a major flashpoint in black township politics, is a sign of the pendulum beginning to swing towards accepting Mr de Klerk's *bona fides* and starting to work with him, then it may also be a sign of growing dissension within the ANC over tactics.

Up to now, ANC deputy-president Nelson Mandela has been consistent and emphatic in calling for intensification of the struggle and of punitive sanctions, both of which are designed to speed the dismantling of apartheid systems by destructive destabilisation.

Radical groups associated with the ANC have also just launched a series of protest demonstrations aimed at the collapse of the black town council system, but also at forcing a confrontation with security forces, thereby increasing the administrative problems of Mr de Klerk's government while also heightening dissatisfaction over rough-tough security action

of blacks behind the ANC, thus increasing its prospects of eventually taking over government (with minimum give and maximum take) as the dominant political force, it also sharply increases the likelihood that the country would be in a state of near-collapse by the time the ANC got to power.

Problems of governing in such circumstances would be enormous. Instability would be endemic. International confidence in South Africa's ability to overcome its problems and realise its economic potential would be shattered, leaving South Africa with little investment or loan aid to rely on. That is hardly the way any party would wish to come to power, nor any way to ensure it would have any hold on power once gaining it.

The dilemma of when to make the tactical switch from confrontation to co-operation is not a new one. In the last couple of decades, coloured politicians most notably have wrestled with it as they sought to win political rights and equality.

They agreed to serve on the old Coloured Representative Council,

then eventually refused to pass the budget — forcing the Government to do so for them. Then finally they walked out, destroying the council as a plank of government.

They returned under the trimeral system, having gained much political ground through their confrontation tactics, but over the next few years returned to confrontation to break apartheid. Effectively, the coloured parliamentary resistance combined with the armed struggle of banned groups and with international sanctions to force the Government's realisation that apartheid had to go.

Fortunately, Mr de Klerk took office at that time, changing the whole mood dramatically in a few months, and putting a question mark very boldly behind all obstructive action. For the first time the Nationalist government has found itself ahead of the game, a position Mr de Klerk has not yet relinquished.

If he can keep his credibility in the face of provocation, can avoid damaging incidents through skillful political parrying, and can

P.T.O.

Nov. 1990

When the small people fail to pay, the big lenders turn away

As the recession bites, more black homeowners are failing to pay their bonds ... and losing their homes.

By **MONDLI MAKHANYA**

THE rate of house repossessions is steadily rising as people fail to meet bond repayments, but most major financial institutions say the trend has not yet reached crisis proportions.

None would divulge any statistics illustrating the seriousness of the situation, but the Central Statistical Services has revealed that the number of civil judgments relating to debt increased 14,7 percent in the three months up to August as opposed to the same period last year.

The failure to repay bonds has been cited as one of the reasons several major developers have pulled out of black townships.

Financial institutions have shown an increasing reluctance to lend money to prospective black homebuyers. The newly-formed Soweto Developers and Builders Forum recently slammed financial institutions for joining eight major developers in an exodus from townships.

This also comes at a time when a debate has begun between the African National Congress and financial institutions about what role the private sector should play in alleviating the housing crisis.

ANC International Affairs director Thabo Mbeki says that both the private sector and the government should address the question of affordable housing for poor people who could not carry the burden of real interest rates.

He calls for discrimination to be applied in favour of the poor "by not applying the same considerations to

everybody who needs a home".

The increase in repossessions is confirmed by the Natal Building Society's public affairs general manager Brian Short.

He says, however, that the NBS has negotiated with civic organisations about repayment patterns and a deal was recently struck with the civic association in the Cape township of Khayelitsha.

Responding to Mbeki's statement, Short says while he agrees there should be discrimination in favour of the poor, the responsibility for housing should rest on the shoulders of government and not the private sector.

"The government needs to shift the emphasis of housing subsidies from the middle class to the poor. Rather than subsidising loans, the government should apply its subsidy to the acquisition of land, which would then be utilised for low-income housing," he says.

The Standard Bank's home loans divisional manager Terry Power says in cases where repayment is difficult for people, financial institutions usually try to structure a lenient repayment deal with clients and use repossessions only as a last resort.

"If a person can't pay, he can't pay. It is not in the interest of the homeowner or the financial institution to repossess the house, so we try to work out a manageable timetable for the benefit of both parties. Rarely do

we simply repossess without having tried other means to retrieve our capital," he says.

Power adds that his institution understands that when people take out loans there is no way they can predict that interest rates will rise in the future. This is why recessions tend to result in poor bond repayments.

He says Mbeki's recommendation on interest rates is not feasible because "if you are in business you have to charge the market-related interest".

"We are committed to alleviating the housing shortage. The Standard Bank is into low-cost housing because we have realised that many houses stand vacant in the townships because people just can't afford them," Power says.

He adds that the Standard Bank cannot be expected to make any concession on interest rates because they were already 0,5 percent below the prime rate.

Refusing to disclose what percentage of the UBS' loan lenders were black, credit manager of the United Building Society, Piet Kruger, says although there has been an increase in defaulting, it is not significant. He dismisses as "unfounded" ANC banking expert Vella Pillay's argument that blacks are largely excluded from financial institution funding (See page 47).

"I don't think the ANC has got its facts right. In the short space of time since 1978 that we've been lending money to black homebuyers, we've

done relatively well. At the moment our loans to them are well in excess of R1-billion.

"This has been achieved despite unrest and upheavals in the townships and I don't think one can do much better than this," Kruger says.

David Harrison, general manager of the SA Perm Building Society's greater Johannesburg region, says there are always some people who are not good at meeting bond repayments during recessions, but this trend has not been dramatic in the past few months.

"The people to whom we loan money are those employed in the formal sector and who have a stable salary. We can therefore ascertain whether a person can repay or not and therefore reduce risk," Harrison says.



While the demand for housing mushrooms, the cost of building homes spirals. The private sector says it cannot build cheap houses anymore and financial institutions are getting tougher on bond defaulters

Insurance giant rejects ANC plan

Political Staff

CAPE TOWN — Demands by the ANC that insurance companies invest some of their huge cash flow into housing and other "socially desirable" projects have been turned down by the Old Mutual.

ANC spokesmen have suggested that insurance companies and pension funds invest between five and 10 percent of the R2 billion-a-year cash flow in these projects instead of in the share market and commercial property.

These demands include suggestions that insurance companies lend money at low interest rates. A committee has been set up by the industry's Capital Life Offices Association to consider them as an alternative to nationalisation.

But Old Mutual chairman Mike Levett said in an interview: "Millions of policyholders have given us their money, and in terms of their contracts we are obliged to look after it and produce the best returns with security. It would be wrong of us to take action to reduce the return of that money."

"We spent many years to get the Government to do away

with prescribed investments (that is, lending money cheaply). However, if a new government changed the law again, we would have to take cognisance of it," he said.

"Insurance companies should be allowed to invest in the manner that is best for their policyholders."

ANC spokesman Gill Marcus said today the equitable redistribution of wealth in the new South Africa was in the process of being discussed and Old Mutual's response was premature.

She said the ANC would meet insurance companies and business institutions to discuss ways of addressing apartheid's social and economic legacies.

"They are all concerned about nationalisation and we are asking them for alternatives. We know it is not something they will do gladly."

Asked if an ANC government would introduce legislation prescribing that insurance companies and pension funds invest a small percentage of their money in housing and "socially desirable" projects, Miss Marcus said the organisation had no intention of doing so unilaterally. It would consult with all groups and interested parties before any decision on the matter was taken.

Billions of rands could be unlocked

Assurers in huge housing finance plan

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BIPam
6/11/90

THE life assurance industry is investigating a major new initiative which could release billions of rands for black housing projects.

The probe is considering the creation of a government housing stock which would be tradeable on the capital markets, as is Eskom and RSA stock.

Because of the political risks involved in black housing, the stock would be managed by a trust which would have access to further government or development funds, such as the R2bn "backlog" funds which were voted in this year's Budget.

These funds would serve to underwrite the trust and ensure the life industry received a market-related return on its investments. The trust would make direct loans to low-income black homebuyers.

Life Offices' Association (LOA) deputy director Jurie Wessels confirmed yesterday the LOA had set up a committee to look into "socially desirable" investments.

The committee was looking into housing and other "grassroots" economic development ventures such as small businesses and the informal sector.

He said this was done because of pressure from government, labour, the private sector and political movements for the life assurers and pension funds "to stop chasing paper on the JSE and do more to stimulate the economy and benefit the needy".

Wessels said the availability of money was not the problem, but there was a lack of a suitable vehicle in which to invest.

KEVIN DAVIE

On June 30, the life industry had R37,7bn invested in public sector stocks. The life offices had total assets of R127,7bn at mid-year.

If 10% of these funds were invested in housing stock, R12bn would be released for black housing. At a cost of R20 000 per home, 600 000 houses could be built, but it is doubtful whether land and resources can be mustered to build that many houses.

The disclosure of the life offices' housing investigation comes against the background of discussions between members of the ANC and individual assurers on an informal basis. ANC economist Vella Pillay sparked a public debate on the issue last week when he suggested the life offices invest 5% to 10% of their funds in socially desirable projects.

Life industry leaders Mike Levett of Old Mutual and Pierre Steyn of Sanlam have said they would not voluntarily invest policy holders' and pension fund members' money in development projects which did not yield a market-related return.

Government transferred its R2bn backlog money to the Independent Development Trust (IDT) in July. Several attempts by Business Day to get the IDT to release details of how it intends spending the money have proved fruitless. In August, IDT chairman Jan Steyn told the Afrikaanse Sakekamer in Johannesburg that his intention was to turn the R2bn into R10bn by

□ To Page 2

Assurers

involving the private sector.

Wessels said investment in low-cost housing would mean a lower than market rate of return, coupled with a high political risk: "We need an investment vehicle to bridge the gap between high and low risk."

The life assurers did not believe a national problem should be placed on the shoulders of just the life industry. If the taxpayer could provide funds (such as the R2bn voted this year) to guarantee loans this would buy leverage and financial guarantees.

"The guarantees could be given by gov-

ernment or by an organisation such as the Development Bank, the Urban Foundation or a body created for this purpose.

"Such an organisation could, instead of using the funds available to it for direct development, rather use this money to 'underwrite' loans from assurers and other financial institutions, thereby obtaining much larger funds," Wessels said.

The scheme would be targeted at the lower end of the market.

The housing stock scheme would obviate the need for new prescribed assets requirements.

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ART 7-1-B 6/11/90
Housing stock mooted

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Own Correspondent

JOHANNESBURG. — The life assurance industry is investigating a major new initiative which could release billions of rands for black housing projects.

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Urban Foundation calls for new national housing programme

ESMARE VAN DER MERWE of the Political Staff reports

MR643
6/11/90
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A single Ministry of Housing, a housing ombudsman and a housing tribunal for the settlement of housing disputes are some of the imaginative proposals for a national housing policy made today by the Urban Foundation.

In a document titled: "Housing for All: Proposals for a National Urban Housing Policy", the Foundation called for a complete government rethink on the provision of houses, particularly for the urban poor, and suggested the involvement of the private and public sectors as well as communities in the daunting task of solving the immense housing crisis.

The proposals form part of ongoing research on how to deal with the urbanisation challenge, and have been developed under the aegis of the Private Sector Council on Urbanisation.

The Foundation meted out harsh criticism of the state's current housing policy, blaming apartheid for the acute housing backlog in South Africa.

Abolition

It yet again called for the speedy abolition of discriminatory laws. And it made constructive, clear-cut proposals for a national housing policy to address the housing backlog and provide houses for the rapidly growing population.

Dealing with current policy, the Urban Foundation said it contained no goals or objectives for a comprehensive strategy. While government argued for a public-private sector partnership, there were no clearly defined roles.

The mobilisation of private initiative was further constrained by state involvement in direct housing provision in ways which undermined private sector participation.

Apartheid had had a major negative impact on the housing crisis. The serious backlogs in houses, infrastructure and facilities were a direct result of discrimination. The tricameral constitution had produced administrative structures that undermined the potential for developing or implementing a coherent housing policy.

And while the state's housing policy had not been tailored to the needs of the urban poor, private initiative was excluded from the provision of low-income housing.

Noted the Foundation: "The current housing crisis is a consequence of failed public policy. State commitment to resolving the crisis is evident, but the present policy and approach do not provide the basis for translating commitment into action."

Its policy proposals were



THE URBAN FOUNDATION

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HOURS



based on five points of departure. These were:

- The state was solely responsible for the achievement of a national housing goal.

- To mobilise the "full institutional capacity of the nation", all housing development agents should operate under the same "rules".

- The state should establish and maintain the policy and regulatory framework for housing provision. A single Ministry of Housing within a united South Africa was an essential administrative structure.

- A national policy must address the full range of consumer affordability and aspiration. The range of sub-markets included conventional housing, starter housing, private rental and informal housing including site-and-service schemes and the upgrading of existing informal settlements.

- The policy should focus on the urban poor, promoting particularly the informal housing sub-market. Land and financial policies, such as appropriate subsidies, must encourage both site-and-service and settlement upgrading schemes.

Stressing the importance of the recognition and development of informal housing in a section devoted to this contentious issue, the Urban Foundation proposed two strategies.

First, existing informal settlements should be upgraded by securing minimum health and safety standards. Second, site-and-service schemes, where land was serviced ahead of settlement, should be developed. Sites should then be sold to people who might first erect informal structures, and later replace these with formal houses.

The government should draft a comprehensive policy on informal housing, while local authorities should play a direct role in community participation in site-and-ser-

vice schemes

An interesting proposal is that a housing tribunal be set up to resolve conflicts over the desirability and feasibility of the upgrading of informal settlements.

Legal provision should further be made for the establishment, by provincial and local authorities, of informal housing agencies.

"These agencies will be needed to play a pioneering role in informal housing delivery until private sector institutional capacity (such as community-based housing agencies and non-government organisations) develop their full capacity. These agencies must, however, operate under the same rules as private sector actors."

Noting that the conservatism of many local authorities with respect to servicing and housing standards was a major constraint to the delivery of houses to the poor, it suggested that:

- Government directed local authorities to accommodate development more appropriate to the poor

- Government permitted the development of large tracts of land at appropriate standards and with appropriate delivery systems outside the boundaries of local authorities.

- Existing Regional Services Councils, or other appropriate structures, upgraded services to optimal levels.

Dealing with consumer protection, the document noted that extensive exploitation and malpractice by some private housing developers was occurring — mainly because the low-income housing market was in its infancy and because of a lack of consumer experience.

Advice centres

Its proposals included that independent housing advice centres be erected to assist those consumers who fell outside the net of the financial institutions, and the appointment of a housing industry ombudsman to watch out for exploitation and malpractice, to mediate in some cases and ensure that action was taken in other cases by advice centres, legal aid institutions or the South African Police.

In conclusion, the Urban Foundation said that, despite the dimension and nature of the housing crisis, it was convinced that South Africa had the capacity and commitment to meet the challenge of housing all its people.

Its proposals had been made as a contribution to a public debate which would hopefully inform the formulation of a national urban housing policy.

SA land should be for all, clerics indaba told

Sowetan 6/11/90

SOUTH African Council of Churches president Dr Khoza Mgogo yesterday urged the National Conference of Churches in Rustenburg to adopt strategies to facilitate the re-distribution of wealth in South Africa.

Not to do so may retard the process of reconciliation, Mgogo said during the opening session.

"This conference must at least address one specific area. This is the question of land. We cannot avoid it," he said.

Sowetan Correspondent

"The land must be returned to the people. The land cannot be owned by the few and worked by the many. The land is the future for the people and without it, the majority of the people will be lost."

Issue

Mgogo said the issue of land could not be overlooked and would have to be at the forefront at every available op-

portunity during the five-day conference.

Leader of the Maritzburg-based Africa Enterprise Mr Michael Cassidy said the key question for the conference was whether it could confess, acknowledge and repent its "national sins", both before God and before those sinned against and to find a way to point and show the way to the future.

More than 250 delegates from 85 denominations are meeting at the Hunter's Rest Hotel near Rustenburg for the historic conference.

Sowetan Correspondent.



ARGUS 6/11/90 (123)

ANC slams brakes on property buy-up

The Argus Correspondent JOHANNESBURG. — The African National Congress has put the brakes on a multimillion rand property acquisition drive — fuelling rumours that the movement may be going through difficult financial times.

It was learnt that the ANC initiated preliminary negotiations with several brokers to buy prime residential and commercial properties.

But no deals were concluded and now — two months after the ANC's initial interest — property brokers are wondering what happened.

'ERRONEOUS IMPRESSION'

The ANC's head of finance, Mr Vusi Khanyile, said there was an "erroneous" initial impression formed by property brokers that the ANC had "lots of money".

"It is true that we do not have all the money we need. We do not have unlimited resources," Mr Khanyile said.

He confirmed that the ANC was looking for office accommodation and that

it would need space for returning exiles.

Mr Khanyile would not comment on specific property interests, saying the ANC was a "large organisation" and that branches were looking at their own property requirements.

While some brokers have speculated that disorganisation was the reason for the on-off deals, others suspect that anticipated funding for the properties did not materialise.

SITES OF INTEREST

Among the properties in which the organisation has shown an interest are:

- A R2,5-million smallholding in an elite far-north suburbs area;
- A 6 000-square-metre office block in Johannesburg's central business district; and
- Up to a dozen houses in Johannesburg's grey areas — Berea, Yeoville and Observatory.

Property brokers and estate agents interviewed agreed to provide details of the ANC's approaches on condition of anonymity — and because the deals ap-

pear to have reached a cul-de-sac. "We're talking to the ANC. In fact they have been talking to every broker in town," said one broker.

He said it was common knowledge the ANC wanted to rehouse its headquarters — presently at an office block in Sauer Street, central Johannesburg.

Its representatives were prepared to buy a suitable building but — unsure of just how big the organisation would be in future — were toying with the option of leasing in the short term.

Said another broker: "The ANC is looking at properties all over the place. We have made a number of submissions on suitable properties to the ANC but until now no deals have been concluded".

Another prominent Johannesburg property broker said: "We are negotiating with the ANC", but he refused to divulge details.

It is understood that ANC representatives twice toured a R2,5-m smallholding in a Johannesburg far-north suburb.

The property was apparently being considered by the ANC for use as a "training centre."

Although the ANC initiated negotiations for the property about two months ago and even took the plans for further study, the organisation's representatives have shown no further interest. The property is still on the market.

An estate agent active in Johannesburg's "grey" eastern suburbs formed the impression that the organisation wanted to provide a housing subsidy to enable senior members to buy homes.

"Another four people who said they represented the ANC came to us. But that was two months ago and since then we have heard nothing."

He understood the ANC was looking for at least 12 houses for its senior personnel on the city-centre's borders.

At least one former exile working for the ANC was able to use the US dollars earned in exile to buy financial rands and purchase a property at a bargain price, the agent disclosed.

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Housing goal: 'State responsible'

By Esmaré van der Merwe
Political Reporter

The Urban Foundation today released far-reaching proposals for a new national housing policy and, in a significant shift in its policy, suggested a major role for Government in the provision of houses to urban dwellers.

In a 60-page document — the culmination of five years' extensive local and international research — the foundation made some imaginative suggestions to overcome the acute housing backlog and provide accommodation for a fast-expanding population.

Mobilise

In a move which could draw criticism from the private sector, which has always campaigned for less Government involvement in this field, the Urban Foundation said the State was solely responsible for the achievement of the national urban housing goal.

It should do this by ensuring the existence of the legal, institutional and practical conditions necessary to mobilise maximum private sector involvement and provide housing itself to achieve the housing goal.

It was also suggested that the Government support the upgrading of existing informal settlements through the provision of infrastructure and services, secure tenure and access to appropriate housing subsidies.

The Urban Foundation's re-

search on a comprehensive housing policy was undertaken with the backing of the Private Sector Council on Urbanisation, a forum of the country's major employer bodies and leaders from both urban and business communities.

Among the proposals were the establishment of a single Ministry of Housing in a united non-racial South Africa, emphasis on informal housing and the upgrading of shacks and squatter camps, and the creation of a housing tribunal to handle disputes over the desirability and feasibility of the upgrading of informal settlements.

The foundation meted out harsh criticism of the Government's current housing policy, blaming the country's housing crisis on the apartheid system, failed public policy and a lack of goals.

Backlog

It called for the immediate scrapping of remaining discriminatory laws.

"Constraints on housing supply have resulted in the emergence of a large housing backlog of about 1,2 million units for urban black families, resulting in overcrowding, the emergence of unplanned informal housing such as backyard shacks and freestanding settlement, exploitation of the urban poor and corruption in public administration," the Urban Foundation noted.

The success of a new housing policy would depend on the co-operation and involvement of both the public and private sectors as well as communities, it said.

New plan to beat housing crisis

Monday 7/11/90

TIM COHEN

THE Urban Foundation has proposed a solution to SA's housing crisis which would involve a leading role for the state and a dramatic revision of existing housing subsidies.

The foundation yesterday unveiled the fifth in a series of policy studies which it developed from five years' research and interaction with a coalition of business and community representatives.

In arguing for a national urban housing policy, the 64-page document proposes a single non-racial housing ministry and suggests that the state play a "prime role".

MD of the foundation's residential development

division Mathew Nell said yesterday the suggestion that the state should accept "prime responsibility" for the housing policy was a marked departure from the UF's old approach.

He said the reason for the change in the UF's attitude was that the state had a responsibility to create the legal and institutional conditions to mobilise housing development.

Subsidy

But the UF still believed that private initiative, including community developers, utility companies, finance institutions and community organisations would provide the lion's

share of SA's housing needs.

The UF has proposed a 14-point plan for a new housing strategy which includes a one-off capital subsidy of R6 000 on serviced sites.

More than half of black urban households are unable to afford even a serviced site in terms of the current first-time homebuyers subsidy.

The UF's scheme would allow 93% of existing households access to housing, Nell said yesterday.

The document says UF research shows that an average of 174 000 housing units per annum are required to house the urban black population between now and 1995.

This translates into an additional gross land need

of some 11 600 hectares per annum (assuming a gross residential density factor of 15 units per hectare) — about one-and-a-half times the current size of Soweto.

Other UF proposals are to:

Formulate a programme with quantitative objectives for providing a full range of housing options in the urban areas;

Restructure the state's capacity for housing delivery agencies into housing development agencies for which each has accountability for finances and for achieving set objectives;

The establishment of metropolitan land planning agencies to identify well-located land for low-income housing development — in-

cluding site and service schemes;

Reorganise financing, ownership and cost-recovery for bulk infrastructure on a national basis;

Install a 'single, simplified system throughout SA for registering land and establishing townships;

Reduce standards for services by local authorities and allow these to be upgraded over time by regional authorities; and

Encourage financial institutions, pension funds and life offices to set up innovative schemes for both formal and informal housing.

The foundation feels that the metropolitan land planning agencies should have the authority to hear evidence and resolve conflicts between the national housing goal and "more established communities".

Requirements

Nell said a new housing policy should "level the playing fields" so that private and public initiatives operated under the same rules and focused specifically on the urban poor.

Although SA needed to build 174 000 houses a year, the actual building requirements were more likely to be in the region of 90 000 unit annually, averaged over the next five years.

In order to subsidise these units, the state would have to pay R2,570bn over the five-year period.

The average cost of implementing the UF's subsidy proposals, including a sophisticated revolving finance scheme, would be R514m a year.

The current budget for housing is R973m, which the UF believes is badly utilised and favours middle and upper income housing.

Urgent housing policy needed

Political Staff

CAPE TOWN 7/11/90
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CAPE Town's black population will more than double to 1,34 million in the next 20 years and land equal in size to today's Soweto will have to be provided every year in South Africa for housing over the next five years, the Urban Foundation said on Monday.

It is estimated that 174 000 housing units a year are required between now and 1995.

The Foundation said the current housing crisis was the result of failed government policies and because of past apartheid policy, serious backlogs in housing, infrastructure, commercial and social facilities had emerged.

The government's current housing policy was not contained in any single document and no goals or objective upon which to base a consistent and comprehensive housing strategy had been formulated.

The extent of the housing crisis was analysed in an Urban Foundation study, *Housing for All: Proposals for a National Urban Housing Policy*.

It is estimated there are 570 000 black people in Cape Town this year, but by 2010 the total will have risen to 1 343 100.

LOA: housing probe is our idea

THE life assurance industry's investigation into the possibility of making billions of rands available for black housing was not in reaction to ANC demands, says Life Offices' Association (LOA) chairman Dorian Wharton-Hood. 123

Wharton-Hood, who was responding to reports of ANC demands that insurance companies invest some of their huge cash flow into housing and other acceptable, socially desirable projects, said the LOA's investigation was "proactive" and had started some months ago.

"The LOA committee to look into this matter had been set up on our own initiative and not in response to any organisation or person. There had been no discussions with the ANC on the subject."

Wharton-Hood said life asurers, as

8/10/90 7/11/90
custodians of policy-holders' investments, did not have the right to invest their money at anything other than market-related rates. 8/10/90

While it was true the LOA possessed a huge cash flow and assets, it did not have the resources and infrastructure to manage funds for housing and community projects.

"We are not equipped to operate in these areas. Nor is it our role. Another body will have to be formed to act as intermediary."

The LOA committee had not completed its investigations, and its report would not necessarily recommend investment in black housing, Wharton-Hood said. It might regard community projects such as job-creation or black education as more feasible. — Sapa.

● Comment: Page 10

By REG RUMNEY

A REVOLUTIONARY new form of affordable wage-related housing finance has been developed, which should stimulate the housing market and offer pension funds a new way of putting money into socially desirable investments.

The loan was developed by actuary Anthony Asher of the University of the Witwatersrand.

It is hoped the money for the scheme will come from pension and provident funds, a number of which have already expressed interest, Asher said this week.

He told the *Weekly Mail* he had been working on the loan since 1982 and that the inspiration for such an "interest-free" loan came from the biblical injunction against usury.

In simple terms, instead of paying back interest, the borrower undertakes to pay back a percentage of his salary.

Wage-related home loan scheme gets the go-ahead

What it boils down to is that home owners pay back home loans least when they can least afford to, and most when they can best afford to.

At present, home-owners borrowing money from building societies and banks pay high amounts when they are young and are earning relatively low wages or salaries. So the percentage of their salaries dedicated to bond repayments is high.

By contrast, older people earning higher salaries pay a lower percentage of their salaries in bond repayments.

This week Asher's housing loan scheme was given the go-ahead in principle by the government. Asher, who is director of Actuarial Science at Wits, said government permission

wealthier.

While the scheme promises to make home owning more affordable, it will also offer investors a reasonable return on their money, he reckons.

It should offer slightly lower returns than investments in shares in companies, but with less volatility.

For instance, should the return on investment in companies be nine per cent, adjusted for inflation, the return for the investors in this scheme could be seven per cent.

Both shares in companies and salaries are linked to growth in the economy.

"It will match the needs of investors with the needs of borrowers much more closely than present schemes," said Asher.

The official launch of the scheme is expected to be announced at the weekend by the SA Perm building society, which has been involved in developing the loan.

was needed because of certain technical contraventions of the Usury Act.

The Act, for instance, forbids hire purchase repayments which start off low and either climb gradually or jump sharply. The Act also requires disclosure of the interest rate charged.

Since no interest is charged, but the home buyer contracts himself to paying a percentage of his wage, there would have been a technical illegality.

The amount of interest paid is worked out after the fact, not stated before.

Also, the Act doesn't allow for the capitalisation of interest.

Asher points out that one benefit of the scheme is that it will avoid the need for home buyers to trade up in the housing market as they become

Business Editor

MILLIONS of rands locked up in pension and provident funds are now available to help members buy their own homes — without any drop in pensions or retirement pay-outs.

It will put home ownership within the reach of thousands of people who would not otherwise be able to afford it.

The first loans will be made under a joint plan by Old Mutual and the Urban Foundation which has been prepared and tested over the past two years.

Announcing the plan on Wednesday, Mr Gerhard van Niekerk of Old Mutual said its approval by a high-level cabinet committee meant the realisation of a long-standing vision "to unlock millions of pension and provident fund monies for socially desirable projects".

Millions for home buyers

Cap Trunk
9/11/90

The Perm will also be involved in the plan.

Other major insurers are certain to follow suit. And with an estimated R100 billion in pension and provident funds, the amount likely to be borrowed is conservatively estimated at between R5 billion and R10 billion.

Mr Van Niekerk said the plan would not be subsidised by members of pension and provident funds who were not mak-

ing use of the loan scheme.

Members taking part would retain the full value of their retirement benefits.

Under the scheme, a pension or provident fund member will be able to borrow enough for a 5% deposit on a house as soon as the sum is covered by his contributions.

If his wage or salary is insufficient to cover the bond repayments the dif-

ference is made up by additional loans from the fund. But the loans for the deposit and bond repayments never exceed the member's withdrawal benefit.

Repayments to the fund do not start until the member's wage or salary has increased to a level at which he can afford to make them and also keep up his bond repayments. The total sum of both repayments will never exceed 25% of the member's pay.

During this phase the member also makes normal contributions to the pension or provident fund.

Once the bond is paid in full the member continues to make repayments to the fund until the loan has been fully repaid. This ensures that at retirement the full benefits of the fund are available.

Cabinet okays Old Mutual plan

Pension funds released for black housing

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BIPay 9/11/90

CAPE TOWN — Government has approved an initiative by Old Mutual and the Urban Foundation to unlock millions of rands in pension and provident fund money for use in the provision of black housing.

The initiative proposes the use of SA's massive pool of retirement funds as leverage for widespread home ownership.

It represents one of the most significant breakthroughs in attempts to release institutional funds for development.

In essence, the plan will enable pension and provident fund members to use their investments as backing for and initial repayment of a bank or building society home loan, without compromising the value of their retirement packages.

If implemented, it will make full use of the R20m Urban Foundation Loan Guarantee Fund established to underwrite lending institutions' exposure to the lower end of the home loan market. Old Mutual chief operating officer Gerhard van Niekerk said it would allow pension and provident funds to release money for development without sacrificing market-related returns.

If the plan is taken up by other major pension and provident funds, it will make a major contribution towards solving the problem of affordable housing.

Van Niekerk confirmed yesterday the plan had been approved by a high-level Cabinet committee.

For Cabinet to approve the plan, it first had to agree to exempt the Old Mutual from legal clauses — in the Pension Fund Act of 1956 and the Usury Act — which had inhibited the use of pension funds as loan

LESLEY LAMBERT

guarantees or repayment sources.

Registrar of Financial Institutions Piet Badenhorst said the exemptions would not have to be approved by Parliament.

Key benefits of the plan are that it will give pension and provident fund members, unable to accumulate the required deposit, access to a lump sum, and ease the initial repayment burden on low-income members.

It will also provide greater security and easier administration for lending institutions as repayments will be collected in bulk through the employer's salary administration system.

The schemes were designed by the Perm and Old Mutual with the Urban Foundation.

Perm MD Bob Tucker said the Perm's "salary-linked home loan" would more than double the amount a prospective home-owner could afford to borrow.

Tucker said even if only a small percentage of pension and life assurance assets were used for the new scheme, R10bn could be made available to finance new homes immediately, with a further R2bn each year.

This is a brief outline of how the plan will work: When a pension or provident fund member's accumulated withdrawal benefit amounts to the 5% deposit required by the loan guarantee fund to buy a house valued at between R12 500 and R35 000, the member will be entitled to a loan from the fund which will be backed by his or her withdrawal benefit.

□ To Page 2

Pension funds

Using that loan as a deposit, the member will have access to a bank or building society home loan. If 25% of the person's salary is not enough to cover bond repayments, the shortfall will be made up by further monthly loans from the fund. The loan granted for the deposit, together with the additional loans, will be structured in such a way that they do not exceed the member's withdrawal benefit entitlement.

Once the person's salary can support full repayments, the member will start repaying the additional loans to the fund. The sum of the bond and loan repayments will not exceed 25% of salary. The member will continue to make normal pension or provident fund contributions during this phase.

Once the bond is fully repaid, the member will continue to make additional payments to the fund until the additional loans

are also repaid. These repayments will ensure full benefits at retirement.

Members will remain eligible for the normal death and disability benefits provided by the fund during this process.

If the member resigns before retirement, the outstanding loan from the fund will be offset against the withdrawal benefit, less tax payments due.

One of the first steps in implementing the plan will be to refine specific details in consultation with pension and provident fund trustees, says Henk Beets, Old Mutual employee benefits assistant GM who was instrumental in developing the plan.

One of these details will be to determine an interest rate on additional loans from the fund which will prevent fund members who do not use the loan facility from subsidising those who do.

□ From Page 1

Pension deal boost for housing

By TOM HOOD
Business Editor

A BUILDING boom in low-cost housing is certain if employers let workers use their pension and provident fund contributions as a deposit for a house or for part of their monthly repayments.

This is forecast by a leading housing authority, Mr Selwyn Myers, retired general manager of Garden Cities, the utility company that built Pinelands and Edgemead.

"There is a huge percentage of employees earning less than R1 000 a month who could now be able qualify for a building society loan. It will encourage companies to cover employees with pension funds where they are not already covered."

At present many low-earning employees were penalised by not being allowed to take a company housing subsidy if they already had the government's 33 percent subsidy for first-time home buyers.

Old Mutual opened the door this week for thousands of peo-

ple in the lower income groups by getting government approval for use of pension and provident fund contributions for house purchase. Government approval was needed because parts of the scheme ran counter to the Pensions Act and the Usury Act.

Blacks have about R10 billion in pension and provident funds which they could dip into.

Mr Henk Beets, assistant general manager of Mutual's employee benefits division, who spent two years working on the plan, said both employers and trade unions had been consulted about the scheme. There had already been an incredible reaction, with hundreds of people phoning Old Mutual's offices for more details.

Many were complaining, however, but they did not understand that the scheme would not mean subsidies and did not penalise members of pension funds or the sacrifice of retirement benefits.

Other people phoned Old Mutual and threatened to cash in their insurance policies be-

cause, one put it: "You are capitalising and giving my money to the ANC."

On average it would take more than two years' service before an employee could build up his pension fund contributions and be able to qualify. Employees borrowing deposits would be charged the full market rate of interest.

The interest rate prescribed by the government was 19 percent but it could go higher. For example, trustees may have to charge a rate as high as 23 percent — the investment rate earned by provident funds administered by Old Mutual, or 22 percent in the case of pension funds.

Small amounts

Employees generally would be borrowing small amounts. For the deposit on a R30 000 house, an employee could borrow 5 percent — R1 500. The balance of the purchase price would have to come from a bank or building society. If he was not earning enough to qualify for bond he could borrow further sums from the pension fund to help in the initial period of buying a house.

Generally, the scheme would allow employees to afford houses 50 percent dearer than at present. A limit of R45 000 has been set.

A test with a large manufacturing company with several thousand workers showed only 56 percent could afford to buy a R20 000 house. With the scheme, about 97 percent could afford the house.

Employees taking part would retain the full value of their retirement benefits.

Mr Beets said he hoped other life insurers would recommend similar schemes.

They would have a little less money to invest in the short term but "it will all come back later."

BUSINESS PERSONALITY OF THE WEEK

'Billions' in the pipeline for housing

HOPE is in sight for South Africa's homeless — following two unrelated announcements from the local life assurance industry this week that could make billions of rands available for housing.

Thousands

A scheme devised by the Urban Foundation and the country's largest life insurer, Old Mutual, has been given the green light by Government and effectively opens the door for thousands of people in lower income groups to own homes.

At the same time the life assurance industry's representative body, the Life Offices Association (LOA) confirmed this week that it had set up a committee to investigate "socially desirable" investments which would include hous-

CHRIS MOERDYK

ing and other "grassroots" economic development measures.

The Urban Foundation/Old Mutual scheme enables members of pension and provident funds to buy houses while retaining the full benefits of their retirement benefits.

According to Old Mutual, once a member of a pension or provident fund had built up sufficient money in the fund to make a 5 percent deposit on a house, he could borrow the money for this purpose.

If he did not qualify for a bond from a bank or building society the balance of the money could be borrowed from his retirement fund.

The scheme would be open to first time buyers of all races but would be limited to houses costing a maximum of R45 000.

The announcement that the LOA had established a committee to investigate low-cost housing as an avenue for investment, follows last week's suggestion by ANC economist Vella Pillay that local life insurers invest up to 10 percent of their funds in "socially desirable" projects.

Pressure

The LOA said, however, that the decision to investigate these specific investment opportunities was not as a result of "pressure" from the ANC but as a result of the continued lack of suitable investments.

Members of the LOA had total assets of R128 billion by the middle of this year and for many years life insurers have experienced considerable problems in finding secure investments for their funds.

We'll pay our way, pledges ANC boss

St. Times 11/11/90

DIRK TIEMANN

ANC ECONOMIST Vella Pillay says rent boycotts will be a thing of the past in a democratic South Africa.

He believes house owners will pay their way and Government-underwritten housing loan stock should be attractive to life assurers.

Mr Pillay says that once squalor and unemployment have been eradicated, house occupiers will pay.

The yield on the prescribed loan stock will also be relatively high. Mr Pillay says most assurers' assets are earning about 19%, and this new stock should bring a guaranteed 15%.

Old Mutual chairman Mike Levett says his society campaigned for the abolition of prescribed investments because they did not provide an acceptable return. He would not welcome their reinstatement.

Life Offices Association executive director Richard Geary-Cooke says the loan stock must deliver a market-related return, be guaranteed and marketable. Mr Geary-Cooke says no meeting has been arranged with the ANC.

Mr Pillay believes assurers should take a long-term view and not reject out of hand the ANC call for contributions. Assurers would be advised to put 20% of their assets in social investments.

"We want the support of financial institutions for a programme to alleviate poverty. We expect life assurers' to put 5% to 10% of their assets into social development projects. That would hardly dent their returns. They would still have 90% to 95% of their assets earning a market-related return."

Poverty

Mr Pillay accuses institutions of using false arguments because most of their money is in assets which are of unstable value. Stocks, shares and bonds depend on interest rates and fluctuating property values.

"The ANC wants no more than 10% of such assets placed in social projects at a time when social deprivation has reached critical levels."

Mr Pillay says the ANC will try to persuade institutions to make social investments. If it fails, an ANC government would compel institutional compliance.

"The squatter problem has become so severe that it is the focus of instability. If designated bonds, guaranteed by the Government, were sold to assurers and banks, the proceeds could be used to construct houses."

Mr Pillay says a huge amount of institutional money goes into paper on the stock exchange. It should be invested in industry.

"Very little new capital is raised because the level of business confidence is low. This will only change if savings are poured into employment-generating industrial development."

"The banks are not doing enough. They must be forced to supply credit. There is no fetish about nationalisation, but there must be a distribution of income in the economy. Otherwise the internal market will remain stunted and the growth potential negligible."

Nationalisation has given



VELLA PILLAY: Putting the screws on big money

way to the idea of the social contract, says Mr Pillay.

Life assurers have set up a committee to investigate social development projects. They have yielded to pressure from the Government, trade unions, sections of the private sector and political movements.

Pressure

The issue of tradeable Government housing stock is also under investigation. The stock would be managed by a trust, underwritten by the Government, to ensure a market-related return. The trust would make direct loans to low-income black house buyers.

Assurers' assets totalled R127,7-billion on June 30.

The Perm opens door to low-income houses

S/Times 11/11/90

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By DAVID CARTE

IF YOU wish to buy a house, the Perm will help you — by buying a slice of your salary for the next 20 years for a large capital amount, which you use to get a home.

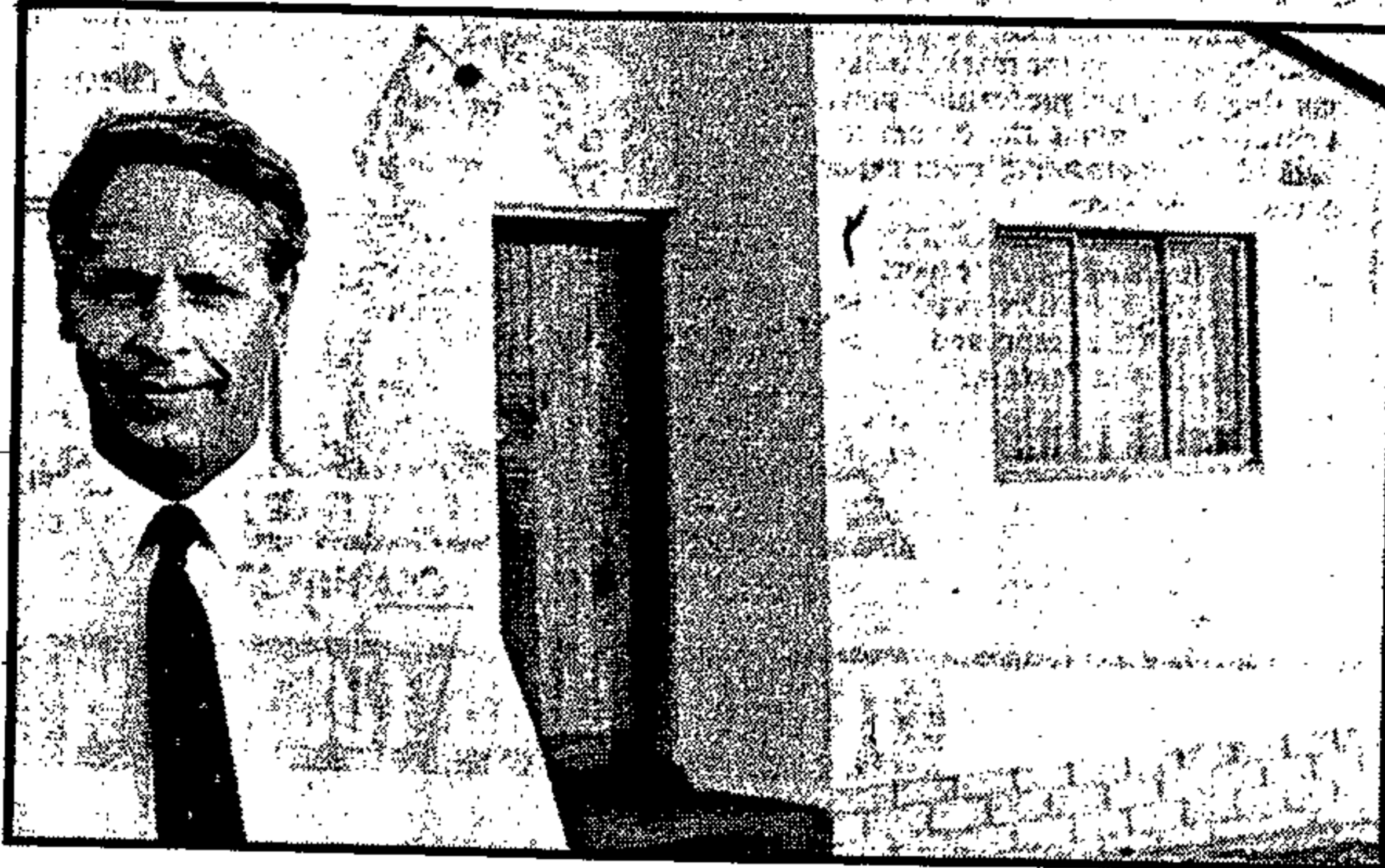
A Cabinet committee agreed this week to let the Perm launch a revolutionary scheme making home ownership easier for everyone with a job.

The mortgage replacement plan, devised over three years in collaboration with Anthony Asher of the Wits actuarial faculty, also allows pension schemes to channel money into housing without compromising their fiduciary responsibility.

Static

Pension funds will provide the money and the Perm will administer the scheme, which is available for houses of all prices.

Perm managing director Bob Tucker says: "When you pay off a bond, assuming constant interest rates, the monthly payment remains static in nominal terms. But



HOMES FOR THE MANY: An income of R700 a month buys this R28 500 house Picture: TOM EDLEY

in real, inflation-adjusted terms, one's contributions start to fall after a few years.

"Under this system, because one's salary normally rises over time, payments actually rise in nominal terms and — depending on one's pay increases — in real terms as well. For this reason, one can afford a better home with the new plan."

Another advantage is that payments are unaffected by interest rates.

"You won't get the situation where a man buys a house when interest rates are 12,5% and discovers he cannot afford it when they rise to 21%."

Mr Tucker says present formulas allow house buyers to borrow only 17 times their monthly salary. Most blacks earn less than R1 000. They can thus borrow, at most, R17 000, which is not enough for a house.

The scheme makes it possi-

ble to "borrow" 42 times the monthly salary — in other words 2,5 times more. A person who could afford a house of R10 000 is suddenly able to get one costing R25 000.

The Perm's proposal obviates the need to save for a deposit — providing employees are established members of the pension fund.

"We stress this is not an ordinary loan. On behalf of the pension funds, we buy a proportion of a man's salary

for 20 years. For the buyer, it is actually less onerous to pay than an ordinary bond.

"At present, the home owner's bond payments must not exceed 30% of his salary at the time of grant.

"The average payment in terms of the new scheme will always be less than 20% of a person's pay. Obviously, the proportion payable depends on the cost of the house he or she wants to buy and salary. We use actuarial tables to calculate these things."

Promotion

Mr Tucker says all contingencies have been anticipated.

"If anyone enjoys rapid promotion and large pay increases and believes he is paying too much for his house, he can convert to an ordinary bond at any time. The scheme will not be usurious.

"If a person changes jobs, no problem. We simply continue to collect the agreed proportion of income. If he is unemployed and cannot pay, his position is the same as it would be under existing arrangements."

Mr Tucker says the new bond does much to defuse politicisation of the housing issue. It makes home ownership more accessible to many. At the same time the pension funds' billions can be safely deployed.

"About 9% of urban blacks can afford a R35 000 home. Another 12,5% can afford one valued between R12 500 and R35 000. No fewer than 60% cannot afford a R12 500 house.

First

"But huge numbers of the black employed can afford only R10 000. These people could under the new scheme afford a house of R25 000. This could be enhanced if the Government goes ahead with its R6 000 capital subsidy for first-time buyers of serviced sites."

Mr Tucker says pension funds may join the scheme individually or as part of a pool. They can either have a dedicated portfolio of finance for their own members or can take part in a pool of loans to employees of their own and other pension funds.

The Cabinet committee also approved a plan put forward by Old Mutual and the Urban Foundation to make pension and provident funds accessible to house buyers.

Fund members will be able to use their retirement investments as backing for and initial repayment of a bank or building society loan up to R45 000 without reducing the value of their retirement benefits.

This is an incremental improvement on existing mortgage schemes and is different from the Perm's scheme, which is a world first.

If the Perm and Old Mutual proposals are widely copied, black house ownership should boom. The initiatives could go a long way to heading off demands from the ANC for institutional money for black housing.

Housing initiatives praised

CAPE TOWN — New initiatives to broaden the base of home ownership in SA would help to break the logjam that had kept investment funds from flowing into low-cost housing, Urban Foundation housing MD Matthew Nel said at the weekend.

Referring to initiatives devised by the Old Mutual and the Perm to bring home ownership within the reach of millions of low-income pension and provident fund members, Nel said there were many similar initiatives in the pipeline.

He said research conducted by the Urban Foundation and the Old Mutual had indicated that the use of retirement funds could have a significant effect on SA's

LESLEY LAMBERT

critical housing shortage.

In one pilot test, the application of the Old Mutual's scheme to a large industrial company in Johannesburg had had the effect of increasing the percentage of its employees with access to a bond on a R20 000 house from 55% to 97%.

The Perm's salary-linked bond repayment scheme, which also relies on backing from retirement funds, will also give earlier and more affordable access to low-income earners. (123)

In essence, both schemes make provi-

□ To Page 2

Housing

sion for the earliest possible access to a low-cost house on the basis of the assumed repayment potential of future salary increases and savings.

But Nel says that to be truly effective, these initiatives would have to be accompanied by two other developments: successful implementation of the R20m loan guarantee fund which underwrites portion of lending institutions' exposure to the lower end of the market, and the restructuring of government's housing subsidy schemes in favour of low-cost housing.

Henk Beets, Old Mutual employee bene-

fits GM who was instrumental in designing the scheme, says the limit was determined by two factors: the need to target the low end of the market, and the authorities' concern that access for wealthier people could have an inflationary effect on house prices.

"At R45 000 — a price level at which there has not been strong demand in the past — there are few existing houses with prices to inflate. Instead, it should stimulate the building of new homes at that price level," he said.

□ From Page 1

Vision to free millions for homes realised

A high-level Cabinet Committee has approved a "unique" joint housing plan by Old Mutual and the Urban Foundation, the insurance giant announced last week.

The plan brought the dream of home ownership within reach of tens of thousands of South Africans who could not previously afford it, Old Mutual said in a statement.

The plan was approved on Wednesday, according to the company.

Refined and tested over two years by Old Mutual and the Urban Foundation, the plan provides for the following:

- * Avoids cross-subsidisation by members of pension and provident funds not making use of the scheme;

- * Participating members still retain the full value of their retirement benefits; and

- * There are no low-yield investment penalties involved as in the case of the suggested prescribed assets route.

The following is a brief outline of the scheme according to Old Mutual:

- * If the member resigns from employment before retirement, the outstanding loan from the fund is offset against the withdrawal benefit (less any tax payments due). If the mortgage bond has not been fully repaid, the member will be responsible for continuing the rest of the repayments

to the bank or building society as would normally be the case.

The key features of this new approach towards low-income earners are, according to Old Mutual:

- * Members who would otherwise have difficulty in accumulating the required deposit towards the purchase of a home are granted access to a lump sum;

- * Traditional mortgage loan finance is made more accessible because of the availability of a deposit from the pension or provident fund. Because the member is able to draw on additional ongoing contributions to the retirement fund for an initial period, the mortgage bond repayments are made more affordable;

- * While the initial focus of this scheme has been on making home ownership more affordable, it could also be extended to enable members to repay mortgages faster and acquire full ownership of a home much sooner than would normally be the case;

- * There is greater security and easier administration for a bank or building society because repayments are collected in bulk through the employer's salary administration system.

Old Mutual said the following two legal restraints prohibited its plan from becoming operative:

The first was under the Pension Fund Act of 1956, whereby any loans granted by pension or

- * When a new member joins a pension or provident fund and commences contributions to the fund, a withdrawal benefit is accumulated. As soon as the withdrawal benefit is sufficient to provide for a five per cent deposit on a house of a specified selling price, the member can obtain a loan from the fund against the security of their withdrawal benefit;

- * The member then commences bond repayments, which are limited to a maximum of 25 per cent to 30 per cent of salary. If this amount is insufficient to cover the bond repayment, the deficit is made up by further loans from the pension or provident fund. The loan granted for the deposit, together with the additional monthly loans to assist with bond repayments, are so structured that they never exceed the member's withdrawal benefit entitlement;

- * When the member's salary has increased to a point where full bond repayments can continue unassisted, the member then also commences paying back the loan from the fund. The sum of the bond repayment and the pension or provident fund loan repayment won't exceed 20 per cent to 25 per cent of salary. During this phase the member also continues to make normal contributions to the pension or provident fund;

- * Once the bond is paid in full the member continues to make additional payments to the fund until the loan from this fund is also fully paid. These repayments are by then a "very small charge" on his salary and ensures that at retirement the full benefits of the fund are available;

* Throughout this process the member remains eligible for the normal death and disability benefits provided by the retirement fund; provident funds to members have to start being repaid immediately.

The Economic Advice Sub-Committee has now agreed that an exemption from this requirement can be granted under the act by the Registrar after considering an application by individual pension funds.

Secondly, the restraints which were imposed on the operation of this scheme by the Usury Act, have also been removed by way of an exemption.

Old Mutual said the scheme addressed some of the most crucial problems of South Africa's housing crisis -- the twin questions of access to funds and affordability of loan repayments". - Sapa

SOWETAN BUSINESS

Insurers to probe black homes plan

THE Life Offices Association, representing the majority of life assurance companies in South Africa, has appointed a committee to investigate "socially desirable" projects, including black housing, small business development and education.

The committee, which was formed last May, is the initiative of the LOA members and has nothing to do with the African National Congress, the Pan Africanist Congress or the Government.

It has not held discussions with any of these groups.

This was confirmed by the chairman of LOA, Mr

Sowetan 12/11/90
Dorian Wharton-Hood, who told *Sowetan Business* this week that the committee would make recommendations to the management committee, as soon as it had completed its investigations.

However, Wharton-Hood, did not rule out the possibility that they might have discussions with the groups on the matters at a later stage.

Demands

For the moment, he added, "we have not held discussions with the ANC on the issues."

The explanation comes in the wake of demands by the ANC that insurance companies invest some of their cash into housing and other "socially desirable" projects.

The ANC has suggested that insurance companies lend money at low interest rates, and that the LOA has to consider this as an alternative to nationalisation.

Wharton-Hood said the LOA had not been approached on these matters and no discussion had taken place between it and the liberation movements.

It was inappropriate to imply that life insurers' initiative, which could release billions of rands for housing projects, was as a result of the ANC's demands.

Both Old Mutual and Sanlam - the country's biggest life insurance companies - have said that they would not voluntarily agree to invest

policy holders and pension fund members' funds in development projects which did not yield a market-related return.

It was inappropriate and improper for Old Mutual as trustees to arbitrarily tax the savings of its million members, most of whom were ordinary working people, the company's chairman, Mr Mike Levett, said this week.

"Only the State should tax savings, after full consideration of the alternatives and short- and long-term implications, and subject to democratic review.

"Old Mutual is a mutual society with more than two million members. These members and their dependants look to the proceeds of their life policies for their future financial security - very often their sole source.

"Furthermore, the workers who are members of pension and provident funds, also look into Old Mutual to manage their monies wisely and well.

He said for that reason the company strived to earn the best returns commensurate with security and risk on all the assets backing the liabilities under the policy contracts.

"By its activity in investing the monies of its members and clients in infrastructural development, in long-term risk capital and in other ways, all the investments have gone towards the economic and social development of Southern Africa," he said.

Beer sales continue to go up despite squeeze

By JOSHUA RABOROKO

SOUTH African beer drinkers continue to spend vast sums of money quenching their thirst in spite of the squeeze in consumer demand and the state of the economy, the SAB's performance for the six months to September indicates.

The group's beer division reports that sales volumes increased by 11 percent to about one-billion litres for the period.

Its contribution to the bottom line climbed to R140 million (R112m) or 64 percent of attributable profits of R214 million (R177m).

The surge in beer sales helped to bolster group turnover by 19 percent to R6,9 billion with earnings up 21 percent to 80c (66,1c) a share.

The dividend charge was improved by 20 percent to 30c (25c).

SAB chairman Mr Meyer Kahn attributes the 11 percent increase in beer sales to "fairly aggressive advertising, promotions, keen pricing and good management" - all of which held to increase beer's shares of the total drinks market. The increasing population also helped uplift sales.

Kahn confirmed that SAB, which boasts such diversified entities such as Edgars, OK Bazaars, Amrel, Afcol, Da Gama and Southern Sun in its portfolio, was still planning to spend most of its authorised R1,8 billion capex for the next two years on its beverages division.

He was pleased with the performance of each one of the divisions with the exception of Southern Sun, which from September became a wholly owned subsidiary.

He said uprisings led to the reduction in the number of tourists.

Bond scheme 'will boost loan industry'

THE Perm's new salary-linked mortgage scheme will be open to most prospective homebuyers, not just first-time and low-income buyers.

The entire loan industry is set for a major shake-up as a result of the plan, which will dramatically increase the number of people able to take out home loans.

The Perm scheme will have the effect of allowing homebuyers to borrow more than 40 months' salary, compared to the present 17 months.

Perm manager Brian Peck says the loans will be available to all, although they will particularly boost first-time buyers.

This will put houses in all price ranges within the reach of many more buyers.

The scheme is designed so that the borrower does not have to carry the repayment burden at a time when he is least equipped to do so, as it is spread evenly over the time of the loan.

Registrar of Financial Institutions Piet Badenhorst said yesterday government had approved the scheme and the necessary adjustments to the legislation would be finalised within a month.

Peck says mortgage bonds currently on offer place the main burden of loan repay-

GILLIAN HAYNE

ment at the beginning of the term, with the instalments declining rapidly as a percentage of income. The new scheme will keep repayments at a constant percentage of the individual's salary.

Estate agents have been enthusiastic in their response to the scheme.

Camdon's Nationwide MD Scott McRae said it would have a massive impact, and put the "oomph" back into the market.

Time Realty director Lillian Passet said high interest rates had made home loans a very competitive business with buyers shopping around for the best deal. The Perm could take the major market share with the scheme, she said.

Not everyone qualifies for the loan.

- The scheme encompasses two elements:
- Because a pension fund is used as collateral for the loan, the employee must be an established member of a pension fund, which will determine the value of the loan.
 - The company must enter into an agreement with the Perm to provide salary details and allow the Perm to deduct repayment instalments at source, through

To Page 2

Perm bonds

the salary system.

As a result of the Perm pooling the loans into an investment fund, life offices, pension and provident funds now have the ability to invest in an asset that will yield a return related to salary inflation, Peck says.

Other banks and building societies have adopted a "wait-and-see" attitude to the concept. Not only was it a departure from the traditional home loan concept, it con-

stituted a new investment medium, spokesmen said.

One industry source said the scheme was a perfect solution to the ANC's call for releasing pension fund monies for socially responsible projects.

In this way home loans would become accessible to people who could never have afforded the repayments on conventional loans.

● Comment: Page 10

More loans in reach of homebuyers

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Own Correspondent

JOHANNESBURG. — The Perm's new salary-linked mortgage scheme will be open to most prospective homebuyers, and not just first-time and low-income buyers.

The entire home loan industry is set for a major shake-up as a result of the plan, which will dramatically increase the number of people able to take out home loans.

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Peck says mortgage bonds currently on offer place the main burden of loan repayment at the beginning of the term, with the instalments declining rapidly as a percentage of income; whereas the new scheme will keep repayments as a constant percentage of the individual's salary.

Estate agents have been enthusiastic in their response to the innovative scheme.

However, not everyone qualifies for the loan.

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- The company must enter into an agreement with the Perm to provide salary details and allow the Perm to deduct repayment instalments at source, through the salary system.

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One industry source said the scheme was a perfect solution to the ANC's call for releasing pension fund monies for socially responsible projects.

"This way home loans will become accessible to people who could never have afforded the repayments on conventional loans, and ensure that the repayments stay within affordable limits not subject to interest fluctuations."



Happy days are here again as the children of Polokong Children's Village in Evaton whoop over R220 000 donated by Samancor Foundation school for the purchase of a microbus and the building of a cottage which will provide lodging for a mother and 10 children.

Black housing problem tackled

THE dramatic events of the past year have had major implications for South Africa and the Urban Foundation, Foundation chairman Mr AM Rosholt said in his annual review.

He said in spite of many setbacks the Foundation had managed to establish a Home Loan Guarantee Fund and launched the Group Credit company as part of a programme aimed at the lower income group housing.

The company provided loans between R500 and R5 000 to members of savings clubs who have demonstrated an ability to save.

Rosholt said an informal settlement upgrading the Foundation was aiming to achieve basic health and safety and to secure permanent tenure for residents.

"The decision by the Durban City Council, the Independent Development Trust and the Tongaat-Hulett Group to fund the upgrading of the Bester's Camp on the outskirts of Durban and the acceptance by the community that the Foundation manage this project, is seen as a major breakthrough for us."

He said an area which was causing serious concern within the Foundation was its housing utility companies. - Sapa.

Youths deny attack claims

THE ANC Youth League yesterday denied allegations that its supporters were involved in attacks on members of other liberation movements.

It pledged to continue fighting for a realisation of the ANC's "popular aspirations" enshrined in the Freedom Charter.

Responding to what it called "seemingly fashionable offensive diatribes which evidently seem to undermine the image of our movement" in the press, the ANCYL said in a statement the ANC had no reason to

SOWETAN Correspondent

apologise for its track record which had been informed by its non-racist and non-ethnic position for decades.

ANCYL dismissed as "a sorry statement on concerted efforts towards a free South Africa" the Azanian Students' Movement's allegations this week that ANC supporters were "always involved in attacks" against other liberation movements.

"It does not help the cause of liberation, in our opinion, to resort to political mudslinging in the quest for questionable ends. We have to repeat here that we have no interest in dissipating our energy in constituency conflicts. What we are about is a united offensive against the apartheid system in all its ramifications.

"This commitment, we have consistently explained, must cut across the entire political spectrum," the ANCYL statement said.

Watch out for

New financial mechanisms and opportunities for widespread home ownership are emerging. How effective could these be in addressing SA's critical housing shortage?

First on the market earlier this year was the Loan Guarantee Fund. Established by the Urban Foundation and building societies, the fund addresses the risk and profitability constraints that have kept lending institutions out of the lower end of the home loan market. It does so by underwriting a greater degree of their exposure to this market and passing some administrative costs on to borrowers.

With problems related to the risk of providing funds in this sector theoretically defeated, the next constraint was the inability of most of the people in need of homes to afford that finance.

As if on cue, two new mechanisms were announced last week. They aim to lower the levels of entry into the home loan market and thus open up home ownership to a large percentage of the population which previously could not afford it.

The joint Old Mutual/Urban Foundation scheme proposes that this be achieved by allowing retirement fund members to borrow directly from their funds the 5% deposit required by the Loan Guarantee Fund and further monthly loans to subsidise early bond repayments. A separate scheme by the Perm provides the actual financial vehicle for the purchase of a home through a salary-linked loan.

Other potential sources of finance include securitisation, which enables financial institutions to mobilise additional funds, and government-backed marketable housing securities which would provide a secure and perhaps even profitable conduit for institutions under pressure to invest in socially desirable projects. Overshadowing these schemes are the potential risks of widespread default in tough economic times, political unrest and bond boycotts. If all happened at once, lenders would be in trouble. To minimise risks, they have constructed a number of safety mechanisms through the Loan Guar-

Widening access to home market

may not be enough

LESLEY LAMBERT in Cape Town

ante Fund, including the insurance of part of the value of the home through insurance companies which, in turn, are covered by the Fund.

The Perm argues that the risk of initial default is much lower in the case of its salary-linked scheme. But the argument is based on the assumption that members will remain employed, that their salaries will increase and that, in the case of default, house prices will at least keep pace with inflation.

Pessimism aside, how effective could these sophisticated and complex initiatives be in addressing housing needs?

Estimates of the shortage range between the Urban Foundation's 1.2-million units, which includes the homelands and countrified sites as homes, and the CSIR's 2.1-million units, which excludes these.

Furthermore, the Urban Foundation calculates that, based on income, 50% of blacks are unable to afford housing finance and are making their own provision for housing on an incremental basis. A further 40% can only afford a formal structure, or starter home, costing between R12 000 and R35 000, while the remaining 10% can afford conventional housing over R35 000 and are already housing themselves. Early estimates indicate that the new financing initiatives could shift

a large percentage of the incremental category into the starter category — assuming they are working and/or belong to some form of retirement fund — and promote the majority of those in the starter to the conventional category by improving their access to finance and affordability.

But, because the existing schemes are based on income and retirement fund contributions, they immediately exclude the millions of unemployed and those who work in the informal sector where income is often erratic and provision for retirement non-existent. This sector is seen as the target of Jan Steyn's Independent Development Trust.

The National Housing Trust estimates the cost of an adequate low-cost housing programme over the next decade at more than R50bn. The Loan Guarantee Fund has undertaken to initially use the R20m it has collected from financial institutions and foreign investors to mobilise enough funds to house 250 000 people in 40 000 homes.

Perm manager Brian Peck believes the Perm's salary-linked scheme, applied to home loans of any size, could potentially shift about 155 000 families into the conventional housing market, resulting in a

funding requirement of R8,5bn over a period of time.

"By channelling as little as 5% of their investments into this type of mechanism, the R180bn retirement and insurance industry could help to turn this 'affordable' demand into reality," Peck says.

In spite of the limitations of applying only to retirement fund members — of which there are an estimated 6-million in SA — and relying on endorsement by the trustees of individual funds, the Old Mutual scheme is potentially far-reaching. In one test conducted by the Old Mutual and the Urban Foundation, the number of employees in a large industrial company who could afford a R20 000 home increased from 45% to 95% when the retirement fund mechanism was applied.

Urban Foundation housing MD Matthew Nell believes that valuable as the initiatives are in breaking the financial logjam that has kept institutional funds out of low-cost housing, to be effective they will have to be accompanied by two other developments: successful implementation of the Loan Guarantee Fund, and the restructuring of government's housing subsidy schemes in favour of low-cost housing.

Funding and affordability are not the only obstacles to solving SA's housing crisis. There may be resistance to the new financial mechanisms, and practical problems in meeting the demand for homes.

While the majority of retirement fund managers would have some difficulty disputing the principle of using retirement funds in more productive ways which did not compromise their fiduciary responsibilities, there may be some resistance to this mechanism from trade unions. Some believe the financial institutions are letting employers with staff housing responsibilities off the hook.

National Union of Mineworkers (NUM) general secretary Cyril Ramphosa welcomes the Old Mutual initiative as a progressive attempt to address the housing problem and says he will be taking an active part in discussing it with the trustees of the NUM provident fund. But, he adds, "The state and employers should not use it as an excuse to abdicate their responsibilities."

Another source of potential resistance may be those pension fund members who neither need nor qualify for the loan facility and fear they may be subsidising those who do.

Henk Beets, Old Mutual employee benefits assistant GM who was instrumental in designing the scheme, says there are a number of mechanisms to protect the funds and prevent cross-subsidisation. The loans will attract a market-related interest rate and will not be allowed to exceed the borrower's existing withdrawal benefit — the accumulated value of monthly payments.

The next round of challenges will be immense. Government will have to open up land which is suitable for development and does not make people feel they are again being displaced by social engineering.

More scrupulous builders will have to be found to satisfy the anticipated surge of demand in the low-cost housing market. And financial institutions, apart from ensuring that administration processes are watertight, will have to overcome much of inherent mistrust in the new markets they are targeting. Ultimately, though, the real test will lie in the ability of the new market of homeowners to meet their financial commitments in tough economic times.

Why the private sector can't build low-cost homes

W/Mail 16/11/90 22/11/90 (123)

HAS the private sector, which has withdrawn *en masse* from black housing, failed to come up with the goods? Urban Foundation residential development division MD

Matthew Nell puts it into perspective: "A more accurate reflection would be that the private sector has delivered well where market conditions have allowed it to. It has filled the backlog in conventional housing."

Having saturated that top-end market, private developers were expected to go into low-cost housing for the poor.

What has stopped them is the lack of availability of both mortgage finance for low-cost housing and serviced stands of a reduced quality. The insistence on high standards, such as tarred roads and underground cabling, has pushed up the prices of houses beyond the reach of the poor, who are most in need of housing.

Nell says the private sector will move into the lower end of the market if conditions are right.

The UF's loan guarantee fund, which will make it easier for financial institutions to lend money for housing at the lower end of the market, will help make the conditions right, he reckons.

For the moment, the private sector is hanging back. It has been put off by the government's handling of the first-time homebuyers' subsidy, and high levels of unrest in the townships.

The uncertainty introduced by the sudden announcement of a cut-back in the subsidy for black first-time homebuyers earlier this year has put developers off the black market. Having put money into stands, they are understandably miffed to have their plans overturned by government decree.

Nell also had some honest, if harsh, things to say about almost everyone concerned with the provision of housing.

On the private sector's role, he pointed out that higher risk levels, shrinking margins and limited affordability had caused private home builders to withdraw from the market. This was being

The market has failed to deliver low-cost black housing because it has not been allowed to, argues the Urban Foundation
By REG RUMNEY

hastened along by sporadic unrest as well as uncertainty about reforms in housing, particularly on the Group Areas Act and subsidies.

"High rates of interest and ongoing inflation are significantly eroding levels of affordability," he said.

"This situation is being exacerbated by the violence in black areas, which results in work stoppages and higher prices."

Moreover, financial institutions with few exceptions have still to pursue with any enthusiasm the housing segment below R35 000 — despite committing large sums for loans to it.

"The recent mortgage boycotts in the Western Cape have sent shock waves through the financial institutions, making it extremely difficult to secure market finance for this segment."

He said non-parliamentary groupings such as civic organisations, the Mass Democratic Movement and the African National Congress, were fuelling already high housing expectations of black communities by promising what could not be delivered — conventional homes for all.

"The political changes under way further fuel these expectations," said Nell.

He added that while the public sector was to be commended for its thrust into large-scale site and service developments, it tended to develop these areas "with a significant absence of any cost recovery". This created even greater confusion in poor communities about the real costs of serviced land.

"Black communities, for so long excluded from market-orientated housing provision, do not understand mortgage finance and are suspicious of the private sector. These suspicions have been strengthened by widespread instances of exploitation, poor selling practices and inadequate quality."

Steyn's trust seeks channels for investment

CAPE TOWN — The R2bn Independent Development Trust is identifying institutions through which to invest funds and route some of its social upliftment responsibilities, chairman Jan Steyn said yesterday.

Addressing Cape Chamber of Commerce members, Steyn said the Loan Guarantee Fund established by the Urban Foundation and the Mortgage Lenders' Association to encourage lending to the lower end of the home loan market, was one institution in which the trust would consider in-

15 May 16/11/90 (B39V) (123) (24)
LESLEY LAMBERT

vesting some of the funds.

Others under consideration were the two new home loan financing schemes announced by the Old Mutual, in conjunction with the Urban Foundation, and the Perm.

He urged firms to assist the trust with ideas for investment.

"We face remarkable opportunities during the next three or four years of identifying ways in which

our own organisations can make a contribution to the development needs of SA," he said.

The help of the church would be enlisted in rural areas where there were no organisational structures through which the trust could work.

But, responding to pressure for detail on how the trust planned to spend its funds, Steyn reiterated that it would not rush into projects and would resist pleas for handouts.

● See Page 8

Now SA Property Foundation launches housing programme

THE SA Property Foundation launched a new housing programme at the weekend as the company joined Old Mutual, the SA Perm and the Urban Foundation in exploiting government's recent approval of exemptions to the 1956 Pension Funds Act and Usury Act.

SAPF director Johan Cloete said the "innovative" scheme launched in association with Anrode Construction, a company specialising in low-cost housing, would release "millions of rands tied up in pension and other funds".

The SAPF scheme promised affordability for both the prospective house owner and the investor.

Cloete said the companies had devised a "carefully balanced financial instrument" which assured financial return for the investor and the provision of housing.

On November 8 a Cabinet committee approved the exemptions, presented to Financial Institutions Registrar Piet Badenhorst in May this year by the SAPF, Old Mutual, SA Perm and the Urban Foundation.

MATTHEW CURTIN

The initiative unlocked the use of SA's R170bn pool of retirement funds as leverage for widespread home ownership.

The SAPF estimated 127 000 houses needed to be built each year for the next 20 years effectively to address the housing backlog.

Cloete said its scheme would allow a single person earning R850 a month to increase his the housing bond he was able to service from the R12 200 possible under today's financial criteria to R20 000. Bond repayments were possible for as little as R200 a month, with home owners able to finance fixed-scale repayment increases on an annual wage increase of only 1.5%.

The SAPF intended to concentrate on a niche market, approaching prospective house buyers through their employers.

He said this strategy facilitated the settling of accounts as the SAPF would deal with employers rather than hundreds of individuals.

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Securitisation of home loans ^{B Day} 20/11/90 the latest route

ROBERT GENTLE

MORTGAGE-backed securitisation — the converting of mortgages into negotiable securities — is emerging as a way of channelling part of the life assurers' billion-rand cash flows into low income housing.

This emerges from interviews with leading figures from the life assurers, chartered accountancy firms, merchant banks and the Reserve Bank.

Mortgage-backed securitisation would work as follows: a traditional lender like a building society would offer low value housing loans to low income earners. The resulting mortgages on the building society's book would be sold off to a company known in securitisation jargon as a special purpose vehicle (SPV).

The SPV would stand good for any default on the mortgages, thus providing the building society with the incentive to make the loan in the first place. As soon as the SPV had a sufficiently big pool of such mortgages, it would securitise them — turn them into interest-yielding marketable securities for life office investment.

The SPV would of course have to make the securities attractive investments. This is done by what is known as "credit enhancement", which could take the form of more guarantees, or getting third parties like the government or say, the Urban Foundation, to top up the interest yield on the paper to make it more attractive.

There are few losers in this theoretical scenario. Firstly, the low income earner gets a loan the building society may not have been prepared to lend him (low value loans are low margin items, administratively costly and often just not worth the risk).

Contains risk (123)

Secondly, the building society, in selling the mortgage to the SPV, gets the same amount of money back to use again and simultaneously shifts assets off its balance sheet. Key profitability parameters like the capital to asset ratio improve.

Thirdly, the SPV contains the risk in one place, and can use more effectively the billions various parties — from the government to the Urban Foundation — are pledging. The leverage effect is greater, because those billions go much further in guaranteeing a proportion of potential home owners against default, than they would in the building of houses for all potential homeowners.

Lastly, life institutions get negotiable, market-related paper their trustees are perfectly happy to invest in.

The bottom line in this chain of investment is that the money of the life offices on the one end is actually funding home owners at the other — even though neither may actually be aware of it. UBS did virtually the same thing earlier this year when it securitised R250m worth of its better class mortgages.

Deloitte Pim Goldby consultant Robin Marsden supports the securitisation option, saying the whole notion of a government-guaranteed SPV is nothing new. In the US, where more than two-thirds of citizens are home owners, it has been the practice for decades.

It is known as the Ginnie Mae (from GNMA, or Government National Mortgage Association). Ginnie Mae essentially guarantees all mortgages destined for securitisation with the "full faith and credit of the US government"

— meaning they are as safe as US Treasury bonds.

There is no shortage of observers who think SA can evolve its own securitisation programme underpinned by its own Ginnie Mae. Andersen Consulting consultant Fiona Main says SA certainly has the expertise. A senior life industry source says a Ginnie Mae structure is the "most likely" outcome for SA.

Registrar of Banks Hennie van Greuning calls securitisation a practical and workable solution to the housing crisis as it addresses the peculiar concerns of all the parties involved.

Calling for a co-ordinated approach, he says: "People should start speaking to each other rather than past each other."

Van Greuning's point finds an echo in the industry, where complaints are heard about a lack of co-ordination as various parties apparently pursue their own solutions.

The Perm's Brian Peck is enthusiastic about securitisation as a lending mechanism, but cautions against the feeling that the problem ends once the money has been dished out. He raises the wider issues of the availability and affordability of the houses themselves.

Aiken & Peat senior consultant Des Hudgson worries about the administrative difficulties of a First World concept like securitisation in a Third World housing market.

Mathew Nell, MD of the Urban Foundation's residential development division, welcomes "any effective mobilisation of life office funding into areas of development need".

A widely expressed view is that because securitisation is a market-based solution understood by Western governments, it is a good candidate for foreign aid. The IMF would rather put money into a Ginnie Mae than fund say, the Perm's mortgage book.

Senior figures in the life industry say in private that securitisation is high on the agenda. Life Offices Association (LOA) chairman Mike Levett says: "We have a committee looking at it, but until a definite conclusion is reached, it is inappropriate to talk about it."

Securitisation is relatively new to SA. Financial institutions, life office and government all believe it may end their quest for a market-based solution to this country's serious housing crisis.

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Numsa wants govt involvement

123

R4bn plan to replace hostels with houses

B/Day 20/11/90

THE National Union of Metalworkers of SA (Numsa) has proposed a R4bn joint Cosatu/ANC/SACP/government plan to replace urban single-sex hostels with housing units integrated into surrounding communities.

Numsa general secretary Moses Mayekiso disclosed yesterday that the proposal was being discussed by Cosatu, which had approved the plan in principle although many key details still had to be finalised.

It is understood the plan has also been put to Seifsa which, together with Numsa and other unions administers the Metal Industries Group Pension Fund (MIGPF), whose assets amount to nearly



● MAYEKISO

R4bn. Numsa has proposed that pension funds, primarily the MIGPF, provide up to a quarter (R600m to R1bn) of the total project budget.

Numsa has proposed an additional R1bn each be sought from Jan Steyn's Independent Development Trust, central government and a consortium of building societies and finance houses.

The plan was devised during the township violence in August and September.

ALAN FINE

A notable feature is that the direct beneficiaries of the plan would be hostel dwellers rather than specifically Cosatu union members. About 125 000 people live in 31 hostels in 10 townships in Greater Soweto and the East Rand.

The formal Numsa proposal argues: "It has become clear that the violence in the townships will be endemic for so long as the hostels exist." It says hostels serve as a focus for tribal enmity and forced recruitment.

"They also create an obvious split in the community between 'township dwellers' and 'hostel dwellers'. (Their elimination) must take priority over other housing needs because of the overwhelming importance of the problem of violence."

It was proposed that a joint committee comprising the ANC/Cosatu/SACP alliance and government be established to co-ordinate the project, with regional sub-committees.

The same parties should establish a trust fund to deal with the massive finances.

Numsa proposed that housing should be made available for sale to families or individuals, but that rented accommodation be provided too and be "geographically integrated with other types of housing".

It also anticipated a significant proportion of accommodation would have to be in the form of site and service schemes.

The proposal emphasised a great deal of

□ To Page 2

Hostels

B/Day 20/11/90

123

□ From Page 1

research still needed to be done to estimate the number and type of housing units required. Questions of land availability, township layout and infrastructural services and other issues were mentioned.

Mayekiso said the proposal was still no more than bare bones, and matters like precise financial arrangements, including

return on investment for participating pension funds, would have to be devised by participants.

A Seifsa source said it could not comment immediately as the two officials involved in the matter — director Brian Angus and industrial relations specialist Dave Carson — were out of the country.

Union ^{CAF-Tank's} plan for ^{20/11/90} housing

Own Correspondent

JOHANNESBURG.
The National Union of Metalworkers of SA (Numsa) has proposed a R4 billion joint Cosatu/ANC/SACP/government plan to replace urban single-sex hostels with housing units integrated into surrounding communities.

Numsa general secretary Moses Mayekiso disclosed yesterday that the proposal was being discussed within Cosatu, which had approved the plan in principle although many key details still had to be finalised.

It is understood the plan has also been put to Seifsa which, together with Numsa and other unions administers the Metal Industries Group Pension Fund (MIGPF), whose assets amount to nearly R4 billion. Numsa has proposed that pension funds, primarily the MIGPF, provide up to a quarter (R600m to R1 billion) of the total project budget.

F/M 23/11/90 (123)

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"Standard, as an aggressive mortgage lender during the past three years, has the edge with 28% of estate agents' current accounts while FNB is on 25%. Volkskas and Nedbank each have a 13% market share."

He says United has done remarkably well in the relatively short time since the launch of United Bank. In two years as a bank, United has climbed to sixth place, just behind the troubled TrustBank. It holds 8% of estate agents' current accounts, compared with 9% by TrustBank. This is twice as much as the balance of the small fry banks in the current account market.

United, it appears, is also still the leader in the R15bn new home loans market. Nevertheless, the big banks are doing an impressive job of chiselling away at the building societies' market share.

In spite of Reserve Bank statistics (*Property* October 12), which hint that some banks may be faltering in their quest for home loans market share, the bigger institutions maintain they are as determined as ever to cultivate this side of the business.

Terry Power, of Standard's home loans division, confirms this by comparing his organisation's share of the mortgage finance market in the second quarter of this year with a year earlier. According to Power, Standard's share of new bonds in the April-June quarter was 11,9%, compared with 9,8% in the same quarter last year.

"That's a 2,1 percentage point gain in a year which, I believe, is a bigger jump than any other institution in the period."

Furthermore, he adds, August was Standard's busiest month in home loans since

February. Most of this activity was in the A-B income group, which has shown greater resilience to recession than other sectors. September, he says, was also a good month, considering market conditions.

"Standard's bond book now stands at about R5,5bn with mortgages in the pipeline pushing it over R6bn. So we are definitely one of the stronger players," he says. Even so, he concedes the bank still lags behind three other institutions in terms of the

total share of the bond market.

This fits in with Swanepoel's extrapolations. He believes United and Standard are joint frontrunners in the chase for new bond business. Each, he maintains, is signing up about R330m a month in new mortgages.

In total mortgages being serviced, Swanepoel says United leads the field with a 22% share of the market, followed by Nedperm at

BANK TO BANK

African Bank has bought the African Bank Centre, Marshall Street, Johannesburg from French Bank for an undisclosed sum. African Bank has occupied part of the nine-storey building as a tenant for five years. The purchase was financed through the bank's own resources.

F/M 23/11/90

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However, he believes there could be a significant shift if, as is rumoured, Allied teams up with a major institutional partner.

An Allied marriage with United would certainly entrench United's leadership. However, a more synergistic tie-up between FNB (which has 9,2% of the market) and Allied (because FNB is strong in banking and Allied in mortgages) would create a new market leader.

HOME LOANS F/M 23/11/90

TIT FOR TAT (123)

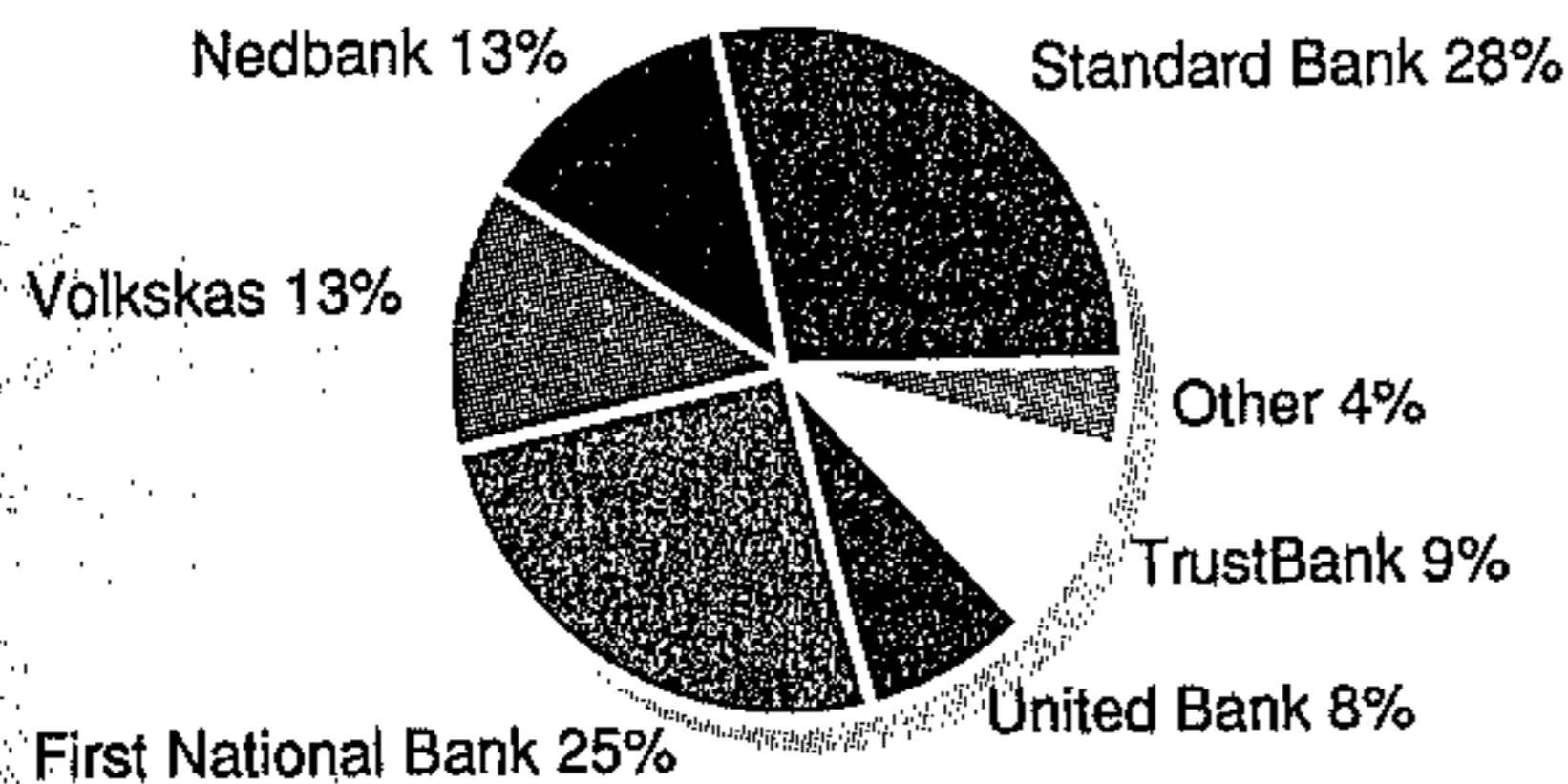
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All this could be changing, however, with imaginative initiatives, such as the Perm's new income related bond initiative launched last week.

On balance, though, the net result of the competition has been casualties on both sides, with the bigger organisations seemingly faring the best.

On the banking side, a survey of 500 estate agents shows that while most still keep their current accounts with the big banking insti-

Wheel of fortunes Turning for the banks



Source: S SWANEPOEL

tutions, some of the newcomers, notably United, have made significant inroads into this market (see diagram).

Real estate consultant Stefan Swanepoel, MD of Swanepoel Van der Vyver & Associates, whose organisation conducted the investigation during the second quarter of the year, says the findings point to Standard and First National Bank between them still con-

PROPERTY

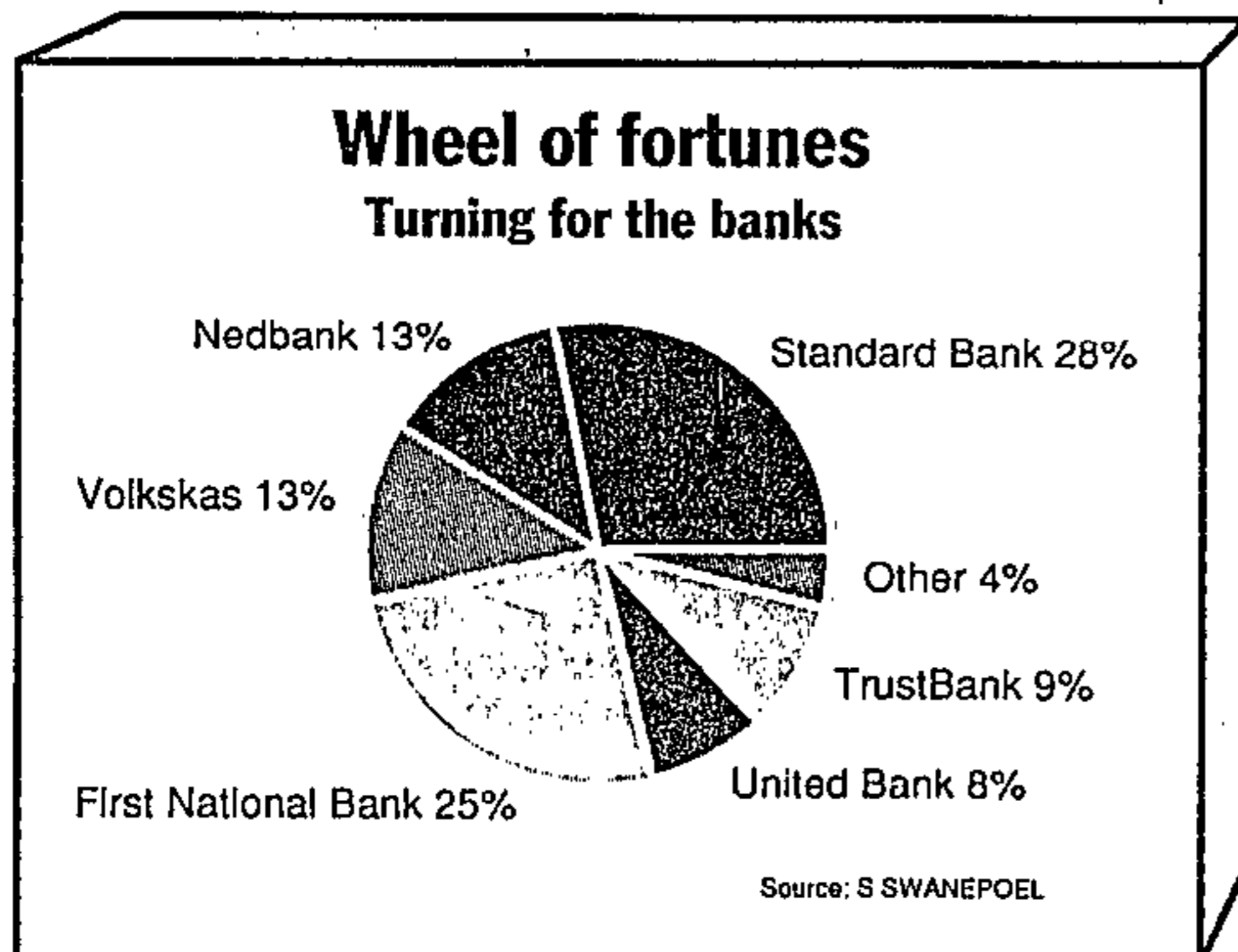
F/M 23/11/90 ~~(123)~~
 scheme pre-let before proceeding;
 Developers should seek equity partnerships with institutions in the case of large schemes which they cannot comfortably finance themselves;
 They should avoid offering unrealistically low rentals in order to fill vacant space at any cost;
 Conduct medium range forecasts with best and worst case scenarios to try to anticipate the economic environment their schemes will be launched in; and
 Maintain a strict balance between income and total capital employed.
 The bottom line is that the fundamentals must be right if a developer is to survive in the hard times. The good times will take care of themselves. ■

HOME LOANS F/M 23/11/90
TIT FOR TAT ~~(123)~~ (123)

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REDEVELOPMENT
SEA POINT ISLE?

An 11 ha site owned by Sanlam on Cape Town's Sea Point beachfront has been earmarked for a major sectional title development.
 The site is made up, in part, of the five-star President Hotel which is leased and managed by Southern Sun. The lease expires early in 1992.
 Sanlam assistant GM properties Danie van den Berg confirms that development plans are being considered. He says the prime property, with uninterrupted sea views, is regarded as underdeveloped.
 Nothing, however, has been finalised and five development options are apparently being considered. Van den Berg says Sanlam regards the site as suitable for sectional title development and possibly a new luxury hotel. However, he points out that hotels are not regarded as good investments at present.
 He categorically denies Sea Point rumours that Sanlam is negotiating to build a Beacon Island-type hotel on the rocks in front of the site, or that it plans a highrise office block on the property.
 He says there was a suggestion — not by Sanlam — that an hotel on the rocks might be considered but it was rejected because of the cost and probability that such a scheme would cause a massive public outcry.
 He says height restrictions are about seven floors at the rear of the site and nine at the front. It seems unlikely, however, that any development will make use of the full bulk.
 The only commercial development, he says, will be within the hotel itself — if one is built.
 Van den Berg says Sanlam hopes to decide in the next few weeks. If the development proceeds it will be in stages. ■

The Perm's role in the new home finance scheme, which draws on corporate pension fund money and ties loan repayments to the borrower's income, will be a departure from the traditional provision of finance. The former building society, now part of Nedbank, will act as agent only, taking a commission for administering the funds and collecting and channeling instalments.

The mortgage bond will be in favour of a separate vehicle (whose structure is still being discussed with the Reserve Bank) and

not taken on the Perm's balance sheet. This vehicle will set up a number of investment funds in which the corporate pension fund will invest by pledging the amount of money to be used in return for a specified number of units (recorded on a central register).

The advantage to the homeowner is that he will need no deposit and can get a much larger loan, insulated from interest rate changes. The advantage to the Perm is that the business is fee-based, so escapes the capital requirement which flows from asset-based interest income. The advantage to the investor is that the return on the investment will stay ahead of salary inflation.

Conditional on a string of requirements including complete disclosure to the borrower, the scheme will be exempted from the Usury Act, which doesn't allow for escalat-

F14 23/11/90 (123)
ing repayments and capitalisation of interest charges, says Deputy Registrar of Financial Institutions, Chris Mostert. The amendment is expected to be gazetted by mid-December.

There are two variant repayment levels: a level plan (a constant 15% of salary throughout the period), or a reducing plan starting at 25% but averaging the constant 15%.

A conventional home loan takes roughly 30% of salary in the first year, reducing to 20% after five years, 2% after 20 years and probably averaging 9% over the full period.

With a standard mortgage bond, capital redemption starts immediately. Under the new scheme, redemption will not begin until year 10 or 14, depending on whether the fixed or reducing level payments are made.

An applicant can only get a loan through his employer. At present, only members with

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sufficient collateral in the company pension fund qualify. The pension fund will enter into an agreement with the Perm, salary information will be provided and deductions will be made from the employee's pay.

The onus will be on the company to put forward stable employees, though Perm will have the final word. As the scheme is available only to pension fund members, the Perm's Brian Peck concedes it falls short of meeting the informal sector's need. However it will increase the market because "it will enable the first-time buyer with a R1 000-R4 000 salary to own a conventional home."

Holders of existing bonds will be able to switch to the new scheme. The top 100 listed companies have about 1,5m employees, and Peck estimates that if only 1% turn out to be suitable that could still help 150 000 people. Public authorities employ about 1,6m employees, some of whom would also qualify.

Young companies with an acceptable pay scheme but unable to provide pension money will not benefit until general funds become available in the investment vehicle. No provision has been made for a person who contributes to a general pension fund scheme.

Peck reckons that the investor return should beat average salary inflation by a couple of percent, based on the assumption that average salary inflation includes the older and younger employee. "However, it is the 25-40 year age group that tends to get the merit increases so the return will come from that segment," says Peck.

The Perm aims to start granting loans in the second half of 1991 when documentation has already had some response.

The vulnerable time would be early in the loan period where, if the borrower defaults, he may be faced with foreclosure before the property has appreciated. In a forced sale, the borrower would forfeit that part of his pension contribution needed to make up any shortfall.

Later in the process, arrangements could be made to defer payments or temporarily adjust the percentage paid.

Perm intends to re-invest cash flow to grow the portfolios. It aims to set up a number of investment funds, similar to unit trusts. A large organisation wanting to benefit from its own salary policy could have its own fund.

The total value of residential buildings completed in the nine-month period fell by 15,4%, but non-residential buildings and additions and alterations rose by 9,3% and 2% respectively.

Building Industries Federation of SA (Bifsa) economist Charles Martin said the figures reflected the continuing downward

would rather stay in a townhouse than a detached dwelling.

"That market will also start to turn down now. A saturation level is coming up there as the initial fright has petered out."

"People in the industry are still busy but their order books are very thin for next year. By June next year there will be quite a decline in their work volumes."

Pension-linked housing plan welcomed

OLD Mutual's new pension-linked housing scheme has received strong support from major pension and provident fund clients. Nearly 100 major funds responded positively to the scheme at a briefing in Johannesburg yesterday.

Their response was significant as widespread implementation of the scheme would depend on the approval of the trustees of each individual retirement fund, a spokesman said.

Assistant general manager, Henk Beets, stressed that:

Only the withdrawal benefits and contributions of members who took up the housing option would be used to provide loans

23/11/90
LESLEY LAMBERT

to those members. Fund members could use their own accumulated withdrawal benefits to assist in financing the deposit and repayment of a home loan.

The pension benefits of members not taking advantage of the scheme would not be subsidising those who did as the financing was linked only to a member's withdrawal benefit. Nor would the money of individual insurance policy holders be used to provide financing for the scheme.

Members who used the scheme would retain the full value of their retirement benefits.

New deal for banks on home loans

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From ANN CROTTY

JOHANNESBURG. — Home loan activity and equity investments seem set to become more attractive to banks following the implementation of the new Deposit-Taking Institutions Act (DTI).

The new Act, which will be phased in from January 1, will put little pressure on the banks (in terms of capital adequacy ratios) in the first two years. But in 1993 and 1994 as the banks move from a capital base of approximately 6 percent of assets to approximately 8 percent, the pressure will be on.

Building societies such as the Allied and NBS — which are not yet tied to any of the five major banks — will become attractive takeover targets as their home loans will carry less onerous capital requirements.

Standard Bank's Andrew Fleming estimates that the capital requirements attached to home loan activity should be well below 4 percent after the complete phasing in of the new act.

Wider definition

At present, the figures from the major banking groups show that their capital is equivalent to about 5 percent of total assets. This compares with the capital requirement ratio of 8 percent under the new act.

But strict comparison overstates the burden facing the banks because the definition of capital under the new act is far wider. In addition the assets and contingent liabilities on a bank's balance sheet will be "risk-weighted" according to the nature of the risk to which the bank is exposed.

According to Mr Fleming, risk weightings vary from zero (in the case of cash and investments in RSA securities), to 20 percent for inter-bank exposures and 100 percent for unsecured loans and advances. Off balance sheet exposures are weighted in a similar way.

"Thus the amount of capital required becomes a function of the mix of a bank's assets and exposures, weighted according to their underlying risk."

On the capital side, banks will in future be able to use secondary as well as primary capital. Primary capital includes ordinary share capital, non-redeemable preference shares, share premiums and distributable reserves.

More active role

Secondary capital includes redeemable prefs, 50 percent of any surplus resulting from a revaluation of assets (usually investments and properties), general debt provisions less any related deferred tax and, inner reserves.

The ability to include secondary capital means that before resorting to shareholders for additional equity banks will have much wider access to internal sources such as general debt provisions, asset surpluses and debentures.

Equity investments will get much more favourable treatment under the new act. Previously equity investments had to be matched equally with capital. Under DTI, banks will only have to match 8 percent of the equity investment with capital.

Mr Fleming indicates that at a later stage this might encourage banks to take a more active role in venture capital projects. But he emphasised that in relation to the more favourable treatment of both equity investments and home loans, bank activity in both these fields will be determined by the banks' own risk management principles — of which capital adequacy is only one part.

B/Dom 29/11/90

Lessons for SA in the way South Americans handle slum problems

MARIETTE DU PLESSIS

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UNLESS SA succeeds in managing its housing crisis effectively and timeously, many of its residential areas will soon resemble those of the larger South American cities where slums and squalor prevail.

This is the message from Murray & Roberts Construction's housing division executive director Gavin Hardy, who recently returned from a visit to several South American countries.

Hardy said this week he had identified solutions to housing problems in those countries which could be applied to SA, and stressed that government should create adequate infrastructure and serviced sites.

He underlined the advantage of having one housing ministry with a clear policy, as well as the need to clear up the administrative "nightmare" of registration and transfer procedures.

In addition, land had to be made available close to places of employment. Provision should be made for security of tenure, as this would ensure that people built homes of the best standard they could manage.

The private sector could then "take it from there", but nevertheless, building standards and associated costs had to be re-examined.

CSIR statistics showed that about 300 000 units a year had to be built to eradicate the backlog and keep pace with the population growth.

"Except for Chile, the economies of the South American countries are in dire straits — they are experiencing hyper inflation, reduced domestic output and spiralling import expenditure," Hardy said.

Similarly, their populations were growing at an alarming rate, with Brazil's sunshine capital, Rio de Janeiro, being inhabited by 9-million people, 3-million of whom lived in slums.

However, SA could learn from Brazil in that municipalities should concentrate on sewerage and water reticulation so that water and electricity were generally available, he said.

Low income schemes should also be located close to hubs of business, and while informal building and economic activity should be allowed to flourish, squatters should not be relocated.

"Brazil has learnt to accept the inevitability of squatters, and is trying to provide these people with services, no matter how rudimentary," Hardy said.



● HARDY

Building societies eclipse banks in bond war

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From GRETA STEYN

JOHANNESBURG. — The banks fell back in the home loan race this year as the building societies streaked ahead in the race for mortgage market share with huge increases in new lending.

But some banks, with Nedbank and First National at the forefront, have entered the bond war again with a strong marketing effort to lure away building society customers.

Reserve Bank figures disclosed the societies' mortgage holdings rose by R1,73bn from the beginning of May to the end of September this year — a massive 75% higher than last year's growth over the same period. The banks' mortgage books grew by less than the societies' and their growth was almost 17% down on last year's at R1,53bn.

Allied home loans manager Geoff Bowker said the society was doing record business in spite of high interest rates and a recession.

"There has been no lowering of lending standards. The demand is there," he said. The society's gross new lending had exceeded R200m in recent months.

NBS's Trevor Olivier said the Durban-based society's increase in new lendings was 26% in October from a year ago. The recent pick-up in purchases took place in anticipation of a fall in interest rates.

"The recession has fuelled the belief that property prices will rise when the upswing starts again. More people want to get in and secure their assets now while they believe prices are still reasonable. Another important factor is the perception that the

scrapping of the Group Areas Act will give the property market a boost."

The increase in mortgage holdings for banks and societies was R2,83bn from May to September — 15,3% up on last year's increase, indicating the effects of the recession on the demand for home loans had been minimal. An analysis of the full year is complicated by Nedcor's takeover of the Perm.

First National Bank's (FNB) Pat Lamont described the bank's lending performance in recent months as "satisfactory", preferring not to provide figures. But FNB toned down its marketing of all loans considerably when Barry Swart took over as MD in an effort to avert a looming capital adequacy problem. Now that the capital situation was strong, FNB was ready to fight in the bond war again.

"We offer the cheapest home loans in the market, provided the bulk of a customer's banking is done with us. The change in pricing policy tells you that we aim to get bond business," he said. FNB offers 0,5 percentage points below the prevailing rate of 20,75% on home loans for customers with more than one account at the bank.

Nedcor's campaign is focusing on tailoring a package to the customer's needs rather than on price. It recently sent letters on the product to its "target market", including customers of other institutions, a spokesman said.

The Bank's figures for societies reflect the business of the four main players — UBS, the Allied, NBS and Saambou. The UBS declined to provide figures on their new lending. The Perm, in the Nedcor fold, now counts among the banks and was the reason why Nedcor notched up 26% growth in its home loan book in the year to September.

REVIEW OF ECONOMY

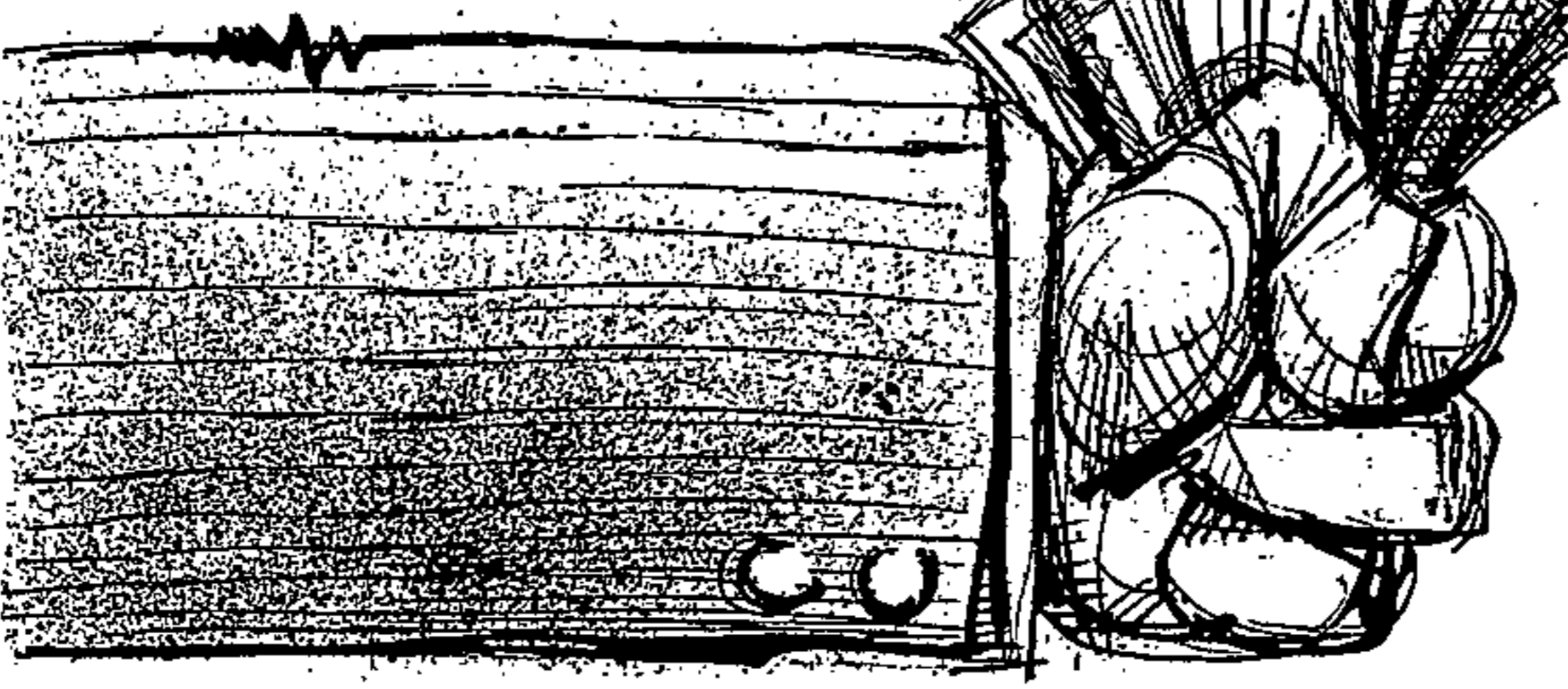
Getting assurance giants to cough: Key players divided

W/Mail Suppl 30/11 - 6/12/90

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The only point of economics on which the government and the ANC really agree is that money should be channelled from the life assurers into development.

REG RUMNEY reports



AMONG the feelings the government and the African National Congress seem to share is an uneasiness about the huge money power of the life assurers.

There are two interlocking issues. One is that the concentration of savings in the life assurers is undesirable in that the money is merely funnelled into the Johannesburg Stock Exchange in a paper chase which does little to foster growth in the real economy.

Following from this is the feeling that the funds held by the life assurers should be unlocked for development.

The ANC Department of Economic Planning's Don Mkhwanazi has suggested that "a fraction of pension and provident funds be directed to socially responsible projects".

What this boils down to is a return to prescribed asset requirements. This required life assurers to devote a small percentage of their funds to investment in government stock, such as that issued by parastatal Eskom.

A form of prescribed asset requirements would be introduced to fund "socially desirable investments". This seems to mean mainly housing. How much housing? Given the huge assets of the life assurance industry the number of houses provided could be around one million.

Sanlam MD Pierre Steyn recently put the assets of life assurance and pension funds at R130-billion. "It is expected that this amount will increase to as much as R180-billion by the year 2000. Of the R24-billion which is estimated to be needed in the next 10 years for housing, R15-billion can be mobilised by the banks and building societies from further sources. This leaves a balance of about R9-billion, which can be provided by the pension funds and life assurance companies. This amount will represent about five percent of these institutions' assets by the year 2000."

Five to 10 percent of the assurers' assets is the range being bandied about, and it tallies with what used to be the

prescribed asset requirement percentage.

Life Offices Association director Jurie Wessels reckons the difference between the prescribeds, as they are known, and what is being proposed, is that while the returns from prescribed asset requirements in the past were generally low, they weren't always. For instance, the assurers now have amounts invested in stock which used to be prescribed. These amounts far exceed the minimum investment required in terms of the new regulations, which are less onerous than the prescribed asset requirements. The returns on such stock are excellent now.

"However, over the years the prescribed asset requirements have meant

a loss to policy holders and pension fund members."

Wessels warns that too zealous an attempt to unlock funds would mean investors would put no money into the funds in the first place.

However, pension funds have always been able to decide to use some of the money invested in particular projects, such as housing. The fund members must accept that this might mean a lower return.

Sanlam chief economist Johan Louw reckons a more acceptable way of fund-

ing socially desirable investments would be, say, a two percent levy on the profits of all companies. This would spread the burden fairly.

Louw notes that the two biggest insurers, Sanlam and Old Mutual, have both set their faces against willingly putting money into low-yielding social investments. Any government would have to legislate for this to happen, and the ANC has mentioned this as a possible course of action.

"If it is limited to five percent it's not that serious," he reckons. More could

have an effect on the assurers. And it will affect the returns of the policy holders and pension fund members.

"It's important the ANC sees the private sector is doing something. It could help a lot with the negotiation process."

What are socially desirable investments? So far, the only obvious answer is housing.

Sanlam senior GM Walter Scheffler believes that from a purely economic point of view housing is not productive. But it would be more unproductive in terms of the social environment if something was not done about housing.

That pension fund money is to be used for housing — for example in the scheme announced by the Perm — is not new, says Scheffler. "Quite a few pension funds have been making loans for housing for years. It's the decision of the pension fund. Sometimes they used the money as security for a loan, sometimes they used the money."

At the end of the day, someone must pay. And if the returns are not market-related, the pension fund members effectively pay for their money being used for housing.

Another option is to securitise funds and let the public invest in them or have home loans subsidised by the government or Jan Steyn Independent Development Trust.

Scheffler remarks that it isn't viable for everyone to have a house unless everyone has a job. And having a job usually means membership of a pension fund, and being a member of a pension fund means funds could be made available.

What of the idea that the life assurers have got more than their share of the savings of the man in the street through favourable tax treatment?

There is no doubt that the institutions have a big slice of the savings of South

●To PAGE 20

'No ANC pressure' behind life industry's move to aid the poor

W/Mail Suppl 30/11 - 6/12/90

JURIE WESSELS, deputy director of the Life Offices Association (LOA), the industry body of pension and life insurance companies, says over the years life assurers and pension funds have been accused by the government, unions and other financial institutions of pouring money into the Johannesburg Stock Exchange pushing up prices of shares in a "paper chase", without benefitting economic growth.

This was the reason for the life offices setting up a committee in May this year to investigate whether they could do more to help the poor.

He stresses that the committee was set up before suggestions were made by the African National Congress that a portion of the huge amounts administered by the life assurance industry be channelled into socially desirable investments. The LOA is concerned about the high profile its plans to seek ways to help the disadvantaged has assumed.

Wessels points out the LOA has not spoken as a body to the ANC, and it is unlikely it would do so. "The LOA does not negotiate with political parties, and we will not want to change that." Policy holders of certain assurers might be upset by the LOA talking to political parties, he asserts.

Wessels explains the thinking behind forming the committee: "The life assurers react to the signals the economy sends them. But the thought was that the signals may be incomplete or that there could be something structurally wrong with the economy."

The committee's broad brief was to put its mind to coming up with some way of benefitting the disadvantaged without prejudicing investors.

Among the questions facing the committee is what to put money into and how. (The committee must make recommendations on getting feedback from disadvantaged communities.)

Wessels points out the main avenue for aiding the disadvantaged is low-

The Life Offices Association is concerned about the high profile its plans to seek ways to aid the disadvantaged has assumed.

REG RUMNEY reports

cost housing. By definition, he believes, this means making loans to those who cannot afford permanent housing. "That ultimately means the direct yield on investments will be lower than the market return."

The gap between what the poor can afford and what the life assurers make available is a subsidy. Neither pension fund members nor policy holders should shoulder this burden. The state, Wessels advocates, should make up the difference and provide guarantees for the money advanced.

After all, the life industry would argue that its investors had postponed gratification by their investments. It would be unfair to tax them to relieve a national problem.

Wessels says there have been no final decisions on what direction the committee has decided, or what investment vehicles may be used.

A fund, for example, could be set up for low-cost housing.

"But even if a fund is set up, only part of the problem is solved. The sort of money people are talking about will build an enormous number of houses. One will have to find land available for development, get people who can manage large housing developments, arrange the financing and rent or repayment contributions of prospective occupants, and so on."

The fund would merely make the money available, not get involved in housing provision, since there are already organisations in this field with the available expertise.

The LOA, says Wessels, will make an announcement soon — possibly by mid-December.

The art of development

Vincent van Gogh died a pauper. In his day, no one acknowledged his mastery. How tragic to think that an artist of his stature did not have a patron or a market that recognised him.

At the Development Bank of Southern Africa we are constantly looking to become developers of talent that, if unnoticed in the present generation, could also go to the grave in sorrowful dispossession rather than in rich heritage. That is why, in addition to supporting economic development in the poor communities of Southern Africa, we selectively acquire works of artists from the areas in which we operate.

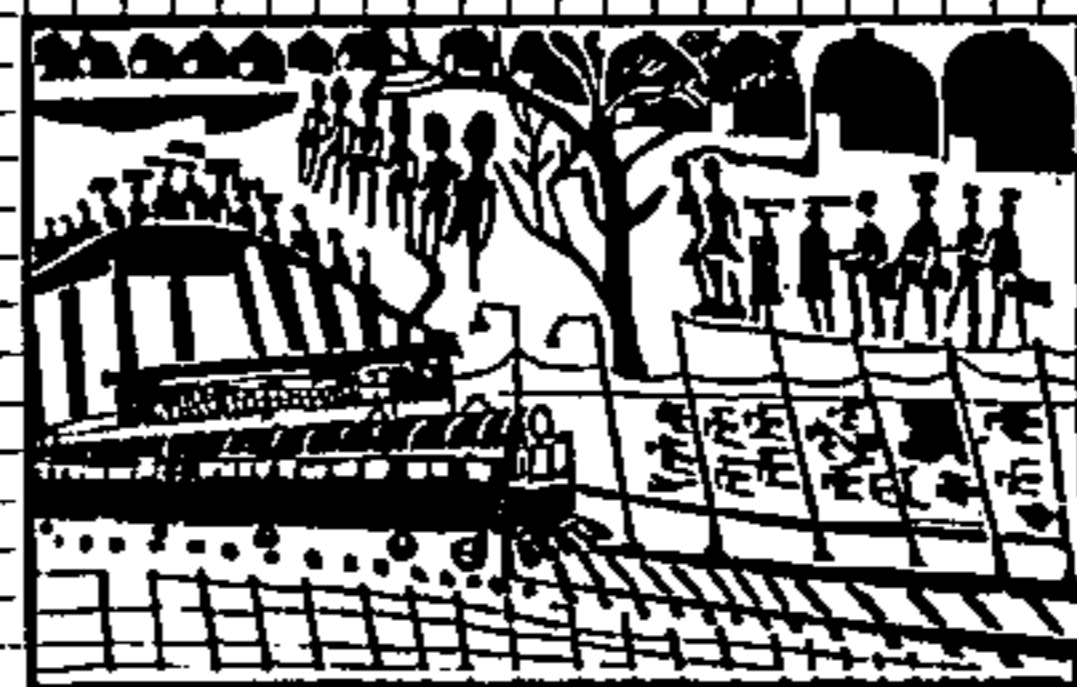
We place some emphasis on artists who may not have ready access to the art market, such as Shekizani Manyoni of Kaitleng whose woodcut below depicts the spectrum of development activities that the Bank supports.

What qualifies this work is its theme: People and Development. That is exactly where we fit in. However, our paintbox is somewhat different: it contains various professional skills that can help conceive and structure development projects, and funds to help bring them into being.

Our canvas is Southern Africa: visible in the background are many people — mostly poor. In the explosion of colour and contrast, which is unmistakably Africa, the detail is less attractive. In short, what you see can best be described as social and economic deficits, framed in an economic debate on the future of the region.

We are contributors to the Renaissance of this generation. To those of the other participants, that are making a contribution by working with the poor towards improving their economic condition, we add our brush strokes in the hope that the quality of the picture on the canvas can be improved.

You see, we are in the art of development.



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Bond rates snag Ovbel's profits

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By AUDREY D'ANGELO
Business Editor

HIGH mortgage bond rates are making houses "unaffordable" for many buyers, particularly in the coloured areas, Ovbel Holdings (Ovbel) financial director Justin Millar said yesterday.

This hit the performance of Ovbel's housing division in the six months to September 30, helping to drag down profits in spite of "excellent contributions from the group's property divisions."

Ovbel lifted pre-tax income to R4,7m (R4,6m) although turnover dropped to R137,6m (R162,7m). But a higher tax bill reduced attributable profits to R2,7m (R2,9m).

Earnings at share level dropped to 9,3c (10,2c), but the interim dividend is unchanged at 3,6c a share.

Borrowings were down to R22,6m (R25m). The net asset value has risen to 131,6c (118,7c) a share.

The directors say the lower turnover was due to the sale of Ovcon's Transvaal division and Botswana subsidiary.

Millar said the sale had "effectively removed a millstone from round Ovcon's neck. The Cape division is putting in a strong performance and the company is performing well in Natal and Namibia."

He said he expected to be able to

make an announcement about listing Ovcon on the JSE "in two or three weeks".

In their interim report the directors say: "Conditions in the housing industry have continued to deteriorate due to a combination of lack of affordability, as a consequence of high interest rates, and tighter lending policies by financial institutions.

"Although steps are being taken to reduce the impact of these adverse factors, the performance of the group's housing division is unlikely to recover satisfactorily during the remainder of the year, whereas the group's property interests will continue to do well."

Millar said: "Bellandia is mainly in the brown market, which is going through a distinct phase of difficulty. The sustained high level of interest is making it difficult for many people to afford the instalments on a reasonable house and the lending institutions have become more selective.

"They are already sitting on a large number of repossessions and they are asking for larger cash deposits and applying income requirements more stringently.

"We expect conditions to remain tight until interest rates come down."

Millar said the upper end of the housing market was still buoyant. "And Table View has been doing well in recent months."

Wim de Villiers and Eskom at odds over a R4,5bn write-off

By DAVID CARTE

WIM DE VILLIERS, Minister of Administration and Economic Co-ordination, has queried a R4,5-billion write-off from Eskom's equity.

Dr De Villiers, under criticism for interfering with Eskom, says the write-off should have taken place over 10 years or more — not one.

Eskom chairman John Marve says the write-off in regard to unauthorised discounted debt instruments in 1986 was "technical" and did not affect cash flow.

But Eskom's pricing is connected to its debt-equity ratio. The write-off would thus ordinarily have had the effect of raising tariffs.

In the same year Eskom provided R3,5-billion for additional depreciation, so its capital and reserves were reduced by R5-billion to R25-billion.

The write-offs had the effect of increasing the utility's debt-equity ratio from 1,74:1 to 3,18:1.

Dr De Villiers has been criticised for being an interventionist for suppressing tariff increases of the parastatals well below the inflation rate.

Ironic

The Government has told Eskom to set its prices so that its asset-liability ratio is 3:2; its debt is twice its equity, and its revenue covers its interest costs 1,25 times.

Through much greater price increases, Eskom planned to get its debt-equity ratio to 1:1 by 1994. It aimed at interest cover of 2:1 in 1992.

Dr De Villiers says: "I find the charge of interventionism ironic. My inquiry in 1984

gave Eskom its autonomy. Eskom is a natural monopoly, so even if it were privatised, it would have to be regulated.

"Rather than permit the Cabinet or a bureaucracy to set electricity prices, we gave the job to the Electricity Council, on which big consumers are represented."

Eskom will soon have excess capacity of 30%. On Friday, it announced the closure of the Camdon, Grooivlei and Komati power stations. It has already closed seven others.

Eskom does not need to start building another power station until 1986. Had Dr De Villiers not prevailed on former State President Botha to stop construction of two power stations in 1983, tariffs today and Eskom's overcapacity would have been greater.

Dr De Villiers says: "At the time of my inquiry, Eskom planned expansion on demand growth of 7,3% a year. We scaled down the estimate to 5%. Had it gone ahead with the original estimate, it would have needed an extra R105-billion in 1983 money."

"Growth has been 4%. At a growth rate of 5%, Eskom will have enough capacity for the rest of this century."

Eskom chairman John Marve does not wish to be come embroiled in a controversy over autonomy. But he confirms that Eskom set its own prices recently when it announced an increase of only 8%. He will not be drawn on the question of Dr De Villiers's intervention.

Namibia sinks SA fishermen

By JULIE WALKER

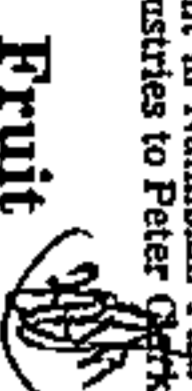
SOUTH AFRICA'S fishing industry off the coast of Namibia has been battered.

Since the new administration came to power in March, radical changes have been made among SA-registered fishing companies.

● Tiger Oats company Oceana Fishing sold its investment in Namibia Sea Products (Namseas) for R13,7-million to British-registered Arun Holdings — it is thought to have Norwegian connections.

● Fedfeed this week sold its shareholding in Namib Visserie to Namib Fisheries Holdings of Windhoek, as part of a "rationalisation" of the Marine Products portfolio.

● WRB Holdings has sold its investment in Namibian Fishing Industries to Peter Oortman.



Even before independence, WB Holdings (formerly Fijlem Barendsz) diversified into fruit orchards to pre-empt any difficulties SA companies might have in receiving fishing quotas from the new authorities.

Cartoon

Dr De Villiers is cartooned on the cover of this week's Financial Mail as an octopus with tentacles into Eskom, Sabs, the departments of Finance and Trade and Industry.

The FM calls him "a danger to the free market", inconsistent, an interventionist and an economic czar regarding the jobs of Finance Minister Barand on Plessis, Minister Barand on Plessis, Minister Barand on Plessis and Reserve Bank Governor Chris Stals obsolete.

A spokesman for the office of Dr Dawie de Villiers says President De Klerk's economic team works well together. The word from Mr Du Plessis's office is: "All these things are decided by Cabinet. No individual dominates the rest."

The Government's economic strategy has not been established. It is still in the process of being formulated.

Gencor's break-up feelers given a long yawn

By DAVID CARTE

THE stock market's apparent indifference to Gencor's proposal to break itself up means the scheme is unlikely to go ahead.

Gencor chairman Derek Keys says the proposal was aired at a conference this week partly to gauge investor reactions.

He says: "There was one long yawn from the market, absolutely no reaction, so the idea is not a brilliant possibility."

The proposal was to distribute shares in Gencor's five main businesses — Gemina, Engen, Malbak, Sappi and Gebel — to shareholders in specie and thus to reduce the 25% discount between the Gencor share price and the value of its underlying holdings.

Shareholders in Gencor Controlling would also have received shares in the five underlying companies and a discount of 35% in the top company would thus also have been eliminated. Mr Keys says the five divisions are centres of excellence run by highly competent managers whose need for a head office is doubtful.

The reason for conglomerates is questioned abroad, particularly because of the discounts to asset value.

"Twenty-five percent of R11-billion is a fair old sum. Of course, even if we did unbundle Gencor, we could not get down to brass bolts. There would still be something of a discount — but even if the net gain was only 10%, we would be looking at R1-billion."

Smart

"Gencor's present structure does give financial strength. We would not look too smart if we had to forgo another Mobil because we did not have the means to go for it. We have made a gain of R2-billion on the Mobil acquisition already."

Mr Keys says a break-up is operationally practical. The mining houses could all go into Gemina. The only head office functions that would be left would be treasury, foreign



DEREK KEYS: Unbundling of a giant is not to be sniffed at, but the market isn't impressed. Picture: TOM EDLEY

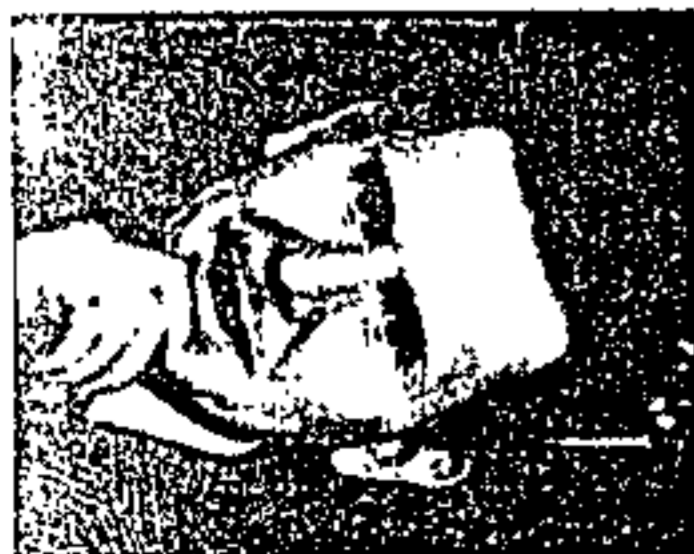
By DAVID CARTE

doubts if it would be wise. SA's No 2 mining house this week announced attributable income up 38% to R1447-million in the year to August. Earnings a share rose by 17% to 123c in spite of the recent R1-billion rights issue.

Gencor declared a final dividend of 28c, making 40c for the year, an 18% increase. Engen contributed R200-million to the bottom line, Sappi R240-million, Gebel, thanks partly to rights-issue proceeds, R414-million, Malbak R116-million and Gemina R392-million.

At the end of August the stake in Gemina was worth R7,9-billion, Gebel R3,9-billion, Engen R2,5-billion, Sappi R1,5-billion and Malbak R866-million. Net assets were 1 375c a share, but by October 25 were down to 1 242c. The share price this week was 915c. There were gross assets of R16-billion and no net debt.

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AMONG the feelings the government and the African National Congress seem to share is an uneasiness about the huge money power of the life assurers.

There are two interlocking issues. One is that the concentration of savings in the life assurers is undesirable in that the money is merely funnelled into the Johannesburg Stock Exchange in a paper chase which does little to foster growth in the real economy.

Following from this is the feeling that the funds held by the life assurers should be unlocked for development.

The ANC Department of Economic Planning's Don Mkhwanazi has suggested that "a fraction of pension and provident funds be directed to socially responsible projects".

What this boils down to is a return to prescribed asset requirements. This required life assurers to devote a small percentage of their funds to investment in government stock, such as that issued by parastatal Eskom.

A form of prescribed asset requirements would be introduced to fund "socially desirable investments". This seems to mean mainly housing. How much housing? Given the huge assets of the life assurance industry the number of houses provided could be around one million.

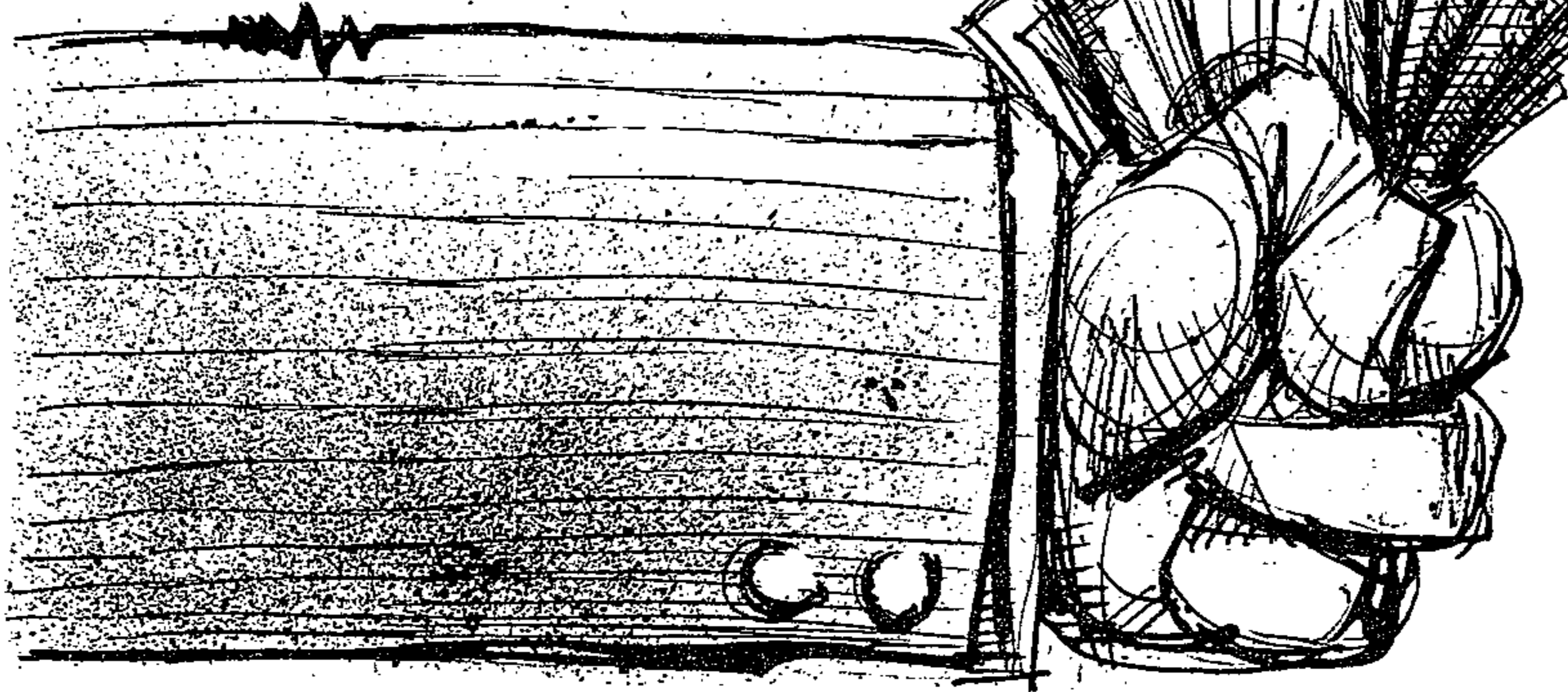
Sanlam MD Pierre Steyn recently put the assets of life assurance and pension funds at R130-billion. "It is expected that this amount will increase to as much as R180-billion by the year 2000. Of the R24-billion which is estimated to be needed in the next 10 years for housing, R15-billion can be mobilised by the banks and building societies from further sources. This leaves a balance of about R9-billion, which can be provided by the pension funds and life assurance companies. This amount will represent about five percent of these institutions' assets by the year 2000."

Five to 10 percent of the assurers' assets is the range being bandied about, and it tallies with what used to be the

Getting assurance giants to cough: Key players divided

The only point of economics on which the government and the ANC really agree is that money should be channelled from the life assurers into development.

REG RUMNEY reports



prescribed asset requirement percentage.

Life Offices Association director Julie Wessels reckons the difference between the prescribeds, as they are known, and what is being proposed, is that while the returns from prescribed asset requirements in the past were generally low, they weren't always. For instance, the assurers now have amounts invested in stock which used to be prescribed. These amounts far exceed the minimum investment required in terms of the new regulations, which are less onerous than the prescribed asset requirements. The returns on such stock are excellent now.

"However, over the years the prescribed asset requirements have meant

a loss to policy holders and pension fund members."

Wessels warns that too zealous an attempt to unlock funds would mean investors would put no money into the funds in the first place.

However, pension funds have always been able to decide to use some of the money invested in particular projects, such as housing. The fund members must accept that this might mean a lower return.

Sanlam chief economist Johan Louw reckons a more acceptable way of fund-

ing socially desirable investments would be, say, a two percent levy on the profits of all companies. This would spread the burden fairly.

Louw notes that the two biggest insurers, Sanlam and Old Mutual, have both set their faces against willingly putting money into low-yielding social investments. Any government would have to legislate for this to happen, and the ANC has mentioned this as a possible course of action.

"If it is limited to five percent it's not that serious," he reckons. More could

have an effect on the assurers. And it will affect the returns of the policy holders and pension fund members.

"It's important the ANC sees the private sector is doing something. It could help a lot with the negotiation process."

What are socially desirable investments? So far, the only obvious answer is housing.

Sanlam senior GM Walter Scheffler believes that from a purely economic point of view housing is not productive. But it would be more unproductive in terms of the social environment if something was not done about housing.

That pension fund money is to be used for housing — for example in the scheme announced by the Perm — is not new, says Scheffler. "Quite a few pension funds have been making loans for housing for years. It's the decision of the pension fund. Sometimes they used the money as security for a loan, sometimes they used the money."

At the end of the day, someone must pay. And if the returns are not market-related, the pension fund members effectively pay for their money being used for housing.

Another option is to securitise funds and let the public invest in them or have home loans subsidised by the government or Jan Steyn Independent Development Trust.

Scheffler remarks that it isn't viable for everyone to have a house unless everyone has a job. And having a job usually means membership of a pension fund, and being a member of a pension fund means funds could be made available.

What of the idea that the life assurers have got more than their share of the savings of the man in the street through favourable tax treatment?

There is no doubt that the institutions have a big slice of the savings of South

● To PAGE 20

Should assurers divert funds?

● From PAGE 19

There is no doubt that the institutions have a big slice of the savings of South Africa.

By introducing a limited tax on the life assurers, the government has taken another tack. This is to "level the playing fields" between the life assurers and the banks and building societies in attracting savings.

Together with a low withholding tax which would cut the tax payable on savings with banks, the idea is to switch the flow of funds to the banks and away from the life assurers.

The life assurers have argued they are merely custodians of the money of their investors, who have in some instances already paid tax on the money invested. Where they have not paid tax, the money invested is there to provide for private old age pensions and so lessen the burden of the state in providing public pensions.

Sanlam's Louw believes rather that the total savings effort should be increased. The financial institutions are, after all, not in the short-term savings market. Banks are. (Building so-

cieties, it could be argued, are in the medium-term market.)

Old Mutual chief economist Dave Mohr differs from the ANC in believing that the problem does not lie with a more efficient direction of savings towards development. "South Africa does not have a savings problem but a foreign exchange problem," says Mohr. Even if, say, 20 percent of the life offices cash flow were channelled into the area the ANC deems significant, the domestic manufacturing of basic goods for the majority of the population, this would entail imports.

Even the most basic goods have an import component and this is generally higher than expected, he says. Moreover, the multiplier effect of a boom in particular sectors will have a knock-on effect on imports. The suppliers of the basic goods would be enriched and would buy goods with a high imported component, such as cars and electronic goods.

Indeed the foreign exchange constraint will restrict any potential increase in growth in South Africa.

R4000 basic houses for export to Africa

CA w/e AUGUS 11/2 /90 123

By TOM HOOD
Business Editor

HOUSES selling for about R4 000 are being exported to Zaire, Mozambique, Botswana and Lesotho by a subsidiary of Rabie Investment Holdings.

And the Cape-based development company sees increasing export potential in Europe, the Middle East and other countries in sub-Saharan Africa.

The houses are built of four panels of glass-fibre reinforced concrete and have windows, a roof and floor.

Rabie and Murray & Roberts Construction have created a company, Kwikspace, to make these affordable basic houses that are moveable and can be bolted on to a platform.

The company, Kwikspace, has put in a R10 million tender to export 5 000 of the factory-made houses to Israel to accommodate Russian Jews, the chairman, Mr John Rabie, disclosed this week.

It is already providing temporary housing for the Highlands water project in Lesotho, Mossgas and mineral development in Botswana.

The company is one of the remaining major groups building houses for black families, others companies having pulled out of the business earlier this year.

"While demand for black housing has remained high, it is aborted by the fact that many financial institutions have withdrawn from black housing," said Mr Rabie in an interview in Cape Town this week.

"Out of about 10 developers we are the only one left in the black housing market in the Cape. We are trading successfully and we are not withdrawing from the black market.

"We have shown our good faith by working with existing communities and we are committed to stay in that market.

Home owners have been hit

by high interest rates of 20 per cent for 17 months and this made an impact on people affording their homes and their bond repayments.

"It is high time the government brought down these rates to give people the opportunity to breathe," said Mr Rabie.

"We expect housing policy to change in the new year, which is good news for the industry."

"The recession has forced us to cut back dramatically and we will survive unlike many of our competitors."

Next year would see "extremely difficult trading conditions.

"We conserved cash by not paying a dividend this year and offering bonus shares instead a dividend last year."

Rabie owns land on which it plans to build 4 000 homes for black families all over the country.

Two prime projects are on the outskirts of Soweto, in Dob-

sonville North Gardens and in Protea Glen.

There is also land in Khayalitsha, where there is good demand for houses.

"People want houses but at present Khayalitsha is experiencing a bonds boycott. It is the only place in the country — there is no bonds boycott in Johannesburg or Natal."

Rabie's first entry in the black housing market in the Western Cape — 64 houses priced from R49 000 to R60 000 at Khany Park, Khayelitsha — was sold out in four months.

This has been followed by the Future Homes project of 350 houses at Khayelitsha. This was regarded as a significant breakthrough in the provision of affordable housing as buyers could get a conventionally brick-built house of two fully-carpeted bedrooms, living/dining area, kitchen and bathroom for R34 000.

SQUATTERS MAY GET CASH HANDOUTS TO BUY LAND

By LESTER VENTER ^{2/11/70}
Political Correspondent

THE government is studying proposals for a one-off subsidy for squatters and shack-dwellers to help them buy their own plots.

It is also considering the establishment of a single ministry of housing to replace the present 14 departments.

The levying of some form of land tax to encourage development of under-utilised urban areas is also raised as a "theoretical possibility" by officials.

All these aspects are being investigated by the SA Housing Advisory Committee in a bid to forge the country's first comprehensive national housing policy.

The government this week appointed Dr Joop de Looij, former auditor-general and director-general of finance, as chairman of the SA Housing Advisory Council.

One of the most important recommendations being investigated is that govern-

ment subsidies on rents and services be replaced by a single, one-off cash payout to help squatters and other homeless people to establish home sites and start erecting houses.

The Urban Foundation has proposed a R6 000 payout, but government officials believe the state can only afford about half that amount.

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The plan would allow buyers of sites in an approved scheme to receive the one-off subsidy. They could then buy materials or use the subsidy as a deposit on a bond offered through the Urban Foundation's recently established Home Loan Guarantee Company.

Linked to the subsidy is an investigation of how to stimulate development of fallow land.

Government officials say large expanses of land earmarked for black hous-

ing by the Black Communities Development Act in 1984 are lying undeveloped.

The reason is that in the year of proclamation many big construction and investment companies either bought up this land or took options on it.

The land was specially selected for its proximity to industrial and business areas.

Officials say a combination of factors led to the postponement of building on this land. One was that the top 10 percent of the black housing market became saturated and there was little demand for the middle-class housing the construction companies would have erected.

Some officials believe one solution that may emerge would involve turning this land into site-and-service schemes.

The cash subsidy and the bonds that may be acquired through it could re-stimulate the private sector's involvement in developing land.

An official said a suggestion that the government might introduce a punitive tax on companies not developing so-called Article 33 (Black Communities Development Act) land was only "a theoretical possibility".

The terms of reference of the Housing Advisory Board's investigation make it clear that the government is prepared to consider a single housing ministry

The terms also make it clear that housing is to be understood in SA as "conventional and unconventional housing".

Managing director of the Urban Foundation housing division, Mathew Nell, said the primary focus of a new national housing policy should be on the poor.

The crux of the new policy would be its affordability — both the state's capacity to afford large housing schemes and the individual's capacity to afford the dwelling.

Bond boycotters seen to frighten off financiers

^{B.O. 2/12/90}
BOND repayment boycotts were scaring financiers away from the low-cost housing market, SA Housing Trust (development) GM Jide Ridder said in Johannesburg at the weekend.

At the launch of the African Builders' Association (ABA), De Ridder said financiers were also to blame for not ensuring their clients fully understood the legal intricacies of buying, building, and financial contracts.

THEO RAWANA

stances in the same way wage disputes were approached in industry.

De Ridder said financial institutions did not take enough care to ensure their clients fully understood their contracts.

Builders were also guilty of neglecting these responsibilities.

There was evidence that builders used "undesirable selling practices".

Consequences

Political opportunism had "played an important role" in most instances involving such boycotts.

He said most boycotters did not understand the consequences of their actions.

"Typically, the situations are approached within the framework of the wage negotiation process associated with the labour union movement."

Many boycotters believed they could approach renegotiation of their loans to suit altered circum-

stances. There had been a significant breakdown in clients' confidence in financiers.

"This was especially caused by construction quality defects," said De Ridder.

"In my humble opinion, bond boycotts are therefore a symptom of badly managed risk."

ABA president Joas Mogale said his association, an affiliate of the Foundation for African Business and Consumer Services (Fabcos), had affiliates in the Transvaal, Natal, eastern Cape and Ciskei.

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Demand for bonds 'very high'

Business Editor

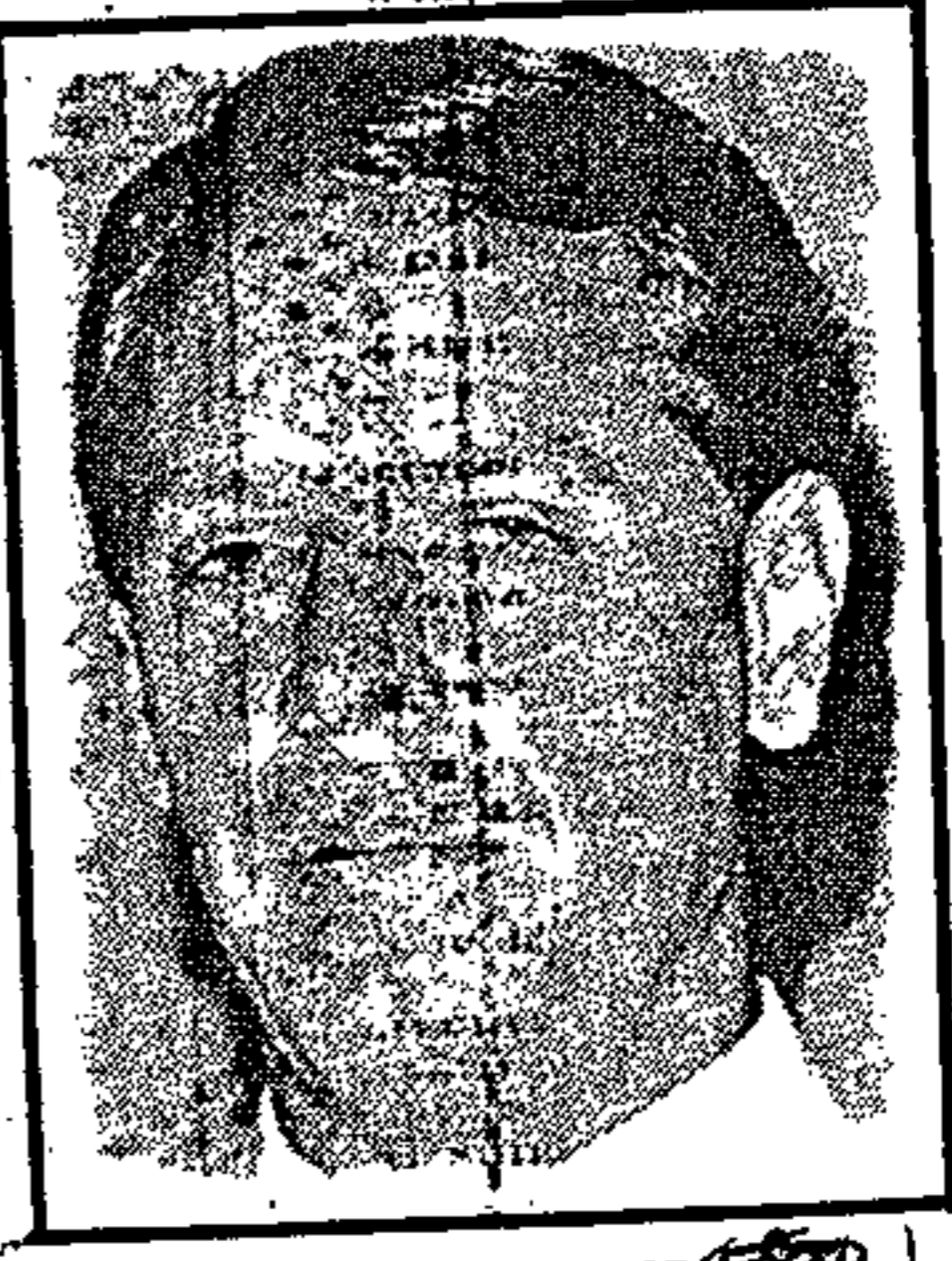
DEMAND for mortgage bonds is "very high" in spite of the recession, Perm managing director Mr Bob Tucker said yesterday.

But he thinks this is partly because people are under pressure and are taking out second mortgages on their homes to keep their heads above water.

Mr Tucker was commenting on a statement by Mr Trevor Olivier, assistant general manager, home loans, at the Natal Building Society, that people might be rushing to buy before house prices rose.

Announcing that applications to the NBS had risen in the past seven months, Mr Olivier said: "Interest rates have peaked and people are pre-empting a surge in the market when the interest rates drop."

Mr Olivier said there had been "a drop off in the number of home loan applications from blacks".



TIENIE VAN DER BERG

BOB TUCKER

United buying into estate agencies to boost business

13/27 6/12/90

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UNITED Building Society has embarked on a drive to expand its mortgage business through estate agencies and providing them with an on-line computer system which enables them to get instant mortgage loan approval while also taking care of the paper work.

UBS has bought a 25% stake in JSE-listed estate agency Aida and 33% of SA's largest independent real estate group Multi Listing Services. More recently it has acquired a 29% stake in JH Isaacs for R7,7m.

Senior GM group marketing Tienie van der Berg says the battle to expand mortgage business will be decided by who can identify new ways of attracting business.

"In this competitive home loans environment, who wins market share will not necessarily be decided by the institution which offers the cheapest rates and better products, because no single institution can break ranks for any length of time.

"The estate agent is part of the financial services chain.

"He is involved in buying and selling properties. We are linking up with selected estate agents

and providing them with an on-line computer system which enables them to get instant mortgage loan approval while also taking care of the paper work.

At the March year-end, the United Group had assets of R15,7bn and a mortgage book of R12bn, the largest in the home loans market.

Van der Berg says United was the first institution to form a strategy centring on estate agents in a rapidly changing home loan market.

But other banks and building societies are also planning strategies with estate agencies in mind.

Standard will not comment on its plans but market sources say it is unlikely to ignore steps taken by competitors to integrate vertically (become involved in the estate agent profession).

Perm MD Bob Tucker says: "We have no alternative but to look at ways of protecting our mortgage business, and that of course includes vertical expansion into estate agencies."



Fighting it out in the home loans market

bloay 6/12/90

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DANIE CRONJE

DESPITE tightening margins, banks and building societies are fighting it out in the home loans market, which is seen as an area of stable asset growth.

First National Bank (FNB), which announced a 20% increase in earnings a share to 453,3c earlier this month, reduced its mortgage rates by 0,25% to 20,75% in April this year and a further 0,25% to 20,5% if the client uses two or more other FNB products.

Standard has announced it is going into the lower end of the home loans market — an area traditionally worked by the Perm — providing loans as low as R12 500 to first-time home buyers.

Reducing

Only Volkskas appears to be reducing its exposure to this market. It raised its mortgage rate for new clients to 21,75%, a full 1% above competitors, in September, citing the need to comply more closely with Reserve Bank credit growth restrictions.

Group MD Danie Cronje says the money will be better deployed in overdraft or instalment credit advances.

However, First National senior GM Jimmy MacKenzie says home loans is a growth area for the bank.

"We fell behind the other banks in the growth in our home loans book, so we decided to recover lost market share by offering cheaper rates.

"Our mortgage rates are low because we believe we can recover what we lose in mortgage repayments by cross-selling our other services."

FNB has a mortgage book of R4,5bn, with another R450m in the pipeline.

Standard has a book of R5,5bn, says GM in charge of home loans Terry Power.

The Perm's book is close to R10bn. Allied has a book of about R7bn.

But competitors says FNB's reduction in mortgage rates merely brought it into line with the rest of the market.

Grown

For example, Standard offers its PrestigePlan clients a bond rate of 20,25%, a reduction of 0,5% on its normal rate.

Since Standard's entry into the home loans market four years ago, its net book has grown by about R1,25bn a year. It processes applications for bonds totalling R250m a month.

There has been widespread speculation that a merger between UBS and Volkskas is on the cards and one JSE banking analyst says if this is the case, UBS will take over Volkskas' consumer market (including home loans) and Volkskas will concentrate on the corporate market.

The Perm's contribution to Nedcor's profitability is startling, with an 86% increase in net income at the interim stage to March 1990.

MD Bob Tucker says the Perm has "provided the sparkle in Nedcor's results" and, while this growth is unlikely to be repeated, the Perm will continue to "add sparkle".

Standard offers low bonds

123

STANDARD Bank, which in the past has provided home loans in excess of R40 000, has entered the low cost housing market offering bonds of as low as R12 500.

Traditionally considered high risk, the low cost housing market requires a considerable infrastructure to administer.

Standard GM of the home loans division Terry Power says: "Low

cost housing is less sophisticated than the conventional home loans market and will require more infrastructural support on the part of the lender in the initial stages.

"We are teaming up with the Urban Foundation, which first promoted the low cost housing initiative, and will be working with its utility companies in the initial stages."

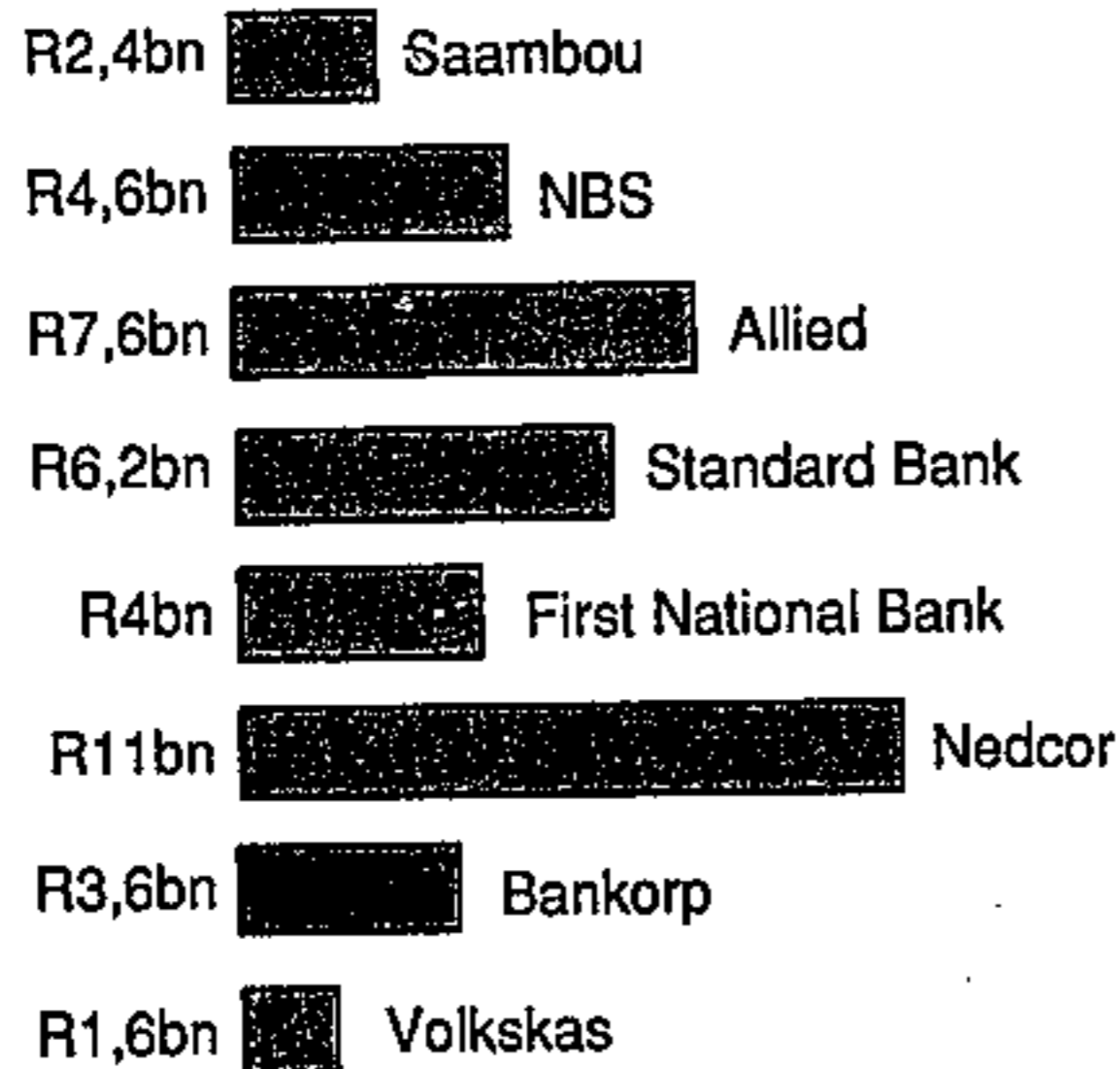
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ECONOMY & FINANCE

FIM 7/12/90 (123)

Homing in on loans

Value of mortgage portfolios



* UBS declined to provide figures

has changed: assets will first be risk-weighted and a ratio of 8% then applied.

Mortgages score with a risk weighting of only 50% (against 100% on other loans); applying 8% to this reduces capital needed for these loans from the present 5% to 4%.

The requirements are to be phased in over four years, starting at 4,5% in January and reaching the full 8% recommended by the Bank for International Settlements early in 1995. So the capital requirement on mortgage loans will be only 2,25% next year.

Building societies will have no trouble meeting the guidelines because most of their advances are already in home loans. This relative freedom to manoeuvre could tempt them to take the initiative and move even more into traditional banking areas, such as cheques and credit cards. Says Allied manager of mortgage lending Len Greenfield: "It is likely we will move toward fee services, where the income potential is much higher."

Societies are also bracing themselves for increased incursions by banks into their traditional mortgage market — for good reason. Says FNB's Pat Lamont: "With the new capital requirements, there is little doubt banks will move more vigorously into home loans." As competition has already been intense for years, it is not clear how effective such a move will be. Standard Bank's Terry Power says: "The market is small, so even highly aggressive marketing will not make all that much difference — especially in the present state of the economy."

Greenfield suggests an alternative strategy would be to acquire home loan portfolios through mergers and acquisitions. Such an arrangement has worked well for Nedcor, which greatly increased its home loan book with the acquisition of the second largest building society, the Perm, and will reap the benefit of lower capital requirements.

To make the most of the advantage conferred by home loan portfolios, Bankorp has restructured. A spokesman says: "It will enable us to use a capital surplus in one division

FIM 7/12/90 (123)

to make up a shortfall in another area."

Meanwhile, financial institutions are aware that larger home loan portfolios come at a price. NBS assistant GM Trevor Olivier says: "Other forms of investment offer higher interest rate returns, as well as fee income, so institutions will be careful to strike a balance between lower capital-asset requirements and higher income potential."

Lamont is more bullish. "Banks have been in the home loan market for a couple of years, and have found the business profitable. Lower capital requirements will make mortgages even more attractive." ■

MORTGAGE LOANS

SAFE AS HOUSES

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Home loans have always been considered good business because they are secured against immovable property. When the new Deposit-taking Institutions Act comes into effect on January 1 they will be even better business. The Act sets the ratio of capital banks must hold against this category of asset at half that required for other advances. FIM 7/12/90

At present capital is based on the risk profile of assets. The average requirement for banking assets is about 5,5%. The principle will remain but the method of calculation

Plan would 'buy peaceful survival'

Trust fund urged for mass housing

CAPT TIME 7/12/90 123

By AUDREY D'ANGELO
Business Editor

THE life offices could avert "anarchy and chaos" in this country by putting only 2,5% of their net income into a trust fund to provide cheap mass housing, the chairman of the Shareholders Association of SA, Issy Goldberg, said yesterday.

He told the annual general meeting of Old Mutual that there was a pressing need to provide homes, jobs, education and medical services for the majority of people in SA.

The SA insurance industry had about "R20bn to spend as it thinks fit" after deductions.

He did not believe the millions Old Mutual had invested in the equity market were helping to provide what was needed. "But we will not argue about that," he told chairman Mike Levett.

He thought putting 2,5% of the industry's net income into a trust to provide cheap mass housing

would be comparable to taking out riot insurance. "It is essential to provide homes to avoid complete anarchy," he told the meeting.

But this would be something the entire life insurance industry would have to do. It would not be possible for some companies to do it while competitors stayed out.

Goldberg said he knew the Life Offices Association was working on a scheme. But it was a long time preparing it, "like Nero fiddling while Rome burns."

He claimed that putting 2,5% into the trust would mean that policyholders would, over 20 years, lose only R25 in every R1 000. And they would be "buying peaceful survival" with this money.

Goldberg said that if the insurance industry contributed half a billion rands to such a scheme the other deposit taking institutions should also be asked to do so.

He said a major construction company in this country was able

to supply prefabricated concrete homes, which could be fitted together by labourers, for as little as R4 000 each.

After the meeting, Goldberg said that it could cost the policyholders little or nothing to put this scheme into operation. He was certain that the government could be persuaded to reduce tax as an encouragement to life offices and other institutions to take part in the scheme.

It would provide work as well as housing.

"I am not proposing that we should give these homes away," he continued. "The people in need of housing should be asked to pay a deposit that they could afford — something like R100 or R200."

● The executive director of the Building Industries Federation of SA (Bifsa), D N Fraser, calls in its annual report for the government to consider the re-introduction of mass housing schemes to "eradicate the ever-growing housing backlog and increasing unemployment level".

When rates fall, bondholders should look at unit trusts



CLIVE FOX... try the unit trust way.

5/10/90
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FRANK JEANS

methods to achieve early repayment of bonds."

While not a unit trust management company, Consolidated Fund Managers fills the important role of advising people impartially on when to invest and into which unit trust fund.

Over the past 10 years, general equity unit trusts have shown an average annual compound return of more than 20 percent. This compares with an inflation rate of 14.6 percent over the same period.

The question might be asked: Would a bondholder achieve the same objective in reducing bond capital by paying

a little more each month directly to his lending institution?

Mr Fox says: "The overriding advantage of investing an extra R100 in a unit trust as opposed to paying the same amount directly to the bond is the fact that unit trusts have outperformed the bond interest rate substantially over the past 10 years, thus enabling the bondholder to repay his bond that much quicker."

"Depending on economic circumstances, there is no reason why unit trusts should not continue to perform

well over the next 10 to 15 years. "So long as the long-term rate of return of unit trust investment remains higher than the average bond rate over the same period, an investment in unit trusts would significantly reduce the time period to pay off a bond."

Currently, interest rates are higher than unit trust returns but this is likely to be a "temporary phenomenon".

Bondholders might well be advised to commit regular investment to units when the share market is low as they are then likely to achieve far better long-term returns and therefore attain significantly quicker bond redemption.

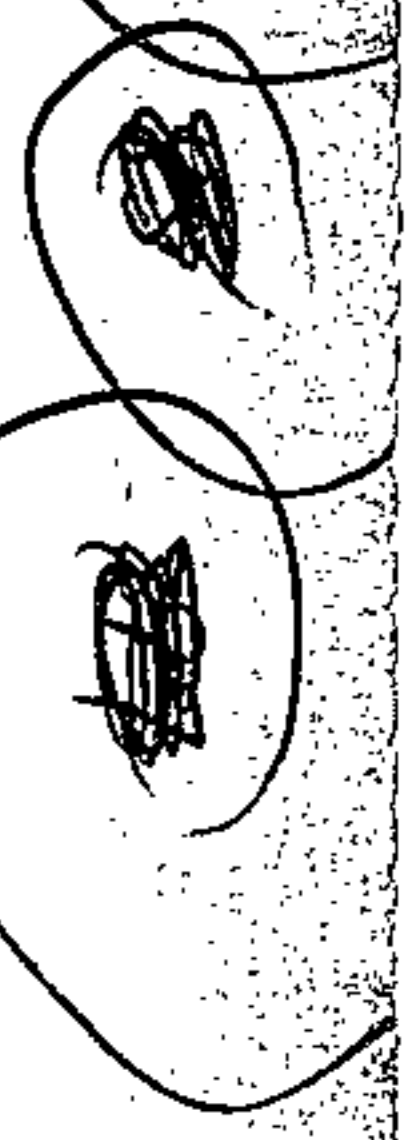
The first unit trust linked bond-busting scheme was launched by Nedbank using monthly investment into the UAL Unit Trust. CFM offers a similar facility but does not restrict the investment to any one unit trust.

"We aim to maximise unit trust investment returns by investing only when favourable conditions exist and into top-performing funds," says Mr Fox.

"A few percentage points additional growth every year over a 10-year period will make an enormous and positive contribution to the end result."

CAH- R4FS 10/12/90

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R160m for housing, health, schools

Own Correspondent

JOHANNESBURG. — The Independent Development Trust (IDT) has approved funding amounting to R160 million for a range of housing, education and health projects, IDT chairman Mr Jan Steyn said yesterday.

Mr Steyn said in a statement that approval for the projects had been secured particularly quickly without compromising the IDT's commitment to consulting the community on the issues involved.

The IDT has allocated R11 million in support of a credit company to provide small loans for the supply and upgrading of informal housing.

IDT finance director Mr Jannie Kiishoff said yesterday that the scheme could be the first in Africa which could facilitate the mobilisation of small loans to lower-income families for housing.

IDT housing director Mr Ben van der Ross said the focus of the project would be on site-and-service schemes and starter housing.

Mr Steyn said the IDT was negotiating a R70-million loan with the Urban Foundation to ease its ability to provide shelter for the very poor, but stressed that the Foundation itself would be required to raise R100 million from financial institutions and that funding was conditional on "maximum community

participation ... in all aspects of the projects".

He said much of the funding had been allocated to educational projects and the IDT expected to invest "tens of millions of rands" in the pre-school/educare area alone.

The IDT had allocated R10 million to technical education and was investigating the possibility of a national loan scheme for funding tertiary education for disadvantaged students in particular.

The trust had already contributed R4 million of a R39-million package for the Vusi Sizwe Trust's programme to rebuild schools and classrooms destroyed recently in the Eastern Cape.

Mr Steyn said almost R6 million had been earmarked by the "fledgling" IDT health division.

Prof Mamphele Ramphele, recently appointed director of the IDT, said: "The whole issue of health care in SA is a complex and emotive one. We will endeavour to assist the process of making the provision of health care — for all the people of this country — equitable, accessible, affordable and free of discrimination of any kind."

Mr Kitshoff said the IDT began operations in August after R2,000 million had been transferred to it in mid-July "to meet the development needs of the poorest of the poor in SA".

Boost for housing, health, education

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Sowetan 10/12/90



THE Independent Development Trust (IDT) yesterday announced it had approved a number of new projects in education, health and housing in excess of R160 million, including the support of a credit company to provide informal housing.

In a statement released in Cape Town, the IDT said R11 million had been allocated in support of a credit company aimed at stimulating the supply and upgrading of informal and low-income housing.

According to the IDT director of finance, Mr Jannie Kitshoff, this could be the first institution created in Africa which can facilitate the mobilisation of small loans to lower income families for housing purposes.

The IDT became operative in August this year

after R2 000-million had been transferred to it in mid-July to meet the development needs of the disadvantaged in South Africa, the statement said.

A substantial loan of R70 million was also being negotiated with the Urban Foundation to facilitate its ability to provide shelter for the disadvantaged.

Housing

"This is intended to put the Foundation in a position where it can provide much-needed housing in lower market segments than is generally the case at present," IDT housing director Ben van der Ross said, adding the focus would primarily be on "ace schemes and "starter" housing.

IDT chairman Jan

Steyn stressed the funding was conditional on maximum community participation being secured on all aspects of the projects.

The Foundation would also be required to raise R100-million from financial institutions for this purpose.

In addition, the Foundation had undertaken to run educational/informal programmes to inform would-be home owners on its projects on matters such as security of tenure, ownership and affordability, he said.

The Foundation would also be obliged to establish non-profit initiatives to provide communities and individuals with effective consumer protection against bad products and services in this market, Van der Ross said. - Sapa

Bid to protect home buyers

Blay 12/12/90

THE drastic shortage of low-cost housing had resulted in "desperate" black consumers who were often exploited by unscrupulous developers, the Urban Foundation's housing policy director Jill Strelitz said yesterday.

"The foundation is currently working together with other organisations in thinking through possible initiatives and positive proposals that could be undertaken to help protect the consumer," she said.

Possibilities such as face-to-face talks with the buyer needed to be facilitated by financial institutions, and contracts needed to be checked so that they were not exclusively geared to the developer, she said.

An alternative was to draw up a standard contract, which would protect the developer and the consumer and would be enforced by the financial institutions. However, this was a difficult task and a way still had to be found to make it feasible.

Financial institutions set their own standards and requirements for housing structures but problems arose because of shoddy workmanship by the contractor.

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PETER GALLI

The Urban Foundation residential dwellings division MD Matthew Nell said yesterday the foundation did not see any contradiction between affordability and quality. "We believe that with the reduction in specifications both as regards services and finishes, an adequate house can be provided ... which can be upgraded later to include ceilings, plastering, electricity and bathroom fittings when these can be afforded."

The SA Perm manager: housing division Ian Jones said when a loan was applied for, the Perm did a valuation and held face-to-face interview to try to explain what home ownership would entail.

However, often before the Perm was approached for advice, the contract had been signed, binding the person legally, he said.

The Perm also had minimum requirements as to the structural stability and habitability of the proposed dwelling, which were enforced, he said.

House price rises 'will moderate'

CMT 7/4/8

12/12/90

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By PIETER COETZEE
Financial Editor

HOUSE prices will continue to rise in 1991 — but at a more moderate rate, according to the latest Rode Report on the SA property market.

This is after the surprise rally in the last quarter of 1989, when house prices shot up by 7,5% from the third quarter and were nationally 19,7% higher than in the fourth quarter of 1988, says Erwin Rode, director of research for the Rode Report.

In Cape Town house prices rose 32,4% in the last quarter of 1989 compared with the last quarter of 1988. In the upper price bracket they rose no less than 52,4%, in the middle price bracket by 24,5% and in the lower price bracket by 14,1%.

Provisional figures for the first quarter of 1990 show another quarterly growth rate of 6,8% in national house prices. On average house prices increased by 15,8%.

"We are at a loss to explain this high growth rate while the economy is in a recession. Suffice to remark that we had a similar situation in the 1982/83 recession when house prices grew at 22,5% and 27,7% respectively," he says.

Rode says the downtrend in home building cost increases seems to have stabilised for the time being and now stands at about 16%.

"The number of houses started is presently well below that of a year earlier. However, analysis shows that it is mainly the traditional, custom-built home construction market which is bearing the brunt of the hikes in mortgage rates. The mass-home building market seems to be on an even keel," he says.

Rode's Home Affordability Index shows that up to the first quarter of 1990 houses were still becoming less affordable. This is measured against three affordability factors — house prices (higher prices depress affor-

bility), mortgage rates and remuneration levels.

"Of the three, only rising house prices still affect home affordability negatively. This will probably moderate in 1991 — but keep on rising. On the other hand, mortgage rates are expected to start a mild decline in the first half of 1991.

"For these reasons we expect that home affordability will level off in 1991," he says.

In the report Ockie Stuart, director of the Bureau of Economic Research of the University of Stellenbosch says high and medium cost housing is likely to perform poorly during 1991.

"Conditions have already deteriorated markedly due to high interest rates, high building costs and economic and political uncertainty.

"None of these are likely to change much during 1991 — the changes which are anticipated are relatively small but could be enough to stimulate investment in these types of buildings early in 1992," he says.

Activity in low cost housing has virtually stopped as a result, amongst other things, of losses suffered by many participants in black housing. Labour problems played a part in this, as did damage to sites and buildings while refusals to pay rent and bond repayments also played a part.

"These experiences might have scared many potential developers and builders away from the low cost housing market. It also appears as if the government has now decided to give priority to shelters for the homeless, rather than proper housing," he says.

As a result of schemes which were announced fairly recently, low cost housing could show renewed growth from middle 1991 onwards. The anticipated faster tempo in low cost building will, however, not be sufficient to compensate for the decline in other forms of residential investment.

"Investment in residential buildings is therefore anticipated to contract during 1991," he says.

Cape Times 12/12/90

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Land plan for exiles' homecoming

By PETER DENNEHY

LOCAL authorities in the Western Cape have not yet been approached by the National Co-ordinating Committee for Repatriation (NCCR) for help with identifying land and housing for returning political exiles.

Yet in the Eastern Cape, the Greater Algoa Bay Planning Authority has been approached and has responded by identifying "quite a lot of land", according to a Port Elizabeth city administration official.

He would not say how much land was involved, but our Port Elizabeth correspondent reports that 4 000 serviced residential plots are available for immediate development and another 16 500 are likely to be forthcoming in two to five years.

The Anglican bishop of Port Elizabeth, the Rt Rev Bruce Evans, who serves on the regional exile repatriation committee, in August called on Port Elizabeth city officials to address the need for housing for exiles.

Yesterday Imam Hassan Solomons, chairman of the Western Cape branch of the NCCR and a member of the national committee, explained that his organisation consisted of several different political groupings including the ANC, PAC, Azapo, Black Consciousness Movement of Azania, SA

Council of Churches, SA Catholic Bishops Conference and the World Conference on Religion and Peace.

"The repatriation policy is in the hands of all the liberation movements," he said. "Our policy in the Western Cape regarding the housing or resettlement of returnees does not include the co-operation of the local authorities."

He could not say whether this would change, as the need to maximise resources was more keenly felt.

"In the Free State and Port Elizabeth it is different," he said, adding that the various regional committees had a great deal of autonomy in determining what approaches were to be taken.

He had heard that one local authority had also made land available for returnees near Bloemfontein.

In the Western Cape, however, the regional committee was trying to accommodate "the various ideological views".

Mr Solomons could not say how many returnees were expected to come to Cape Town. The most reliable countrywide figures for returnees were provided by indemnity applications actually handed in to the government thus far, of which there were 6 000. These had been handed in in two batches, and several more batches were expected, Mr Solomons said.

Pay-linked loan could replace home subsidies

W/Mail 14/12 - 19/12/90

WHEN the perk of subsidised home loans is finally phased out in March next year it would pay employees with those loans to take up the SA Perm's new salary-linked home loan.

This selling point, adopted by home loans marketing manager Dave Wright, underlines that the Perm's loan is not exclusively for low-income using.

Wright points out subsidised company home loans will continue, but will no longer have a tax benefit.

The Perm's scheme, says Wright, will offer benefits not only to the bottom end of the housing market but to other groups as well.

Even at managerial level it may be advantageous to switch.

With the removal of the fringe benefit apparently cheap housing is just redistributing individuals' income from the affordability of living to housing.

"Our point of view is that one should have enough for normal living expenses as well as housing."

What the loan promises to do is allow a homebuyer to get a more expensive house now rather than trading up, or to stay with a house he can now afford, but pay a lower monthly instalment.

However, the Perm's scheme may also make homes more affordable for the poor. The minimum wage level of many medium to large companies is R800 to R1 000 a month. Assuming 30 percent of income goes on instalment payments, those people can afford a loan of R17 000. But a house and a stand in a black township can go for around R42 000.

Using the loan, a homebuyer could afford a house equivalent to 42 times his monthly salary. Building societies and banks now limit the amount one can borrow to a bond repayment of 30 percent of one's monthly salary.

The salary-linked home loan is posited on house prices continuing to rise. The outstanding balance of the loan rises over time. "As long as there is not a massive collapse in the property market the outstanding balance should not come near the value of the property," says Perm salary-linked home loans manager Brian Peck. Property values have only to rise 10 percent a year to match the outstanding balance.

The idea was sparked by the idea of a no-interest loan. But what the loan amounts to, says Wright, is a real rate of four percent. The original idea was

A new home loan scheme to replace traditional methods of financing has been devised by the SA Perm. **REG RUMNEY** looks at what it offers

of a fixed percentage, say 17 percent, of salary, to repay a home loan over a 20-year period. Wright says a reducing percentage might be adopted.

With a conventional home loan and inflation of say 15 percent in the first year a homeowner is paying 30 percent of his salary. After five years this drops to 20 percent, and after 20 years to one percent of a salary.

Borrowers tend to overcommit themselves to get over the initial payment hump, says Wright. An analysis of a batch of loan applications for houses on the East Rand, for instance, showed gross misrepresentation of income in more than 58 percent of cases.

The attempt is to even out the borrower's commitment. Over 20 years the borrower normally pays nine percent of his salary. With the Perm's loan, the average should be about 17 percent.

One advantage is that the loan is linked to individual salary increases. Inflation will tend to push those up.

What if the homebuyer becomes unemployed?

Wright says that because there are two sources of return for the investor (the pension fund) the loan is more flexible than normal home loans. "It could give a greater breathing space."

The returns are from the cash flow and the revaluation of the book debt. If the cash flow is suspended for a while, the book debt rises, so the investor's ultimate return is not affected. However, the normal repossession rules would apply if no payment is forthcoming for a long period.

What about the return to the pension fund? Wright admits the returns will not be high, but they will be adequate and should match the returns on fixed interest securities. They would be part of any fund's investment mix, he reckons, and could be five to 10 percent.

The Perm is starting to gear up for selling the new home loan product, but while government has given approval in principle certain technical aspects have still to be ironed out.

Participation of pension funds who provide the investment must also be secured. Also, the loan must be secured by a pledge of the fund member's withdrawal benefit.

FINANCE

Flat rentals are holding up in recession

THE only sector of the property market that has so far remained untouched by the recession is flats, says Rode's Report on the SA property market for the third quarter of 1990. ¹²³

Research director Erwin Rode says flat rentals rose by 12,6% in Johannesburg during the six months to end-August, by 23,2% in the Cape Peninsula and by 4,5% in Durban. ¹²³

He says flat rentals are

^{6 (Dm) 14/12/90}
CHARLOTTE MATHEWS

driven by low vacancies, rising house prices and resilient disposable incomes. He expects flat rentals to grow by about 15% in 1991 compared with 1990.

House prices for 1990 are expected to be about 20% higher than in 1989.

Until the first quarter of 1990 houses were becoming less affordable but mortgage rates are expected to start a mild decline in the first half of 1991.

Office rentals have now "stalled completely" in almost all areas with the exception of Sandton CBD, which showed rental growth of 6,5% in the third quarter compared with the second quarter.

Rode forecasts no growth in office rentals in 1991, and even a drop of 10% in the Durban CBD.

Industrial rentals are also unlikely to rise in 1991, but vacancies are low and this could mean that an upturn in the economy would

have an immediate effect on rental growth.

Retail rentals have been static in 1990, with the exception of a brief surge in Port Elizabeth in the second quarter and a small decline in the Johannesburg CBD.

Rode says capitalisation rates are moving sideways but an exception is C-grade office buildings where capitalisation rates dropped on average by 0,35 percentage points in the third quarter.

The capitalisation rate is the first year's pre-tax and pre-interest income of the building, assuming it is fully let, divided by its purchase price.

Rode says property unit trusts are a good investment compared with directly-held property or industrial and financial shares.

Bewildering variety of credit on offer

See 5/12/70

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LAST week we examined the origin of credit and the way in which it has become an integral part of modern living.

As credit has evolved, however, it has tended to become more complex so that today consumers are faced with a bewildering variety of credit facilities by which goods and services can be financed.

It is vital that consumers understand the various types of credit that are on offer in order to judge which one is appropriate and most cost-effective.

But while credit may differ in form there are some aspects that are always present:

- There is an agreement as to which goods or services are to be bought.
 - There is a period of time by which they have to be fully paid for.
 - There is an agreed interest rate.
- In addition there are the legal rights of the buyer and the seller that need to be understood, since these may vary according to the type of credit facility being used.
- In every credit transaction there is an element of risk — the risk that the goods or services provided on credit will not be paid for.
- For this reason credit granters will carefully assess what are com-



Third in a 12-part series on credit and how it affects the consumer, by PAUL EDWARDS, chairman of Information Trust Company, the country's largest credit information bureau, assisted by KEN MILLS.

monly known as the three Cs — CAPITAL, being the amount of credit granted; CHARACTER, which implies the willingness of the borrower to repay the debt, and CAPACITY, which relates to the ability of the borrower to earn sufficient money to be able to meet his credit commitments.

The way in which credit granters establish credit-worthiness will be examined in more detail in a later article.

Mortgage bonds

For most families the largest debt obligation is the mortgage bond on their home. This type of credit arises when a buyer of a property seeks financing from a building society or a bank.

The distinguishing factor of mortgage bond credit is the long period that it takes to pay off the debt, which is often 20 to 25 years (although today it may even be possible to obtain a 30-year mortgage bond).

This is obviously due to the large sum of money that is usually involved in such a transaction.

When a mortgage bond is applied for, the lending institution will first want to establish whether the property has sufficient value to justify the loan. This is to protect the lender in the event that the borrower defaults, resulting in the lender having to sell the property to recover its money.

The valuation is done by a professional valuator and a fee is charged for this service, regardless of whether the bond is granted (on average this will be about R400, but it may

vary depending on the size of the bond).

Usually the lending institution requires a cash deposit of 10 to 20 per cent of the agreed purchase price of the property.

Owing to keen competition between the banks and building societies it has been common for 100 per cent bonds to be granted, but the high level of bond defaults in recent times has discouraged this practice.

Assuming that the lending institution is prepared to advance the required amount of capital on the property, it will now want to establish the credit-worthiness of the borrower and his ability to meet the monthly payments.

With regard to the latter, most institutions will ensure that the monthly payment is not more than 25 per cent of the salary of a single person or 30 per cent in the case of joint income where both husband and wife work.

Once the bond has been registered the lender has a first claim on the property should the borrower default. The property cannot be sold to another party while the bond is still in existence in order to protect the lender's rights.

The deed to the property will be returned only when the total debt has been extinguished.

When applying for a bond remember that there are conveyancing fees that have to be paid to your attorney which cover the legal fees in registering the bond at the Deeds Office.

There is also a transfer duty to be paid — the exact amount being dependent on the purchase price of the property. These amounts can be quite high and care should be taken to budget accordingly.

It is usual for the lending institution to insist on insurance being taken out on the property to protect against loss due to fire, floods, etc.

It is also wise to take out life assurance so that in the event of your death the proceeds from the insurance policy will cover the outstanding amount owing on the bond so that your heirs will have full title to the property.

Don't forget that owing to increased competition between banks and building societies the interest rates on home loans may vary from institution to institution.

Often they will offer better rates to their own customers, but it is still worth shopping around to ensure that you get the best deal.

Next week we will consider how a mortgage bond may be used as a further source of credit as well as being a tax-effective means of saving.

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MAGNUS HEYSTEK
Finance Editor

RESIDENTIAL property prices are bucking the downward trend in the economy and surging ahead — much to the amazement of property economists.

According to the latest property survey by Cape-based Real Estate Surveys, residential property prices rose on average by 19,7 percent in the 12 months to end-October, with prices in upmarket areas rising much faster — by 29,1 percent on average.

Even more astounding was the upsurge in property prices in the Western Cape which rose on average by a whopping 32,4 percent while upmarket prices rose on average by more than 50 percent.

Erwin Rode, property economist at Real Estate Surveys, says: "I am at a loss to explain this acceleration in prices during a recession.

"House prices staged a surprise recovery in the last quarter of last year and the first quarter of this year, and have continued ever since".

What's more, he expects the upsurge in prices, particularly in upmarket areas, to continue despite the general slowdown in general economic activity.

Mr Rode says he foresees no sudden deceleration on property prices and expects prices to average an annualised increase of 20 percent this year — the best years since the property boom of 1983-84.

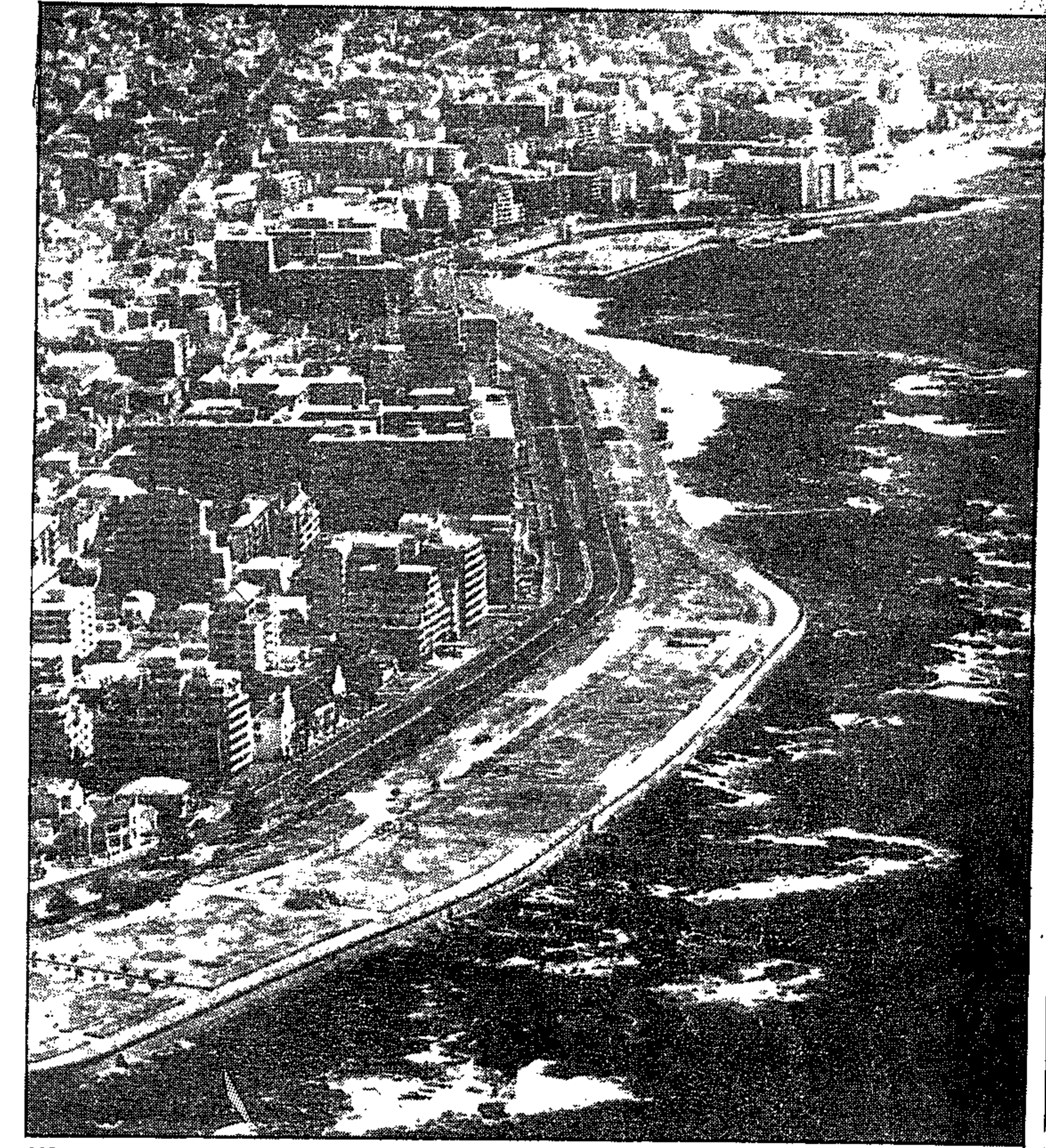
"It seems to me as if the traditional correlation between the business cycle and residential property prices have been broken, albeit temporarily perhaps.

"While the business cycle started turning down in 1989, property prices have gone the other way."

While admitting that he finds this unexpected performance somewhat perplexing, he says that several factors could have contributed and partly explain the regional differences.

While prices have benefited countrywide from an increase in immigration and tourism, the upsurge in Cape Town prices was astounding.

According to Mr Rode, prices,



LIFESTYLE ... House and flat prices are shooting ahead but the Cape can claim to be leading the field, particularly if there is a sea view, as here at Sea Point.

especially in the upmarket Atlantic-seaboard areas, were influenced by foreign as well as up-country buyers.

"The Western Cape is seen as politically more stable than the Transvaal and Natal. It should also be noted that the Western Cape economy is less reliant on the gold mining industry.

"Western Cape farmers have been experiencing record harvests and booming export markets, which have all added to the boom in residential property prices."

An interesting aspect to emerge from the Rode report is that prices in so-called lower income areas have lagged the

surge in prices in upmarket areas.

Nationally the increase was only 10,3 percent on average, while prices in Johannesburg rose even slower at 7,7 percent from October 1989 to October this year.

Once again Mr Rode is at a loss to explain this, surmising that the possible abolishment of the Group Areas Act, coupled with the conservative political leanings of people living in these areas, have kept a lid on prices.

This is contrary to what most property experts have been predicting.

Prices in Johannesburg and Sandton's more affluent areas have been boosted by an in-

crease in people demanding more security.

This is particularly true in the case of townhouse and cluster-type living that has greater security than free-standing plots.

Property experts expects this trend to continue in the light of the rapidly deteriorating security situation.

Estate agents confirm that while the property market has tightened, prices are holding up remarkably well.

Lew Geffen of Lew Geffen Estates, who says he has had a record year thus far, adds: "While it takes longer to sell properties nowadays, nobody is dropping prices."

Red tape snags low-cost housing

S/Times 16/12/90

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PROBLEMS facing low-cost housing are being ignored, says Roy Marcus, managing director of Abacus Technologies and former Wits University dean of engineering.

Abacus, marketer of Symodule, is consultant to Symo Corporation which has developed a cheap modular building system which can be put up in a day.

Professor Marcus says the Symodule system is easily transportable, upgradeable, expandable, robust and aesthetically acceptable.

The steel frame, gypsum panel system enables a 50m² house to be built for R10 000.

Professor Marcus says: "SA needs about 800 000 houses. At least 60% of the homeless cannot afford a house. The problem is serious. But there is no single government department to deal with the problem.

"Various departments have their fingers in the pie, causing confusion, red tape and delays."

Professor Marcus believes there is too great a divide between the shack dweller who needs a roof over his head and the certification process, the Mantag certificate.

The Mantag certificate, administered by the Agreement Board of SA, sets stringent quality requirements for non-conventional dwellings —

By **CHARMAIN NAIDOO**

anything that excludes the use of bricks and mortar.

"The product that comes out of the Mantag process ensures that people have a medium- to high-quality home. But Mantag requirements are so high that they inflate the price of housing."

Professor Marcus says there are no adequate procedures to monitor the construction of conventional houses:

"Anyone can build a brick and mortar house without any checks. Often, sub-standard materials are used, resulting in large cracks or sinking foundations.

Inadequate

"Unconventional houses on the other hand have to meet Mantag specifications. The solution to SA's housing problems lies in unconventional means.

"We have to find a way to bridge the gulf between the family in the shack and the Mantag requirements."

Professor Marcus suggests that the Government and the private sector get together to identify criteria for low-cost housing.

"Affordability and structural requirements will have to be considered.

"Conventional housing needs a large investment in inspectors to monitor on-site construction as well as the quality of materials used."

Professor Marcus says



ROY MARCUS: Roof for the homeless. Picture: KOBUS BODENSTEIN

speedy construction of houses is required.

"The Symodule system can be upgraded to full Mantag specification, but it can also start out at a relatively basic level.

"It is pre-fabricated, so all quality control procedures are carried out in the factory. Symodule dwellings can be extended as the affluence of a family increases. The family can they buy more panels and make additions to the house.

"The system can be used for schools and clinics.

Double-storey accommodation can be built."

Professor Marcus believes that the European concept of people living above their business could become popular in SA.

Symodule is being used at Orange Farm — the Transvaal Provincial Administration's official squatter camp.

Abacus Technologies won a contract this week to provide accommodation modules for 1200 construction workers at Sun City.

THE solution to SA's pressing housing crisis lies in approaching the problem on the basis of what the economy can afford. The Development Bank estimates SA's total housing expenditure at about 3% of gross domestic product (GDP). World Bank guidelines suggest that upper/middle-income countries such as SA can spend up to 4.8% of GDP on housing.

This means last year SA could have spent about R11,2bn on housing out of GDP of R232bn.

The Development Bank believes actual total housing spending by the state and private sector is about R7bn a year.

Too little is spent because of too much government red tape and inadequate private sector participation, because of high perceived risks. Urban land lies idle because of racial zoning, because separate government departments do not co-ordinate policy, and because too many laws frustrate the housing process.

Another R4bn could have been spent last year on housing according to the World Bank guidelines.

Translate this into low-cost homes at R30 000 a home, and 130 000 more homes could have been built. Or 670 000 serviced sites could have been made available at R6 000 each.

Current estimates of the housing shortfall range from 800 000 to 1,7-million units, just to get rid of backlogs. But, says the Development Bank, available funds could be made to go further by throwing out policies and procedures that do not give value for money. Government's role should be reduced to creating the correct climate for private sector initiative.

"We've got to devise ways to increase the proportion of GDP spent on housing," says Development Bank urban group general manager Johan Kruger, "and we must find mechanisms to ensure that the increased expenditure is allocated to the real target market."

Economy's ability to deliver must guide homes policy

KEVIN DAVIE

B/Davey 17/12/90

Housing needs at present are catered for by the state through a number of racially segregated government and homeland departments. In the case of black housing, government acquires land at considerable capital cost and often through involved and time-wasting legal processes, puts in the infrastructure, tenders for builders, and even gets involved in the sale of the home.

In the meantime, squatter camps spring up overnight on vacant lots, causing major headaches for land owners and developers. The Development Bank estimates there are 5-million to 7-million squatters — perhaps one-eighth of the population.

The bank's approach would scrap just about all of present policy.

Key elements of its proposals are that there should be a single housing ministry, that all first-time homebuyers should get a one-off government subsidy of R6 000, and that the provision of this subsidy should be just about the only financing activity by government.

Government, however, has an important role in creating a favourable

climate for housing development.

Housing policy should be set at national level, but allocation of land decided at regional level by the local authorities involved. Allocations would have to provide for the full range, from upmarket suburban homes to sites and services for simple shelters.

Land development would be the responsibility of the land owner, with minimum statutory interference. Land speculation, which today results in urban land lying idle, would be discouraged through higher tax rates to fund roads and other infrastructure in the area.

While the idea is that this R6 000 subsidy would be available to all first-time homebuyers, the bank believes this amount would be sufficient to enable even the unemployed to secure a serviced piece of land on which to erect a shelter.

"Even the unemployed have a basic right to shelter. This will ensure they're not disruptive to society as a whole," says Kruger. He says the one-off subsidy would give a person immediate access to a site, even if it is of a rudimentary standard.

The R6 000 figure is derived from an estimate of the cost of providing a serviced site. It would be used to buy the site, and the owner would have legal tender. The land could thus also be used as surety to raise a loan.

The once-off nature of the payment would also reduce the present administration of government's subsidy scheme, says Kruger.

Those who benefit at the moment from government housing subsidies would get a slightly lower grant. Government subsidises two-thirds of a bond up to R40 000 for a period of seven years. This works out at a

maximum of R7 240 over the seven-year period.

The Development Bank proposals reflect contemporary international thinking on housing. In particular the policies adopted by about 120 countries at the International Shelter Conference in Vienna in September 1986.

A meeting in April confirmed support for these policies.

The Vienna conference decided that the public sector had a limited capacity in meeting developmental needs. It emphasised that the state should participate only where neither the private sector nor the individual could do the job.

Other key principles are that there is a positive correlation between urbanisation and per capita GDP, that housing policy must be aimed at co-operation between private and public sectors, that urbanisation and the provision of informal housing should be part of broad national development, and that local authority participation should get priority.

Government activities should be streamlined and as cheap as possible, the conference decided. Where infrastructural development takes place, there should be a pro rata charge to push up the price of land, being a kind of a land tax to prevent speculators from holding undeveloped land, and pushing the poor to the periphery.

"Studies have shown that the application of these principles has led to a decrease in people density per room, in contrast to public housing programmes which are characterised by increasing densities per room," says Kruger.

"Even the poor who provide their own shelter manage to reduce room densities," he says.

The bank's proposals have been submitted to a government committee which is re-evaluating housing policy.

Officials on the committee are not prepared to discuss the inquiry, but indicate that it is at an advanced stage.

LETTERS

Protection for low-cost home buyers sought

TALKS aimed at entrenching consumer protection for low-cost home buyers, co-ordinated by the Legal Resources Centre (LRC) and the Urban Foundation (UF), are under way, the parties involved said yesterday.

LRC director Geoff Budlender said the centre, community support groups and other institutions were investigating effective consumer protection for the housing market.

While the parties were some way from agreeing on definitive proposals, there was progress towards addressing "the vast problem".

All six NRC offices in SA dealt with people "exploited and over-reached" by unscrupulous developers.

He said the major cause of the problem was the housing shortage

MATTHEW CURTIN

itself, which produced "desperation buyers" particularly susceptible to exploitation.

The Foundation said yesterday it and the LRC were co-ordinating a forum of interested parties including support groups like the Legal Aid Bureau (LAB) which would devise a consumer protection strategy for implementation in 1991.

The foundation warned in its housing policy document released earlier this year that a serious constraint to "housing delivery" was "the negative perceptions that many low-income families have of the role of the private sector - specifically the extensive occurrence of exploitation and

malpractice" by some developers.

LAB housing advice project director Brian Leveson said yesterday it was gratifying to know the foundation and other interested groups were collaborating to stamp out malpractice in the housing market.

Since the LAB began a pilot advice project this year, it had interviewed 1 200 clients who gave details of exploitation at the hands of developers.

The most common grievance was would-be home owners losing deposits, in one case R27 000, which they had given to developers who did not have fidelity certificates.

Leveson said the problem required a multi-disciplinary approach: legal support, consumer education and legislative amendments.

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YEAR IN REVIEW/THE ECONOMY

Little progress made to end housing crisis

HOUSING
REG RUMNEY

HARDLY a dent was made in South Africa's homelessness problem in 1990. The numbers remain intimidating, with an estimated two million South Africans in need of some form of shelter.

Beneath the continuing flood of words and numbers the housing crisis generated during 1990 lurked the spectre of thousands of homeless people forced into a nomadic existence and "squating" — illegally occupying land — because they have nowhere to go.

Depressingly, formal housing remained in the limelight rather than some form of site-and-service as advocated by various opposition groups.

Indeed, the crunch did come for private developers providing formal housing to the top 10 percent of home-seekers — those who could afford housing of R35 000 and up.

Several developers withdrew from the market altogether citing, et al, high levels of unrest in the townships, excessive red tape, a lack of building society and bank finance, uncertainty about government housing policy and high interest rates as reasons for their withdrawal.

The government's sudden announcement in July that money for the first-time homebuyers' subsidy had run out — a decision which was later reversed — added to developers' uncertainty and laid bare the problem of an open-ended subsidy.

Jill Strulitz of the Urban Foundation (UF) suggested a lump-sum subsidy which might be easier to sustain and to quantify.

The withdrawal of big private sector developers showed the private sector could not entirely be relied on to deliver enough housing to mop up the shortage. What it could and has done is provide formal housing for those who can afford it. That top 10 percent is now almost saturated.

This was acknowledged by the UF in a seminal document entitled "Policies for a New Urban Future". It concluded that the government had a role to play in providing housing and that South Africa needs a single ministry of housing and a comprehensive housing policy.

The private sector had been expected to go into low-cost housing, but high standards, such as tarred roads and underground cabling, pushed up costs beyond the reach of the poor.

Also, banks and buildings societies are reluctant to move into the area. The UF's own "loan guarantee fund", which will make it easier for financial institutions to lend at the lower end of the market, has still to come into play.



Better than nothing... thousands of people have been forced to become squatters because they have nowhere else to go

The UF has also suggested the introduction of capital subsidies on serviced sites.

The state's role so far has compounded the problems of private developers without solving the problem of housing the very poor, who comprise the majority of those in need of shelter.

This is because it — through the provision of the various houses of the tri-cameral parliament — has operated selective subsidies. Never mind that the market distortions of subsidies make them anathema to free marketers.

Selective subsidies also encourage patronage and corruption.

Corruption, because of the necessity of bribing "middlemen" to sell land to private developers, has already been a feature of the black housing market.

The bond boycott in Khayelitsha in the Cape came about at least in part, it has been suggested, because of a disparity between what homeowners on subsidised properties were paying for their homes and what those on unsub-

sidised land were paying.

The problems of subsidisation make targeting the poor, who need shelter most, difficult. Orange Farm near Johannesburg, where cheap sites make it possible for people to build shacks, is an example.

A capital subsidy that applied across the board would, it is hoped, sidestep that problem by making it possible for people to acquire sites.

There might well be a perception that this is once again a white man's plot to give blacks less than whites. When most whites have formal housing, why should blacks settle for less?

It's well to remember how the dearth of black housing of all sorts came about in the first place.

Before the abolition of influx control in 1986 little urban housing was provided for the burgeoning black population who were regarded as "temporary" sojourners in white urban areas. None of the housing was intended to be permanently owned by blacks.

So apartheid has created serious backlogs in the provision of housing and of home ownership.

The legacy of the state renting houses created an expectation among many poor families that it would provide highly subsidised rented housing rather than privately-owned housing, the costs of which are fully recovered.

The poor or "low-income earners" as they are euphemistically called, also have had limited experience of private home ownership.

For these and other reasons it may be easier for the African National Congress and others to advocate formal housing provided by the state, for all.

Estimates are that about two million people need to be housed and it would take 10 years for those houses to be built.

Clearly this is not going to happen, and dwelling in shacks is better than nothing at all. Houses for all will then become houses for some, and who will decide who those fortunate few will be?

The UF appears to believe the state is committed to resolving the housing crisis. It is true that Provincial and Planning Affairs Minister Hennus Kriel has directed the SA Housing Advisory Council to formulate a national housing policy.

But clearly, the provincial authorities do not have the resources to replicate Orange Farm. The black local authorities, crumbling under enormous political pressure, have shown an inability to administer effectively even the conventionally housed.

The government should take note of the words of Murray and Roberts Construction's housing division executive director Gavin Hardy, who had a look at the experience of South American countries on a visit this year.

Hardy said unless South Africa succeeded in managing its housing crisis effectively and timously its residential areas would soon resemble those of the large South American cities with their predominant slums and squatter.

Hardy points out that there are lessons South Africa could learn from, for example, Brazil. These are that:

- Municipalities should concentrate on sewerage and water reticulation.
- Informal building and economic activity should be allowed to flourish.
- Low-income schemes should be located close to business hubs, and
- Squatters should not be relocated.

In South Africa, even where the state has made land available for the homeless poor to metamorphose from squatters to informal settlers, its actions have been the opposite of these last two points.

Move to oust white contractors

VAAL Triangle small unions. The decision was taken after several builders realised the unfairness in the housing department, especially when it comes to the manner and ways in which contractors are dealt with in issues relating to the following:

The chairman of the Orange-Vaal Black Business and Contractors Crisis Committee, Mr Michael Xaba, said they had submitted memorandums to the town councils of Evaton, Lekoa and Orange Farms and trade

*Allocation of site and land.

*Pricing of homes (most homes are actually overpriced by white builders).

*Standard of building, and building material

used.

*Labour practices and customer satisfaction.

*State of affairs with housing departments of the local authorities.

Xaba said that they would continue the campaign even if financial institutions threatened to stop building loans to the townships. It was their intention to create a dispensation in which all builders regardless of race would operate in the townships through the black association.

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The poor can solve SA's housing problem

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Sowetan 20/12/90

FOCUS

WE'RE looking in all the wrong places for a solution to the housing crisis. We're looking to think tanks, government departments and big business for a model housing programme for the poor.

But poor people themselves know how to solve their problems, far better than any elite group of politicians, business people or intellectuals. It's just that the elite hardly ever ask them.

One who did was Hernando de Soto, the now famous Peruvian academic and author of *The Other Path*. He found that the Peruvian poor aren't helpless or resourceless - as poor people everywhere are often made out to be, particularly when it comes to housing. In Peru, the poor are acquiring land and building houses for themselves. But they're doing it all illegally. Expensive regulations and kilometres of red tape have shut them out of the legal land and housing market.

Warning

The same thing has happened to the poor of South Africa: they could solve the housing crisis themselves, if only the law allowed them to. We should take a warning from the Peruvian story: poor people there have resorted to what De Soto calls: "invasions" of state and private land - a dangerous and conflict provoking practice. And now, after the poor have "invaded" the land, they are pushing the government to give them full freehold rights and to liberalise urban development and land use laws.

To solve our own housing crisis but avoid the invasions, we in South Africa should restore full freehold rights to the people, release government land for urban homesteading and liberalise development laws right now. Free of all our expensive regulations and controls, poor people here would end the housing shortage peacefully and quickly. For evidence, here's a brief history of what the Peruvian poor have done, fol-

By NANCY SEIJAS

lowed by a plan that would let South Africans do it better.

About a hundred years ago, de Soto writes, homeless Peruvians started breaking the urban development laws - bribing officials to relax regulations, building homes without permits and doing shady deals, and so on. In short, they built houses, despite bureaucracy, red tape and high costs that stood in their way.

Pretty soon the "formal sector" caught on. That is, legal, established urban developers started ignoring regulations as well, not only bribing public officials but leaving public works unfinished and not providing the services required by regulations. This wasn't for low-income housing - it was for the rich.

By the 1920s these urban developers branched out into the low-income market. The poor cared even less about services, public works and regulations. They bought homes, and started slowly to provide services themselves. The government tried to stop them, and failed.

What followed from these developments (and from the concurrent explosion in informal sector trade and informal job creation in the cities) was a rural migration that would transform Peru. Over the next 30 years, waves of rural migrants flooded the Peruvian cities, all looking for jobs, homes and shelter.

This began an era of what De Soto calls "invasions", both "gradual" and "violent".

The lesson for South Africa? Get out of poor people's way. The first step is to scrap the Land Acts and the Group Areas Act, which the government has already promised to do. The next steps:

* Give all South Africans living on government owned land, including homeland and Trust land, formal freehold title to that land. For example, give Sowetans the houses they live in, in a formal transfer of title. Then repeal, or drastically reduce, building regulations and town planning schemes, to allow people to build whatever they want on their land, from businesses to houses to flat blocks. Where there is no proper survey or record of subdivisions of government land, offer to recognise any "stand" boundaries the people themselves may designate.

Freehold

* Where squatters are living on government land, give them freehold title to it. Encourage homeless people to homestead on designated state land, and offer to recognise any record of subdivisions and individual title deeds they may keep themselves, as the Peruvian informals did.

* Allow people to buy land in syndicates, as blacks often did after the Anglo Boer War. Groups of blacks, sometimes 50 strong, pooled their resources and bought land together. They must have succeeded in buying a significant amount of land, because black syndicates were outlawed shortly after the first Land Act was passed.

* Stop giving white farmers cheap and easy credit for loans, subsidised by the state. The larger the loan they can get, and the cheaper then can get it, the more they are willing to pay for agricultural land. That drives up the land price. But don't compound the problem by offering the same treatment for blacks, and allowing black elites to drive up the land price.

* Simplify our complex and

expensive deeds registry system; allow competing private companies to offer title deed insurance, as they do in the United States; repeal mandatory conveyancing tariffs; repeal stamp and transfer duties; liberalise land survey and let private surveyors compete freely; in short, get rid of all the artificial costs the government imposes on the process of buying land. They only put land further out of poor people's reach.

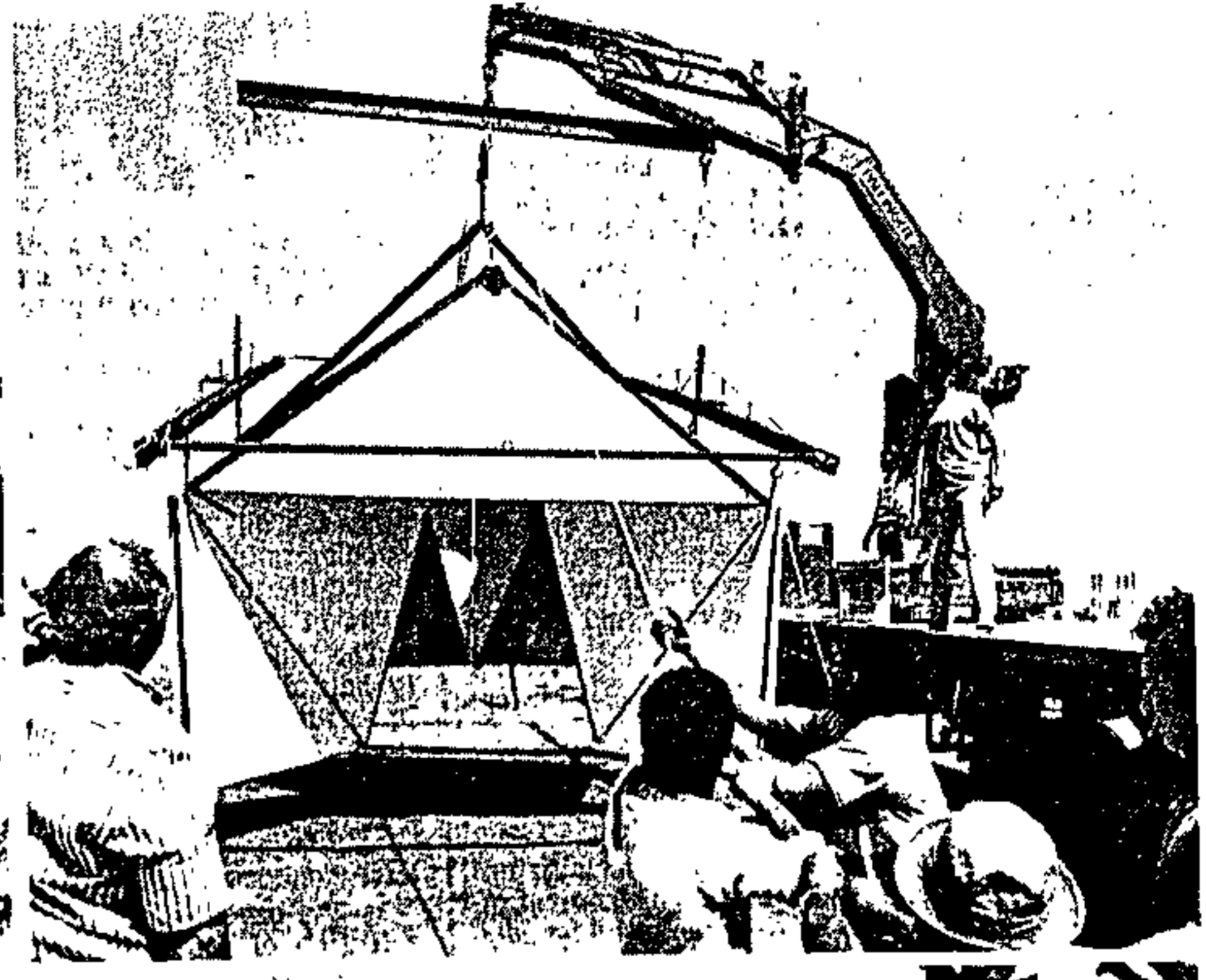
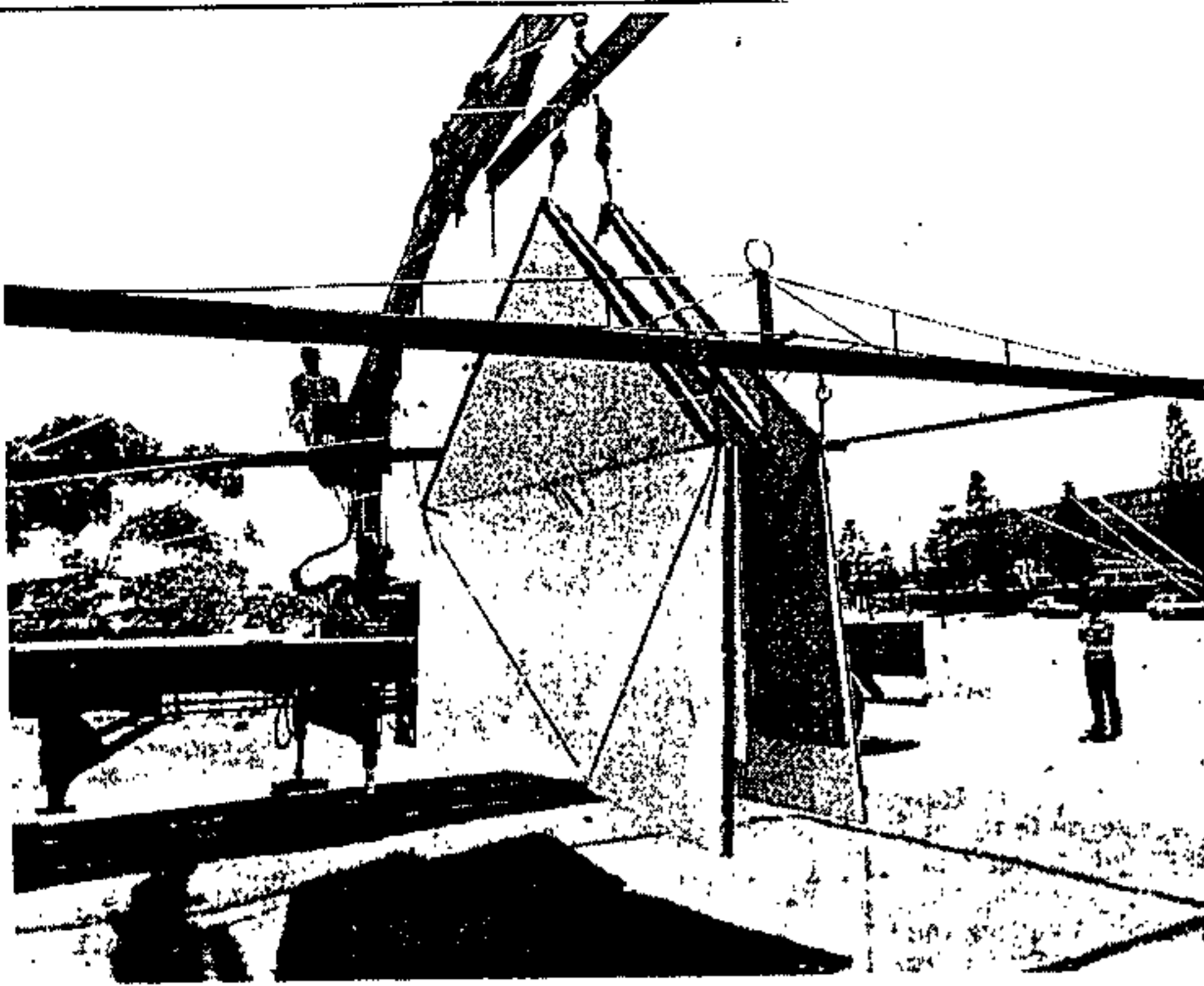
* Repeal town planning schemes and building regulations, especially around the cities, and let people develop whatever they want on their property.

In short, let's not wait for building regulations, town planning rules, agricultural land use regulations and urban development laws to become de facto obsolete, as they have in Peru. Don't stop at apartheid land laws: repeal all land laws that discriminate against the poor, and make land and housing too expensive. We could transform urban development from the high-cost, bureaucratic nightmare it is today into a booming, competitive industry for small and big businesses.

Instead of "invasion", we'd see urban homesteading on state land. We'd see land changing hands between blacks and whites, as selling land to developers for low-cost housing became lucrative. Squatter camps would grow into villages, with houses, cafes and businesses. Townships would grow into cities, with high rise buildings, banks, shopping centers and flat blocks. And loss making white farms would become efficient, either owned by other whites, blacks or some combination of the two syndicates.

When looking for a solution to any poverty crisis, the best place to look is to the poor themselves. Don't try to "lead" the poor to a better life, with all sorts of new programmers, laws and regulations to give them what someone else had decided they need. Follow them, to the solutions that

really work.

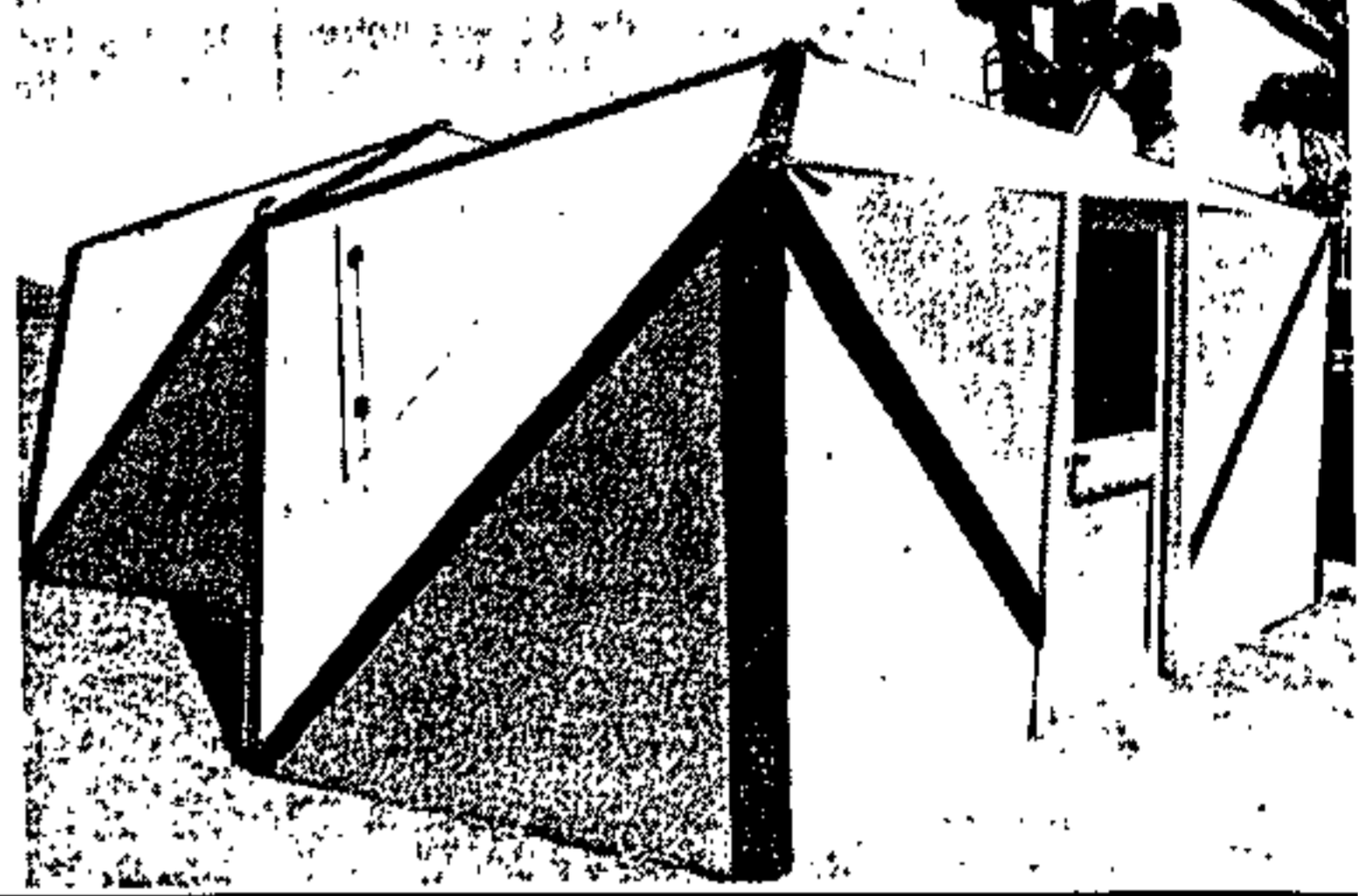


Pictures: JIM McLAGAN, Weekend Argus.

A rig hoists the Foldapod house (above). With the help of manpower it is folded (above right). Minutes later the house stands completed with doors and windows (right).

Fold-away home the squatter's dream

W/E ARGUS
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By FERENZA MILLER
Weekend Argus Reporter
TO beat the housing crunch architect Solomon Kesler has come up with a fold-up dwelling that costs as little as R3 395.

The Foldapod is an innovative and revolutionary informal building process that could be the answer to shelter for the homeless, Mr Kesler said.

He accepted the triangle as the most stable structural form.

"Foldapod had to be cheap and an industrialised approach had to be used in response to the large number of shelter-houses required," he said.

The shelter-house had to be totally weatherproof, strong, stable, secure and safe, with a lifespan of 15 years.

Foldapod has all that and more.



Solomon Kesler, the man behind the design, peers through a window.

It is a complete and immediate shelter house which offers the homeless instant shelter.

It is made of thick exterior grade composite timber board and is delivered to the site in

its collapsed form.

The Foldapod model expands 22 times beyond its transported thickness, from 310mm to 6 800mm and this is achieved within 10 seconds.

There are four models. The smallest (14m²) sells for R3 395, the 28m² model R5 350, the 42m² R7 195 and the largest (56m²) R8 995.

Besides providing cheap, effective shelter for the homeless, it serves as a carport, garden shed and as a cover for swimming-pools during winter.

A standard Foldapod has two windows and two stable doors, which can be locked.

It has attracted the attention of the United Nations High Commission for Refugees and is being considered for use in Africa.

Your bond as a source of credit

In this article we will continue our discussion on the mortgage bond as a source of credit.

This type of credit normally represents the largest single debt obligation for most families, hence it is vital that a great deal of care be taken when committing yourself to a bond.

Of course, it is the dream of every family to own their house. The problem is that the cost of houses has risen drastically over the past decade, mainly as a result of inflation.

Unfortunately, salary increases have generally not kept pace, coupled with the fact that the percentage of income paid into tax by individuals has increased substantially.

A symptom of declining standards of living of the white sector of the population (the black sector has generally seen its standards rise over the past decade) is that homes are starting to get smaller while it is common for wives to work in order to supplement the husband's income.

It is often wise, therefore to start with a smaller home and then trade up to a larger home when you are able to service a larger bond. Remember though, that for several years of the bond you are paying mainly interest and very little capital.

In other words, you will find that the balance of the bond outstanding after the first few years has decreased very little.

Also, when selling your home what appears to be a substantial profit may in fact be an illusion due to inflation and the various costs of buying and selling a house.

Assume that you bought a home in 1988 for R100 000. The legal and transfer fees will add approximately another 4,5 percent or R4 500 to your total

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S/W

The Fourth article in our series on debt, by PAUL EDWARDS, chairman of the Information Trust Company.



costs.

Assuming also that inflation has averaged 16 percent over the two-year period, you will now need to sell your house for R146 000 just to get the same amount of money back in real terms of inflation-adjusted terms.

But this excludes agent's commission, which currently runs at 7 percent (although this can be negotiated down to a lower ratio), which indicates that you have to sell for at least R151 000 just to break even.

Trading up

Remember also that other properties have probably also increased in value due to inflation — an important consideration in "trading up".

Having said that, mortgage bonds represent a good way of leveraging your investment since you are really using the lending institutions money to buy the property — supposing you make any real profit on the sale of the house.

Buying a home should therefore be considered to be a long-term investment unless you are lucky enough to buy into a strongly rising market or add value through renovations or

additions.

Assuming that you now own a home this may, in some instances, be used as a further source of credit.

Since the banks entered the home loans market in a big way there has been a trend towards more innovative home loan products from both building societies and banks.

One of these products allows you to use your bond as a savings account since you can invest your excess cash in the bond, thereby reducing the balance outstanding.

Let's imagine that you have R100 000 outstanding on your bond and that you decide to invest your Christmas bonus of R5 000 into your home loan account.

If the interest rate on your home loan is, say 21 percent, you are effectively saving the 21 percent you would have paid on the portion of your loan.

Now if you had invested the R5 000 in a normal savings account you would have paid tax on the interest earned (depending on your marginal rate of tax and whether you exceed the R2 000 limit for tax-free investments).

Thus, by investing in your bond you are achieving an effective

tax-free return of 21 percent, which is considerably better than for most other investments.

Another way of using your home as a source of credit is to register a second bond over your house.

Let's assume again that you have a bond of R100 000 on your home but you wish to borrow a further R20 000 against the security of your home. As with the first bond, the building society or bank will value the property to ensure that it is worth more than R120 000.

If so, and assuming that you are still a good risk and have paid your first bond instalments regularly, they will grant a second bond.

Don't forget though, that you will again be liable for conveyancing and bond registration costs. Second bonds should therefore be used for financing long-term investments, such as an addition to your home rather than a short-term finance.

Retirement aim

Before using your home as a source of credit remember that your goal should be to own your house fully before the time you retire.

Regrettably, many consumers use the equity in their bond to maintain or improve their standards of living and therefore never manage to reduce their bond to satisfactory levels.

The result is that homes often have to be sold because retirement funds are insufficient to maintain bond repayments.

The tragedy is that 75 percent of South Africans retire on insufficient funds to fully enjoy their golden years.

● Next week: Instalment credit agreements.

Levy shock

8 Times 23/11/90

by BRIAN POTTINGER

THE government is considering a proposal by the Development Bank for the imposition of a special levy on vacant land which is suitable for residential development.

Owners of such land would be expected to pay an "availability charge" for bulk services like electricity, water, roads and sewerage disposal — even if they do not intend developing their land for residential purposes.

The aim would be to put pressure on owners of suitable land in urban and peri-urban areas to make way for residential development — particularly for the urban poor.

If accepted by the gov-

Bid to pressure owners to release land for housing

ernment, the proposal is likely to hit the mining companies the hardest as they own tens of thousands of hectares of vacant and undermined areas in peri-urban areas.

Major property and construction companies also have considerable land holdings in the urban areas.

The levy is part of a much wider package which the Development Bank has submitted to the govern-

ment aimed at dealing with the country's housing crisis — which now includes five to seven million squatters.

A new government housing strategy is expected to be announced next year.

The Development Bank package comprises "sticks", such as the availability charge, and some "carrots" such as a capital subsidy for site and service schemes.

Proposals have also

been made for consultations with the private sector in identifying suitable land and changing zoning regulations.

Other suggestions — already reported — include "one-off" subsidies for serviced sites. The bank is also suggesting that a percentage of GDP be devoted to housing every year — ideally 4.5 percent.

Johan Kruger, general manager (urban development) at the bank, said this week that the finer details and costs of the availability charge scheme had not yet been worked out — but conceded it was likely to be "contentious".

Suited

The proposals had been drawn with international experience in mind. He said the proposals for an availability charge for residential bulk services was not new in South Africa — it was used by 50 percent of municipalities on vacant erven. The Development Bank plan, however, went further in that it did not apply merely to individual plots but to extended areas of land.

"There are a lot of distortions in our land system. There is a lot of land that is ideally suited for residential development near places of work but which, for a variety of reasons, does not come onto the market.

"We need a carrot and stick approach. The stick which we recommend is the availability charge on land which is capable of being developed. It is not in anybody's interest that it be held as low-cost agricultural land. Pressure must be put on an owner to develop."

Rational

Mr Kruger said he believed the bank's proposals were more rational than the land tax proposals of, for example, the ANC.

"We do not want to tax land for the sake of taxing land. Our proposal says that where there is government expenditure to increase the value of the land, the owner should be expected to make a contribution to cover that."

Comment from mining houses was unavailable.

John Hitge, director in the Department of Planning and Provincial Affairs, confirmed various proposals were under consideration.

Construction industry faces tough times

810m 24/12/90 123
CHARLOTTE MATHEWS

UPMARKET housing, informal building activity and large organisations are the only sectors of the building and construction industry that will show some resilience in 1991, industry spokesmen say.

Generally, the outlook is bleak.

Ovbel financial director Justin Millar said: "The economic and socio-political conditions, together with high interest rates and inflation, will make it a fairly difficult year."

"The expectation is that interest rates will come off in the first quarter but it will be only a small drop and that will not have a significant effect on the housing market."

He said the lower and middle end of the housing market were hard hit, although the upper end was still buoyant, especially in Cape Town.

Murray & Roberts CE Dave Brink said most big operators should do reasonably well in 1991 because their order books stretched a year ahead.

"Infrastructure and roadworks are really flat as government spending has dropped right off. A lot of people have withdrawn from the low-cost housing market because it is difficult to achieve profitability with the violence and disruption, high interest rates and red tape."

"In the current economic climate there are still a lot of institutions looking for high quality commercial properties to invest in."

Italtile financial director Peter Swatton said trading had been flat in the past few months.

PPC group MD Ted Hodgkiss said the group was budgeting a further decline of 3% to 4% in cement sales.

"We see our business being kept up largely by residential building and the informal sector."

He said there was a lot of work for non-residential buildings but these contracts would end in mid-1991.

Representatives run into building snags

By Frank Jeans

123

Staw 2711290

The chronic shortage of development capital has led to a drastic reduction in housing funds for the House of Representatives.

Although hard hit by budget cuts, its Directorate of Housing is determined to continue serving communities and explore "most effective means of using scarce resources".

Anton Fuchs, Director of Housing, says: "It is a

harsh reality we have to face. Our task now is to stretch the housing rand in such a way that the majority of the community will benefit."

Previously, practically all housing for the coloured community was provided by the state, but despite large-scale building programmes, housing waiting lists continue to lengthen.

"For that reason, the department has, during

the past six years gone out of its way to accommodate private sector involvement and individual initiative," says Mr Fuchs.

"Many people are slowly breaking out of the chains of the 'hand-out culture' and exercising their own skills and resourcefulness in acquiring homes."

In the past six years the department has injected more than R94 million into 142 self-help projects,

thus enabling more than 10 000 families to build houses. (D&D)

Since its establishment in 1987, the Blue Downs project in the Western Cape has initiated the construction of more than 5 000 homes.

The State's initial capital outlay of R74 million has generated an additional investment of more than R215 million from the private sector.

Interest rate drop could boost housing (123)

CHARLOTTE MATHEWS

THE decline in interest rates forecast for early 1991 will assist the housing sector of the building industry from mid-1991 onwards, but non-residential building activity is expected to drop sharply, the latest report from Medium Term Forecasting Associates (MFA) says.

At the same time estate agents are forecasting that residential property prices will hold throughout 1991 but increases will be restrained by political factors.

The MFA believes SA will see slower growth in exports in 1991, but the relaxation of sanctions will encourage an inflow of new investment capital.

This, with a milder foreign debt burden, will build up reserves, causing greater domestic liquidity and eventually lower interest rates.

The trough of the current business cycle will be reached in the second half of 1991, the MFA believes.

Abolition ^{Blom} 28/12/90

After that the years leading up to 1995 will experience more favourable economic growth rates.

Most estate agents say the abolition of the Group Areas Act in the first half of the year will increase demand for houses in all areas. But Basil Elk director David Miller believes prices will not rise until the second half of the year.

Durban's Brink Estates branch manager Bobbie Fraser says there has already been a lot of movement into white areas in the vicinity of Durban and as soon as the GAA is lifted, hundreds of people will move. Affordability is not a problem.

"I think it will affect houses at the lower end of the market in areas such as Bez Valley, Westdene, Newlands and Mackenzie Park in Benoni," De Huizemark direc-

tor Bruce Andrews says.

The MFA says, however, that a sharp drop, from a high base, is forecast for investment in non-residential building projects in 1991.

Many projects are reaching completion and new work will be scarce.

Commercial property began 1990 on a fairly buoyant note with rentals and prices still rising. From around July the trend line began to flatten.

According to the latest quarterly figures available from the SA Property Owners' Association, vacancy levels in A- and B-grade commercial properties are rising and landlords are offering incentives to attract tenants.

As retail companies have so far turned in good operating results, retail property has been less affected by the downturn than other property markets.

But in August, RMS Syfrets MD retail division Pat Flanagan said retail rentals had reached a plateau and were unlikely to rise over the next two to three years.

Although there is little major office development in the pipeline, projects due for completion in the next year or two include Liberty Life's new office block in Braamfontein and the Stocks & Stocks Braampark development.

Work has also begun in Parktown around the area of the Sunnyside Hotel by Sage. New Reserve Bank buildings are planned for Johannesburg and Durban.

The trend in office development all year has been very much away from speculative projects.

Large developments are taking place in phases so that the capital risk is low and one phase has to be fully or mostly let before the next is begun.

A BONUS: Good sec

It pays to live in a cluster home

Star 29/12/90

FINANCE STAFF

AN unexpected bonus for people moving from conventional suburban homes into retirement villages and cluster or town-house developments is that they can often obtain discounts on their householder's insurance.

"Retirement villages and cluster homes are invariably a lower risk than large homes situated on individual stands," says David Bezer, managing director of the commercial and industrial division of RFV Insurance Brokers.

123 **Discounts**

Where these developments constitute what amount to "walled villages" with controlled access and 24-hour security services, insurance brokers can negotiate substantial premium discounts with underwriters.

Bezer adds that such discounts can be as much as 40 per cent.

"People contemplating a move into a retirement or cluster home complex could benefit from discussing the matter with their insurers or brokers."

HOUSING & HOSTELS - GENERAL

1991

~~THIRTY~~ -

JANUARY -

JUNE

RESIDENTIAL

LIGHT IN THE TUNNEL?

123 FIM 4/1/91

Where to now for house sales? Doom and gloom abound but they don't totally eclipse bullish aspects of the market.

Estate agents are notorious for talking to their book but even they concede that times are tough and prices in certain categories fell in both nominal and real terms recently.

Furthermore, they doubt that the expected small decline in interest rates will significantly boost demand. So prices are unlikely to advance dramatically this year.

United property economist Hans Falkena believes house prices, in percentage terms, will increase by double digits in the next year or two. "But inflation will also remain in double figures. In real terms that could mean a moderate, though insignificant, increase in home values. I don't expect any sharp rise in real terms considering the recessionary outlook for the year."

He adds the gap between new and existing house prices is greater than ever but expects it to narrow as the price of new homes becomes more competitive.

High mortgage rates are an inhibiting factor to buying but Falkena believes rates could drop by two or three percentage points this year provided progress is made in fighting inflation and high wage increases.

He says in real terms houses are "not that expensive" now. The bad news is that, even with a drop in bond rates, he sees them becoming less affordable.

That view is reflected by Aida Geffen who says people are buying down because middle- and upper-middle salaried bread-winners are having their disposable incomes squeezed between high inflation and high interest rates. "They are going for less than they would have done in more buoyant times. The result is that the most depressed market sector is that for homes of between R185 000 and R400 000."

She says the price of properties in this sector fell by as much as 10% last year. However, buyers in the R400 000 to R1m category seem to be largely immune to income constraints. "There is also a market for homes in the multimillion-rand bracket. Any property in this range must have ample land and the owner must be blessed with patience. The tiny size of the market means that it can take several years between the residence going on sale and a buyer being found," she says.

Others further down the economic scale could also find themselves waiting a long time for a sale if they don't get their pricing right. That's the message from Multi Listing Service's Les Cohen. He says there is a real problem in terms of both property owners and agents overpricing properties.

"The last six months has seen a dramatic downturn in the market almost across the

board. The biggest problem now is that sellers' price expectations are still too high. The 'I should get more for my house than my neighbour who sold his house six months ago did' syndrome still prevails."

The situation is sometimes aggravated by agents who overvalue properties to win the mandate. "They aren't doing themselves or their clients a favour," says Cohen.

Status-Mark's Graham Lesch, like Falkena, is cautiously optimistic. "The homeowner has been hard hit by the outrageous mortgage rates and a mismanaged economy. Nevertheless, interest rates should start falling.

That will result in a stabilisation of prices and perhaps even in some growth in real values this year."

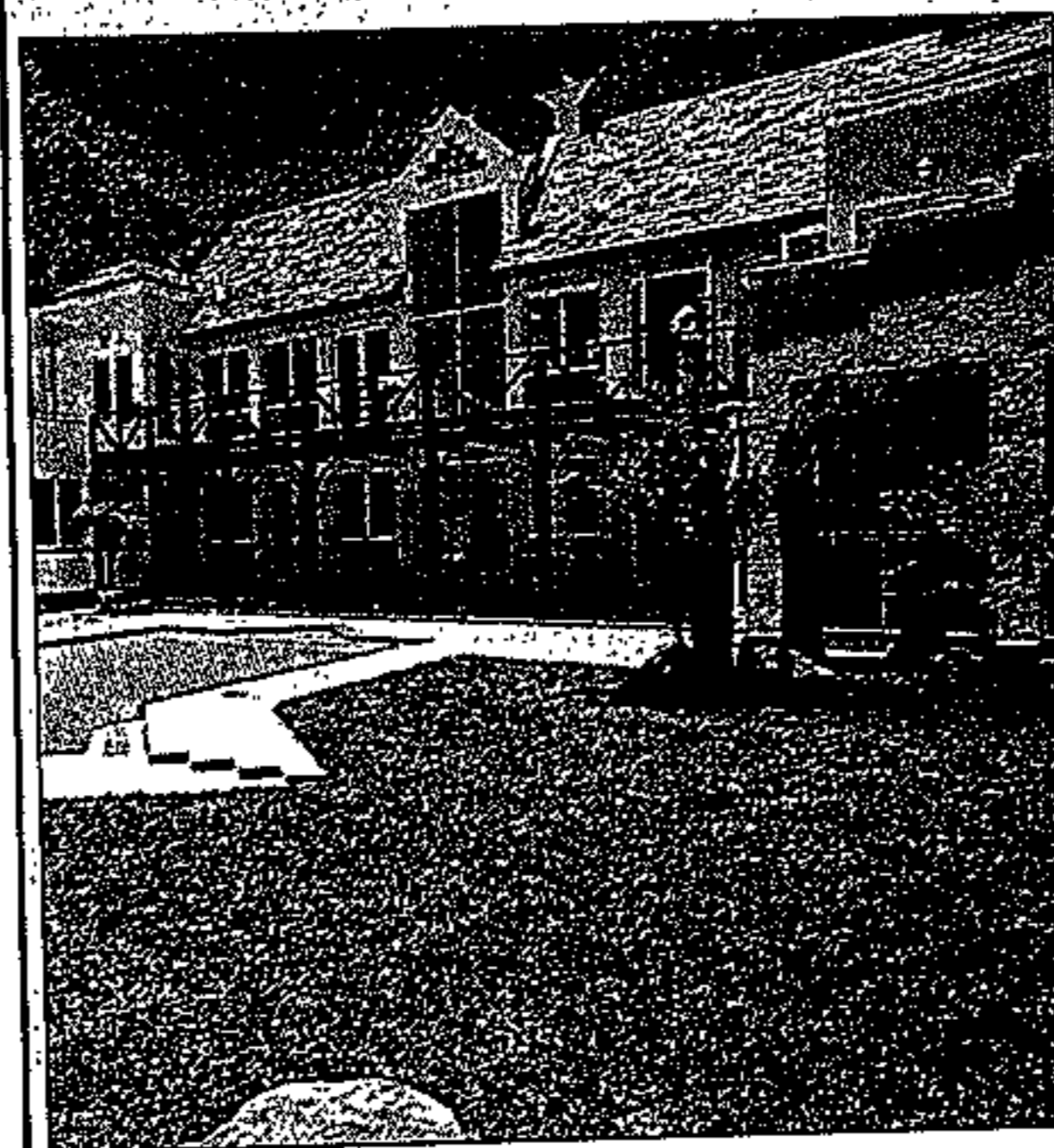
Homeowners are not exactly likely to be over the moon with that prediction but at least it indicates that there is some light at the end of the tunnel. ■

BELLS AND WHISTLES

The three essentials for sensible property investment, it is said, are location, location and location. These days, another essential is a big bank balance. The price tag on this little number in Munro Drive, Houghton, Johannesburg, is around the R3m mark.

It wasn't long ago that jaws dropped at the prospect of paying R1m for a home. Nevertheless, developer Ron Anily believes he is offering value for money.

Apart from an expensive view of the Magaliesberg mountains, the luxurious, double-storey hillside home has four bedrooms, two jacuzzis, three and a half bathrooms with 24 carat gold fittings, a double-storey flat larger than most homes, an extensively landscaped garden and a host of other luxuries one would expect.



Govt to consider R153-m a year home-buyer subsidy

123

Apr 4/1991

By Michael Chester

HOUSING TYPE SOLUTION		PRICE RANGE (R)	ESTIMATED 1989 SUPPLY	PROJECTED ANNUAL DEMAND 1990-2000
TYPE	SIZE SQ M			
Luxury	> 150	> 170 000	4 500	4 500
Standard	100 - 150	90 - 170 000	10 000	10 000
Standard	70 - 100	65 - 90 000	13 000	13 000
Conventional	50 - 70	35 - 65 000	15 000	20 000
Stater	40 - 50	12,5 - 35 000	25 000	90 000
Incremental	< 40	< 12 500	20 000	30 000
Informal/site & Service	Varying	< 12 500	?	200 000
TOTAL			102 500	367 500

This table, compiled by the National Association of Home Builders, shows how the recent supply of new houses to lower-income families falls short of expected annual demand up the year 2000.

Household Income per month	Loan Amount (R)	Loans Number	Subsidy R-million per annum	Capital R-million per annum
500 - 599	11 930	22 309	17,75	266,14
600 - 699	14 090	13 125	12,33	184,94
700 - 799	16 260	13 751	14,90	223,58
800 - 899	18 430	15 684	19,27	289,03
900 - 999	20 600	8 713	11,96	179,48
1 000 - 1 099	22 770	8 883	13,48	202,27
1 100 - 1 199	24 930	4 916	8,17	122,58
1 200 - 1 999	34 690	15 114	34,95	524,30
2,000 - 2 999	49 760	6 202	16,55	308,60
3 000 - 3 500	64 650	1 303	3,48	84,21
	21 683	110 000	152,84	2 385,13

This table shows the pattern of income levels of families that would draw benefits from the proposed new home-buyer subsidy scheme — at a peak in the R500/R600 a month bracket and falling as household incomes reach into the R3 000/R3 500 level. It also breaks down the annual cost of subsidies in each bracket and how much extra home-loan cash should be made available as a result of the cushion of subsidies on bond repayments.

The Government has come under pressure from the National Association of Home Builders (NAHB) to launch a radical new R153 million-a-year home-buyer subsidy scheme in the 1991 budget in moves to crack the housing crisis.

Proposals envisage a massive boost in the provision of new houses to lower-income families reaching as high as 770 000 units over the next seven years.

The exercise should also create more than 440 000 new jobs in the building industry.

Details have been submitted to Minister of Planning and Provincial Affairs Hennis Kriel, who has held talks with the NAHB about a new formula to provide affordable housing for lower income families.

A government response is expected in a special White Paper on Housing Strategies that is due to be published soon.

The NAHB estimates that projected annual demand for new houses from 1990 to 2000 looks set to stand at an average of 367 500, compared with an actual 1989 supply of only 102 500.

Its new proposals are intended to give added impetus to initiatives launched by the Urban Foundation with its special loan guarantee fund and by the R2 billion Independent Development Trust started last year to tackle black socio-economic advancement.

The plan pivots on proposals that the Government ploughs an extra R152,84 million a year into subsidies offered to first-time home-buyers, beginning in the 1991/92 Budget.

In the first year alone, be-

cause of the multiplier effect on access to home-loan funds, the scheme should mobilise as much as R2 400 million in additional capital from the financial institutions, equal to 110 000 new houses.

Identical annual budgets over the next seven years should boost the number of new houses provided under the scheme to 770 000.

The NAHB says that in view of the limitations of State financial resources the scheme looks far more realistic than alternative suggestions of once-off capital subsidies of about R6 000 for each home-buyer, which would cost R660 million a year to provide the same number of houses, with costs peaking at a cumulative total of R4 620 million in the 1997 budget year.

Benefit

The subsidy scheme is aimed primarily at homeless low-income families. About 90 000 of the annual total of new home-buyers drawing benefit would be families with household incomes as low as R500 and no higher than R2 000 a month, moving into houses priced from under R12 000 to R35 000.

The annual balance of home-buyers would be households in income brackets between R2 000 and R3 500 a month.

Over the next seven years, according to NAHB calculations, the subsidies would benefit 700 000 first-time black home-buyers.

Subsidies would also be offered to about 28 000 white families, 28 000 coloured families and 14 000 Indian families seeking houses in price ranges from R35 000 to R65 000.

All subsidies should be based on household incomes alone.



HOUSING

Big push for new housing subsidy scheme

AK645
4/1/91
123

From MICHAEL CHESTER

JOHANNESBURG. — The government has come under pressure from the National Association of Home Builders to launch a radical new R153million-a-year home-buyer subsidy scheme in the 1991 Budget in urgent moves to crack the growing housing crisis.

Proposals envisage a massive boost in the provision of new houses to lower-income families reaching as high as 770 000 units over the next seven years.

The masterplan estimates that the exercise should also trigger the creation of more than 440 000 new jobs in a dramatic increase in the size of the labour force in the building industry to cope with the potential surge in demand.

Details have been submitted to Minister of Planning and Provincial Affairs Hernus Kriel, who in recent months has held extensive talks with the NAHB about a new formula to solve the chronic shortage of affordable housing for lower income families.

WHITE PAPER

A government response is expected in a special White Paper on Housing Strategies that is due to be published soon.

The urgency of an action programme has been underlined by the NAHB in estimates that projected annual demand for new houses from 1990 to 2000 looks set to stand at a phenomenal average of 367500 — compared with an actual 1989 supply of only 102500.

Its new proposals are intended to give added impetus to initiatives launched by the Urban Foundation with its special loan guarantee fund and by the R2-billion Independent Development Trust started last year to tackle black socio-economic advancement.

The masterplan pivots on proposals that the government ploughs an extra R152,84 million a year into subsidies offered first-time home-buyers, beginning in the 1991/92 Budget.

In the first year alone, because of

the multiplier effect on access to home-loan funds, the scheme should mobilise as much as R2 400 million in additional capital from the financial institutions — equal to 110 000 new houses.

Identical annual budgets over the next seven years should boost the number of new houses provided under the scheme to a stunning 770 000.

The NAHB argues that in view of the limitations of state financial resources the scheme looks far more realistic than alternative suggestions of once-off capital subsidies of around R6000 for each home-buyer, which would cost R660 million a year to provide the same number of houses, with costs peaking at an astronomical cumulative total of R4620 million in the 1997 budget year.

Moreover, NAHB studies show its scheme promises the chance of the government recouping all costs from the general sales taxes or value-added taxes it would reap from the building operations and the extra consumer spending from the thousands of new jobs likely to be generated.

The proposed subsidy scheme is aimed primarily at homeless low-income families. About 90 000 of the annual total of new home-buyers drawing benefit would be families with household incomes as low as R500 and no higher than R2000 a month, moving into houses priced from under R12 000 to R35 000.

INCOME BRACKETS

The annual balance of 20 000 new home-buyers would be households in income brackets between R2000 and R3500 a month.

Over the next seven years, according to NAHB calculations, the subsidies would benefit no fewer than 700 000 first-time black home-buyers.

Subsidies would also be offered to about 28 000 white families, 28 000 Coloured families and 14 000 Indian families seeking houses in price ranges from R35 000 to R65 000.

But heavy emphasis has been laid on proposals that all subsidies should be based on household incomes alone, with no trace of racial discrimination.

Look East for urban solution

A HUGE increase in the urban black population and a severe housing shortage have combined to create a major crisis — right on the white urban doorstep.

Urgent action is required. Thousands of nomadic, homeless people are squatting on river banks, golf courses, parkland, even graveyards — they are, in fact, resorting to their own housing solution.

One of the biggest problems in dealing with the crisis is that we have highly centralised government structures with most of the responsibility for urban functions resting with national agencies, rather than local organisations.

Weak local governments lack both legislative and financial powers to address urban problems and panic reactions or short-term cures show the need for long-term programmes to plan for, rather than against, the problems of the urban poor.

World Bank research shows that in a range of cities, including Bogota, Hong Kong, Seoul and Singapore, innovative policies have facilitated rapid urban growth without accompanying urban disorder.

In providing land for housing

S/Times 6/1/91
PETER GARDINER urges business to act now to deal with the squatting crisis

the poor, Seoul has evolved a highly successful system of intervention in the urban land market.

In terms of their programme of land adjustment, the public sector holds private land on a medium-term basis for the explicit purpose of improving it for urban use — but, it has to be said immediately, the growth of income of the individual is an essential element of success in effective urban management.

The Seoul system of land use intervention has relevance here.

Reluctance

In South Africa the surface areas of undermined strips are mainly in the hands of major mining groups which are reluctant to part with them. They may well rely on the all-powerful Mining Commissioner to help them protect this asset.

They must, however, be persuaded that to own vast areas of vacant land close to a major centre is an anomaly. While there is

still an opportunity to allocate it for the national priority of affordable housing, it must be taken.

Once governments start nationalising vacant land, citizens start losing control of their cities.

Access to land for housing close to job opportunities and the creation of individual wealth go hand in hand.

Land owners' price expectations remain too high. They fail to recognise that the value of their land has been devalued by the threat of squatter occupation which would eliminate the opportunity for orderly development.

To break the land logjam and induce owners of strategically located land lying fallow to turn it to account is the prime preoccupation of the Housing Advisory Council, now under the chairmanship of Dr Joep De Loor.

In line with overseas precedents, a state levy on unutilised servicable land is in prospect by mid-1991 to reduce the incentive

for long-term speculation. This could take the form of an availability charge to cover the cost of maintaining bulk services to the area.

There is no shortage of development agencies well equipped to buy land and mobilise funds for affordable housing.

Levels of entry into home ownership are being lowered dramatically as the financial logjam limiting the use of institutional funds for low-cost housing is continually breached.

123 Conscience

A roof over one's head is a basic human need.

The social conscience of business management must be aroused by the realisation that, to survive, it must play a role in the establishment of a consistent national shelter policy.

The options, quite simply, are the opening up of land by private land owners — or drastic intervention by government.

● Peter Gardiner is a director of Anglo American Property Services.

New United move to tap flow of loans

THE announcement of its fourth estate agency tie-up today has further entrenched the United's ability to secure a flow of home loan applications.

The United has bought a 25.4% stake in Natal-based J H Wakefield and Sons for an undisclosed sum, it said in a statement.

A new holding company, Wakefield Group, has been formed, which owns all J H Wakefield's shares.

Wakefield Group is jointly owned by the United and J H Wakefield's working directors.

This follows United's purchase in the last year of 29% of Aida, 33% of Multi-listing Services (MLS) and 29% of J H Isaacs.

United senior GM Tienie van der Berg, who represents United on the Wakefield Group board, said the motivation behind the acquisitions was that mortgage lending was very important to the group.

"Our agreements are going to be coupled with a computerised system, where we will put a computer in the offices of the estate agent so he can computerise his properties for sale and get immediate permission for a home loan.

"We like to think that our services will be such that nobody will be able to say no. The client will be able to find out immediately how large a loan he has been granted

ed and how much his monthly repayments will be.

"It will be a firm yes, not like the present system where a loan is granted in principle.

"Obviously we know we cannot get all loan applications. Clients may have their own preferences and we are quite comfortable with that. But the large majority of clients are not too worried as long as they get finance."

He said the estate agency played a vital role in the channelling of home loan applications.

Asked if he had considered that this move would cause ripples among home lending institutions, Van den Berg said the United was not worried about the reaction from other institutions.

"We still think the rules of the game will change, so some of the other institutions will have to react in some way or another."

In the statement United MD Mike de Blanche said the interest acquired was a minority one which left majority ownership and daily management in the hands of the company's working directors.

"This is consistent with our policy in all similar investments we have made to date," he said.

CHARLOTTE MATHEWS

BIPAM 10/11/91

ECONOMY & FINANCE

FM 11/191 ~~123~~ 123

books mainly because of spin-offs in other business. Once the Deposit-taking Institutions Act is introduced in February, banks with a large home loan book will also benefit by having to hold capital of only 4% of total assets compared to a risk-weighted 8% for other advances. ■

HOME LOANS

SPECIAL OFFERS ~~123~~ 123

FIM 11/191.

Prices and products offered in the home loan market used to differ little, with rates staying close to the standard — now 20,75%. But soon, people will be able to negotiate discounts on interest rate paid of more than 1%. Like supermarkets competing for custom, institutions looking to increase their home loan books will present a range of special offers.

"The era of negotiated interest rates is just around the corner," says Allied GM Geoff Bowker. He believes rates for triple-A clients will be negotiated to 1% or more below the standard. Allied has experimented with differentiated rating deals, offering fixed-rate bonds for three years at 19,5% and one year at 20%, which Bowker says have been "extremely successful." He predicts the introduction of various types of differentiated rating arrangements.

So does Volkskas. "We see special offers being stepped up this year," says GM Dolf Wright. Volkskas offers a 0,25 percentage point discount to prime clients on its standard 20,75% and Wright says further "attractive products" will be developed.

Other institutions which already make special offers, mostly to prime clients, are gearing up to offer discounts to a wider spread of clients.

United, the largest building society and, despite inroads by banks, still the biggest provider of home loans with a R12bn portfolio, is prepared to defend its home loan book, says senior GM Tienie van der Berg. United offers higher income clients who qualify for its Unique package a rate 0,5 percentage points lower than the standard 20,75%.

Van der Berg says lack of new housing stock is causing tremendous competition for business related to existing stock.

United has decided to acquire minority

FM 11/191 ~~123~~ 123

stakes in estate agents and has developed computer systems to take an immediate loan grant decision in the agency office.

First National Bank's R4bn home loan book did not grow last year. It is now renewing efforts to improve its book, by a stronger marketing drive. FNB already offers a customer who has a cheque account plus two other products a 0,25 percentage point interest rate rebate on home loans. Assistant GM Pat Lamont says it could introduce other offer. to make FNB loans more attractive.

Some have reservations about the wisdom of cut-price offers.

Standard Bank is concentrating on improving its delivery system rather than making special offers — though it did have one late last year to the medical profession. "It's not always the cheapest who are the best, but those who offer superior service," says home loans GM Terry Power. "The margin on home loans is not as wide as it was and the cut in profits is, therefore, that much bigger." It does, however, offer Prestige account holders a 0,5 percentage point discount.

But Power says short-term special offers will be introduced if they bring business.

Nedbank deputy MD Johan Westraat also questions the extent to which interest rates can be cut. But: "We have flexible options such as holding payment for a few months, interest-only payments for a period as well as negotiated fixed rates over periods," he says. "The facility can be used to access liquidity when needed, provided the value of the property is more than the bond."

Banks are keen to increase their home loan

Modular houses for R10 000

CME-108

12/1/91
123

A MODULAR building system — Symodule — could go a long way toward easing South Africa's housing backlog, said Professor Roy Marcus, Professor Extraordinaire at the University of Pretoria.

Professor Marcus is former Dean of Wits University's engineering faculty and MD of Abacus Technologies, the company that has refined and marketed the system.

Configurations

The system, which will be used to house construction workers at Sun City, consists of pre-fabricated interlocking steel-cladded panels, with gypsum interior panels, fitted to a framework which incorporates the roof trusses, and is built on a cast concrete slab or steel base frame.

Configurations can range from one room to a multi-roomed up-market single or double-storey office building.

"The only way to tackle the housing backlog in South Africa is with 'un-

conventional' building systems," Professor Marcus said. "Unlike conventional systems, these are subject to stringent specifications. All our components have a 25-year guarantee."

He said a basic 50 m² house could be built for R10 000 and erected in one day by four unskilled labourers.

Computer

Stanley Seeff, leader of the design team working on the system, and MD of Symo Corporation which has linked up with Abacus, is confident that he can handle mass production for local and international requirements.

Abacus has been awarded the contract for providing modules for construction workers at the new extension to Sun City — "The Lost City".

The whole R300 m project has to be completed by December 1992 and the company has to supply immediate accommodation for 1 200 workers.

Housing scheme planned

123

South
24/11 - 30/11/91

A MAJOR housing scheme that will accommodate more than three quarters of a million people and involving more than half a billion rands was announced by the Independent Development Trust (IDT) under the chairmanship of Mr Jan Steyn this week.

The Trust's spokesperson, Mr Kevin Kevany, said the Trust had finalised negotiations for the implementation of the scheme.

"The Trust's policy is to give assistance to the poorest of the poor," he said. According to Kevany, widespread and ongoing consultations with "authentic community and political organisations" have taken place. He said that land had been acquired in different provinces in the country, excluding the homelands.

R600-m set aside for low-cost homes

Star 25/11/91
Political Reporter

A R600-million housing project over the next two years to provide homes for 750 000 people in the lower-income brackets has been launched by the Independent Development Trust (IDT).

The scheme, which will take up nearly a third of the trust's R2 000 million resources, could provide a major new impetus to efforts to solve the country's housing crisis.

Announcing details of the project at a media conference in Johannesburg yesterday, IDT chairman Jan Steyn said: "I hope this initiative will be the final nail in the coffin of socio-economic apartheid."

He said the IDT had held talks with major political groups, including an ANC delegation headed by foreign affairs director Thabo Mbeki and Inkatha president Chief Mangosuthu Buthelezi.

Asked if the involvement of black local authorities in some development schemes would not lead to resistance from civic associations, Mr Steyn said: "It is amazing how resources focus the mind. I'm not suggesting that the present system of black local authorities should be maintained."

Land for the ambitious project had not yet been identified.

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R600-m plan to house 750 000 poor in 2 years

123

Argus 25/1/91

The Argus Correspondent

JOHANNESBURG. — A R600-million project to provide housing for 750 000 people in the lower-income brackets over the next two years has been launched by the Independent Development Trust (IDT).

The scheme, which will take up about 30 percent of the R2-billion trust, could provide a major new impetus to efforts to solve the country's housing crisis.

Announcing details of the project here yesterday, IDT chairman Mr Jan Steyn said: "I hope this initiative will be the final nail in the coffin of socio-economic apartheid."

He said the IDT had held talks with major political groupings, including an ANC delegation headed by foreign affairs director Mr Thabo Mbeki and Inkatha president Chief Mangosuthu Buthelezi to ensure extra-parliamentary and community participation in this initiative.

Asked whether the involvement of black local authorities in some development schemes would not lead to resistance from civic associations, Mr Steyn said: "It is amazing how resources focus the mind. I'm not suggesting that the present system of black local authorities should be maintained."

"Perhaps this initiative could be part of the process to arrive at a new nonracial local authority system."

Land for the project had not yet been identified. Reflecting on the apartheid policy of housing blacks on the periphery of the country's metropolises, Mr Steyn said: "We are not in the business of perpetuating apartheid."

Development should take place as close as possible to job opportunities and should be free of racial constraint. Land should also be developed "within an integrated city concept".

The IDT had not encountered demands for the repossession of land by blacks, mainly because there was plenty of undeveloped land, he said.

The initiative would provide many with a stake in the national economy and would provide a stimulus to development agencies, the authorities and the broader community.

Education programmes

Mr Steyn said the lack of a national housing policy, a single housing department and the fragmented administration of the tricameral parliamentary system had placed severe constraints on the IDT's housing efforts.

The IDT had consulted widely to ensure private sector, public sector, development agency and community participation in the scheme.

Economists believed this initiative could "give the economy the kick-start it needs", but the IDT's aim was merely "to give people the opportunity to move up the ladder and to give them some hope for the future", he said.

Discussions with the full spectrum of community organisations, authorities and development agencies had received a positive response.

The parties were examining the possibility of establishing consumer devices like advice centres with legal back-up to protect aspiring home-owners against exploitation, and to develop education programmes directed at buyers, sellers and borrowers.

"I must emphasise that the IDT has firmly decided that our duty is to reach out to the very poor without regard to race, creed or gender," Mr Steyn said.

He urged prospective participants in the project not to contact the IDT until a follow-up announcement had been made.

R600m

for new

homes

CAPE TOWN

25/1/91

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JOHANNESBURG. — More than 750 000 homeless South Africans are to be housed over the next two years with R600 million from the Independent Development Trust (IDT).

This was announced by IDT chairman Mr Jan Steyn yesterday. He said the funds would provide "access to secure living conditions to upward of 750 000 poor South Africans".

The IDT was formed to administer the R2bn the government allocated last year for financial assistance to poor communities. A further R1bn was allocated to upgrading infrastructures.

This represents the largest allocation made by the trust and brings its total financial commitment so far to R800m.

Other allocations of R200m have been directed at a range of education, housing and health projects.

Mr Steyn told a news conference here that the new developments would provide a large number of

South Africans with a stake in the national economy.

"Housing is inevitably a political issue and in South Africa even more so, given the historical disparities that exist in our society.

"It is our view that housing is essential to unlock the capacity of people to be able to help themselves and to increase opportunity for upward mobility," he said.

He said the needs of rural people had been targeted as a priority.

Although the details of the R600m investment are still being discussed and finalised, Mr Steyn said IDT trustees had agreed the funds should be used to enable poor people to own land and to stimulate the development of houses, communities and job opportunities.

The IDT had consulted a wide range of public and private sector institutions and extra-parliamentary organisations, some of which would act as conduits for the funds, and that land had been earmarked for possible development.

Small businesses

The location of land was of critical importance. "It should be as close as possible to job opportunities and free of racial constraint. It should be developed within an integrated city concept aimed at optimising opportunities in the urbanisation process," he said.

To ensure communities developed in these areas, the IDT would also support projects which created jobs and skills and encouraged the development of small businesses, particularly small contractors.

"We are having further discussions as to how this allocation should be structured and administered in order to achieve these goals.

"When these discussions have been concluded, we will make a detailed announcement as to the precise nature of our involvement," Mr Steyn said.

Mr Steyn said the R600m allocation would not be sufficient to solve the housing problem, but was an important first step to solve the housing crisis.

"The political challenge is also significant," he said. "It is in no one's interest that the poor should suffer any longer."

Improving the conditions in which people live would contribute towards a more stable society.

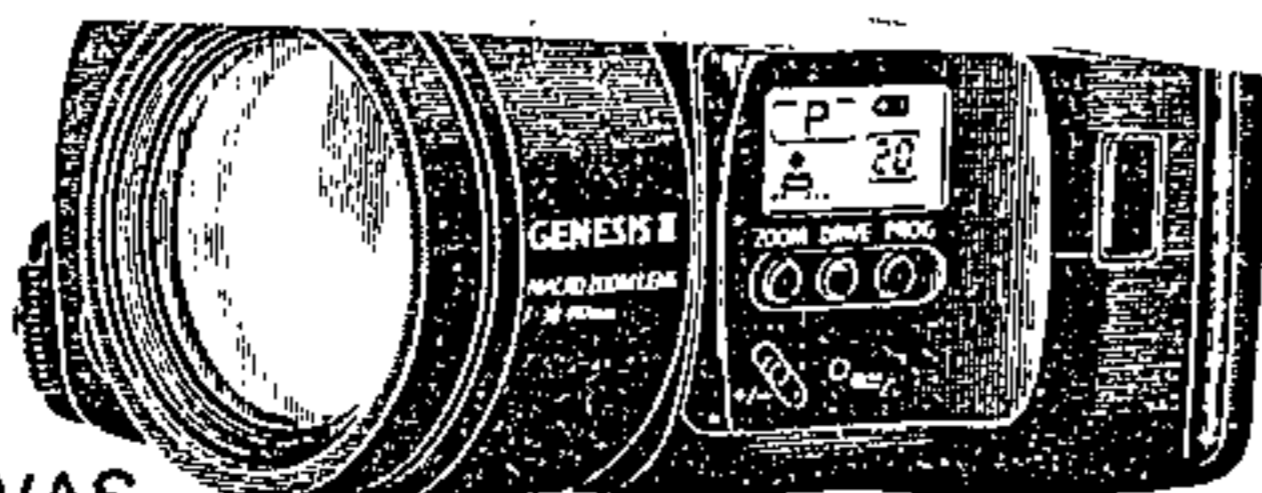
It was also hoped that some of the despair which underlined much of the violence South Africa had experienced in the past would be eliminated.

From page 1

R600m for homes

IDT hoped this intervention would create new opportunities for mortgage lenders such as banks and building societies to participate in housing development programmes that benefit the poor.

He warned, however, that if the areas in which developments take place are stressed by violence and instability, rent, service and mortgage boycotts and by disruption of the rendering of services, the impact of the new developments would be "seriously undermined". — Own Correspondent and Sapa



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To page 2

R600m boost for housing

Monday 25/1/91
CAPE TOWN — Jan Steyn's R2bn Independent Development Trust has released a further R600m to provide 750 000 impoverished South Africans with their own piece of land and basic shelter over the next two years.

This represents the largest allocation made by the trust, which was established to address historic inequalities, and brings its total financial commitment so far to R800m. Other allocations of R200m have been directed at a range of education, housing and health projects.

Although the details of the R600m investment were still being discussed and finalised, Steyn said yesterday IDT trustees had agreed the funds should be used to enable poor people to own land and to stimulate the development of houses, communities and job opportunities.

He said the IDT had consulted a wide range of public and private sector institutions and extra-parliamentary organisations, some of which would act as conduits for the funds, and that land had been earmarked for possible development.

"We also hope that this intervention will

(123)
LESLEY LAMBERT

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To ensure communities developed in these areas, the IDT would also support projects which created jobs and skills and encouraged the development of small businesses, particularly small contractors.

"We are having further discussions as to how this allocation should be structured and administered in order to achieve these goals. When these discussions have been concluded, we will make a detailed announcement as to the precise nature of our involvement," Steyn said.

Steyn emphasised that the IDT's inter-

To Page 2

Housing

Monday 25/1/91
vention would not solve the housing crisis but said it would be an important first step in a process to give more people security and a stake in the economy.

He said the trust's efforts would rely heavily on co-operation from the public and private sectors, extra-parliamentary political groups and the communities involved. The development of a national

(123)
housing policy, implemented by a single department of housing, was also a matter of urgency, he said.

Steyn warned that developmental initiatives would be seriously undermined if areas in which they took place were stressed by violence and rent, service and mortgage boycotts.

From Page 1

THE injection of R600 million into the domestic housing market "must have a significant and positive effect", Building Industries Federation of SA (Bifsa) executive director, Mr Neil Fraser said yesterday.

He was commenting on an announcement by the Independent Development Trust, run by Mr Jan Steyn, that it would spend R600 million over the next two years on housing the poor.

Cheers for 'significant, positive' R600m SA

Mr Fraser said that in 1988, a total of R2 billion had been spent on housing in South Africa, and since then the figure had probably fallen in real terms. "So the R600 million represents a healthy percentage of what we have been doing in the past couple of years. It is very welcome, as the building industry is facing a tight year. We are going into a recession," he said.

"This is because the home-building industry does not affect as many sectors of the economy as tourism.

"The building industry is labour-intensive, so jobs will be created, and the workers will boost other industries by spending their wages, creating a ripple effect."

Mr Fasie Malherbe, chairman of a prominent building supplies company, said the funds would give his sector a boost, but the extent of the boost would depend on how the money was spent.

"We know very few details at this stage," he said. "I don't believe it will be possible for much

of the fund to be spent on the installation of conventional services, costing R8 000 a plot.

Professor David Dewar, head of the Urban Problems Research Unit and a director of UCT's School of Architecture and Planning, said that if the primary emphasis was placed on providing serviced plots, "then the

impact the R600 million has on initiating a housing process will be less than anticipated".

Such an approach was based on an assumption that people would put up their own houses. Yet the real problem for poor people was access to credit.

"We do not yet have the structures through

Cape Times, Saturday, January 26 1991 3

123

home; of families forced out of their homes and into the bush in the middle of a Cape winter, then the announcement by the IDT to spend R600 million on housing for the poor is an enormous breakthrough.

"May the government equal their spirit by assisting in finding suitable land, free of racial constraint and above all, close to work opportunities," he said. — Municipal Reporter and Political Staff

how the funds are to be made available.

The Democratic Party spokesman on housing, Mr Jasper Walsh, yesterday called the IDT decision "an enormous breakthrough".

"When one reflects upon the heartbreak and misery of forced removals; of the destruction of shacks that people call

which poor people can get access to housing finance. Down at the lower-income levels, credit is a nightmare. The luckier ones in the townships get it at about rates of about 35% a year, but sometimes it is over 100%."

The Independent Development Trust has not yet released details of

SA in an economic crisis . . .

Economist calls for investment in black community

CAPL 7195 30/1/91
123

By AUDREY D'ANGELO
Business Editor

SA is in an economic crisis — and growth must be stimulated by investment in black housing and education and the electrification of township houses, says leading economist Rob Lee.

Interviewed yesterday, Lee, who has just joined the Board of Executors, said he now thought it would be in the national interest for life offices and building societies to invest a small proportion of their cash flow in black housing.

He had lost his earlier opposition to this after talking to ANC economists. They admitted socialism had failed and were learning rapidly how markets worked.

But talking to them had given him new perspectives and made him realise that Western-trained economists, too, were blinkered in some ways.

"SA has an economic crisis. We need to grow much faster and I have a feeling that we are going to have to do some relatively unorthodox things to get growth going.

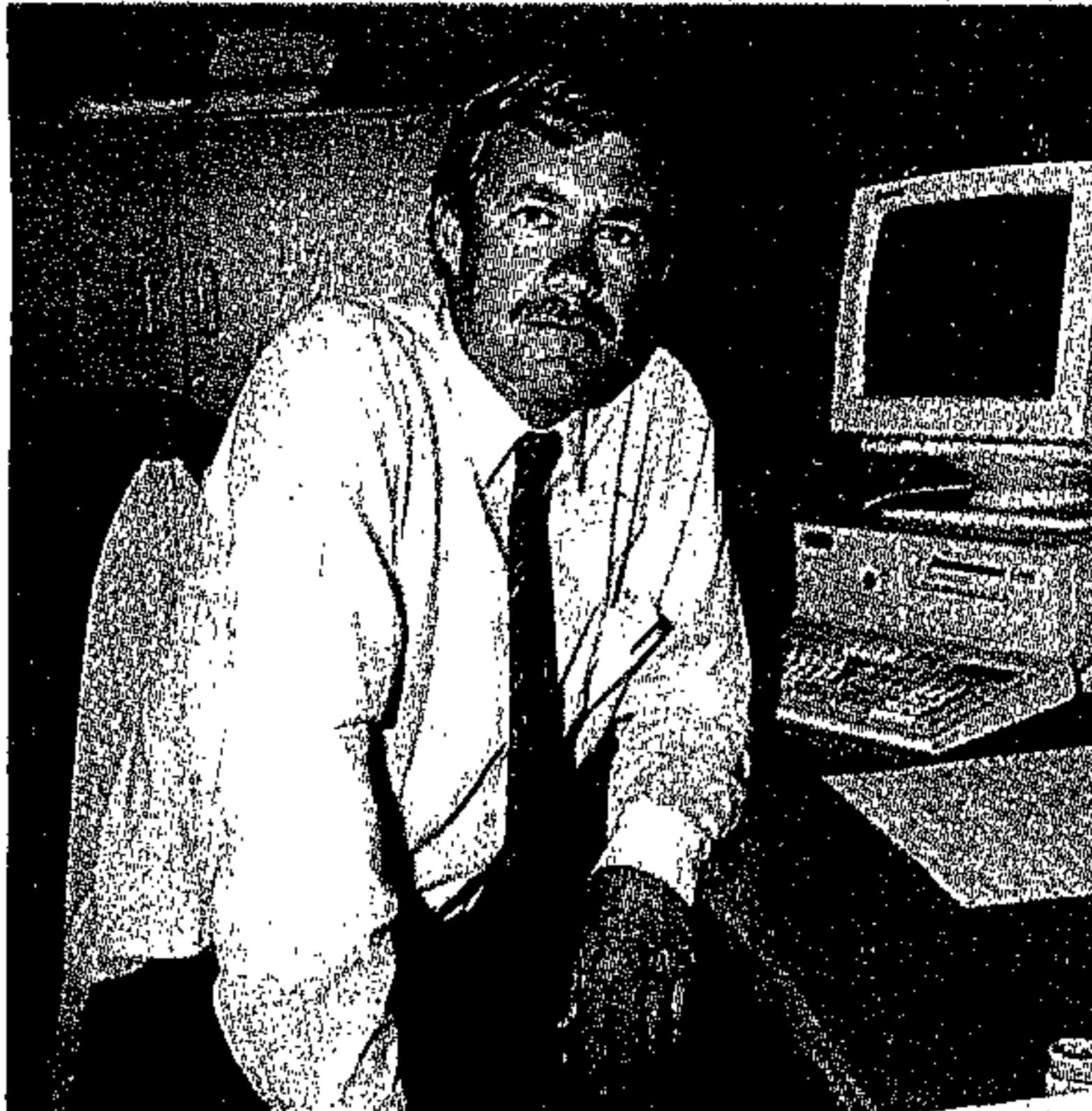
"We need to redistribute wealth by investing in the black community. We must invest in education, housing and the electrification of black townships.

"This will create more jobs, which will have a multiplier effect throughout the economy, and will lead to a more stable and productive workforce."

Lee said the work could be carried out without increasing imports significantly. The capacity was already available in SA.

There would be no need for a horrific tax burden to pay for it. The private sector would have to play a role "and should be able to do it in a viable way".

He thought foreign investors would buy housing bonds if they saw positive



ROB LEE . . . we are going to have to do some relatively unorthodox things to get growth going

action being taken and if violence and unrest disappeared.

Investing only 3% or 4% of the cash flow of life offices and building societies would pay for enormous housing schemes, and would be in the long-term interests of the policyholders and investors.

Business must be pro-active. Yesterday's announcement that R500m would be made available by a group of companies for education and other social welfare projects was the kind of initiative needed.

The private sector was realising that "if the country went up in flames it would not be a good environment for business".

But, Lee pointed out, housing initiatives would not work if people were afraid to go into the townships and if rents were not paid.

And the black leadership would have to deal with unrealistic expectations which had been built up.

"The economy can deliver only so much. SA is not a rich country, although the impression has been built up that it is."

Property market

8 Feb 91
123
'relieved'

FINANCE STAFF

The planned lifting of the Group Areas Act should help alleviate some of the uncertainty in the property market, says Ronald Ennik, director of Pam Golding Properties.

Reacting to the State President's speech, he said that while he was expecting the move to bring some relief from the negative trends characterising the property market at present, he believed prices would hold steady at their current levels rather than increase dramatically.

"However, the pace at which properties change hands should quicken and the trends that have been set over the past few months should continue.

"For instance, I expect the interest shown by non-white buyers in properties in affluent white areas, such as Houghton and Bryanston, to increase", he said.

Anglo American and De Beers chairman, Julian Ogilvie Thompson, warmly welcomed the President's intentions, especially the proposed framework of "Inclusive values and ideals and constructive actions which could serve to bring together all South Africans" and the proposed social reconstruction.

Businessmen generally also welcomed Mr de Klerk's declaration that the war against inflation would be "South Africa's top priority for 1991".

Mr de Klerk stressed that economic restructuring was the only way to return to a high growth path and meet peoples' reasonable aspirations.

Interest gives trust a kick start

CAPE TOWN — The R2bn Independent Development Trust (IDT) has earned almost R200m in interest since July — sufficient to pay for its first round of development projects without denting the initial funding.

To date, the IDT has allocated R800m of its funds — R200m for developmental projects and R600m for the provision of land and basic shelter for almost a million people.

However, it has not started spending the allocated amounts because procedural requirements still have to be fulfilled, an IDT spokesman says.

For example, the R600m project to give 750 000 people access to their own land and basic shelter — which would activate a massive housing project — is subject to the repeal of the Group Areas Act and other proposed changes to land ownership.

6/Dec 4/1991
LESLEY LAMBERT

Releasing the funds is also dependent on the approval of proposed development projects by the communities which will benefit from them, and the negotiation of agreements with agents involved in the projects.

Accumulated

In the meantime, the full R2bn which was transferred from government to the IDT in mid-July last year and immediately invested in the capital market where it attracts returns of up to 19%, is earning interest at a rate of about R1m a day.

The spokesman confirms that interest accumulated so far is sufficient to cover the first R200m alloca-

tion for a range of housing, education and health projects.

The trust's initial funding of R2bn is likely to be boosted by another allocation from this year's Budget, as government continues the process of restructuring social spending to address historical inequities.

IDT chairman Jan Steyn regards the funds as a means of leverage to gain access to considerable private sector funding and thus, a catalyst for a far larger developmental process.

"It is the intention of the trust to use the financial leverage it has to tap available resources in the First World and make these resources work in the development of a new SA. To be able to achieve this in practice will be the greatest single challenge of the trust," Steyn said when he launched the IDT last year.

Cutting housing costs at expense of life span worries building chief

Star 5/29/91. (123)

An obsessive fixation on initial capital cost at the expense of maintenance and expected life expectancy of low-cost housing is "stupid, if not dangerously irresponsible".

This is the view of one of the country's building leaders, Neil Fraser, executive director of the Building Industries Federation (Bifsa).

He believes the drive to bring down costs means the life span of the finished product must suffer.

Opening the Cullinan group's R36 million hi-tech brick operation at Midrand, Mr Fraser said: "Housing standards are being driven down, correctly in my opinion, by dispensing with over-elaborate details and specifications."

"Affordability is forcing research and experimentation into many building techniques, systems and materials and this is also good."

Bond period

"However, there are some systems being used today in low-cost housing building where maintenance costs could well become equivalent to bond repayments, if not more, and where life expectancy is less than the bond repayment period."

Comparing the traditional brick house with some system-built units, he said the former should be recognised through longer bond repayments.

The latter often had a "suspect life expectancy" and the maintenance costs could probably not be afforded by the inhabitants.

This could probably "bring us right back to slum-like conditions," he said.

Mr Fraser emphasised that the quality of the finished product was not determined only by the standards and the quality of materials. It was also dependent on the skill of the labour force.

"Here, we suffer enormous lacks."

Untrained

"In the past six years, the number of apprentices entering the industry dropped from nearly 1 400 in 1984 to only 320 in 1990."

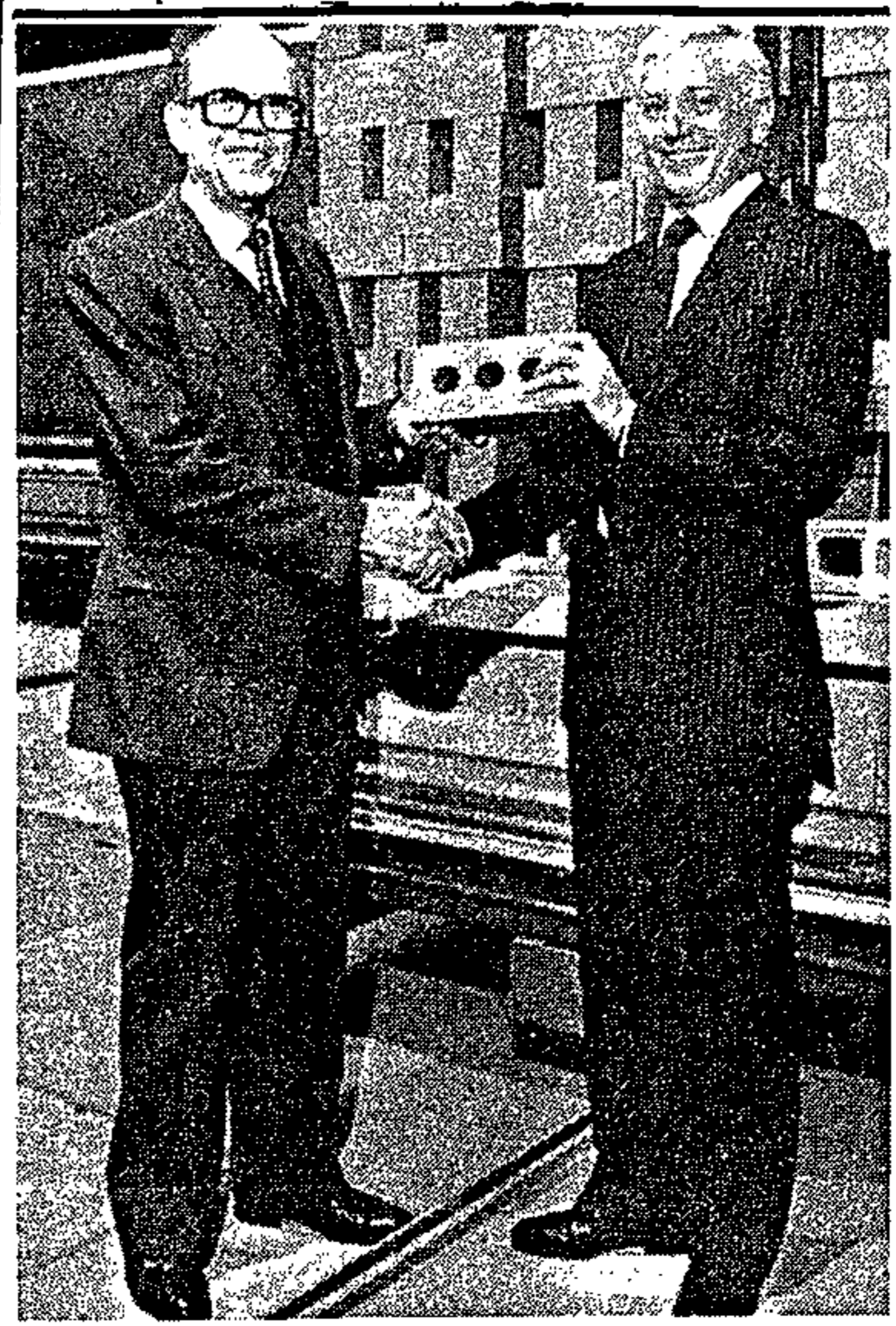
"Yet, the work is being done, which can only mean that untrained people are being used — this largely being as a result of the obsession to drive down costs and, again, the quality and life span of the finished product must suffer."

"It does not make economic sense for builders to use untrained people. They obviously pay less but generally the productivity and quality are just not acceptable."

To counter this "serious situation" the formal building industry had been developing a training model which would revolutionise the development of skilled people for the future.

Property & Construction

FRANK JEANS



Celebrating . . . Neil Cullinan, left, executive chairman of the Cullinan group, left, and Peter Sneddon, chief executive of Cullinan Brick, display the first clay face brick to be produced at the company's new tunnel kiln. The plant is said to be the most sophisticated brick-making operation in the world. Its capacity of 60 million bricks a year converts to about 20 000 an hour. The traditional clamp kiln operation takes about 90 days, whereas the Cullinan system cuts production time to four days.

New 'face' for urban areas

Political Staff

123 (12) (13)

Informal housing would change the face of urban South Africa, the Minister of Planning, Provincial Affairs and Housing, Hernus Kriel, said yesterday.

This would happen "because we will have many more informal houses or shacks around metropolitan areas", he said.

"We haven't got the money to make formal housing available to these people."

The Government was still spending R750 million allocated

in the current financial year to alleviate the problem, and hoped it would go a long way towards solving it.

The Government believed market forces would determine the process of the scrapping of the Group Areas Act and intended introducing firm standards, which would differ from one neighbourhood to the other.

In addition, the Government had no plans regarding compensation for people deprived of their homes and property by the Group Areas Act, Mr Kriel said.

Star 6/2/79

New bank would control home loan market

By ARI JACOBSON

A UNIFIED banking group in the Rembrandt stable — with Allied on board — would provide the Amalgamated Bank of SA (Absa) with effective control of the home loan market according to BA9 returns for the period to September.

These returns, which display each market player's share, have UBS as the major force, with 22% of total home loans.

The importance of the tug-of-war between First National Bank (FNB) and the UBS-led coalition is highlighted by Allied's 13,6% portion of the home loans market. FNB languish on roughly 9% (a book of a mere R3,6bn).

A successful UBS-Allied merger would provide Absa with close on 40% of the home loan market (which includes Volkskas's 3% contribution). Furthermore, UBS' backward linkages, with strategic stakes in estate agency businesses, will cement its overall control.

A UBS spokesman said the prime consideration in the prospective merger had been the benefits arising from rationalisation of support services (such as computer facilities).

He said while Allied and UBS were strongly represented in the home loan market neither had a strong presence in banking-related activities such as personal loans, instalment sales,

cheque account and overdraft facilities.

FNB senior GM Viv Bartlett said a tie-up with Allied would assure the banking group a well-diversified presence in the industry. FNB has a 27% claim in the instalment credit market coupled with a strong banking portfolio. The Permanent Building Society of SA (the Perm), with its well-documented endeavours in the black housing market, has a sizeable 18,2% of the home loan market.

Theoretically this core area of banking business could be well-spread if linkages were distributed in an equitable fashion.

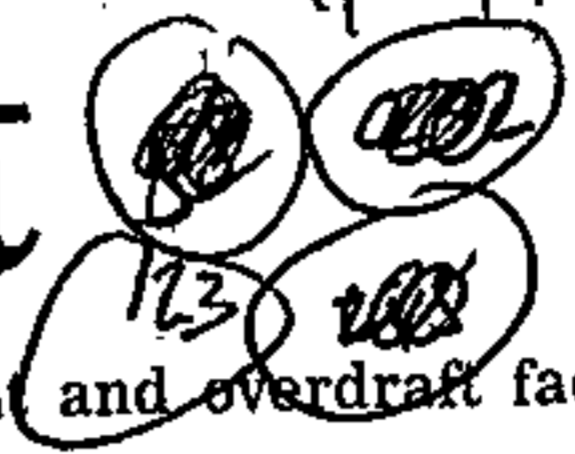
Take FNB-Allied on 22,8%, UBS-Volkskas alliance on 24,8%, and the Perm-Nedbank tie at 21,2% — neatly sharing the spoils in the mortgage market.

In addition intimations of a Standard Bank and Natal Building Society linkage (NBS) would enhance equality with 22,2% of the total home loan profile.

Bankorp — the only major financial institution missing — intends using the current financial year to June as a consolidation period after undergoing tough rationalisation measures.

CE Piet Liebenberg said the group's 9% stake through Trust Bank home loans was satisfactory, considering the enlarged focus in commercial, industrial and mining loans.

Call-7611
7/2/91



(123) (11)

Compensate us for loss of houses, Star 3/29/1 property, says LP

By Esmaré van der Merwe
Political Reporter

CAPE TOWN — The Government's flat refusal to consider the demand for compensation of people who had been "robbed" of their land and property would certainly harm the good working relations between the NP and the Labour Party, the chairman of the Ministers' Council in the House of Representatives, the Rev Allan Hendrickse, said yesterday.

The LP leader said the Government's rejection of this demand for reparation, in view of the pending scrapping of the Group Areas Act and Land Acts, reflected negatively on its bona fides.

"The Government must find the money which they obtained when they robbed us of our houses," he said.

Another aspect of compensation would be for the Government to foot the bill for the transfer of houses which blacks had already bought in so-called white areas through close corporations or nominees.

Mr Hendrickse rejected Nationalist proposals for measures to maintain standards and norms after the repeal of the Group Areas Act, saying such plans were an attempt to satisfy conservative whites.

Group Areas legislation should not be replaced with any regulations that would hamper freedom of association.

Property boom takes grip after De Klerk scraps Group Areas

Southern 7/2/91

123

Living
offered
skills
to sell
homes

THE whole spectrum of South African property will soon be available to all races, especially the growing band of black entrepreneurs.

This will mark the beginning of a boom in the industry, according to leading estate agencies.

The Government has introduced far-reaching legislation, outlawing racial discrimination in the ownership and letting of land and property.

The legislation, known as the General Law Amendment Bill of 1991, cancels racial restrictions in the title deeds of immovable property.

The Bill is likely to herald the long-awaited opening up of the property market which has been white-dominated resulting in many rip-offs and complaints from black builders and the black community.

The Bill has been welcomed by the Foundation of African Business and

BY JOSHUA RABOROKO

Consumer Services, (Fabcos) and the National African Federated Chamber of Commerce (Nafcoc).

The managing director of Camdon's group, Mr Scott McKrae, said:

"There is no doubt that Government will repeal Group Areas when Parliament convenes, but without this new Bill, people could still write racial restrictions into the title deed of any property. He adds: "This important legislation prevents people from forming their own 'group areas'."

"This is particularly important in respect of cluster housing and sectional title developments, which have become a very popular way of living."

McRae said for a long time he had advocated the repeal of Group Areas and firmly believed that

once the pressure valve was removed, there would be a positive effect on home values.

"Prices could rise rapidly in certain areas, with spin-off benefits in other areas," he says, adding, "when property becomes available to every single one of us, we can look forward to a much more active market."

Already the managing director of Apex Real Estate Academy, Mr John Rieb, is offering lessons to blacks who wish to become top achievers by helping their own people.

Growth

The demand for qualified estate agents would grow tremendously over the next few years and "we need to train more people in the job," he said.

His company was offering lessons to assist people pass the estate agents board examinations.

In this way, the company would create jobs as well as offer opportunities to blacks to compete with their white counterparts who have dominated the market in the past.

He said blacks were debarrted by legislation

from owning or living in property situated in an area previously set aside for other racial groups.

"Therefore, this not only means that members of the black group may now buy and own property in any area in their own right, but by implication

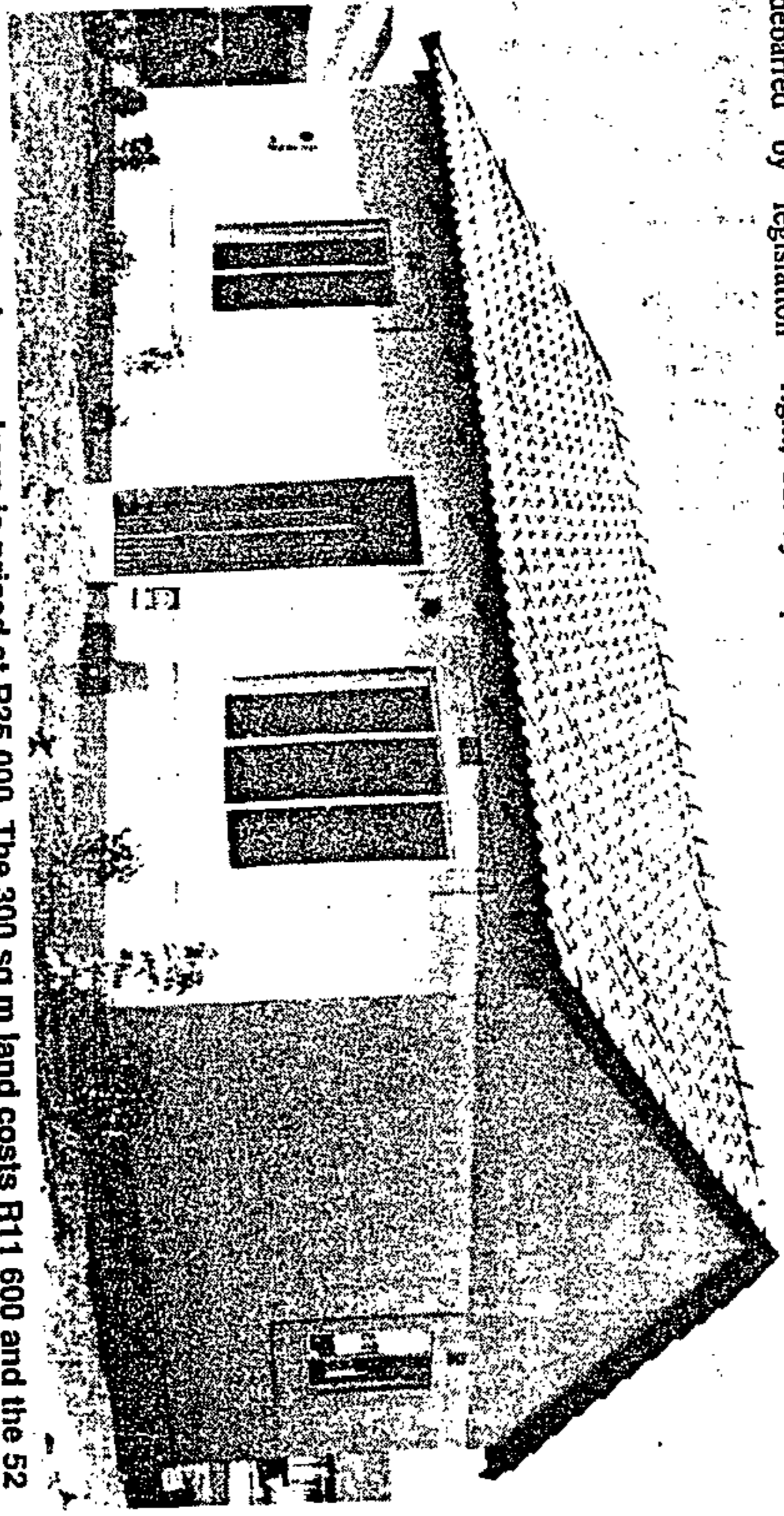
they may now deal in property.

"This opens up an entirely new avenue of employment for them."

Up to now the estate agency industry has been predominantly white.

There are over 7 000 estate agencies serving

five million whites, whereas with the abolition of the restrictions imposed on blacks, the potential of people who will use the industry has grown to more than 30 million people. Rieb can be contacted at (011) 764-4513.



This starter housing package is priced at R35 000. The 300 sq m land costs R11 600 and the 52 sq m house costs R23 400.

Power to the people, cry unions

SPAC 11/2/91

123

ELECTRICITY is a basic necessity for uplifting living standards, creating stability and promoting peace. Yet, 70 percent of the people of South Africa do not have electricity.

Research figures indicate that some 208 black townships with more than 20 million people, are only partly electrified or are without electricity.

Yet Eskom decided last year to make 4700 workers' jobs redundant, due to its streamlining and mothballing exercise.

In total, Eskom reduced its workforce from 66 000 in 1985 to 59 000 in 1990.

Eskom is adamant that most of its redundant workers took up offers of voluntary retrenchment or were deployed to other jobs. The fate of about 800 was still being discussed with the unions.

But the unions argue that voluntary retrenchments were part of the problem because Eskom was adding to the unemployment market.

With more managerial creativity, training and consultation with civic organisations and trade unions these work-

ers could be used to distribute power to townships that were in darkness, they said.

In the past, unions organising Eskom workers — the National Union of Metalworkers, National Union of Mineworkers of SA and the Electrical Workers' Union — said they had dealt with job redundancies at Eskom in the narrow sense, looking at retrenchments only.

Their current thrust links retrenchments to the broader problem of providing electricity for all. This would require wider consultation between Eskom, unions and civic organisations to find solutions for both problems which unions believe are interlinked.

Questioned

In the first instance, unions have questioned Eskom's role, which is limited only to supplying electricity as cost-effectively as possible.

The unions say that because of its important role in providing essential services in a new South Africa, the corporation's role should be extended so that it can ensure the affordable electrification

Unions organising workers at Eskom set out their objections to the operation of the parastatal and the structures by which it supplies electricity.
SHAREEN SINGH reports.

of all households, industries and agriculture.

Although Eskom had launched an "electricity for all" campaign in August 1987, the process of electrifying black households had taken place at a snail's pace due to numerous legal and capital constraints.

Eskom is a parastatal, but it is believed that Government involvement at present consists primarily in guaranteeing loans which are raised by Eskom. The corporation receives no State subsidy.

Currently the Electricity Council which controls Eskom consists mainly of representatives from big business and Government.

Unions believe fundamentally that this forum should have more democratic participation, in that trade unions organising Eskom workers and civic associations should

at least be represented on this council where joint solutions could be worked out.

The issue of State subsidy needs to be challenged in the Electricity Council, unions believe. They feel the State is evading its responsibility in ensuring that essential services were being provided.

At present, Eskom — bound by legal constraints — sells electricity to municipalities, on request, and not directly to consumers.

Municipalities then take responsibility for distributing to households through private contractors, at an estimated cost of R1 000 to wire a township house and a further R1 000 for the extension of power cables. This is beyond the reach of most township dwellers.

It should be Eskom's responsibility to provide electricity directly to households

and not the responsibility of local authorities, the unions say, and any legislation stopping this must be scrapped.

Black town councils have proven to be inefficient in providing services, they argue, and the existence of such structures is being challenged by civic associations.

The unions have proposed that Eskom establish work teams to extend cables to houses, instal metres and wire houses.

Dropped

These work teams should be primarily composed of workers made redundant in power stations and those retrenched after the closure of three coal mines that were supplying these power stations.

According to the unions, Eskom's argument that the demand for electricity has dropped due to the economic conditions becomes academic, considering that the vast majority of people do not have a power supply.

But electricity demand had dropped in the sense that industrial growth has been limited and industries generally

indirectly subsidise electricity in residential areas.

The demand from black municipalities has also dropped because these municipalities, hit by rent and service charge boycotts cannot afford to buy electricity.

But the demand from residents has not dropped. The unions say that township dwellers stopped paying electricity bills because of inadequate services and astronomical electricity bills caused by faulty meters.

The Johannesburg Metropolitan Chamber, with representatives from business, civic associations, Eskom and the TPA among others, plans to discuss the formation of nonracial municipalities.

This could mean the possibility of bringing black and white residential areas under one municipality — for instance, Soweto and Johannesburg could unite.

Soweto residents would then have cheaper and more efficient access to services such as electricity because industries in Johannesburg would be indirectly subsidising the entire area rather than Johannesburg alone. □

House prices may rise 12% ¹²³ United

CHARLOTTE MATHEWS

HOUSE prices are expected to increase by about 12% in 1991 but the market will remain under pressure, the United says in its Quarterly Housing Review for the three months to end-December.

Pressure will come from the persistent economic downswing throughout most of 1991 and the authorities' intention of keeping interest rates positive in real terms by a substantial margin.

In the first three quarters of 1990 there was a fall in the number of building plans passed and the value of buildings completed is expected to fall in 1991. Higher building costs will also affect this activity.

The United shows the average price of a medium-sized house increased by 14% year-on-year in the fourth quarter to about R108 600.

Definition

In the same period the average price of larger houses rose by 5% to about R147 500 and smaller house prices went up 17% to about R92 000. The United's definition of a small house is one that has a building area of about 114m², a medium-sized house is about 179m² on average and a larger house has an area of about 265m².

Prices vary widely between different areas — a small older house in Johannesburg was selling for about R107 000 in the fourth quarter and the same house was selling for R53 000 in the Vaal Triangle.

The average price of a medium-sized house rose by 12,6% in 1990, which is roughly four percentage points above the 1989 increase. In real terms the price fell 1,6%.

The annual average price of all houses increased by 11,7% in 1990.

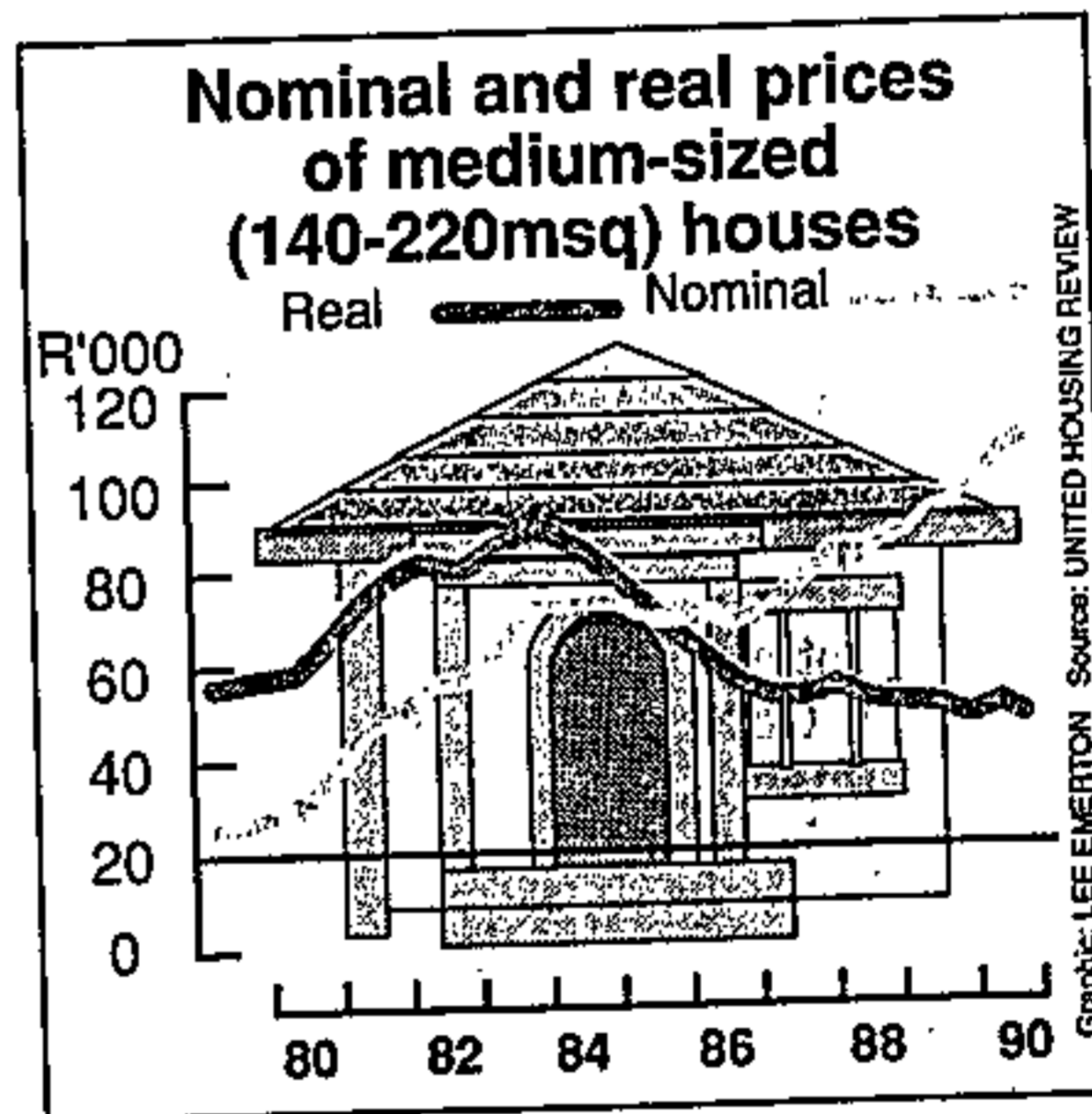
Substantial increases in the price of medium-sized houses in the fourth quarter

were recorded by the Western Cape, where prices rose 16% year-on-year, in Johannesburg (11% higher) and Durban and the rest of Natal (14% higher).

The United foresees a two percentage point drop in the Bank rate in the first half of 1991, which implies the mortgage rate, 20,75% at the United on the 18% Bank rate, will remain positive in real terms.

Nominal mortgage repayments on an 80% bond on a medium-sized house rose 13,5% compared with the monthly repayments a year previously. After adjusting for the effects of inflation this is 1,1% lower than in 1989.

"Nevertheless the continued increase in the repayment/remuneration ratio up to the second quarter of 1990 can be perceived as an indication that it is becoming progressively more difficult to finance a new home," the United concluded.



Star 11/21/91

Medium-size houses show 14% increase

The average price of a medium-size house increased by 14 percent, year-on-year, to about R108 600 in the fourth quarter of 1990, UBS says in its Quarterly Housing Review.

In the same period, the average price of larger houses rose by five percent to R147 500, while smaller houses sold for about R92 000 — a 17 percent increase.

In 1990, the average price of a medium-size house rose 12,6 percent — roughly four percentage points more than the 1989 increase.

The review says, however, that in real terms the price of a medium-size house fell by 1,6 percent — the smallest drop

since 1984.

The annual average price of all houses in the 80 square metre to 350 square metre range increased by 11,7 percent in 1990.

New house prices rose by 20,5 percent in the fourth quarter after increases of 29,5 percent, 28,3 percent and 14,1 percent in the first, second and third quarters.

The average price of existing houses in the fourth quarter was only 10,3 percent higher than in the fourth quarter of 1989.

After falling from 23,1 percent in the second quarter to 16,8 percent in the third quarter, building costs rose by 18,6 in the fourth quarter.

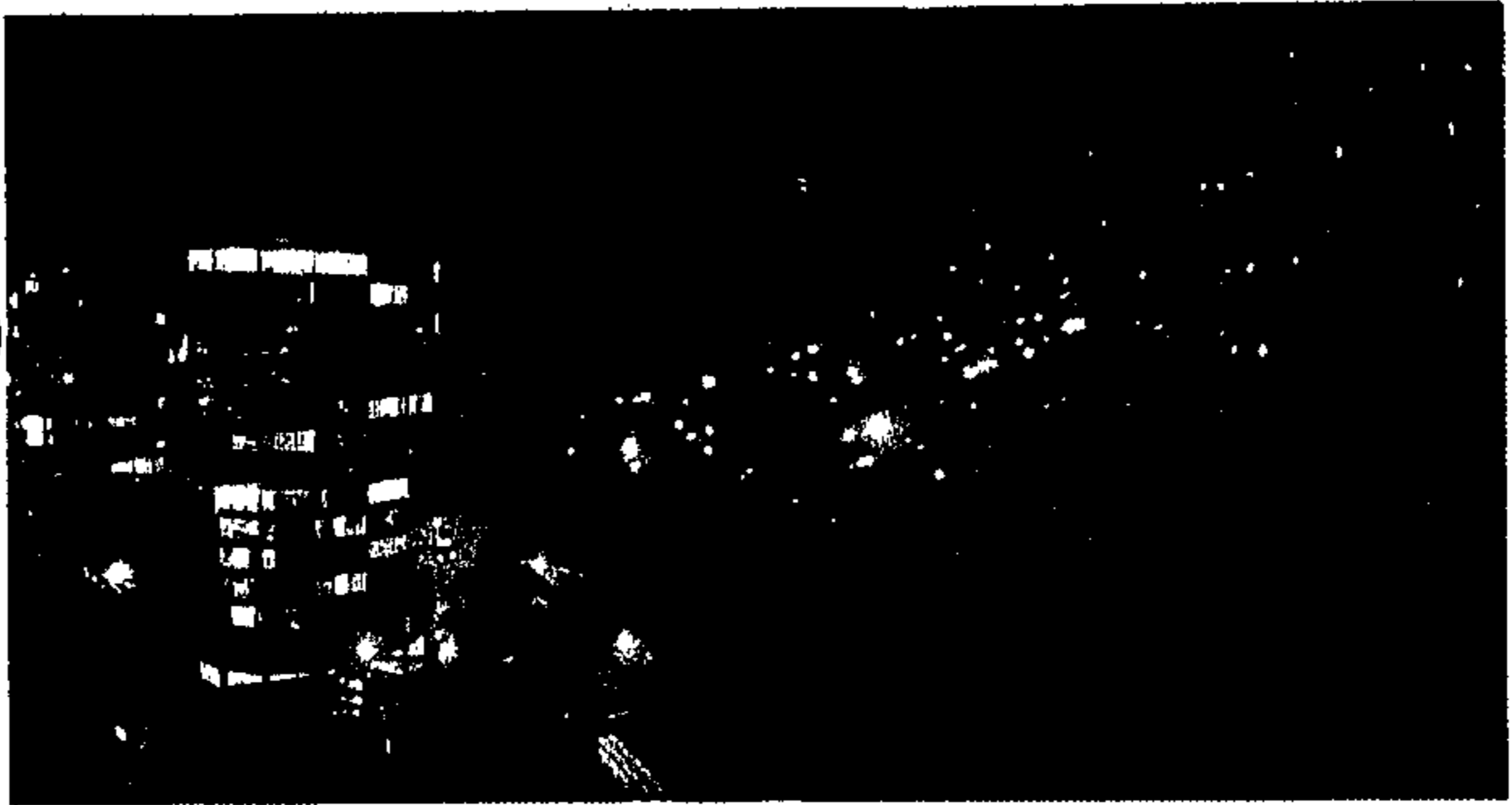
— Sapa.

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CAH TRIPS 12/2/91

Houses saved 'by a miracle'

123



CLOSE CALL... Flames dot the mountainside above the Disa Park complex on Friday night, showing just how close the fire came to homes before being checked. Picture: BENNY GOOL

By WILLEM STEENKAMP
RESIDENTS on the slopes of Table Mountain expressed relief yesterday that, miraculously, no houses were destroyed in Friday's mountain fire.

The fire came right up to the back garden of Mrs Rosemary Beech's Oaktree Village home. She was still trying to clean her house of thick soot yesterday.

"My windows are all taped up at the back to prevent ash and soot getting in," she said, "but I'm pleased that at least I have a house left to clean."

Wisps of smoke yesterday marked still-smouldering spots behind the Oaktree Village house of Mrs Una Grainger, who expressed amazement at how quickly the fire spread down the mountain once the south-easter picked up.

"It was up there behind those trees," she said, pointing to a spot about 500m away, "and 15 minutes later it was on top of us."

Too late

The fire, which came within two metres of her back fence, was only checked because residents had soaked their gardens and the surrounding veld before leaving, she said.

"The firemen did a very good job, though; we didn't think we would have a house when we got back."

Canadian immigrant Mrs Judith Boyd, Mrs Grainger's next-door neighbour, had "never seen anything like this before".

Forest fires occurred in Canada, she said, but the fire prevention system was highly organised there.

"I think a lot of this could have been prevented. The fire brigade were great when they got here, but by then it was far too late," she added.

The Tafelberg Creche in District Six, well below De Waal Drive, was surrounded on three sides by fire after the blaze leapt the road and raced down the slope into the playground.

A creche supervisor, who declined to be named, said she and other staff members evacuated the 40 children at about 3.30pm on Friday, after being "literally smoked out".

The groundsman sprayed the fire with a hose, and the school's eight fire extinguishers were also employed to douse the flames, she said.

Officials probe handling of mountain blaze

Municipal Reporter
SENIOR city council officials of all departments involved in fighting the Table Mountain fire met late yesterday to thrash out a response to criticism of the council's management of the blaze.

Among those present at the meeting — chaired by city administrator Mr Gys Hofmeyr — were the town clerk, Dr Stanley Evans, the city engineer, Mr Arthur Clayton, the director of parks and

forests, Mr Peter Rist, the director of security services, Mr Eric Bult, and representatives of the fire and traffic departments.

Brigadier Philip Delpont and Colonel JH Basson of the police and representatives of the SADF also attended.

City council public relations officer Mr Ted Doman said no statement would be made until the officials had reported to their political bosses on the council's

executive committee.

Meanwhile, claims that the council should have known about the fire sooner than 10.57am have not stood up well.

The managing director of Court Helicopters, Mr Jeremy Labuschagne, said he had read reports about an early call from the company offering helicopter assistance to "emergency services".

"I found no substantiation for that," he said.

Pik investigating Kurd refugees

Staff Reporter


SEVEN Iraqi Kurd stowaways seeking asylum in South Africa declined to appear at a press conference about them yesterday.

The men, who had arrived in Cape Town by ship on Sunday, were afraid of retribution by Iraqi President Saddam Hussein, Foreign Minister Mr Pik Botha explained. He declined to identify the men, or the part of Iraq from which they come.

On the issue of granting the Kurds asylum, Mr Botha said the government was investigating whether they were in danger of persecution in their own country because of religion, nationality, race, class or politics.

"They have permission to stay here temporarily... (so that we can) sort out the matters I have mentioned," Mr Botha said.

Labour Party MP Mr Miley Richards, acting as a spokesman for the Kurds, said he did not expect any trouble from local Muslims because Islam taught them to help those in need, irrespective of politics.



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House sellers jump on bandwagon

123

Consumer Reporter

12/2/91

The asking prices for properties had increased, "sometimes absurdly" in the wake of President de Klerk's announcement that the Group Areas Act would be scrapped, say estate agents.

Camdon Group managing director Scott McRae said that while the scrapping of the Act was good for the market, sellers had to keep a sense of perspective on their asking prices, which had jumped in all main centres.

Eskel Jawitz/JHI manager for sectional titles Bob Gauld said this was true of flats and townhouses.

But the scrapping of the Act had been expected for so long that it had already affected prices.

Aida Holdings chairman Aida

Geffen said there was a buyers' resistance to current asking prices.

A pessimism had also affected the market, and the dropping of interest rates would have a great effect on the market for all buyers, she said.

Mr McRae said turnouts at show days countrywide were excellent since the President's speech, but sellers and buyers were on different levels.

"Sellers are, in fact, deluding themselves, as prices in areas where there is likely to be buying by Indians, coloureds or blacks have already risen in anticipation of the Act being scrapped.

"There is now a very real danger that sellers will price themselves out of the newly emerging market unless they are more realistic."

"The gap between the expectations of the seller and those of the buyer is enormous," said Mr Gauld.

Buying of white properties by other races has been continuing for some time, and Mr McRae foresees the market easily absorbing the new buyers without a short, sharp, impact on prices.

"Nor will there be an immediate overwhelming influx into white areas, as some politicians have suggested, and which some sellers are apparently gambling upon."

Mr Gauld said long-term prices would be ruled by supply and demand. The large number of buyers moving into the market would mean that prices would increase.

But future house sales would be based not so much on racial terms as on economic terms.

Property boom leads to false expectations

Joewen 14/2/91

123

SCRAPPING the Group Areas Act is positive for the property market but sellers must keep a sense of perspective on

their asking prices says Scott McRae, Group MD of Camdon's.

McRae says asking prices for properties in all

the main centres jumped "sometimes absurdly" in the wake of the announcement that the Group Areas Act will be scrapped.

"Turnouts at our showdays countrywide were excellent in the wake of Mr De Klerk's speech but sellers were often on one level and buyers on another even in areas which are not likely to be in demand from buyers of other races.

"Sellers are in fact deluding themselves as prices in areas where there is likely to be buying from Indians, coloureds or blacks have to a large extent already risen in anticipation of the Act being scrapped.

Danger

"There is now a very real danger that sellers will price themselves out of the newly emerging market unless they are more realistic.

"It's our experience that Black, Coloured and Indian buyers are perfectly well informed when it comes to property purchases and they are unlikely to overpay for a given property, particularly now that they will have complete freedom of choice.

"In some areas where sales via the permit system or other methods have been at a premium, there could actually be a temporary softening of prices as buyers look further afield for likely properties.

"We are therefore likely to see something of a see-saw in property prices and a very fluid situation for a while, with areas close to Coloured, Indian or Black areas benefitting the most.

Buyers

"Indians and to a lesser extent the emerging black middle class are likely to be the biggest buyers in white areas in the immediate term and they will in time, become a significant new factor in the market.

"But buying of white properties by individuals of other races has been

going on for some time via the permit system and I foresee the market easily absorbing the new buyers without a short, sharp, impact on prices.

"Nor will there be an immediate overwhelming influx into white areas as some politicians have suggested and which some sellers are apparently gambling on.

"Scrapping of the Group Areas Act will turn a *de facto* situation into a *de jure* one which reflects the New South Africa and as such it is positive for the property market in the long term.

"Removal of the Act will also instil confidence in overseas buyers who have been waiting for a clear indication of which way the political wind is blowing in South Africa.

"This combination of factors will ensure that prices will rise but at a steady, not spectacular pace and sellers who believe they are in for a quick killing are going to be sadly disappointed.

"For the short term therefore sellers would be wise not to overprice their properties in anticipation of a flood of demand and they should not be misled into giving estate agents mandates on the strength of unrealistic promises of high selling prices." - Sapa



FW DE KLERK

GROUP AREAS

THE INVISIBLE LINE

(123) (123) FM 15/2/91

The availability of education and other amenities is likely to have as much to do with determining the extent and direction of house purchasing patterns in a post-group areas SA as affordability.

ANC deputy president Nelson Mandela is not far off the mark. He notes that scrapping of the Group Areas Act and Land Acts will mean little to the average black on a low income.

Even so, the movement of even a small percentage of blacks to white areas could have a dramatic impact on the delicately poised "whites only" property market.

As Investec Properties' Marc Wainer points out: "The buoyancy of the residential property market, which is dictated by supply and demand, is finely balanced. A few hundred people looking for homes in a particular area will be sufficient to boost prices."

But, he adds, until there is a proper infrastructure available, such as nonracial schooling, the freedom afforded by the scrapping of group areas will be restricted.

No one disputes that group areas is already well and truly breached. However, Wainer notes: "The few families now leaving the townships are those who can afford R500 000-plus homes and private school education for their children. A more general exodus will be governed by when and where parents can send their children to school as well as the availability of other amenities."

Because of this, areas where white schools have voted to accept pupils of other races could be the first to see demand pushing up house prices. However, most of the schools which have elected the integration option are in affluent areas. Wainer says this will reduce the number of blacks able to afford to move.

"But there will be some movement," he predicts. "Obviously the extent of property buying by blacks will depend on the state of the economy, salary increases, wage parity, subsidies and interest rates."

That isn't to say that residential integration isn't already proceeding apace. Urban planning consultant Nigel Mandy points to the already high proportion of blacks living in "white" suburbs. "Some live in the houses but the great majority live in the backyard areas, many of which have been developed into proper flats. So the whole of greater Johannesburg, for example, is already integrated. What is not so integrated is property ownership."

By and large, the abolition of restrictive legislation on where people may live seems to have been reactive. Quite apart from those who have bought properties in free settlement areas, a widely used method of sidestepping the Group Areas Act has been for

blacks to buy property through fronts, trusts or close corporations.

A more direct legal route, and one widely used, involves simply applying for a permit for group areas exemption. As it has become increasingly clear that the Group Areas Act must eventually go, this has become almost a mere formality in places like Johannesburg. Council officials, however, are vague about just how extensive the practice has become.

Says senior deputy city secretary Gert Marais: "The person who would have those statistics has left the council. The only way of getting them would be to go through the files and count each application. However, I would say there has been a reasonably steady stream of requests over a long period."

Perhaps the first obvious official step towards abolishing group areas came nearly two years ago with the introduction of the Free Settlement Act. This allowed for the

establishment of specific areas in which colour was no bar to property ownership.

While the Act was widely criticised for creating racial pressure points, Free Settlement Board chairman Hein Kruger believes the concept was a success. He says 15 free settlement areas were proclaimed. However, he notes the Act will go when the Group Areas Act goes.

"I'm certainly satisfied with the free settlement process," he says. "A great deal of good was done and it helped to prepare a positive climate for the post-group areas SA. While it was limited, it allowed people some freedom of choice over where they could buy property without having to wait for group areas to go."

Kruger notes that "abolishing group areas means other areas becoming like free settlement areas rather than free settlement areas disappearing." *continue ->*

PROPERTY FM 15/2/91 (123) (123)

However, people like Mandy doubt that free settlement areas did much to pave the way for open property ownership. He points out that they simply provided focal points for black buying. There was little interest from whites.

But Sage Schachat, which developed one of the first free settlement areas, Country View in Midrand, takes a different perspective. MD Rob Crocket claims it has been a "resounding success," exceeding all expectations. "While most of the residents are black or Asian, there are some whites. The mix is 40% black, Asians 45%, coloureds 3% and whites 2%, with the balance made up of mixed couples. We have a delightful suburb with happy clients and happy people. The atmosphere is tremendous."

Of the 350 stands released for sale in the past year 250 have been sold. Property packages involving a home and land have averaged R150 000.

Perhaps the most poignant reminder of the failure of restrictive legislation like the Group Areas Act is the black occupation of Hillbrow, which went ahead even though it was never declared a free settlement area or any other kind of open area. Market forces, the demand for accommodation, and the need for employees to be close to work, set the pace. ■

Standard boosts home

lending

By DIRK TIEMANN

A GOOD reason for Standard Bank's standing aloof from the battle for the Allied could be the exceptionally strong growth of its own home loan book. Allied's R7-billion home-loan book is the group's biggest attraction for the competing

Institutions. Standard Bank Investment Corporation boosted its home loans by 32.6% to R6.5-billion in the year to December 31. The book stood at R4.9-billion at the end of 1989 — up from R3-billion in 1988. It went into mortgages only four years ago. A spokesman says: "It was built up cheaply and despite everything thrown at us." The R6.5-billion includes R600-million bonds being registered.

Access

Rapid growth has much to do with the new Access bond. Allied is no doubt more attractive to First National Bank, whose mortgage book remains about R4-billion. But the size of Allied's book has not grown much either. No other bank or building society, save perhaps the UBS, can claim to have done as well as Standard in the past year.

Home loans have become attractive because they have only a 50% asset weighting, which means lower capital requirements in terms of the Deposit-taking Institutions Act (DTI).

Another important attraction in mortgages is that most

borrowers have large equity in their homes against which to borrow for other things. Standard's Access bond has capitalised on this.

Group managing director Conrad Strauss has said that Standard is "not aloof" from developments at Allied, but appears not to want to hurt its flourishing business by distracting management's attention.

Results released this week show Standard to be in a strong financial position. Attributable earnings jumped by 24% to R413-million in the year to last December.

Costs

But one analyst is concerned because the bank was unable to contain operating costs to the inflation rate of 15%.

The 24.7% increase in costs to R1.9-billion largely reflects capital expenditure on computer equipment. Dr Strauss says capex on automation will continue, but he expects "good repayments in 1993". The group has also lifted its provision for bad debts by

37.5% to R214.8-million. Dr Strauss says the increase is "not bad" given the circumstances. Half of the general debt provision balance counts as capital.

"The second half of the year was worse than the first because it was more difficult for people to keep up with interest-rate costs."

Specific provisions for the year jumped by 119% to R177-million because of exposure to two large property groups which went insolvent.

General debt provision as a percentage of total advances fell from 0.99% to 0.94%. Advances and other accounts rose by 15.9% to R36.1-billion.

Investment income was 15.3% down at R2.8-billion because of the change of the mix of deposits from short term to long term. An analyst says as much as 10% of the book could have been shifted. This was done to reduce liquidity requirements.

Earnings a share rose by 24.1% to 42c and a final dividend of 96c was declared to hit the total by 18.8% to 133c. Total assets have risen by 14% to R45.5-million.

Standard also shared in a bonanza from Liberty, whose earnings growth and special dividend increased the share of associated companies' profits by 83.7% to R52.9-million. This includes R16-million transferred to reserves.

Dr Strauss says: "This is to be regarded as abnormal and non-recurrent."

An analyst says if the abnormal items are stripped out, earnings a share growth would have been 19%, not 24%.

He believes it will be an exceptionally good year for banks because margins have on average widened to 4%. "They are making baskets of money," he says.

Stannic

He says Standard's offer of dividends in specie at a 4% discount to the market price might not be too popular because some people rely on dividend income.

The commercial bank's taxed profit contribution rose by 23% to R249.1-million. Stannic and Stancor increased their contribution by 46% to R34-million. Total income was R423.6-million. Stannic, the laggard in the group, has dealt with its problem of fund management and performance is expected to improve. Dr Strauss says its return on equity is unacceptable.

COMPANY ROUND-UP

PRELIMS	Turnover (Rm)	% change	Profit before tax (Rm)	% change	Earnings a share (c)	% change	Div a share (c)	% change

Instant best-seller

Business Times Reporter

RESEARCH FINANCIAL T-GRADUATE MERICAL

MARK OPPORTUNITY factors controlling the Potentially serious effects and quality of our water ; our understanding of the and climate at all scales. Atmospheric processes is such lge can only be integrated models. Modelling of such ctive management of our general. South Africa is we therefore invite candi-eative field.

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Agents are out pricing houses



DE KLERK

THE asking prices for properties had increased - "sometimes absurdly" - in the wake of President FW de Klerk's announcement that the Group Areas Act would soon be scrapped, estate agents have said.

Camdon Group's managing director, Mr Scott Mcrae, said white

the scrapping of the Act was good for the market, sellers had to keep "a sense of perspective" on their asking prices, which had jumped in all main centres.

Mcrae said turnouts at show days countrywide were excellent since the De Klerk's speech, but sellers and buyers were

on different levels. "There is now a very real danger that sellers will price themselves out of the newly emerging market unless they are more realistic," McRae said.

Eskel Jawitz/JHI manager for sectional titles, Mr Bob Gould, said this was true of flats and

townhouses. But the scrapping of the Act had been expected for so long that it had already affected prices.

Chairman of Aida Holdings, Ms Aida Gefen, said there was a buyers' resistance to current asking prices.

A pessimism had already affected the market,

and the dropping of interest rates would have a great effect on the market for all buyers," she said.

"The gap between the expectations of the seller and those of the buyer is enormous," Gould said.

Buying of white properties by other races has been continuing for some time and Mcrae

says he foresees the market easily absorbing the new buyers "without a short, sharp impact on prices".

"Nor will there be an immediate overwhelming influx into white areas as some politicians have suggested and which sellers are apparently gambling upon."

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State urged to release funds

Get the State-allocated millions to home-building sites now.

That call comes from Ian Macgregor, president of the South African Federation of Civil Engineering Contractors, who also hits out at the continual problem of having to "cut through the bureaucratic red tape to get suitable land for development".

Speaking at a media lunch in Johannesburg, Mr Macgregor said: "There is R2 billion waiting to be used for housing but it's still there gathering interest at probably R1 million a

day.

"I urge the authorities to release these funds now."

Mr Macgregor criticised the inflexibility of the public sector and said that in these difficult times at least a 25 percent reduction in that sector's involvement in construction and a move to more privatisation could have been expected.

"The impetus in privatisation has virtually stopped," he said.

"Much civil engineering construction continues to be undertaken by so-called department

construction units with little or no progress towards contracting out this work to private contractors.

"With the downturn in the economy, capital works budgets have been slashed and we have had to scale down to fit this reduced demand.

"We have countered this in some way by finding work in adjacent countries."

It was ironical that, through cuts in capital spending, people lost their jobs and then had to call on State agencies for financial help.

Thousands of sites now available

'Homes for poor' plan takes shape

B/P am 20/2/91

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GOVERNMENT has invited up to a million poor South Africans to benefit from its revolutionary new housing policy.

The intention is to make hundreds of millions of rands and thousands of hectares of land available to enable the poor to build their own homes.

R600m has already been earmarked to house 750 000 people, and tens of thousands of sites for informal housing are being developed.

While the new policy has still to be officially announced, government Ministers have disclosed some details, and have invited people to apply to provincial authorities for land.

The essential change is that government will no longer try to build houses for the poor. Instead, it will provide a subsidy — likely to be R6 000 — for the purchase of a serviced plot of land. The owner of the land can then use the title as collateral to raise a loan from a financial institution to build a home.

The policy is in line with that of the UN Commission for Human Settlement, whose goal is shelter for all by the year 2000.

Planning Minister Andre Pople released details of the scheme during a Radio 702 phone-in programme last week.

"Land is available now. People can go to

KEVIN DAVIE

the provincial administrations anywhere in SA and apply for a piece of ground. Then they can build whatever home they can afford," Fourie said.

Thousands of hectares have already been bought through the provincial administrations (for informal housing), he said.

Fourie cautioned that a fixed amount would be voted each year, and the funds would be allocated until used up.

He said Planning Minister HERNUS KRIEL was working on the scheme: "It hopefully should be announced very shortly."

The Transvaal Provincial Administration has identified 127 000 sites that could be ready for informal housing by the end of 1992. Of these, 30 000 sites will have been occupied by July this year.

The new housing approach dovetails with an announcement ahead of the opening of Parliament in which the Independent Development Trust (IDT) said it would make R600m available to give 750 000 poor people ownership of land. Further details are expected soon.

The Development Bank has played a major role in the development of most of these initiatives, including acting as a consultant to the IDT.

□ To Page 2

Homes

B/P am 20/2/91

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□ From Page 1

"We've been gearing up to provide comprehensive support as well as financial support in collaboration with the RSCs to supply bulk infrastructure," says Development Bank urban group GM Johan Kruger.

Perm's housing GM Denis Creighton yesterday described the new approach as "a major step forward". He said he believed financial institutions would try to involve themselves in the scheme.

The new policy means in future formal housing needs increasingly will be met by the private sector.

The Perm and the Old Mutual have stated their intention to move into the formal low-cost market. They have announced "live now, pay later" schemes which drastically improve the homebuying potential of wage earners.

The new approach also coincides with political initiatives announced by President F W de Klerk to replace the discredited black local authorities with sustainable management of the urban areas.

The policy flows from two government-appointed committees which have investigated housing. Retired Auditor-General Joop de Loor undertook a study as part of a wider evaluation of social spending, and senior official of the Department of Finance, Arnold Pretorius, headed a separate committee.

A key recommendation by De Loor is that separate racial departments of housing, education and health be recreated as single departments. It is not known whether government intends implementing this recommendation at this stage.

Cash grant to home buyers would be a hit

Spencer 2/12/91
A CAPITAL subsidy to first-time home buyers in the form of a cash grant would increase the number of families qualifying for a bond as well as decrease the total cost of funding their house purchase.

This is the view of Mr Steven Miller, managing director of Murray and Roberts Housing subsidiary, Construction Development Holdings.

Calculations released by Miller show that the interest subsidy appears to ensure better affordability for homes costing R25 000 or more while the capital subsidy is a far subsidy for buyers purchasing homes worth less than this amount.

Interest subsidy

"Should the present interest subsidy be replaced by a capital subsidy of R6 000, the monthly family income required to qualify for a bond on a R15 000 home would drop to R524," he said.

Under the interest subsidy, the family would have to earn R656 a month to qualify.

This would obviously increase the pool of prospective low-income buyers. At the higher end of the market, such as where homes cost around R50 000, the situation is reversed and the buyer has to earn at least R2 300.

New plan to provide land for the poor

123
Sowetan 21/2/91

THE Government is working on an ambitious plan to give poor people in South Africa access to land.

This was confirmed by the Deputy Minister of Planning, Provincial Affairs and National Housing, Mr Andre Fourie, in Cape Town yesterday.

Fourie said that in terms of the Black Urban Development Act, his department was identifying land and would sell it on a site-and-service basis to whoever wanted to buy it.

"People can then build any house which they can afford to," he said.

The plan was not aimed at specifically addressing black housing needs, he explained.

Because the Act would be abolished along with the Group Areas Act later this year, "anybody" would benefit from the plan.

A subsidy of R6 000 would also be

ISMAIL LAGARDIEN
Political Correspondent

available for first-time owners.

"The Minister (Mr Hernus Kriel) is devising a new housing policy which will provide a one-off capital subsidy," Fourie said.

He said once the land was identified and proclaimed, any of the four provincial administrators, or even private developers, could buy the land for further development and eventual sale to prospective owners.

Fourie did not reveal the exact sum of money that had been earmarked for the scheme, as it depended on finances to be made available in the next Budget.

The Budget will be tabled by the Minister of Finance, Mr Barend du Plessis, on March 20.

Housing: The affordability barrier

President F.W. de Klerk's announcement of the scrapping of the Group Areas Act this year was widely welcomed. But what effect, if any, will this have on housing prices and residential patterns? **REG RUMNEY** investigates

IN THE short term, the passing of the Group Areas Act will probably have little effect on residential patterns, and not much effect on property prices.

In some areas its passing may cause prices to decline, particularly where coloured and Indian people have been forced to pay a premium for accommodation in racially zoned areas.

It will certainly not, as has been mischievously predicted by some estate agents, cause a sudden huge surge in house prices as blacks stream to buy houses in white suburbs.

This does not deny that in time property prices will more closely reflect the fundamental law of supply and demand.

Also, there could well be an influx of blacks into older, cheaper areas near the central business districts of major cities — areas with a large number of flats, particularly those where rent control has caused buildings to become run down.

For the moment there is an invisible barrier which will keep most blacks out of white suburbs. This is affordability.

The Urban Foundation has noted in its Policies for a New Urban Future: "...the majority of those families requiring housing will be very poor. If we examine current demographic statistics it is noted that today approximately 34 percent of the metropolitan black population, outside the national states and self-governing territories, earn incomes below the minimum living level of R700 a month."

Looked at another way, figures produced by the South African Advertising Research Foundation state as a group only 2.4 percent of Africans earned over R2 000 a month. The figure for Indians was around 27 percent, and for coloureds 12.5 percent.

That 2.4 percent translates into hundreds of thousands of people, but again, demand must be set against the prices of existing houses.



Evictions — soon racist landlords will no longer be allowed to use the Group Areas Act to bar blacks from their buildings, but they may use exorbitant rentals to achieve the same purpose
Photograph: JUSTIN SHOLK

Property economist Neville Berkowitz notes that those blacks who can afford, by courtesy of home subsidies, conventional housing are mostly limited to a house costing around R75 000.

Assuming a R15 000 deposit, a R60 000 bond, even if interest rates drop to 18 percent, entails a repayment of more than R900 a month. Add rates, water and electricity and the householder has to pay an amount of more than R1 000 a month.

Even fewer blacks will be able to move into middle-class suburbs in the major cities, where house prices of R120 000 up are the norm. They will be dispersed and their effect will be diluted.

Houses of R75 000 and below, Berkowitz adds, are generally in the poorer white suburbs, which are Conservative Party dominated. Hence there is potential for conflict as blacks move in.

What will happen in those suburbs into which blacks move in significant numbers? The American experience of

integration might provide some pointers. There are similarities, as Lawrence Schlemmer and Louise Stack of the Centre for Policy Studies found in their local research.

Writing in *Indicator SA Issue Focus*, they conclude: "Broad comparisons with survey data from the USA show, not unexpectedly, that the degree of sensitivity to desegregation is greater among South African whites than among Americans ... segregation, informally secured, has tended to persist in the USA and Europe, based on much the same motivations as are evident from our South African data."

Regrettably, it can be fairly confidently predicted that, after the abolition of racial zoning in South Africa, phenomena such as neighbourhood 'tipping' and white withdrawal from rapidly integrating neighbourhoods are very likely to occur.

"Tipping" happens in the United States when black residency of a suburb reaches a certain proportion, as

low as 20 percent. It then becomes all black as whites flee.

According to a seminal report by Erwin and Antonette Rode, *Property Prices in a Post-Apartheid South Africa*, in the US higher-priced suburbs showed little change, while marginal areas showed the highest incidence of what is dubbed there somewhat insultingly as "invasion". The US process is also accompanied by conspicuous manipulation by unscrupulous speculators of people's fears to buy cheaply and resell at exorbitant profits. (It's to be hoped that isn't replicated here.)

There are already several grey areas and borderline grey areas in the major cities, and these are in most danger of being "stunned".

The reason is the other side of the affordability coin: The poverty of those who need housing in urban areas could lead to overcrowding.

Whether in the short to medium term the abolition of the Group Areas Act actually pushes property prices up or down in your area depends on where you live.

Older areas near the CBD are most vulnerable, particularly where there are many flats and much rented property. Berkowitz believes that to ensure slums don't develop, policing of areas by owners is essential to ensure multi-family occupancy of flats and houses doesn't become common in an area. This is merely another form of squatting, though under brick and tile rather than in the open, he says.

Multi-occupancy, though, seems inevitable given the sheer weight of the rapidly urbanising population.

The Urban Foundation predicts that by 2010 the population of South Africa's major urban centres will have more than doubled.

Erwin Rode thinks Durban will be an exception to the general trend of the Act's passing having little immediate effects there are many Indians who can buy into upper middle class suburbs. A movement of relatively wealthy Indians into Durban may be happening already. Durban house prices, says Rode, which have been lagging up until the second quarter of last year, suddenly shot up in the third quarter, probably because of anticipation of the Act being scrapped.

Where Indians target a suburb there may be an immediate rise in property prices. Mayfair is a good example of a change in racial mix pushing up property prices.

For some whites, particularly those in poor white areas such as Mayfair was, the process of change won't be pleasant. Landlords in marginal areas should also be worried. However, the change promises, in most cases, not to be apocalyptic and there will be few sudden, dramatic changes.

In the long run, however, the effect on property prices must be upwards as demand exceeds supply.

Simply, demand must outstrip the supply of new houses. Berkowitz says that in 1980 around 35 000 houses were built for the white market; in 1987 27 000; last year the figure was 16 000. The supply of new houses for the black market has all but petered out. But the population of South Africa is growing at a rate of around 2.5 percent a year.

The proper functioning of the law of supply and demand should, in turn, mean that more houses are built for the burgeoning population.

FM 22/2/91 (123)

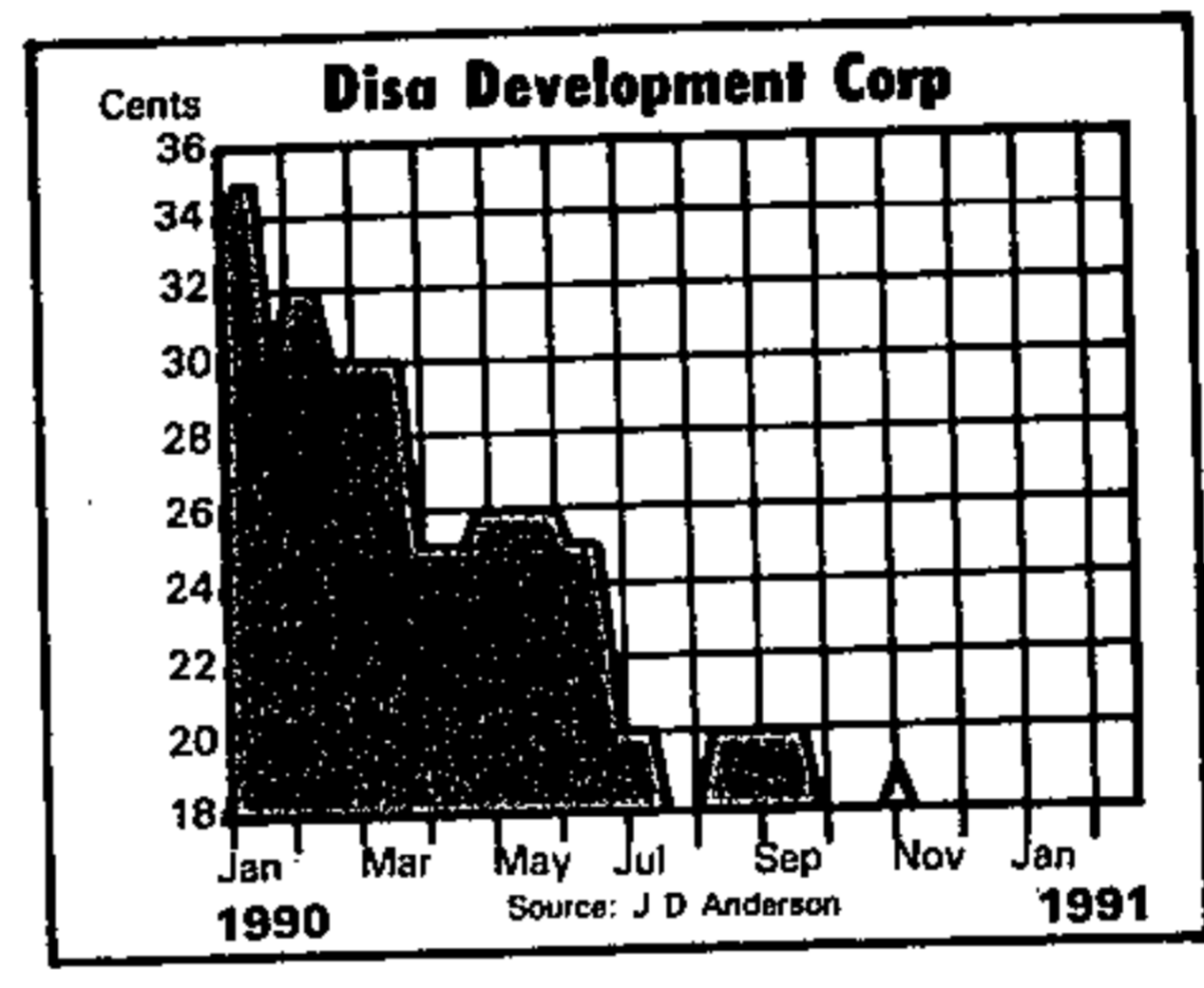
Activities: Property project managers.
Control: Directors 82%.
Chairman and MD: T Stergianos.
Capital structure: 30m ords. Market capitalisation: R5,7m.

Share market: Price: 19c. Yields: 10,5% on dividend; 31,1% on earnings; p:e ratio, 3,2; cover, 3,0. 12-month high, 32c; low, 18c. Trading volume last quarter, 34 000 shares.

Year to Aug 31	'88	'89	'90
ST debt (Rm)	1,0	0,32	1,8
Debt:equity ratio	0,09	0,03	0,19
Shareholders' interest	0,53	0,56	0,60
Return on cap (%)	42	31,2	7,1
Pre-int profit (Rm)	5,0	4,6	1,1
Earnings (c)	13,4	14,8	5,9
Dividends (c)	4,0	4,5	2,0
Net worth (c)	20,8	27,8	31,7

blames high interest rates for constricting sales of new homes and forcing many homeowners to default on bond repayments. He adds that fewer bonds have been granted to blacks because of mass action campaigns in some communities.

Trading profit of Disa's housing division



plummeted from R4,8m to R828 000. Some compensation was provided by the fledgling services division which turned a loss in 1989 into an operating profit of R629 000. Not surprisingly, many of the group's financial ratios weakened considerably. Gearing remained slight, despite net borrowings rising six fold to R1,8m.

The financial policies remain unconventional. The 2c a share dividend declared by Disa will be paid out of the 5c "special dividend" that management announced last year, but withheld as an interest-free shareholders' loan. As payment of this "loan" is of a capital nature, the funds are expected to escape tax.

The remainder of these funds will be kept in a loan account and paid to shareholders in annual instalments at a rate of about 40% of EPS.

Stergianos is optimistic earnings will improve this year, but says they will be well below the 14,8c EPS achieved in 1989. He cautions that the group's performance will, *continue p*

DISA HOMES FM 22/2/91
ELUSIVE BOOM (123)

The enormous shortage of housing should, in the long run, provide great opportunities for companies such as Cape-based Disa Homes. However, high interest rates and township unrest have delayed the arrival of this potential bonanza and severely hampered Disa's performance.

Turnover, which the group declines to disclose, dropped 27% in the 1990 year, while attributable earnings plunged 60% to R1,8m or 5,9c a share. No tax was paid and earnings included a R315 000 overprovision from the previous year.

Chairman and MD Theo Stergianos

COMPANIES

FM 22/2/91 (123)

in the short term, be determined largely by local economic and political developments rather than its own policy or strategy. Immediate prospects don't look encouraging. Interest rates will probably remain high, despite expected cuts this year, and unrest in

the townships is likely to continue for some time. Disa has scaled down its involvement in black housing projects until conditions stabilise and more bond finance is forthcoming. Scrapping of group areas legislation, he says, is unlikely to improve prospects.

Investors are also taking a cautious view. At 19c, the share is close to its lowest level since listing in 1987. While Disa could benefit substantially once large-scale mass housing projects get under way, that boom could be a long time coming. *Simon Cashmore*

Govt has 200 000 unsold houses

Blowan 26/2/91

123

PRETORIA — Government township housing stock which is unsold after an eight-year sales campaign amounts to more than 200 000 units out of an original total of almost 333 500.

And according to DP spokesman on housing Jasper Walsh, at least some of the units should be transferred to householders free of charge depending on the length of occupancy and the total of rentals paid.

According to a Planning and Provincial Affairs spokesman, of the 333 481 units available when the scheme was launched in 1983, 209 204 remained unsold at the end of last month.

In the Transvaal there were originally 232 423 units for sale.

Up to the end of January, 85 173 or about 36% had been sold leaving a balance of 147 250.

Comparable figures for the eastern Cape are 36 771 with 9 880 sold (27%) and a balance of 26 891 unsold.

In the western Cape, of 20 041

GERALD REILLY

units 4 760 had been sold, leaving 15 281 unsold. In the northern Cape, of 13 199 units 7 794 had been sold.

In Natal the original stock was 9 801 of which 5 924 have been sold. In the Free State, of an original stock of 21 258, 10 750 have been sold.

The spokesman said the remaining units were give-away bargains.

Efforts

Prices ranged between R700 and R1 500 for a four-roomed house with services.

Intensified promotional efforts are expected to be made this year to speed up sales.

Walsh said rentals paid by individual occupants were often four times and more greater than the original costs of the units.

Unsold houses, he said, should be legally transferred to occupants taking into account what had been paid in rentals.

Move to offer homes to tenants

CAPE TOWN — Legislation enabling the conversion of all forms of black land tenure into full ownership was being drafted for government's consideration, Free Market Foundation executive director Leon Louw said yesterday.

If the legislation was approved by Cabinet and passed by Parliament, it would transfer full ownership of up to 500 000 township houses and almost 3-million rural "allotments" to the occupants.

Louw, who has made submissions for the legislation to the Departments of Planning and Provincial Affairs and Development Aid, appeared confident it would go before Parliament this session.

If enacted, the legislation will economically empower millions of urban and rural blacks whose existing occupation rights do not constitute full ownership and therefore

do not entitle them to benefit from the sale or rental of the property.

Few township dwellers have full ownership rights to their property. Most homes are occupied in terms of leasehold agreements which have been upgraded over the years from monthly tenancy to 99-year agreements.

Even the most secure of these land tenures — the 99-year leasehold agreement — is subject to stringent controls which prevent the occupiers from selling, renting or developing the property.

Louw said current proposals were for the ownership to be converted free of charge by operation of law, although it was possible some form of payment would be built into the legislation.

LESLEY LAMBERT

8/10/91 26/2/91

123

26/2/91

8/10/91

Laws planned to cover open local government

81004 27/2/91 GERALD RENTY

PRETORIA — Draft legislation to provide for multi-racial metropolitan authorities was expected to be tabled in Parliament before the Easter recess, a spokesman in the office of Planning and Provincial Affairs Minister Hernus Kriel said yesterday.

This would ensure the legalisation of bodies such as the Central Witwatersrand Metropolitan Chamber (CWMC) even before a new constitution was negotiated.

At meetings of the chamber so far 22 bodies have participated, including city and town councils, civic associations and provincial officials.

The chamber will be formally established next week.

Deputy Constitutional Development and Provincial Affairs Minister J P Delpont told the President's Council recently government was ready to take the initiative in introducing legislation enabling local authorities to enter into agreements with each other.

In this way new structures would be created on a basis of "one city, one tax base".

A framework had to be created to provide for a joint rendering of services and the establishment of one administration.

Delpont said two practical consequences of the proposed framework were that communities could negotiate the dissolution of management committees and direct representation for those areas on the council, and a metropolitan council could be established.

THEO RAWANA reports the Alexandra Civic Organisation (ACO) held talks with the Sandton and Midrand town councils over the establishment of a non-racial municipal structure and a single tax base for the area.

The meeting, which was meant to have included the Johannesburg and Modderfontein councils, had been requested by the ACO. An ACO spokesman said Modderfontein did not attend and Johannesburg sent an apology.

MPs criticise housing fund

81004 27/2/91

HOUSE of Representatives MPs were aggrieved at the lack of use of the R2bn Independent Development Trust housing fund administered by Jan Steyn, Les Abrahams (LP Diamant) said yesterday.

Speaking during Second Reading debate on the Part Appropriation Bill, he said it was time the House invited Steyn to clarify how he planned to spend the funds.

As a direct result of the ANC's call for a rent boycott, the housing revolving fund had been reduced by R100m since 1988.

By calling for the rent boycott, the ANC and its

followers in the civics had contributed to the chronic housing shortage in the country. (123)

"These false prophets must be exposed for what they are," he said.

Minister of the Budget in the House, Miley Richards, also said it was important that the House get access to the trust.

He said they noted with disdain that nothing had been done with the R2bn in the trust.

He said the future was "too ghastly to contemplate" if access to these funds was not granted. — Sapa.

Hotels losing business to luxury flats

FURNISHED apartments are becoming a more prominent feature of the property market because of the rising cost of hotel accommodation.

Syfrets associate H Lewis Trafalgar group MD Neville Schaefer says luxuriously furnished apartments in prime areas are proving popular. They are specifically aimed at businessmen who travel frequently and want only a place where they can sleep, and accommodate their families on trips at no extra cost.

H Lewis Trafalgar has completed two furnished apartment projects and a further two are due to open soon — in Johannesburg and Cape Town.

"We see continued growth in this sector over the next five years as SA's new image develops," Schaefer says.

"This market is growing, and statistics show that the embassies in Pretoria and corporations in Johannesburg are generating more than 70% of our business."

Schaefer says the lower degree of management required for furnished blocks makes the apartments comparably cheaper than hotels. A bachelor apartment costs about R90 a day compared with a hotel room of the same standard for about R115 a day.

'SA must act now to stave off slums'

3/10 am 2 27/2/91
Reports by PETER GALLI and CHARLOTTE MATHEWS

UNLESS SA manages its housing crisis effectively and timeously, its residential areas will soon resemble the slums and squalor of the larger South American cities, says Murray & Roberts housing division executive director Gavin Hardy.

Hardy recently toured Argentina, Brazil, Chile and Peru to familiarise himself with housing problems in those countries, and to identify solutions which could be applied in SA.

"There are lessons we can learn from Brazil," he says. "Municipalities should concentrate on sewerage and water reticulation so that water and electricity are generally available.

"Low income schemes should be located close to business hubs. Informal building and economic activity should be allowed to flourish, and squatters should not be relocated."

If these problems were not correctly handled, there would be a massive invasion of land, unplanned urban development, health hazards and eventually SA — just like Rio — would become "a slum that can never right itself".

The problems of urbanisation could be complicated by the repeal of the Group Areas Act later this year. J H Issacs executive chairman Leslie Weil believes that "dictation by demographics" will be the research slogan in the post-apartheid property market.

He says that an urbanisation rate in excess of a million people a year — mainly blacks converging on the larger cities — will cause stresses such as squatting and crime.

"The greatest problems lie in low cost housing.

"It is important to note that 60% of the urban population cannot afford housing costing more than R12 500," Weil says.

The pressures on any type of informal accommodation, including illegal squatting on vacant land and the renting of

shacks and rooms in backyards, are enormous, he adds.

On this issue, Hardy says neither government nor the private sector has the range of skills and resources to find a solution to the housing crisis on its own.

"It is imperative that the two consult and co-operate to ensure that houses are put on the ground on a daily basis," he says.

Group Five executive chairman Peter Clogg says SA has a massive need for low cost housing, but when it comes to providing homes it is "completely missing the point".

"Instead of tackling the problem in the obvious way, by setting up mass housing projects to provide between 1 000 and 3 000 houses at a time, we fritter away our resources on a plethora of smaller schemes which are inevitably more expensive," Clogg says.

Shelter

An alternative to mass housing schemes at the lower end of the market was to provide large numbers of serviced plots, sell them off at a sub-economic prices, and leave the owner to build his own home.

"It may not seem an ideal solution, but given the present crying need for homes, and our undertaking to provide shelter for all by the year 2000, I see no other way of getting the job done," he says.

Business Day reported last week that government had earmarked R600m to house 750 000 people, and that tens of thousands of sites for informal housing were being developed.

While a new housing policy has yet to be announced, the essential change is that government will no longer try to build houses for the poor. Instead, it will provide a subsidy — likely to be R6 000 — for the purchase of serviced plots.

MPs criticise housing fund

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face other taxes later.

velopments do not happen here, says Vatcom. □

Low cost housing subsidy mooted

STEV 28/2/91
ALL HOUSING should be subject to VAT at a standard rate, but new housing costing R35 000 or less should be subsidised by the State to compensate for this, the VAT Committee has recommended.

It has also proposed that land be subject to VAT at the standard rate, but that transfer duty not be imposed on such land.

It said in its report published yesterday that the proposed VAT-linked housing subsidy should be integrated into the new subsidy scheme recently announced by the Government.

The part of the subsidy that compensated for VAT should not be subject to budgetary constraints or priorities, but become a legal liability of the State.

The present GST concession on construction was a blunt instrument that provided relief to

the poor, the wealthy and vendors on the same basis.

It was clear that imposition of VAT at a standard rate equivalent to the present GST rate would increase the cost of housing by 4 to 7 percent, depending on whether the land was supplied by the contractor or not.

"The (Vatcom) subcommittee, with the assistance of the SA Housing Trust and the Urban Foundation, identified that the area where the greatest need arose and the greatest number of people could be assisted, was where the total cost excluding transfer costs, did not exceed R35 000.

Vatcom also said it could see no reason why construction services should not be subject to VAT at a standard rate, and recommended that this be implemented. □

(123)

WITH rented accommodation in flats at a premium, landlords in their droves are converting to sectional title to "maximise their profits". This move is coincidentally timed with the end of the Group Areas Act.

For tenants it raises the immediate problem, whether flats are sold under sectional title or share block scheme, of whether to buy or to look for rental accommodation in a shrinking market.

If they cannot buy, they may eventually find themselves on the street. But while making up their minds, tenants should know they have some rights enshrined in law which offer a modicum of protection for a short time.

The first thing the owner has to do, according to the law, is call a meeting of tenants to explain what he intends to do before he actually does it, and tell tenants what their rights are.

Tenants should not count on this happening; most of the time, they become aware of the possibility of the impending sale because measurements are being taken and paint is being daubed over the cracks. However, according to property lawyer Laurence Kaplan, infringement of the laws which protect tenants is a criminal offence.

Before a sectional title register can be opened, various technical details have to be sorted out and lodged with the local authority: proof that the plans are in order and that the building is structurally sound. Surveyors will be found tramping around the erf, as will architects with tape measures, in the execution of this procedure.

If all complies with the local authority's requirements, a register is opened at the Deeds Office and the flats can be sold.

This process can take up to three years, but according to Michael Civin of Invesco (a large banking group which has bought out property experts I Kuper and Co) the sale is often made before the

FOCUS: Landlords and sectional title; tenants and their rights

Some small comforts for flat-dwellers

Wed 1/3 - 7/3/91

123



CRITICAL CONSUMER

Pat Sidley

sectional title register is opened, by the use of share block schemes. Shares are sold in a company awaiting the conversion to sectional title. The shares which correspond to the flat will correspond to the title the tenant is being offered.

Share block schemes developed an unsavoury reputation in Natal in the 1960s when many developers failed and investors lost their money, but it is a market in which rent-paying tenants are the beggars who cannot choose; they can only hope that the developer is large, rich, reputable and has been in business for some time.

At that point, a tenant offered either shares or a title under the Sectional Titles Act must decide

within 90 days whether to buy. If at the end of the 90 days the tenant decides not to buy, the landlord may sell the flat, but not at a price more advantageous to another prospective buyer. This prevents the landlord from victimising a tenant he does not like by bumping up the price at the first offering stage and then lowering it when the existing tenant turns the offer down.

But the landlord may not evict the tenant for a further 180 days, even if he gets a buyer.

So the tenant in a flat being sold, who does not want to buy it, will have nine months to find other accommodation.

Additionally, if the landlord decides to drop the price after the tenant has turned down his first offer, he must re-offer it to the existing tenant at the lower price before he offers it to anyone else. The tenant then has a further 60 days to decide whether to buy at the new price.

Certain tenants are protected by law. If the "sitting tenant" is over 65, living in a rent-controlled building and earns no more than R540 (with a family) or R300 as a single pensioner, then the landlord can effectively not evict the tenant at all. But all three conditions have to be met.

Consumers may imagine that landlords have

some obligation to fix the building before flats are sold, paint the flats, check that the lift is in good working order, that the electrical system will not electrocute the buyers or the tenants and that the plumbing will not drown the occupants. But no such obligation exists.

Unless the landlord fraudulently misrepresents something — if, for example, he literally papers over a large crack — he has no obligations.

Says Invesco's Civin, many reputable developers will try and sort problems out with the prospective buyers but most deeds of sale contain a "voetstoets" clause which essentially absolves the seller from any further obligations. Either the occupant or the "body corporate" will carry the can from the time of sale on.

Advice to consumers faced with these problems comes from Civin, who believes the clued-up prospective buyer will consult a lawyer to help negotiate the sale — some sellers are prepared to talk about fixing up existing problems — and consumers could also get in an independent valuator to check on the fairness of the price and measure that against any renovations which may be necessary.

And what of those people occupying the "servants' quarters" — the black employees of the building, domestic workers employed by tenants and, often, people not employed in the building?

One of the first cost-cutting exercises undertaken by the body-corporate is to fire many of the workers, who will lose their rooms at the same time. So will people not employed in the building, in the interests of "security". According to Cas Coovadia of Acistop, for the most part such evictions would be legal. But if it could be shown that the landlord knew (and therefore tacitly accepted) that outside people were accommodated in those rooms — accepting rent would be proof of that — he would have more trouble evicting them.

ROUNDAABOUT LOSSES

Developers of black housing are likely to be the big losers when the Group Areas Act finally goes. Its abolition will strip away the protective barriers which created artificial property markets in otherwise uneconomic areas. FIM 11/3/91

In the process, some development companies will inevitably be landed with large parcels of expensive residential township land in designated non-white areas which may even have to be restored to agricultural use.

The movement from these areas by middle- and upper-income blacks, coloureds and Indians who have the wherewithal to choose where to live, is already having a depressing effect on property prices.

And the difficulties of developers are being compounded by the high cost of mortgage finance which is continuing to depress the housing market. Institutions are also apparently reluctant to overexpose themselves to the R35 000-plus housing market because of their vulnerability to bond boycotts.

This rapidly changing black housing market is believed, at least in part, to have been responsible for the demise a fortnight ago of

the DCM-listed Quantum Housing, which was placed under judicial management.

But developers' prime concern must surely be the vast amounts of capital invested in land which is now perceived to be in the wrong areas. Group Five executive director Theuns Kotzee puts it simply: "Historically, government decided where people stayed and allocated land accordingly. Once the Group Areas Act goes people will generally decide for themselves where to live."

The corollary to that is developers who have bought large tracts of land because of previous government policy — which is not where people want it — are likely to be among the first victims. Ultimately, says Kotzee, it might have to be restored to agriculture.

He believes even the lower end of the market will be hit. "Increased mobility, for example, will mean moving closer to work so they can travel by bicycle. That means living next to the industrial pockets."

Private development in non-white areas dates back to the early Eighties when the authorities enticed developers into the market. They offered developers serviced land free of charge. However, the free land soon evaporated and companies then bought and serviced their own township land.

"Some quick fortunes were made by some early speculators who then sold the 'free' sites at the market value, deriving a profit equivalent to the land value." The result, he says, was a mad rush for land allocations. Developers didn't always get title but they paid for development rights and were responsible for servicing tracts which were still raw. "They didn't worry about what they would do with the end product. Like Henry Ford, they just mass-produced houses."

Had the Act been abolished in the midst of this housing boom, Kotzee believes developers would have been in a far worse predicament. "As it is, with the unrest, the lack of bonds and finance, many companies had stopped servicing land and were offloading what they could."

"Certain developers have gone out of business. Some have written off large sums of money over the past few years. Others, and we hear there are still a few, still have the pain to come. They have capitalised all their costs and have rolled over interest charges in the hope that they will one day sell the land at an inflated value."

The Urban Foundation-linked Family Housing Association's Rod MacGillivray agrees: "Certainly developers will suffer. The question is: who and at what end of the market? Organisations with land holdings intended for low-income housing below R35 000 are not greatly at risk. It's a different matter for those with stands earmarked for the R35 000-R80 000 bracket. An R80 000 house is just not viable when it has been stuck over the horizon, far removed from commercial centres like Johannesburg."

"There are some developers putting money into servicing land for this market and I think they will take a bath. The same could

happen to others who have been sitting on serviced land waiting for interest rates to fall." The association, he concedes, is one of them.

"We have a significant level of land holding, more than I would like in changing times like these." However, he adds that the association has anticipated what the changing laws would mean and has for some time refocused on the lower end of the market.

Time Housing's John Williamson concurs that some developers will be landed with high-priced land which is difficult to move. "In fact, a lot of land in white areas is cheaper than that in the black areas because the restrictions kept black land in short supply and at artificially inflated prices."

The only way to get rid of much of it, he believes, is to cut costs by reducing stand sizes and installing less sophisticated services.

From DUMA QUBULE
JOHANNESBURG. —
South Africa's economy
must be given an immediate
kick-start or it faces
calamity.

This is the conclusion that
emerges from a year-long
scenario-planning study.

Two institutional giants,
Old Mutual and the Perm, are
putting the finishing touches
to the findings of a group of
eminent scenario-planners
who were commissioned to
look at South Africa's prospects.

The report, which is expected
to be released in book form
shortly, has already been presented
to virtually every political
grouping.

The first person who listened
to the presentation was Finance
Minister Barend du Plessis.

He soon arranged for the
entire Cabinet, including President
De Klerk, to join the session
and the five-hour presentation
was followed by three hours
of questions.

President De Klerk then arranged
for the African National Congress
to listen and Inkatha was also
involved.

Many other political groupings
are said to be queuing for the
presentation.

The planning group, which was
put together in March last year,
includes the doyen of scenario-
planners, Frenchman Pierre Watt,
who led the Shell group from
Holland.

He accurately predicted both
the first and second oil crises.

Also on the team was Professor
Bruce Scott of Harvard, who
studied what happens when
nations change from autocracy
to democracy, and from an
inward-looking economy to an
outward economy.

Prominent South African
economists and social scientists
were also drawn in.

The team concluded that the
political scenario would probably
stumble and bog down unless
something dramatic was done
about the economic and social
side of things.

They saw two possible scenarios.

Their estimate of current
unemployment was 5,4 million,
which could be maintained by
a 5-percent growth rate.

Worst case

They concluded that a best-
case scenario of 2,5 to 3-percent
growth over the next five years
would see unemployment grow
to 7,4 million.

A worst-case scenario, which
could be as little as 1-percent
growth, would bring calamity.

Cost of building

The team's first recommendation
to kick-start the economy was
the rapid creation of more jobs,
which would create wealth.

Government needed to find
400 000 serviced stands in an
attempt to address the housing
backlog, estimated to be around
800 000 homes.

It was suggested that the
government subsidise a serviced
stand by a minimum of R6 000
each, because such stands were
frequently more expensive than
the cost of building a house.

The second recommendation
was that banks, building societies
and insurance companies find
funds to build those 400 000
houses.

This would create not less than
250 000 new jobs.

Ripple effects

The next stage was that Eskom
should undertake to electrify
one million houses for the next
two years.

They concluded that Eskom
had the infrastructure to carry
out this task.

The team believes this kick-start
will result in numerous ripple
effects, which will in turn
gain their own momentum and
lead the economy into a
sustainable high-growth path.

Economy needs vigorous

KICK!

2/3/91
w/c
R600's
(123)

SOWETAN

Building the Nation

PROPERTY



The German ambassador to South Africa, Dr Immo Stabreit (left), with Dr Otto Wiesau and his wife at the presentation of a cheque for R4,7 million to the Urban Foundation.

R4,7-m boost for housing

Sowetan 14/3/91

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HOMIES**

**Building
a
better
future**

By KENOSI MODISANE

THE Urban Foundation is glad to see that the Urban Foundation's attempt to establish these goals through lobbying for sound policies, building supportive institutions and encouraging self reliance is bearing fruit.

Wiesau, who flew from Germany to attend the function, said his government was "aiming at developing the political and social knowledge to stimulate citizens to assume public responsibility".

Glad

The Hans Seidel Foundation is one of four political foundations in Germany.

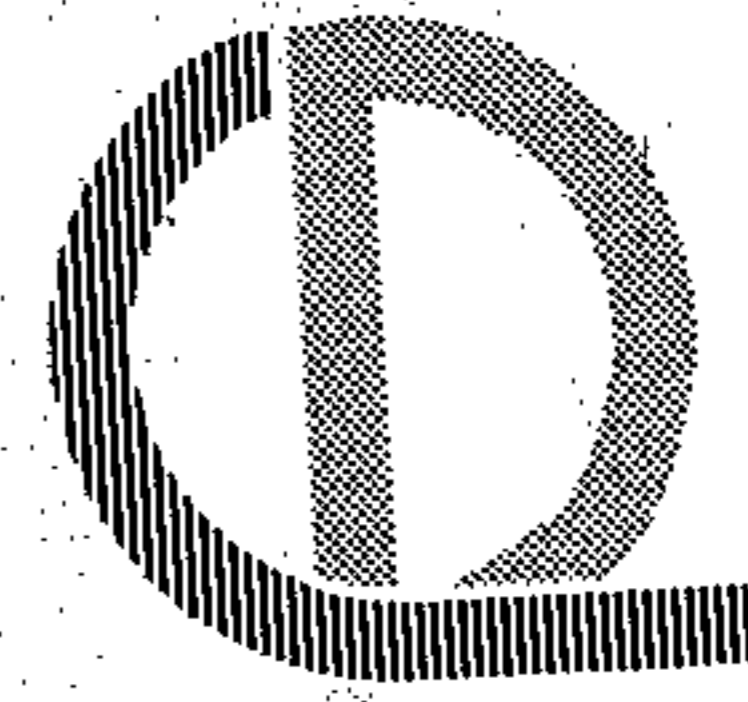
"Securing a home for every family represented the starting point for any real national development."

Mr Stuart Carlyle, also of the UF, said the donation was made through the Hans Seidel Stiftung which previously made contributions to the UF's Home Loan Guarantee Company.

Presenting the cheque to Coller, Wiesau said: "The Urban Foundation has since its establishment in 1977 been aiming

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Some simple guidelines which may be of help when using the services of an estate agent in connection with the buying, selling or renting of property.

How can an estate agent assist me?

An estate agent is able to give you practical advice on all your property needs and can negotiate on your behalf in property transactions such as buying, selling or renting. Estate agents also handle rent collections and the administration of sectional title and shareblock development schemes.

When selecting an estate agent, what should one look for?

Consult an established and reputable estate agent registered with the Estate Agents Board. Ask the agent to produce a current Fidelity Fund Certificate. Estate agents may not legally operate without being in possession of a valid Fidelity Fund Certificate. Estate agents without Fidelity Fund Certificates act illegally and as such shall not be entitled to commission or other remuneration in respect of any transaction negotiated.

Why?

For your own protection, registered estate agents are subject to the control of the Estate Agents Board and its Code of Conduct and as such it is

likely that they have passed a compulsory licensing examination in the principles of real estate which qualifies them to know which pitfalls may arise in a property transaction. By avoiding delays they could certainly save you money, time and frustration.

What is the Estate Agents Board?

It is a statutory body, established by law and answerable to the Minister of Economic Affairs and Technology. It has been given the necessary powers to enforce discipline, to set ethical standards and to operate a fidelity fund.

How is the board constituted?

Board members are appointed by the Minister on the recommendation of various interested bodies such as the Institute of Estate Agents of South Africa. The Association of Chambers of Commerce of South Africa, the Afrikaanse Handelsinstituut the Institute of Property Practitioners of South Africa as the South African Property Owners Association. The board

members serve in a voluntary capacity.

What are the main objectives of the Board?

To protect the public by maintaining and promoting the integrity of estate agents; to administer the estate agents fidelity fund, to improve the standards of education and of the services provided by estate agents and to encourage bodies such as the Institute of Estate Agents of South Africa through their extensive branch network to undertake ongoing training programmes for their members. The board encourages various bodies to provide education and training for estate agents. Minimum standards of education are required to practise as an estate agent.

What is the Estate Agents Fidelity Fund?

The fund has been created by statute and derives its income from compulsory contributions paid annually by estate agents, as well as from interest derived from its investments.

Nobody may legally act as an estate agent unless he or she subscribes to the fund and receives a Fidelity Fund Certificate from the board.

How does the fidelity fund help me?

You may be reimbursed by the Fidelity Fund if theft is committed by a registered estate agent, of money entrusted to him/her in his capacity as an estate agent. A registered estate agent must be issued with a valid fidelity fund certificate. Before any money is paid to an estate agent, to be held in trust, it would be prudent to check his/her Fidelity Fund certificate. Make sure that it is current.

How does the board control the activities of estate agents?

In addition to the provisions of the estate agents act, a code of conduct has been promulgated which governs the ethical behaviour and conduct of estate agents. Although competition amongst agents is fair and free, they are all obliged to act in terms of the code. Estate agency firms are also compelled to submit

annual auditors reports regarding all moneys held by them in trust and the state of their trust accounts, to the estate agents board.

Where can I see a copy of the code?

At your estate agent's office or it may be obtained from the board.

How is the code enforced?

If you believe that an estate agent has contravened the code of conduct, lodge a written complaint with the board by way of an affidavit. If on thorough investigation, the complaint is proved then the board, through its disciplinary committees has powers to impose fines of up to R1 000 on the offending agent or to withdraw the agent's fidelity fund certificate. This effectively puts the agent out of business.

What about disputes regarding commission?

Such disputes generally involve the interpretation of facts and law and you should consult your lawyer for appropriate advice. The board will not act in such matters if, however, you use the services of a member of the Institute of Estate Agents of South Africa, you may find that they could assist in a dispute of this nature. □

(Quentin Pavitt is the chairman of Quentin Pavitt Estates and a member of the Estate Agents Board)

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South
7/3-13/3/91

Overseas experts for talks on housing

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South 713-1313/91

From Shafa'ath-Ahmed
Khan
Johannesburg

INTERNATIONAL housing experts are expected to attend the first general meeting this year of the Witwatersrand Network for the Homeless (WNH), an organisation campaigning for land and affordable homes for all South Africans.

The meeting will take place at the offices of the South African Institute of Race Relations here on March 16.

WNH coordinator Mr Maki Kuaho said visitors would include Mr Enrique Ortiz, general secretary of the Habitat International Coalition, a worldwide body campaigning to improve housing, and Mr Lalith Lankatilleke, who was formerly in charge of the Sri Lanka Million House Programme.

FNB to drop home loan interest rate

blom 8/3/91

GRETA STEYN

FIRST National Bank (FNB) fired the first salvo in a new bond war last night with an announcement of a one percentage point cut in its home loan rate to 19,75% with effect from April.

The move, which surprised the bank's competitors, takes its interest rate to the lowest of the major players in the home loans market. Arch rivals Standard Bank and the UBS last night indicated they had not contemplated any reduction in rates until FNB's announcement.

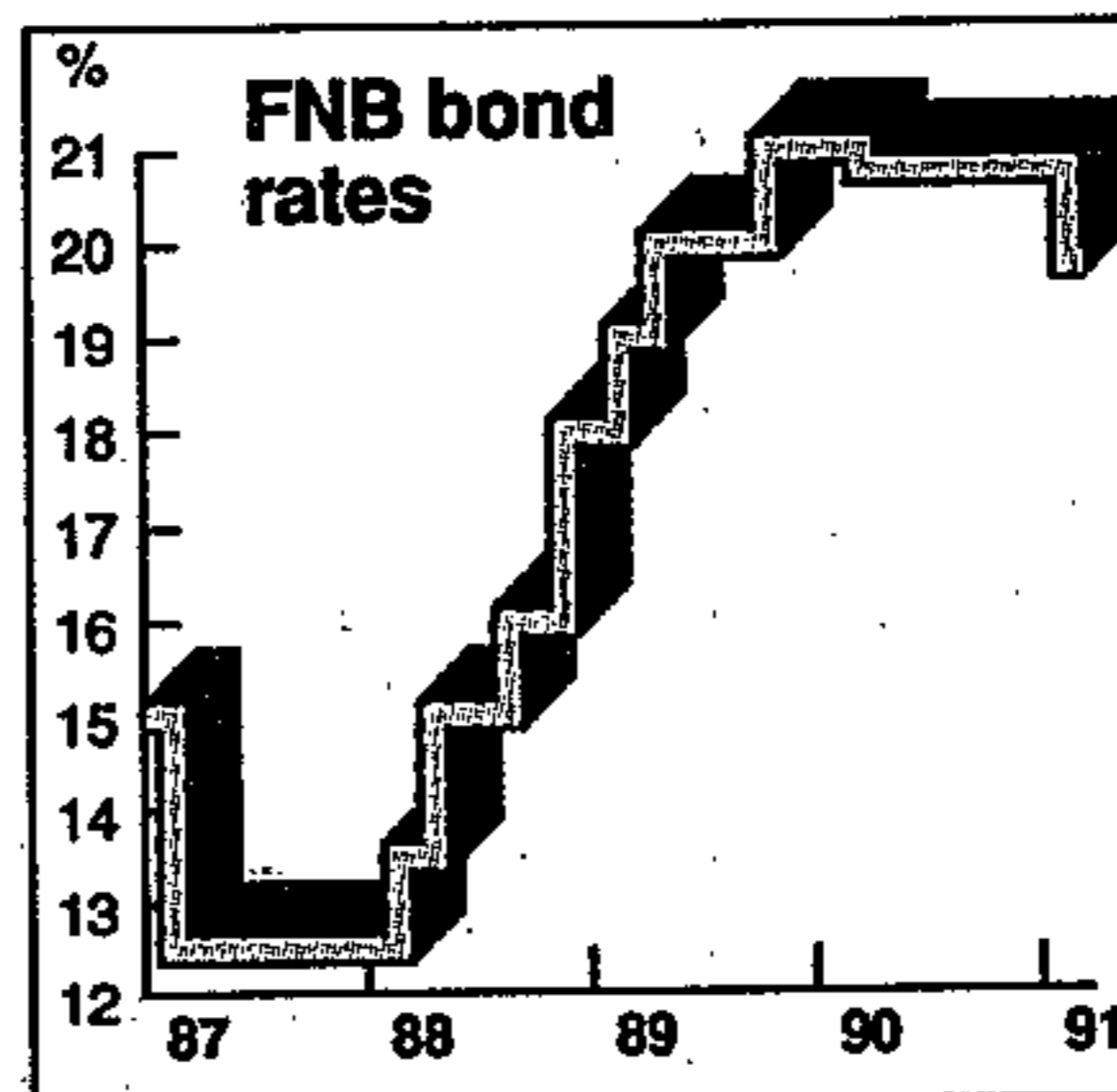
FNB senior GM Jimmy McKenzie said the interest rate cut was a signal that the bank intended to become "a more aggressive player" in this market.

"The improved liquidity position in the money market plus the easing pattern of interest rates generally has made it possible for us to contemplate this move."

A senior banker at one of its competitors said FNB was trying to regain the substantial market share lost during the past two years. Surpassed by the Standard Bank Group and Nedcor, he said the market share problem had been given an urgency by the UBS's success in taking over the Allied. FNB, pushed into the number four spot in size, wanted to fight its way back through putting home loans onto its balance sheet.

With the UBS, the Allied and Volkskas preoccupied with making the Absa merger work, FNB could be expected to launch an all-out attack on gaining market share.

Banks will focus increasingly on home loans as these carry easier capital require-



Graphic: FIONA KRISCH

ments than other loans in terms of the new Deposit-Taking Institutions Act.

FNB's move comes after weeks of expectations of a general drop in interest rates, which would follow after the Reserve Bank cuts Bank rate. Key interest rates in the money market have already almost fully discounted a one percentage point cut in Bank rate.

The Treasury Bill (TB) rate is at 17,06%, compared with Bank rate at 18%. The three-month liquid BA rate is at 17,40%, 95 points below the rate at which the Reserve Bank exchanges BAs for cash. Capital market rates have shed about 65 points in anticipation of action from the Bank which is unlikely before the Budget.

However, the signal from the Bank is that Reserve Bank Governor Chris Stals will not move until he is certain this month's Budget will not be too expansionary.

First shot in new bond war

Capl Timp
8/3/91

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Own Correspondent

JOHANNESBURG. — First National Bank (FNB) fired the first salvo in a new bond war last night with a one percentage point cut in its home loan rate to 19,75%. The cut will take effect from April. The move took the bank's competitors by surprise and takes its interest rate to the lowest of the major players in the home loans market.

Arch-rivals Standard Bank and the UBS last night indicated that they had not contemplated any reduction in rates until FNB's announcement.

Fighting back

FNB's senior general manager, Mr Jimmy McKenzie, said the interest rate cut was a signal that the bank intended to become "a more aggressive player" in this market.

"The improved liquidity position in the money market plus the easing pattern of interest rates generally has made it possible for us to contemplate this move."

A senior banker at one of its competitors said FNB was trying to regain the substantial market share lost during the past two years. Surpassed by the Standard Bank Group and

Nedcor, he said the market share problem had been given an urgency by the UBS's success in taking over the Allied.

FNB, pushed into the number four spot in size, wanted to fight its way back through putting home loans on to its balance sheet.

The demand for home loans has remained surprisingly buoyant, with the Standard Bank noting an increase of almost 33% in its past financial year to a massive R6,5bn.

Reserve Bank figures show that building societies' monthly increase in mortgage holdings picked up in the second half of 1990 to reach their highest level for the year in November at R448m — the latest figure available.

Banks will focus increasingly on home loans as these carry easier capital requirements than other loans in terms of the new Deposit-Taking Institutions Act.

FNB's move comes after weeks of expectations of a general drop in interest rates, which would follow after the Reserve Bank cuts the Bank rate.

Key interest rates in the money market have already almost fully discounted a one percentage point cut in the Bank rate.

Star 8/3/91

FNB reduces its bond rate

House buyers with First National Bank bonds will pay less from next month. FNB announced last night that its mortgage bond rate will be reduced from 20,75 percent to 19,75 percent from April 1 on existing and new bonds.

This is the first reduction to follow nine successive increases in the bond rate

from 12,5 percent over two years ago to its current rate.

No other bank or building society has announced a similar cut. But because competition for mortgage bonds is so keen, they are expected to announce reductions in their mortgage rates shortly.

● See Page 10.

↑

FNB shows way with 10% mortgage rate cut

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16/17
13/191

By Derek Tommey

First National Bank is to cut its mortgage rate by one percent to 19,75 percent on both new and old mortgages from April 1.

This will lead to repayment reductions of about R40 or so a month on a R50 000 bond, R80 a month on a R100 000 bond, and R160 a month on a R200 000 bond.

Other banks and building societies have not yet announced their mortgage rate intentions. But as the market for mortgage bonds is extremely competitive they are expected to follow suit within a matter of hours.

The move will help to boost the morale of house-buyers who have seen the cost of their bonds soar in the past two years. But it could be a shot in the arm for business if it prompts a general reduction in interest rates.

This is the first relief that house buyers have had since the end of 1987. That was the last time the bond rate was cut — from 14,5 percent to 12,5 percent.

In the intervening period the bond rate has been raised nine times, the last time being in October, 1989 when it was increased from 19,75 percent to its current peak of 20,75 percent.

The past 18 months is the longest period over which South African have had to pay such high interest rates.

Analysts say that the cut in the mortgage rate was not completely unexpected. There is a strong belief that the Governor of the Reserve Bank, Dr Chris Stals, will announce a reduction

in bank rate on Budget Day. This is expected to lead to a general reduction in rates.

However, First National appears to have stolen a march on its competitors in the area of house financing. It also raises the possibility that this could be the start of a major war between FNB and other mortgage lenders for new business.

After failing in its bid for the Allied, FNB said it would grow organically, and this could be the start of an aggressive campaign.

Dr Stals postponed a reduction in the bank rate last year owing to the Kuwaiti crisis and the fear that this could lead to a serious oil shortage resulting in high inflation.

These fears have not materialised and with the Gulf war over, there seems no reason why Dr Stals should delay further reducing interest rates.

In fact, the fact that some areas of the economy have sunk into what seems a deeper recession would seem to justify a rate cut soon.

The move by the FNB and the likely mortgage rate cuts by the other banks and building societies will be greatly welcomed by commerce and industry as well as house-buyers.

The building societies have some R27 billion invested mainly in domestic bonds. No precise figures are publicly available for the banks' domestic bond business but it is believed to be around R8 billion.

On these combined figures the one percentage point reduction in mortgage repayments should put an extra R350 million a year in consumers' pockets which could give at least a small lift to the retail trade.

Another mortgage rate cut on the cards

Star 9/3/91

DEREK TOMMEY

FIRST National Bank did not win the take-over war for the Allied Group.

But its announcement on Thursday that it was cutting its mortgage bond rate by one percent, suggests that it is determined to win the "peace" by grabbing a much larger share of the home loan market.

In setting this target FNB also appears to be out to make life difficult for the UBS and all other competitors in the home loan market.

For while the other financial institutions are mulling over whether to follow First National Bank in cutting their rates the financial markets are speculating that the FNB might make a second cut in mortgage rates within the next month or so.

Mr Jimmy Mackenzie, senior general manager of FNB, would not give a direct answer to whether this was the bank's intention.

Aggressive

But, he said, FNB intended to become a more aggressive player in the home loan market. And it would consider whether another reduction in its mortgage rates would be possible after the expected cut in bank rate later this month.

The UBS will not welcome the move by FNB. If it cuts rates to match the FNB, the margins on its biggest and most profitable area of business could be severely squeezed and its profits affected.

The UBS is the country's biggest lender of home loans and for the moment relies heavily on earnings from this division for the bulk of its profits.

The UBS is also committed to spending a great deal of money

on acquiring Volkskas and the Allied. And while it will recoup much of this expenditure in time, at the moment its finances are probably a little tight. Probably the last thing it wants at this stage is a mortgage rate war.

FNB, in contrast, has come out of the fight for the Allied with little financial loss — partly owing to the UBS paying it R16,75 million to help cover its expenses.

FNB is also significantly underlent at present and probably would accept lower margins on its home loan business to win

additional market share which makes it a dangerous competitor.

The other mortgage lending institutions have so far given no indication that they will also lower their interest rates on house loans. However, financial analysts do not see how they can refuse the challenge of FNB.

FNB's lower interest rates on its bonds means that the income limits of borrowers can also be lower. Alternatively people will be able to borrow larger bonds.

FNB normally requires that the bond repayments should be no more than 30 percent of the

joint income. Using this as a guide line, a young couple with a joint income of R7000 a month will be able, from April 1, to obtain a bond from the FNB of R125 000, against R119 000 at present.

However, the financial markets are looking not for just one or two cuts in mortgage and other interest rates this year, but three at least.

For example, Mr Nick Barnardt, chief economist at Bankorp, is expecting a one percent cut in rates in March, July and November, in line with the expected fall in the inflation rate.



Star 9/3/91.

However, he expects the real interest rate — the difference between the inflation rate and prime rate — to remain at around 6 percentage points — continuing the situation which began at the start of 1988.

House buyers could look forward to substantial savings on bond repayments if interest rates do fall by three percentage points this year.

A person with a R50 000 bond repayment over 20 years is at present paying back R879 a month. A one percentage reduction in the bond rate will save him R39,50 a month, a two percentage point cut R78,50 a month and a three percentage point reduction R118,50 a month.

Savings

A one percentage point cut in interest rate will cut his bond repayment by 4,5 percent, a two percentage cut by 8,9 percent and a three percentage cut by 13,5 percent.

Monthly savings for people with bonds of R100 000 who are paying R1758 a month will be: one percent cut: R79 (4,5 percent), two percent cut R157 (8,9 percent), and three percent cut R237 (13,5 percent).

Monthly savings for people with a R200 000 bond, which is now costing R3 516 will be: one percent cut R158 (4,5 percent), two percent cut R314 (8,9 percent) and three percent cut R474 (13,5 percent).

One important result of lower mortgage rates is that it should also lead to a drop in the inflation rate.

The expected three percentage point cut in mortgage rates in the next nine months reduce the rise in the consumer price index which is currently 14,3 percent by almost 3 percentage points.

More money in your pocket

Star 9/13/91

Star 9/13/91
Money 123

● FROM PAGE 1.

Reserve Bank to lower the bank rate, saying it was good news for the economy and the business sector in particular.

"Sacob hopes that the positive message of lower interest rates will be constructively reinforced in the forthcoming budget on March 20," said Raymond Parsons, director-general of Sacob, the largest employer organisation.

"While Sacob recognises that a fall in the bank rate alone will not transform South Africa's economic situation, it will have a positive impact on business confidence and will assist in reducing business costs," Mr Parsons said in a statement.

The business community will also be grateful for the realisation at the Reserve Bank that it cannot crush inflation by monetary policy alone.

Rough estimates suggest that the one point cut in the bank rate is worth some R1,5 billion to commerce, industry and house buyers in reduced interest payments in a full year.

In the past two years South Africans have had to endure the longest period of high real interest rates the country has seen since at least the 1930s. This has created unemployment and hardship.

Dr Stals said that several factors had influenced him in his decision to cut the bank rate. These included:

- The sharp slow-down in the rate of increase in the money supply. This rose only 10,3 percent in the 12 months ending January, against 12,4 percent in the 12 months ending December last year and 22,4 percent in the 12 months ending December 1989.

- The slow-down in credit creation by the banks. Advances to the private sector, after growing 20,6 percent in 1989, rose only 14,7 percent in 1990.

- The improvement in the foreign exchange reserve holdings. After falling by R3,5 billion in 1988 and R1,2 billion in 1989, these rose by R2,9 billion last year and rose a further R1,8 billion in January and February.

- The stability of the rand, whose average weighted value, Dr Stals said, depreciated 2,8 percent last year.



Brought to South Africa specially for Red Nose Day.

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● Photograph: John Hogg.

Star 9/13/91
The announcement last night of a one percent cut in the bank rate is good news for millions of South African businessmen and home buyers.

A similar reduction in the bond rate, overdraft rates and other lending rates set by banks and building societies should soon follow.

The Governor of the Reserve Bank, Dr Chris Stals, said the bank rate would be reduced from 18 percent to 17 percent from Monday.

Dr Stals also announced he was freeing R1 billion of the banks' cash holdings.

Squeeze

The cut in interest rates is expected to go some way towards easing the severe financial squeeze felt by many individuals and businesses.

The freeing of the cash reserves will also enable the banks to increase lending without driving up interest rates again.

Fast reaction from the bank-in-community was favourable.

Chris Faberberg, managing director of Nedbank, said: "For the man in the street, it does mean that bond rates will come down by one percent, in line with the move by First National Bank. There will also be a general decline in other borrowing rates."

Willy Roux, spokesman for Volkskas, said the drop in the discount rate would make banks

Cut in bank rate will boost economy

DEREK TOMMEY

think about lowering their interest rates.

"It is hard to predict exactly what will happen, but one can expect a general lowering of interest rates — bonds and overdrafts being the most immediate and obvious."

Both First National Bank and Standard Bank have announced that their main lending rates will be reviewed soon.

A spokesman for Standard said their rates would come down by one percent on April 2, while FNB said a decision on reduced rates would be taken in the coming week.

FNB announced on Thursday it would reduce its home-loan rate by one percent to 19,75 percent in April.

The South African Chamber of Business (Sacob) last night welcomed the decision by the

● TO PAGE 2.

A FAR-REACHING package of farm and urban land reforms is contained in a white paper to be tabled in parliament on Tuesday. Five bills which will bring about profound changes in land tenure, and control of land usage will follow the next day. (123)

At the heart of the proposals is an effort to extend private ownership of land. All racial restrictions on ownership will be removed but the government will also insist that no one should lose title deeds in the land reform programme.

The white paper and bills will contain proposals aimed at boosting black peasant farming and speeding up the provision of informal housing in metropolitan areas.

But the proposals fall far short of demands from parties like the ANC and PAC for a major land redistribution programme.

The rural land reform programme is expected to include the following key elements:

- Offering 1,2 million hectares of land presently owned by the SA Development Trust for purchase, at low cost, by black farmers.

Loans

- The creation of a new land bank (or transferring the activities of the existing Land Bank) to extend loans to such farmers for buying land.

- Allowing black farmers access to financial assistance schemes such as those operated by the white "own affairs" Department of Agricultural Development.

These include extending loans at an eight percent interest rate to enable farmers to buy livestock and cultivate crops.

- Opening access to agricultural extension services provided by the Department of Agricultural Development to all races.

By MIKE ROBERTSON: Political Correspondent

Agricultural Development Minister Dr Kraai van Niekerk has already announced that whites-only agricultural colleges will in future be open to all races.

These changes will effectively signal an end to the "own affairs" department.

Despite the government's preference for the private ownership of land, the white paper and five bills are not expected to introduce changes affecting tribal ownership.

This issue is being addressed by a working group set up after a recent meeting between government and homeland leaders and own affairs ministers.

Key elements of the urban land reform programme are expected to include:

- Approval in principle for a one-off capital subsidy for serviced sites.

Finance Minister Barend du Plessis is expected to announce in the budget that R6 000 subsidies, most likely in the form of a site, will be made available.

- Giving freehold rights to those people who have 99-year leaseholds on their property.

- Cutting all red tape involved in establishing informal housing settlements.

In terms of new provisions developers will be

able to roughly demarcate sites and then service them, with final surveying done only at a much later stage.

The government has apparently identified 27 suburbs in metropolitan areas which will be developed as informal housing settlements in the next year.

- The introduction of the City and Town Environments Bill, which will allow local authorities to set varying norms and standards for different areas.

- The establishment of a land development agency with powers to enforce "proper usage" of land.

Levy

The government has stopped short of introducing a levy on unutilised land as suggested by the Development Bank.

This proposal has instead been passed on for consideration by the National Housing Policy Task Force under the chairmanship of Dr Joop de Loor.

Nat MPs, who have been briefed on the contents of the white paper, said the government believed the redistribution of land on the basis of historic claims would be chaotic.

Instead it was proposing that the SA Development Trust land be made available to the disadvantaged as a first step towards redressing imbalances.

AXE FOR RACE CURBS ON

SA Times 10/3/91

LAND

Debate over basic land and housing rights gains momentum

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IT IS easy to assert that access to land and housing is a fundamental human right. And reasonable, in a sense, since the internationally acknowledged right to life itself cannot be fulfilled without people occupying their own space and having some shelter.

The Government White Paper dealing with policy measures to follow the scrapping of the Land Acts and the Group Areas Act goes before Parliament tomorrow. It is released as the debate about land and housing as a fundamental human right gains ground and substance. JO-ANNE COLLINGE examines this debate.

Lincoln and John Stuart Mill — have acknowledged that land cannot be equated with less finite, manufactured forms of property. Ms Claassens argues, "They stress that security of tenure, which provides the owner of the land with the confidence to develop and improve the land, is vital to economic growth and political stability."

She suggests there are specific policy and legislative measures which could underpin these principles. For instance, land ownership could be limited to areas which are settled and productively used. Or limits could be placed on the amount of land owned by a single person. Speculative holding of land could be outlawed. Ownership of rural land could be subject to

proper use and care of the soil. She concludes that this would assist in achieving land redistribution in a post-apartheid South Africa "not by largesse, decree or bureaucratic favour, but within a regulated legal system under which all parties can invoke protection of their rights".

In a more particular examination of the pressures for urban housing, Geoff Budlender, attorney for the Centre for Applied Legal Studies, argues that housing can be elevated from a mere "social goal" to a fundamental right.

In a paper entitled "Towards a right to housing" delivered at a Unisa conference in November, Mr Budlender acknowledged it was difficult to envisage that a constitutional right to housing could oblige Parliament to make laws guaranteeing housing to all.

But how objectively enforceable is the right to land and housing? Unlike the right to freedom of association or conscience, access to land and a home is dependent on financial considerations — on the capacity of the individual to afford a home or the State to assist in providing it.

Questions of morality, economics and vested interests twist and twine as experts try to envisage a constitution and a body of legislation guaranteeing land and homes for all.

Wits University researcher Aninka Claassens observes that South Africa is not alone in having to manage the tension between the right to private property and the need of the population to have land for survival.

"Some countries have decided not to entrench property rights in their constitutions, others have decided to balance the right of property by including the opposing material rights of shelter, life and adequate nutrition for everyone," she writes in a pamphlet, *Who Owns South Africa?*, released last week by the Centre for Applied Legal Studies.

Even political figures remote from the Left — such as Sir Winston Churchill, Abraham

Lincoln and John Stuart Mill — have acknowledged that land cannot be equated with less finite, manufactured forms of property. Ms Claassens argues, "They stress that security of tenure, which provides the owner of the land with the confidence to develop and improve the land, is vital to economic growth and political stability."

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He argues there should be a constitutional presumption against homelessness against which acts taken by officials could be judged.

In addition, notes Mr Budlender, a constitutional document, an "aspirational" document, which binds the nation together by its highest ideals.

It might embrace something similar to article 11 of the 1966 International Covenant on Economic, Social and Cultural Rights, which recognises the "right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions".

The ANC's bill of rights enjoins the State to refrain from actions which would create homelessness, and it subjects the actions of the State to the scrutiny of the courts. It provides, in the most general terms for redistribution of land, which Ms Claassens argues to be essential if access to land is in any way to be enjoyed as a right. But the "aspirational" note on land and housing to which Mr Budlender refers is clearly lacking.

Whether such a gap will continue to exist in a bill of rights adopted by a future government remains to be seen.

The Witwatersrand Network for the Homeless is campaigning on eight "entitlements" which international housing experts discern as present in international housing law. They are: security of tenure; affordability; accessibility; habitability; control and participation; choice; equal access and non-discrimination; and legal remedy when denied housing.

It is self-evident that the National Party has travelled some distance since 1980 when Minister of Community Development Marais Steyn asserted that those whom the Group Areas Act had made homeless should "go back to where they came from" and stay clear of "white" South Africa. Tomorrow's White Paper will tell how far the NP is prepared to go in meeting demands for land and housing.

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'Invest bond savings in unit trusts'

GILLIAN HAYNE

A ONE percentage point reduction in some mortgage rates, amounting to about R80 on a bond of R100 000, offers home owners an investment opportunity at no additional cost, independent unit trust specialist Consolidated Fund Managers (CFM) MD Clive Fox said yesterday.

Fox said home owners could either use the R80 to settle the bond in a shorter time span — in less than 15 years — or buy a unit trust, which over 12 to 15 years would provide a tax-free investment of approximately R100 000.

Handwritten: *By Day 12/3/91*
"Reductions in the bond rate are often an excuse to reduce monthly bond repayments and to reallocate the spare money to non-essential ex-

penditure," he said.

Fox believed the drop in interest rates would lead to increased activity in the equity markets, thereby improving the performance of unit trusts.

Handwritten: *(123)*
Unit trusts have historically yielded 20% or more a year over the long-term, with average returns often as high as 25% a year.

"By simply reallocating the money being liberated by the drop in bond rates into unit trusts which are, we believe, on the verge of substantial upward growth, the home owner can derive maximum benefits from this relaxation in rates at no real additional cost," Fox said.

Tough times don't stop demand for home loans

88 123
B/DW 13/3/91

SHARON WOOD

HIGH interest rates and a recessionary economy failed to depress mortgage loan demand, with some major banks experiencing growth of more than 25% in their home loan books last year.

Mortgage lending by Natal Building Society and Standard Bank grew by an annual rate of 26,8% and 25,1% respectively in February this year.

Allied experienced record growth of 13,9% in home loans advanced in the eleven months to February 1990.

But First National Bank's (FNB) home loan growth during 1990 was lower than expected, said FNB banking assistant general manager Pat Lamont.

FNB has experienced acceptable growth this year, he said. Analysts said FNB's conservative approach to its balance sheet had probably caused a weak performance on the home loans front.

For the banking industry as a whole, Reserve bank figures showed virtually stable bank and building society mortgage loan advances during 1990 — with the value of new loans shrinking by only 0,3% to R7,4bn in 1990 from the previous year.

Standard Bank's exceptional growth in

mortgage lending during the last four years continued during 1990, home loans divisional GM Eric Tomlinson said.

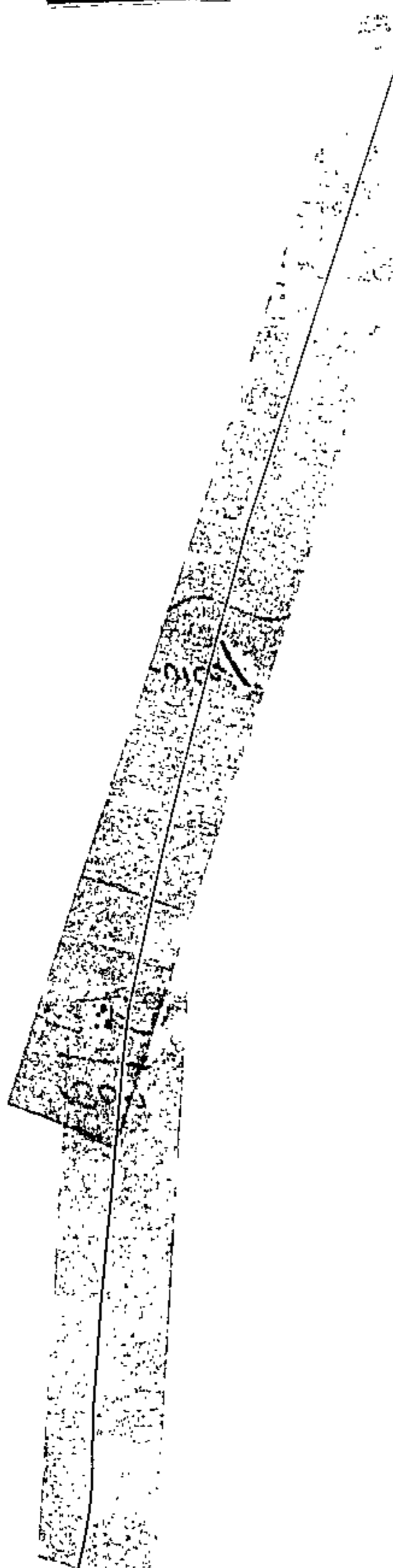
The rapid advance in NBS's mortgage loans last year could be attributed to the fact that they were the core of NBS's business, said mortgage lending assistant GM Trevor Olivier. NBS's objective is to increase mortgage loans by 20% a year.

Allied expects home loans for the financial year to top R1bn from the present R956,5m by March 31, the end of the financial year, said Allied mortgages advances chief manager Len Greenfield.

The outlook for future growth this year was uncertain because an overall strategy for the new Amalgamated Banks of SA (ABSA) had still to be determined, he said.

Home loan managers expect the 1% cut in prime to boost home loans further.

The decline in the Bank rate signalled the beginning of a downward trend in interest rates this year, they said, which would have a psychological impact on home loan demand.



123
3/10am 13/3/91
Short-term outlook for property 'hard to predict'

THE global recession and the Gulf war, superimposed on rapid and far-reaching socio-political developments in SA, made it extremely difficult to forecast the short-term outlook for property, Centrecity and Capital Property Funds chairman Jan Calitz said in his annual review.

Both funds have the JH Isaacs Property Group as portfolio manager and consultant.

Calitz said high interest rates were causing distress among private investors and developers, and few properties had come onto the market.

However, the level of vacancies was not alarming, and would be taken up fairly rapidly in an economic upturn.

Investment in property of all categories where leases were secured by strong tenants and at rentals not exceeding current market levels would continue to provide a safe haven for investment, protection of capital and

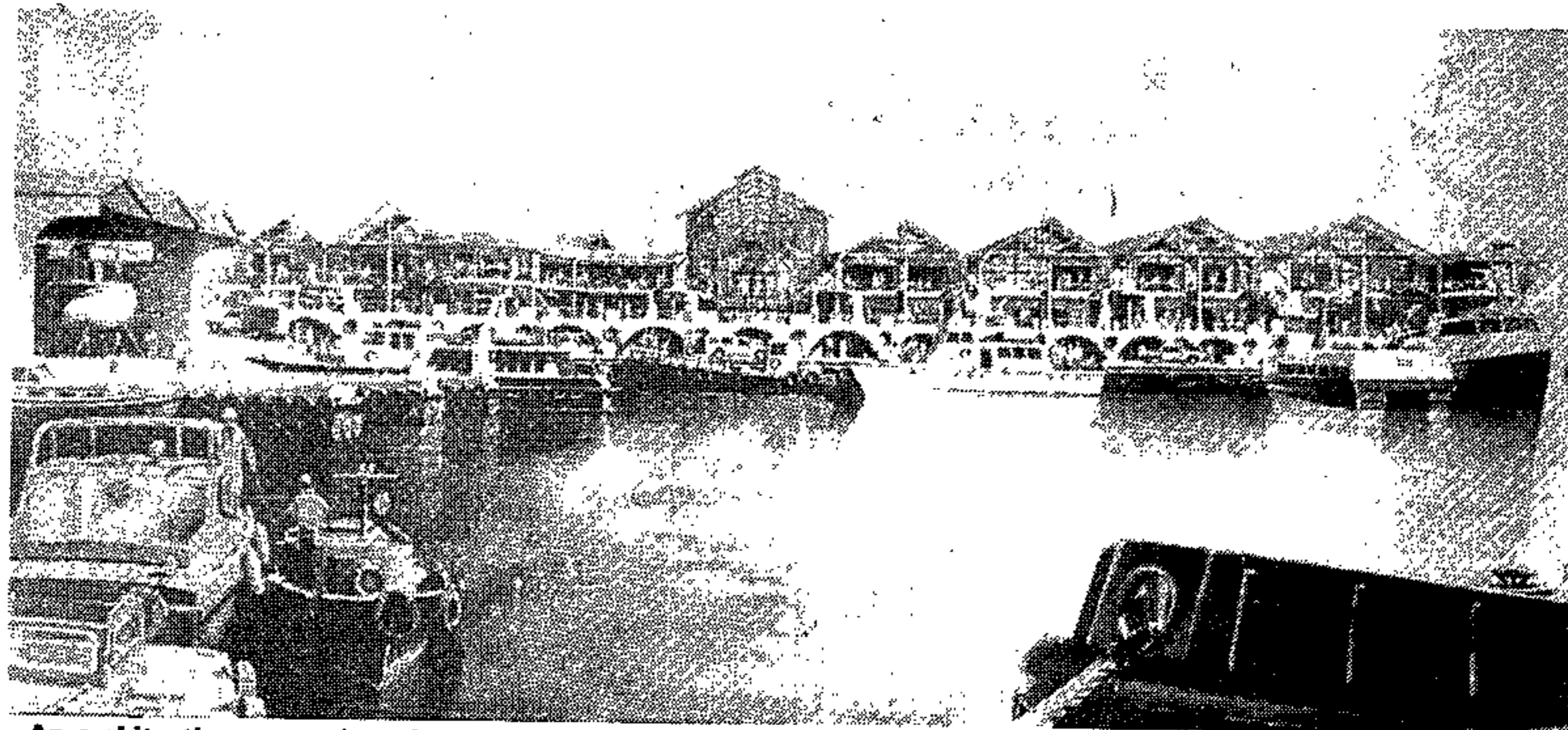
escalating returns, Calitz said.

"Prime investment properties remain in short supply and notwithstanding that institutional investors committed a higher proportion of their resources to gilts, demand for these properties ensured that purchase yields remained fairly constant at 1989 levels," he said.

The shortage of quality stock for direct investment in property units by many institutions attracted by spread and marketability again resulted in a percentage increase of units held by institutional investors.

Costs of development continued to rise, which would ensure that the market would, in time, experience rapid rental escalations. Surplus space would be taken up and new developments would again become viable. In view of those conditions, only the "very bold" would commence speculative development in 1991, he added.

PROPERTY



An architect's perspective of the new R70m retail complex at the V&A Waterfront development in Cape Town.

SA's building industry 'faces a formidable task'

B/Pay 13/3/91

Reports by
PETER GALLI and CHARLOTTE MATHEWS

MEETING the housing and infrastructural construction needs of a modern society was a massive challenge for SA's building industry, Toncoro MD Errol Rutherford said at a media briefing in Durban.

Toncoro is the parent company of brick manufacturer Corobrik.

"Builders can look forward to unparalleled rates of affordable housing construction, but the timeframe for this is still unclear," he said.

Rutherford, who is president of the Natal Chamber of Industries, said government had for some time held back on infrastructure because, with major changes in the offing, future needs could not be based on existing demographics.

While the long-term outlook for the building industry should improve with the imminent repeal of the

Group Areas Act, prospects were presently overshadowed by other socio-economic factors.

The building industry was headed for a similar year to 1990, with no upturn in sight, Rutherford said.

"The repeal of the Group Areas Act represents such a radical normalisation of society that few people can yet see through all the implications it will bring."

Affordability still remained a key factor in the housing market, he added. Even with a long-term shift in wage patterns, there was still a need for low rental accommodation to meet the needs of the lower income group.

National marketing director Keith Nurcombe said SA needed one central housing strategy that would involve less talk and be

more focused.

"It looks as though a single ministry for housing is on the cards, with a strategy for national housing being developed," he added.

In an attempt to address this problem, Corobrik has developed a range of innovative walling systems for the low-income market.

Marketed under the umbrella name of Corowall, the systems are based on the concept of single-skin exterior walling.

"This new system means genuine clay brick walls

now became a viable option in the low-income field."

Nurcombe said Corobrik had found a way to slow the surging cost of low-income housing by offering face-brick as an alternative.

Using various options, Corobrik had developed four prototype homes to test the system. The homes cost an average of R32 000, including plumbing and electrical installations.

While the costs were marginally higher than concrete block, if maintenance costs were taken into account, clay brick became the most cost-effective solution, he said.

CAPE TOWN — Millions of urban blacks will be housed and granted full ownership of their homes, while black farmers will be settled on thousands of hectares of agricultural land freed up by new land reforms.

Cabinet Ministers told the Press yesterday that the new land policy, proposed in a White Paper on Land Reform, would remove restrictions to land ownership and allow wider ownership through the provision of state land and financial assistance, and the conversion of land tenure into full ownership.

Agriculture and Development Aid Minister Jacob de Villiers said 254 000ha of SA Development Trust farmland had been made available for black farmers in terms of the new policy. Another 220 000ha would soon be made available.

De Villiers said government would extend to black farmers all assistance programmes available to white farmers, including Land Bank loans, agricultural credit loans and advi-

Millions of urban blacks get new deal

B/D-13/3/91
LESLEY LAMBERT

sory services.

Assistance would also be sought from the private and foreign sectors. He said they wanted to produce a situation where food production and employment opportunities abounded.

Planning and Provincial Affairs Minister Hernus Kriel said government hoped to fund new home ownership for 250 000 families this year. Another 80 000 plots would be made available by the Independent Development Trust's allocation of R600m for the provision of land and basic shelter.

Kriel said government had already allocated R390m for the purchase of residential property in urban areas, while an additional R450m had been allocated for the servicing of

this property.

Financial assistance in the form of one-off state subsidies for first-time homeowners had been approved in principle and would be introduced in the Budget, Kriel said. "We are opening up all opportunities available to help urbanised people become homeowners," he said.

New legislation underpinning proposals contained in the White Paper would upgrade land tenure on a million township properties from leasehold into full ownership with immediate effect. Rights on an additional million properties would be converted into full ownership once the properties had been surveyed, Kriel said.

Provision would also be made for the rapid development of informal housing settlements.

One million homelowers!

Sowetan 13/3/91

123

ALMOST a million black leaseholders will own their homes and the ground they stand on within the next three months.

In terms of the Upgrading of Land Tenure Rights Bill, to be brought before Parliament soon and expected to be passed by the end of June, all holders of 99-year-leasehold properties will have their leases converted to freehold.

Effectively, they will own their homes, Minister of Planning, Provincial Affairs and National Housing Mr Hennis Kriel said in Cape Town yesterday.

"It does not mean that they are getting these properties for free. They have - in most of these instances - already paid for them.

"If they are a registered leaseholder, then

By ISMAIL LAGARDIEN POLITICAL CORRESPONDENT

they have paid for the property," Kriel said.

He said that in the past black people were seen as illegal aliens in so-called white South Africa.

"But that was a dream," Kriel said.

The reality was that blacks were very much part of South Africa, he said.

The Government had undertaken to extend full political and land rights to them, the Minister said.

In the final analysis, all it will take is a stamp, which will convert a leasehold contract to a freehold contract, and the leaseholder will become a home and property owner.

Kriel was commenting in an interview with Sowetan on proposals in the Government's

policy document - White Paper on Land Reform.

Once this document is signed, the Group Areas Act, the Land Acts and the Black Communities Development Act would be consigned to the scrapheap.

On squatters, Kriel said the creation of townships was under detailed scrutiny and people squatting on private property would be moved lawfully.

Proposals

However, not all reaction to the Government's full set of proposals was favourable.

Initial reaction to the White Paper from the ANC was that of astonishment and disappointment at the absence of an attempt to redress historical injustices, particularly in respect of forced removals, reports Sapa.

The Government has made it clear that there would be no going back into historical claims, or any attempt made to return ancestral land to any of the 3.5 million people removed forcibly under the homelands policy.

A member of the ANC's Land Commission, Mrs Aninka Claassens, said her initial reaction was that the Government's final proposals were a long way off earlier drafts she had seen.

She said the situation of many black communities now trapped in unresolved removal actions was worsened by it.

The Democratic Party agreed. "There are serious shortcomings," DP spokesman on land affairs Mr Peter Soat said.

"Land, like that of the Magopas, has to be returned to the people from whom it was stolen," he said.

* More details on Page 7

1,3-m new owners

123

AN EXTRA 1.3 million blacks in townships could soon become full property owners after the White Paper on Land Reform, tabled in Parliament yesterday, is implemented.

The Upgrading of Land Tenure Rights Bill will automatically convert thousands of existing leasehold and deed rights to full ownership in proclaimed black townships.

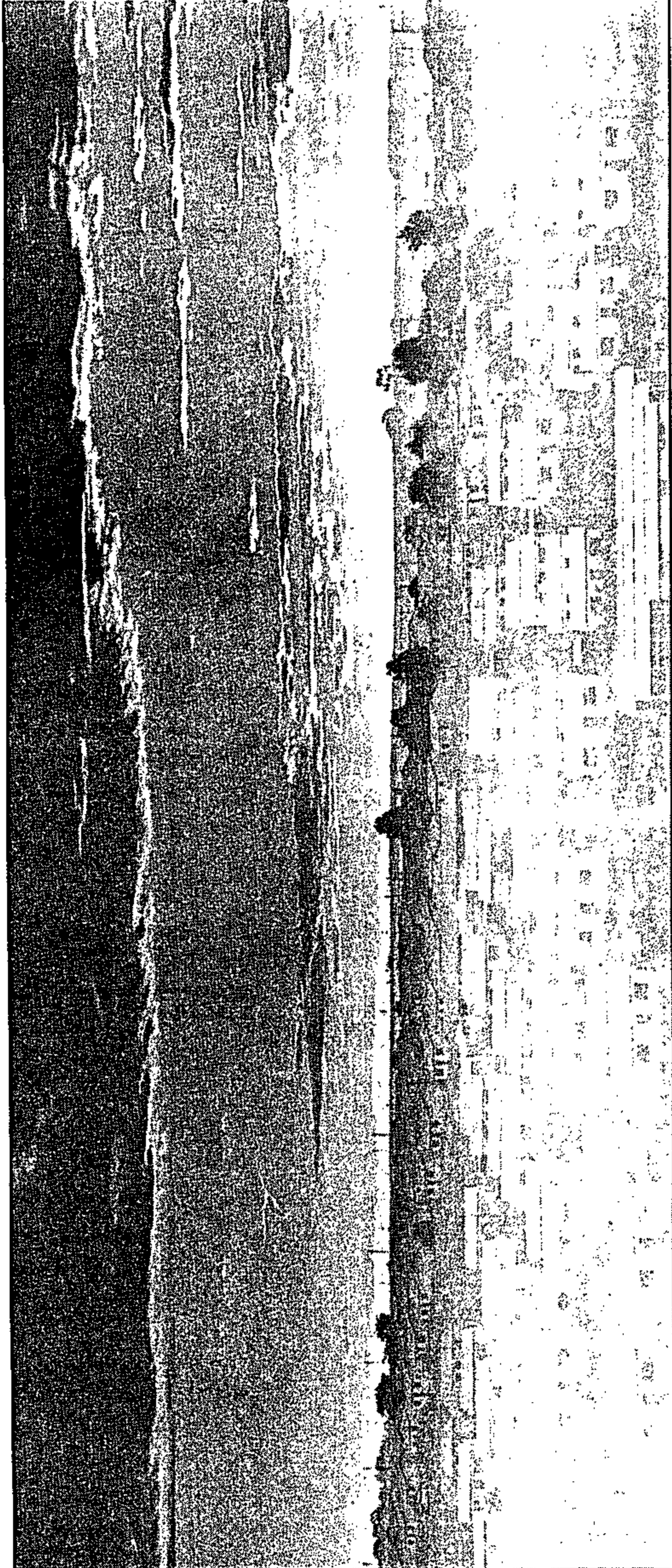
The Bill will also confer extraordinary powers on the authorities to cut tape and open township registers where this has been delayed.

Subsequently, all leasehold rights in those townships will automatically become freehold.

These measures will convert 300 000 leasehold rights to freehold.

And all further registration of residential sites in these townships will automatically be freehold — adding another 1 million property owners to the market.

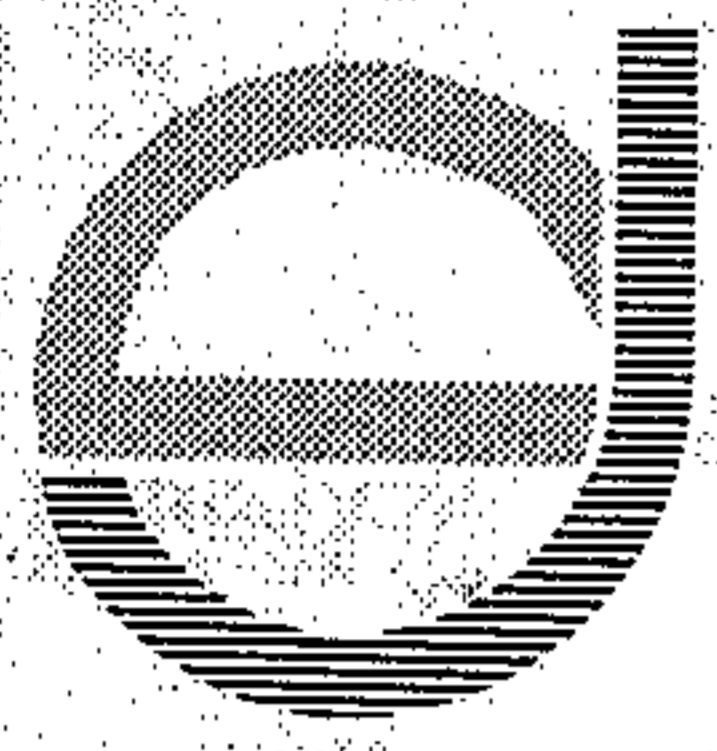
The Government will undertake the "mass surveying of numerous unsurveyed townships and the updating of obsolete registers." □



New dawn for black housing . . . over a million township residents could become full property owners once land reforms, proposed in yesterday's White Paper, are implemented.



SOUTH PROPERTY



SOUTH Property. Tel 462-2012 P.O. Box 13094 Sir Lowry Road 7900 Cape Town. 6 Russell Street Woodstock

THE best time to buy property is now. This was true 100 years ago, and will hold true 100 years from now.

In 1977, the Cape Town City Council struggled to sell houses in Mitchells Plain for prices in the region of R10 000. Deposits were a mere R100.

Many prospective purchasers were advised by friends and associates that prices were too high and not to buy as Mitchells Plain was too far away and part of the government's ideology of creating a "coloured" homeland.

Granted — Mitchells Plain may not have been the ideal place to live in.

However, if you did not have a home and did not have sufficient deposit to buy in any other area, Mitchells Plain was indeed the only place to buy.

In 1985, the houses owned by the local authorities in areas like Steenberg and Bonteheuwel were offered to the tenants. Once again the advice was: "Don't buy, as your monthly rentals have already paid for the houses." Some said the houses were of an inferior quality.

Houses are now being sold in

The Best Time to Buy ¹²³

Soull 14/3 - 20/3/91

Mitchells Plain for prices at least four times more than they were purchased for 10 years ago and the prices of council houses in areas like Steenberg and Bonteheuwel are now worth 10 times more than what people paid for them five years ago.

What about people who have recently purchased in the Blue Downs area where property prices do not seem to have increased and in some cases have decreased?

Good, honest, hardworking people who believed that property was the

best investment have had to abandon their homes and have, in many cases, lost money. Why?

Expedient developers out to make a quick profit sold an inferior product to first generation buyers without a deposit and all costs included.

Interests rates jumped to an extent where a purchaser who was paying R500 monthly almost suddenly found himself paying R800 — which represents an increase of more than 50 percent in bond repayment.

The irony of it all is that, despite the fact that property values have not increased in the Blue Downs area, those people who are able to hold on to their properties will find that values will double in five years — still making property the best investment. This also supports the contention that the best time to buy is now.

Property prices are generally still low and a measure of this is that you can still buy a three-bedroomed home with a garage on a 500sqm plot for less than the cheapest brand new Mercedes Benz. □

Quentin Pavitt

PROPERTY

FIM 15/3/91
MORTGAGES

DELAYED ACTION ⁽¹²³⁾

While bond rates may have turned the corner, there's still a long way to go before they do any more than provide home owners and buyers with a morale booster.

Estate agents, while expressing pleasure at the decisions of lenders like FNB, Standard, and the Perm to drop their mortgage rate by about 1%, believe rates are still too high to induce any real boost to property sales.

Property economist Erwin Rode says the miniscule drop in mortgage rates will have "zero" impact on property prices. "Interest rates don't have a short-term effect on house prices. It will, however, slightly boost the actual number of property transactions."

He says the small decline in rates is more of a symbolic gesture than anything material for home-owners or buyers. He points out that, though the residential market is more buoyant than other sectors, he goes on to draw attention to Reserve Bank Governor Chris Stals's warning that the easing of rates is not the beginning of a big rates slide. "Stals is committed to being led by the rate of inflation, so any decline is likely to be gradual at best. It is quite possible that the worst is still to come, because most economic indicators lag interest rates. On that basis, this is not the beginning of a residential property boom," he cautions.

FIM 15/3/91 ~~58~~ (123)

Nevertheless, Interciti's Moira Wingate-Pearse says activity at show houses in Sandton was very lively last weekend with the exception of areas near strife-torn Alexandra. Some properties had 20 to 25 visitors. Randburg was also busy, though not as brisk as Sandton. "I'm sure this was related to the promise of lower bond rates," she says.

Pearse concedes, however, that the impact of fractionally lower bond rates will have minimal real influence on buyers other than those who have been vacillating. "Obviously everyone has been holding back in anticipation for a drop in interest rates, but, at this stage, the impact is likely to be more psychological than tangible. The real impact will be when the economy picks up and that won't happen overnight."

Status Mark's MD Graham Lesch concurs: "This reduction in the mortgage rate will do little for the pocket of the man in the street, but it will have a positive psychological effect on the property market in general."

He adds that house prices will probably stabilise and any further rate reductions later in the year could trigger the next upward movement in prices.

Aida Geffen, of the Aida franchise, believes bond rates will have to drop to about 14%-16% before it beneficially affects affordability. "The high bond rates are still putting property ownership out of the reach of most people and many people are buying down in order to stay in the market and have some extra cash for day-to-day living.

"I would only be optimistic if I thought this was the first step in a significant decline in rates. If it stays like this for the next two years then it won't help the people who really need it." ■

UNDERLYING the surface skirmishes in SA is The Great Battle. This country has known great battles. Between settlers and Xhosas, Zulus and the rest, Brits and Zulus, Boer and Brit, black and white and black and black. But The Great Battle has little to do with ethnicity. It is about economics; about which system is the most effective for SA.

Strip the evolving positions of the NP-led and ANC-led factions to their essentials, and there appears little left to negotiate. Both want one man, one vote, both want a bill of rights, both want an independent judiciary.

So why not scrap the idea of negotiations, assign a task force to write a new constitution, and set a date for the first election?

Because The Great Battle, that over property rights, is still to be concluded. In most societies this would simply be an ideological fight about whether capitalism or socialism was the more effective system. The argument could be decided in a minute — while capitalism has produced some failures, socialism has failed everywhere.

But in SA the battle for property rights takes on additional overtones. Protect property rights, many would say, and white privilege is protected. Years and years of discrimination and dispossession will be entrenched. Hardly an attractive proposition for the disenfranchised who know they will soon have their say. Nor for a liberation movement intent on redistribution.

Put to the vote, the property rights faction would lose. Tomorrow. So it is in this lobby's interests not to vote on the matter, but rather to ensure that property rights are non-negotiable; that when negotiations end this right is graven in stone.

But the faction hostile to property rights will not even want to write these rights on paper. So battle lines are drawn.

Battles are a question of power and strategy. Both parties are undoubtedly powerful. The NP-led faction controls the organs of state, but the ability to draw on brute force arguably counts for very little. A switch in strategy would have disastrous consequences, as gains painstakingly won since February last year would be undone overnight, and sanctions would be renewed even more vigorously.

Strategy is more important than power. The weapons are argument and debate rather than the use of force. Here we see that The Great Battle has already started and that important victories have been won in early exchanges. The first was more than a year ago on the day ANC leader Nelson Mandela was freed from jail. The world waited for his first words in nearly 30 years, and was horrified to hear nationalisation among them.

A year later when the ANC mentions nationalisation, as it does in its latest document on the land issue, it says it is not the easy solution it once thought it to be, and warns that the world may impose sanctions if a

future government tried to nationalise.

In the 12 months it took the ANC to soften its position from Mandela's initial hard line to the more recent nationalisation with a friendly face, President F W de Klerk was busy manoeuvring. He convinced the leaders of the industrialised world that the reform process was both irreversible and that he was committed to keeping private property as the cornerstone of the new system.

Sanctions began to roll back, capital began to flow in rather than out, trade finance increased by leaps and bounds, and government and business delegations began arriving by the plane-load to check out investment possibilities.

The importance of this improved relationship cannot be underestimated. De Klerk's strategy has won the high moral ground and taken pressure off his government to get into negotiations early and settle for whatever was going. He can now

Lines are drawn in the great battle over property rights

KEVIN DAVIE

rather play for time, implement new policies to the applause of the world — and, perhaps, even domestically, should the new approach be shown to work.

There is the added bonus that, in the meantime, the ANC is slowly but surely abandoning the rhetoric of a revolutionary movement as grand ideologies have to be converted into practical policy.

But the ANC retains nationalisation as the cornerstone of its land policy. Its bill of rights says the state may take legislative steps to overcome the effects of past statutory discrimination in property rights.

Likewise, one of the ANC's chief constitutional architects, Albie Sachs, says in his book *Protecting Human Rights in a New South Africa* that just as land was taken from blacks because they were black, so in future must land be taken from whites because they are white.

The opposing view is that while this may make moral sense, it is economic nonsense. Capital and skilled people would take off on a scale which would dwarf former President P W Botha's Rubicon disaster. The ANC has acknowledged

this. A list of disadvantages which go with nationalisation are included in its "one man, one farm" document released late last year. These include that nationalisation may create land insecurity leading to the partial failure of the financial system, or even a general economic collapse.

Government's position on property rights is set out in its White Paper on land reform which was unveiled earlier this week. It undertakes to protect existing rights and says it is totally opposed to any form of redistribution of land, whether by means of nationalisation, confiscation or expropriation.

It admits the wrongs of the past, but wants market solutions to be used to facilitate land ownership by blacks on a massive scale. Vast tracts of rural land will be made available for small-scale farming, blacks will have equal access to Land Bank and agricultural extension finance, and tens of thousands of site and service plots will be made available annually for urban settlement.

The policy rests on private ownership and enterprise. Title deeds allow markets to be created, for landowners to raise loans with their properties as surety, creating new finance for development as considerable private resources can move into these markets.

The paper should be seen in the context of The Great Battle. An army cannot go to war with a soft underbelly. The new policy gets rid of 189 laws and 15 000 regulations which discriminated on the basis of race.

The two great armies have the same goal. Both want to redress the wrongs of the past. But the one wants to do this over time and on the back of economic growth, while the other wants more immediate and widespread action even at the risk of economic collapse.

A mighty battle can be expected. May the best side win.

ANC, Inkatha back multi-million rand upliftment projects

Breakthrough!

By MICHAEL MORRIS
Political Correspondent

THE Independent Development Trust has won the backing of the ANC and Inkatha for wide-ranging multi-million rand upliftment projects in housing, health and education.

The accord, announced in Cape Town today by the chairman of the trust, Mr Jan Steyn, is seen as a major breakthrough in securing the support and involvement of the black community.

ANC deputy president Mr Nelson Mandela and Inkatha leader Dr Mangosuthu Buthelezi signed the historic agreement separately in Johannesburg and Ulundi in the past two weeks.

Both major black groupings have pledged support for direct involvement in helping to identify and implement projects. Wherever possible, projects will be undertaken jointly by the trust, ANC and Inkatha.

Advice offices

In a particularly significant development, both the ANC and Inkatha have agreed to ensure that joint upliftment projects are supported by their organisations, are not subjected to "extra-judicial" action such as bond or other boycotts and protected as far as possible against vandalism and "other acts of violent damage".

The trust, which has a fund of R2-billion for upliftment programmes, has agreed to set up advice offices and legal support structures to protect less well-informed communities against exploitation and finance a legal support service.

It will also train ANC and Inkatha officials to help implement the provisions of the agreement.

Joint statement

Mr Mandela and Dr Buthelezi emphasised in a statement the need for non-partisan development to "reduce the potential for violence". Both highlighted the need for the upgrading of hostels in the Transvaal and Natal.

They said: "The programme must give priority to refugees and displaced persons arising from the violence and take all steps to peacefully and effectively re-integrate divided communities."

The trust, established as an independent agency to help to break the cycle of poverty and deprivation in South Africa, is expected to make a major contribution to helping black people to own and develop land.

Following its historic agreement with the ANC and Inkatha, the trust has now set itself the task of broadening support for its projects among other key actors and their supporters.

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Advantages of a bond-rate cut

123
Star 16/3/91

WITH most mortgage rates now down by 1 percentage point to 19,75 percent many homeowners must surely have worked out what the reduction in the bond rate would save them per month.

Money Matters
MAGNUS HEYSTEK



To many people the reduced monthly repayments might seem insignificant, but by maintaining payments at the old level the bondholder can actually save several hundred thousands of rands.

Take for example a home-owner with a bond of R100 000 repayable over 25 years. At an interest rate of 20,75 percent the monthly repayments are R1 739. At the new rate the repayment drops to R1 659 per month, a saving of R80 per month.

Maintaining repayments at current levels is equivalent to a tax-free investment of 19,75 percent. As-

suming that interest rates remain constant over a period of ten years the homeowner will have reduced the outstanding capital by about R30 000.

After another 4,9 years the bond will have been paid off.

Conventional home loans are structured so that the borrower repays mostly interest with only a tiny portion of the amount being applied to the reduction of the capital over the early years.

On a R100 000 loan, for example, after 15 years only R12 000 will have been paid off the capital.

After 20 years the outstanding capital amount will be down by only 50 percent.

It's only during the last five years that the capital amount is swiftly reduced. That's why it's so important to maintain bond repayments at the same level as they were before the rates were cut.

However, there is another choice. A spokesman at Nedperm, part of Nedpermbank, suggests that the saving generated by a reduction in bond rates be invested in a unit trust on a monthly basis.

Assuming unit trusts

perform roughly in line with historical figures, this would result in a capital nest egg of about R32 000 after 10 years.

This example uses the average return of the UAL Growth fund of 20,65 percent over the last 10 years. Over longer periods the average growth rates have been even higher; over 15 years the average growth rate has been 24,07%.

However, as the interest portion of unit trusts exceeding R2 000 is taxable, the after-tax return depends on the marginal tax level of the individual.

A marginal tax rate of

30% would result in a return of 18,83% while a marginal tax rate of 40% would produce a return of 18,31%.

According to the Nedperm spokesman, the minimum return on the unit trust fund required to ensure that the final investment value is equal to the outstanding loan balance upon expiry of the loan period, is 10 percent.

However, this would entail a sharp deviation from the long-term growth performance of unit trusts and equity markets.

What Nedperm is recommending is that the monthly saving generated by lower interest rates be paid into a unit trust for the remainder of the loan period.

Using the bond of R100 000 at an interest rate of 19,75% the figures will look like the following:
Conventional bond — monthly repayments: R1 659 per month.

Unit trust linked bond:
Interest R1 646.
Unit trust contribution R75.

Capital reduction: Nil.
Monthly repayments R1 721.

Assuming the growth rate of 20 percent is achieved, the value of the unit trust investment would be R639 536 after 20 years. After repayment of the loan balance of R100 000 the investor is left with R539 536.

If the borrower decided to sell his house after, say 18 years (refer to chart) the value of the units would be sufficient to repay the loan in full and he would still be left with an investment of R56 143.

Review Intervals	Balance Outstanding On Conventional Home Loan	Value of Unit Trust Investment	Balance of Home Loan	Net Position
Years	R	R	R	R
3	(99 398)	3 677	(100 000)	(96 322)
6	(98 315)	10 344	(100 000)	(96 322)
9	(96 366)	22 432	(100 000)	(88 567)
12	(92 859)	10 344	(100 000)	(96 322)
16	(86 545)	84 090	(100 000)	(15 909)
18	(75 182)	156 143	(100 000)	56 143
21	(54 731)	286 786	(100 000)	186 786
24	(17 924)	523 658	(100 000)	423 658
25	0	639 536	(100 000)	539 536

R13-bn attack on housing crisis

Star 16/3/91 123

ANGLO-American Corporation chairman Julian Ogilvie Thompson yesterday pledged broad support for a radical new masterplan that proposes a massive R13,2 billion attack on the black housing crisis.

Mr Ogilvie Thompson revealed the basic outlines of the masterplan, which dwarfs most previous proposals, at the annual Transvaal regional conference of the SA Chamber of Business in Sandton last night.

Studied

He said the ambition was to boost the provision of sites and services to three-times higher than in 1990 — and boost the provision of new low-cost house units by no less than four times the current rate.

Details are contained

MICHAEL CHESTER

in sweeping new economic scenarios commissioned by the Old Mutual insurance company and the Nedcor banking/building society group. It is understood they have already been studied by the Cabinet and the ANC and Inkatha but have yet to be issued for general circulation.

Mr Ogilvie Thompson is one of the relatively few business leaders to have had access to the scenarios, which Harvard University in the United States had a hand in compiling and which set out the economic options open to South Africa in the post-apartheid era.

He disclosed that black housing was earmarked for the first phase of a proposed high-powered

● TO PAGE 2.

Housing

● FROM PAGE 1.

programme that needed total co-operation between the Government, the trade unions, the private sector and communities in general.

It was envisaged that actual production of low-cost housing units would be funded by the financial institutions at the rate of R2 billion a year in a three-year initiative running from 1992 to 1995.

In addition, it was proposed, government subsidies running at R2,4 billion a year would cover the provision of sites and services for extra housing projects.

However, he added that an essential thesis of the scenarios was that a major breakthrough in economic performance in South Africa over the next five years was crucial to avert a disintegration of black society, meet black expectations and prevent a fur-

ther decline in white living standards.

What was required, he said, was a dynamic "kick-start" to renewed economic growth.

The positive side of the scenarios also envisaged:

● A multibillion rand programme to bring electricity supplies to 1 million more houses a year in a new prepayment system.

● A restructured education system aimed at compulsory free primary education at state schools and a partnership between the state and the private sector to run skills-oriented secondary schools.

● The creation of community-based, government-funded voluntary job corps to counter unemployment and "tackle the problem of the so-called lost generation".

Mr Ogilvie Thompson added, however, that in debating the merits of various socio-economic packages now on the agenda, it was also important to consider costs and affordability.



JAN STEYN: Fund is available to developers and communities.

Optimism greets the IDT's R750m housing subsidy

THE construction industry has reacted optimistically to the Independent Development Trust's R750-million low-cost housing subsidy.

Group Five chief executive Peter Clogg says it's the most positive step so far.

"It is perfect for a start and a lot more practical than some of the other schemes put forward," says Mr Clogg.

He added that the R7500 subsidy for each serviced site will do a lot to attract private developers. The IDT plans to provide 100 000 families with serviced sites.

To qualify for the full subsidy, developers must provide waterborne sewerage, metered water, tarred bus routes, graded minor roads and water drainage.

Mr Clogg estimates the cost of such work on each site to be around R9 500. "The subsidy would reduce this to R2 000. Add to this the cost of the land, the current cost to a family will be R5 000 instead of R13 000.

"Certainly we would be looking at accommodation one step above squatting, where earnings are below R1 000 a month."

Heads of families who earn less than R1 000 a month, who have dependants living with them and are over 21 will qualify for the subsidy of R7 500. They must, however, be first-time property owners.

Beacon

IDT chairman Jan Steyn says the subsidy scheme will be available to commercial developers, utility companies, community-based housing organisations and local and provincial authorities.

He says financial constraints and other demands on the trust have limited the money allocated to R750-million. No additional funds for new housing subsidy schemes for the lower income groups are expected from government in the 1991/1992 financial year.

The SA Housing Trust describes the subsidy scheme as a beacon of hope, but cautions that it will be some time before the administration and support procedures are operational.

By DIRK TIEMANN

Managing director Wallie Conradie says potential beneficiaries should not be disillusioned if the subsidies did not materialise as soon as expected.

"One has to be realistic when it comes to the practical issues surrounding implementation in an untested market," he says.

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—MASSIVE CAMPAIGN TO HOUSE THE POOR—

SOUTH AFRICA is poised to launch a massive "homes for the poor" campaign which will involve the government and the private sector.

A White Paper on land use released last week paves the way for non-racial land ownership throughout the country.

The private sector and development agencies have begun filling in the details:

● Independent Development Trust chairman Jan Steyn announced that the trust had earmarked R750-million to finance more than 100 000 serviced sites for people earning less than R1 000 a

month.

● Anglo American chairman Julian Ogilvie Thompson, this week pledged "broad support" for a master plan which proposes an injection of R13.2-billion into "site-and-service" schemes to house the homeless.

The new initiatives complement existing schemes. The SA Perm has announced a plan to allow employed home-owners to raise capital based on future earnings.

Earlier in the week, Planning and Provincial Affairs Minister, Herrnus Kriel, said the government would soon announce a

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scheme for households whose income did not exceed R3 000-R3 500 a month.

He said the government was thinking of providing grants of between R6 000 and R7 000.

He "guessed" that the scheme would initially provide land for about 250 000 first-time buyers. Mr Kriel said the government planned to develop about 107 000ha in urban areas for squatters who would qualify for the first-time capital grant scheme.

The need for a major government housing initiative has been given an added boost

by a confidential scenario presentation commissioned by Old Mutual and Nedcor.

The researchers — Paris-based Paul Wack and Harvard's Bruce Scott — warn that because of inappropriate economic policies in the past, South Africa will not be able to pay for a major political transformation unless it takes radical steps now.

Among the social investment proposals: a job corps for the unemployed, funded by levies on the private sector; prescribed investment by financial institutions in housing development and greater private sector investment in education and skills.

The bottom line is expenditure of R13.5-billion over three years for housing development. The private sector will be called on to provide R2-billion a year and government subsidies on services and infrastructure could run to R2.4-billion a year.

In supporting the basic proposals, Mr Ogilvie Thompson spoke of the need for a dynamic "kick start" to renewed economic growth in South Africa.

Mr Steyn, explaining the IDT plan, said the scheme would redress some of the inequalities and injustices of the past.

R750m homes plan set to alter face of SA, says trust

LESLEY LAMBERT

CAPE TOWN — The Independent Development Trust's (IDT's) R750m home ownership plan has been described as the start of a process which will reverse the legacy of racially segregated urban planning and alter the face of SA cities.

By giving 100 000 poor families R7 500 each to buy a serviced site, the trust would not only initiate a process of housing and economic empowerment, but would also influence the evolution of new urban policy, an IDT policy document has stated.

IDT chairman Jan Steyn and housing director Ben van der Ross said on Friday the trust would favour applications for land in urban areas close to job opportunities and would choose development sites which normalised conditions in areas that had been racially segregated.

The IDT document indicated that unused land in and around metropolitan areas would be targetted for informal housing, while under-used land would be redeveloped and densified. Outside agencies would be funded by the IDT to earmark urban areas worthy of redevelopment.

The R7 500 once-only capital grant would be provided to heads of households who were over 21 years old, earned less than R1 000 a month, had dependents living with them and were first-time home buyers. Beneficiaries would receive credit for the amount against the transfer of property to them.

The ownership of a site would be considered the first phase in a housing process in which residential settlement was im-

proved over time, the document stated.

To ensure that the process was sustainable, the IDT would extend the scheme, and possibly additional funding, to agencies which implemented qualifying projects. It would also encourage innovative financing mechanisms to gear up on the funding it provided and establish institutions to provide loan finance for the building of homes and community facilities.

The inclusion of the private sector would mobilise additional funding, resulting in large-scale access to land.

IDT trustees approved the allocation of over R1bn on Thursday, bringing the trust's total financial commitment to about R1,25bn. The allocations included an upgrading of the R600m originally allocated for home ownership to R750m and an additional amount for a new initiative to mobilise private sector funds for home building, Steyn said. Details of the private sector project would be announced within 10 days.

He said government was due to announce a similar home ownership initiative aimed at higher income brackets.

□ The SA Housing Trust described the announcement of the capital subsidy as "a beacon of hope for the creation of wealth for the poor people in SA".

However, trust MD Wallie Conradie expressed concern about the impact the subsidies would have on development with specific regions.

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Homeless to benefit from R13 billion deal

By ISMAIL LAGARDIEN
Political Correspondent

MILLIONS of underprivileged black people stand to benefit from a private sector initiative aimed at addressing the black housing crisis.

The chairman of Anglo American Corporation, Mr Julian Ogilvie-Thompson, at the weekend unveiled a R13 billion plan aimed at providing shelter for the lower-income group.

In another similarly dynamic plan announced on Friday by the Independent Development Trust (IDT) and involving R750 million, about one million first-time black homeowners will receive a R7 500 grant to buy serviced sites.

According to Mr Ben van der Ross, housing director of the IDT, it appeared "unlikely" that the Government would be able to commit substantial funds to the immediate housing needs of lower income groups within the 1991/92 financial year.

He said, however, that IDT was in no way relieving the Government of its responsibility of providing subsidies for first-time black homeowners.

"However, the Government's inability to commit sufficient funds in this area is perpetuating unsatisfactory and unacceptable living conditions for the poor, as well as increasing the risk of land invasion, and exacerbating instability," he said.

Housing units

In his pledge, Ogilvie-Thompson said the aim was to boost the provision of sites and low-cost housing units. *Sowetan 18/3/91*

The African National Congress, Inkatha and the Government are reported to have studied the proposals.

To qualify for IDT's subsidy, the following requirements must be met:

Deal to benefit millions

From Page 1

* The applicant must be over the age of 21;

* Must have dependants who live with him or her;

* Must have a maximum monthly income of R1 000;

* Be a first-time property owner; and

* Receive no other housing subsidy from the State.

The grant will not be paid directly to the applicant.

If the selling price of the site is more than R7 500 the balance will be paid by the purchaser.

If it is less, the residual amount will be set aside for use in consolidation programmes in the progress area.

The plan announced by Ogilvie-Thompson will result in the erection of low-cost housing units at the rate of R2 billion a year between 1992 and 1995. *Sowetan 18/3/91*

It was proposed that the Government must provide R2.4 billion in subsidies a year for sites and services.

He envisaged:

* A multibillion rand programme to bring electricity to a million more houses a year;

* A restructured education system aimed at compulsory free primary education at State schools and a partnership between the Government and the private sector in running skills-oriented secondary schools; and

* The creation of community-based voluntary job corps to counter unemployment and tackle the problem of the so-called lost generation.

The job corps, which will be funded by the Government, would handle public works projects and offer training in basic skills, ideally leading to permanent jobs.

He said major companies were already contributing far bigger proportions of their dividends for social-investment programmes than their counterparts abroad.

To Page 2

VAT levy will boost tariffs

Double blow for

the ratepayer

Star 18/3/91.



By Louise Burgers
Municipal Reporter

In a major tax shock, ratepayers throughout the country have been warned that they face massive increases in municipal tariffs this year and will have to fork out millions of rands more when value added tax (VAT) is introduced.

Johannesburg deputy city treasurer Lucas Opperman warned that the introduction of VAT would mean ratepayers faced two tariff increases for rates and services this year.

Ratepayers could, therefore, end up paying a whopping 25 percent more in municipal charges and taxes within a three-month period.

After the usual tariff increases for rates and services on July 1 at the start of the financial year for all local authorities, ratepayers would have to pay at least 10 percent in VAT on top of their rates bill when the new tax came into effect.

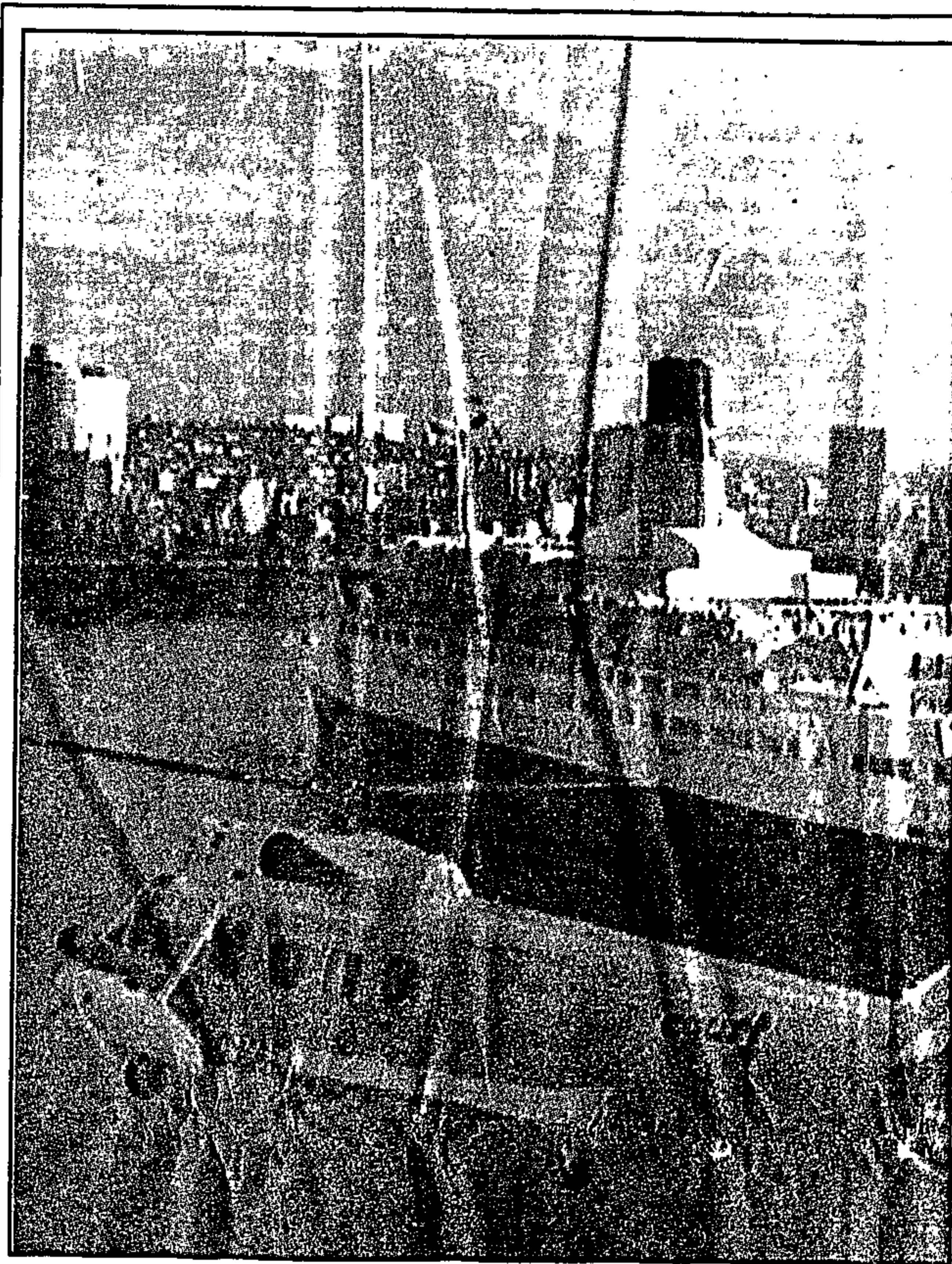
Most municipal treasurers at city and town councils surveyed expect that VAT will be introduced on October 1. The announcement is likely to be made in Wednesday's Budget speech.

Calculated

Living in the city with the largest municipal budget in the country, Johannesburg residents would have to come up with about R150 million in VAT as everything from electricity to dog licences was affected by the new tax, said Mr Opperman.

This figure was based on the council's present income of R1,5 billion with VAT calculated at 10 percent, he said.

It was not possible to calculate the ratepayers' contribution to general sales tax (GST), but the Johannesburg City Council is expected in the current financial year (July 1990 to June 1991) to



Majestic . . . the Queen of the Seas glides into Durban harbour to the delight with more than 3 000 passengers and crew on a round-the-world cruise, cal

Violent clashes on Reef leave 18 dead and scores injured

Star 18/3/91.

Staff Reporters



Eighteen people are known to have died and many have been left seriously injured in

died of stab and hack wounds. Eyewitnesses said attackers had crushed one man's head with bricks.

A red headband — which

of IFP supporters tried to run up side streets to enter the township.

The IFP meeting was controversial before it e

surveyed expect that VAT will be introduced on October 1. The announcement is likely to be made in Wednesday's Budget speech.

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This figure was based on the council's present income of R1,5 billion with VAT calculated at 10 percent, he said.

It was not possible to calculate the ratepayers' contribution to general sales tax (GST), but the Johannesburg City Council is expected in the current financial year (July 1990 to June 1991) to pay between R30 million and R40 million in GST from its R2,1 billion budget.

Mr Opperman said the council had not paid GST on a wide range of services, the main one being electricity, which would now be affected by VAT.

He said there was no doubt ratepayers would be harshly affected by two increases in the rates and tax bill in a single year.

The fact that VAT was being imposed so soon after the annual increases in municipal rates and service tariffs was unfortunate, he said.

"We are not particularly thrilled with the advent of VAT, but there is nothing we can do about it."

Mr Opperman said the introduction of VAT would be a one-time shock and ratepayers would eventually get used to the new tax.

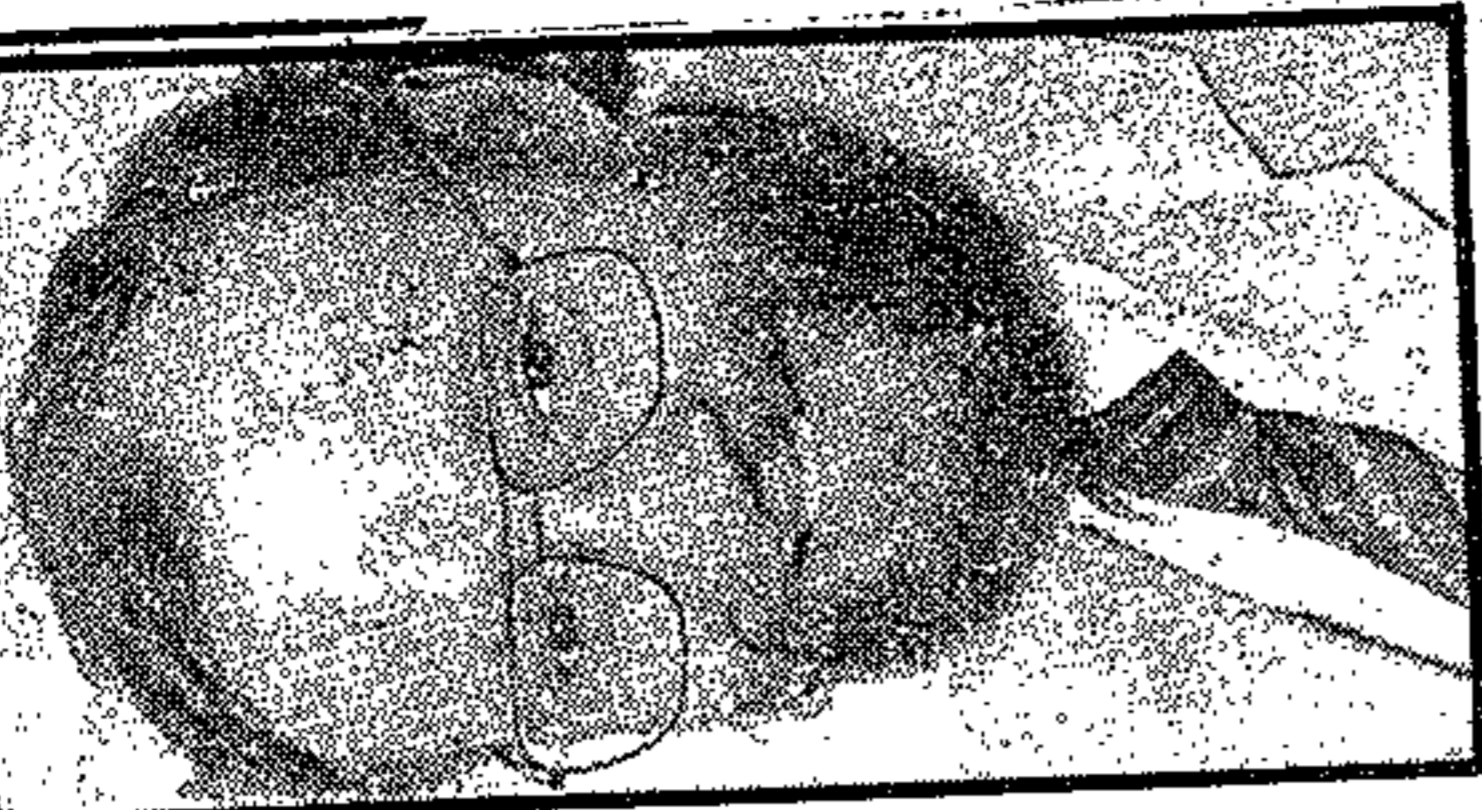
Recommended

The VAT Commission has recommended to the Government that certain council services, such as housing rentals and bus fares, be exempted from VAT.

Mr Opperman said, however, that any exemptions would not be of much benefit as they would create administrative nightmares for city and town councils which would still have to pass on the cost to the end-user.

"The theory with VAT is that people will benefit in other areas of their lives from a lower taxation rate."

VAT will not only affect rates, electricity and water, but every municipal service — apart from the possible exemptions to be announced — from library fines, dog licences and parking meters to admission to zoos and public pools.



ERWIN RODE

Non-residential sectors slows down

RESIDENTIAL and non-residential sectors of the property market are behaving quite differently in this business cycle.

The latest Rode Report on the SA Property Market says while non-residential indicators show no growth to speak of, house prices and flat rentals are growing in real terms.

"This is reminiscent of the situation we had in the 1982-83 recession, when house prices were oblivious of the slowdown in the economy."

The end of 1990 saw capitalisation rates for office buildings continuing their decline, with the exception of Durban, where investors are taking a cautious view because of the imminent deluge of new office space.

Industrial capitalisation rates, on the other hand, started increasing in the second half of 1990, especially in Johannesburg and Durban.

Cape Town is the most favoured city for investors. Over the past three years this city narrowed the capitalisation rate gap between itself and Johannesburg to zero.

This applies to offices, regional shopping centres and industrial leasebacks. Over the last year, capitalisation rates for income-producing properties in the Cape declined considerably to become comparable to the best nodes on the Reef.

The decline is a reflection of changed perceptions of SA investors, who now see the Cape more favourably.

"A probable reason is political changes awaiting SA. Investors, perhaps see the Cape as more Westernised and stable in a future SA."

Property investors in the Cape made windfall capital profits in the past year, unlike in the rest of SA.

Unlikely

However, Rode says it's unlikely the drop in capitalisation rates will be repeated in the foreseeable future. Also, market rentals have stopped growing.

He says: "The Cape party is over for now."

Property unit trusts are still more attractive than directly held property, says the report.

For offices, nominal

rentals have stalled in all nodes, so they are declining in real terms.

Buoyant until now, the report says office take-up may have started feeling the recession. An exception is Sandton CBD.

Analysing the latest take-up figures calculated from Sapoia vacancy surveys, there's an indication that office take-up may be slowing in many nodes.

However, other nodes put in a surprise rally during the last quarter of 1990, making it difficult to generalise.

Measured in square metres, new office completions will fall by 16% this year compared to 1990, except greater Durban, which will see a 52% increase.

For 1992, the decline is a further 69%, but this must be interpreted cautiously.

because many projects could still be announced and completed before end-1992.

"We note that in 1991 the Cape will see an increase in office construction of 12%, but greater Durban will increase by 52%. This tells us the Durban office market is heading for trouble."

Healthy

For line and CBD shops there is no nominal growth left in market rentals, despite phenomenal turnover growth a square metre notched up until end-1990 by major retailers.

The industrial market is healthy because, to a large extent, rentals and land values have levelled off in nominal terms and vacancies are not rising.

The report says contract prices are falling for both residential and non-residential buildings and at end-1990 were between 10%-12% lower compared to a year earlier.

"Non-residential building starts are moving sideways, whereas house starts have dropped through the floor.

"The latter can be ascribed to high interest rates, violence and theft in townships, labour problems, instalment boycotts and a mortgage funds shortage."

Writing in the report, director of Stellenbosch University's BER, Dr O D J Stuart, says it seems the general economy may improve during the second half of 1991.

"But it doesn't follow the

building industry should also experience improved conditions before year-end."

He says conditions may remain sluggish during the year, but should improve during 1992.

Billions in private funds to be tapped

B1 Day 19/3/91

A SPECIAL supplement to tomorrow's Budget is expected to outline government's new plan to facilitate the transfer of billions of rand of private funds into socially desirable investments.

The supplement flows from an investigation by Japie Jacobs, Finance Minister Barend du Plessis's special adviser on institutional savings and social investments.

Jacobs was given a brief by Du Plessis to draw up a co-ordinated plan to facilitate the movement of funds from potential sponsors to recipients. His investigation included input from the Life Offices Association (LOA), the Development Bank, the Small Business Development Corporation (SBDC) and the Independent Development Trust (IDT).

The need to channel institutional savings into social development has been a hotly debated issue for some months. Political parties such as the ANC have said the life and pension industry should invest a portion of its assets, say 10%, in housing, health and education.

The LOA has conducted its own inquiry

KEVIN DAVIE

but has argued strongly against a return to a policy of prescribed investments. Its view is that a market return on investment is essential, and that the paper should be tradeable. With adequate underwriting by government, billions of rand of private savings could be released for development spending, industry sources say.

A Finance Ministry source said yesterday the supplement to the Budget would contain general comments on the contractual savings industry.

The Cabinet, meanwhile, has been briefed on a major new confidential plan by Old Mutual and Nedcor which recommends that sweeping changes be implemented before 1994, when the new constitution is expected to come into effect.

The plan envisages a massive housing, jobs, electrification and education programme which would have to be put in place immediately to stem the disintegration of black society, meet minimum black socio-economic expectations and prevent a

□ To Page 2

Private funds

B1 Day 19/3/91

decline in white living standards.

The plan has also been presented on a confidential basis to the ANC, Inkatha and the PAC, but is yet to be completed, Old Mutual and Nedcor sources say.

Pierre Wack, a leading scenario planner in the Old Mutual and Nedcor report, also played a prominent role in developing Anglo's "high road, low road" scenarios which were popularised by Anglo executive Clem Sunter.

The Old Mutual and Nedcor scenario argues that SA faces a Beirut situation unless there is rapid economic growth within the next few years. A two-stage growth plan is proposed so that desired political change is not fatally undermined through lack of economic growth.

The first, or "kick start", phase involves

investment in poor communities to give the economy a rapid boost; the second calls for an export-oriented strategy to make this growth sustainable.

The first phase has four parts including the provision of housing on a massive scale (200 000 homes and 400 000 serviced sites every year for the next five years), the electrification of a million homes a year for five years, a massive skills training programme to be partly financed by tax breaks for companies which do the training, and the creation of a government-funded jobs corps of one-million workers to build houses and install electricity.

The plan could create 800 000 jobs (excluding the jobs corps), the scenario planners say.

□ From Page 1

CMA Tips 19/3/91 (123) 1000

'Blistering' rise in city house prices

By AUDREY D'ANGELO
Business Editor

HOUSE prices and flat rents are still rising "at a blistering pace in real terms" — particularly in the Cape Peninsula, says Mr Erwin Rode, editor of the Rode Report on the SA Property Market.

He says in the March report that house prices countrywide rose by an average of 22% last year. He expects them to rise by 17% this year and 10% in 1992.

"The Cape Peninsula outperformed the rest of SA by 41,13% for the second quarter of 1990 over the same quarter in 1989."

Possible reasons for the steep rise in the Peninsula included buying by upcountry and foreign buyers.

"In some quarters the Western Cape is perceived to be more Westernised and (likely to be) safer in a future SA," said Mr Rode.

In addition, it had suffered less from the recession than areas heavily dependent on manufacturing and mining.

Flat rents in the Cape Peninsula rose by an average of 17% in the six months to November, 1990.

'No vacancies'

Rents for two-bedroomed flats average R492 a month in the northern municipalities and R712 on the Atlantic seaboard.

"The Cape Peninsula, Germiston and higher-priced flats in Johannesburg's northern areas all registered nil vacancies," Mr Rode said.

Departmental homes: admission policy

*6. Mr A GERBER asked the Minister of Welfare, Housing and Works:† 123

- (1) Whether, with reference to his reply to Question No 4 on 19 February 1991, the Government determines the admission policy of the four Departmental homes under the control of his Department; if not, why not; if so, *Hansard 19/3/91*
- (2) whether non-Whites are free to apply for admission to these homes;
- (3) whether their applications will be considered on merit?

B509E

HOUSE OF ASSEMBLY

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TUESDAY, 19

The MINISTER OF WELFARE, HOUSING AND WORKS: 123

- Hansard 19/3/91*
- (1) The Department will continue to render a service in line with the needs of the communities concerned which have been served for many years. It is a world-wide phenomenon that services which are rendered to different communities are based on social compatibility. The admission policy in respect of these homes will be effected in accordance with the provisions of the RSA Constitution Act, 1983.
 - (2) At these homes provision is made for a service within the community for those who prefer it.
 - (3) Falls away.

THE MINISTER OF WELFARE, HOUSING AND WORKS:

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- (2) At these homes provision is made for a service within the community for those who prefer it.
- (3) Falls away.

Sonop settlement: occupation by non-Whites

*7. Mr A GERBER asked the Minister of Welfare, Housing and Works:†

- (1) Whether the Sonop settlement near Brits will be open for occupation by non-Whites after the abolition of the Group Areas Act, No 36 of 1966; if not, why not, if so, ~~what other conditions?~~
- (2) whether any restriction will be placed on the number of non-Whites who will be admitted to the settlement;
- (3) whether any other conditions will apply to the admission of non-Whites to the said settlement; if so, what other conditions?

Hansard 19/3/91
B510E

THE MINISTER OF WELFARE, HOUSING AND WORKS:

- (1) The Department does not envisage a change in admission policy due to the repeal of the Group Areas Act specifically. At Sonop settlement, as well as the other two departmental settlements, the Department will continue to render a service according to the needs and wishes of the communities concerned. This will be carried out within the framework of the constitution. It is government policy to promote the concept of an own community. However, an own community life has to be sustained by a community's inherent will and capabilities and not by statutory coercion.
- (2) Falls away.

ANNEXURE A

CAPE PROVINCE

Township	% without electricity	Township	% without electricity
Matalang	97	Jeffreysbaai	100
Mizwabantu	94	Kareedouw	100
Kuyasa	95	Kei Mond	100
Thakalathou	35	Kei Weg	100
Nonzwakazi	68	Ginsberg	70
Tidimalo	98	Bontung	87
Bongani	95	Wongalethu	100
Mathomola	96	Qumrha	100
Nompumelelo	100	Kwezinaledi	100
Valspan	99	Sonwabale	100
Galeshewe	40	Marselle	98
Kwazamuxolo	96	Kwanonzame	96
Ditloung	99	Nomonde	99
Theminkosi	99	Kwazenzele	96
Lukhanyisweni	99	Khanyiso	95
Boichoko	93	Nkwenkwezi	99
eThembeni	96	Ibhayi	77
Boipelo	93	Kwamagxaki	0
Sabelo	100	Kwadwesi	0
Motswedimosa	3	Walmer	30
Paballelo	99	Motherwell	75
Huhudi	100	Mlungisi/Komani	83
Ikhuseng	97	Zakhele	100
Kutlwano	100	Kwanojoli	95
Thembalesizwe	100	Masakhe	90
Addo Noodkramp	100	Khayamandi	97
Lingeletu	100	Vuyolwethu	100
Kwanongubela	96	Cumakala	100
Kwanonswakazi	98	Zola	98
Dukathole	100	Dyoki	28
Nkuluekho	70	Kwanobuhle	95
Nolukhanyo	90	Nozizwe	99
Nyarha	100	Willowmore	100
Mzomomhle	96	Khayelishisa	56
Katikati	20	Langa	36
Bhongweni	95	Gugulethu	19
Lingelithe	99	Nyanga	0
Despatch	90	New Crossroads	69
Sinakho	98	Crossroads	48
Gompo Town	95	Phillipi	0
Masibambane	80	Lwandle	0
Kwafindubu	100	Mfuleni	43
Umasizakhe	68	Mekweni	0
Rini	92	Mekweni	57
Umzomomhle	72	Zweletemba	0
Luxolweni	100	Zolani	89
Kwanonzamo	99	Nkqubela	60
Mavuya	99	Zweithle	55
Kwazamukucinga	100	Nduli	82
Masakhane	100	Sidesaviwa	99
		Masinyusane	18

619 123 ~~123~~ 123 ~~123~~ 620
 TUESDAY, 19 MARCH 1991

ANNEXURE B

Township	% without electricity	Township	% without electricity
NATAL			
Itsokelele	95	East Transvaal	
Misingizi	100	Tsweleng	78
Bhongweni	81	Utiwanong	78
Shayamoya	100		
Lamontville	75		
Klaarwater	40		
Shakaville	82		
Melmoth	100		
Kwamevana	100		
Enthalakahle	60		
Bruntrville	68		
Wenen	100		
Winterton	100		
Inkanyezi	90		
Steadville	75		
Emafusini	100		
Sithembile	93		
Sibongile	95		
Bhekuzulu	87		
Dumbe	98		
ANNEXURE C			
TRANSVAAL			
Northern Transvaal			
Belabela	75		
Mookpoghong	75		
Messina-Nancefield	75		
Phagameng	75		
Thabazimbi	75		
West Transvaal			
Agisanang	78	Alexandra	38
Boikutsu	78	Bekkersdal	38
Boitumelong	78	Diepmeadow	38
Borolelo	78	Dobsonville	38
Ikageleng	78	Evaton	38
Ikageng	78	Kagiso	38
Ipelengeng	78	Khutsong	38
Jouberton	78	Kokosi	38
Kanana	78	Lekoa	38
Kgakaka	78	Soweto	38
Khuma	78		
Lebaleng	78	East Rand	
Letsope	78	Boteng	48
Reagile	78	Daveyton	48
Tigane	78	Duduza	48
Tikabologang	78	Impumelelo	48
Tshing	78	Katlhong	48
		Kwa-Thema	48

HOUSE OF ASSEMBLY

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 TUESDAY, 19 MARCH 1991

ANNEXURE D

Township	% without electricity	Township	% without electricity
ORANGE FREE STATE			
Nyakallong	92	Tumahole	82
Leratswana	78	Fateng-Tse-Ntsho	98
Bothlokong	67	Bolokanang	99
Lephoi	100	Mamafubedu	92
Mangaung	66	Poding-Tse-Rolo	99
Seretse	100	Ohweng	95
Kgotsoeng	91	Petsana	74
Majwemasweu	95	Mause	99
Phahameng	96	Rweleleyathunya	98
Keubetswana	96	Matwabeng	97
Hlohowane	97	Mofatshepe	98
Nswanatsatsi	100	Ikgomotseng	10
Tswaraganang	91	Maphodi	98
Morojaneng	98	Matlwantlwang	91
Ha-Rasebei	97	Masilo	95
Ngwathe	94	Madikgetla	97
Mahlatsetsa	99	Mafahaneng	91
Ipoping	99	Borwa	99
Megheleeng	96	Thapelang	100
Mashaeng	98	Mmamahabane	99
Namahadi	98	Tshepong	100
42nd Hill	58	Rammulotsi	79
Phiritona	90	Qalabotjha	75
Phomolong	39	Meloding	63
Malebogo	100	Thembalihle	79
Dipelaneng	100	Mokwallo	96
Tkwana	98	Ezenzeleni	78
Ratanang	96	Thabong	62
lumeleng	99	Oibingi	96
Tholong	81	Monyakeng	95
Dilhake	67	Makelakella	97
kwakwatsi	89	Matlakeng	96
Maokeng	69		
Manyatseng	89		
Nha	87		
Relebohile	100		
Moeraneng	97		
Zamani	94		
Kutlwanoeng	55		
Meisimaholo	100		

HOUSE OF ASSEMBLY

Blacks: social pensions

92. Mr R M BURROWS asked the Minister of Planning, Provincial Affairs and National Housing: 19/3/91 350

(1) Whether his Department is responsible, through the provincial administrations, for the administration of social pensions for Blacks in certain areas; if so, (a) in which areas and (b) what total number of Black persons is currently receiving such pensions;

(2) whether there is a backlog in the handling of applications for social pensions in any areas; if so, (a) in which areas, (b) what are the reasons for this backlog and (c) what total number of applications is currently awaiting processing?

B231E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING: *Hansard 19/3/91*

Provincial Administration of the Cape

- (1) Yes. *(Handwritten mark)*
 (a) Administration of social pensions for Blacks in the Cape Province.
 (b) 138 958.

(2) No.

(a)-(c) Fall away.

Natal Provincial Administration

(1) Yes.

(a) Administration of social pensions for Blacks in Natal.

(b) 70 324.

(2) No.

(a)-(c) Fall away.

Provincial Administration of the Orange Free State

(1) Yes.

(a) Administration of social pensions for Blacks in the Orange Free State and Botshabelo.

(b) 88 701.

(2) No.

(a) and (b) Fall away.

(c) 145.

Transvaal Provincial Administration

(1) Yes.

(a) Administration of social pensions for Blacks in the Transvaal.

(b) 266 363.

(2) No.

(a)-(c) Fall away.

Black local authorities

95. Mr L F STOFBERG asked the Minister of Planning, Provincial Affairs and National Housing:† *(Handwritten mark) 19/3/91*

How many Black local authorities ceased functioning in (a) the Transvaal, (b) the Orange Free State, (c) Natal and (d) the Cape Province in 1990?
Hansard 19/3/91 B263

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

No Black local authorities in the four provinces ceased to function.

Where councillors resigned to such an extent that quorums no longer existed at the local authorities, the respective Administrators appointed administrators to perform the duties of such local authorities.

Information regarding local authorities where administrators were appointed, is as follows:

- (a) Transvaal : 35
 (b) Orange Free State : 38
 (c) Natal : 2
 (d) Cape Province : 30

Open areas

105. Mr P G SOAL asked the Minister of Planning, Provincial Affairs and National Housing: *Hansard 19/3/91*

Whether any open areas have been proclaimed in municipal areas in terms of section 19 of the Group Areas Act, No 36 of 1966, since 28 February 1987; if so, (a) how many, (b) in which municipal areas and (c) when in each case?
(Handwritten mark) 123 B290E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

Yes.

- (a) 116 Areas which include 6 areas where the existing free trading areas were extended.
 (b) and (c) See Annexure.

ANNEXURE

MUNICIPAL AREA	PROCLAMATION NO.	DATE
Plettenberg Bay	38	13-03-1987
Sirand	37	13-03-1987
Still Bay	42	27-03-1987
Vredenburg	39	27-03-1987
Eshowe	43	27-03-1987
Worcester	63	16-04-1987
	166	14-09-1990
Pietersburg	71	30-04-1987
Port Shepstone	72	30-04-1987
	119	20-07-1990
Montagu	70	30-04-1987
Welkom	69	30-04-1987
Milnerton	68	30-04-1987
Benoni	67	30-04-1987
	124	14-07-1989
	145	24-08-1990
Colenso	66	30-04-1987
Grabouw	79	22-05-1987
Glencoe	80	29-05-1987
	29	23-03-1989
	86	12-06-1987
	88	26-06-1987
Vanderbijlpark		
Gordon's Bay		
	155	16-09-1988
	100	26-06-1987
	111	10-07-1987
	57	28-04-1989
Pinetown	113	24-07-1987
Tongaat	114	24-07-1987
Carnarvon	129	11-09-1987
Kempton Park	132	25-09-1987
Acasia	131	25-09-1987
Kuils River	133	25-09-1987
Moorreesburg	144	09-10-1987
Durbanville	145	09-10-1987
Mooi River	181	31-12-1987
Randburg	2	15-01-1988
Prieska	1	15-01-1988
Roodepoort	15	19-02-1988
	66	05-04-1990
Germiston	36	11-03-1988
	193	17-11-1989
Stanger	35	11-03-1988
Goodwood	40	18-03-1988
Empangeni	57	31-03-1988
Frankfort	56	31-03-1988
Klerksdorp	74	05-05-1988
Kroonstad	81	20-05-1988
Krugersdorp	88	03-06-1988
Brakpan	115	15-07-1988
Matatiele	116	15-07-1988
Potgietersrus	142	26-08-1988
Messina	140	26-08-1988

MUNICIPAL AREA	PROCLAMATION NO.	DATE
Harrismith	143	26-08-1988
Potchefstroom	137	26-08-1988
Verwoerdburg	135	26-08-1988
Sandton	144	26-08-1988
Westonaria	148	02-09-1988
Upington	156	16-09-1988
Simon's Town	158	16-09-1988
Ceres	159	16-09-1988
CAPE TOWN:		
Athlone	160	16-09-1988
Charlesville	202	14-12-1990
Michells Plain	160	16-09-1988
Michells Plain	167	14-09-1990
Tokai/Retreat	160	16-09-1988
Edenvale	161	16-09-1988
Stellenbosch	184	04-11-1988
Bloemfontein	191	11-11-1988
	37	09-03-1990
	202	02-12-1988
Oudtshoorn	205	02-12-1988
Virginia	207	02-12-1988
De Aar	210	02-12-1988
Carltonville	216	09-12-1988
Grahamstad	222	30-12-1988
Hennenman	221	30-12-1988
Douglas	5	10-02-1989
Uitenhage	7	10-02-1989
Newcastle	32	23-03-1989
Ladysmith	30	23-03-1989
Lichtenburg	66	26-05-1989
Westville	81	09-06-1989
Postmasburg	83	09-06-1989
Rustenburg	119	14-07-1989
Kenton-on-Sea	117	14-07-1989
Riversdale	125	14-07-1989
Richmond (Natal)	144	04-08-1989
Greytown	150	11-08-1989
Richardsbaai	164	15-09-1989
Graaff-Reinet	181	27-10-1989
Fort Beaufort	188	10-11-1989
Boksburg	201	08-12-1989
	195	07-12-1990
Beaufort West	4	19-01-1990
Pacalisdorp	3	19-01-1990
Swartruggens	7	19-01-1990
East London	26	23-02-1990
Malmesbury	30	02-03-1990
Fraserburg	40	09-03-1990
Melmoth	36	09-03-1990
Stutterheim	47	16-03-1990
Stanford	46	16-03-1990
Wolsley	53	23-03-1990
Port Alfred	79	27-04-1990

MUNICIPAL AREA	PROCLAMATION NO.	DATE
Umkomaas	76	27-04-1990
Verulam	83	04-05-1990
Alberton	89	25-05-1990
Hartswater	113	06-07-1990
Cradock	124	20-07-1990
Daniëlskuil	125	27-07-1990
Pietermaritzburg	140	24-08-1990
Dannhauser	141	24-08-1990
Mandini	158	31-08-1990
Dundee	177	05-10-1990
Queenstown	189	23-11-1990
Warrenton	197	07-12-1990
Total	116	

Black local authorities: accounts

07. Mr J J WALSH asked the Minister of Planning, Provincial Affairs and National Housing:

- (1) Whether any Black local authorities had not finalized their accounts as at the latest specified date for which information is available; if so, (a) which local authorities and (b) for which financial years are final accounts outstanding in each case;
- (2) what action does he intend taking to rectify this matter?

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The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

Transvaal	Local Authorities (b) Financial years	Local Authorities (b) Financial years
	(1) Yes.	
Alexandra	1989/90	1989/90
Bekkersdal	1989/90	1989/90
Diepmeadow	1989/90	1989/90
Dobsonville	1989/90	1989/90
Evaton	1989/90	1989/90
Kagiso	1988/89 and 1989/90	1989/90
Khutsong	1989/90	1989/90
Lekoa	1989/90	1989/90
Mohlakeng	1988/89 and 1989/90	1989/90
Munsieville	1989/90	1989/90
Soweto	1989/90	1989/90
Wedela	1989/90	1989/90
Botleg	1989/90	1989/90
Impumelelo	1989/90	1989/90
Nthorwane	1989/90	1989/90
Siyathemba	1989/90	1989/90
Tembisa	1989/90	1989/90
Atteridgeville	1987/88 - 1989/90	1987/88 - 1989/90
Mamelodi	1987/88 - 1989/90	1987/88 - 1989/90
Refilwe	1989/90	1989/90
Zithobeni	1989/90	1989/90
Ikageng	1989/90	1989/90
Kanana	1989/90	1989/90
Khuma	1989/90	1989/90
Letsopa	1989/90	1989/90
Tswelelang	1989/90	1989/90
Bela Bela	1989/90	1989/90
Mookthopang	1989/90	1989/90
Nancefield	1989/90	1989/90
Phagameng	1989/90	1989/90
Thabazimbi	1989/90	1989/90
Embalenhle	1988/89 and 1989/90	1988/89 and 1989/90
eMgwenya	1989/90	1989/90
eMjindini	1989/90	1989/90
eMthonjeni	1989/90	1989/90
eMzinoni	1988/89 and 1989/90	1988/89 and 1989/90
eSizameleni	1989/90	1989/90
eThandakukhanya	1989/90	1989/90
eZamokuhle	1989/90	1989/90
Kwa Chibukhule	1989/90	1989/90
Kwa Dala	1989/90	1989/90
Kwa Thandeka	1989/90	1989/90
Kwa Zamokuhle	1989/90	1989/90
Kwa Zanele	1989/90	1989/90
Lebohang	1988/89 and 1989/90	1988/89 and 1989/90
Mashishing	1988/89 and 1989/90	1988/89 and 1989/90
Mhluzi	1989/90	1989/90
Phola	1989/90	1989/90
Sakhelwe	1989/90	1989/90
Sakhile	1988/89 and 1989/90	1988/89 and 1989/90
Sitobela	1988/89 and 1989/90	1988/89 and 1989/90
Simile	1989/90	1989/90
Siyathuthuka	1989/90	1989/90

Howse
19/3/91

steps which have been taken with regard to the reports. In appropriate instances a reportback is made to a judge concerned.

After a visit a magistrate reports his findings to the Commissioner in terms of Prisons Regulation 104(2)(b). The findings are recorded in the official complaints and requests register together with an indication of the manner in which they were dealt with. The head of the prison and the commanding officer control on a continuous basis that the findings have been dealt with appropriately. Due to the quantity of visits in question as well as the fact that the reports/findings deal with a wide variety of subjects, the information requested cannot be supplied within the scope of this reply. However, should the Honourable Member require the particulars with regard to a specific report/finding, I will consider providing the information to him on a personal basis.

Land/housing: amount

142. Mr J J WALSH asked the Minister of Planning, Provincial Affairs and National Housing: *Howse* 19/3/91

- (1) (a) What total amount was budgeted for the 1989-90 and 1990-91 financial years, respectively, in respect of (i) land acquisition and (ii) the erection of housing for the Republic, excluding the self-governing territories, and (b) how much was made available for this purpose under each specified vote;
- (2) whether he will furnish corresponding information for the (a) self-governing territories and (b) independent Black states; if not, why not; if so, what are the relevant particulars?

B404E
The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

- (1) (a) (i) 1989/90 R 69 000 000
1990/91 R202 090 000
- (ii) 1989/90 and 1990/91. None — It is Government policy to provide serviced sites in order to enable Black people to erect their own houses either with own capital

The MINISTER OF WELFARE, HOUSING AND WORKS:

- (a) Yes.
- (b) Yes.

In terms of State policy a school building which becomes redundant for White educational purposes, is in the first instance offered to other departments within the Administration: House of Assembly.

If the building is not required and the possibility exist that it can be used by other education departments, the building is offered to these departments.

If the school building cannot be utilized by these departments, the school building should then, as prescribed, be offered to other State departments, the local authority concerned and private schools at market value.

After the needs of the aforementioned instances have been addressed, the school building can be sold out-of-hand to a welfare organization, a recognized church body or a private school at a reasonable value.

Should none of the aforementioned instances be interested, the property is sold by public auction or tender.

Depending on the location of a school building it appears that a large number of persons and institutions approach the department of Local Government, Housing and Works on a regular basis. As some of these persons or institutions do not qualify for the out-of-hand acquisition of school buildings, these applications cannot be considered.

Persons and institutions who do qualify for the acquisition of school buildings as set out above and who have approached the Department, are the following:

Cape	(i) (aa)	(bb)	(cc)	(ii)
Department of Education and Training		90-11-12	Swartkops Primary School, Port Elizabeth	Alienated
House of Representatives		90-10-30	Albatros Primary School, Port Elizabeth	Alienated
House of Representatives		90-10-12	Coega Primary School, Port Elizabeth	Alienated
Department of Education and Training		90-02-08	Frans Jooste Primary School Norvalspont	Alienated
City Council, Durbanville		91-02-15	Institute for Girls, Durbanville	Alienation being considered
<i>Orange Free State</i>				
(i) (aa)	(bb)	(cc)	(ii)	Alienated
Department of Education and Training	90-08-28	Kafferrivier Primary School, district Bloemfontein		Alienation being considered
NG Congregation, Soutpan	90-11-27	Soutpan Primary School, Soutpan		Alienation being considered
Agricultural College Glen	90-11-15	Glen Primary School, district Brandfort		Alienation being considered
<i>Transvaal</i>				
(i) (aa)	(bb)	(cc)	(ii)	Alienation being considered
St Endas (private school) City Council of Johannesburg	91-02-14	Joubert Park Primary School, Johannesburg		Alienation being considered
St Charles Lwanga School	91-01-28	Malvern West Primary School Johannesburg		Alienation being considered
Torah Academy	91-01-04			

'Private resources must be used in housing aid'

GOVERNMENT must use the resources of private enterprise to distribute assistance to the many people who need housing, Aida Holdings chairman Aida Geffen said in an interview.

She believes there is an urgent need for a conference of all those involved in the housing process, including building societies and estate agents, together with all political parties, to exchange ideas on solving the housing crisis.

Estate agency group Aida has 57 franchises. They have been selling houses costing R25 000 and upwards to all sectors of the population.

"In drawing up our ten-year feasibility plan we decided to look at low cost mass housing as a possible area of future development.

"It is not an area that offers a lot of profit, but we believe we need to make a constructive contribution to the new SA. We have the necessary infrastructure to help in this area."

Geffen said the lower income group had little experience of home ownership, and did not realise it was not in their own interests to boycott payments, or damage homes, if they were evicted.

"Most experienced home buyers under-

stand they can negotiate with the building society if they fall behind in their repayments through misfortune, but these people do not.

"We have the resources to train people in home ownership."

Geffen's research did not reveal any housing scheme which she believes really addresses the needs of the market. The cheapest house she found on the market cost R8 500 and consisted of a foundation, walls and a roof.

"The government is talking about a R6 000 subsidy to first time home buyers, but this leaves at least another R2 500 to be found. We are talking here about people who are at subsistence level. They cannot find R2 500."

Building societies were not prepared to lend below R40 000, owing to the costs of administration.

Geffen did not believe granting serviced stands on which people could erect their own structures was really what was wanted. "People want a house with bricks and mortar and a proper foundation so they can expand."

She firmly believes the government has to take responsibility for the problem.

Little growth in residential buildings

THE general uptrend in buildings completed, which increased by 11% between January and November 1990 compared with the same period in 1989, was mainly due to the construction of non-residential buildings. (123)

Boland Bank's March 1991 Focus on the Property Market says capital expenditure on residential buildings has been a relatively small component of total gross domestic fixed investment since 1984.

But, Boland Bank says, the decline of 3% to 4% in the real value of plans approved for both residential and non-residential construction in the first 11 months of 1990 over 1989 indicates a further slackening in building activity in 1991/92. 8/04/91 20/3/91

The average rise in the cost of housing measured by the CPI fell to single figures in 1990 as a result of the stability of financing costs and levelling off in building cost increases.

"The pressure on the financial position of the average South African is clearly reflected in the weak performance of the residential property market since the first half of the eighties," it comments.

"Inhibiting legislation and socio-economic instability in the black townships during this period further restricted activities.

"During the next year socio-economic risks will remain a decisive factor regarding the development of underdeveloped areas."

Boland Bank expects a revival in the property market by mid-1992 at the earliest.

Property market 'on the road to recovery'

123
Blom 20/3/91
THERE are signs that the property market may recover from its decline much sooner than expected, says Camdon's Group MD Scott McRae.

This view is based on news that the trend in building plans passed for residential properties has moved from a 5% decline in 1989 to a 12% increase in the first nine months of 1990, he says.

"The figures released by Econometrix, the consulting economists, show there is now a strong case for an early relaxation of interest rates to provide the impetus for resurgence of the market," McRae says.

The increase in building plans is a positive sign and shows a recovery of the market is on the way, he adds.

"However, building plans passed are not necessarily buildings begun. A drop in interest rates and an improvement in business conditions would probably be needed before the full benefit of the intent represented in the figures is realised," McRae says.

The SA property market should see the start of a strong recovery by about mid-1991. This will be spurred by any further decline in bond rates, he says.

A 1% drop in the bond rate was announced by the major banking institutions after Reserve Bank Governor Chris Stals's 1% Bank rate cut on March 8.

In addition, expatriates who are living and working in SA could turn political and economic trends to a profit of as much as 30% in the short term by investing in SA property now, McRae says.

"Now is the time to invest before the conditions for such investment are no longer as favourable," he adds.

Of the more than 9 000 immigrants in the first nine months of 1990, about 40% applied for permanent residence. "There are three essential reasons for a potentially excellent return for such investors: the present artificially low price of SA properties in world terms; the similarly artificially low value of the SA rand and the natural escalation in values of properties in SA."

If one accepts that SA's new political dispensation will lead to an inflow of capital and an improvement in the economic climate, then property values must rise, he says.

If a 10% increase in the value of the rand is assumed and a 10% improvement in home values and a conservative increase due to inflation, an expatriate investor in early 1991 could see a 30% tax-free return on his money within a short period of time, he concludes.

41 townships left in the dark

Political Staff (123)

CAPE TOWN — Only seven of the 271 black townships outside the homelands are fully supplied with electricity. *Byom 20/3/91*

Many of the remaining 264 townships have not been supplied with any electricity or only a small percentage of houses have electricity.

This was disclosed yesterday by Planning, Provincial Affairs and Housing Minister Hernus Kriel, in reply to a question tabled by Peter Soal (DP Johannesburg North).

Sapa reports that Kriel said 41 townships had no electricity.

No Transvaal township was completely without electricity, he said.

However, there were 19 townships where 22% of the houses were electrified while there were five with 25% electrification and 28 where 72% of the houses had no electricity.

There were 25 townships in the Cape which were not electrified, nine in the Free State and seven in Natal.

The seven completely electrified townships were all in the Cape.



Time loses out on black housing

Finance Staff *Star* 20/3/91

Adverse conditions in the black housing market continue to depress earnings at Time Holdings.

Attributable income plunged by 70 percent to R2,6 million (R8,7 million) although turnover was up by 16 percent to R265 million (R228 million).

The dividend has been reduced from 10c to 5c a share but shareholders have been offered a bonus of 10 shares per 100 held.

Commenting on the problems in the black housing market Time Holdings financial director Neil Carter said firm action was taken to address the problems.

This action included a restruc-

ture as well as extensive branch closures and staff reduction in the second half. The branch closure led to a one-off R5,6 million loss.

"Lack of bond finance, high interest rates and unrest in black areas led to a year-end loss of R4,8 million after the half-year's R3 million loss," Mr Carter said.

123

Outlay on buying land for homelands is slashed 76%

CAPE TOWN — Government spending on the purchase of land for the homelands is to be slashed by 76% from R53,5m to R12,7m during the 1991/92 financial year.

But expenditure on the 10 homelands is to increase by 24,7% to R9 811,5m.

No provision has been made for the purchase of properties in the four independent homelands, an item which cost R15m last year.

The cuts in expenditure come in the wake of government's White Paper on land reform, in which it said the law under which land was to be purchased for the homelands, the 1936 Development Trust and Land Act, was to be scrapped.

Enormous sums of money have been spent over the years for the purchase of land to consolidate the homelands.

This item will now disappear from the Budget, and the R12,7m in the 1991/92 financial year is likely to cover commitments which government has already made for the purchase of property.

The Estimates of Expenditure, which

Political Staff

was tabled in Parliament last year, make provision under the Foreign Affairs vote for budgetary aid to the independent homelands of Transkei, Bophuthatswana, Venda and Ciskei to go from R2 644,9m to R3 551,9m.

A further R86m has been set aside for the industrial incentive schemes in the TBVC states and R13,6m for "ad hoc grants", for which R6,1m was budgeted last year.

However, no details were provided of how much would be transferred to each of the TBVC states.

Under the Development Aid vote, R6 160m has been provided for the six non-independent homelands, compared with the R5 129,9m budgeted last year.

KwaZulu is to get R2 736,7m, Lebowa R1 578,2m, Gazankulu R773,9m, KaNgwane R413,2m, KwaNdebele R333,7m, and QwaQwa R313,1m.

Health spending goes up by nearly 9%

CAPE TOWN — Government spending on health services would increase by 8,9% to R8 175bn in 1991/92, with greater emphasis placed on primary health care, said Finance Minister Barend du Plessis.

But despite the change in emphasis on health spending, only 5% of the health budget would go to primary health care, Du Plessis said.

"Experience has shown that the health status of a community is influenced to a significant degree by expenditure outside the strict health field, for example in the supply of water for domestic use, sewer-

Political Staff

age, housing and balanced nutrition. "Various measures for which funds are being supplied in this Budget... therefore indirectly support the function of primary health care," he said.

Du Plessis said the private sector continued to devote itself to more specialised curative services "for that portion of the population that can bear economic tariffs".

He said what the private sector spent on health services already represented about 45% of the total.

Opening up housing 'must be accelerated'

Political Staff

CAPE TOWN — Beefed up housing schemes should allow an additional 90 000 families to acquire housing or a serviced stand in the new financial year, says the Budget review.

However, the actual amount provided for housing in the Budget dropped from the R1,208bn in the 1990/91 financial year to R1,087bn in the coming financial year.

An additional appropriation of R60m for housing expenditure is also proposed for the House of Representatives.

The review points out, though, that these amounts are not strictly comparable for purposes of evaluating the progress of low-cost housing, inasmuch as certain off-budget loci have come into existence that provide various forms of financing in this field.

The review takes note of the serious housing shortage and says it could get worse.

It said it was estimated that more than 1,6-million people could be regarded as squatters, as defined at present, while another 1,7-million lived in backyards.

The review says state spending on housing must accelerate and adds that a "leverage mechanism" must be devised in respect of private sector funds to deal with backlogs.

It noted that the Independent Development Trust had recently announced that R375m would be made available in each of the following two years for housing.

In addition, it was proposed that the R119m remaining from the R250m allocated in 1990/91 for the purchase of land for black urbanisation, be voted in the additional appropriation for 1991/92. This was to have been funded out of the proceeds of privatisation.

It was further proposed that a supplementary R90m be voted for the Department of Planning, Provincial Affairs and National Housing to supply basic infrastructure.

om the surplus of the previous financial year meet its financing requirement.

AX PROPOSALS:

VAT will be introduced at 12% on September 1.

Company tax: The nominal company tax rate will be reduced from 50% to 48% in the first step towards the goal of a 40% tax rate. However, the removal of tax concessions will result in a higher effective tax.

Personal tax: The maximum marginal tax rate for married men will be cut from 44% to 39% and the primary rebate will be reduced from R2 100 to R2 000.

The maximum marginal tax rate for married women remains unchanged at 38%, while the primary rebate will increase from R700 to R800. Married women over the age of 65 will become eligible for the additional rebate of R2 100. Separate taxation will be fully phased in this year with the separate taxation of investment income.

Life assurance industry: The tax rate will be reduced to 43%, the same level as the maximum marginal rate for individuals.

Mining industry: The lower tax formula for old mines recommended last year will be fully implemented this year and step three of the phasing out of the surcharge on non-gold mines will proceed.

Marketable Securities Tax and Stamp Duty:

MST will be reduced from 1,5% to 1% of the purchase price of a security, while stamp duty on the transfer of unquoted marketable securities will be reduced from 15c to 10c. Both will be phased out over three years.

IMPORT SURCHARGE:

Capital goods will be cut by half to 5%. Intermediate goods will be reduced from 7,5% to 5%.

Less essential consumer goods will be maintained at 40%.

White goods will be maintained at 15%.

CUSTOMS AND EXCISE:

Beer will increase by 3c a bottle of 340ml or "dumpy".

Spirits will increase by about 1,5c a tot, or 37,7c a 750ml bottle.

Cigarettes will increase by 3c for 10 cigarettes.

Cigarette tobacco will increase by 3c per 50g.

Pipe tobacco and cigars will increase by 25c per kg.

Fortified wine and sparkling wine will increase by 1,8c per 750ml bottle.

LAST YEAR'S SURPLUS: R1bn has been allocated to government pension funds, R450m to the Export Credit Reinsurance Fund, R350m to the Maize and Grain Sorghum Boards and the remaining R206m to the 1991/92 fiscal year.

LESLEY LAMBERT

Housing for the needy ¹²³ gets a boost

Star 2/13/91
Political Staff

The Government is giving "urgent attention" this year to boosting housing and property rights for the poor.

Announcing a R1 billion budget for housing, Finance Minister Barend du Plessis said: "In the light of more rapid urbanisation and the necessity of providing both new and existing urban communities with land and basic infrastructure, it is proposed that an additional sum of R90 million be voted to the Department of Planning, Provincial Affairs and National Housing.

"The unspent portion of the R250 million set aside for this purpose last year out of the proceeds of privatisation, namely R119 million, will be spent this year on buying land and providing infrastructure for black urbanisation."

A further sum of R60 million will be made available on an ad hoc basis for coloured housing.

Mr du Plessis paid tribute to the Independent Development Trust and other development agencies.

The Budget Review points out that rapid urbanisation has led to a serious housing shortage, especially for those in the low income bracket.

"It is estimated that over 1,6 million people in South Africa can be regarded as squatters, while another 1,7 million live in backyards.

"It is clear that the real increase in State spending on housing must accelerate and a leverage mechanism must be devised in respect of private-sector funds if the backlogs are in any way to be dented."

90 000 families will benefit in housing move

123

Sowetan
2/13/91

THE sum proposed for Housing in the printed estimates was R1 087 billion as against R1 208 billion in the previous financial year, Minister Barend Du Plessis said yesterday.

This took into account the interest earnings and capital return flows accruing to the various housing funds, Du Plessis said.

It was proposed that an additional sum of R90 million be voted the Department of Planning, Provincial Affairs and National Housing "in the light of more rapid urbanisation and the necessity of providing both new and existing urban communities with land and basic infrastructure".

Lend

The unspent portion of the R250 million set apart for this purpose in 1990/91 out of the proceeds of privatisation, namely R119 million, would be spent in 1991/92 on purchases of land and infrastructure for black urbanisation and would be accounted for in the 1991/92 Additional Appropriation.

"It is also proposed that in the Additional Ap-

SA Press Association

propriation a further amount of R60 million be made available as a conditional ad hoc appropriation for housing for the House of Representatives."

Du Plessis said the sums allocated for Housing were not comparable as a measure of the progress being made with low-cost housing, since there were several outside bodies also actively involved in the financing of housing.

The Government welcomed the initiatives of the Independent Development Trust, which had announced that R750 million was being made available for housing finance over a two-year period to give needy South African access to property rights.

"Taken in conjunction with the existing and new schemes of various housing authorities, this should give about 90 000 families access to low-cost housing or serviced sites in the 1991/92 financial year."

The activities of the South African Housing Trust, the Urban Foundation and various other independent private initia-

tives would take achievements even further.

The Independent Development Trust was beginning to make a key contribution to the broad development process in South Africa, especially to less-advantaged regions and communities and groups.

Violent

"The Trust's achievement is all the more laudable given the strained and often violent

atmosphere in which it must pursue its task."

There was no intention that the Trust should assume the State's duties vis-a-vis the poor in their desperate need in fields such as housing.

On the contrary, urgent attention is now being given to means South Africa and Swaziland were represented, had already recommended to those governments that the application be accepted and draft agreements were "in course of preparation".

PROPERTY

New bond rate could help boost investment

Sowetan 21/3/91

123

THE one percentage point reduction in the mortgage interest rate, amounting to about R80 on a bond of R100 000 offers homeowners a substantial investment opportunity at no additional cost.

This is the opinion of Mr Clive Fox, managing director of independent unit trust specialists, Consolidated Fund Managers.

"Without spending anything extra, the homeowner with a bond of R100 000 can settle his bond in less than 15 years

or acquire an additional tax-free investment of approximately R100 000 in 12 to 15 years.

"Unit trusts have historically yielded 20 percent or more per annum over the long term, with average returns often as high as 25 percent per annum.

"This level of return is substantially better than the investment return in the residential property market and also better than the new bond rate of 19,75 percent, which we

believe will continue to decline over the next two years," Fox said.

Reductions in the bond rate are often an excuse to reduce monthly bond repayments and to reallocate this spare money to non-essential expenditure, he said.

Interest rate reductions also invariably herald improved activity in the equity markets, with positive benefits to unit trust investors.

"While investing in your own home has al-

ways been important, residential properties are not yielding anywhere near as high as the returns being yielded by top performing unit trusts.

"And by simply reallocating the money being liberated by the drop in bond rates into unit trusts which are, we believe, on the verge of substantial upward growth, the homeowner can derive the maximum benefit from this relaxation in rates, at no real additional cost," Fox said.

SOWETAN FOR

Building the Nation

R600-m fillip for housing

Sowetan 21/3/91

123

By KENOSI MODISANE

THE proposed R600 million housing subsidy scheme announced by the Independent Development Trust will help to address the low-income housing crisis if it is applied to State-owned land.

This is the opinion of Mrs Vino Nankan, managing director of Ven-Rich Housing Corporation.

The IDT's scheme offers the prospect of grants or subsidies of R6 000 for a homeowner.

It is generally anticipated that it will enable homeowners to obtain titles for stands on

State-owned land and could well make provision for services such as sanitation, water and electricity.

The balance would be used for building homes on the stands.

But Nankan maintains the scheme will have to be "clarified".

A start

"This scheme wouldn't have direct influence on companies like ours because it appears to make provision for stand-owners to build their own homes and our business is house construction.

"But it could start the ball rolling in the right direction by mobilising the Government to provide more State-owned, serviced land for low-income housing developments.

"If more State-owned land were available for development, homeowners could be saving as much as R9 000 on 200 square-metre stands and a great many more people could be qualifying for loans between R12 500 and R35 000 made available under the Urban Foundation's Loan Guarantee Initiative announced last year."

SOWETAN

Building the Nation

FOCUS

Sensible buyers don't borrow too much

123
Sowetan
21/3/91

By KENOSI MODISANE

AS we discussed last week most conventional homes are built using money borrowed (loaned) from a financial institution.

When applying for a loan to buy a house, sensible people are careful not to borrow too much.

An easy way to calculate approximately how much the average family can afford to borrow is to first work out how much you would earn in 14,5 months.

Alfred and Selina Kunene, who we met last week, have a combined monthly income of R2 500. $R2\ 500 \times 14,5 = R36\ 250$.

Now add your savings for your deposit to this total.

The Kunenes have saved R12 000 over the years, from which they estimate they can afford a deposit of about R9 000. $R36\ 250$ plus $R9\ 000 = R45\ 250$, which we'll round off to R45 000.

This means that they can probably afford a home plus ground costing around R45 000.

The Kunenes, of course, intend applying for a bond. But they're a little puzzled as to how bonds work.

A knowledge of the concept of paying interest is essential to understanding bonds.

Nobody lends

money without expecting a reward. If you have a savings account, you are the lender and the financial institution is the borrower.

So the financial institution rewards you by paying you interest on the money you're lending it.

If, on the other hand, the financial institution lends you money, you pay the interest to the institution.

Interest

The interest on home loans is calculated on a percentage basis, which varies from time to time.

At present, the bonds rate (the interest you pay back to the institution that lent you money) is around 20 percent per year.

This means that for each R10 000 you borrow, you have to pay your lender just over R2 000 every year.

Interest is calculated

monthly, which accounts for a small extra amount.

The Kunenes are fortunate in being able to afford a medium a medium sized conventional brick house. They're almost sure to be given a bond because firstly, they've saved R9 000 - in other words, a 20 percent deposit on a R45 000 home - and they know that the more of their own money they invest in their home the easier it will be to get a bond.

Secondly, their income easily qualifies them for a bond of about R36 000.

At present, an income of R2 500 per month qualifies for a bond as high as R52 000 with available subsidies.

But as we said earlier, it's usually wiser not to borrow to the absolute limit).

Not everybody has

been able to save as much as the Kunenes. And not everybody qualifies for a bond of as much as R45 000.

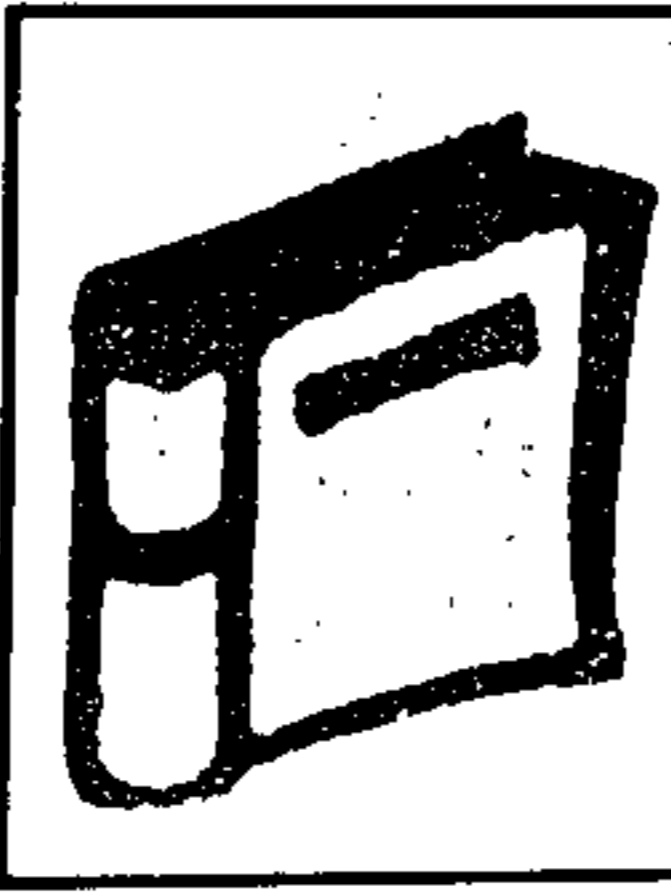
Remember, though, that the information we're gathering also applies to less expensive conventional homes as well as a

number of even cheaper options.

We will discuss all these over the coming months.

So stay with us.

Next week we'll be visiting FHA Homes with the Kunenes to learn about bonds and repayments.



MATRIC LITERATURE

Romeo and Juliet 3: The obstacle to their love

What is the obstacle to Romeo and Juliet's love? When the nurse tells Juliet that Romeo is a Montague (I,v,?), Juliet replies:

My only love sprung from my only hate!

Questions

1. Whose love is Juliet referring to in the quotation?
2. Whose hate is she referring to?

Your answers to the above questions show you why there is a contradiction in the sentence of the quotation. Juliet's words express a conflict between her individual feelings and the feelings which she has been taught to feel. We can think of a similar situation: imagine that you are an ANC member who falls in love with an Inkatha member. As individuals you love each other, but your love betrays the commitment that you are expected to show to your organisation.

In II, ii, 38-44, Juliet says:

Tis but thy name that is my enemy;
Thou art thyself, though not a Montague.
What's Montague? It is nor hand nor foot
Nor arm nor face, nor any other part
Belonging to a man. O be some other name!
What's in a name? That which we call a rose
By any other name would smell as sweet.

She goes on to say that Romeo should give up his surname for her. Can Romeo just give up his name? What do you think?

Juliet is talking about identity. Our identities are bound and defined by names and words such as white, black, A.W.B.-member, Xhosa, Afrikaner and so on. Juliet is saying that names do not matter to her. She says in II,ii,33-36:

O Romeo, Romeo! Wherefore art thou Romeo?
Deny thy father and refuse thy name;
Or, if thou wilt not, be but sworn my love,
And I'll no longer be a Capulet.
(Wherefore is an old-fashioned word for "why".)

In fact, Juliet would give up her identity if she were to marry any man, because traditionally, women adopt the surnames of their husbands. There is something in particular about Romeo, which makes it a problem for her to adopt his name.

Question

1. Why do you think Juliet cannot adopt Romeo's surname?

Our answer to the above question shows us that there is more to identity than your name, or what you are. Your identity is also what you are not. If you are an A.W.B.-member, you could get married to a member of the Conservative Party without a problem. However, it would create many tensions if you married an ANC member because the names with which you identify yourselves represent opposite sides. No matter how much you as individuals would feel love, the names of your groups or organisations would indicate that you dislike each other. And can we simply give up the names of groups or families we belong to?

In the above quotation which starts O Romeo, Romeo, Juliet is saying that she will give up her own name in order to be Romeo's love. But what would happen to her if she refused to be a part of her family? Let's look at III,v, when Capulet discovers that his daughter does not want to marry Paris. Capulet starts abusing her and threatens to disown her (lines 188 and 191 - 194):

Extract a:

Graze where you will - you shall not house with me.
An you be mine, I'll give you to my friend;
And you be not, hang, beg, starve, die in the streets,
For by my soul I'll ne'er acknowledge thee,
Nor what is mine shall never do thee good.

Lady Capulet echoes these words by telling Juliet in lines 203 - 204:



The nurse speaking to Juliet

Extract b:

Do as thou wilt, for I have done with thee.

As the above quotations show, Juliet will be cast out of her family if she refuses to do as they wish. The above quotations show that being without your family means losing all means of support. They show that Juliet is dependent on her father. When Capulet talks about Juliet, he uses words which suggest that she is his possession. When Juliet apologises for her behaviour later in the play, Capulet says in IV, iii, 46 - 47:

Extract c:

My heart is wondrous light
Since this same wayward girl is so reclaimed.

Questions:

4. Which word in Extract c suggests that Capulet owns Juliet?
5. Which phrase in Extract a suggests that Capulet owns Juliet?

We could say that the reason Juliet is dependent on her father is because she is his daughter and is much younger than he is. We noticed last week that the Prologue prepares us for a conflict or an interaction between parents (who are at war) and their children (who are in love). There are many references to the youth of the children and the age of their parents in the play. In I, i, 72, for instance, Lady Capulet says that Capulet should rather be asking for crutches to walk with, than a sword to fight with. In I, ii, 8, Capulet tells Paris:

My child is yet a stranger in the world -
She has not seen the change of fourteen years.

Later in the play, however, we find that Capulet is equally dependent on his daughter as she is on him. Capulet depends on Juliet to continue the family line. When he thinks that she is dead, in IV, v, 38 - 40, he says:

Death is my son-in-law, Death is my heir;
My daughter he hath wedded, I will die,
And leave him all; life, living, all is Death's.

To Capulet, Juliet's death means the end of his family line. We can therefore say that Capulet identifies himself with his family. He does not see himself as an individual who exists independently of his family.

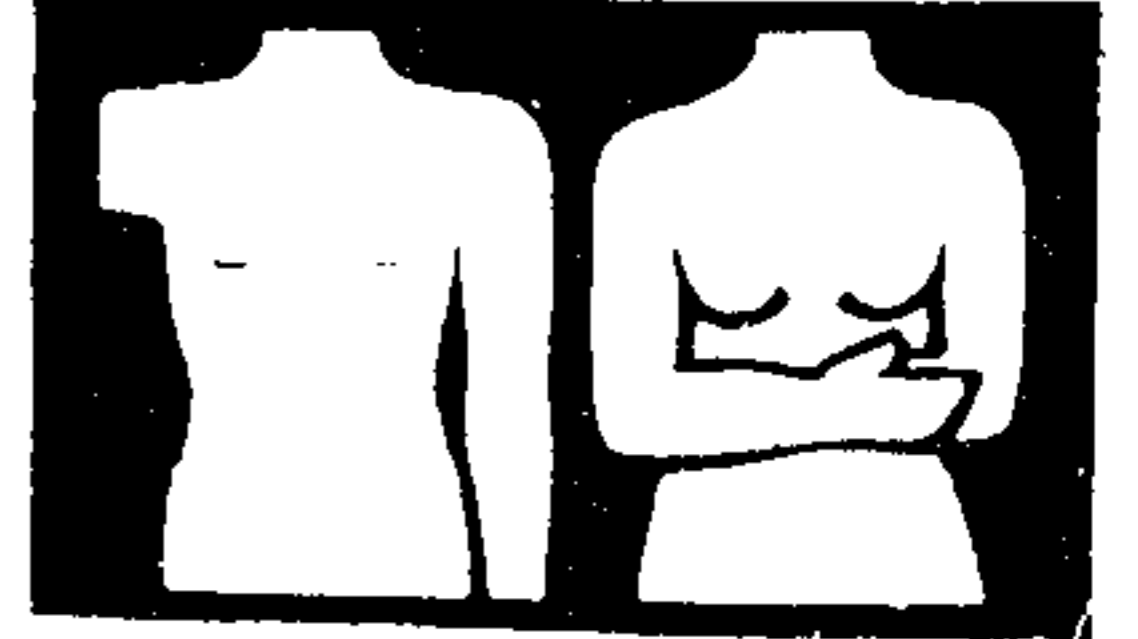
We have seen that there are two obstacles in the way of Romeo and Juliet's love. The one is the fact that they carry family names which are defined as enemies. The second reason is that, as children, Romeo and Juliet are still in their parents' control. They still depend on their parents for support.

Are these circumstances human-made or are they made by higher powers? In fact, names and parent-child relationships are the social circumstances that surround the love story. They are not pure fortune (III, i, 133) and they are not circumstances that come from nowhere. Romeo and Juliet's "fate" is the direct result of a human world of love and enmity.

Answers

1. Her own
2. Her family's
3. He belongs to the 'other side' - the Montagues. He represents the enemy of the Capulets.
4. reclaimed
5. I'll give you to my friend

KNOW YOUR BODY



Urbanisation - the 1970s, 1980s and early 1990s

New Nation (Learn Nation) 22/3 - 26/3/91 (123) ~~123~~ ~~123~~

This is the last article in our series on health in the city which was adapted from Critical Health. This article gives us an update on urbanisation since the 1970s - if you remember, the second one only described what had happened up until the mid-seventies. If you are interested in the housing question, which is related to urbanisation and health under capitalism you might like to read the articles on our Current Issues page. It might be useful to take these pages to your civic meetings to use in your discussions on housing and the rent boycott.

Since the 1970s, the South African government has been faced with growing economic and political problems. We have suggested that the National Party tried to respond to this crisis by restructuring apartheid. Its aims were to suppress political opposition and to improve the state of the economy.

The capitalist class needed a more skilled urban workforce and the state was forced to accept that a permanent urban African population was unavoidable. It still insisted, though, that different race groups would be confined to segregated residential areas.

The townships were managed by Administration Boards, but, in the late 1970s, Community Councils were introduced. In the early 1980s, these were replaced by the Black Local Authorities which eventually took over all the functions of the Administration Boards. The government was responding to political resistance by attempting to replace unelected white administrators with elected local authorities. The working class, however, boycotted elections for both the councils and the local authorities and these structures failed to win political legitimacy.

Rent Boycotts

The government was also searching for a solution to the financial crisis of the Administration Boards. The townships were expected to be financially self-sufficient and the councils and local authorities were made responsible for the task of raising income. The monthly charge to residents for house rents and services was the only major source of income available to them. White municipalities, however, are able to get large proportions of their income through rates imposed on the commercial companies and industries that fall within their boundaries.

In the late 1970s and the 1980s, service charges increased well above the rate of inflation. Residents refused to pay the monthly charges. A rent boycott was started in the Vaal in 1984 and spread to numerous other townships nation-wide. Councillors were forced to resign and, by 1986, Black Local Authorities had collapsed in large parts of the country. The state responded by trying to smash the working class and its structures. It did eventually manage to revive most of the local authorities by smashing the class after the militant 84 - 86 period. It was clear, however, that these structures were unworkable for both financial and political reasons.

The Group Areas Act of 1950 enforced the development of separate residential areas for "coloureds" and Indians and allowed for the creation of "coloured" and Indian local government structures. Most of these structures exist today as advisory bodies to white municipalities and have no real power. They do have the option to apply to become independent from white municipalities. One of the reasons why these bodies have not applied for this autonomous status is that they would then have to be financially self-sufficient. Once again, income would have to be obtained almost entirely from residents.

The Regional Services Councils (RSCs) represent an attempt to overcome the obvious financial weaknesses of racially separate local government structures. They raise income through charges or levies on employers and use this income for development in all areas within their region. The RSCs allow for some redistribution of resources to poorer communities but they also allow for the continued existence of racially segregated local authorities within their regions. They are therefore additional costly structures that are responsible for tasks that could be undertaken by non-racial local authorities.

The form of control of the rate of urbanisation has also changed since the 1970s. The control of urbanisation on a racist basis attracted widespread internal and international criticism. In 1986, the government abolished influx control and replaced the pass document with a uniform identity document for all racial groups. It introduced a new form of control which discriminates against people who do not have access to housing. The Prevention of Illegal Squatting Amendment Act came into effect in 1988 and this change to the law makes it easier for the state to remove those millions of South Africans in the urban areas who do not live in formal housing.

The Housing Shortage

In the 1980s, however, the state has effectively handed over the task of providing housing to the private sector. Africans were granted the right to own houses and the state is now selling off its present housing stock to people in the townships. This means that the state has fewer houses to rent to residents. The very few houses that are being built by the private sector are being sold at prices which the working class

cannot afford. It has been estimated that less than 11% of urban Africans have enough money to buy the few houses built by the private sector. As a result, there is a growing shortage of houses in South Africa.

In recent years, government authorities have responded to squatters in a number of different ways. In some cases, shacks have been demolished and communities have been removed. There are also many squatter communities that have been allowed to grow. A number of local authorities have, for example, provided basic services to squatters and demanded high monthly payments.

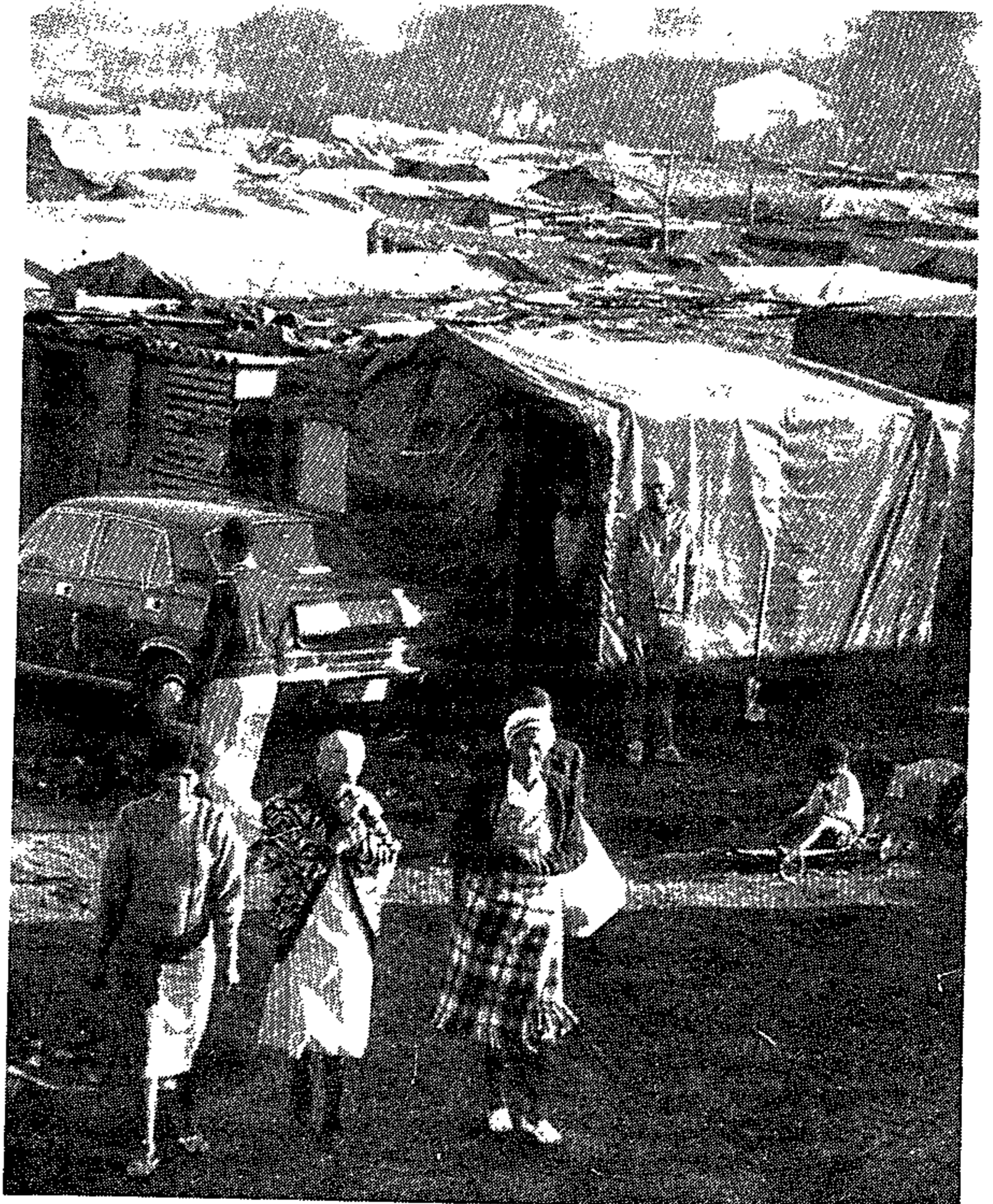
Large numbers of people are leaving the rural areas and moving to the urban areas in a desperate search for employment and, in the absence of influx control, the number and size of squatter communities is growing rapidly. The severe shortage of houses in the urban areas has forced many urban residents to move into shacks in the yards behind township houses. The number of new backyard shacks is also increasing very quickly. There are 5 million or more squatters in South Africa today. The government estimated that the housing shortage was 800 000 in 1988 and a government minister said that 11 million people will be in need of housing over the next ten years. Do you perhaps know what figures the Civic Association for Southern Transvaal (CAST) gives for the number of people needing houses?

The Impact of Urbanisation on Health

Urbanisation in South Africa has had serious consequences for the health of the majority of the population in both urban and rural areas. Workers were exposed on the mines to a variety of infectious and occupational diseases and the migrant labour system allowed for the spread of infectious diseases into rural areas. The combined effects of land dispossession and increasingly strict enforcement of influx control led to overcrowding in economically unviable bantustans. This has resulted in widespread malnutrition and lowered capacities to recover from infectious diseases.

In the racially segregated cities, a far higher proportion of African infants die before they reach one year than white infants. The lack of provision of housing in the urban areas is leading to further overcrowding in the townships as well as the formation of a large urban squatter population. The method of financing of the Black Local Authorities, together with increasing levels of unemployment, has resulted in enormous financial pressure being placed on township residents. The cutting off of water and electricity to certain townships in the last year has led to health risks, particularly from infectious diseases. Urban squatter communities are faced with insecurity as well as financial pressure.

These current trends in urbanisation, when seen in conjunction with the deteriorating and increasingly expensive state health service, can only be expected to have a negative impact on health in the urban areas.



Homebuilders warned to get in before VAT

THE National Association of Home Builders (NAHB) yesterday encouraged people planning to build homes in the near future to "move fast" to beat the September 30 deadline for the introduction of VAT. (123)

"In light of the confirmation by Finance Minister Barend du Plessis that VAT will also apply to housing at the full rate of 12%, our message to the homebuilding public is to move fast," NAHB executive director Johan Grotsius said.

He said this would also

Business Day Reporter

apply to those considering alterations or additions.

"At a VAT rate of 12%, home building costs will increase on average by between 6% and 8% after discounting the impact of GST," he said. (32)

He said the additional expense on a dwelling costing R100 000 would be R6 000. The home owner would have to contend with increased deposit requirement and monthly bond repayments.

The NAHB was disappointed the Minister did not give some indication of future policy regarding housing subsidies.

Grotsius said the industry could not adapt overnight, thus advance information on home financing and policy changes was important.

On the positive side, he said the allocation of R90m to the Department of Planning, Provincial Affairs and National Housing, and R100m to the Department of Development Aid (of which R70m was allocated for education), clearly signified the recognition by government of the importance of housing in the process of social upliftment and political reform.

"The 2% point reduction in company tax to 48% is widely acclaimed although it remains a disappointment that quicker progress could not be made in achieving the target future of 40%," Grotsius said.

Andrew hits out at govt over housing budget

123

CAPE TOWN — Government passed up the opportunity of creating thousands of jobs and building stability by not placing greater emphasis on housing and allocating it more money, DP Finance spokesman Ken Andrew said.

He said yesterday the Budget fell far short of what was required to manage successfully the transition to an equitable and stable SA.

The amount provided for housing in the Budget dropped from the R1,208bn in the 1990/91 financial year to R1,087 in the coming year.

An Independent Development Trust housing spokesman was incredulous that the amount allocated for housing did not come up to expectations.

BILLY PADDOCK

He said it was cheating to conflate this year's Budget with unspent allocations from previous years.

Andrew said: "We needed a Budget for a new SA and for all 35-million people. This Budget just does not get there."

He said Du Plessis' analysis of the problem was correct but the allocations did not match it.

He said Du Plessis, through the housing issue, would have been in a good position to give teeth to President FW de Klerk's reform initiatives by creating thousands of jobs and thereby sustaining growth.

It would also have gone a long

way towards addressing poverty.

He said the private sector would have been involved in construction and in financing.

He said the building industry was already operating under capacity and this would have injected growth in that sector as well.

"But instead the allocation by the state for housing is down on last year's Budget and it is more a holding operation than a plan to move forward," he said.

And yesterday the Labour Party decided it would be putting forward proposals during the committee stage of the Land Reform Bills that persons who had rented their houses for more than 15 years be given them and the transfer costs borne by the state.

Civics

New Nation (Learning Nation)
123
22/3-26/3/91

The housing crisis: who will solve it?

If we look at the class struggle today, one of the first things we will notice is the very militant housing struggles the working class is fighting. This latest wave of housing struggles started with the Defiance Campaign of 1989. Since then it has spread to different places around the country, and has also become more militant. Although the struggles around housing have spread to many places, they have been concentrated mainly in the Transvaal.

The purpose of this series of articles on housing is to add to the discussion on why there is a housing crisis facing the working class in the first place. It is also to look critically at some of the solutions that are being proposed. Hopefully these articles will then assist the working class in coming to an understanding of what its political and organisational tasks are in the struggle for proper housing.

This week we want to start by looking at the important features of the present rent and services struggles.

● The first point we have mentioned already is that the rents and service charges boycotts have spread nationally in the last year. But it is mainly in the Transvaal that these struggles have been most widespread and intense. Fifty two out of eighty townships in the Transvaal are presently boycotting rent and/or service charge payments. The rent struggles spread across the eastern and western Transvaal, through the northern Transvaal townships including Ateridgeville and Mamelodi in Pretoria, down the southern Transvaal, right into the Vaal area.

● The second feature of these struggles is that they are not all new struggles. In the case of the Vaal townships, the rent boycott has been going on since 1984. In Soweto, the boycott has been going since 1986. In other cases, such as in Alexandria, the township residents have again picked up the fight which they first began in the 1984 - 1986 period - a fight which the state crushed through the states of emergency. In many of the eastern and western Transvaal townships, the rent struggles are new, and more directly related to either the Defiance Campaign of 1989 or political developments after February 2 1990, when the ANC, SACP and PAC were unbanned. These political developments definitely inspired a new sense of confidence in the working class which intensified its mass struggles. It is clear though that in all 3 cases, it was this new confidence of the working class that led to the renewed militancy with which the class tackled this old problem.

● The third feature is the common causes and demands that we can see in these struggles. In most cases, the immediate cause of the rents and service charge boycotts was that either the rents or the service charges were too high. In the same way, the townships have all put forward a common set of demands.

In the next few weeks, we want to look more closely at the civic struggles around rent, service charges, squatting and hostels. We will look at why they have erupted again, why they have been concentrated mainly in the Transvaal and what demands the masses are making around housing. We also want to look at why the state builds houses for the working class, how this benefits the bosses and why the bosses themselves will not build houses for the working class. In other words, we will show that it is capitalism that creates the housing crisis. But this raises the question: can capitalism solve the housing crisis? We will look at the 'solutions' of the state and the bosses to see if they will satisfy the needs of the working class. At the same time, we will need to look at some of the solutions that have come from the democratic movement itself.



These demands have been:

- * removal of the Black Local Authorities and councillors
- * reduction of rent and service charges to an affordable level
- * writing off of arrears owed by residents
- * upgrading of services
- * transfer of the houses to the residents
- * more land for development
- * one tax base
- * a single non-racial municipality

The demands for the removal and resignation of the community councillors, for one tax base and for single non-racial municipalities have all given the rent struggles a strong political undertone.

● The fourth feature is the very militant action that residents have engaged in around the rent struggles. From the time of the Defiance Campaign, some of the militant action has included marches on and the burning down of community councillors houses. The forced resignation and scrapping of the community councils has been a big feature of the present campaign. It is also the first time this issue has been taken up again since the 1984-1986 period. Other actions have included consumer boycotts, not only of councillors businesses but also of white businesses in the adjoining white municipalities. Perhaps the most militant action has been the single-township stayaways that have been called, such as

on east rand, Alex and places even like Middleburg.

When workers from single townships like Alex stayaway, it is easier for the bosses to dismiss them or victimise them. Workers living in Alex work in many different areas, so they are not the majority in some of the factories where they work. They are therefore in a relatively weak position when they stay away. In spite of this, all the single-townships stayaways have been very successful. This shows the militancy of the rent struggles.

● The fifth feature has been the renewed building of civic organisations in the townships, together with street, area, block and zone committees. The states of emergency definitely broke many of the civic organisations that were then part of the UDF. The latest wave of rent struggles has been accompanied by a strong emphasis on rebuilding township organisations. Throughout 1990 we read about the launching or re-launching of the civic organisations. But it must be said that the level of organisational re-building has been very uneven. In some townships, strong street, block and area committees have been built. These function regularly to discuss the on-going housing struggle and give mandates and direction to the civic leadership.

In other cases, the grass-root struc-

Learning Nation would like to hear from you about developments in your civic struggles. If you have other issues you would like to raise please mention them. Write to us at: Learning Nation, P.O. Box 11350, Johannesburg, 2000.

tures are not so strong. There the leadership depends more on mass rallies to involve the residents more directly and to get mandates from them. In yet other cases, no structures exist at all, and it is only a small activist layer that is actively involved in the struggle, although most residents might actually be boycotting rent and service charge payment.

● The sixth feature is related to the problem of uneven levels of organisation. This is the problem of absolutely no co-ordination of the various rents struggles. This has been the single-biggest weakness of the rent struggles in the recent period. How many times have we not seen one township engage in a march and a stayaway one week, only to be followed by a similar march and stayaway the following week by the township right next door. Kallong and Vosloorus are just one example of this kind of problem. The result of this lack of co-ordination has been to weaken all the different rent struggles.

We have seen this weakening of the rent struggles by the way in which the Transvaal Provincial Administration (TPA) has responded to the rents boycott crisis. The TPA has taken full advantage of the lack of a co-ordinated housing campaign and has tried to divide the townships even further. In some cases like Soweto, the TPA has agreed to write off all arrears payments. In other cases like the Eastern Transvaal, the TPA has agreed merely to freeze the payment of arrears. This means that at some point, the residents would still have to pay the money that is outstanding. The TPA has also used the flat-rate in this divisive way. In some cases it has agreed to a flat rate of R60, in other cases it insists on a flat rate of R70.

This TPA strategy has really weakened the civic struggles. The formation of the Civic Association of Southern Transvaal (Cast) was a big step forward for the working class. Co-ordination of the various rent struggles should now be more possible. But it is alarming that individual civics still negotiate separately with the TPA. In other words, individual civics are still trying to solve a problem that is really a very big one, and can only be solved on a much higher political and organisational level.

These have been the main features of the rents and service charge struggles that we have seen over the last 18 months. Next week we will look at the source of the housing crisis and why it has become so serious again.

House prices soar 22% in a year

ALTHOUGH the general economy has been going through a rough patch, there has been no let-up in price increases in the property market, with house values this year expected to rise by an average 17 percent and a further 10 percent in 1992.

This sustained growth in the homes market emerges from the latest report on the property market by Cape analyst, Erwin Rode.

And in spite of economic downturn, high interest rates and generally tighter financial conditions, prices rose by a healthy 22 percent last year.

"Especially vigorous was the second quarter spurt in the prices of upper and middle class homes in Pretoria — fuelled, presumably, by increases in the salaries and bond limits of civil servants," says Rode.

The average national growth rate rose by a whopping 23,5 percent in the second quarter compared with a year earlier.

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FRANK JEANS

By comparison, Johannesburg's house price rises for the year ending in the second quarter of 1990, slowed to 20,1 percent from 25,9 percent in the previous quarter.

The Cape Peninsula outperformed the rest of South Africa by a wide margin — 41,13 percent for the second quarter of 1990 over the same quarter of 1989.

Durban's upper class house price growth was 16,9 percent in the second quarter compared with 10,8 percent for the year ended the first quarter of 1990.

Looking at flat accommodation, Rode says the market is tight.

Of 26 suburban areas listed in South Africa, only Joubert Park, Hillbrow and Berea in Johannesburg indicated vacancies above one percent.

In the city's northern areas there were no vacancies in the higher priced flats.

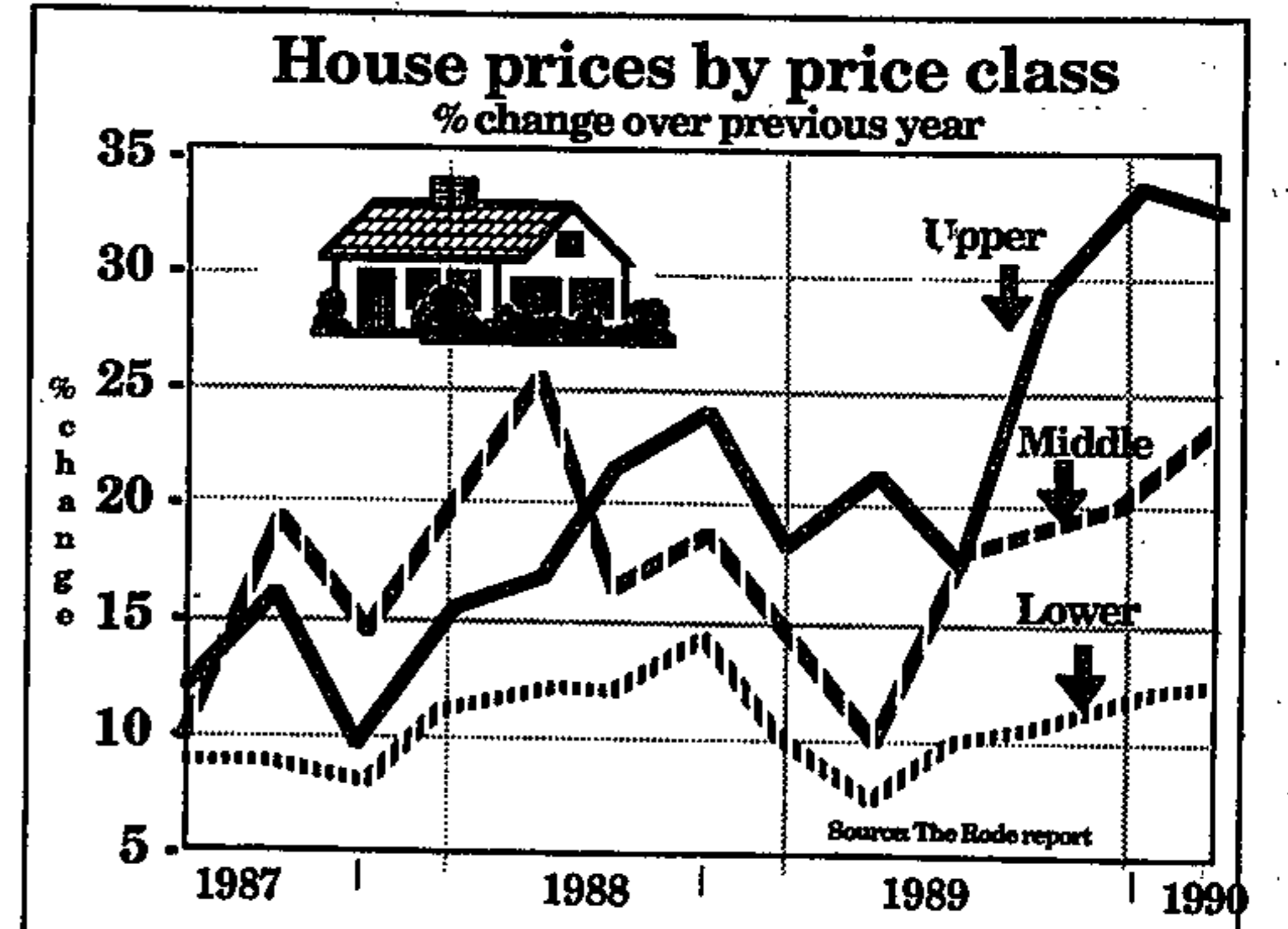
In the wake of rising house

prices, rentals for standard quality flats are still surging ahead.

Star performers in the two-bedroom flat league for the six months ended November 1990, were Johannesburg central and north (28,3 percent); Port Eliza-

beth (22,3 percent); and the Cape (17 percent).

Rents for two-bedroom flats in Johannesburg vary from R450 (Joubert Park) to R1 400 in Sandton and R1 200 in the northern suburbs.



It's Showhouse Sunday for black home-hunters

SUNDAY has traditionally been the day for showhouse-viewing — for whites, that is.

Last Sunday was the first time black families openly spent the day viewing homes in areas previously restricted to whites.

The Sunday Times visited showhouses to see what the reaction was.

Few blacks were bothered about racial attitudes — and many were surprised at the poor value for money in the white property market.

Cape Town's Rob McKee, director of Seeff Property Organisation, said that, with the scrapping of the Land and Group Areas Acts now just a pen-stroke away, many black families found that "dream homes" in white areas left a lot to be desired.

He said: "A coloured family who recently visited one of our showhouses in Fish Hoek were shocked at the standard of the property. They were horrified at the lack of value for money."

Many sellers actively encouraged estate agents to show their homes to buyers of other races in the hope of getting higher prices.

And many people who had initially resisted

SALES TALK... Estate agent VJ Govender chats to Henry Galela (left)



Picture: TOM EDLEY

By SHARON CHETTY, PETA KROST and KURT SWART

blacks moving into their areas were now welcoming them. They had discovered blacks invariably got straight to work on im-

proving their investment. This had happened in such white Cape Town suburbs as Rondebosch East, Wetton and Ottery.

The influx of middle-class buyers had upgraded former white areas, and initial resentment to the newcomers changed as whites discovered "their darker-skinned neighbours were people just like them".

Some whites even found themselves admiring, even envious of the shiny BMW's parked in their black neighbours' driveways, said Mr McKee.

Durban estate agents said the white property market attracted mostly civil servants, business people and other professionals with housing subsidies.

Secure

Typical of last Sunday's house-hunters were a middle-aged churchman and his family, who looked like any other prospective home-buyers in Durban's Westville suburb. The minister was reluctant to be named, for fear of "reprisals" from people in the townships.

"Township politics are hard to live with — there's no place for a family who want peace and quiet," he said.

After years of living in a 400sq m property in Umlazi, he and his wife opted for a home in Westville, 10 minutes' drive from the city centre.

Their "match-box" township house fetched R78 000 — a price inflated by the scarcity of township accommodation — and his new home will cost him R165 000.

"This was a hard choice to make. Being a man of the church means people expect me to be living among them. But, for the sake of my two young sons, I want to live in an area where I know they can have some security and the chance of a better lifestyle," he said.

"Here we have a chance of proper schools, better facilities and on-going services. What we pay for is what we get.

"In the townships, our children would have had to grow up without the advantage of sports fields, consistent electricity or even schools that had proper equipment."

Businessman Henry Galela scoured the streets of Brakpan, east of Johannesburg, in search of his perfect house.

Having lived in a nearby

township all his life, he said: "I am not prepared to settle for just anything.

"I want a modern house with a beautiful garden and, most important, a two-car garage for my Mercedes and Cressida.

"I want to get out of the township and really start living. It's worth the extra I have to pay.

"I have not come across prejudice. To the contrary, estate agents seem to pay more attention to me because I'm black."

In white working-class Mayberry Park on the East Rand, near the Thokoza and Katlehong townships, estate agents were hoping for a flood of black clients last weekend but few came.

"They are afraid of being victimised by local CP residents," said an estate agent.

Elite

Jeff van Rooyen, who is selling his Mayberry Park home, said: "Even if a black man offered me triple what I'm asking, I wouldn't sell to him. They must stay in their areas and leave us alone."

In Lakesfield, an elite area of Benoni, estate agent Lea Katsaras said she had sold a number of homes, including her own, to Indians.

"The attitude of people in this area is: If blacks and Indians can afford to live here, they must be respectable," she said.

In the Cape, self-employed painter and renovator Michael Sauls moved into white Rondebosch East from the Cape Flats several months ago.

Last weekend he visited show houses, looking for a house for his sister who has spent 22 years in voluntary exile in Italy.

Nice

"Because of the changes taking place, she and her Italian husband have decided to return," said Mr Sauls.

"The people here have been very nice to us. Our car got stuck over Christmas and our white neighbour offered to drive us around — no problem."

Aida Geffen, owner of Aida Developments, said: "There are only about 200 000 blacks who can afford the high prices in Johannesburg's northern suburbs. Those who wanted to move have already been absorbed into these suburbs."

Home loan applications: precautions and rules to keep in mind

A HOME loan is a contract between you and the building society and is known as a mortgage bond.

The contract states that the building society agrees to lend you money to build or buy your own home.

You will be paying interest on the loan at the current interest rate.

Interest rates are subject to change from time to time due to market conditions.

Your monthly payment will be affected by these changes, so it would be wise to take this into consideration when applying for your bond.

The same conditions for the buying of a property on freehold (ownership) exist for the acquiring of a property on leasehold.

You in turn agree to repay your loan, usually over a period of 20 years, by making regular monthly repayments.

Although the first few years of your repayment will go towards clearing the interest accumulated each month, you will after two or three years start clearing your capital.

Your home will act as security for the repayment of your loan, should you default.

A mortgage loan may not only be obtained for the purchasing or building of a home, but also for the improvement or extension of your existing home.

If you are buying a property you and the seller will have to sign certain legal documents for the purchase of the property.

It is suggested that the contract for the purchase includes a clause which protects you from not being bound if, for some reason, your loan application is not approved.

When signing the documents for the purchase of a property the procedure would take from four to 12 weeks up to the time that the property is transferred into your name. Until transfer is taken, do not pay anything except a small deposit - between five and 10 percent of the purchase price.

Ensure that any money paid prior to the final registration is paid into an attorney's or estate agent's trust fund so that funds can be recovered more easily should the contract be cancelled.

You should specify in the agreement that all the interest is payable to the purchaser.

It is wise to allow the transfer date to precede the date of occupation.

Should the deal fall through, your problems will be multiplied if you have already taken occupation.

If, in your "Offer to Purchase", you have agreed to take occupation of the property before the transfer procedure is complete, you will have to pay occupational interest to the seller until the transfer is through.

This monthly payment will be stipulated in the document. After completion of the "Offer to Purchase" document by both the seller and the purchaser you will be required to complete a loan application form at the building society where you apply for the mortgage bond.

The building society will carry out an inspection to ensure that it can reasonably lend on the value of the property and that the house is in good order.

The building society will evaluate your application with a view to your ability to repay the loan based on the prevailing homeloan interest rate and your gross monthly income.

Your monthly instalment should not exceed 25 percent of your gross monthly income.

The maximum loan that can be given against the security of the property is 80 percent of the valuation of the property.

In certain circumstances a 90 percent loan can be considered by the branch manager at the branch where you make your application.

Conference on homeless

By SOPHIE TEMA

A TOP-LEVEL international conference on the shortage of land and housing, featuring experts from as far afield as India, Hong Kong, Colombia and Bangkok, was held in Johannesburg this week. *Apr 24/3/91*

The object of the conference, based on a similar exercise which took place in 1989 in Seoul, South Korea, was to strengthen the voices of those people whose daily lives are directly affected by the acute land and housing shortage in southern Africa.

A 150-strong local delegation, comprising three sectors affected by the problem, attended the conference organised by the Southern African Council of Catholic Social Services, under the auspices of the South

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African Catholic Bishop's Conference.

The largest and most important sector was made up of homeless and landless people from the entire sub-continent.

These included people who live in hostels and lack security of tenure, people who face eviction from farm lands and those who have been dispossessed of their land.

Communities that were represented included Lawaakamp in the Southern Cape; Phola Park in the Transvaal; Botshabelo in the Orange Free State; Inanda in Natal; Noordhoek in the Western Cape; Kei Road in the Eastern Cape and Katatura in Namibia.

The local delegation took a backseat role in the discussions and only recorded the workshops and responded to questions in a panel forum.

Theologians seek equality in housing

LEADING SA theologians and academics have appealed for the state, the private sector and individuals to join forces in redressing the inequalities of the housing system.

In a 120-page booklet titled Homes for All, Christian Research, Education and Information for Democracy (Creid) analyses the problems in the SA housing situation and reviews possi-

DARIUS SANAI
ble courses of action.

It says less than a third of South Africans have access to housing, leaving more than 22-million people — mostly blacks — living in shacks, hostels or squatter camps.

The Urban Foundation has estimated that 2,8-million houses will be needed to accommodate the in-

crease in population by the year 2000.

The report says that in 1981 there were almost 1,3-million houses available for white people and only 486 000 for blacks, despite there being more than five times as many blacks as whites.

The repeal of the Group Areas Act will not redress the balance by itself, it says. The average new house for whites is worth at

least three times more than that for blacks, making it almost impossible to integrate the black and white middle classes.

"Many white South Africans are seeing black people as the new middle class. But the size and cost of the houses being built shows just how little even the relatively wealthy among black and coloured people can afford," it says.

It advocates a non-interventionist line by government, suggesting options like a tax on vacant land to prevent speculation.

Planning

A tax on multiple ownership is also seen as a possible remedy.

Businesses are urged to play a positive role in addressing the problems. The usefulness of provident and pension funds to provide housing is debated, as is a mediatory role by property developers.

It says planning, public participation in policy decisions by all groups, the creation of merged municipalities from the current segregated ones and further devolution of power to local authorities are priorities for the long-term improvement of the housing situation.

The group's members include professors in law, philosophy and biblical studies from the universities of Stellenbosch and the Western Cape and Unisa, and representatives from the Nederduitse Gereformeerde Kerk and the Methodist Church.

STORES LIMITED

Reg. No. 68/08034/08

YEAR ENDED 28 FEBRUARY 1991

Year ended 28.2.91 (unaudited)	Year ended 28.2.90 (audited)	Growth %
5 189,2	4 380,9	18,4
133,4	117,1	
6,4	14,2	
139,8	131,3	6,5
53,0	48,0	
86,8	83,3	
,2	,5	
86,6	82,8	4,5
—	4,2	

Homeless reject Govt White Paper

Star 25/3/91
Staff Reporter

The urban homeless should organise direct mass action to register their opposition to any attempts by the Government to implement its land reform strategy.

This was one of the resolutions at a conference on homelessness in southern Africa, convened by the Catholic Church and held at Broederstroom last week.

The conference, attended by about 150 delegates, flatly rejected the Government's recent White Paper on land, declaring "it does nothing to address the needs" of the landless and homeless.

During the discussion, delegates expressed a complete sense of alienation from the official process. "It is *their* White Paper. It has nothing to do with us. We will go on with our struggle for housing", was a sentiment expressed more than once.

Delegates agreed that they should become familiar with the proposed laws on land and housing because they believed "the State intends to proceed with the recommendations of this paper (and) we should take up mass actions to show our disapproval".

Resolutions taken by the

conference emphasised the need for unity in countering evictions and violence. They also examined ways of improving health, education and welfare services in areas where people were inadequately housed.

There was also a new assertiveness on land as a basic right.

"The Government and private institutions must be pressurised to provide the poor with subsidies to buy land. Where necessary the land must be occupied. All classes must be educated about the fact that land is a basic right which is being denied to millions of people," the meeting resolved.

Supply of electricity outstripping demand

8/10/91 26/3/91
BRENT VON MELVILLE

WITH about two thirds of SA's population still without electricity at home, and despite the advent of large-scale urbanisation which will require the electrification of about 2,5-million urban households, electricity supply is still broadly outstripping demand.

Lion's share

Eskom's annual report for 1990 shows total sales up a very marginal 1,4% to 136 168 gigawatts an hour (GW.h) (1989 — 134 347 GW.h) compared with a 3,7% increase from 1988's figure of 129 493 GW.h and the 5,7% improvement over 1987's 122 524 GW.h.

Sales to other southern African countries have apparently taken up much of the slack. Sales to 10 southern African countries improved by 19% to 5 245,7 GW.h compared with 4 401,1 GW.h last year. The increase represents 3,8% of total sales compared with 3,2% in 1989.

Bophuthatswana took up the lion's share, buying 21% more electricity to 2 972 GW.h (2 453,1 GW.h), and large increases came from Transkei, which showed a rise of 74% to 191 GW.h (109,7 GW.h) and Swaziland, moving 49% to 409,5 GW.h (274 GW.h).

Figures indicate that while total power station capacity moved up to 33 843 MW (32 403 MW) during the year in spite of the mothballing of, or reserves stored at, six power stations, peak demand actually sagged slightly to 21 863 MW



● MCRAE

(21 871 MW).

Eskom CE Ian McRae said this was startling. "I don't recall any time in Eskom's history when the peak demand has failed to increase on a year-on-year basis."

Aside from the lowered industrial demand for electricity, McRae believes the utility's biggest threat lies in the increasing trend to politicise electricity sales.

That politicisation last year resulted in a number of townships not paying their electricity bills and, after bridging finance from government ceased, Eskom ended up instituting legal proceedings against local authorities.

Eskom GM: finance Mick Davis puts arrears from last year at R95m, and has estimated that to now be in the region of R120m.

Another "abnormal item" was the mothballing of plant, which was reflected on the income statement as a cost of R128m. However

Davis is expecting this to be more than made up for by savings on the closure of the plants, the effects of which should be felt from the beginning of the 1991 financial year.

He says that ongoing rationalisations should save the utility R40m to R50m in administration costs alone.

When Eskom's latest power stations were planned and orders placed, electricity demand was growing at 7% — 8% per year. This growth has since slowed down to a yearly average of 3,9% over five years due to local and international conditions.

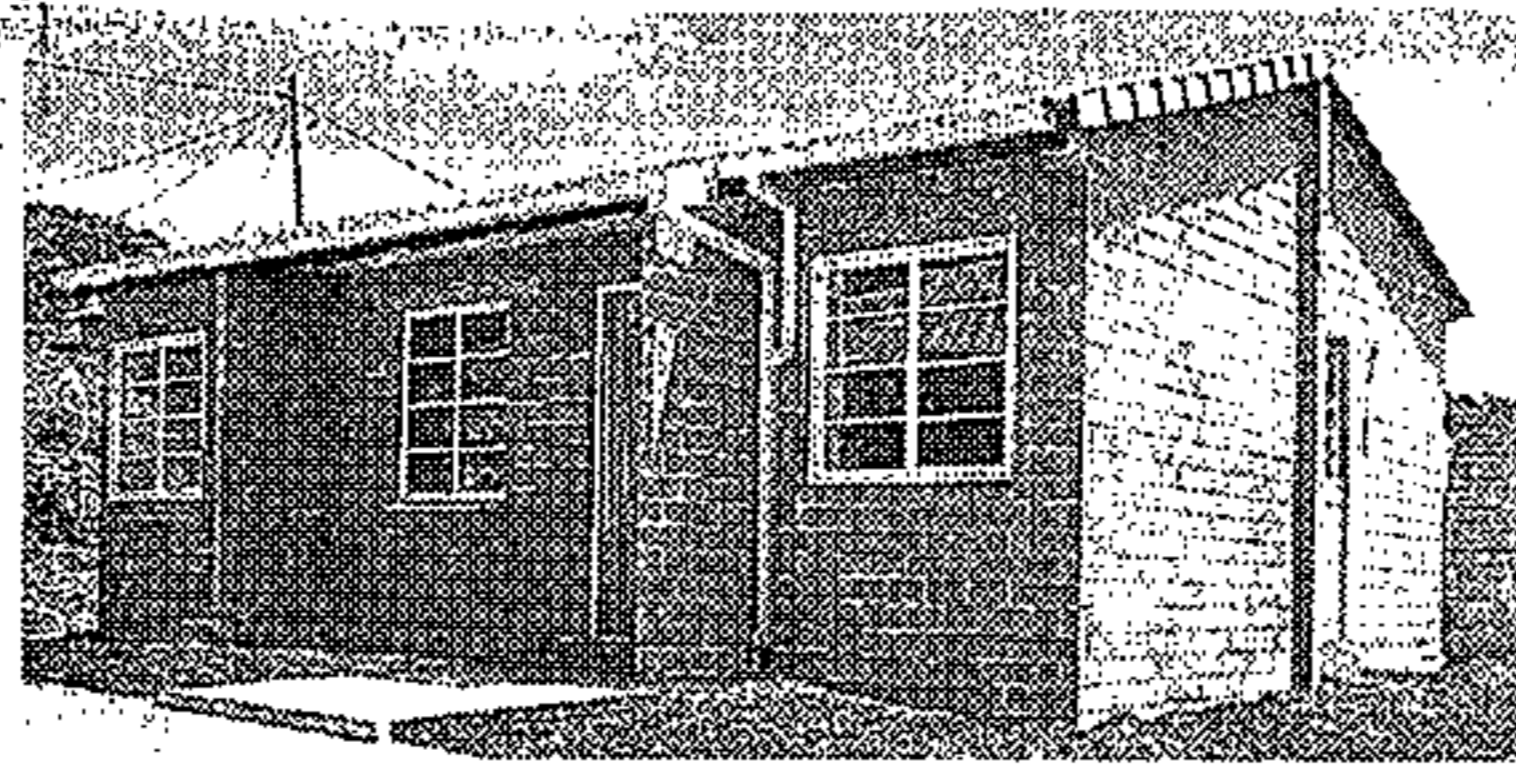
As a result Eskom is now faced with a 4 686 MW surplus generating capacity, making it uneconomical to keep older, inefficient plant operating. Eskom's annual report shows that a total of 5 260 MW of plant has been mothballed or reserve-stored at Taaibos, Highveld, Ingagane, Komati, Grootvlei and Camden power stations since 1989.

At the same time new, more efficient capacity of 1 892 MW was commissioned at Lethabo, Matimba and Tutuka, which was officially opened in October 1990.

Cheaper

Davis reckons the moves will save about R118m a year cash flow on operating maintenance and primary energy costs alone.

McRae says the specific programmes — such as cheaper electricity for night-time use — aimed at the larger industrial concerns to manage the excess capacity has so far resulted in an additional 1 250 MW being used.



BRICK HOUSE: A three-bedroom showhouse built with single-skin walls in a township near Tongaat in Natal.

Single-skin walls get go-ahead for cheap housing

AKG 45
20/3/91
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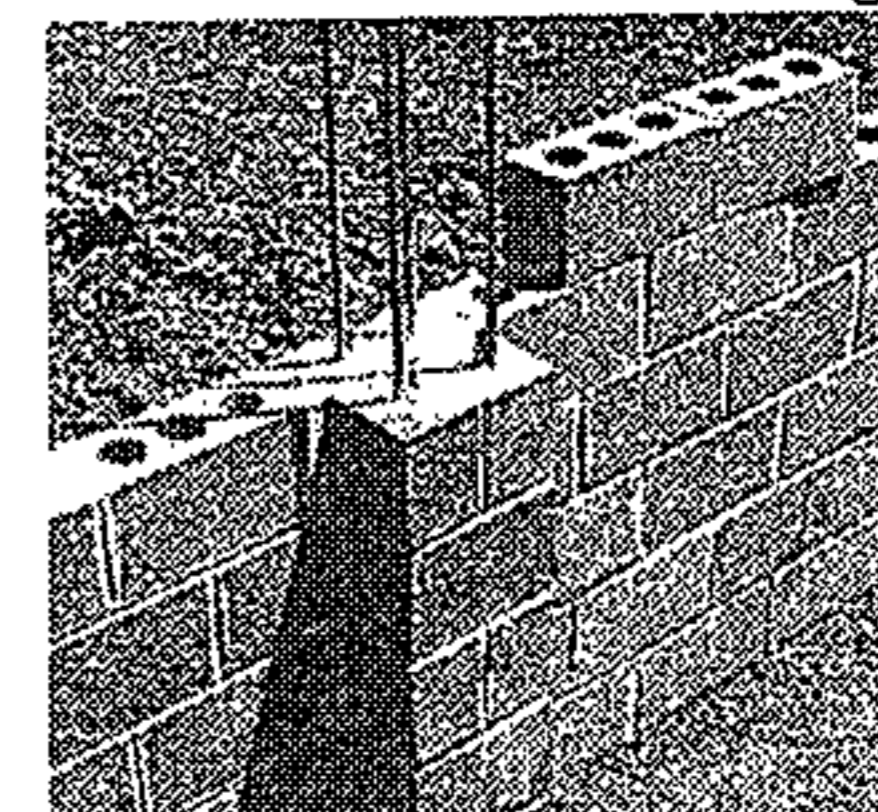
By VIVIEN HORLER, Staff Reporter

A NATIONAL brick company has unveiled a low-cost house-building option involving "single-skin" (single layer of bricks) exterior walls — until now not generally allowed.

Corobrik said its breakthrough had been in getting official acceptance from the South African Bureau of Standards and the Agrément Board for single-skin exterior walls as thin as 9cm.

This coincides with the announcement by Minister for Trade and Industry Mr Kent Durr of a huge reduction in red tape surrounding building regulations to allow developers and builders to be more innovative and to build more cheaply.

Mr Durr said the new regulations would be an



STRENGTH: Reinforced piers provide extra strength to single-skin brick walls where necessary.

"effective tool to control standards aimed at ensuring the health and safety of occupants of buildings while allowing developers and their designers as much freedom as possible to introduce new building methods and alternative materials to control cost".

About 154 000 houses across the range need to be built every year for the next 10 years if all South Africa's people are to be decently housed, says Mr Keith Nurcombe, national marketing director of Corobrik.

"Yet in 1989 just 74 000 new houses were built. This just isn't enough. The housing problem in this country is a huge one. Urban drift has become urban gallop."

Unveiling the new single-skin building method to journalists, Mr Nurcombe said it was essential that the government adopted a national housing strategy.

"There are huge expectations out there and I believe that any government that doesn't deliver the goods will be in trouble. The lack of a housing strategy has caused more than one change of government in Britain.

Regular maintenance

"Any government that does not make affordable housing possible is going to be in trouble."

Cement blocks are associated with the building of low-cost urban housing, because claybricks are more expensive.

Yet, according to Mr Nurcombe, in the long-term claybrick may be more economical because brick houses do not need the same regular maintenance and painting. Claybrick tends to have better heat and noise insulation properties, and is seen as an upmarket building material.

Single-skin exterior walls further reduce the cost of claybrick housing because fewer bricks and less labour is needed. Only average building skills are necessary, says Mr Nurcombe.

The building system has won approval from the Agrément Board, a statutory body which judges the quality of low-cost schemes and sets minimum acceptable norms.

The walling system also meets National Building Regulations criteria as far as water-penetration properties are concerned.

Govt's subsidy loophole abused

CAM TMS 26/3/91
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BSO

By BARRY STREEK

A LOOPHOLE in the government's housing subsidy scheme for civil servants resulted in overpayments and abuses which varied between 37% and 100% per department.

The abuses of the loophole were discovered by the auditor-general's office and as a result, new rules for the lucrative subsidy were introduced on August 1 last year.

The level of the abuses emerged in the evidence given to the House of Assembly select committee on public accounts in May, 1988.

But the minutes of the evidence were tabled in Parliament only at the end of last week and, in terms of parliamentary rules, could not be re-

ported until they were tabled.

In the evidence, the Democratic Party's former finance spokesman and now South African ambassador in Washington, Mr Harry Schwarz, described the abuses and loophole as "dishonest" and "shocking".

The loophole enabled civil servants to use their housing subsidies for movables as well as immovables.

Yesterday, Mr Schwarz said from Washington that it would not be appropriate for him to make any further comment.

The auditor-general, Mr Peter Wronsley, and the senior assistant auditor-general, Mr Chris Engelbrecht, said it would be impossible to establish a real figure for the amount of money involved in the use of the loophole.

However, they both said the new scheme would be monitored in an attempt to prevent errors and loopholes.

The former auditor-general, Dr Joep de Loor, told the committee that 70 000 civil servants participated in the housing subsidy scheme.

He did not think all the civil servants were being overpaid.

Asked by Mr Schwarz how many had been overpaid, Dr De Loor said: "That has not been determined but we have percentages here.

"In some cases, we have found incorrect payments varied between 37% and 100%, mainly in the form of overpayments."

Mr Schwarz: "Is that in a department?"

Dr De Loor: "Yes, that is in a department."

Mr Schwarz then said the public was very unhappy about these subsidies and there was a great amount of dissatisfaction for a variety of reasons.

"We are now going to have the situation where from a public image point of view for the public service, this volume of abuse will have an adverse public reaction."

Dr De Loor replied: "We all agree that the housing subsidy is a valuable and useful fringe benefit.

"The problem is how to deal with the complexity of rules and regulations that have to be complied with.

"The individual departments do not have the necessary qualified personnel to apply the rules properly."

Seed capital to ⁽¹²³⁾ promote growth

Sowetan 27/3/91
WHERE has the money come from to pay for the construction of the South African Housing Trust's houses and, in turn, the creation of new towns?

Mike Fowlds, corporate marketing manager, says the Government made interest free "seed capital" of R400 million available in January, 1987 "with the proviso that the trust drew an additional R800 million from the private sector."

"We draw on this as and when we need it," he added.

Lack of homes breeds violence, says Omhle

Sowetan 28/3/91
THERE is little wonder there is a culture of violence in South Africa because homeless people are forced to compete against each other for basic services.

Operation Masakhane for the Homeless (Omhle) general secretary Mr Basheer Lorgat was replying to a statement made by Transvaal Administrator, Mr Danie Hough in Parliament on Tuesday.

Supply

Hough said the supply of accommodation and facilities to thousands of homeless had caused great disruption and high costs, which the province could simply not afford.

"Hough's statements are misplaced on the issue of landlessness and homelessness, as well as its causes and effects," Lorgat said.

"This will continue so long as the Govern-

ment makes it a priority to seek re-entry into the Olympics, instead of ad-

ressing the 'bread and butter' issues of the day," he said. - *Sapa*

Clamp down on road offenders

TRAFFIC police are poised to clamp down on road offenders in a national campaign to keep the accidents down at the Easter weekend.

The campaign is being jointly launched by the Road Safety Council, the four provincial traffic departments, the police, the Black Taxi Association and medical officials and emergency service staff.

Cape provincial deputy traffic chief, Mr Stan Botha, said there was a need for drivers to adhere to road safety rules because people wanting to travel to their destinations "in a hurry" often forgot safety procedures.

Police patrol vehicles would be stationed every 10km along the N1 between Paarl and Colesburg and also in the Northern Transvaal and N3 in Natal. Traffic safety information centres would also be set up at crucial points in the campaign.

He said: "A special lookout will be kept for passenger overloading in vehicles of long-distance bus and minibus operators."

"Road users must accept responsibility not only for themselves but also for that of others. An unselfish approach is required, treating fellow travellers with consideration and courtesy.

"Aggression must be curbed and good manners should prevail at all times. - *Own Correspondent.*

Housing spending 'lagging far behind'

INVESTMENT in property is heavily skewed in favour of new commercial buildings with spending on new homes lagging far behind in spite of the massive housing backlog.

Figures in the latest Reserve Bank Quarterly Bulletin show fixed investment spending on residential buildings plunged by almost 9% in real terms last year to bring the total real decline compared with 1984 to about 32%.

By contrast, spending on non-residential buildings was up a real 12,6% last year and was higher than in 1984.

Property economist Neville Berkowitz said the skewed nature of the flow of funds into property investment was a reflection of the returns, which were better in commercial property than in housing.

A further factor in the past year had been high interest rates and financial institutions' reluctance to provide finance for houses in townships where there had been threats of bond boycotts. But he said that the supply of offices and retail shopping centres was enough to restrain increases in rentals.

"Also contributing to the lack of new investment in houses is the substantial decline in new houses built for the white property market. Only about 26% of build-

ing society lending is for new constructions."

He predicted recent initiatives by the Independent Development Trust would show up in the Reserve Bank figures next year.

The Economic Advisory Council's long-term economic strategy notes that contractual savings — those with life insurers and pension funds — "may possibly be easier to re-allocate to areas of development than discretionary savings". It added that government would have to provide institutional investors with "certain risk insurances" to enable them to meet their obligations on a commercial basis.

Figures in the Quarterly Bulletin show long-term insurers had R12,4bn invested in fixed property by the end of the third quarter of this year, representing just over 11% of their total assets. This is a slight increase on the proportion invested in property at the end of the third quarter of 1989. About 39% of their investments are in equities.

Life insurers are working with the Development Bank on ways to invest in commercial buildings in townships by creating a separate fund.

Pre-primary school fees to soar

FEES for public pre-primary schools in the Transvaal would soar by up to 663% from the second term of this year, the Department of Education and Culture announced yesterday.

The department said in a statement that pre-primary school fees in the past had been "unrealistic" and that the hikes were necessary to maintain services amid rising costs.

The announcement comes days after the Transvaal Provincial Administration announced hospital tariff hikes in some cases more than double the previous fees.

The highest rises are those for the higher-income groups, with people earning over R12 000 a year facing an average increase of 150% in pre-primary fees. Parents with two children at pre-primary school, who currently pay R1,57 a day per child face a 160,8% rise in fees.

The 663% increase applies to families who previously paid R5,70 a week to send three children to school. They will now pay R43,50 a week.

Pre-primary education is not compulsory, and therefore must be paid for by parents, the statement said.

About 85% of the money paid by parents is used by the department to pay for school maintenance and teachers' salaries, with the rest going directly to schools for food and outings.

Education sources said the big rise in fees, combined with the department's statement that "sometimes unrealistic fees were levied in the past", suggested the authorities were manoeuvring to meet the costs of political changes in SA.

Lower income groups suffer less under the rises, which take effect from April 1.

Parents earning less than R12 000 a year face an increase of 84,4% for sending three children to pre-primary school and 90,7% for one child. Earners in the higher income group will pay 133,1% more for one child.

123
GREGA STEYN

B/day 28/3/91
DARIUS SANAI

More about bond repayments

LAST week we learnt how to work out how much you can probably afford to spend on a conventional house. We also looked into the concepts of bonds and interests.

Alfred and Selina Kunene, who are planning to build a conventional house, now have a better understanding of these subjects, and are ready to visit FHA Homes to discuss the house they'd like to build, and learn more about bonds and repayments.

After making an appointment, they prepared a list of questions.

Firstly, they needed to know whether it was possible to have a conventional brick home built for R45 000. They knew that FHA Homes was formed by the Urban Foundation and does not operate for private gain; and they expected a straight answer.

FHA Homes, they were told, could arrange for their home to be built in Vosloorus at a cost of no more than R45 000. The Kunenes were satisfied. Vosloorus was convenient to their workplaces, schooling was available, and they already had friends living there. But before committing themselves, they needed to know more about bonds and repayments.

A bond is simply a loan to enable you to buy your house. Although bonded, the house will belong to you from the day it is registered in your name in the deeds office, and the lender of the money can only take it back if you fail to repay your debt as agreed.

Banks and building societies usually allow clients 20 years to pay off their bond. Payments are made monthly and are known as instalments.

When you pay a monthly instalment, you're paying off more than just your loan.

Each instalment also includes the interest on your loan, an administration fee of R5 and insurance. All

Home ownership is not a privilege. It is a just reward for hard work and perseverance. But how do you set about buying ground then financing, building and maintaining a home? Join us every Thursday to learn the answers . . . and if you still have any questions, write to Jacky, PO Box 260835, Excom 2023.

these are paid together, which is convenient.

As we mentioned last week, Alfred and Selina had managed to save R12 000 over the years. If they paid a R9 000 deposit on their R45 000 home, they would need a bond of R36 000. Instalments would amount to R630 per month.

This is a great deal more than the R300 that the Kunenes are presently paying in rent. Can they afford it?

The Kunenes are in for a pleasant surprise. Their instalments will be far lower than usual.

Because they earn less than R3 500 per month, and they're buying a newly-built house, they qualify for a special subsidy which will pay of their instalments for many years.

This subsidy, called the First-time Homebuyers Subsidy, will pay approximately one-third of the interest part of the instalments on their house (excluding ground) for first five years. In the Kunenes' case, the subsidy (which is at present paid over seven years) would amount to about R195 per month for the first few years.

But how should the Kunenes apply for a bond and the First-time Homebuyers Subsidy? And what about the initial cost? What will these amount to?

Be with us next week when we learn the answers.

* Prepared by FHA Homes.

HOUSE OF ASSEMBLY

QUESTIONS

Indicates translated version.

For written reply:

General Affairs:

123
191
191

Blacks: housing shortage

104. Mr P G SOAL asked the Minister of Planning, Provincial Affairs and National Housing:

- (1) What is it estimated was the shortage of housing for Blacks in the Republic, excluding the self-governing territories, at the end of 1990;
- (2) how many houses were provided in each province in 1990 for such Blacks by (a) the State, (b) local authorities and (c) the private sector;
- (3) when is it estimated that this shortage will be eliminated?

B289E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

Transvaal

- (1) 323 848 houses.
- (2) (a) None.
(b) Material loans were granted to local authorities (5 212 loans were provided to individuals to erect houses).
(c) 23 690 houses.
- (3) It is the aim of the Government that by the year 2000 shelter be provided for all South Africans.

Natal

- (1) 180 000.
- (2) (a) ± 500.
(b) None.
(c) ± 550.

HOUSE OF ASSEMBLY

- (3) It is the aim of the Government that by the year 2000 shelter be provided for all South Africans.

Orange Free State

- (1) 68 378.
- (2) (a) 741.
(b) None.
(c) 1 651.

- (3) It is the aim of the Government that by the year 2000 shelter be provided for all South Africans.

Cape Province

- (1) 184 760.
- (2) (a) 415.
(b) 2 685 houses erected by way of self-help loans granted to individuals by local authorities.
(c) 5 020.

- (3) It is the aim of the Government that by the year 2000 shelter be provided for all South Africans.

Persons/communities: resettled

132. Mr P G SOAL asked the Minister of Planning, Provincial Affairs and National Housing: *Hansard 28/3/91*

Whether any persons or communities have been resettled under section 5(1)(b) of the Prevention of Illegal Squatting Act, No 52 of 1951, as amended in 1990; if so, (a) how many persons or communities, (b) (i) from and (ii) to which areas and (c) who applied for the resettlement in each case? *28/3*

B372E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

Yes.

- (a) 214 Black families.
- (b) (i) From an area without services in the Black residential area of Dorrecht.
(ii) To serviced sites in the Black residential area of Dorrecht.

- (c) On request of the Black Town Council of Dorrecht. *28/3/91*

Apart from the 214 families mentioned which have been resettled under section 5(1)(b) of the Prevention of Illegal Squatting Act, No 52 of 1951 as amended in 1990, numerous voluntary removals have taken place which led to the orderly settlement of approximately 245 000 people up to 31 December 1990, inter alia 16 250 at Mangang near Bloemfontein, 18 000 at Odenaalsrus, 24 000 at Duduza near Nigel, 80 000 at Orange Farm near Vereeniging and 47 760 at Zonkesswe near Germiston.

Transvaal Black local authorities: services

162. Mr J VAN ECK asked the Minister of Planning, Provincial Affairs and National Housing: *28/3/91*

- (1) (a) (i) In how many Black local authorities in the Transvaal has the provision of any services been discontinued and (ii) in respect of what date is this information furnished and (b) in respect of each such case, (i) what is the name of the relevant (aa) town and (bb) township, (ii) what services were discontinued and (iii) on what date was each of these services discontinued;
- (2) whether these services were discontinued only in townships that were in arrears in respect of service payments; if so, (a) what total amount is owed by each of the Black local authorities concerned and (b) to whom is it owed; if not, (i) what procedure was followed in discontinuing services and (ii) why was this procedure followed;
- (3) whether he is taking or plans to take any steps to restore the provision of services; if not, why not; if so, (a) what steps and (b) when?

B438E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

- (1) (a) (i) Seven.
(ii) 7 March 1991.

(b)	(i)	(ii)	(iii)
Name of town	Services suspended	Date of suspension	
(aa) and (bb)			
eMzini (Bethal)	Electricity	14 January 1991	
Siyathuthuka	Electricity	19 November 1990	
(Belfast)			
eThandakukhanya	Electricity	6 February 1991	
(Piet Retief)			
Tswelalang	Electricity	17 October 1990	
(Wolmaransstad)			
Borolelo	Electricity	29 January 1991	
(Swarttuggens)			
Tokoza			
(Alberton)	Electricity	1 December 1990	
Munsieville	Electricity	4 March 1991	
(Krugersdorp)			

- (2) Yes.

(a)

Name of town	Amount outstanding payable	(b) To whom
eMzini	R 672 787	Bethal
Siyathuthuka	R 75 407	Belfast
eThandakukhanya	R 157 975	Piet Retief
Tswelalang	R 28 279	Wolmaransstad
Borolelo	R 4 935	Swarttuggens
Tokoza	R 2 248 908	Alberton
Munsieville	R 58 225	Krugersdorp

- (b) (i) Falls away.
(ii) Falls away.

(3) No steps are to be taken to restore the respective services. Consumers should pay for the electricity they use as the services cannot be rendered unconditionally without payment. Available bridging finance is not intended to finance payment boycotts.

OFS Black local authorities: services

164. Mr J VAN ECK asked the Minister of Planning, Provincial Affairs and National Housing: *Hansard 28/3/91*

- (1) (a) (i) In how many Black local authorities in the Orange Free State has the provision of any services been discontinued and (ii) in respect of what date is this information furnished and (b) in respect

HOUSE OF ASSEMBLY

Govt aim 'is shelter for all by 2000'

Political Staff

THE government aimed for shelter to be provided to all South Africans by the year 2000, the Minister of Planning, Provincial Affairs and National Housing, Mr Hernus Kriel, said yesterday.

He also disclosed that the estimated shortage of housing for blacks outside the homelands was 756 986 at the end of last year — but only 40 464 houses were built for blacks in the same year.

Replying to a question from Mr Peter Soal (DP Johannesburg North), Mr Kriel said the state built 1 656 houses last year, the private sector 30 911 and a further 7 897 were constructed by means of self-help loans granted to individuals by local authorities.

In the Cape, where the estimated shortage of housing for blacks at the end of 1990 was 184 760, 415 houses

were erected by the state, 2 685 were built through self-help loans and 5 020 were constructed by the private sector.

In the Transvaal, the estimated shortage was 323 848. No houses were built by the state, 5 212 were constructed through loans, and the private sector built 23 690.

In Natal, the shortage was 180 000. About 500 houses were erected by the state, no self-help loans were granted and about 550 houses were built by the private sector.

In the Free State, the shortage was 68 378; 741 houses were erected by the state, no self-help loans were granted and 1 651 houses were built by the private sector.

Mr Kriel said: "It is the aim of the government that by the year 2000 shelter be provided for all South Africans."

UAL and IDT
unveil plan to
fund housing

BRENT VON MELVILLE 123

A NEW funding instrument, aimed at raising R500m from the private sector for the provision of low cost housing finance, has been unveiled by UAL Merchant Bank and the Independent Development Trust (IDT).

In a financial breakthrough the IDT and UAL say they have succeeded in securing the first tranche of R120m from eight financial institutions and it is envisaged that further funding will be raised in the near future at market-related rates.

The money has been raised through a private placing with financial institutions of Collateralised Housing Investment Paper (Chips). The IDT would act as a "credit enhancer" by providing funds to the Independent Development Trust Finance Corporation (IDTFC) which would use these funds to acquire, through UAL, a portfolio of fixed interest rate securities.

UAL securities assistant GM Leon Kirkinis said the fixed interest rate securities, together with other securities, would be used to collateralise the cashflows due to the institutional investors.

IDT financial director Jannie Kitshoff said the recently announced R7 500 one-off capital subsidy to families for the purposes of acquiring land would go a long way towards the provision of serviced sites to accommodate about 700 000 people.

"The new initiative would dovetail neatly with the new subsidy in that it addresses the next step in the housing process, namely, accessing of financing for home building purposes by the poor," he said.

Kitshoff noted that nearly 60% of the black urban population could afford housing priced at less than R12 500.

IDT chairman Jan Steyn said Chips could be the forerunner of many innovative financial interventions which the IDT could facilitate — through the creative input of the country's leading financial institutions — to assist in its battle against poverty. It was important to note that Chips was an investment which measured up well on a risk/reward analysis.

He expects the Perm, the SA Housing Trust and the Urban Foundation to lead the field in providing loans to this market.

756 900 families homeless

Sowetan 3/4/91
THE black housing shortage outside the homelands stands at more than 756 900 units, the Minister of Planning, Provincial Affairs and National Housing, Mr Hernus Kriel, said yesterday.

In reply to a question in Parliament, Kriel said there was a shortage of more than 323 800 houses in the Transvaal, 180 000 in Natal, 68 370 in the Free State and 184 760 in the Cape.

"It is the aim of the Government that by the year 2000 shelter should be provided for all South Africans," Kriel said.

(123)
Last year, Transvaal local authorities provided loans to 5 212 individuals to erect houses, the private sector provided 23 690 houses, while the State provided none, Kriel said.- *Sowetan Correspondent*.

750 000 houses needed for blacks

87-2 3/4/91
Political Staff

HOUSE OF ASSEMBLY
— Black people living outside the self-governing territories faced a shortage of 756 986 houses, Minister of Planning, Provincial Affairs and National Housing Hernus Kriel said yesterday.

Mr Kriel was replying

(123) (328)
to a question on the housing shortage put by Democratic Party MP Peter Soal.

Mr Kriel disclosed there was a shortage of 323 848 houses for blacks in the Transvaal, 180 000 in Natal, 68 378 in the Free State and 184 760 in the Cape.

"It is the aim of the

Government that by the year 2000, shelter will have been provided for all South Africans," Mr Kriel said.

Last year the State provided no loans for houses in the Transvaal but provided for about 500 houses in Natal, 741 in the Free State and 415 in the Cape, he said.

RS

First-time buyers can score

LAST week we visited FHA Homes with Alfred and Selian Kunene to learn about bonds and repayments.

Instalments on the R36 000 bond needed by the Kunene's would normally amount to around R630 a month.

But the Kunenes have now been told that their instalments will be far less than usual during the first few years!

FHA Homes pointed out that they qualify for the first time homebuyers subsidy, which will reduce their repayments by about R195 a month for five years (payable over seven years).

It's easy to apply for

Home ownership is not a privilege. It's a just reward for hard work and perseverance. But how do you set about buying around when financing, building and maintaining a home. Join us every Thursday to learn the answers..and if you still have any questions, write to Jacky, PO Box 260835, Escom 2023.

this subsidy.

Building societies, banks and builders keep application forms, which should be completed and handed in at the same time as your bond application.

If you organise everything through FHA Homes, as the Kunenes are doing, FHA Homes will handle these applications on your behalf. (FHA Homes handle all your paperwork at no ex-

tra cost to you.)

Everything was working out well for the Kunenes. But one important financial aspect still had to be discussed. What about initial costs?

It's important to understand that when you buy a house you need cash for two things.

Firstly, you need cash for your deposit. And secondly, you need cash to pay for initial costs.

Initial costs could be described as start-off

costs because you pay them only once, at the beginning of the house buying process.

Some initial costs must be paid before you start to build. These can sometimes be added to the price of your house and paid out of your bond.

In the Kunene's case, costs such as building society/bank valuation fees, plan approval fees, legal fees, for bond registration and transfer,

connection fees and deposits for municipal services are already included in the cost of the house they intend buying through FHA-Homes, and will be covered by their bond.

Cash

Other initial costs must be paid in cash.

These include the first instalment of your rates and taxes, and a telephone installation fee if you apply for a phone.

FHA Homes estimated

that the costs to be paid in cash by the Kunenes would amount to around R200.

Alfred and Selina have already saved enough to cover these, so there will be no problem.

Once initial costs have been paid, there will still obviously be on-going costs to be paid every month.

These include the householder's monthly bond repayment, rates and taxes (service charges to

the council), electricity and water consumption charges, telephone calls and any extra insurance you may have chose to take out.

Many people find the concept of insurance a little confusing, so next week we'll briefly answer a few questions on this subject before joining the Kunenes as they start planning their new home.

* This article was prepared by FHA Homes.

Housing crisis can be solved, says Slabbert

Staff Reporters ^{Star} 4/9/91

South Africa has enough land and affordable technology to overcome the housing crisis, Institute for a Democratic Alternative for South Africa director Dr Van Zyl Slabbert said at the Rand Show yesterday.

Opening a low-cost housing exhibition, Dr Slabbert said South Afri-

ca had never had a housing problem, but a crisis had developed because of poor planning and influx control.

He said there was a need for experts and communities to work together.

"If we can solve the constitutional problems of this country, we can solve the housing problems.

¹²³ Housing has become such a vast problem that if we think we can solve the constitutional problem before housing, we will be putting the cart before the horse," he said.

Dr Slabbert called on the Government to support the private-sector initiative to provide low-cost lighting, sewerage and housing.

The theme of the exhibition Dr Slabbert opened is affordability.

The exhibition features a house which can be built for less than R3 000.

The building firm's managing director Allen Stokes said he wanted formal businesses to see that it was possible to build small, affordable houses.

Institutions boost funding for low-cost homebuying

Finance Staff

In a major development, which could possibly generate hundreds of millions of rands for black housing, a new funding instrument has been created by UAL Merchant Bank and the Independent Development Trust (IDT).

They have succeeded in securing the first tranche of R120 million from eight of SA's leading financial institutions. It will be used to finance low-cost housing.

It is estimated that this funding mechanism will eventually generate R500 million from the private sector.

It is envisaged that further funding will be raised in the near future.

The money has been raised through a private placing with financial institutions of Collateralised Housing Investment Paper (Chips).

The institutions are the AECI Pension Fund, Syfrets Managed Assets,

Southern Life Association, Old Mutual, Sanlam, Mine Officials Pension Fund, Metropolitan Life and Fedlife.

The IDT will act as a "credit enhancer" by providing funds to the Independent Development Trust Finance Corporation (IDTFC), which will use these funds to acquire, through UAL, a portfolio of fixed interest rate securities.

UAL Assistant GM (Securities) Leon Kirkinis, whose team developed the Chips for the IDT, says the fixed interest rate securities, together with other securities, will be used to collateralise the cashflows due to the institutional investors.

Says Jan Steyn, chairman of the IDT: "One of the primary objectives we set for the Trust when we started operations in August last year was the creative leveraging of institutional money in a market-related manner to augment our own funds.

"It has long been our ambition to direct at least some institutional resources to serve development needs."

It will be one of the systems through which the needs of individual borrowers, who need funding to acquire homes, could be serviced.

IDT financial director Jannie Kitshoff says the recently announced R7500 one-off capital subsidy to families for the purposes of acquiring land will go a long way towards the provision of serviced sites to accommodate 700 000 people.

"This initiative will dovetail neatly with our new subsidy, in that it addresses the next step in the housing process — namely the accessing of financing for home building purposes by the poor," he says.

He says that nearly 60 percent of the black urban population currently can only afford housing priced at less than R12 500.

HOUSING

THERE is a shortage of 756 986 houses for black people living outside of the "independent homelands" and "self-governing territories", Planning, Provincial Affairs and National Housing Minister Hernus Kriel said in parliament. He said there was a shortage of 323 848 houses for blacks in the Transvaal, 184 760 units in the Cape, 180 000 in Natal and 68 378 in the Free State. (123)

In 1990 the state provided loans for a total of 1 656 houses for blacks — 741 in the Free State, 415 in the Cape and about 500 in Natal.

16/11/91
H/S
Kriel

Blacks buy R1m houses

(Bus/T) ST Times 7/14/91 123 (Bus/T) ST Times

BLACKS are buying houses worth more than R1-million ahead of scrapping of the Land and Group Areas Acts.

Although prices may not have rocketed, the movement of blacks into white areas is gathering pace.

A spokesman for the Perm says bond applications have increased in the past six years, but the past year in particular produced nothing dramatic.

Estate agent Eskel Jawitz says: "The floodgates aren't opening. Many people are entrenched in their homes with an intrinsic value that makes them difficult to sell."

These people would have to sell their properties at a discount."

Overnight

Camdon's Realty managing director Scott McRae says: "Sales to blacks picked up in the past six months in anticipation of the Group Areas Act being scrapped."

However, the black influx will be a slow, osmotic process — not an overnight event.

Mr McRae says his company has increased sales by about six houses a month, mostly in the middle to upper end of the market (R250 000 and more).

Lew Geffen, managing director of Lew Geffen Estates, says the most noticeable signs of blacks moving into white areas appear in lower- to middle-income areas such as Yeoville and Berea in Johannesburg. About two properties in the top end of the

By TERRY BETTY

market (R1-million or more) are being sold to blacks each month.

Mr Geffen says property prices have not been affected because volumes are low relative to total turnover.

Aida Geffen of Aida Holdings says house prices have fallen in real terms. She attributes this to an exodus of people from SA as well as to the high rate of inflation.

Estate agents agree that suburbs have not been downgraded by the influx of blacks.

Eskel Jawitz says: "Anybody investing in property will try to prevent the investment being devalued."

Industrial and commercial properties are also affected. Aida Geffen says many blacks are buying small buildings (under R3-million) in central business districts all over SA. The return on these buildings of about 14% is higher than that for big buildings of about 9%. Most large buildings are owned by big institutions.

JH Isaacs Group Transvaal managing director Les Weil says demand tends to be for small premises.

"People have a better understanding of commercial terms and of their rights and obligations than they did a year ago."

Mr McRae believes that the novelty of a free choice for blacks in selecting where to live has influenced the market.

"After the first wave of buying houses in formerly exclusive white areas subsides, buyers will return to areas predominantly populated by their own group. This would be in keeping with international experience, where particular racial groups tend to congregate in specific areas."

'Teach ¹²³ ~~231~~ first-time *Star 9/4/91* owners'

A national home ownership education campaign was needed for low-income-group people, Dr F P Jacobsz (NP Helderberg) said yesterday during the first-reading debate on the Budget.

"Socio-economic upliftment should go hand-in-hand with an information campaign, otherwise people will not be afforded the ability to develop to their full potential," he said.

Referring to the virtual standstill in the township housing industry, Dr Jacobsz said that with an education campaign to back them, first-time home owners stood a better chance.

They had little understanding of how the property market worked, were exploited for political gain and had subsequently refused to make their monthly payments after "severe intimidation".

Any political interference with potential home owners was stopping them from, among other things, creating wealth.

"The situation must return to normal so that they can get on with their lives."

Dr Jacobsz said the Budget was laying the foundation for economic growth and job creation and was also correcting imbalances. — Sapa.

Blacks get ¹²³ bigger share

The number of new homes for blacks increased last year, while there was a considerable drop in home building for other population groups, Central Statistical Services figures show. *Star 9/4/91.*

Of the 34 516 homes built by the private sector, nearly 38 percent were for black buyers, 34,2 percent for whites, 20,2 percent for coloured people and 7,8 percent for Asians.

Mass-production of housing urged

heads accounting for the remaining 22 percent.

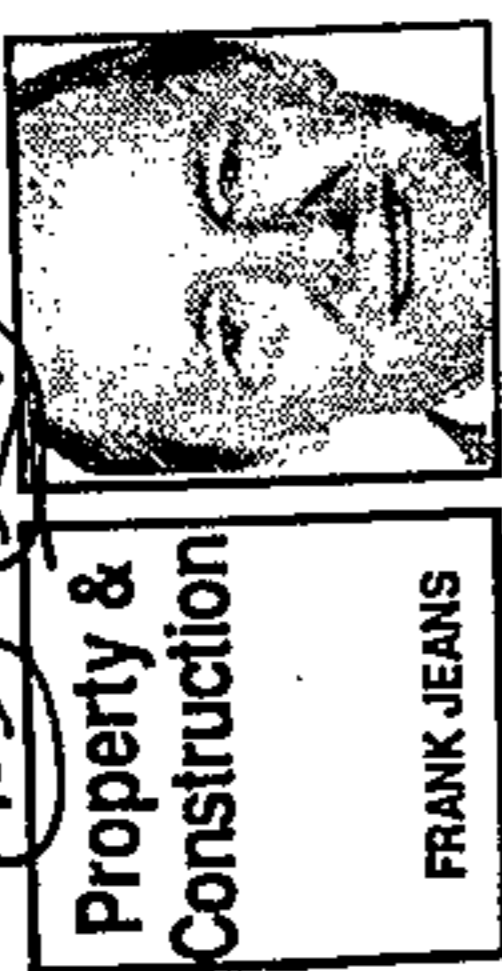
A similar study recently on a smaller project of about 65 houses had the cost of materials accounting for a mere 40 percent, forcing up the unit price.

To illustrate his point, Mr Clogg compares mass housing with the production of cars.

"It started with Henry Ford who made it his aim to produce a car everyone could afford.

"He did it by minimising production costs through the establishment of an assembly line, streamlining the manufacturing process on the basis of constant repetition."

(123) 9/24



Property & Construction

FRANK JEANS

does not mean that variety cannot be achieved — they will cost far more than they should.

Some years ago a study was carried out on a project involving the construction of 3 000 low-cost homes and it was found that the cost of materials came to 78 percent of the total, with labour, plant and over-

8/24 9/4/91

South Africa has an immense need for low-cost housing but the people concerned with providing homes are completely missing the point, says Peter Clogg, executive chairman of Group Five.

"Instead of tackling the problem in the obvious way by setting up mass housing projects to provide between 1 000 and 3 000 homes at a time, we fritter away our resources on a plethora of smaller schemes which are inevitably more expensive," he says.

Mr Clogg has little doubt that unless housing is provided on a mass-produced basis — which



Peter Clogg, executive chairman, Group Five . . . "frittering away our resources."

Accountants move to Gateway

Accounting group, Price Waterhouse has signed a lease with Johannesburg Consolidated Investments to become the major tenant at the Gateway office development in Sandton.

The company will bring all its main Johannesburg operations under one roof, leasing 9 000 sq m over 10 years.

The deal was negotiated by Mark McCreedy and Mike Deacon of RMS Syfrets.

POSSIBLY 25 percent of the housing in three up-market Sandton suburbs — Kelvin, Wendywood and Buccleuch — is occupied by black families.

Not only this, but as affluent black residents move up the economic ladder, so they are moving to second homes in white areas.

Peter Gardiner, director of the estates development and marketing division of Anglo American Property Services (Amaprop) and a former mayor of Sandton, told a seminar on "Greater Johannesburg in Transition" last week that in the middle to upper-income suburban areas, close to private, non-racial schools, it was apparent the Group Areas Act had not been enforced for several years.

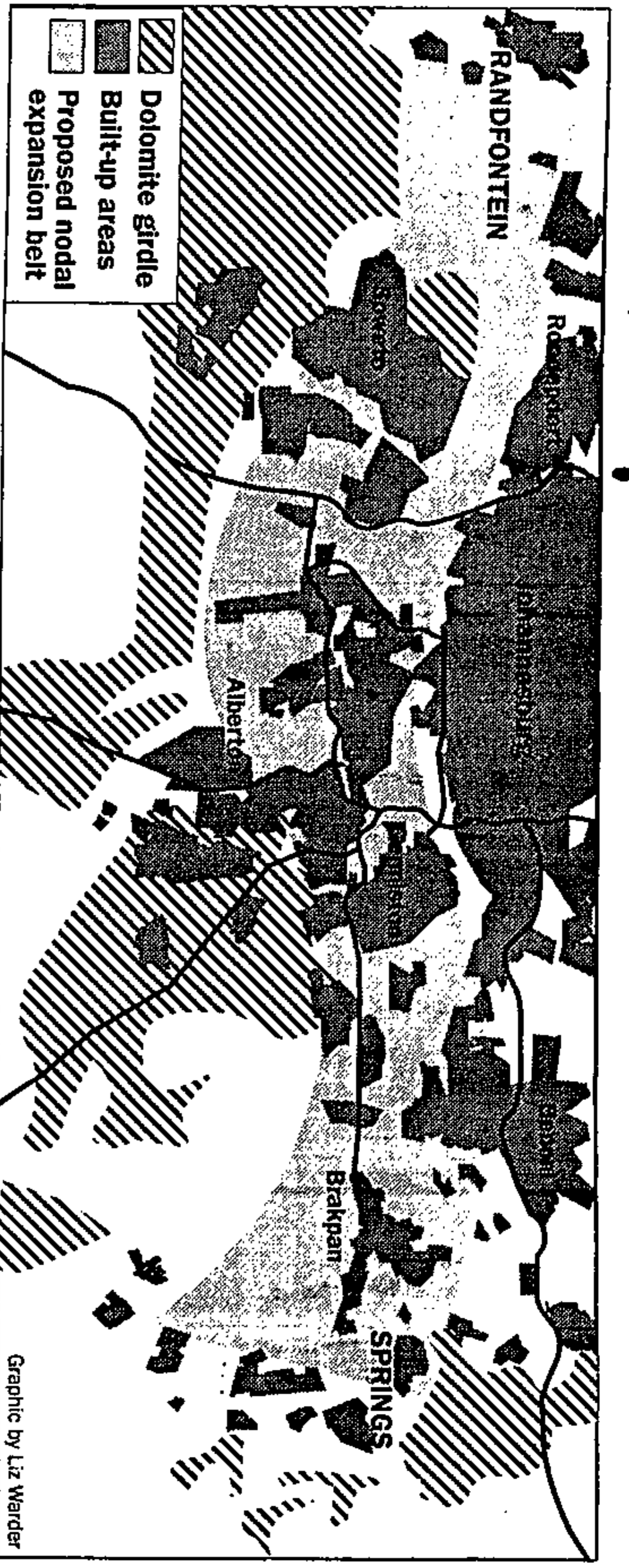
Black occupancy in three Sandton suburbs, he said, "certainly called for them to be given participation in the local decision-making process".

Mr Gardiner added: "They too want a stable society, a prosperous, well-managed economy and quality of life for their families. Their children have in most cases only known non-racial schooling and sport."

He said Amaprop had fronted an unsuccessful initiative for a nonracial suburb in Sandton in 1984 to partly accommodate the rising number of black executives in the economy at that stage.

The marketing of the project to all races had had to be delayed until 1989, when permits became more freely available. By then, however, Amaprop found that the black families on an extensive waiting list were already living elsewhere in the town through the close corporation route.

"Residential location for blacks with financial resources had reached the stage where it depended solely on affordability," he said.



Ideal for housing... a 70 km strip of land along the Witwatersrand, from Randfontein to Springs.

Graphic by Liz Warden

The quest for quality in life

See 1014191

Demand in an expanded market would soon outstrip the supply of new houses, he said. He quoted property consultant Neville Berkowitz as reporting that in 1980 about 35 000 houses had been built for the white market, 27 000 in 1987 and about 16 000 last year.

"Our national population has been growing at a rate of about 2.5 percent a year, so affluent blacks recognise a good investment provided they can resolve the problem of disposing of their previous homes in the

Peter Gardiner, director of Anglo American Property Services' estates development and marketing division, believes the growing number of black residents in Sandton should be given a say in the local decision-making process "at the earliest possible opportunity".

WINNIE GRAHAM reports.

townships," he said. Discussing housing for poorer workers, Mr Gardiner said the State had to recognise the need to make land available at an af-

fordable cost to enable them "to return to the inner cities where the creation of individual wealth becomes feasible". A 70 km strip of land, forming

123

that the shallow slope-closure has ceased and that building can safely take place on the now consolidated ground, close to transport and job opportunities," he added.

"The existence of vast areas of vacant land close to a major centre is an anomaly, and while there is still the opportunity to allocate it for the national priority of affordable housing, it should be taken."

He mentioned that huge tracts of surplus land owned by Transnet, and possibly the defence force, were now becoming available close to most major city centres.

Mr Gardiner said these organisations failed to recognise that in most instances the value of their land had been devalued by the threat of squatter occupation which would eliminate the opportunity of orderly development.

"As many as 25 million people can be accommodated in the area — provided a north-south rail link is established to improve essential mobility to and from Soweto," he said.

Dr Tony Brink, professor of town and regional planning at Rand Afrikaans University, had shown that Johannesburg and its contiguous towns and cities were almost entirely encircled by dolomite. Experience had shown it was undesirable to develop on dolomite because of safety and cost.

The surface of the dolomite belt could, however, be retained as an attractive recreational area, Mr Gardiner said.

Public open space acquisition by municipalities had been accorded the lowest expenditure priority for the past 10 years in terms of State Treasury approvals and was becoming a scarce resource. An additional 3 000 ha of open space was needed in Greater Johannesburg as a finite source on which an expanding population would depend for rural relief. □

SCHEDULE**NEW NATIONAL HOUSING POLICY AND STRATEGY**

(123)

TERMS OF REFERENCE TO THE SOUTH AFRICAN HOUSING ADVISORY BOARD

1. To revise the present housing policy and to advise the Government on the formulation of a **national housing policy**, as well as a **strategy** to implement the policy, taking into account—

1.1 the ideal to enable as many citizens as possible to at least own a site in the Republic of South Africa;

1.2 the responsibility of every head of a family himself to provide in his and his family's housing needs;

1.3 the State's responsibility to plan and identify land for habitation;

1.4 the fact that it is financially not possible for the State to assist all citizens financially to obtain housing;

1.5 the present and foreseeable future constitutional development;

1.6 the desirability to ensure greater involvement of the private sector in housing for the lower income groups;

1.7 the Government's policy with regard to deregulation and privatisation.

2. When performing its task, the Council must particularly also take the following aspects into account:

2.1 *The State's housing function must be defined in respect of the following aspects:*

2.1.1 The identification of land;

2.1.2 the provision of serviced sites for renting or sale;

2.1.3 the control over norms and standards of services and township development by means of legislation;

2.1.4 the financing of—

—development of land

—informal housing

—formal housing; and

2.1.5 the physical erection of formal housing on State land.

2.2 *The private sector's housing function in respect of the following aspects must be defined:*

2.2.1 The provision of serviced sites for renting or sale;

2.2.2 the financing of—

—development of land

—informal housing

—formal housing; and

2.2.3 the physical erection of formal and informal housing on private land.

BYLAE**NUWE NASIONALE BEHUISINGSBELEID EN -STRATEGIE****OPDRAG AAN SUID-AFRIKAANSE BEHUISINGS-ADVIESRAAD**

1. Om, met inagneming van—

1.1 die ideaal om soveel burgers moontlik in staat te stel om ten minste 'n erf in die Republiek van Suid-Afrika te besit;

1.2 die verantwoordelikheid van elke gesinshoof om self voorsiening te maak vir hom en sy familie se woningbehoefte;

1.3 die Staat se verantwoordelikheid om grond vir bewoning te beplan en te identifiseer;

1.4 die feit dat dit nie vir die Staat finansieel moontlik is om aan alle burgers finansiële bystand te verleen om behuising te bekom nie;

1.5 die huidige en voorsienbare toekomstige ontwikkeling op staatkundige terrein;

1.6 die wenslikheid om groter betrokkenheid van die private sektor by behuising vir die laer inkomstegroepe te verseker;

1.7 owerheidsbeleid met betrekking tot deregulering en privatisering,

die huidige behuisingsbeleid te hersien en die Regering te adviseer oor die formulering van 'n **nasionale behuisingsbeleid**, asook 'n **strategie** om die beleid te implementeer.

2.2 In die uitvoering van sy taak moet die Raad veral die volgende aspekte ook in ag neem:

2.1 *Die Staat se behuisingsfunksie ten opsigte van die volgende aspekte moet gedefinieer word:*

2.1.1 Die identifisering van grond;

2.1.1 die beskikbaarstelling van gediensde erwe vir huur of koop;

2.1.3 die beheer oor norme en standaarde van dienste en dorpsontwikkeling by wyse van wetgewing;

2.1.4 die finansiering van—

—grondontwikkeling

—informele behuising

—formele behuising; en

2.1.5 die fisiese oprigting van formele behuising op staatsgrond.

2.2 *Die privaatsektor se behuisingsfunksie ten opsigte van die volgende aspekte moet gedefinieer word:*

2.2.1 Die beskikbaarstelling van gediensde erwe vir huur of koop;

2.2.2 die finansiering van—

—grondontwikkeling

—informele behuising

—formele behuising; en

2.2.3 die fisiese oprigting van formele en informele behuising op privaatgrond.

1979 (Act No. 76 of 1979), and under and by virtue of the powers assigned in terms of section 26 of the Republic of South Africa Constitution Act, 1983 (Act No. 110 of 1983), appointed the undermentioned persons to be members of the Slums Clearance Court for the consideration of matters relating to the Indian population group. The term of office of such members is from 1 April 1991 to 31 March 1992.

Chairman:

Mr S. J. Mundhree.

Members:

Mr D. Naicker.

Mr H. N. Marsh.

(12 April 1991)

NOTICE 338 OF 1991

DEPARTMENT OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING

SOUTH AFRICAN HOUSING ADVISORY COUNCIL TASK GROUP NATIONAL HOUSING POLICY AND STRATEGY

123

COMMENTS AND PROPOSALS REQUESTED

The Minister of Planning, Provincial Affairs and National Housing commissioned the South African Housing Advisory Council to revise the current housing policy guidelines and to advise the Government on the formulation of a comprehensive new national housing policy as well as a strategy for the implementation thereof before the end of 1991. The matter has been referred to the Task Group National Housing Policy and Strategy.

Interested parties are invited to submit relevant memoranda not later than the end of April 1991 to the following address:

The Secretariate
National Housing Policy and Strategy Task Group
C/o The Department of Planning, Provincial Affairs
and National Housing
Private Bag X644
PRETORIA
0001

The comments/proposals must be drafted against the background of the brief as set out in the Annexure below. The proposed solutions or approaches must be properly motivated, taking into consideration its practical and financial implications as well as the affordability of the proposals.

The Task Group may decide to hear oral evidence should further information on memoranda be required. If so, the parties concerned will be notified of the dates on which and place where evidence will be heard.

P. J. PIENAAR,

Secretary: Task Group National Housing and Strategy

Slumswet 1979 (Wet No. 76 van 1979), en kragtens die bevoegdheid verleen in terme van artikel 26 van die Republiek van Suid-Afrika Grondwet, 1983 (Wet No. 110 van 1983), die ondergenoemde persone aangestel het as lede van die Slumopruimingshof vir oorweging van sake wat op die Indiërbevolkingsgroep betrekking het. Die dienstermyn van die lede is vanaf 1 April 1991 tot 31 Maart 1992.

Voorsitter:

Mnr. S. J. Mundhree.

Lede:

Mnr. D. Naicker.

Mnr. H. N. Marsh.

(12 April 1991)

KENNISGEWING 338 VAN 1991

DEPARTEMENT VAN BEPLANNING, PROVINSIALE SAKE EN NASIONALE BEHUISING

SUID-AFRIKAANSE BEHUISINGSADVIESRAAD

TAAKGROEP NASIONALE BEHUISINGSBELEID EN -STRATEGIE

KOMMENTAAR EN VOORSTELLE AANGEVRA

Die Minister van Beplanning, Provinsiale Sake en Nasionale Behuising het die Suid-Afrikaanse Behuisingsadviesraad (SABAR) versoek om die huidige behuisingsbeleidriglyne te hersien en die Regering voor die einde van 1991 te adviseer oor die formulering van 'n nuwe nasionale behuisingsbeleid en 'n strategie om die beleid te implementeer. Die opdrag is na die Taakgroep Nasionale Behuisingsbeleid en -strategie verwys.

Belanghebbendes word uitgenooi om tersaaklike memoranda nie later nie as die einde van April 1991 aan die Taakgroep by die volgende adres te rig:

Die Sekretariaat
Taakgroep Nasionale Behuisingsbeleid en -strategie
P/a Die Departement van Beplanning, Provinsiale
Sake en Nasionale Behuising
Privaatsak X644
PRETORIA
0001.

Die kommentaar/voorstelle moet teen die agtergrond en binne die raamwerk van die opdrag soos uiteengesit in die onderstaande Bylae, geformuleer word. Voorgestelde oplossings of benaderings moet behoorlik gemotiveer word met inagneming van die praktiese en finansiële implikasies, asook die bekostigbaarheid van die voorstelle.

Die Taakgroep kan besluit om mondelinge getuienis aan te hoor indien verdere inligting oor memoranda verlang word. Indien wel, sal betrokkenes in kennis gestel word van die datums waarop en plek waar getuienis aangehoor sal word.

P. J. PIENAAR,

Sekretaris: Taakgroep Nasionale Behuisingsbeleid en -strategie.

123

2.3 Availability of financial resources:

Identification of all resources available for conventional and unconventional housing.

2.4 Evaluation of financial resources:

Determination of the suitability of the relevant resources for utilization in accordance with the needs and means of those in need of financial assistance.

2.5 Planning strategy for the provision of housing:

2.5.1 Acceptance of the principle that no difference be made between the population groups, but only between income groups.

2.5.2 Identification of the various housing schemes based on the aforementioned principle, i.e. classification according to financial abilities of persons.

2.5.3 Accommodation in the aforesaid schemes of community needs which may differ.

2.5.4 Identification of the logjams in the present policy (including legislation) such as possibly the traditional differentiated approaches towards the housing needs of the *various population groups* and recommendations to remove the obstacles.

2.5.5 Implications of the aforementioned recommendations, having regard to the role and function of each of the undermentioned authorities *vis a vis* the private sector.

Department of Planning and Provincial Affairs.

Department of Development Aid.

Own affairs administrations.

Local authorities.

2.6 Standards to be applied for housing:

2.6.1 Determination of such standards.

2.6.2 Co-ordination and co-operation between all authorities involved and the private sector, to ensure realistic standards in order to bring the affordability of the end product within the means of the community who will utilise such product.

2.6.3 Spatial location of various categories residential areas relative to each other.

2.7 General:

2.7.1 Revision of priorities as well as progress with the promotion of policy targets, investigations and research programmes which were initiated by the South African Housing Advisory Council since its institution in 1986 in order to determine whether, in terms of this brief, it is still relevant and should enjoy the same order of preference.

2.7.2 The desirability to engage self governing areas in a new national housing policy.

2.7.3 Definition of the role and function of the South African Housing Trust in the provision of housing to members in the low income group.

2.7.4 Any other matter with regard to housing which the Council of its own accord considers to be in the spirit of the brief.

H. J. KRIEL,

Minister of Planning and Provincial Affairs.

16 October 1990.

(12 April 1991)

2.3 Besikbaarheid van finansiële bronne:

Identifisering van alle beskikbare bronne wat vir konvensionele en nie-konvensionele behuising beskikbaar is.

2.4 Evaluering van finansiële bronne:

Bepaling van die geskiktheid van die onderskeie bronne vir aanwending ooreenkomstig die behoefte en vermoëns van diegene wat finansiële hulp benodig.

2.5 Beplanningstrategie vir die voorsiening van behuising:

2.5.1 Aanvaarding van die beginsel dat geen onderskeid tussen die bevolkingsgroepe gemaak moet word nie, maar slegs tussen inkomstegroepe.

2.5.2 Identifisering van verskillende behuisingskemas gebaseer op bogenoemde beginsel, dit wil sê groepering volgens finansiële vermoëns van persone.

2.5.3 Akkommodering van gemeenskapsbehoefes wat mag verskil, in die voorgenoemde skemas.

2.5.4 Identifisering van knelpunte in die huidige beleid (insluitende wetgewing) soos moontlik die tradisioneel gedifferensieerde beskouings ten opsigte van voorsiening in die behuisingsbehoefes van *verskillende bevolkingsgroepe* en aanbevelings om die knelpunte uit die weg te ruim.

2.5.5 Implikasies van die voorgenoemde aanbevelings, inagnemende die rol en funksie van elk van die ondergenoemde betrokke owerheidsinstellings *vis a vis* die private sektor:

Departement van Beplanning en Provinsiale Sake.

Departement van Ontwikkelingshulp.

Eie sake administrasies.

Provinsiale administrasies.

Plaaslike owerhede.

2.6 Standaard wat moet geld vir behuising:

2.6.1 Vasstelling van sodanige standaard.

2.6.2 Koördinerende en samewerking tussen alle betrokke owerheidsinstellings en die private sektor om realistiese standaard te verseker ten einde die bekostigbaarheid van die eindproduk binne die vermoë te bring van 'n gemeenskap wat dit sal benut.

2.6.3 Ruimtelike plasing van verskillende kategorieë woongebiede relatief tot mekaar.

2.7. Algemeen:

2.7.1 Hersiening van prioriteite asook vordering met die uitvoering van beleidsdoelwitte, ondersoek en navorsingsprogramme wat deur die Suid-Afrikaanse Behuisingsadviesraad sedert sy totstandkoming in 1986 geïnisieer is, ten einde te bepaal of dit, in terme van hierdie opdrag nog relevant is en dieselfde orde van voorkeur moet geniet.

2.7.2 Die wenslikheid om selfregerende gebiede by 'n nuwe nasionale behuisingsbeleid in te skakel.

2.7.3 Definiëring van die rol en funksie van die Suid-Afrikaanse Behuisingstrust in die voorsiening van behuising aan lede van die lae inkomstegroep.

2.7.4 Enige ander geleentheid met betrekking tot behuising wat die Raad uit eie beweging ag om in die gees van die opdrag te wees.

H. J. KRIEL,

Minister van Beplanning en Provinsiale Sake.

16 Oktober 1990.

(12 April 1991)

Surge in funds for low-cost housing

B/day 15/4/91

123/1309

A CONFIDENTIAL report on SA's housing needs says the amount of money available for low-income housing in the coming year has risen dramatically.

The report, compiled by Medium-Term Forecasting Associates (MFA), says the amount of cash available has risen by 48% from R1,83bn to R2,71bn.

The largest increase is seen as coming from private sources — the Development Bank, SA Housing Trust, Independent Development Trust, Urban Foundation, utility companies and private employers — which last year contributed R472m compared with the R1,005bn expected this year, an increase of 123%.

The document contrasts sharply with recent predictions by Stellenbosch University's Bureau for Economic Research (BER) and the Building Industries Federation of SA (Bifsa) which both foresee a gloomy outlook for the industry.

The report says "certain parties" greeted the recent Budget announcement of a cutback in housing with dismay.

"Finance Minister Barend du Plessis said housing expenditure would decrease from R1,208bn in 1990/91 to R1,087bn in 1991/92.

"He also mentioned that certain 'off-budget' institutions would increase their expenditure on low-income housing during the coming financial year.

"However, he did not attempt to quantify their

Business Day Reporter
contribution," the report says.

MFA, which specialises in forecasting building activity and building costs, says budgeted increases will far outstrip building cost rises expected during the year.

"Ironically, these sharp percentage increases can partially be explained by the fact that funds spent last year were surprisingly low.

"For example, of the much publicised R3bn social upliftment programme announced earlier, only R131m was actually spent on land purchases."

It adds that the industry could be stimulated during the coming year because of more funds being made available by public and private sources.

"However, it is imperative that interest rates be

reduced further before a significant revival can be expected. Secondly, despite the fact that funds are available, the housing delivery process is inadequate to deliver at the rate envisaged by many."

The report warns strongly that township violence, as well as rental and bond boycotts, will have to cease to allow financial institutions and homebuilding contractors to develop and build.

Two negative factors, MFA says, will partially dampen the effective demand for housing.

Firstly, with the phasing-in concession coming to an end, there is now full taxability of housing benefits that are subject to fringe benefits taxation.

Secondly, the introduction of VAT on September 30 1991 could raise the price of all housing by between 5% to 6%.

Money available for low-income housing

Financial years ending 31 March	1990/91 R million	1991/92 R million	% change
1. Mortgage Interest Subsidies (First Time Homebuyers' Subsidy Scheme)	110	141	28%
2. National Housing Fund	734	850	16%
3. Amounts channelled by various State Departments	513	723	41%
4. Private sources (Development Bank, SA Housing Trust, Independent Development Trust, Urban Foundation, utility companies, private employers)	472	1005	123%
Grand total	1832	2719	48%

Note: This table includes interest rate subsidies, funds for dwellings, land purchases and infrastructural services (i.e. roads, waterworks, sewerage), as well as the R375 million recently announced by the Independent Housing Trust

Graphic: FIONA KRISCH Source: MFA

HOUSE OF REPRESENTATIVES

QUESTIONS

†Indicates translated version.

For written reply:

General Affairs:

IDT: amount paid over

2. Mr P A CHENDRICKSE asked the Minister of Finance:

- Hansard*
15/4/91
123
- (1) Whether the State has paid over an amount of approximately R2 000 million to the Independent Development Trust; if so, (a) when and (b) what is the exact amount involved;
 - (2) whether any houses have as yet been built with these funds; if not, why not; if so, (a) how many and (b) where;
 - (3) (a) how much of this amount has been used to defray administrative expenses, (b) how much interest has the Trust earned on this amount and (c) how many persons are working for the Trust;
 - (4) whether the Trust is allowed to avail itself of the services of Government Departments on an agency basis; if not, why not; if so, what are the relevant details?

C11E

The MINISTER OF FINANCE:

The following information was given by the Independent Development Trust (IDT) in response to this question.

- (1) Yes
 - (a) 17 July 1990
 - (b) R2 000 million
- (2) (a) and (b)

The IDT which came into existence on 1 August 1990, aims to stimulate a dynamic development process through the allocation of its funds.

It concentrates on those people in our communities who can be described as being "very poor".

The focal areas identified are housing,

HOUSE OF REPRESENTATIVES

education and health.

An amount of more than R1 300 million has already been allocated in respect of these focal areas, to a variety of institutions and initiatives.

Funds have already been allocated towards the upgrading of hostels and squatter settlements in respect of land and housing. An amount of R750 million over the following 24 months has specifically been allocated to making property rights and housing accessible.

Full details on the application of these funds was made available in a press release on March 15.

- (3) (a) The total administrative expenses until 31 January 1991 were R1 176 000 — less than 1% of the interest and capital growth earned by the Trust, or less than 0,1% of the original amount.
- (b) Interest and capital growth from 17 July 1990 to 31 January 1991 amounted to R207 682 000.
- (c) The following people are currently working for the Trust:

Permanent staff:	12
Temporary staff:	5
People seconded by other companies to work for the Trust for a specific period:	4

The Trust makes use of the services of independent consultants and fund managers. Compensation for these services was not included in the calculations for administrative expenses.
- (4) In terms of its memorandum of association the Trust may make use of all institutions which are suitable and competent to enable it to reach its objectives. The Trust places particular emphasis on community involvement to promote self-sufficiency. Therefore any institutions which meet with its criteria are consulted.

HIV infection: safeguards

9. Mr W J DIETRICH asked the Minister of National Health: *Hansard* 15/4/91

HOUSE OF REPRESENTATIVES

- (1) Whether, with reference to her reply to Question No 3 on 12 March 1991, any measures are taken to safeguard doctors, surgeons and nurses at provincial hospitals in the Port Elizabeth/Uitenhage area against HIV infection; if not, why not; if so, what measures;
- (2) what was the Aids-related death rate in the above area for each of the five years preceding 1989;
- (3) whether she will make a statement on the incidence of Aids in the above area? C45E

The MINISTER OF NATIONAL HEALTH:

- (1) Yes, the same measures as in all CPA hospitals are applicable.
In cases where HIV-infection had been

diagnosed, protective clothing is available, barrier nursing implemented and a strict protocol followed in respect of the drawing of blood and handling of patient products.

In unconfirmed suspected cases of HIV seropositive patients, the patient and his/her products are treated as potentially contagious. Although barrier nursing is not implemented, the same protocol for the drawing of blood and management of patient products is followed as stipulated in the above case;

- (2) no statistics of AIDS-related deaths before 1989 in respect of the region concerned are available;
- (3) no.

HOUSE OF REPRESENTATIVES

IDT's interest tops R207m

Alpam 174/91
Political Staff

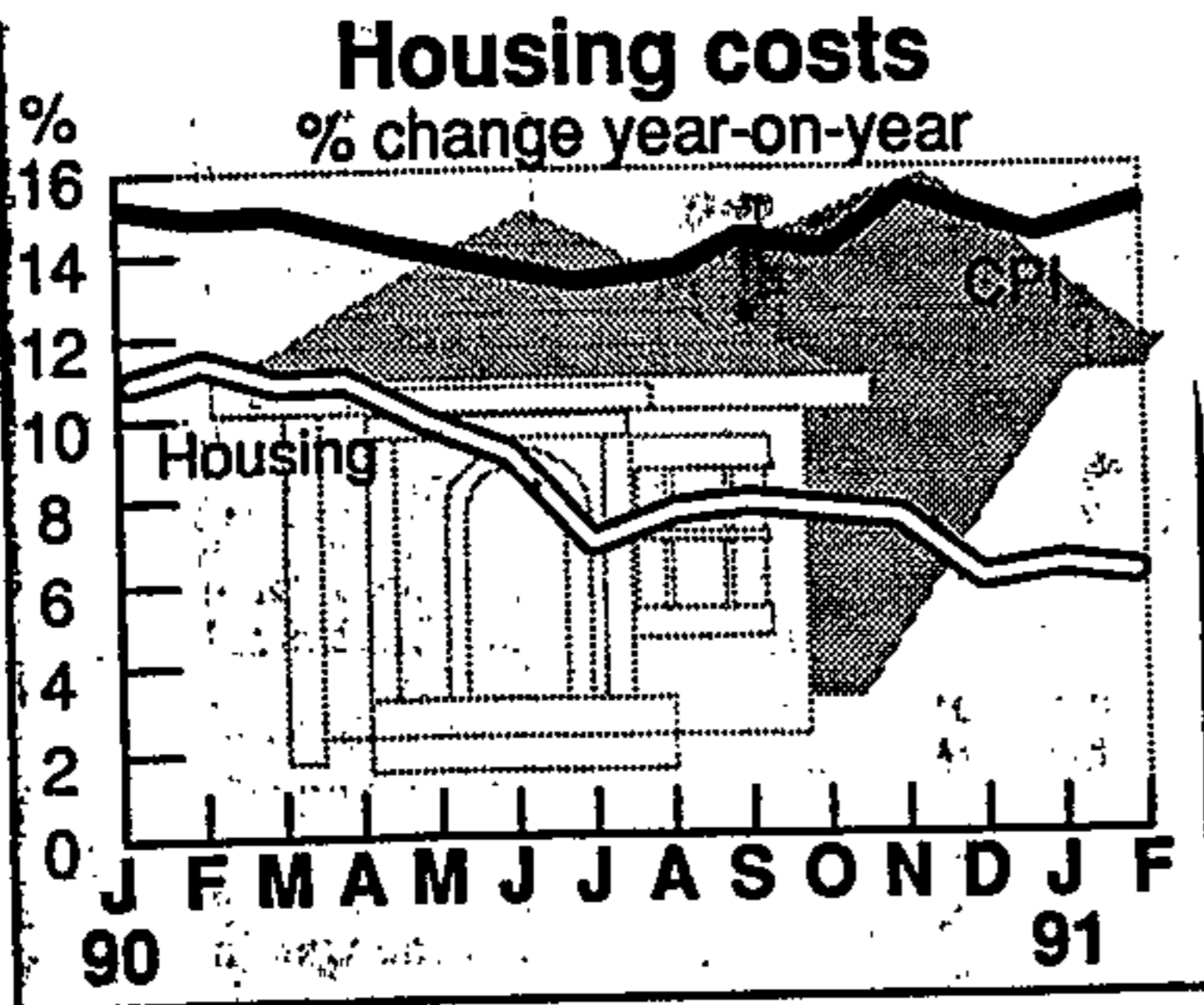
CAPE TOWN — The Independent Development Trust earned R207,7m in interest in its first six months of existence, Finance Minister Barend du Plessis said yesterday.

Its administrative expenses were less than 0,1% of the original R2bn granted to it or less than 1% of the interest and capital growth earned by the IDT.

Du Plessis was questioned about the IDT by Peter Hendrickse (Labour Party Addo), whose party has criticised the IDT for not spending the money allocated to it, particularly on housing.

Du Plessis said the IDT aimed to stimulate a dynamic development process through the allocation of its funds.

The focal areas identified were housing, education and health.



Graphic: LEE EMERTON

Housing costs put the brakes on inflation

THE costs of accommodation have put a brake on general price inflation over the past year — inflation would be 17% if housing costs were excluded from the calculations.

A major factor restraining housing prices has been stable interest rates, with housing costs rising by only 0.2% year-on-year in February 1991. This month's declines in home lending rates after the March cut in Bank rate will have a further positive impact, leading to an actual annual decline in mortgage interest rate repayments in April.

The annual rise in housing costs was mainly a result of flat and house rent increases, because the year-on-year rise in interest rates had been zero since October 1990, as prime remained at 21% from October 1989 to March 1991.

Property analysts estimated that flat rents had risen by about 15% over the past year. But official figures on the actual rise in flat rents will only be available in May, when the Central Statistical Service publishes the results of its annual flat survey.

In contrast to slowing accommodation prices, the costs of keeping a home clean and well maintained have risen above the general inflation rate. Household operation costs have been well above an annual 15% during the past two years.

Inflation in the prices of cleaning materials averaged about 20% during 1990, and the cost of employing domestic workers rose about 14%.

The positive effects of low housing costs on inflation are technical and do not reflect any real progress in the battle against inflation. When these costs are excluded from the basket, the spiralling prices tell a different story to the overall rate.

Some economists have questioned the use of interest rate policy to fight inflation, as higher interest rates have a direct and significant effect on the CPI basket. Why aggravate the situation by raising housing costs, especially as housing is one of the biggest items in the CPI basket after food?

Interest rate policy is often misunderstood because it does not have any direct, quantifiable effect on the CPI basket. It works indirectly by affecting "demand-pull" inflation. Low interest rates promote spending because borrowing becomes more attractive than saving. Heightened demand indirectly fuels inflation as it is easier to raise prices when consumers want to spend.

In this second of four articles examining inflation, SHARON WOOD looks at the impact of housing costs on the CPI.

A vicious circle emerges with consumers wanting to spend more because inflation is already high. For this reason, the central prong of a policy to combat inflation is to maintain high real interest rates.

But in spite of almost two years of high real interest rates, consumer spending has remained high, prices have risen apace and housing has been the only major category to fall significantly over the past year.

Progress in curbing housing costs simply reflected unchanged interest rates. Spending in many other areas of the economy continued.

Private consumption spending rose by 1.5% in real terms last year amid conditions of no real economic growth. In the 1985 recession, it fell 3.5%. Increases in durable goods and recreational items, usually sensitive to a downswing, remained strong. The Reserve Bank has expressed concern over rising propensity to consume.

Some economists, including First National Bank's Cees Brüggemans, have suggested real interest rates could be kept at higher levels, even as high as 6%-7%. That would put SA in the same league as Germany, which last year had inflation of 3%. But it is unlikely the Reserve Bank, faced with unemployment and political uncertainty, will be able to go to German extremes.

Sectional title: MP slams state

CMT 7/15 17/4/91 (123)

By BARRY STREEK
Political Staff

HUGE profits had been made from the conversion of old blocks of flats into sectional title and developers had made a killing, the MP for Wynberg, Mr Robin Carlisle, said yesterday.

The government had failed to provide any safety net for the poor and elderly in the scrapping of rent control, he added.

Since the removal of rent control not one single new unit of suitable rented accommodation had been built by the private sector in the city.

UCT has appointed a liaison officer to ease communication with Forest Hill residents. The massive Mowbray block of flats was bought by the university to house students from next year.

Mrs Anne Hoffman will be occupying an office in the complex within two weeks. It has been decided that tenants aged between 65 and 74 can remain until the end of 1992 and those 75 years or older until the year 2 000.

"The effect of the conversion of rented flats to sectional title is to broaden the alternative of those who have capital and to reduce to zero the alternative of those who do not have capital."

Mr Carlisle said during the debate on the housing and works

vote in the House of Assembly the DP had supported the view of the SA Property Owners' Association that rent control distorted the market and was an intrusion into the free enterprise system.

But it had added the caveat that if rent control were removed, a safety net be provided for the poor and elderly.

The result of the conversion of rented accommodation to sectional title had been to drive people out of accommodation they lived in for up to 30 years and create a new class of homeless.

R1,3 bn of IDT funds allocated

CMF Times 17/4/91 Political Staff

123 VERK

AN amount of R1 300 million has already been allocated from the R2-billion Independent Development Trust (IDT), Finance Minister Mr Barend du Plessis said yesterday.

Mr Du Plessis said the IDT, which came into existence on August 1 last year, concentrated on those in communities who could be described as being very poor. The focal areas were housing, education and health.

Funds had already been allocated towards the upgrading of hostels and squatter settlements.

An amount of R750m over the next 24 months had been allocated to making property and housing accessible.

Mr Du Plessis was replying to Mr Peter Hendrickse, LP Addo, whose party has criticised the trust for not spending the money allocated to it, particularly on housing.

The trust had earned R207,7 million in interest in its first six months, Mr Du Plessis said.

Parliament

1991



123

Income qualification for rent control rises

Sapa 17/4/91

An increase in the income limits to qualify for rent control was announced by the Minister of Housing and Works in the House of Assembly, Sam de Beer, yesterday.

Speaking in own affairs debate on the housing and works budget vote, Mr de Beer said the limits for continued rent control as from June 1 for single tenants without dependants would increase from R750 to R1 200 a month and for married tenants or tenants with dependants from R1 250 to R2 000.

The increase was to allow for the rising cost

of living, as well as to provide for continued protection for those needing it most.

"By increasing the limits, especially senior citizens will now be protected for (longer)."

The income limits for other housing projects administered by the Department of Housing and Works would also have to be amended, he said.

"I have thus requested a departmental investigation into the matter. These findings are to be presented to the Committee of Housing Ministers." — Sapa.

New funding plan a boost for buyers

Sowetan 18/4/91

123

A CREATIVE new funding instrument aimed at raising R500-million from the private sector for the provision of low cost housing finance has been developed by the UAL Merchant Bank and the Independent Development Trust (IDT).

In a financial breakthrough, the IDT and the UAL have succeeded in securing the first tranche of R120 million from eight financial institutions.

It is envisaged that further funding will be raised in the near future.

IDT financial director Mr Jannie Kitshoff said the recently announced R7 500 one-off capital to families for the purposes of acquiring land will go a long way towards the provision of serviced sites to accommodate 700 000 people.

"This initiative will

By JOSHUA RABOROKO

dove-tail neatly with our subsidy, in that it addresses the next step in the housing process - namely the accessing of financing for home building purposes by the poor," he said.

He noted that nearly 60 percent of the urban black population currently could only afford homes priced at less than R12 500.

The money had been raised through a private placing with financial institutions of Collateralised Housing Investment Paper (CHIPS).

The IDT will act a "credit enhancer" by providing funds to its finance corporation ID-TEC, which will use these funds to acquire, through UAL, a portfolio of fixed interest rate securities.

UAL assistant general manager (securities) Mr Leon Kirkinis, whose team developed the

CHIPS for the IDT, said the fixed interest rate securities, together with other securities, will be used to collateralise the cash flows due to the institutional investors.

Chairman of the IDT Mr Jan Steyn said: "One of the primary objectives we set for the trust when we started operations in August last year was to the creative "leveraging" of institutional money in a market-related manner to augment our own funds."

Analysis

Kirkinis said that from institutional point of view it was particularly important to note that the CHIPS was an investment which measured up well on a risk/reward analysis.

He expected that the Perm, the SA Housing Trust and the Urban Foundation to lead the field in the provision of loans to that market, as they already had the structures in place to service borrowers at under R12 500.

Features

UAL designed the CHIPS to incorporate the following features;

- * They provide an investment avenue into housing for the institutions which are under pressure to engage in "social" investment;

- * The investment stands on its financial merits - there is no "soft" money involved.

The CHIPS could result in the upliftment of the most disadvantaged communities and thus provided a stimulant for the economy.

3-million families still homeless

Sowetan 18/4/91

THERE are about three million homeless families who are either in squatter camps or living in cramped backyard rooms where they are paying exorbitant rentals in the PWV townships.

The managing director of the black-owned Metropolitan People's Consultancy (Mepco) Housing and Developers, Mr J C Mthshali, said that although the research was done about five years ago it was clear that the crisis was not a small issue.

Mepco was started immediately after the assessment of the research with the aim to provide houses and employment to the people of that area at the same time.

Mthshali said unless something was done, particularly by blacks, the results would be disastrous. He will consult with the liberation movements, such as ANC, PAC and others to discuss this problem in detail as well as suggest methods which could be used to alleviate the acute housing shortage.

Rent control: Old, poor ^{CMT} will still be protected ¹¹⁴³

JOHANNESBURG. — The conditional phasing-out ^{12/4/91}
of rent control will be completed this year, accord-
ing to the Minister for Housing in the House of
Assembly, Mr Sam de Beer.

He said that on the completion, rent control would
apply only to premises that were occupied by
people who qualified for continued protection on
the grounds of income and age. ¹²³

At present, rent control applies to premises occu-
pied before October 21, 1949, and to premises occu-
pied by protected tenants, identified on grounds of
income and age. ³⁰⁰

Rent control had been lifted conditionally from
52 568 out of 70 813 premises in declared "white"
areas since February 1987.

Prescribed income limits to qualify for continued
protection are to be raised from June 1 this year.
Married tenants or tenants with dependants will
have to earn a gross monthly income not exceeding
R2 000, and single tenants without dependants,
R1 200. — Sapa

Conditional end to rent control

^{13/02/91}
^{18/4/91}
THE conditional phasing out of rent control will be completed this year, Minister for Housing in the House of Assembly, Sam de Beer, said.

He said on the completion, rent control would apply only to premises that were occupied by people who qualified for continued protection on the grounds of income and age, and who met the prescribed needs and occupied the premises concerned.

At present, rent control, in terms of the Rent Control Act of 1976, still

applies to premises occupied before October 21 1949 and to premises occupied by "protected" tenants, identified on grounds of income and age.

The conditional phasing out of rent control in declared white areas began on February 1 1987. Rent control had been lifted from 52 568 out of 70 813 premises in these areas. (123)

People who were not at present protected tenants, could not at this stage lay claim to protection, he warned. — Sapa.

Curbs on people per bedroom?

123
Cape Towns P1/K/91

By PETER DENNEHY

NEW by-laws controlling the number of people per bedroom — and banning people from sleeping in toilets, cupboards or on landings — may follow the Group Areas Act. The proposed measures also stipulate that if more than one family occupies a house, men and women not living as a couple must have separate bedrooms.

The far-reaching regulations to prevent overcrowding were disclosed at the Cape Province Municipal Association (CPMA) congress yesterday.

Some of the proposed by-laws, submitted by the CPMA's national parent body, the United Municipal Executive, to the government, come straight out of the existing but disused Slums Act, which is to be scrapped.

The regulations carry massive fines for owners as well as tenants and may be forced upon municipalities which are unwilling to promulgate them.

Among the suggested regulations being considered by the CPMA yesterday are the following:

- Not more than three persons are to occupy the average-sized bedroom.

Tell Teleletters

What do you think of the municipalities' suggested regulations to prevent overcrowding and to maintain standards in suburbs? Phone Teleletters today on 488 4722 from 10am until noon.

- Where more than one family occupies premises, non-co-habiting persons of opposite sexes over 10 years old must have separate bedrooms.

- Nobody may sleep in an outbuilding, garage, cellar or loft unless approved, or in an unapproved lean-to, shed, stable, storeroom or tent.

- Nobody may sleep in a latrine or a passage, on a staircase or landing, in a bathroom, or in a cupboard.

- Penalties for overcrowding can be up to R5 000 or imprisonment for up to 12 months or both.

CPMA vice-president Dr W C Malan said the bill was now with the minister concerned.

According to the bill any local authority may be forced by a small group of its citizens to enact by-laws regarding

overcrowding of residential premises in its area. The bill says that if 100 or more residents lodge a petition with their council asking for the above by-laws to apply to them the council has to take a ballot on the matter in that area.

If at least two thirds of those who vote are in favour the council has to send a copy of the regulations to all premises in the area. The by-law then becomes binding on all who live or own property there.

Mrs Enlalie Stott, the chairman of Cape Town's housing committee and a delegate at the congress, said yesterday that it was no good trying to lay down standards throughout a municipality when they were only suitable for certain areas.

"I don't see how one can lay down such standards as long as there is a housing shortage," she continued.

She noted that the Slums Act was going to be scrapped, yet it had at least laid down minimum health standards.

Professor D E W Schumann, the CPMA president, responded that other measures would be taken against urban decay when the Slums Act went.

APARTHEID BAROMETER

RACE CLASSIFICATION *w/mail 19/4-25/4/91*

A TOTAL of 463 people were reclassified racially in 1990, compared with 549 the previous year, according to the annual report of the Department of Home Affairs tabled in parliament this week. (120)

The following reclassifications were approved: White to coloured: 12; coloured to white: 138; coloured to Chinese: two; Chinese to white: two; Chinese to Indian: one; Chinese to Malay: one. One white person reclassified from white to Malay; five Malays to white; and one Malay to Chinese.

White to Indian: three; Indian to coloured: 23; coloured to Indian: 31. Indian to Malay: eight; Malay to Indian: 23; other Asians to Indian: one. African to coloured: 183; coloured to African: nine; African to Indian: five. Coloured to Malay: four; Griqua to coloured: one; Indian to white: three; and Malay to coloured: six.

INDEPENDENT DEVELOPMENT TRUST

OF the R2-billion allocated by the state to the Independent Development Trust (IDT) last July, R1,3-billion had been allocated to housing, education and health, Finance Minister Barend du Plessis said in parliament this week. He said funds had been allocated to upgrade land and housing for hostels and squatter settlements. An amount of R750-million over 24 months had been allocated to making property rights and housing accessible. (123) *w/mail 19/4-25/4/91*

INDEMNITY

A FURTHER 1 208 people had applied for, and been granted, indemnity for undergoing and receiving military training contrary to provisions of the Terrorism Act, Minister of Justice Kobie Coetsee announced last week. His department said this brought the total of indemnity applications granted to 3 692 — 73 percent of those received.

BLACK LOCAL AUTHORITIES *(12)*

EIGHTY-TWO black local authorities in the Transvaal still owe more than R1-billion for service charges. Eskom said this week townships in the region owed at least R1,6-million for electricity supplied. Thokoza, Katilehong, Atteridgeville and Vosloorus are among the townships still being affected by electricity cuts as a result. *11/4/91 - 25/4/91*

ABORTIONS *w/mail 19/4-25/4/91*

A TOTAL of 868 legal abortions were conducted during 1989/90 as compared with 960 during 1988/89, Minister of Health Rina Venter said in parliament. Replying to a question from Dr Zach de Beer (DP, Parktown), she said 70 in the first and 34 in the second period had been authorised due to rape and incest.

POLICE DEATHS

RESIDENTIAL PROPERTY FM 19/4/91

123

QUESTIONS OVER PRICE TAGS

While they held up remarkably well in a prolonged climate of high mortgage rates, the cracks now finally seem to be showing in the residential property market.

It is a question of degree. Property economist Neville Berkowitz maintains that residential property has held up better than the non-residential sectors; but he concedes that those very fat weekend property supplements (fatter than ever, it seems) merely indicate a huge number of prospective sellers — not rapid turnover in properties.

Economist Azar Jammie is also bullish, stressing that the fundamentals are right for a real increase in property values even though indications on the ground are that there has been a downward shift in buying tempo since the beginning of the year. The recent small drop in mortgage rates — one percentage point in most cases — has done little to boost home sales.

Jammie argues that little significant new home building has taken place for some time in the "traditionally white areas" because of the disparity between new and existing house prices. This will precipitate a shortage of housing stock and push prices up until the gap has closed sufficiently to trigger a new wave of home building.

But for the moment, agents like Aida Geffen and Eskel Jawitz report a market

where the fizz has gone out of buying.

Jawitz maintains that houses will always sell provided the prices are right — but he cautions: "The market isn't rational right now. Home sales have been on a fast-moving conveyor for the past few years, but we've come off that ... I'm positive about the longer-term outlook, but the marketplace is ambivalent and many buyers are querying exactly where the country and the residential market will be a couple of years down the line."

He adds that recent pronouncements by Reserve Bank Governor Chris Stals and Perm CE Bob Tucker warning of possible "economic chaos in SA" are not doing anything to help the market.

Houses are taking longer to sell now than they did a year to 18 months ago, Jawitz admits. But this is a reflection of sellers not accepting the reality of the market, rather than properties being more difficult to sell: "The seller sets the property's price, but the buyer decides whether it's acceptable."

Geffen believes the downturn in property sales is far worse than that. She says only "urgent buyers" are actually going ahead with purchases — and then only if prices are right. She says the market has been considerably depressed by some unfortunate and ambivalent statements made by politicians, par-

ticularly the ANC. The result is: "Some houses are on the market for six months before they sell. We're simply not selling them boom-boom, the way we were."

As an indication of the change she points to houses at the top end of the market. Properties which might have fetched R1,5m a year ago will now go for as little as R800 000. Lower down the scale a house with a R250 000 price tag will perhaps achieve only R180 000.

In spite of this she says few people are selling to "take the chicken run" out of SA. But a significant number are buying down because they cannot afford existing homes at persistently high bond rates.

Nedbank executive GM, commercial banking, Jack de Blanche — who happens to be in the market for a luxury home in Johannesburg's northern suburbs — says his personal experience is that until mid-January it was definitely very much a seller's market. "The attitude of sellers was one of take it or leave it. Since then, however, I sense that they are considerably more willing to negotiate. That is in spite of the reduction of the mortgage rate. Furthermore, I think it's a case of the higher the price, the faster it's dropping. A property I saw on the market three months ago for R3m now has an asking price of R1,7m."

He says Nedbank's bond book has been growing at a tremendous rate — but more at the expense of existing market share held by other institutions than new bond business.

He adds that the ability of banks to lend into the mortgage market should be enhanced through the new Deposit-Taking Institutions regulations, which include a lower capital requirement on the part of the lender for housing loans than for ordinary overdrafts and other credit facilities. This margin enhances profitability for the banks and also helps retain mortgage rates at lower than the prime overdraft rate. However, he feels it is unlikely that the small drop in bond rates has had any effect whatsoever in improving the property market.

De Blanche comments: "All it has done is to slightly improve the severely strained cash flows of individuals."

In spite of the gloomy outlook portrayed by the agents, First National Bank's Pat Lamont says demand for bonds is still brisk — though repossession are "not out of line with expectations in this sort of market." Like other institutions, FNB's repossession figures are a closely guarded secret.

Berkowitz, however, expresses surprise that the repossession rate seems low: "Many people must be struggling to meet mortgage commitments, particularly those who bought

FM 19/4/91 123

when the rates were last down at 12% and 13%. Today they are paying 80% more for their homes.

"Logically people must be under financial pressure. They have been living with high interest rates and inflation for some time, but salaries have not kept pace. Into the bargain the introduction of perks tax is in its last phase. The result is that lending institutions are quick to knock on bond defaulters' doors and insist on immediate action."

Further repossessions — and publicity around them — will deepen the malaise prevalent in the market now. ■

ANC condemns proposed by-law on overcrowding

Municipal Reporter

A PROPOSED anti-overcrowding by-law which may follow the Group Areas Act was slated yesterday by the ANC as a ploy to retain the existing residential pattern.

The proposal was drawn up by a committee under Mr Tonie Heynecke, town clerk of Germiston, at the request of the United Municipal Executive.

His report, which has been forwarded to the government, was passed on to delegates at the Cape Province Municipal Association congress in Cape Town this week.

Mr Bulelani Ngcuka, a member of the ANC regional executive, said yesterday that the ANC demanded the unconditional abolition of both the Group Areas Act and the Land Acts.

"It is our view that the government is determined to continue the Group Areas Act under another name," he said.

"This by-law is an absurd way of dealing with the problem of homelessness, which is a legacy of the apartheid system."

Democratic Party provincial spokesman Mr Jan van Eck also criticised the proposed by-law, saying it was "so wide and far-reaching that it would be virtually unenforceable".

"Nobody is in principle opposed to the concept of applying certain norms and standards to ensure a safe and healthy environment, but the proposed by-law will not contribute towards this."

Mr Van Eck said it was no coincidence that such "draconian measures" were being suggested at the same time as the scrapping of the Group Areas Act.

Mr Arthur Wienburg, chairman of the Ad Hoc Committee for an Open Cape Town, said he could not comment for another couple of weeks on his own committee's investigation into standards acceptable by all.

New brick machine a boon for squatters

87/20/4/91

SOUTH Africa probably has 7 million inadequately housed people with 4,2 million squatters on the Rand and around Durban alone.

To house them properly the country needs to build 1,8 million homes — right now.

But the two main actors — the Urban Foundation and the SA Housing Trust — last year built only 13 397 homes between them.

At that rate it will take 138 years to clear the backlog.

These two institutions, along with the SA Development Bank, see their current priority as finding land on which the poor can build.

No policy

As one of their planners said: "We are tackling the legal, institutional, financial and land ownership issues — all pre-requisites in meeting affordable housing needs."

Meanwhile, the Government, which has no discernable housing policy, hasn't built a house in years — except for its own officials.

The situation appears disastrous. But David Herbstein, a former financier and now a low-cost housing entrepreneur, disagrees: "It's not a disaster — it's a challenge," he says.

He believes South Africa can do it — given the will. He says it certainly has the technology. But he does acknowledge that the picture is bleak.

"While I appreciate that building homes will gain momentum only when land is available, we could be moving much faster with the actual building of homes," he said.

"Tens of thousands of people already have land but they cannot afford to build because material prices have gone through the roof. Finding ways to make cheap, but durable, bricks is therefore absolutely essential.

"But the tragedy is that they are available but people don't know it."

I went with Mr Herbstein to one of the poorest areas on the Rand — Ivory Park squatter camp near Tembisa.

There I found cement and ash building blocks selling at R1,60 each. But they are so porous you can pour a cup of water straight through them.

Mr Herbstein is so determined to be part of the answer to the housing challenge that in October he invested all his capital into developing a machine which makes high-quality bricks —

enough in one day to build one four-roomed house.

The cost of the bricks needed for one house is R450. That's five times cheaper than normal! With six unskilled workers it is possible to turn out enough for two houses a day.

The secret of the machine is that it can be towed — and it makes bricks on the spot by using subsoil dug from the house's own foundations.

This cuts out the prohibitive cost of having to transport bricks.

The bricks are six times bigger than a conventional housebrick. It takes 700 to build a 34 sq m house.

David Herbstein believes that of all the alternative building materials he has seen, nothing remotely comes near the quality of an earth brick.

He was unable to hide his irritation when talking of the disparity between what squatters are expected to pay for bricks and what they "really need to pay". A tiny four-roomed core house — one that can easily be added too — would cost only R2 500, he says.

The "low-cost" houses now on the market start at R15 000.

Mr Herbstein believes squatter communities could be helped to buy these machines. He has suggested this to 65 of South Africa's major companies. Only three replied saying they were "already doing enough".

Ironically the same three companies each expressed concern about the fact that Mr Herbstein had a commercial interest in the machine.

Near Ivory Park Mr Herbstein has his brick-making machine churning out bricks and selling them — sometimes just six at a time.

Huge cracks

People buy as they get the cash.

I saw "show houses" of quite appalling quality costing up to R25 000. One was made of concrete wall slabs and I could see the sky through many gaps in all four walls. Cost: R15 000.

- Another house, a metal structure, seemed hot enough to bake bread in. On winter nights it would be as cold as an ice box.

"My idea of earth bricks is neither new nor untested," said Mr Herbstein. France has built whole towns from earth bricks, and architects across the world now see them as appropriate, aesthetic and durable.

123

JAMES CLARKE

STimes (Bus) 11
Boost for housing demand

By TERRY BETTY

DEMAND for residential property is expected to increase before VAT's introduction. ~~214~~ 123

Buyers will pay VAT on the full price of a new house, but resales will not carry VAT unless bought from a business. 2114/91

Transfer costs and estate agent fees will be taxed. If a business is registered for VAT, it will get input tax credit (ITC) for VAT it pays, but individuals will not.

Commercial and industrial rents will both carry VAT as long as the landlord is registered. To register, his turnover must be more than R150 000 a year. Both landlord and tenant can claim credit because the tax expense is incurred in the course of business.

Group Five chief executive officer Peter Clogg says home buyers will end up paying a net 6% to 8% more.

In a house priced at R100 000, materials may cost R50 000, labour R25 000, overheads and finance charges R20 000 and the builder's profit R5 000.

He may reclaim VAT on materials. So his materials cost should be R43 500 and his labour and profit should be unchanged. The price of the house should thus be R93 500. VAT on that takes the full price to R104 720, a net increase of about 5%.

Timber for houses

S. Times (Bus/T) 2/14/91
SA LUMBER Millers Association is training people to build houses with timber in a move to relieve the critical low-cost housing shortage. (123) (124)

It has set up 20 training centres and another six are planned in urban areas where the need is greatest.

The next step will be to establish depots providing construction timber at the right price, says Salma executive director Andries Swart.

Cement house goes up in a jiffy at the homes show

Star 23/4/91

123

By Abel Mushi

One of the main attractions at this year's Star Affordable Homes Show — in Mfundo Park, Vosloorus, in May — is a cement structure said not only to be stronger than brick houses, but also quicker and less costly to build.

Work on erecting the two-bedroom model began yesterday and, according to developers Zephcon, the unit will be completed by the end of the week.

Jonathan Hall, managing director of Zephcon, said the concept involved the erection of "shutters" to form a house design.

Doors, plumbing, electrical components are included in the mould before an aerated mortar, comprising lightweight sand, cement, water and air, is pumped in.

After a day, the shutters are removed and a roof is laid.

Presentation of the complete unit will take place on Friday.

Govt compromise on land reform, restoration likely

By Peter Fabricius
Political Correspondent

The Government and opposition parliamentary parties are heading for a compromise which will allow the Group Areas and Land Acts to be repealed this year — but will shelve the contentious remaining four Bills in the Government's land reform package.

Parliamentary sources said the Abolition of Racially Based Land Measures, which repeals the Group Areas Act, the Land Acts and other discriminatory land measures will be amended to include the best parts of the other Bills.

This compromise — expected to be clinched this week — will allow the Government to keep its domestic and international promises to repeal all the apartheid land acts this year.

The other Bills will be held back for consideration next year.

The Government needs to repeal the apartheid land acts to meet the conditions for the lifting of international sanctions.

And the compromise could include the setting up of a Land Commission of judges to decide which displaced black communities should be restored to their land.

The sources said that 11 of the 13 prominent communities most recently forced off so-called "black spots" in "white" South Africa, are virtually assured of getting their land back. This

is because the land is owned by Government.

But the Fingoes and the Maclean Town community will probably not be returned to their land because it has been sold to white farmers.

The Government's apparent decision to restore land lost to the apartheid policy appears to be a reversal of the policy set out in its White Paper on Land Reform.

It has become increasingly controversial, especially in discussions of Parliament's Joint Committee on Land Reform Legislation which is considering the five Bills that would execute the policy.

The Abolition of Racially Based Land Measures Bill has been supported by all parties except the Conservatives.

But the other four Bills — including one which would give authorities draconian powers to maintain residential standards — have run into a wall of opposition.

There has been strong pressure on the Government to push ahead with only the Repeal Bill and shelve the others.

Now the Democratic Party is proposing a compromise which will embrace the best features of the other four Bills, including retention of aspects of the Slums Act to reassure conservative whites of suburban standards when the Group Areas Act goes.

The compromise will give the Government a political "crutch" to lean on, parliamentary sources say.

Lower housing guarantees on State's cards

Parli

19

Political Staff

Stew
24/4/91

The State is reconsidering its guarantee scheme for public servants' housing loans after losing R19 million in the last six years.

It may reduce amounts it is prepared to guarantee because of soaring housing debts incurred by public servants.

"There is no point in enabling an official to buy a house that he cannot afford as a result of the normal cyclical adjustments in interest rate levels," says the Public Works and Land Affairs report for 1990, tabled in Parliament yesterday.

Adjusting the limits of the loan would contribute to fewer officials los-

ing their homes and reduce the State's losses.

"Since the introduction of the scheme in 1956, up to the early 1980s, relatively few cases occurred in which the State suffered losses due to guarantees being dishonoured," the report says.

But the number of cases has increased drastically since 1985/86.

The losses are mainly attributable to:

- Officials leaving government service, the guarantee lapsing and the State having to redeem it. Though the official's pension is attached, this is seldom enough to redeem the amount owing by the official. In most cases this was not totally successful.

- Officials becoming insolvent and their houses being sold in execution. Sales in execution were

often insufficient to cover the guarantee.

The housing subsidy for public servants partly reduced the negative impact of the current high interest rates.

"But the sharp increase in the number of participants in the scheme currently experiencing problems with the payment of monthly premiums confirms the fact that the subsidy offered is not always adequate protection against increasing interest rates," the report notes.

New guarantees issued on behalf of public servants for 1988, 1989 and 1990 totalled 24 351, 21 655 and 23 646 respectively. Of those, 10 588, 9 441 and 10 891 were for black people and 9 128, 7 684 and 8 275 for whites.

Increase likely in all regions

First-time buyers will be hit by rising costs

(123)

Southern 25/4/91

By ALI MPHAKI

SIGNS of the times indicate that the window of affordability appears to be closing for those who do not own property.

Further exacerbating the woes for first-time buyers is news that VAT will increase the costs of newly-built homes significantly when it comes into effect on October 1.

Costs rising

While this works to the advantage of existing homeowners in that the resale price of their homes will move upwards in sympathy with accelerated building costs, the message for any aspirant homeowners must therefore be to acquire their stake in property as soon as possible - preferably before the introduction of VAT.

Says Scott McRae, MD of the Camdon's Group: "A general rule of thumb is that building costs increase by some 24 percent a year. On a compounded basis, therefore, building costs double every four or five years.

"VAT will accelerate that process even further in my view."

McRae bases his comments on the

latest UBS housing review which reports that in the fourth quarter of last year building costs rose by 18,6 percent.

The review reported substantial increases in home prices in the major regions during the fourth quarter of 1990, with those in the Western Cape up by 16 percent compared with the same period the previous year.

Johannesburg prices went up by 11 percent, and Durban and the rest of Natal up 14 percent.

The remaining regions recorded increases ranging from six to nine percent.

"Consequently, I believe we are faced with the very real possibility that the percentage of the population who can afford to buy a home will shrink radically in the next few years," McRae said.

The 1990 national average price of medium-sized houses increased by 14 percent during the fourth quarter to about R108 000, those of smaller homes by about 17 percent to R92 000 and those of larger homes by 5 percent to around R147 500.

Surety from peer pressure

LINDA ENSOR

The National Stokvels Association of SA (Nasasa), which has 7 000 groups representing 84 000 members, hopes to be appointed by the Trust as a distributing agent for its loans.

As Nasasa president Andrew Lukhele explains: "In the black community the spirit of communalism is very important."

"It is an abomination for a member of a stokvel to default, and to do so carries the risk of ostracism which tarnishes not only the member but also his whole family. This pressure minimises the default rate considerably."

Lukhele says that default is rare in stokvels.

There are believed to be 800 000 stokvels with 9,6-million members generating about R2,4bn annually. They provide an ideal structure to bridge the gap between the finance available for low income housing and the people who need it.

Faced with a lack of delivering capacity, the Trust will depend solely on financial and other institutions to act as the distributing agents and it has invited them to submit proposals on how this should be done. "The challenge is to create as

many group credit organisations as possible to get money into the market quickly," says Kitshoff.

For the Trust the waters are relatively uncharted, presenting it with huge potential risks. Kitshoff says the Trust is in the process of drawing up a policy stipulating the rules and regulations for each of the distributing agencies and outlining its lending criteria.

"We are presently working out ways to pass on some of the risk to the financial institutions otherwise they will be under no constraint in handing out credit. It will be left to the financial institution to handle the evaluation of risk."

It is envisaged that the schemes will be based on group lending of the stokvel kind with perhaps intra-group guarantees acting as a back up to peer group pressure.

The Perm, one of the potential participants in the Trust project, is presently working out the details of a scheme to grant loans to individuals

in a group context. Other bodies which are likely to be involved are the Urban Foundation, the Housing Trust and the Get Ahead Foundation.

The Trust believes that peer group pressure as surety is not as risky as it may seem, having already been tested by the Urban Foundation's Cape-based Group Credit Company, through which the Trust intends to channel some of its money.

Although it is still early days — Group Credit only started operating in November 1989 — MD Christine Glover says there has not been one case of default. By end of April the company will have lent R3,5m to 94 groups of 1 700 individuals.

The groups of people are mainly squatters not normally eligible for traditional housing finance. The deposit, 10% of the loan in the form of savings, is pledged to the financial institution advancing the loan.

In terms of the Group Credit Company schemes, risk assessment lies very much with each group. The group undergoes an intensive period of training enabling members to develop the skills to evaluate the risk of incoming members and know how to allocate loans to individuals.



□ KITSHOFF

Glover says the board of Group Credit Company has given preliminary approval for the company to go national. She explains the success rate of the lending scheme as being due to the pledge made on the group member's savings and secondly to peer group pressure.

"Public embarrassment does wonderful things," she adds.

JAN Steyn's Independent Development Trust, with R2bn of public money, will be relying heavily on peer group pressure for the success of its recently announced scheme to provide housing finance to the poor.

The scheme, developed in conjunction with UAL Merchant Bank, has already raised R120m from eight financial institutions through a private placing of Collateralised Housing Investment Paper (Chips). This is the first tranche of a total of R500m to be raised from the private sector.

The Trust will provide funds to the Independent Development Trust Finance Corporation (IDTFC) for the purchase of a portfolio of fixed interest rate securities which will be used to collateralise cashflows due to the institutional investors.

The average loan will be between R5 000 and R12 500. It is hoped loans for about 12 000 site and service homes with a basic superstructure will be granted this year.

Peer group pressure to repay debt is to be the bedrock on which the Trust will depend for repayment. There will be no mortgage bonds as the quantity of loans advanced will make this impractical. Assets will not be secured because of the vast amount of documentation this will require.

"Peer group pressure will be the only form of insurance," says Trust finance director Jan Kitshoff.

LETTERS

Standard bonds for cheap houses

S/Times (Bus) I
28/4/91.

123

STANDARD BANK has entered the low-cost housing market, hoping to finance 700 new bonds a month by 1992.

At an average of about R30 000 each, this would mean bonds worth R21-million a month.

Previously, Standard did not grant bonds of less than R40 000.

The bonds are not subsidised and are subject to normal interest rates.

Standard Bank senior general manager Dennis Matfield says more than R400-million has been committed to this market for the next three years.

The value of the houses to be financed is between R12 500 and R35 000. Bonds will be granted on houses in eight projects.

The scheme began in December 1990 and 320 bonds have been granted.

Mr Matfield says the scheme has had a slow start and developers have been selling little in spite of the housing shortage.

"It might be that people are waiting for an Independent Development Trust (IDT) gift."

Mr Matfield says the bank's risk on each bond is

By DIRK TIEMANN



DENNIS MATFIELD: R400-million to spend in three years

limited to 60% because the Urban Foundation's Home-loan Guarantee Company (HGC) underwrites 30%. HGC has received R8-million from the UK, Germany and others and R12-million from SA companies.

If a R30 000 bond is applied for, the applicant supplies 5% in cash or an employer guar-

antee. The bank makes 95% of the bond available and takes out two collateral insurance policies — 15% deposit replacement cover and 15% supplementary — underwritten by the HGC.

First National and the Perm also provide funds for low-cost housing through HGC's guarantee arrangement, says Urban Foundation general manager Frans Pretorius.

Mr Pretorius says others have withdrawn from the market mainly because of the threat of boycotts.

Contact

"Another reason is that mortgage packages are designed for the First World and banks generally do not have the staff for dealing with borrowers at the Third World level, where one-on-one contact is essential."

First National has also committed about R400-million to the HGC scheme. Assistant general manager, banking, Pat Lamont says the bank believes that the R12 500 to R35 000 market is ignored.

"The market below that is not for the institutions. The argument is the old one of one bond worth R100 000 being more profitable than 10

worth R10 000."

Mr Pretorius says 65% of black South Africans cannot afford a bond of R12 500, Standard's minimum. State-sponsored workers can on average afford to buy a house costing R35 000.

HGC has a loan book of R3,5-million. It was lent to 90 community groups, which in turn lent to 1 300 individuals. Mr Pretorius says lending to groups has proved to be successful because peer pressure among members ensures repayment. The groups determine their own credit limits.

Mr Pretorius says the IDT's "chips" (collateralised housing investment paper) developed by it, UAL Merchant Bank and the Urban Foundation has raised R120-million, which is available to financial intermediaries.

The loan guarantee mechanism has raised R57-million.

Standard would like to see at least four players in the low-cost housing market because it does not want to increase its exposure to more than 25% of its book.

Mr Pretorius says 1 900 loans have been issued since November 1990, which is 63% of the 3 000 total the Urban Foundation expected between July 1, 1990, and June 30, 1991.

WASHINGTON. — The World Bank said yesterday it will shift from financing low-cost projects in the developing world's cities in favour of large-scale efforts it hopes will better address urban problems.

The international lending institution's policy will focus on fighting poverty and pollution while increasing the productivity of the 1.3 billion people who live in exploding Third World cities.

For too long, government efforts supported by lenders have addressed urban growth and poverty by backing low-cost shelter, water supply, sanitation and transit projects, said a report by Michael A Cohen, chief of the bank's Urban Development Division.

Such projects "have not had major impact on the policies of national and local governments and the broader issues of managing the urban economy," the report said.

It estimated that one-fourth of the urban population in the developing world lives in absolute poverty and says urban poverty is growing faster than rural poverty in many countries.

Under the new policy, the bank expects to back large-scale projects intended to improve housing, develop land, upgrade slums, build transit systems, create jobs, fight pollution and improve city governments.

The report responds to rapid growth in Third World cities and towns, which are expected to account for two-thirds of the world's population increase by the end of the decade.

World Bank set to tackle poverty, pollution

GRK-719P
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The policy paper noted that 20 of the world's 25 largest cities will be in the developing world by the year 2000.

It outlined bank strategies for increasing productivity, attacking poverty, addressing environmental problems and increasing research on urban development.

The urban share of developing countries' economies is as high as 80%, it said, and yet some governments continue to avoid steps that would help its city dwellers to become more productive. The report cited excessive regulation of housing construction in Malaysia as an example.

The biggest pollution problem in most cities is unsafe drinking water, the report said. Air pollution and exposure to toxic chemicals also cause widespread health problems and increased mortality rates, it said.

The report estimated that motor vehicle traffic and the emissions it causes will grow 5 to 10% a year in developing countries. — Sapa-AP

R25-m lifeline for homeless

TOYOTA South Africa is investing R25 million over the next five years to help as many of its employees as possible buy their own homes.

Mr Bert Wessels, Toyota's chief executive, said he believed the company's initiative would help in bringing affordable housing to its employees.

The projects were already under way in Lamontville and Mfolweni in Natal.

SOWETAN **FOCUS** **PROPERTY**
 Building the Nation

When the trek into white areas begins

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Sowetan 2/5/91

AFTER affordability, social structures and lifestyle differences are expected to play significant roles in the movement of people of colour into white residential areas

when restrictions are lifted.

Aggrey Klaaste, editor of *Sowetan*, interviewed by journalists specialising in property affairs this week, said social differences between the two races would slow the

number of people of colour choosing to relocate.

He admitted that present township violence would definitely encourage movement, but strong sentiment through family, business, educa-

tion, communal and religious attachments meant decisions to move would not be made lightly or in haste.

Klaaste said this was already evident by the large number of black professionals now living in upmarket white areas

still spending most of their time in Soweto.

Affordability, and this applies to many black executives, will restrict the choice of relocation to very few black people.

Some executive homes in Soweto are valued at about R90 000 and this will only allow purchasing scope in the lower end of the market in white areas.

Klaaste believes racial integration will take place harmoniously, but will be slow. Certain black colonisation will occur in white areas, as has already taken place in Hillbrow, but this is likely to be in the form of groupings of classes or professions of black people.

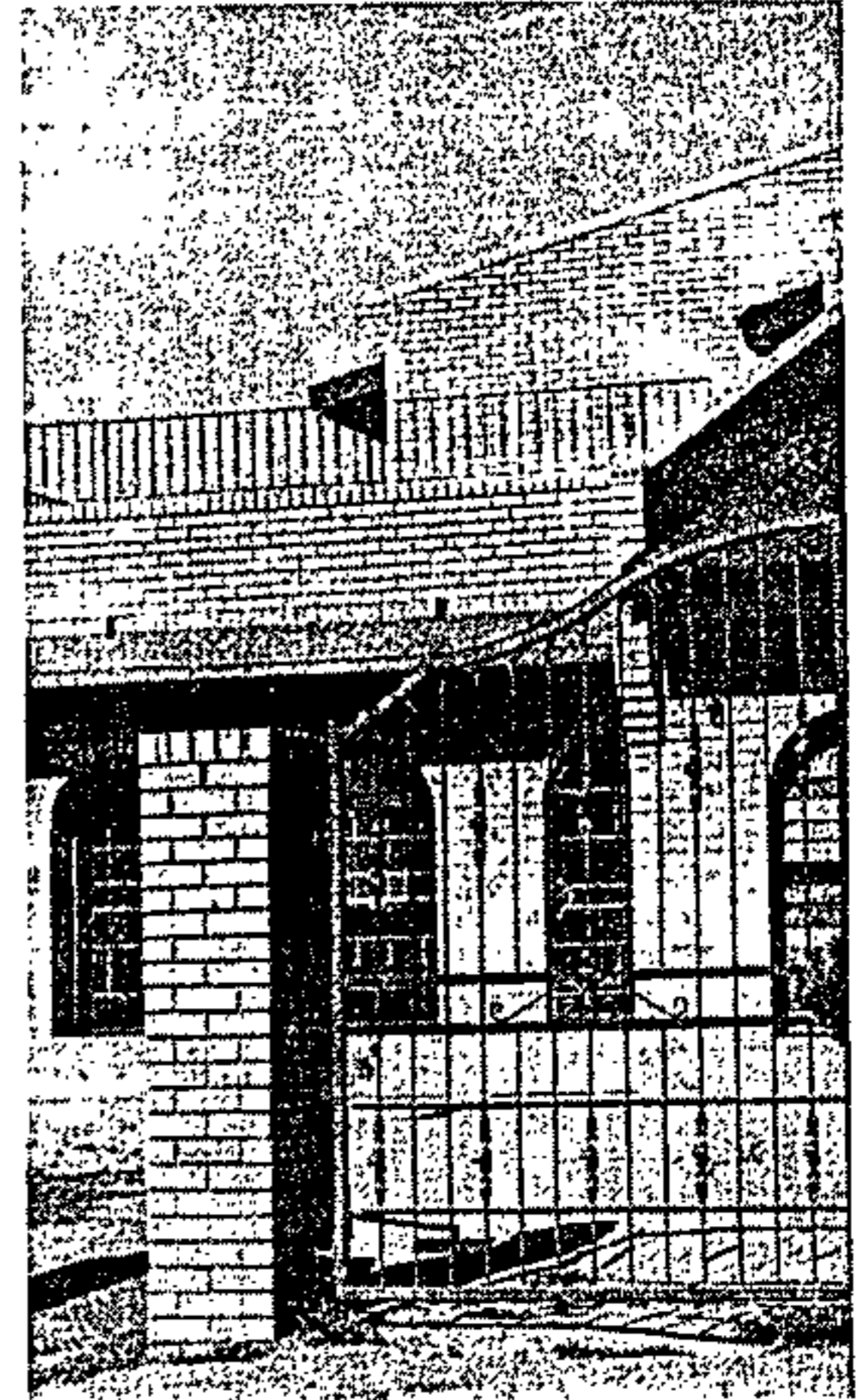
Concern

Of immediate concern is that integration by black into white suburbs must take place naturally and not be driven by white sentiment or black resentment to speed the process of fully mixed area purely for the sake of full integration.

He believes the forcing of people by others to live in areas not of their choice is little more "than turning apartheid on its head," and will not be acceptable to people of colour.

Of paramount importance is basic educational campaigns by the private sector to assist and guide black people in purchasing property.

He urges financial in-



The prices of upmarket houses could still keep most blacks out of white areas when other restrictions are lifted.

stitutions, builders and estate agents to promote such programmes and whenever possible to absorb people of colour into their staff.

Klaaste says few people of colour understand the mechanisms of interest rates and capital redemption or comprehend that a property is a profit-making growth asset that can be used to improve living standards or cushion retirement.

Exploited

It is also important that uneducated black buyers not be exploited, but be made to fully understand the serious financial commitment when buying property over extended repayment periods.

A spokesman for In-

stitute of Estate Agents said this week the Institute welcomed new black estate agents and would encourage buyer educational programmes at every opportunity.

2 million squatter figure far too low?

By BARRY STREEK

MORE than two million squatters are living in 864 squatter camps throughout South Africa outside the homelands, the Minister of National Housing, Mr Hernus Kriel, has disclosed.

However, his figures, given in reply to a question tabled in Parliament by Mr Daan van der Merwe, CP nominated, are far below the unofficial estimates of seven million squatters.

The Deputy Minister of Planning, Mr Andre Fourie, for instance, cited the seven million estimate when he appeared on SATV's Agenda on Monday night.

The Independent Development Trust and the Urban Foundation have also estimated that one in six South Africans, about 7,8m out of a total population of about 40m, live in informal housing.

These estimates, however, include the 10 homelands, which were not part of Mr Kriel's reply.

His reply indicated that there were 27 000 squatters in Khayelitsha, but the overwhelming majority of the estimated more than 500 000 residents of the area live in informal housing.

Although it has been estimated that about three million people are living in informal housing in the greater Durban area, Mr Kriel's figures for the squatter camps exclude squatters inside the official boundaries of Kwa-Zulu.

He said there were 245 000 squatters in Inanda, 29 000 at St Wendolins near Pinetown, 4 000 at Effingham Quarry in Durban and 3 700 at Dassenhoek in Pinetown.

Mr Kriel also said 103 600 squatters were living at Mookgophong at Na-boomspruit, 42 000 at Ikageng at Potchefstroom, 55 080 at KwaDela at Davel, 47 500 at Thembisa at Kempton Park, 130 000 at Soweto-by-the-Sea at Port Elizabeth, 60 128 at Uitenhage, 68 764 at Reeston/Gompo at East London and 30 000 at Crossroads.



R10m sought to fix hostels

CPA 7/2/85 4/1/123
Political Staff

MORE THAN R10 million had been requested for converting the 139 single-sex hostels in SA into family units, the Minister of National Housing, Mr Henus Kriel, said yesterday.

The single-sex hostels, many overcrowded, have been a point of dispute between the government and the ANC.

President F. W. de Klerk said in Parliament this week that an intensive study of the hostels by the Minister of National Health, Dr Rina Venter, had shown that upgrading was urgent. However, both family and single-sex units were wanted by the community.

The ANC has argued that the hostels are a flashpoint for violence.

Lowering aesthetic standards . . .

Electricity capital costs can be cut 50%

By AUDREY D'ANGELO
Business Editor

THE capital cost of installing electricity can be cut by 50% without sacrificing either safety or quality of supply, if lower aesthetic standards are allowed.

And the practice in SA of allowing for inflation in future planning is a self-fulfilling prophesy.

These were among points made by Chris van der Walt, Eskom regional manager in the Western Cape, and Dennis Cook, Escom's corporate commercial manager, at a meeting with suppliers in a Sea Point hotel yesterday.

Eskom took the imaginative step of calling "a suppliers' deliberation", attended by people from all over the country, to discuss ways of keeping price rises below the inflation rate, as it goes ahead with a plan to speed up the electrification of black housing.

Calling for an end to the "adversarial relationship" between Eskom and its suppliers, Van der Walt said they should work together to contain price rises.

There would be spin-off benefits for suppliers in addition to being able to plan ahead, secure in the

knowledge of regular orders.

Supplying 2,5m households with electricity would cost R6bn for the reticulation structure alone.

It would give a boost to the electrical construction and equipment supply industries, with a major increase in demand for appliances. This would help provide job opportunities.

"A recent study undertaken by the University of Pretoria's Bureau of Economic and Political Analysis indicated that a massive electrification campaign could improve SA's gross domestic product (GDP) by 10% and create 1m new jobs by the year 2 000."

A larger market for electrical appliances would reduce unit costs and make SA manufacturers competitive in export markets.

"The pressure for cost reductions to supply electricity to low-income areas has already created innovations which have export potential worldwide."

Van der Walt said Eskom had looked at international practices and decided that the standards specified in SA for the installation of electricity were unnecessarily high, driving up the cost.

"This is particularly the case when the real needs of less sophisticated consumers are taken into account."

Ways to cut costs included the use of aerial bundle conductors instead of underground cable systems, sharing support structures and rights of way with the telephone authorities and using ready boards instead of full house wiring systems.

Using ready boards meant a cost of R100 compared with between R1 000 and R2 000.

"There is only one real sacrifice in using these approaches and that is the aesthetic impact. We need to ask ourselves whether we can afford the luxury of a beautiful electrical system when all else is barely adequate — shacks, potholed roads, non-existent storm water drainage and so on . . .

"We believe that minimum cost standards should be the order of the day but with the option open for the customer to demand, and pay for, more exotic choices. We certainly should not impose high cost options on those who can least afford them," Van der Walt emphasised.

GM Trip

4/5/77

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Electrification 'a priority'

Political Correspondent

Mr. Fick 4/5/91

THE electrification of about 570 000 formal and informal private dwellings in South Africa should become a national priority, the MP for Caledon, Mr Lampie Fick, said yesterday.

"In view of the immeasurable benefits in the form of improved quality of life, educational technology, reduction in the birth rate and savings in medical and related costs, the electrification of metropolitan townships should pay for itself," he said.

Speaking during the Mineral and En-

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ergy Affairs budget debate, Mr Fick said Eskom's installed capacity of 35 000 megawatts had a surplus of about 10 000 megawatts, of which only about 3 000 would be needed to electrify every single formal and informal household in the country.

The electrification of 570 000 formal and informal metropolitan dwellings would improve the quality of life of 2,9 million people.

"The savings in direct medical treatment and improved health of about two million people is immeasurable."

Mortgage rates are ¹²³ expected to fall again

HOMEOWNERS can look forward to further cuts in the bond rate before the end of the year. ^{Star 415191}

This is the view of a leading estate agent, Scott McRae, managing director of the Carndonagh Group, who says: "If the economists are correct rates could be down to about 17 percent within 18 months."

But he does not see a bond rate war breaking out following the Allied's decision to cut its rate to a basic 19.5 percent.

"What will undoubtedly happen, however, is that the big players in the market will go for

FRANK JEANS

market share. On that basis it may be possible for one institution to reduce its rates more than the competition.

"A far more likely scenario however would be for the big banks and building societies to attract business by way of service, and range of products.

"I would expect to see very aggressive competition on that front during the next few years resulting in better services for the homeowner and perhaps a number of innovative new products emerging."

number of summonses that need to be served. This legislation should be changed accordingly.

- 17.4 Traffic officers should stop the incorrect use of Section 341 CPA notices in respect of the *post factum* institution of prosecutions, such as for speeding or traffic-light offences recorded by camera. Section 54 CPA summonses should be used instead, and investigations should be carried out in order to introduce suitable measures to deal with the requirement that presently prompts the incorrect use of Section 341 CPA.
- 17.5 There is a dire need to increase the prosecutions for moving violations drastically.
- 17.6 Warrants of arrest related to traffic cases should be recorded on a national information system that is accessible to traffic officers and arrests should be allowed on the strength of such recordings.
- 17.7 The prosecution of most types of parking offences should be adjudicated administratively *in toto*.
- 17.8 The criminal procedure law in respect of all other traffic offences must be streamlined.
- 17.9 Traffic officers should receive specific training in aspects such as the taking of finger prints, the art of testifying in courts of law and monitoring the effects of implemented traffic-law enforcement measures.
- 17.10 The onus of proof on the State in respect of readings by mechanical and electronic measuring devices should be alleviated considerably.
- 17.11 Traffic-law enforcement agencies should find more effective ways to communicate with the public at large.
- 17.12 Road collisions involving traffic offences should lead to prosecutions wherever possible and collision involvement should be recorded in a national register.
- 17.13 Traffic officers should play a more predominant role in the visiting and taking of particulars at road collisions as well as during the subsequent investigation thereof.
- 17.14 Hazardous locations should be identified in a uniform manner and, where possible, they should be improved or eliminated. Collision statistics should be collected, processed and applied uniformly.
- 17.15 Point duty should be carried out by traffic wardens where possible (and, in terms of the Road Traffic Act, No 29 of 1989, by traffic reservists), in order to make more traffic officers available for traffic patrolling during peak hours.
- 17.16 Explicit uniform guidelines to pursue motorists who do not stop when they are signalled to do so, should be drafted.
- 17.17 Evidential breath testing should be introduced as an alternative to blood tests in drinking and driving cases.
- 17.18 The giving of a breath sample at the request of a traffic officer should be made compulsory.
- 17.19 Traffic-law enforcement should be executed uniformly throughout the Republic of South Africa. The mechanism should be created to compel individual traffic enforcement guidelines set on a national basis.
- 17.20 Legislation should stipulate that tyre wear beyond a 1 mm high gross rib in a tyre groove is not permitted in order to provide for a visual check of tyres.
- 17.21 Tyre-tread-depth instruments should be standardised.
- 17.22 Simple and practical legislation in respect of mass requirements and measurement is very necessary.
- 17.23 Traffic-law enforcement should be mechanised extensively.
- 17.24 Effective and enforceable measures to deal with the intoxicated pedestrian should be researched, devised and legislated.
- 17.25 A means to identify vehicles that carry less than 12 seated persons properly as taxis should be researched, devised and legislated.
- 17.26 The administration of drivers' licences should be reorganised *in toto* and all drivers' licences should be reissued under

a properly-controlled administrative system. If this cannot be done, the requirement for drivers' licences should be abolished altogether, in view of the fact that under the prevailing system they no longer serve any useful or effective purpose.

- 17.27 Standardised means to monitor the effect of traffic-law enforcement measures should be introduced country-wide.
- 17.28 Law-enforcement quality-control models should be used more extensively throughout South Africa. The use of these models will greatly assist traffic authorities in deploying their available manpower resources more effectively. (These models may be employed for the purposes of the latter recommendation.)
- 17.29 In order to render the administration of justice more effective, serious consideration should be given to the establishment of special traffic courts that are manned by experienced judicial personnel.
- 17.30 One of the most important deficiencies in South African traffic-law enforcement practice is the lack of a system that makes provision for the removal of habitual traffic offenders from our roads. The introduction of a points-demerit system for traffic offenders is considered essential.
- 17.31 Full authority should be given to traffic officers in the service of local authorities to issue a written warning to appear in court in terms of Section 72 CPA.
- 17.32 With reference to the literature, it is disquieting to note that many of the problems in the field of traffic-law enforcement that existed in South Africa more than 20 years ago, are still prevalent and that many of the recommendations to alleviate these problems made at that time have still not been implemented, for example, the points-demerit system, special traffic courts, extensive use of mechanised law-enforcement methods, etcetera.
- 17.33 Criteria for the staffing requirements of traffic departments should be found.

INTERPELLATION

The sign * indicates a translation. The sign †, used subsequently in the same interpellation, indicates the original language.

Own Affairs:

Housing projects: opening

1. The LEADER OF THE OFFICIAL OPPOSITION asked the Minister of Housing:

- (1) Whether he will open housing projects undertaken by his Department in the same manner as did the Minister of Education and Culture by admitting non-Indians to schools and colleges of education for Indians;
- (2) whether he will make a statement on the matter? *Hansard* 31591
DI38E.INT

The MINISTER OF HOUSING: Mr Chairman, the hon the Leader of the Official Opposition will no doubt agree that the admission of non-Indians to schools dovetails with the overall policy of this Administration which is a continuation of the policy applied by the hon the Leader of the Official Opposition when he was a Minister. As a former Minister of Housing in the House of Delegates, he must surely be fully aware of the extended waiting list for the Indian component of the South African population.

This dispossessed community has built up a backlog spanning many years which has not been totally done away with. It will not be possible, with our limited funds, to meet the demand for housing for the entire South African population emanating from the lower-income categories of the community.

Notwithstanding the constraints, I share the concern of the hon the Leader of the Official Opposition as well as that of other organisations which have, from time to time, approached me regarding the plight of the underprivileged in respect of housing in many of the Black communities. I have indicated to such organisations that I am fully prepared to render assistance whenever possible within the constraints within which we are obliged to work. Hon members can therefore rest assured that I will not hesitate to consider making surplus housing or land available to other race groups wherever the opportunity presents itself.

For the information of the House I wish to say that in the following cases this Administration has assisted members of other communities in the housing field: 200 ha of land was released in Finetown, 700 ha was released in Savannah Park Phase 2 and 3, some 30 houses were made available in Dassenhoek, and a portion of land at Whispers near Copesville and some houses in Mooi River were made available. These actions speak for themselves.

Whilst there is understanding for the serious housing need of so many thousands of families throughout the country, an appeal is made to everyone concerned not to frustrate us in our sincere endeavours to provide basic accommodation for those in need for whom we are at present responsible and who are victims of the discriminatory legislation of the past.

In reply to the second part of the question, I refer hon members to my response to the first part.

THE LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, what I want to say should be seen in a positive sense. The hon the Chairman of the Ministers' Council, in his capacity as the Minister of Housing, made reference to the fact that the rendering of service to other race groups as far as our education is concerned was a continuation from the previous administration and, of course, there was a veiled criticism of the fact that I was the Minister of Housing at the time. [Interjections.]

The vision of the new South Africa only came into being in February last year, because at that time the question of the repeal of the Group Areas Act was not negotiable. One would not have dreamt that the Group Areas Act would even be drastically changed. The hon the Minister of Finance will agree that there were difficulties even in respect of getting reasonable amendments to the Reservation of Separate Amenities Act. So there has been a change.

We are now in a process of transition. In spite of the fact that Parliament, most certainly as a result of the efforts of all parties, will repeal the Population Registration Act and the Group Areas Act, the White Administration and the Government are giving permits for the occupation and ownership of residential properties and for the acquisition of farms in White areas even

HOUSE OF DELEGATES

now as if the Group Areas Act is not going to be repealed. (123) (123) (123)

We have one Ministers' Council, we have one majority party controlling it and we have one Administration and one House of Delegates. Let us be consistent. The hon the Minister of Housing referred to the question of limited funds. If ever there is a department in our Administration that is running short of funds, it is the Department of Education and Culture. They should not admit non-Indians, as that is a provision in the Constitution in respect of the rendering of services to other race groups.

There is a surplus of funds in the Department of Housing—the hon the Minister of Finance will agree that he has given only R60 million to the House of Representatives because much of our money for housing is not used. It is no fault of our Administration, but I say let us be consistent, because there have been criticisms against our Administration and against the hon the Minister of Housing. I am not saying whether these criticisms are justified, because if there is pressure in Mariannhill, if one can release 30 homes in Mariannhill for occupation by non-Indians, why are we not consistent throughout South Africa? We accept that circumstances differ from province to province and region to region.

We have had the hon the Minister of Education and Culture in the House of Assembly boasting in an act of superficial ostentation to South Africa that we have 10 000 or 12 000 Blacks in our schools, at a time when he is crying with a begging bowl to the hon the Minister of Finance for extra funds to man Indian education. [Interjections.]

My appeal is that we should show—not by words, but by action—that we have pilot projects in our Administration, that we are not waiting for the negotiation to be completed. The House of Delegates, like the Indian community in South Africa, has always had an open-door policy. We are creating the sample and we are translating into reality our vision of a new South Africa. [Time expired.]

THE DEPUTY MINISTER OF HOUSING: Mr Chairman, having heard the hon the Leader of the Official Opposition, I want to say that when

we came to Parliament we were fully aware of the responsibilities that we were supposed to carry out. He also mentioned the new vision and the continuation towards the new vision.

I have always mentioned the problems which are facing the Indian community—one is education, the other is housing. When it comes to housing we cannot divorce ourselves from the political situation which we have been subjected to in this country. The hon the Leader of the Official Opposition knows that the Indian community was sandwiched in Natal. Now that the restriction has been lifted, the communities are moving. Houses are required for their movement and resettlement in various areas. I want to make it very clear this afternoon that, as far as the Group Areas Act is concerned, we are at the moment developing Indian housing in non-Indian areas with money from Indian funds. We are trying to find legal means in which to do this, and we are also looking at where areas have been expropriated for development. We are in actual fact looking at returning those lands, and therefore the question of the character of group areas should never come into it.

What is more, it is unfortunate that, whilst we are looking at one South Africa and one nation, we cannot just escape the responsibility of having to provide housing. Well over 60 000 houses are required for the Indian community. [Interjections.] One can imagine that if anybody does, the hon the Leader of the Official Opposition knows full well what has been achieved in this House since we have come into this House. [Time expired.]

MR D K PADIACHEY: Mr Chairman, it is unfortunate that the hon the Deputy Minister has to speak in terms of Indian housing, Indian land, and Indian money. [Interjections.] The time has come when we no longer speak in that way—the Group Areas Act and the Population Registration Act are going, and we will not have any mention of "Indian, Indian, Indian" any more!

I heard what the hon the Chairman of the Ministers' Council has said about 200 hectares of land which were given. To whom was it given? It was given to South Africans, and we as South Africans are entitled to the land . . .

MR M NARANJEE: Mr Chairman, may I ask the hon member a question?

THE CHAIRMAN OF THE HOUSE: Order! Is the hon member prepared to take a question?

MR D K PADIACHEY: Mr Chairman, this is an interpellation; there cannot be a question in an interpellation. [Interjections.] (123) (123)

THE CHAIRMAN OF THE HOUSE: Order! The hon member may proceed. (123) (123)

MR D K PADIACHEY: Mr Chairman, it is also unfortunate that we had areas like Caru Manor, Fietas and Sophiatown, where people of all races lived together and from which they had to move when the Group Areas Act came into being, to areas like the land of the Asians, Lenasia, Palmridge and those places.

There are people living in our areas who are not of Indian origin, and they must be given the same deal as the other people of the area. If, for instance, people living in Lenasia apply for houses, whether they are of Indian, African, Coloured or White origin, they should be given the houses. There is no such thing as our not having money for housing.

THE MINISTER OF HOUSING: [Inaudible.]

MR D K PADIACHEY: I am saying we should give houses to South Africans; I am not speaking only about Indians. This is unfortunate, because in a manifesto Solidarity spoke about a "South Africa for all". They do not speak about a South Africa for Indians, about a South Africa where there will be an Indian, Coloured, White or African component.

The crux of the matter is that Solidarity does have the power, and the hon the Ministers do have the power now to delegate these things, but they do not do it, and they come up with reasons such as that it is an Indian matter. [Time expired.]

THE MINISTER OF EDUCATION AND CULTURE: Mr Chairman, I listened with interest to what the hon the Leader of the Official Opposition has stated. He compared education to housing. It must be categorically understood by him that, as far as education is concerned, we stated very clearly that if there was space and a

HOUSE OF DELEGATES

Star homes show first of its kind

Staff Reporter

The chronic shortage of low-income housing in South Africa is the focus of The Star's Affordable Homes Show, which opens today at Mfundo Park near Vosloorus.

The show is the first of its kind, and with the imminent scrapping of the Group Areas Act, the range of affordable houses on show is expected to attract potential home-owners from all population groups.

Difficult

The show features 59 houses which range in price from R15 000 to R35 000, as well as informal structures costing less than R10 000.

The Group Areas Act has made things extremely difficult for The Star in previous years, according to The Star's assistant general manager, Peter Sullivan.

At the last two home shows, a policy had been formulated saying anybody, regardless of race,

could buy the homes even though that was in contravention of the Group Areas Act.

"Now the Group Areas Act is going and we felt we could put up an affordable-homes show for people who are just starting out and with minimum budgets.

Expensive

"The response from everybody is wonderful and we believe it will make a major contribution towards showing that South Africa's housing problems could begin to be solved."

In previous years, homes shows were usually "ideal-home shows" and the houses were very expensive because they went to "the best builders and best architects in the best areas", Mr Sullivan says.

Proceeds from the entrance fees — R2 for adults and R1 for children — will go towards building a community hall for Mfundo Park.

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THE recently announced low-cost housing financing scheme by UAL Merchant Bank and the Independent Development Trust (IDT) has attracted interest from lending institutions.

The new funding instrument is aimed at raising R500m from the private sector for low-cost housing. It will be run under the auspices of the IDT Finance Corporation (IDTFC), which will use IDC funds to acquire, through UAL, a portfolio of fixed interest

Focus on home finance plan

6/04/91
Brent von Melville

rate securities.

These securities will be used as collateral for the cashflows due to institutional investors. UAL says over R120m has already been secured from several financial institutions and further funding will be obtained in the near future.

IDTFC CEO Frans Pretorius said there had been great interest in the

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scheme. The lending criteria were expected to be wrapped up by May 17 and the first loan made by the end of the month.

Interest had been shown by The Perm, the Urban Foundation Group Credit, the "Get Ahead" Foundation, Rural Advice Centre, Rural Foundation, FNB, NASASA, Standard Bank, and Kwazulu Finance Corporation. Individuals had also been interested.

AGUS
1/15/91

Crisis facing home building industry

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THE collapse of the low to middle class house building industry has reached crisis proportions and urgent action is needed from government to restore orderly trading conditions, says Mr John Williamson, MD of Time Housing.

Writing in the annual report of parent company Time Holdings, he says the old, fragmented and ineffective policies of housing being controlled by many bodies had clearly failed.

"The country now urgently requires a single non-racial comprehensive national housing policy to guide the urban development of our major cities and towns."

Mr Williamson said Time Housing had experienced an extraordinarily difficult year.

"Continuing social unrest in many of the areas in which we operate and the prevailing high interest rates, coupled with the high levels of unemployment, have combined to produce the worst trading conditions encountered by this industry."

"In addition, the widespread mortgage bond payment boycotts experienced during the year have led to an understandable reluctance on the part of the banks and building societies to lend into the market."

"Statistics show about two million houses must be built to meet the needs of the homeless. Only 13 000 houses were built last year through the combined efforts of the Urban Foundation and the S A Housing Trust."

House prices rise ⁽¹²³⁾

^{Star 11/5/91}
THE average price of a medium-sized house increased by 13 percent to about R111 300 during the first quarter of 1991, the United says in its latest Quarterly Housing Review.

The United notes that the price of larger houses rose by nine percent to about R155 000. The price of smaller homes rose by 16 percent to around R94 750.

"With the economic

downswing expected to persist throughout the greater part of 1991 and with the authorities intent on keeping interest rates positive in real terms by a substantial margin, the housing market is likely to remain under pressure," the United says.

Given the comparative scarcity of available accommodation, house prices are expected to increase by about 12 per cent during 1991.— Sapa.

could not supply the required services or call on neighbouring (white) authorities to help out.

Hostel upgrading 'urgent'

CAPE TOWN — The total upgrading of hostels was an urgent government priority, Health Minister Dr Rina Venter said yesterday. **123** ~~123~~

However, a spokesman for Planning Minister Her-nus Kriel said no decision had yet been taken as to when the process would begin or how much money would be allocated. Details of the upgrading plan would be released "soon".

The upgrading of hostels was one of the key ANC demands to government on curbing the violence in the townships. Venter, who recently

completed a report on the quality of life and health standards in hostels, told a Press conference yesterday that conditions in the hos-tels were "totally unacceptable".

The department study found that there was a defi-nite demand for both sin-gle-sex accommodation and family quarters.

Both would have to be provided, she said.

Community leaders would have to be involved in deciding on procedures to be followed.

Venter said plans for the upgrading process would be handled by Kriel's department.

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Optimism as sanctions are lifted

Sowetan 16/5/91
PROPERTY buyers are back following the news that the EEC is to lift most of its sanctions against South Africa, writes ALI MPHAKI.

"There has been a noticeable effect and buy now signals have come from all our branches," said Camdon's Group MD Scott McRae.

"We are now more optimistic. The wait-and-see attitude which we noticed in some parts of the country has to some extent lifted and our show days are generally experiencing better turnouts than we have had for a while.

"While the market is not yet as bouyant as some estate agents would have it, there seems to be a general realisation that in a normalised South Africa, property value must be one of the major beneficiaries," he said.

McRae said obviously there was still a long way

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to go in future negotiations, but the scene seemed set for a return of foreign investment "provided we can put our political act together".

He contends that stepped up immigration and possibly an improved business climate must follow in due course.

"Lifting of sanctions is no overnight panacea but it does augur well for South Africa in the medium to long term - and that in turn is positive for South African property.

"Increased demand for property must follow these and other developments and there is growing realisations both locally and abroad that the political discount under which South African properties have laboured, once removed, could allow unprecedented increase in value," McRae added.

Plea to reduce transfer duty

Sowetan 16/5/91
THERE is a strong case for reducing Government's compulsory transfer duty on home purchases as a way of cushioning homebuyers from the effects of VAT, says Camdon's Group MD Scott McRae, writes Ali Mphaki.

The transfer duty adds significantly to the cost of home purchases and in effect amounts to a "tax" on the home buyer, he

points out.

"The duty is set at 3,5 percent. On a R150 000 home therefore, irrespective of whether it is bonded or not, the home buyer has to find an additional R5 250.

"In the case of a bonded property, the common practise is to extend the size of the bond to accomodate this cost. But over the life of the bond this adds sig-

123
nificantly to the overall cost of the home," he said.

McRae asserts that it would obviously be far more preferable to utilise those funds, in part, towards the deposit on the home, so reducing the repayment burden and helping to keep homes more affordable generally.

It could be argued that Government cannot af-

ford to lose the revenue, says McRae. However at 12 percent tax on builders services, VAT will more than off-set any loss of revenue.

Moreover, greater affordability of housing will generate greater demand from homebuyers and homebuilders and VAT applied to the myriad services and supplies that are involved would further boost tax receipts.

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AVENUE, RANDBURG

area, our business

Civics Vow to Stay Independent

123
SOUTH 17/5/91

THE national civic organisation to be launched in August intends to represent the interests of "ordinary" people and sees its role continuing, even after the election of democratic local government structures. Representatives from 12 regions throughout the country resolved at a conference last week to remain independent of political organisations.

"Most civics were born out of the political climate created by legislation in the 1980s which led to the formation of Black Local Authorities and the tricameral system of government," the national coordinator of the National Interim Civic Committee, Ms Zohra Ebrahim, said.

"To say that civics are not political is farcical, the ghettos in which people live have clear political dimensions.

"Civics unashamedly have a political role to play."

However, the conference distin-

guished between "constitutional" politics and "local politics".

They agreed that civic structures would concentrate on politics as it impacted on people's daily lives and leave national constitutional negotiations to the political parties.

Identify

"We may identify with the broad political aims of the political organisations, but we do not believe that we will ultimately shape many constitutional issues," Ebrahim said.

"At the same time, people should not underestimate the power of the civic movement, we have great potential."

"We want to create political space for our own agenda and place those issues on the national negotiation table.

"There will be strategic alliances between the civic movement and any political organisations where both articulate the same demands."

Ebrahim said there was no conflict between the civic movement and political organisations for political terrain, and it was unlikely that there was potential for conflict in the future.

Civics were not vying for members from the political organisations.

A priority for the national civic body will be the training of its members, preparing them for managing and administering their organisations at present and local government structures in the future.

Most of their work will be "issue orientated" and civics will relate to their communities through their participation in struggles to win their demands.

"Even when there are democratically elected local government structures, civics will continue to play an important role," Ebrahim said.

"We will monitor whether changes are taking place the way people want them to.

"Our political role will diminish, of course, but we see our major function as being a watchdog body."

The national civic body will also play an important role in determining people's expectations of a new government. Many people believed that in the new South Africa there would be houses and jobs for all.

Reshape

"We want to reshape people's understanding of what is possible," Ebrahim said.

"This does not mean that people should stop demanding houses for all, but that they must realise that it is not possible for the state to provide rental accommodation for all.

"We in the civics have to take people through the process of understanding these things themselves, it is our responsibility."

The conference instituted a civic charter campaign to articulate their policy guidelines.

SAME DIFFERENCE

(123)
Despite Allied's recent 0,25 percentage point cut of its home loan rate, some customers will still pay more than clients at other banks. Only preferential clients will enjoy lower rates.

Allied's differential bond rates now range between 19%-20,25%. Other banks claim to offer preferential rates of 19,25% with a maximum of 19,75%.

Before the cut, Allied's differential rates ranged from 19,25%-20,5%. There is speculation that this differential so annoyed customers with the higher rates that the building society was forced to make the cut.

Senior GM Don Hunter admits there were

Continue →

ECONOMY & FINANCE

FM 17/5/91

(123)

complaints but says clients were encouraged to discuss them with their managers; this was not the reason for the cut. On average, clients may pay more than the basic 19,5% but Hunter says it is too early to tell.

"This move simply brings Allied's rate down to where ours has been for four or five months," says FNB assistant GM Pat Lamont. Other institutions share this view and have no intention of cutting rates unless the overall cost of borrowing falls.

Allied says the move was possible because money market rates have eased. But doubts have been expressed about its ability to sustain the cut for long. "If it's doing this to attract new customers, what will happen to those customers if rates are forced up?" asks NBS assistant GM Trevor Olivier. "You can't undercut the market indefinitely."

The advantage of Allied's differential approach is that the rate is negotiable and branch managers have discretion. "This

break from the traditional mode of quoting rates gives us a competitive edge," says Hunter. But, with six possible rates within the differential pattern, Olivier says the system looks extremely complicated.

Allied bases its rates on the size of the bond, number of years for which the bond has been held with Allied, the amount that has been repaid, whether the bond is insured with Allied, and what other accounts the customer holds with Allied. ■

Kriel slams building 'price-fixing'

17/5/91
123 10/13

Political Staff

NATIONAL Housing Minister Mr Hernus Kriel has launched an unprecedented cabinet-level attack on price-fixing in the building materials industry.

Speaking at the National Association of Home Builders' conference in Cape Town yesterday, Mr Kriel said monopolistic conditions which had existed for a long time in the supply of certain building materials needed to be addressed as a matter of urgency.

He said it appeared that monopolies in the local industry were basing their prices on the prices of imported goods and he urged builders to act against artificially inflated prices.

"Why are certain imported materials cheaper than the local products even after shipping and customs costs, but, when import permits are granted, the local material is suddenly 5% to 7% cheaper than the imported product?" he asked.

These price-fixing tendencies made

it difficult for builders to negotiate discounts, even on big orders. "If the big builders are having problems keeping costs down, then we are making a joke of self-help building projects because the small builders' product is even more expensive," Mr Kriel said.

"As home-builders, you have a responsibility," he told delegates. "Are you going to accept these conditions in your industry or are you going to do something about it?"

Speakers and delegates emphasised the challenge which faces the building industry in its efforts to address SA's critical housing shortage.

Wider home ownership and affordability, coupled with the creation of new jobs, emerged as key issues in a process aimed at addressing the current backlog and giving as many people as possible a stake in the economy.

● Low-cost housing problem in SA 'can be solved' — Page 8

Low-cost housing problem in SA 'can be solved'

CT 17/191

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By AUDREY D'ANGELO
Business Editor

SA's most pressing problems could be solved by the provision of sufficient low-cost housing, the Minister of Finance, Barend du Plessis, and JCI group economic adviser Ronnie Bethlehem said in Cape Town yesterday.

They were speaking at the annual conference of the National Association of Homebuilders at the Cape Sun.

Du Plessis said that it was vital for the issue of housing to be depoliticised. It must become profitable for private enterprise to invest in providing low-cost housing.

Bethlehem said homelessness and soaring unemployment were as big a threat to SA today as Nazi Germany was to Britain at the start of World War II.

"Fortunately there is a way for SA to address its urgent need both for economic growth and for dealing with huge social imbalances which politics demands must be addressed in quick time.

"The way is provided by the resources which could be made available from the restructuring of State expenditure.

"These are significant and

could provide a much needed kick-start to a higher level of real gross domestic product (GDP) and also employment growth.

"It would require addressing the linked problems of mass black unemployment and homelessness through a national housebuilding programme.

"In simple terms, were 10% of the current expenditure budget to be redirected to such a goal, the major part of the present shortage of houses could be eliminated over a period of three to five years. This would create a lot more jobs than it would destroy."

Bethlehem said many difficulties had to be faced to achieve this. These included a shortage of artisans, the problems of affordability and collateral, the shortage of land, regulatory and administrative difficulties associated with land availability "and also the matters of home delivery systems and urban design".

Pointing out that it would be "undesirable" for the State to build the houses or end up owning them, he continued: "A central purpose of the exercise would have to be an extension of black home ownership as the

first and critical phase in a broader restructuring of ownership in SA.

"What debt arises as a result of home ownership would have to be securitised and built into the asset structure of the financial system."

It would also be essential to avoid politically motivated sabotage of the scheme.

This could be done through "a social accord that would bind the government, organised business and labour and community organisations into common ownership of the strategy and, therefore, into common purpose to ensure that its goals were achieved with minimal wastage and disruption."

Stressing the need for such an initiative, Bethlehem warned: "If nothing is done to address the structural rise in black unemployment in SA then, in spite of all the attention in the world to bottomline project viability and operational management, not only will project failures increase for adverse macro-economic reasons but the very stability and durability of the market system itself in the region, so essential to its industrial development, will be put in doubt."

R1,4bn of IDT fund allocated⁽²³⁾

Staff Reporter

ET 17/5/91

THE Independent Development Trust (IDT) has already allocated R1,4 billion of its R2 billion budget, IDT chairman Mr Jan Steyn said yesterday.

Speaking at the National Association of Homebuilders' congress yesterday, he said the IDT hoped to help 600 000 to 700 000 people — most of them in one or other of South Africa's 2 000 squatter camps — to get access to 100 000 plots which they would own.

Mr Steyn said the IDT was ready to begin approving the first applications for loans for site and service land.

Cash subsidies for land could go hand-in-hand with other approaches, such as private sector loans. But the one-off cash subsidies were a sound idea in principle because 40% of black people could not sustain any regular contribution towards their housing.

Housing now 'emergency' — ANC

By MAGGIE ROWLEY
Business Staff

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EMERGENCY measures will be needed to tackle the housing crisis in a transitional period under a new government, says Professor Kader Asmal, a member of the ANC's constitutional committee.

He told the National Association of Homebuilders' conference in Cape Town today this "state of emergency" would be necessary as housing was a basic right and affected more people than any other issue.

It would constitute the first stage in the country's reconstruction.

Housing priorities would in-

clude providing affordable, high density homes for people closer to CBD infrastructures and amenities and the conversion of single sex hostels — a legacy of apartheid — into family accommodation, which would help control the violence.

National Party housing policies in the past 40 years, had actively excluded black people from cities, displacing communities far from work opportunities and robbing many people of their property rights through forced removals and the Group Areas Act.

This had caused great hurt and a huge backlog in housing.

The policies had also led to overcrowding. The room occu-

pancy rate in black dwellings was unacceptably high — five to a room in Khayelitsha against 0,44 in Bishopscourt.

To address housing needs homes would have to be built on the sort of scale seen in post-World War 2 Europe.

"Budget allocations will have to reflect this. Economists project that if 10 percent of the budget was used for housing, a million homes could be built over three years."

If the housing crisis was tackled in this way it would have a multiplying effect in not only easing the mass unemployment problem but in the spin-off to the building materials industry and industrialisation.

Chears Plan homes

1971/9/16

(123)

Political Staff
LEGISLATION aimed at cutting the cost of new homes is in the pipeline, President F W de Klerk announced yesterday.

The government will begin preparing draft legislation in June, to rid existing town-estabishment regulations of time-consuming and costly bureaucratic requirements, Mr De Klerk told delegates at a housing conference in Cape Town.
Minimum standard require-

ments which inflate final prices would receive urgent attention, and steps would be taken to reduce the costs of private sector builders, he said in his opening address to the National Association of Home Builders' (NAHB) Conference.

Cape Provincial Administration director Mr Charl van Tonder has been transferred to the Department of Planning, Provincial Affairs and National Housing to prepare the new, rationalised town establishment procedures. A draft Bill is expected to be released for comment early next year, and would be introduced

in Parliament later in the year, Mr De Klerk said.

Various measures to address the private sector's cost burden, and to enable private builders to compete with public sector builders, are under consideration.

They include the amendment of strict building standards, the introduction of "a more acceptable and practical" national housing policy and the implementation of land reform legislation which will give all South Africans access to the housing market.

Proposals for a new housing policy are expected in September from the South African

Housing Advisory Council (SAHAC), chaired by former Auditor-General Dr Joop de Loo, Mr De Klerk said.

The NAHB is preparing a submission to the SAHAC and the present conference — which involves the country's leading authorities on housing — is expected to make a significant contribution.

Mr De Klerk urged the private sector to join forces with the government in its efforts to address the country's critical housing shortage.

Reiterating Finance Minister Mr Barend Du Plessis' earlier warning that state funds were severely limited, Mr De

Klerk said Government would only be able to provide assistance to the very poor.

The private sector would have to adapt to the demands of a new South Africa, with the emphasis on low-cost housing. "I would suggest that you do not neglect consulting the people who are most affected by the housing crisis. The communities concerned should be involved if we are to ensure that their needs are addressed effectively," Mr De Klerk said.

- Klerk slams building 'price-fixing' — Page 3
- Low-cost housing problem 'can be solved' — Page 8



HOUSING



CONFERENCE

1991

ARGUS 18/5/91

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'Incisive action' needed to break housing deadlock

INCISIVE action by the South African business community was needed to avoid a "catch 22" situation by failing to break the deadlock which the township violence and lack of funds for homebuilding had caused, Mr Jan Steyn, chairman of the Independent Development Trust, said this week.

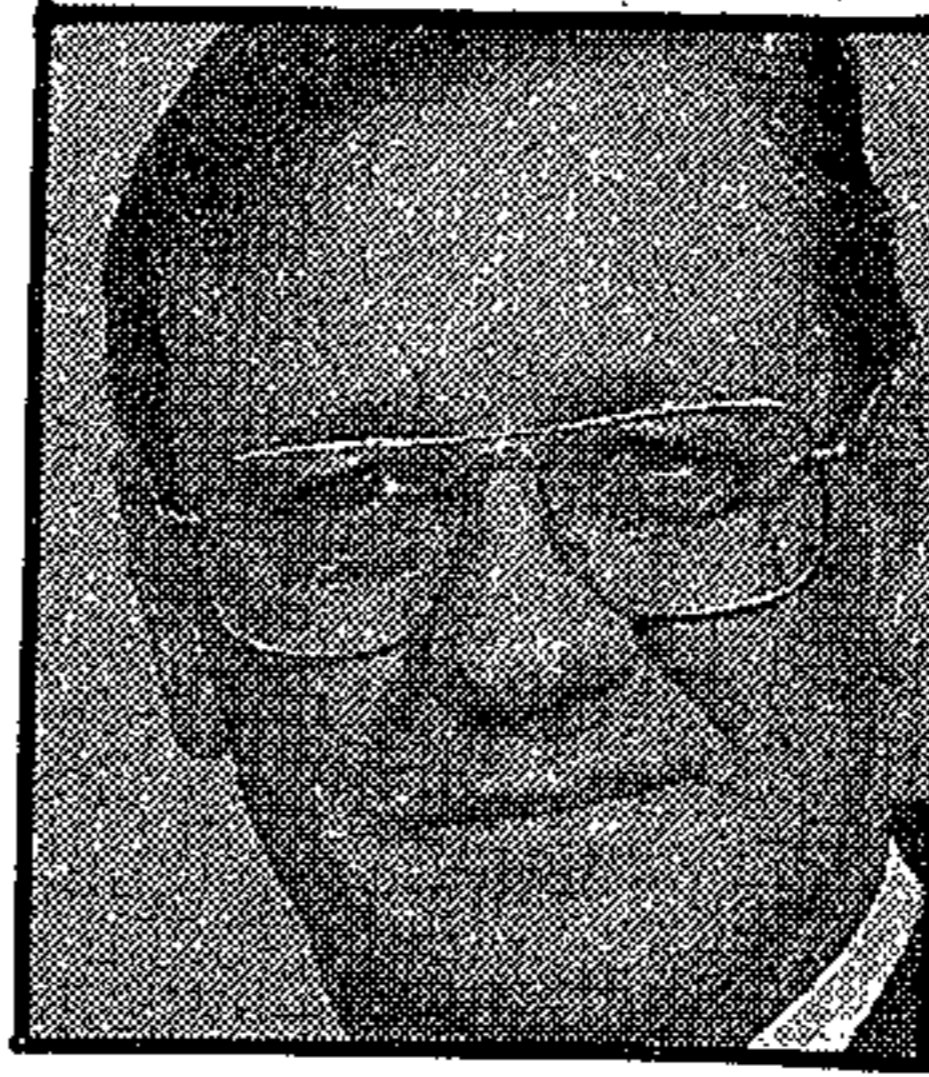
It was to avoid this situation that his organisation had gone out to negotiate with black leaders in the ANC and Inkatha to conclude agreements of support for IDT initiatives.

The depoliticisation of development and a dynamic development process could possibly contribute to the relaxation of stress and conflict and the creation of a climate in which private sector participation in the housing process would again become not only feasible but attractive.

Mr Steyn said only R600 million of IDT's R2 billion funds remained to be allocated. About R1,4 billion had already been allocated to a range of nearly 100 projects in the past eight months.

He said the State President needed to disclose how he intended financing the proposed capital housing subsidy. In addition, the IDT needed assurance from the government of ongoing access to state resources.

The IDT, he said, was now



□ Jan Steyn ... R1,4 billion already allocated

ready to begin approving the first wave of applications for subsidies on land for site and service accommodation for the very poor.

"We have some 300 different applications for projects and more are coming in daily.

"Our initial target is to facilitate, in this way, 100 000 accommodation units which will translate into shelter for about 600 000 to 700 000 people."

While he realised that a cash subsidy on land was not without controversy, it was the intention of the government and the IDT to address the needs of the very substantial segment of the population which was too poor to sustain any meaningful contribution to their own housing.

16/5/81 SMGUS 18/5/91
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Delegates meet to stop downward spiral

Survival our aim, say homebuilders

THE 1991 conference of the National Association of Homebuilders took place in Cape Town this week against a grim background.

The more than 400 delegates that packed the conference hall bore testimony to the serious state gripping the industry with many projects having ground to a halt due to the recession and crippling interest rates and with most contractors having withdrawn from townships due to the high level of violence and unrest.

In the words of NAHB chairman, Dr Llewellyn Lewis, the conference entitled Mobilising a Dynamic Vision for Housing 1991-2000 was an attempt to help break the "downward spiral or vicious cycle" the industry had found itself in.

While the massive housing backlog continued to grow, activity levels were low, employment was down to levels of 10 years ago, very little training was taking place, productivity and quality were at a low ebb, building material prices are rising at levels exceeding inflation and there is an increasing tendency towards concentration of power, monopolies and cartels.

"There is no innovation, no new investment, no research and development, technologies are ageing, interest rates are at punitively high levels, subsidies are being curtailed and eroded by inflation, access to black towns is becoming increasingly risky, the Black Local Authorities are not operating and rent and bond boycotts are increasing.

"Under these circumstances the name of the game is inevitably survival."

Reports by
MAGGIE ROWLEY

Business Staff

He said the industry had for too long relied and depended on others to determine its fortunes. It needed to change, to start shaping its own future and to start believing in its own capabilities.

"The first step toward change is to refuse to be deployed by others and to choose to deploy its own resources, its own leadership with its own vision, to develop a guiding vision."

This vision mobilised by the NAHB entails building one million affordable houses and to provide two million affordable sites by the year 2000.

The NAHB, he said, was mobilising this dynamic vision for housing, not only for the survival of the industry but for progress to a negotiated settlement in a new, democratic South Africa.

Concern over the "lowering of standards" was voiced by Mr Gerrie Steenkamp, president of the Afrikaanse Handelsinstituut, who urged the authorities to act quickly and effectively to eliminate this happening and thereby create a climate "where potential buyers or persons contemplating building would know that the standard of the neighbourhood would be strictly maintained."

"With this knowlege, they would be able to choose the standard of house and neighbourhood to meet their standard of living, with the knowlege that their investment would be safe," he said.

Minister of Finance, Mr Barend du Plessis, told delegates international financial constraints had cost South Africa one percent growth a year in GDP since 1985.

If not for these constraints, which had forced the country to become a capital exporter, GDP would have amounted to R18billion more this year, giving the country R5billion more to spend.

He said the government had hoped to shift the money it had saved as a result of the withdrawal in defence efforts this year to the socio-economic arena.

However, owing to the high level of violence in the country, this money had to be shifted from one form of security to another — from defence to the police.

President of the Association of Mortgage Lenders of South Africa, Mr Mike de Blanche said South Africa needed to generate net saving before depreciation of about 19 percent of GDP to enable the economy to grow at 4 percent a year.

Net domestic saving currently amounted to only 6,1 percent of GDP.

"Gross domestic fixed investment will of course also have to improve and as a guideline the World Bank's investment/GDP ratio of 25 percent can be used.

"For 1991, this would require roughly an additional R14 billion or a 27 percent increase in domestic fixed investment over 1990's figure.

"It will therefore be of the utmost importance that policy actions of the government and management decisions by the corporate sector be directed toward the attainment of these goals."

Black expectations need to be met

CLOSE co-operation between the state and the private sector to attract international support under a new government would be required to meet the country's dire housing needs, Dr Zola Skweyiya, head of legal and constitutional affairs for the ANC, told the NAHB conference.

He said that due to economic constraints it would take decades to fulfill the promise in the Freedom Charter of 1955 to provide homes and security for all.

However, in order to be acceptable to the broad masses any new democratic government would have to be seen to be doing something to meet the high expectations of black people, especially in regard to providing accommodation.

Close co-operation and understanding between the state and the private sector would be required to solicit the support of the international community in ensuring that there is a concerted effort in solving the problem of housing.

"As such a post-apartheid South African government should embark on policies that will attract foreign investments into the country."



123 ARGUS
18/5/91

□ KADER ASMAL ... emergency measures

"By leaving houses to the mercy of market forces, the present apartheid state hopes to contribute to the polarisation of communities into distinct middle class strata enclaves and squalid dwellings for the low income groups."

Professor Kader Asmal, a member of

the ANC's constitutional committee, told delegates emergency measures would have to be taken to address the housing crisis in a transitional period under a new government.

He said this "state of emergency" would be necessary as housing was a basic right and affected more people than any other issue. It would constitute the first stage in the country's reconstruction.

Housing priorities would include providing affordable, high density housing for people closer to CBD infrastructures and amenities and the conversion of single sex hostels — a legacy of apartheid — for family accommodation which would help control the violence.

The room occupancy rate in black dwellings was unacceptably high.

Figures showed that the occupancy rate in the UK was 1,5 people per room. In Hanover Park, Cape Town this was 2,2, in Langa 2,62 and Khayelitsha the room occupancy rate was five. In Bishops Court the rate was 0,44.

Professor Asmal said homes would have to be built on a scale seen in Post World War Two Europe.

CT 18/5/91

ANC wants to restructure cities



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BY PETER DENNEHY

THE ANC wants to restructure "apartheid cities" by encouraging high density housing — flats and townhouses — in white areas close to central business districts, Professor Kader Asmal said yesterday.

Professor Asmal, a member of the ANC's constitutional committee, was addressing the National Association of Homebuilders' conference in the Cape Sun yesterday.

He took issue with the government's present housing policy, which he said was largely centred around providing serviced sites on the outskirts of cities.

"This I call a non-housing policy," he said. "Again people are forced to live far away from their work and must spend a large slice of their income on travel costs. We cannot afford to pay transport subsidies. The new housing policies must seek to place workers near work."

Another speaker, Mr Gerrie Steenkamp, president of the Afrikaans Chamber of Commerce, said he had been told by an academic that 28% of coloured people's incomes is spent on getting to and from work.



SA 'needs only one minister of housing'

Weekend Argus Reporter

SOUTH Africa should have one minister of housing, says Mr David Curry, minister of local government in the House of Representatives.

Mr Curry was speaking in Cape Town at the National Association of Homebuilders' conference.

At present ministers handle the issue in separate group areas in the three-tier parliamentary system, he said.

He was the "minister of squatting in coloured areas", he said, and he had a "squatting" minister counterpart in white and in Indian areas. He urged the State to provide subsidies to provide urgent housing.

Earlier, outgoing managing director of the Permanent Build-

ing Society Mr Bob Tucker emphasised the importance of getting the economy going.

He said South Africa was behaving like a country with a colonial economy.

The need to redirect resources to a huge education programme and the need to develop people's skills, along with projects to provide people with cheap affordable housing, was critical.

No other alternative existed and South Africans were faced with the challenging situation of re-directing financial resources.

He said violence in squatter camps had brought home the disintegration of the social fabric of communities and was not a political issue.

3040

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APG 18/5/91

Township violence hits work on houses

B1 Day 20/5/91

LESLEY LAMBERT

CAPE TOWN — The provision of low-cost housing has been seriously curtailed by township violence and economic recession over the past 18 months and could come to a halt unless the issue of violence is resolved.

That is the warning that emerged from an influential housing conference organised by the National Association of Home Builders in Cape Town last week.

In an interview after the conference, SA Housing Advisory Council chairman Joop de Loor confirmed that township violence remained a major obstacle which was "practically bringing the entire housing process to a halt".

De Loor, who heads a team investigating a new national housing policy, said: "Everything is in place. The funds are available and can be diverted into housing. But, unfortunately, the lending institutions do not have the confidence to release the funds because of the threat of non-payment."

"As a result, the amount of money spent on housing has declined over the past 18 months and, with inflation, the number of units built has declined even further."

In cases where funding was available, conference delegates said other factors, such as sustained economic recession, high interest rates, competition from state-subsidised institutions and the threat of violence, were keeping private developers

away from the areas of greatest need.

Finance Minister Barend du Plessis and Independent Development Trust chairman Jan Steyn implored political leaders to discourage rent and bond boycotts and other expressions of political frustration which disrupted the housing process.

Authorities attending the conference said the need to depoliticise housing had become a top priority. National Housing Minister Hernus Kriel suggested that depoliticisation could be achieved by decentralising the housing functions to corporations represented by both the private and public sectors.

ANC speakers and coloured and Indian Ministers from the Houses of Representatives and Delegates supported the urgent need to renew the housing process, but warned government not to use the argument for depoliticisation to offload responsibilities on to the private sector.

De Loor said his organisation had received proposals for strategies to decentralise housing without relieving the state of its responsibilities.

The advisory council hoped to submit its findings to the Cabinet in September. Kriel would then organise a national convention — with the advisory council's report as a working paper, De Loor said.

NEWS IN BRIEF

More spent on white children

81 Dec 21/91
THE government spends six times more on children's homes for whites than on those for blacks, National Health Minister Rina Venter revealed yesterday in reply to a question tabled in Parliament. (123)

She said the grants for the 5 075 children accommodated in white children's homes totalled R34,7m, while the grants for the 1 257 children in black children's homes amounted to R5,7m.

want to return to South Africa. However for the hon member's information it can be mentioned that this year, up to and including 2 May 1991, 637 exiles returned under the banner of the ANC and 20 by mediation of the National Co-ordinating Committee for the Repatriation of South African Exiles.

- (c) The Internal Security Act, 1982, which regulates the declaration of organisations as unlawful and the suspension of such orders, is not administered by the Department of Home Affairs.

Govt Service Pension Fund: prescribed investment

*2. Mr W J D VAN WYK asked the Minister of Finance:†

Whether the Government Service Pension Fund is under any obligation to invest its funds in a prescribed way; if so, (a) how do these funds have to be invested and (b) at what prescribed percentages?

B965E

†The MINISTER OF FINANCE:

Yes.

- (a) The Regulations promulgated in terms of the Government Service Pension Act, 1973, stipulates that all investments of surplus funds must be made by the Public Investment Commissioners.
- (b) The Public Investment Commissioners' Act, 1984, prescribes that at least 75 percent of all funds must be invested in government stock whilst a maximum of 25 percent of all such funds may be invested in semi-government stock.

†Mr P J PAULUS: Mr Chairman, arising out of the hon the Minister's reply, can he tell us what the average interest yield of these funds is?

†The MINISTER: Mr Chairman, if the hon member will have that question put on the Question Paper, I shall give him a proper explanation. I do not go around with those averages in my head, because they change from day to day.

†Adv S C JACOBS: Do not be sarcastic.

HOUSE OF ASSEMBLY

(3) whether he will make a statement on the matter?

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B977E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

(1) Yes, in respect of housing units erected for the Black population group within the RSA by means of State funds. Housing for Whites, Coloureds and Indians are being dealt with by the various own affairs administrations.

(2) The Government adopted the policy early in the eighties that no further houses for Blacks would be erected by the State for rental purposes and existing letting units are let with the option to purchase. The State acquires as first priority land and provides as many as possible serviced stands which are thereafter made available to individuals. Such individuals may then erect an own affordable dwelling by means of own capital or a loan from a financial institution as well as financial assistance from their employers.

(3) A statement is not regarded as necessary.

Mr J J WALSH: Mr Chairman, arising out of the hon the Minister's reply, if I understood him correctly he said that statistics for the other Administrations were held by them. May I just ask, in terms of planning national housing, which I understood this portfolio to cover, whether it is not necessary for all statistics to be brought together for the purpose of a national housing policy?

The MINISTER: Mr Chairman, I think that is a valid point. We are working in that direction. We are making provision for computer services to centralise the data, but we are also waiting for the report of the South African Housing Advisory Council on a new dispensation and for their advice to the Government as to how we should handle housing in the new South Africa. I hope from that advice we will also have a clearer indication of the way in which we want to go.

Civil pensions: increase/adjustment

*4. Mr K M ANDREW asked the Minister of Finance:

(1) Whether civil pensions were increased with effect from 1 April 1991; if so, by what percentage;

(2) whether special adjustments were made in respect of any groups of civil pensioners; if not, why not; if so, (a) in respect of which groups and (b) what adjustments were made?

B984E

†The MINISTER OF FINANCE:

(1) Yes, 12,5 percent.

(2) Yes.

(a) and (b) As specific groups of pensioners who retired in certain years, have experienced greater backlogs as against the increase in the consumer price index than others, further differentiated adjustments according to year of retirement were granted to these groups over and above the 12,5 percent. These adjustments differ significantly from the differentiated increases of previous years (such as the addition of an extra 1 percent in respect of each completed year after retirement), having been structured taking into account both the pension fund concerned and the increases already granted to the various groups subsequent to retirement. The aim of the adjustment was to bring the various groups of civil pensioners to a uniform level corresponding to roughly 70% of the rise in the consumer price index subsequent to retirement. In many cases the growth in the pensions concerned already equalled or bettered this guideline, and these groups therefore received only the minimum increase of 12,5%.

†Dr W J SNEYMAN: Mr Chairman, arising from the hon the Minister's reply, a few years ago there were rumours that the pensions of civil pensioners widows would be raised to 75% of their husbands' pension. Is there any such plan in this regard?

†The MINISTER: Mr Chairman, that is a very reasonable request by the widows and one would very much like to grant it. At this stage, however, the financial implications of doing so are so

HOUSE OF ASSEMBLY

education Acts, namely the National Education Policy Act and the Education Affairs Act. [Interjections.] Those two Acts determine that education under the Department of Education and Culture, Administration: House of Assembly is for Whites only. [Interjections.]

The hon member for Pinetown referred to the House of Representatives and the House of Delegates and he argued that my saying that this was based on the Constitution, was not true. The hon member should just be slightly more clever than he thinks he is. If he would go and read paragraph 14 of Schedule 1 of the Constitution which contains the service principle, in conjunction with section 16 . . . [Interjections.]

Wait a minute. He will then see that any Minister responsible for education in a specific House has the right to provide service after specific agreements with other Ministers and with the approval of the State President. [Time expired.]

*Mr J H HOON: Mr Chairman, the hon the Minister recently said in this Chamber that parents who adopted model B could utilise the admission measures to keep their school a White school. In its propaganda the NP adopted the principle of open schools and persuaded parents to accept model B. It was stated that if a Black majority government should ultimately come about in South Africa, parents would then retain the right to admit only White children to those particular schools under those circumstances. The hon the Minister destroyed that hope in his reply which he gave to these NP parents today. [Interjections.] NP parents accepted model B under this pretext with the intention of reserving their school for White children only. Many schools did that.

The NP has now opened its membership to people of colour, who can now buy houses in White residential areas and live there; they can even belong to the same NP branch as hon members. [Interjections.] The Population Registration Act is now being repealed. The references to Whites, Coloured and Asian and Black are now being removed from South Africa's legislation, because they are racist and discriminatory in terms of the NP standpoint.

I now want to ask whether there is any way in which separate schools for Whites can be maintained in the new South Africa, except by means

HOUSE OF ASSEMBLY

of the unaffordably expensive option of a private school. [Interjections.]

The hon the Minister gave the answer to that. He said no, even in Kuruman where the control boards consist of conservative people who want to keep their school White, the Government will ultimately force parents to throw open their school to members of their party. [Time expired.]

*Mr A GERBER: Mr Chairman, I will try to simplify it even further for the hon the Minister. [Interjections.] Neither the Constitution, nor the National Education Policy Act, nor the Education Affairs Act determine who is White and who is not White.

If a pupil were therefore to arrive at a school and he had not been classified and he applied to be admitted to a White school, then we want to know on what grounds such a child could be refused, even if he were Black. That is the question to which the hon the Minister has given no answer this afternoon. That is the simple question to which we want an answer. [Interjections.] He can give it to us now. [Interjections.]

*The MINISTER OF EDUCATION AND CULTURE: Mr Chairman, allow me first of all to reply to the hon member for Kuruman about his model B.

*Mr J H HOON: It is your model B. [Interjections.]

*The MINISTER: The Government's model B, which is an excellent additional model . . . [Interjections.] Yes, we proudly take responsibility for it. The fact is, when a school community decides to choose model B, they have the right to determine the admission requirements within the larger requirements of the law. Such a management board could therefore decide under the present system either to admit children of colour or not. It is their right to do so, and there is no problem with that.

However, I have often said in public that I did not understand how a school community could decide to choose model B if they wanted to do so to reserve the school for Whites, because according to the status quo, Government schools are for Whites only.

The hon member asked about the future. I want to say again categorically that in the future, in the new dispensation, race and colour will not play a

role. It will definitely be true that schools will not be able to remain exclusively White on the grounds of colour, but they will be able to practise their own type of education on the grounds of equal values. These values are, for example, mother tongue, Christianity, culture and so on. It would therefore be practically as well as theoretically possible for a school in a specific community where there are only Whites to consist of only Whites. However, this would not be on the grounds of the fact that their colour was White. We must accept that in the new dispensation; that is the way it will be. [Time expired.]

Debate concluded.

QUESTIONS

†Indicates translated version.

For oral reply:

Own Affairs:

Whites: State housing assistance

*1. Mr P G SOAL asked the Minister of Welfare, Housing and Works:

123

What amount was spent by the State in respect of housing assistance to the White population group in the latest specified financial year for which figures are available?

B1013E

The MINISTER OF EDUCATION AND CULTURE (for the Minister of Welfare, Housing and Works):

An amount of R86 080 544 was spent by the Development and Housing Board during the 1990/91 financial year in respect of housing assistance.

Aged Whites' accommodation: State assistance

*2. Mr P G SOAL asked the Minister of Welfare, Housing and Works:

How many accommodation units for aged White persons were built in the Johannesburg municipal area with financial assistance from the State in 1990?

B1015E

The MINISTER OF EDUCATION AND CULTURE (for the Minister of Welfare, Housing and Works):

One project was built during 1990, namely Dewetshof consisting of 86 single and 15 double flats for Category A aged persons.

The loan amount approved by the Development and Housing Board for this project, amounts to R5 100 213.

For written reply:

General Affairs:

Regional Services Council: chairmen/pensions

321. Mr W J BOTHA asked the Minister of Planning, Provincial Affairs and National Housing:†

- (1) (a) How many serving chairmen of regional services councils (i) receive a pension for service previously rendered in a government body and (ii) do not receive such a pension and (b) in respect of what date is this information furnished;

- (2) whether a chairman of a regional services council who receives a pension from a government body and has rendered only one day's service and dies, qualifies for a pension; if so, in terms of what statutory provisions and/or regulations;
- (3) what requirements must a chairman of a regional services council satisfy in order to qualify for a pension?

B835E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

Cape Province:

- (1) (a) (i) Four.

(ii) Seventeen.

- (b) 25 April 1991.

- (2) No.

- (3) The remuneration package of regional services council chairmen does not provide for pension benefits.

Orange Free State:

- (1) (a) (i) Three.

HOUSE OF ASSEMBLY

Perm tradition will continue - Hibbit

By JOSHUA RABOROKO

NEWLY appointed deputy managing director of the SA Perm Mr Peter Hibbit is prepared to play a major role in bringing about socio-economic changes in the black community.

He would ensure that the Perm would continue to help poor and disadvantaged blacks obtain affordable homes and financial assistance.

Hibbit (41) got the job after the flamboyant managing director, Mr Bob Tucker's, shock resignation.

He is tipped to take over as MD from July 1.

Tucker's resignation follows the restructuring of the Nedcor group, which includes the Perm and Nedbank.

The Perm now falls under the new Nedcor Banking Division with Nedbank, Nedfin and computer company Pyraned.

Exiles

Hibbit said the country needed two million homes for blacks. The Perm would continue to make sure that "affordable homes were built even for exiles returning to South Africa".

However violence and anarchy had a hidden cost - homes.

Millions of rands have been set aside to help the poor and disadvantaged, but although intentions were good, very little was happening on the ground.

The Perm could not address the squatter problem as that was a matter for the Government and the local authorities, according to Hibbit.

However it would stri-

ve to make sure that homes were built for the poor.

Referring to the "risk factor", a term often applied to poor and disadvantaged blacks, he said: "We will do all we can to help eradicate that factor."

"We do not discriminate in terms of race, sex, religion and creed."

Examples were housing programmes undertaken by the Perm in Daveyton and Vosloorus on the East Rand where low-cost homes and a shopping complex were to be built.

Scenario

He said the Perm had presented a political and economic scenario to a number of influential leaders in the past four months. These have included the executives of ANC, PAC, Azapo, Cosatu and Nactu and leading business interests.

The Perm looked at the social, political and economic challenges facing South Africa.

Hibbit believed that although some issues had been addressed, most of the socio-economic problems still had to be tackled.

Political freedom had to an extent been gained, but socio-economic circumstances had become worse, he said.

Education and training had continued to play pivotal roles.

The improvement of skills and acquisition of new ones was encouraged. Blacks have been promoted to managerial levels and that

policy was to be continued.

The Perm has 150 branches, 90 sub-branches and 350 agents countrywide.

Rationalisation had been on the cards since Nedbank teamed up with the Perm in 1989.

The group had not reaped the full benefit of rationalisation and decided to speed up the process.

Hibbit said no retrenchments would take place in the foreseeable future, despite the recession the country was experiencing.

He said although the Perm had not helped the informal business sector

nationally, it had projects that supported small black businesses in the Cape.

Hibbit, with the Perm for four years, said the social responsibility programme would not change.

He is a chartered accountant and a leading tax consultant. He is married to Helen and the couple have two children.



PETER HIBBIT

Houses sold by vendors to carry tax

We must now consider the impact VAT will have on fixed property.

By and large, we can expect value-added tax to send up the price of housing, commercial and industrial buildings from September 30.

Under the general sales tax system, fixed property is free of GST. So are most services rendered by the construction industry. Both will now fall into the VAT net.

We will deal separately with the impact of VAT on construction and the consequences for the property market.

For the purpose of VAT, fixed property will fall under the definition of "goods", and will include all the modern versions of home ownership, such as sectional title units and shares in a shareblock company, as well as time-sharing holiday accommodation.

But there will not be a blanket VAT liability when buying and selling fixed property.

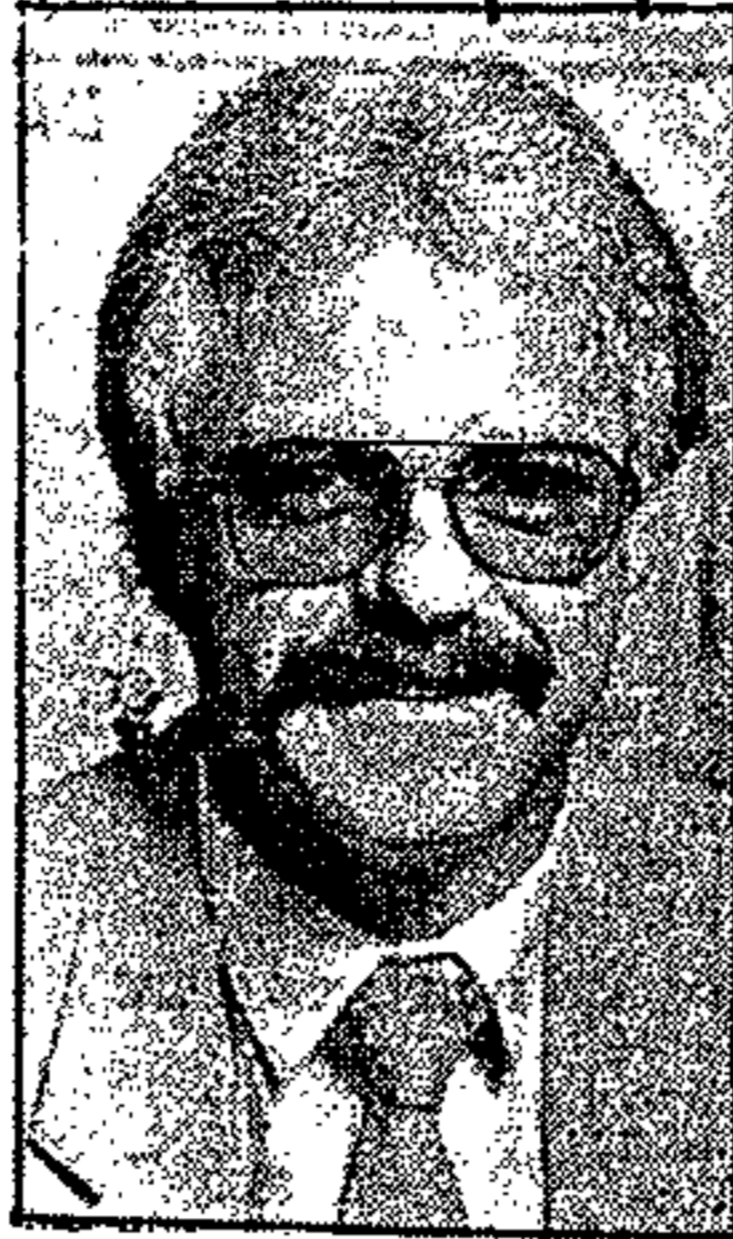
Full price

VAT will apply when fixed property is sold by a registered vendor such as a builder or a property developer and the full price of the transaction will be taxed.

This will have the effect of raising the price of all fixed property deals so handled immediately after VAT is introduced.

However, VAT will not apply if fixed property is sold by a non-vendor, or the transaction takes place between private individuals — who, in effect will be regarded in VAT legislation as non-vendors.

In the latter case, no VAT will be payable even if the transaction is handled by an estate



Article 24 in a daily series by André Meyburgh, consultant on indirect taxation with chartered accountants KPMG Aiken & Peat.

VAT AND YOU

agent. But the estate agent will have to pay VAT on his or her commission.

Moreover, where an estate agent who is a registered vendor sells fixed property on behalf of another vendor, he or she will have to pay VAT on the full selling price and the commission, and then set these off through "tax invoice" claims.

What about transfer fees?

The good news is that any fixed property deal which attracts VAT will be exempt from transfer duties. However, considering that rates of transfer duties vary from only one to five percent, the relief afforded by this concession is not much to write home about.

It follows that a deal between private individ-

uals (remembering that they are non-vendors) will carry with it the obligation to pay transfer duties.

VAT also brings into its net the sales of any fixed property which is owned by a vendor. The key element here is whether the property is to be used to make "taxable supplies".

To show how this works, let's use the example of a vendor doctor who forms a close corporation (CC).

The CC in turn owns his surgery, situated either in a sectional title office block, or a separate building.

The surgery clearly would be used to make "taxable supplies" — the doctor's fees.

If, subsequently, that property were to be sold,

the purchaser would have to pay VAT on the full purchase price, precisely because it was used to make "taxable supplies".

However, if the doctor were to purchase fixed property for a surgery, and he paid VAT on the purchase price, as a vendor he would be able to claim the full "input tax" paid, because once again the building clearly would be used for the purpose of making "taxable supplies".

Where a sale of fixed property is concluded before September 30, no VAT will be payable.

However, certain people who buy fixed property before that date may be surprised to find that the selling price is subject to VAT.

An option

This unusual happening will arise in circumstances where the purchase agreement was subjected to a right of pre-emption and where that right is exercised after September 30.

Similarly, where a person has an option to buy fixed property, and that option is exercised after September 30, it will be subject to VAT if the seller is a vendor.

All this clearly indicates that the fixed property market will be influenced by VAT, and that fixed property sold by vendors will be more costly, and agents' commission fees will increase.

Bearing in mind the huge shortage of low-cost housing, the question to be asked is: Can we afford the application of VAT in such a sensitive sector of the economy?

TOMORROW: VAT and the construction industry.

Readers who have specific value-added tax questions or problems are invited to address these to: Managing VAT, KPMG Aiken and Peat, PO Box 7400, Johannesburg 2000. Replies will be dealt with confidentially, but interesting issues raised may be discussed in general terms in this series. ● A booklet comprising all the articles in this series will be available soon and can be ordered from The Star Promotions, PO Box 1014, Johannesburg 2000, at R20 plus GST.

R86m spent on whites' housing aid

CAPE TOWN — Government spent R86m on housing assistance for whites during the 1990/91 financial year, Budget, Welfare Housing and Works Minister in the House of Assembly Sam de Beer said yesterday.

Responding to a question by Johannesburg North DP MP Peter Soal, De Beer said this amount was spent by his department's Development and Housing Board last year.

Planning, Provincial Affairs and National Housing Minister Hernus Kriel said the state no longer built rented accommoda-

tion for black people.

Existing units were let with the option to purchase.

The state acquired land and provided as many serviced sites as possible, Kriel said.

Individuals who received these sites could erect affordable dwellings using their own capital, loans or financial assistance, he said.

Meanwhile our Political Staff reports that the housing development fund for the House of Delegates has exceeded the

R300m mark for the first time. Chairman of Delegates' Ministers' Council and Housing Minister J N Reddy announced during his ministry's budget debate that R249m of the R328m would be allocated to projects already initiated or to be launched in Natal.

The Transvaal would get R68m and the Cape Province R11m.

Reddy said the last year had been "a record one" with more than 40 new housing projects initiated and approved.

81 Day 22/5/91 - (123)
LESLEY LAMBERT

NEWS IN BRIEF

House prices up 13%

THE average price of a medium-sized house increased by 13% (year on year) to about R111 300 during the first quarter of 1991, according to United's quarterly housing review. (123)

For larger houses, the average price rose by 9% to around R155 000, while smaller houses sold for around R94 750 — a 16% increase. *Blom 22/5/91*

The housing market was likely to remain under pressure, it said. Prices are expected to increase by about 12% during 1991.

Housing fund tops R300m

Political Staff

16/5/91
123

THE HOUSE OF DELEGATES' housing development fund has exceeded the R300-million mark for the first time.

The chairman of the HoD's Ministers' Council and Housing Minister, Dr J N Reddy, announced during his ministry's budget debate that R249m of the R328m would be allocated to projects already initiated or to be launched in Natal.

An allocation of R11m would go to the Cape Province and the Transvaal would get R68m.

R86m spent on housing assistance for whites

CT 22/5/91 Political Staff (123)

THE government spent R86m on housing assistance for whites during the 1990/91 financial year, the Budget, Welfare, Housing and Works Minister in the House of Assembly, Mr Sam de Beer, said yesterday.

Responding to a question by Johannesburg North DP MP Peter Soal, De Beer said this amount was spent by his department's Development and Housing Board last year.

Planning, Provincial Affairs and National Housing Minister Mr Hernus Kriel said the state no longer provided rented accommodation for blacks.

He was responding to a question from Pinelands DP MP Jasper Walsh.

R100m for self-help houses

123 of 23/5/91

HOUSE OF REPRESENTATIVES. — Housing Minister Mr David Curry said yesterday that he had negotiated an amount of R100 million for self-help housing from the SA Housing Trust.

Introducing the debate on his budget vote, he said the budget was R60m compared with R120m for the 1988/89 fiscal year.

The bulk of housing funds — R2 billion — had been given to an outside development trust.

The R60m would help the housing programme gain momentum, but would not be of much assistance to the dying housing industry, nor satisfy the demand for housing by local authorities. — Sapa

Medium-size home prices rocketing

Sowetan 24/5/91

IN spite of political unrest and uncertainty and the downturn in the economy over the past few years, the price of medium-sized houses in South Africa have rocketed on average by more than 53 percent in the past four years.

However, the increase in the price of a medium-sized house in Pretoria rose by only 40 percent in this period - the third lowest of the 11 cities or areas in a survey of house price movements contained in the latest United quarterly housing review.

Pretoria fared only slightly better in the past year with the price of a medium-sized houses rising by just more than 8 percent - the fourth lowest increase - compared to the national average of 12,7 percent.

Natal boom

But medium-sized house prices increased by 3,3 percent in Pretoria between the last quarter of last year and the first quarter of this year - the fourth highest increase in the country.

House prices are booming in Natal and the Eastern Cape. In the past year, medium-sized house prices in Durban/Pinetown have shot up by more than 29 percent - the highest in the country. The increase over the same period for the rest of Natal was 21,5 percent and for the Eastern Cape 15,8 percent.

Statistics

In between the last quarter of last year and the first quarter of this year, house prices in Durban/Pinetown jumped by 8,7 percent - again the highest in the country and again followed by the rest of Natal at 5,7 percent.

Over the four-year period between the first quarter of 1987 and the first quarter of this year, medium-priced houses in Durban/Pinetown rose by 65 percent - the second highest in the country.

Topping the list was Johannesburg where prices have skyrocketed by more than 67 percent in the same four-year period.

The Eastern Cape (56,7 percent), Vaal Triangle (52

percent), Western Cape (52 percent) and West Rand (43 percent) fared next best.

In spite of the Vaal Triangle registering a 52 percent increase in medium-sized house prices in the four-year period, in the past year its house prices have dropped by more than 2 percent in the past year - 1,7 percent of this in between the last quarter of last year and the first quarter of this year.

The United says during the first quarter of this year the average price of a medium-sized house rose by 13 percent to about R113 300 while the average price of larger houses rose by 9 percent to around R155 000. Smaller homes sold for R94 750 - an increase of 16 percent, it said.

It added that new house prices rose by 6,1 percent during the first quarter of this year and followed increases of 13,4 percent, 14,2 percent and 21,6 percent in the second, third and fourth quarters last year.

The outlook

The United said average price of existing houses in the first quarter of this year was 11,6 percent higher than in the first quarter of last year.

Looking to the future, the United says the housing market is likely to remain under pressure because the economic downswing was expected to persist throughout the greater part of this year and because the authorities are intent on keeping interest rates positive in real terms by a substantial margin.

Prediction

"During 1990 house plans passed fell by 10,7 percent and the general expectation is that the number of completions will decline in 1991. Increasing building costs will also impinge on building activity.

"Given the comparative scarcity of available accommodation, house prices are expected to increase by about 12 percent during 1991," the United said. - *Sowetan Correspondent*

PAST THEIR PRIME?

Has residential property as a hedge against inflation finally shot its bolt? That's the question property investors are asking after several consecutive quarters of minimal real growth in house prices.

The message from the latest set of statistics compiled by United Bank is largely unchanged: the average value of residential property as an asset will continue to decline during the next year though the fall will not be as steep as it has been in the past.

United's authoritative *Quarterly Housing Review* for the first three months of the year shows that the national average price of a medium-sized house rose on a year-on-year basis by 13% to around R111 300. The price of a larger home increased by only 9% to about R155 000, while the price of a smaller home rose by 16% to around R94 750.

United economist Christo Luus says house prices, across the board, should rise by about 13% this year. However, this represents negative growth of 1% when calculated against an anticipated annual increase in the rate of inflation of 14%.

However, Luus points out that this is not nearly as great a fall as last year when, though house prices rose by 12,1%, the consumer price index showed a 14,4% increase. As a result real property values actually dropped by 2,3% last year. Though this was the overall trend, Luus stresses there are considerable regional variations.

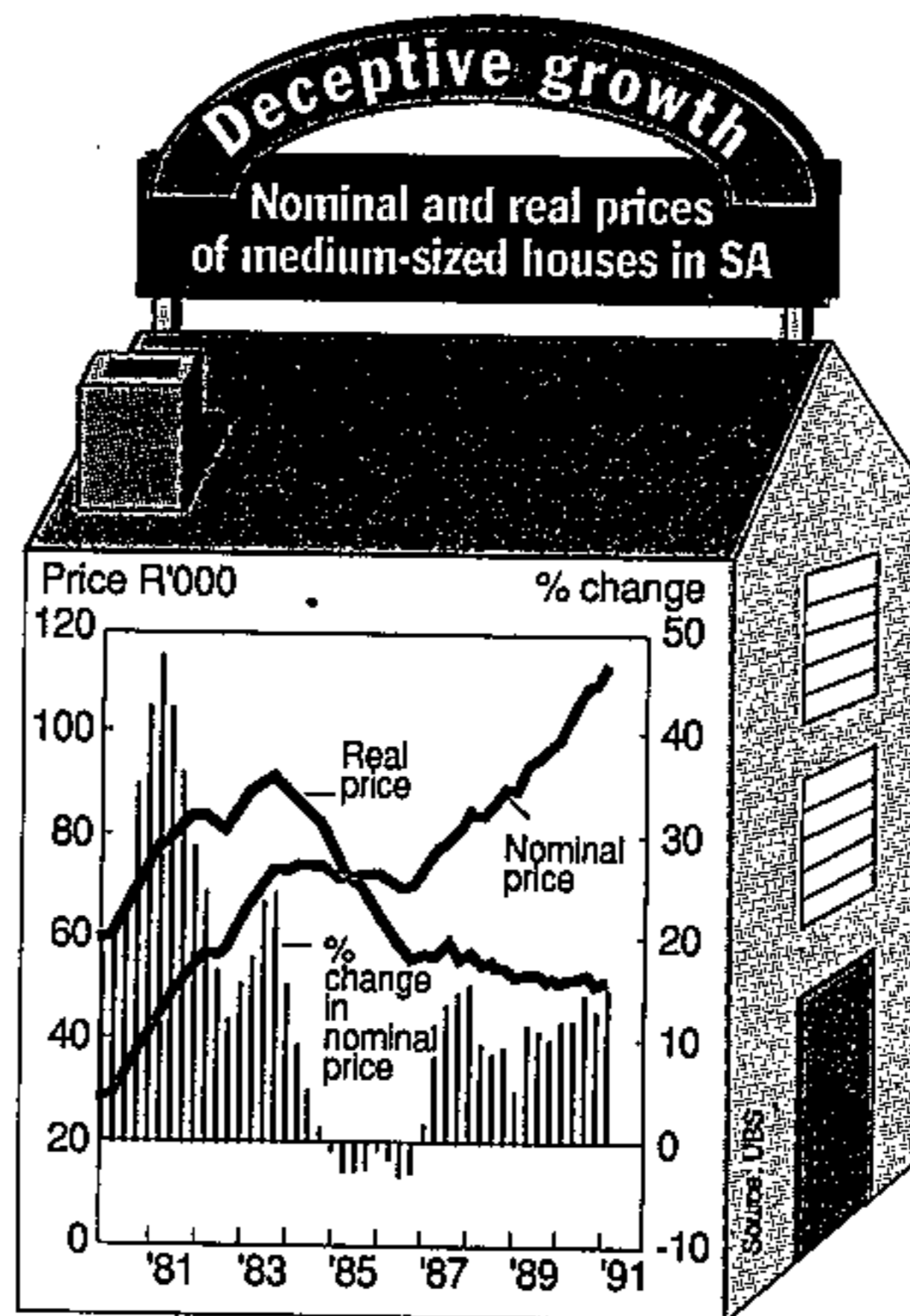
But tracked against inflation since 1983, house prices fare even more badly. They have come down in real terms by about 45% (see graph).

While this may come as depressing news to some, Luus believes the market has shown greater resilience than it might have in the present depressed economic climate. In fact he points out that in nominal terms at no stage recently have house prices actually fallen, and it is not anticipated that they will.

Even so, Luus cautions: "With the economic downswing set to persist throughout the greater part of the year and the authorities intent on maintaining positive interest rates by a substantial margin in real terms, the housing market is likely to remain under pressure."

In the circumstances, he says, one could reasonably expect house prices to fall by a detectable margin, but they are more likely to actually rise in nominal terms. This is due to several factors.

"We expect activity in residential property to remain sluggish for the rest of the year," says Luus. "But though trade in properties is thin, prices are being bolstered by the fact that building prices continued to rise substantially last year. This tended to push up the new house prices."



Prices are being further underpinned by the fact that, where possible, people are hanging on to their homes rather than selling them at a loss. In time, the abolition of the Group Areas Act is also likely to have a positive impact on property prices. However, this is likely to be localised with some areas in the same municipal areas benefiting more than others.

In addition, there has been very little home building in the white housing market (partly because of rising building costs) for some time. The number of house plans passed during 1990 fell by 10,7% and the general expectation is that the number of completions will decline in 1991. This means that surplus housing stock is likely to be kept to a minimum, which could result in a sharp escalation in house prices once there is an economic recovery.

Luus and the United are not alone in these views. Others like Econometrix economist Azar Jammie believe the fundamentals are right for a real increase in property values. He argues (*Property* April 19) that the lack of new house building will eventually precipitate a shortage of housing stock which will push prices up at least to the point where it will trigger a new wave of home building. ■

Investing in a second house

JUST how good an investment is a second house or property which is let out? This topic always seems to divide people. Some have made money following this route while others have badly burnt their fingers. Just what is the true state of affairs?

To illustrate the point, here are two examples:

Mrs A has a house in Potchefstroom which she lets out. Unbeknown to her, the tenant sub-let the house to a group of students. When she visited the property at the end of last year, she found it in a shambles and in great need of major repair: the legacy of too many raucous parties. She lost a great deal of money putting things right and sold at a loss.

On the other hand look at Mr B who buys a second house at a bankrupt sale in Randburg for R83 000 (a true story) with a 15 percent deposit. He finds good tenants who look after the property. A year later he sells a much-improved house for R135 000. A great investment. If he held on for another year, he would have made another R50 000 to R100 000 as the property market surged soon thereafter.

Why the difference? Many factors play a part here, but an important one is that a second house/property needs some kind of active management on the owners' part.

You cannot buy a house far away and hope it will be kept in good condition. Had Mrs A visited her house once a month she would immediately have seen what was happening, and kicked the students out. So if you are going to take this route, know that you are going to be inconvenienced at times.

Star 25/5/91

Money Matters

MAGNUS HEYSTEK



prices and those of existing houses is widening. Any sustained upturn in the economy will see prices of existing houses rising and the gap closing.

● The demand for rented accommodation is great and increasing. This situation is not going to get better. According to the latest Rode Report on Property the level of new-home construction has declined to only 2 000 units a month. With the exception of cluster and townhouse-developments, residential development in the greater Johannesburg has virtually ceased.

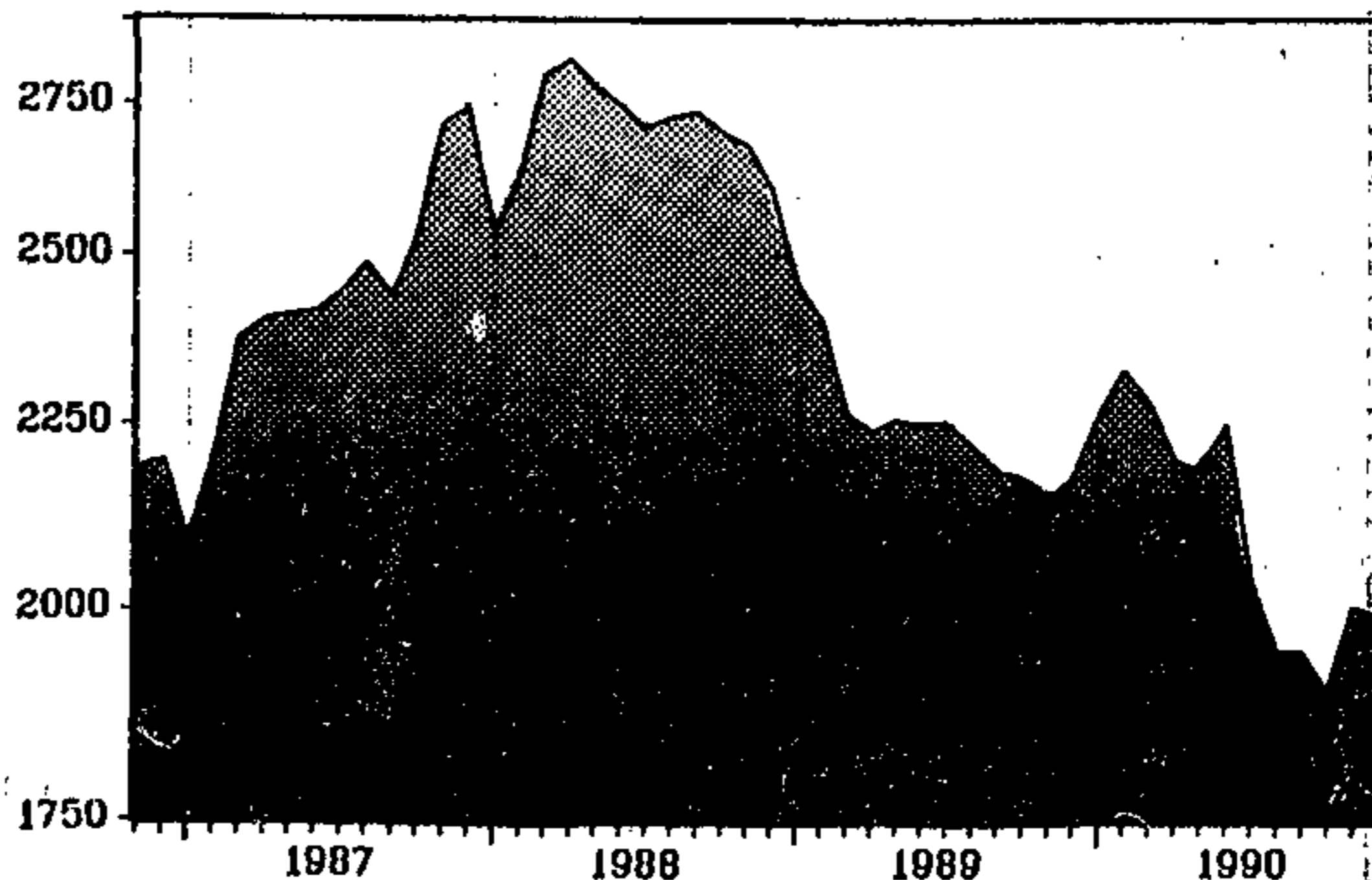
At the same time the demand for housing has increased, pushing up rental levels. A phone call or two to estate agents confirmed my view: rentals are soaring with tenants having no choice but to pay the higher rentals. There is simply no alternative.

A second factor is timing. Property prices don't rise steadily. In fact, the cycles are downright erratic and sometimes very volatile. But the long-term trend is up.

A scenario of rising interest rates usually harms property prices. But on the other hand it increases the demand for lettable properties as rising repayments put home ownership out of reach of more people.

What is the position now? Is it a good time to buy a second property as an investment? My opinion is that it is. The reasons being the following:

● The difference between new house



FALLING: Number of house starts (deseasonalised and smoothed) — Source: Rode's report on the Property Market.

Business Times Feature

The time to buy a house is now

2615791 123

IF YOU are thinking of investing in property do it before September 30.

That is the advice from Mike Bisset, executive director of Pam Golding Properties, who says VAT will inflate property prices in the short term.

"First, the effect of VAT on the price of a property will depend on who the seller is. If you buy from an individual who is selling his own home, no VAT is payable. However, if you buy a house or a sectional title unit in a new development from the developer, he will be obliged to add VAT to the price.

"This is because he is a registered vendor selling property in the course of his business."

However, says Mr Bisset, there is no justification for the price of a newly built house to increase by a full 12%.

"Building materials are the only element in the price of a house to attract GST. But VAT will be paid not only on building materials, but on labour costs and the developer's profits.

"If building materials comprise 40% of the cost of a

new house, then the effect of VAT will be to add 12% to the balance of the costs, i.e. a 7.2% increase.

"It is generally agreed that VAT will add between 6% and 8% to the price of new houses and sectional title units."

Although VAT is not payable on second-hand homes, Mr Bisset says there will be upward pressure on their prices.

With VAT pushing up the prices of new homes, sellers of second-hand ones will be tempted to cash in on the higher prices. It is a case of such a seller saying: "If a new home costs 7% more, I'll add a similar amount to my asking price."

VAT will also affect the payments of transfer duty.

Mr Bisset says: "Sales of new homes subject to VAT will be exempt from transfer duty. Sales of second-hand homes which don't incur VAT will still be subject to normal transfer duty. No VAT is payable on the transfer duty."

VAT will also be payable on the agent's commission and the attorney's conveyancing charges. This is irrespective of whether a new or second-hand house is bought.

Stokvel loans to house the poor

123
S Times (Bus Times)
261579

By TERRY BETTY

INDEPENDENT Development Trust (IDT) and UAL have devised a way to make it profitable for private enterprise to finance housing loans for the poor.

About 60% of the black urban population has no access to formal credit.

Blacks may approach financial intermediaries — still to be appointed — for housing loans. The money will be lent at a fixed interest rate repayable over five years.

The loan will be secured by the "stokvel system" — individuals contribute to a group deposit. If one member defaults, all lose this deposit. The scheme relies on peer pressure.

IDT Finance Corporation chief executive Franz Pretorius says: "The groups will have to be educated in finance, the concept of home ownership and monthly repayments."

It will be up to the individuals to decide how to use the money. They could group together to buy building materials on a property.

Secured

To finance the project the AECI Pension Fund, Syfrets Managed Assets, Southern Life Association, Old Mutual, Sanlam, Mine Officials Pension Fund, Metropolitan Life and Fedlife have invested R120-million in the Collateralised Housing Investment Paper (CHIPS). They have committed R500-million.

The money is secured by the IDT's investment of R46-million in fixed-interest securities. CHIPS has market-related returns, adequate security and tradeability.

Mr Pretorius stresses this is the first time institutional investors have voluntarily put up such large amounts for the direct benefit of the poor.

The plan will dovetail with a one-off subsidy from the IDT of R750-million. This gives legal tenure on 100 000 properties of R7 500 each to households with a monthly income below R1 000.

THE MINISTER OF EDUCATION AND CULTURE: Mr Chairman, further arising out of the hon the Minister's reply, I would just like to make it clear that the Department of Education and Culture did not at any stage object to the Lata Mangeshkar Show coming to South Africa.

THE CHAIRMAN OF THE HOUSE: Order! That concludes the questions arising from question 3.

Cato Manor: undeveloped land

*4. Mr M RAJAB asked the Minister of Planning, Provincial Affairs and National Housing:

- (1) Whether he recently paid a visit to Cato Manor in order to decide on the future of the undeveloped land there; if so, (a) when, (b) with whom did he meet and (c) what was decided;
- (2) whether he will make a statement on the matter? D172E

THE DEPUTY MINISTER OF PLANNING (for the Minister of Planning, Provincial Affairs and National Housing):

- (1) On request of the Minister of Planning, Provincial Affairs and National Housing I paid a visit to Cato Manor.
- (a) 14 May 1991.
- (b) I held a meeting with representatives of:

Administration: House of Delegates
Administration: House of Assembly
Natal Provincial Administration
Development and Housing Board
Westville Town Council
Durban City Council

Minister Y Moolla MP, Mr C J van R Botha, Administrator of Natal, Mr V A Volker MEC and Dr D S Rajah MEC were amongst those who attended the meeting.

- (c) During the visit to Cato Manor it was decided that all relevant facts and inputs which have an effect on the development of the Greater Cato Manor Area be identified with specific reference to vested rights and interest of all parties concerned. This action is being co-ordinated by a Chief Director of our Department in deliberation with officials of the De-

HOUSE OF DELEGATES

partment of Planning, Provincial Affairs and National Housing and the Office for Regional Development in co-operation with officials of the Natal Provincial Administration the Administration: House of Delegates, as well as the city councils of Durban and Westville.

A complete report will be submitted to the Minister and subject to his approval, the recommendations will be discussed with all the role players.

At this point in time it is already clear that the problem regarding squatters in the area is a short term issue that should be given urgent attention.

- (2) No.

Mr M RAJAB: Mr Chairman, arising out of the hon the Deputy Minister's reply, could he please tell hon members of this House when it is estimated the report will be completed.

THE DEPUTY MINISTER OF PLANNING: Mr Chairman, I can give the hon member for Springfield the assurance that my instructions to our Chief Director were to complete it sooner rather than later. I sincerely hope that we will have a report on the matter within the next fortnight.

Single-sex hostels: conversion

*5. Mr M RAJAB asked the Minister of National Health:

- (1) Whether the State President assigned to her Department the task of co-ordinating a programme to convert single-sex hostels into family units; if so, (a) when and (b) in what manner;
- (2) whether her Department has now completed this programme; if not, (a) why not and (b) when is it expected that the programme will be completed; if so,

- (3) whether she will make a public announcement on this programme; if not, why not; if so, when;
- (4) whether she will make a statement on the matter? D173E

THE MINISTER OF NATIONAL HEALTH:

- (1) No;
- (2), (3) and (4) fall away.

Own Affairs:

Chairman of the Ministers' Council:

Ministerial Representatives: inefficiency

*1. Mr P PADAYCHEE asked the Chairman of the Ministers' Council:

- (1) Whether, in view of the statement made by the Minister of the Budget and Auxiliary Services in this House on 13 May 1991 in regard to the inefficiency of the Ministerial Representatives, he will take the necessary steps to (a) have them replaced or (b) have their posts abolished; if not, why not, if so, (i) what steps and (ii) when;
- (2) whether he will make a statement on the matter? D167E

THE CHAIRMAN OF THE MINISTERS' COUNCIL:

- (1) (a) No.

(b) No. At the outset I wish to inform you that the Minister cannot terminate the services of Ministerial Representatives as this is the prerogative of the State President.

While it is true that Minister Raman Bhana expressed his personal frustrations in regard to the functions of the Ministerial Representatives, the Ministers' Council has no intention whatsoever of recommending to the State President the scrapping of these posts.

The Ministers' Council regularly reviews the functions and performance of our Ministerial Representatives and is satisfied that they are discharging their responsibilities within the guidelines laid down for the performance of their duties.

- (i) Falls away.
- (ii) Falls away.

- (2) No.

Mr M RAJAB: Mr Chairman, arising from the reply of the hon the Chairman of the Ministers' Council, will he concede that it appears to be the general consensus in this particular House that

these Ministerial Representatives should, in fact, be axed?

THE CHAIRMAN OF THE MINISTERS' COUNCIL: Mr Chairman, it is not a question of the feeling of hon members in this House. A provision for Ministerial Representatives is part of parliamentary requirements and these people have been appointed, as in other Houses in Parliament. This is why I do not know why aspersions are regularly cast in this House on the functioning of Ministerial Representatives. I think it is totally unfair.

THE LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, further arising out of the reply of the hon the Chairman of the Ministers' Council, especially his last two sentences, is it not correct that the question of the creation and the filing of the posts of Ministerial Representatives was regularly criticised by his party?

THE CHAIRMAN OF THE MINISTERS' COUNCIL: Mr Chairman, that is possible, but it is a fact that these posts exist and they have to be filled.

Mr P PADAYCHEE: Mr Chairman, further arising out of the reply of the hon the Chairman of the Ministers' Council, has he sacked the previous Ministerial Representatives and does he have the power to recommend that the hon the State President do so?

THE CHAIRMAN OF THE MINISTERS' COUNCIL: Mr Chairman, when this party came into power, we carried out the provisions and rules of this House and appointed Ministerial Representatives. They were members of our party, but there was nothing to hide. The same applies to the House of Representatives and the House of Assembly.

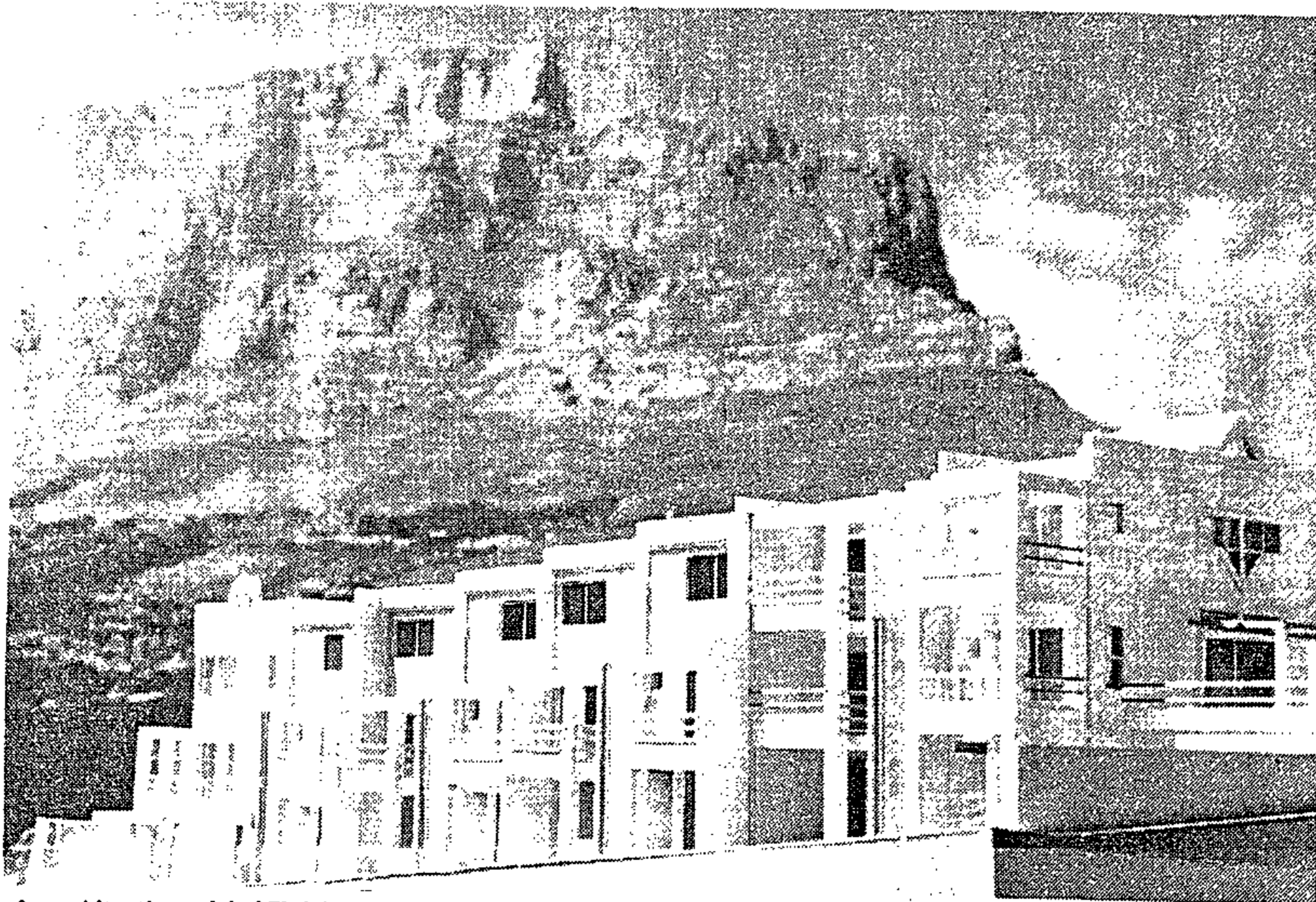
Ministers:

Indian family in Kranskop: land expropriated

*1. **THE LEADER OF THE OFFICIAL OPPOSITION** asked the Minister of Housing:

- (1) Whether his Department has received representations in respect of the return of land expropriated in terms of the Group Areas Act, No 36 of 1966, from an Indian family in Kranskop, Natal; if so, (a) what is the name of the family and (b) what is the extent of the land involved;

HOUSE OF DELEGATES



An architect's model of Firdale, Leisure Developments' new project of eight three-storey flats sited on Firdale Avenue off Kloof Nek Road, Cape Town. Units will cost from R365 000 for two bedrooms, and from R530 000 for three bedrooms. Construction of the first homes starts next month.

Building codes 'are not a constraint on housing'

By Day 29/5/91

Reports by
PETER GALLI

WHILE the housing backlog in SA has been at a constant and unacceptably high level for many years, new incentives are being offered to address the problem and constraints on the supply of land and of finance are being removed, says Development Bank technical specialist Don Macleod.

"However, there is a widely held belief that the national building regulations represent a further constraint, and it is suggested in some quarters these should also be removed," he adds.

This belief is based on the perception that the standards demanded by the regulations are too high, that they hinder development and push up the cost of buildings, Macleod says.

"But if the nature of the regulations is understood and the regulations are applied correctly, they can assist in the creation of safe and healthy housing that is appropriate to

a community, no matter what its level of development," he says.

The national regulations deal only with health and safety, and demand a certain level of performance with regard to these two aspects, but are not prescriptive, he believes.

The regulations' requirements must be met to ensure the health and safety of the occupants of buildings. The standard of building is not kept artificially high by the existence of the regulations, he says.

"Indeed, if the freedom of choice inherent in the regulations is used, it is possible to comply with the regulations' requirements and have a dwelling with lower standards than funding agencies will accept and with considerably lower standards than many people aspire to."

The regulations are then compatible with affordable housing, Macleod

believes. However, the authority responsible for building approval must be willing to, and capable of, interpreting the regulations, which must not be confused with deemed-to-satisfy rules.

These rules are not mandatory and describe methods of construction that, if followed, will result in durable buildings that satisfy the requirements.

Given the economic realities of southern Africa it is also necessary that the poor can provide themselves with basic shelter of any size and shape and with any material they can lay their hands on, and this building activity cannot easily be brought within the ambit of the regulations, Macleod points out.

Local authorities should be encouraged to ensure that their building control officers understand the choice inherent in the regulations Macleod says.

123

existing buildings are also to be included in the upgrading programme on high priority. The services required at Greyville at this stage must be viewed objectively against the services that may be required more urgently at schools elsewhere in the country.

- (a) and (b) fall away.
(2) Falls away.

Housing Development Board: houses at discount rate

*6. Mr D K PADIACHEY asked the Minister of Housing:

- (1) Whether he will consider letting houses owned by the Housing Development Board to the present tenants at a discount rate; if not, why not; if so, what are the relevant details;
(2) whether he will consider selling the South Fork flats in Lenasia Extension 9 to the tenants under sectional title; if not, why not; if so, what are the details in this regard?

D169E

The MINISTER OF HOUSING:

- (1) Yes. Circular Minute No 17 of 1983 as amended by Circular No 3 of 1987 apply to the sale of houses within the Sales Campaign and it has also discounted the selling prices of houses subsequently built.
(2) Yes. The Housing Development Board approved that a consultant be appointed by the Department to undertake an investigation in order to determine the feasibility of selling these flats.

For written reply:

Own Affairs:

Management chief superintendents

30. Mr K PANDAY asked the Minister of Education and Culture:

- (1) How many management chief superintendents are there in his Department;
(2) whether a certain official, whose name has been furnished to the Minister's Department for the purpose of his reply, has been transferred back to his post in Durban from the sessional post he held in Cape Town; if so, (a) why, (b) what is the designation of the post (j) to which he was transferred and (ii) which he held in Cape Town and (c) what is the name of the official in question?
D126E

The MINISTER OF EDUCATION AND CULTURE:

- (1) 4 excluding two Acting Chief Superintendents of Education (Management).
(2) Yes.
(a) The official was required at Head Office to assist the two Acting Chief Superintendents of Education (Management) until they could undertake their duties without further assistance. Whilst at Head Office, he continued to liaise between the Ministry and the Department. If he is required to be in Cape Town to assist the Department the Acting Chief Executive Director will so instruct.
(b) (i) Chief Superintendent of Education (Management).
(ii) Role Playing Post of Parliamentary Officer.
(c) Mr A H A Rainman.

HOUSE OF ASSEMBLY

QUESTIONS

Indicates translated version.

For written reply:

General Affairs:

Prohibited organisations: prisoners released

358. Mr L F STOFBERG asked the Minister of Correctional Services:†

- (a) How many members of the ANC, the SACP and other previously prohibited organisations who were detained in prisons in South Africa were released in the 1990 calendar year,
(b) (i) how many such prisoners are still being detained and (ii) in respect of what date is this information furnished and (c) what are the names of the other previously prohibited organisations?
B937E

The MINISTER OF CORRECTIONAL SERVICES:

- (a) The political alliance of prisoners does not form part of the information required from a prisoner on his admission and consequently the information as requested by the hon member is not available. However, I would like to confirm that 1 013 sentenced security, security related and unrest related prisoners were released between 2 February 1990 and 27 May 1991. These releases included persons on various sides of the political spectrum. Persons and/or organisations who had not committed themselves to peaceful solutions and development, did not enjoy the benefit of an earlier release in terms thereof.
(b) I refer the hon member to my written reply in the House of Assembly to question number 302 on 10 May 1991 (see col 1401).
(c) The hon member is referred to the contents of Government Gazette 12287 dated 3 February 1990 (Government notices R21 and R229).

Black residential areas: total amounts owing

360. Mr L F STOFBERG asked the Minister of Planning, Provincial Affairs and National Housing:†

- What total amounts were owing by residents of Black residential areas in (a) the Transvaal, (b) the Orange Free State, (c) Natal and (d) the Cape Province in respect of (i) electricity, (ii) rentals and (iii) service charges as at 31 December 1990?
123 B957E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

- (a) Transvaal.
(i), (ii), (iii) R996 572 389.
Unfortunately, it is not possible to furnish the outstanding amount in the breakdown required.
(b) Orange Free State
(i) R11 044 603.
(ii) Not separately available. Included in service charges.
(iii) R57 878 721.
(c) Natal
(i) R267 512.
(ii) R969 848.
(iii) R2 400 021.
(d) Cape Province
(i) R11 351 909.
(ii) R29 201 381.
(iii) R68 556 423.

SADF base Vhembe: visit

367. Mr R R HULLEY asked the Minister of Defence:

- (1) Whether, during the period 28 to 30 July 1988, the South African Defence Force (SADF) transported to and accommodated at the SADF base Vhembe near Messina a number of young guests, including a certain person (particulars of whom have been furnished to the SADF

HOUSING SHORTAGE

(123)

MINISTER of Planning, Provincial Affairs and National Housing Hennis Kriel said in parliament recently that the government aimed to provide shelter for all South Africans by the year 2 000. *W/maad 30/5-6/6/91.*

He said there was a shortfall of an estimated 756 986 houses for blacks, excluding the "self-governing" territories, at the end of 1990. The provincial breakdown of the shortage was: Transvaal — 323 848 houses; Natal — 180 000; Orange Free State — 68 378; and the Cape province — 184 760.

PRISONER OF CONSCIENCE

POLLSMOOR political prisoner Moyisile Douglas Tyutyu (56) has been exempted from the current hunger strike because of his age.

Tyutyu is from Port Elizabeth, and is serving a 25-year sentence for treason, terrorism, possession of arms, and presenting a false travel document, lawyers say. All his co-accused have been released.

LOCAL GOVERNMENT

TRANSVAAL administrator Danie Hough announced this week he was extending the life of 31 black local authorities by only two months, because it was possible joint local government administrations would be established.

HOUSING SHORTAGE

MINISTER of Planning, Provincial Affairs and National Housing ⁽¹²³⁾ Hernus Kriel said in parliament recently that the government aimed to provide shelter for all South Africans by the year 2 000. *w/ mail 30/5-6/6/91*

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TOURISM *w/ mail 30/5-6/6/91*

FOREIGN tourists brought a record R2,47-billion into South Africa last year — 16 per cent more than in 1989, according to the SA Tourism Board's 1990 report. ⁽²⁵⁾

Arrivals totalled 1,02-million people — a 10,6 per cent increase over the previous year. Of these, 51,4 per cent came from African countries and 48,6 per cent from abroad. The United Kingdom and Germany were the main sources of tourism.

PUPIL:TEACHER RATIOS ⁽³⁵⁾

EDUCATION and Culture Minister Piet Clase told parliament recently that pupil:teacher ratios in the various education departments were as follows for 1989: House of Assembly — 1:17,6; House of Representatives — 1:23,5; Education and Training — 1:36,3; and "self-governing" territories — 1:41.

w/ mail 30/5/91 - 6/6/91

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HOUSING — 1 FM 31/9/91

(123) (B)

REQUIEM FOR A MORTGAGE

The banks and building societies are rapidly closing off the tap on lower-cost black housing loans as they see their underlying assets threatened by township violence and their administration costs forced up by constant repayment boycotts.

United, the country's biggest housing financier, admits that in all but exceptional circumstances it has, because of conditions in the townships, stopped providing home loans in these areas. And, it adds, other institutions are following suit in deed if not word. This hardline approach is brought about by a vicious circle of lawlessness, violence and bond boycotts that puts investor funds at risk. Even when attempts are made to recover losses through repossession and resale of properties, such action is frequently blocked by violent community reaction, often directed by the notorious street committees.

United's GM home loans, Piet Kruger, says the organisation has not been active in the market for some months. "We sympathise with would-be buyers but this is purely a commercial decision. We will return to the market when the political difficulties in these areas have been resolved."

Home builders confirm that the United approach is also held by other institutions. As a result, they believe instead of the 200 000 new homes needed each year, fewer than 30 000 homes are likely to be built for blacks this year. They sympathise with the institutions' need to protect investor interests. However, they point out that it is also hammering another nail into the black housing coffin.

They add that while United has pulled out, the Perm, by far the largest lender to blacks, is still active in the arena, though whether it will remain so with the departure of MD Bob Tucker is uncertain. Standard and First National banks are reported to be becoming aggressively involved in the black market. The NBS, having had problems with bond boycotts at Khayelitsha in the western Cape, is now believed to be shying away from the market, though NBS denies this. Allied is also perceived to be backing off rapidly. There is also speculation that, though Saambou has been growing its black bond book recently, it is also on the verge of pulling in its horns.

While there are new entrants into black housing it is stressed that they are starting from a low base. Furthermore, while some institutions may claim to be willing lenders, branch managers interpret policy in their own way. The result is that mortgages are extremely difficult to come by for many blacks. Conditions for providing the finance are so stringent that the lenders are, in real-

ity, only paying lip service to the market or loans are only available for the most secure areas.

NBS assistant GM, Trevor Olivier, says the situation in the townships has deteriorated to such an extent that developers cannot deliver houses. "They have just had to can their operations. Few of them are even building. Nevertheless, where appropriate, we are granting loans to blacks. The point to consider, however, is that while the black population desperately needs housing it has to make a contribution to preventing violence."

FNB's Pat Lamont stresses that his organisation adopts a pragmatic approach to housing finance. "We will look at every application in terms of its merits. We will make the finance available where it makes good business sense. It is based on a simple, and we believe, responsible, risk approach. It is

irresponsible to put a man in a home which he cannot afford. Area is another risk factor to be taken into consideration, as is a person's job."

Contractors point out, however, that the provision of finance is only one of the problems that is rapidly strangling what is left of the country's black home building industry. Bureaucratic delays in land proclamation are also still a major problem. When added to the subsequent difficulty in marrying up buyers and bonds, the resulting extended holding cost implications jeopardise the viability of many projects.

National Association of Home Builders (NAHB) chairman, Gavin Hardy, says the situation is extremely grave. There is virtually no low-cost home building industry left. "One cannot blame the institutions, but it is extremely difficult to get bonds for blacks. While State interference in the free market should be avoided, there is a strong argument for imposition of prescribed investment legislation for pension funds, insurance companies and lending institutions. A tiny fraction of their income would be sufficient to raise about R5bn a year for low-income housing expenditure. Alternatively we will soon be reaching a stage where emergency aid will be needed to contain the crisis."

Group Five's Theuns Kotzee sums up his view by pointing out that certain institutions have a black-out on black housing finance. "Others are still in the market. They realise that not all black areas are beset by unrest and boycotts. Some lenders will still provide home loans where they believe the communities are responsible.

"We cannot expect to solve the crisis as long as we look for solutions through individual ownership. Housing must also be provided on a social basis. There are ways through the morass if the problems are tackled sensibly, possibly adopting an engineering rather than administrative approach."

He disagrees with a widely held view that many of the black communities deserve little sympathy when housing finance is cut off because the violence and bond boycotts are self-inflicted problems.

"This is not so. More than half the actions are economically, rather than politically, motivated. The fact is that we (the establishment) unwisely enticed people into situations which we should not have.

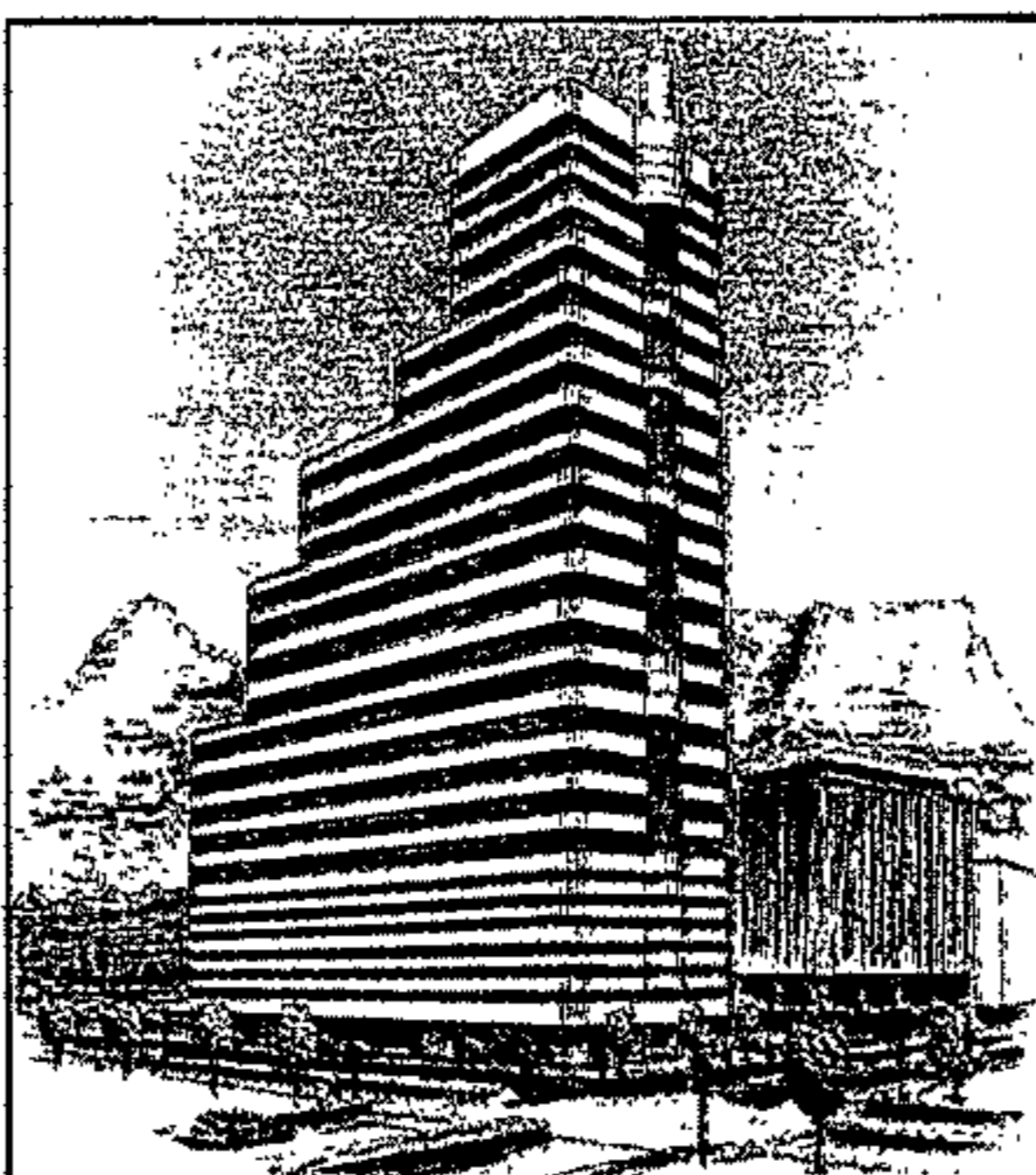
"Then because of good economic policies which are totally out of kilter with political developments, interest rates screamed up and people lost jobs and even those who didn't, found it impossible to meet bond repayments. Worst hit were the blacks and in such circumstances boycotts are an act of desperation."

NEW MET FLAGSHIP

Cape-based life insurer Metropolitan Life has announced its biggest property investment yet in the Mother City. It's investing R75m in a 27-storey office tower which will provide 14 376 m² of basic accommodation, 2 767 m² of executive suites and 876 m² of retail space. The complex will provide ample parking with 24 hour security, as well as public parking in the vicinity.

The development will be situated on the corner of Coen Steytler Avenue, Long and Jetty streets. Special care was taken to ensure that the building will complement the city's existing architecture.

Construction is about to begin and the building is scheduled for completion by April 1993.



ZONINGS

RIGHTING THE WRONGS

For some 30 years, Block AK, the grid map reference for a vacant tract of land just off the fringe of Durban's CBD, has been a contentious and emotional issue.

The original mixed, mainly Indian, community was evicted under Group Areas legislation when the area was rezoned. But since then little development has taken place and much of the land, until recently, has been home to squatters and discarded cars.

However, after a long campaign to redevelop part of the area for residential use, spearheaded by a wide spectrum of organisations from political pressure groups to organised commerce and industry, the city's management committee chairman, Derrick Watterson, secured a portion of the land for some form of residential development after a meeting with Housing & Development Min-

ister Hernus Kriel last month.

Argument over Block AK continues to rage, however — now over what sort of residential development should take place.

Broadly, there are two views. Watterson and some colleagues feel government should be persuaded to sell the land to private developers. A second opinion, voiced by Councillor Peter Corbett, supported by Operation Jumpstart, a private-sector initiative to promote economic development, argues that the council should buy the land for high-density housing. But Watterson argues that government will probably want a high market-related price for the land.

There has already been a clash at city hall over the conflicting proposals and the debate has now been put on hold pending a presentation of proposals by Operation Jumpstart to council.

Its report, still being finalised, will probably outline a development of between 800-1 000 units aimed at potential buyers with a

monthly income of between R1 000-R1 500. Part of the development is likely to be set aside for commercial use.

But there are fears that a low-cost housing project may increase crime in the city and ultimately create a slum on Durban's doorstep — ironic considering that Durban had the same fear 30 years ago.

Corbett is being accused of wanting to engage in social engineering experiments in low-cost housing to undo government's previous apartheid policies. But he insists: "The council must make it possible for black working-class people to live near the city centre."

Well meaning as his proposals are, responsible townplanners should first consider whether Block AK, situated in an expanding commercial/industrial area, is really suitable for the kind of low-cost housing that has been proposed. Certainly, the number of people it could accommodate would go no way towards reversing any perceived past injustices. ■

ANTHONY LANGE

IN MY OPINION

AN INWARD-LOOKING CITY

Anthony Lange is an architect in private practice. In addition to writing on architectural matters for the FM, he has been a visiting lecturer at the universities of the Witwatersrand, Cape Town, Natal and Bloemfontein.

Last week's article on Johannesburg's Civic Spine, called the final result an unmitigated disaster. Nevertheless, the city deserves a bouquet for having the vision to launch the project.

Where it went wrong, was that it followed a political procedure just as flawed as those that ruined schemes like the civic centre. So one can't blame the architects who gave physical form to the city's wishes.

But they had ideal raw material to work from. The west end of the spine has the library, a handsome building based on the neoclassical architecture of the library in Boston, overlooking the library gardens. Across the way is the colonnaded facade of the old city hall. Together they formed Johannesburg's modest, but successful, main city square, under which is the central city parking garage. At the opposite end of the city hall, a semi-circular entrance portico, topped by a cupola, faces the Post Office across a forecourt.

The Post Office is a darling Victorian granny, with lovely faded brickwork set between stone quoins and string courses, and an elegantly scaled clock tower. Behind it, in turn, is a tiny park with the Oppenheimer fountain, creating the spine's last vertebrae.

Had the proposals been aired publicly, perhaps the notions on which the civic spine is based could have been exposed as flawed. They are that the unifying element for the spine as a whole would be trees, and that the gardens would turn inwards to create a haven for pedestrians.

Implementation of the first has led to a parade of trees down Market Street, so close to the buildings that they look as if they were served on a bed of parsley — the rhythm of the trunks competes unkindly with the colonnade of the Custom House. The pattern and texture of the paving might have been a successful unifying element, but despite its huge cost, it is so obtuse that it might as well be tarmac.

Walled off

The second notion fails because there is simply too little space. The spine in the main square has been defined as the narrow block-wide central space that has been walled off to create an inner court with two one-way race tracks for cars on either side. The inner space has several events: shops, restaurants, an amphitheatre for the cenotaph, a pocket-handkerchief picnic lawn — as full of obstacles as a putt-putt course.

The prospect has not only destroyed the scale of the main square but the setting of all the surrounding buildings. As one enters the market square, the view of the library and city hall is obscured by what looks like a highway ramp. The surrounding buildings are reduced to a prospect across a street. If I were one of the property owners, I would sue. Imagine SA House walled off from Trafalgar Square in London!

The Oppenheimer gardens should have

been a haven, but remain a tacky backyard area awaiting a proper glade-like setting for the graceful bronze leap of buck that is Sir Ernest Oppenheimer's memorial. The Post Office square has, however, been given the full treatment — though in a strangely disparate way. The city hall forecourt has been replaced by a sweep of (dull) paving which slopes the wrong way if the space is to be used by crowds focusing on the apostrophised by curving Rissik Street on its way through. The severity of the library gardens area is here replaced by a kind of neobaroque, which with the two monumental palms is redolent of some small South American town.

Worse, as you turn into Rissik Street the clock tower is almost lost behind a tangle of pylons, poles, and a fence of flagstaves.

Here too, an opportunity for symbolism was lost. Consider: The lion of Venice atop its column in St Mark's Square came from Africa. Why should we borrow the tired emblems of Europe?

Soweto was never consulted, but one day there will be a monument in Johannesburg, like Zadkine's wracked figure in Rotterdam put up after World War 2, to commemorate, like the cenotaph, a fight against tyranny, only this time the memorial will commemorate the end of our tyranny within. Only then will Johannesburg cease to be divided city. Like civic architecture throughout history, the spine faithfully portrays our society: neither open yet, nor free, but walled off and turned in on itself.

Just north of the spine a whole city block has been demolished to make way for a new development. Right now it is blessedly clear. It is the best civic space in town.

Star
3115191

Minimum standards 'won't work'

The cockeyed proposals for maintaining neighbourhood standards in the Abolition of Racially Based Land Measures Bill were not serious and not meant to work Robin Carlisle (DP Wynberg) said yesterday.

The proposals were a sop to the National Party electorate.

No minimum standards would work in any circumstances unless the Government immediately began to provide homes and sites to the homeless on a massive scale.

"Where are the homes for the homeless? Where is the consultation? Where is the consensus, and ultimately, where is the reality?"

Few neighbourhoods would set up committees, and few local authorities would co-operate with committees.

Existing by-laws on standards were in any event virtually unenforceable, he said. — Sapa.

SA needs to break out of 'housing stalemate' ¹²³

Maggie Rowley ^{11/6/71}

THE country desperately needs to break out of the present housing stalemate, says Mr John Hopkins, deputy director of housing in the House of Representatives.

"Building costs are rising rapidly and the longer we sit and do nothing, the more expensive housing will become," he warned this week.

Severe cuts in housing funds had, he said, prompted the Directorate of Housing to explore practical solutions for low-cost housing projects, such as the establishment of Housing Development Initiative Committees (HDIC's) in high priority areas.

Through these committees, the private sector, local authorities and communities could join forces in planning housing developments with the Directorate acting as facilitator and co-ordinator.

"The financing of low-cost housing has largely been taken over by the Independent Development Trust and the private

sector. However, due to the inordinate amount of administration and risk involved in granting individual loans, these funds are being allocated to schemes instead of individuals," says Mr Hopkins.

He said an HDIC would provide an infrastructure to facilitate the identification and administration of high priority projects.

"Each HDIC will be linked to a municipal or Regional Services Council area and will comprise representatives from the local authority, the community and a financial institution.

"The committees will meet regularly to identify housing needs, formulate local housing policy and devise practical solutions for orderly development and community upliftment."

He said financial institutions would be able to implement the Small Loans Guarantee Scheme on a wider scale by granting loans to projects identified by the HDICs.

(1) Whether he approves or will approve of South African Defence Force officers attending occasions where the hymn *Nkosi Sikelel' i-Afrika* is played; if not, why not;

(2) whether he will make a statement on the matter? B1086E

THE DEPUTY MINISTER OF DEFENCE:

(1) The hon member is referred to my discussion thereof in the Defence Vote on 26 April 1991, Hansard: Columns 6914 and 6915.

(2) No.

†ADV S C JACOBS: Mr Chairman, arising from the hon the Minister's reply, will he stand to attention at an occasion where the song *Nkosi Sikelel' i-Afrika* is played?

†THE DEPUTY MINISTER: I shall if the hon member straightens his peppercorn hair. [Interjections.]

†MR SPEAKER: Order! I am not prepared to allow that. The hon the Deputy Minister must withdraw it.

†THE DEPUTY MINISTER: I withdraw it, Sir. [Interjections.]

†AN HON MEMBER: It is a disgrace.

†MR J H VAN DER MERWE: Mr Speaker, arising from the hon the Deputy Minister's reply, what is his reply to the question of the hon member for Losberg? The hon the Deputy Minister did not reply to it.

†MR SPEAKER: Order! The hon the Deputy Minister has already replied to it.

IDT: funds for White housing

*7. Mr J CHIOLE asked the Minister of Finance:

(1) Whether, with reference to the reply to Question No 1 on 7 May 1991, any funds have been allocated from the Independent Development Trust for White housing or essential repair work in respect of existing White sub-economic housing; if so, what amount has been so allocated;

(2) whether he will make a statement on the matter? B1091E

HOUSE OF ASSEMBLY

†THE DEPUTY MINISTER OF FINANCE (Mr T G Alani):

The following information was given by the Independent Development Trust (IDT) in response to this question:

(1) The Trust's funds are allocated on a non-racial basis. For example, the capital subsidy is allocated to all citizens whose income is less than R1 000 per month. No funds are earmarked for specific groups based on race, colour or other ethnic criteria.

(2) No.

†Mr J CHIOLE: Mr Chairman, arising from the hon the Minister's reply, is he aware that R13 million is needed extremely urgently for repair work to sub-economic housing in Pretoria?

I refer the hon the Minister to the reply on 15 April 1991 in the House of Representatives, where R1 300 million has already been voted in respect of various institutions and initiatives with the focal point being housing, education and health.

†MR SPEAKER: Order! Order! When the Chair calls the hon member to order, he shall react and not deliver a speech when he puts a supplementary question.

†THE DEPUTY MINISTER: The hon member for Pretoria West can apply to the Independent Development Trust for funds for those cases.

†Mr J CHIOLE: Mr Chairman, further arising from the hon the Deputy Minister's reply, I would like to know whether no application was thus submitted to that body following on a meeting held in Pretoria in this connection.

†THE DEPUTY MINISTER: Mr Speaker, the Independent Development Trust is not a government department. The hon member must appeal to them in these matters and not to the Government.

Business interrupted in accordance with Rule 180C (3) of the Standing Rules of Parliament.

Medical technologists: private practices

*8. Mr M J ELLIS asked the Minister of National Health:

(1) Whether, with reference to her reply to Question No 2 on 16 April 1991, the pathology groups furnished any reasons

for their opposition to the decision by the South African Medical and Dental Council to allow medical technologists to establish their own private practices; if so, what were these reasons;

(2) whether her Department has done any research to ascertain whether this decision has precedents in any overseas countries; if so, in which countries have such precedents occurred?

B1094E

THE MINISTER OF NATIONAL HEALTH:

(1) No, the Department of National Health and Population Development has also no access to information concerning representations made by the pathology groups to the South African Medical and Dental Council;

(2) no, since the profession of medical technology falls within the province of the South African Medical and Dental Council, the Department of National Health and Population Development has not assessed the situation abroad.

Tugela Ferry police station: charges

*9. Mr P C CRONJÉ asked the Minister of Law and Order:

(1) Whether, with reference to his reply to Question No 8 on 14 May 1991 in regard to the charges contained in CR 31/12/89 at the Tugela Ferry police station, the complainants in the case were instructed to attend identification parades in Pietermaritzburg on 20 March 1990, 2 April 1990 and 11 April 1990, respectively; if so, (a) why and (b) what was the outcome in each case;

(2) whether the members of the South African Police who laid the charges referred to in paragraph (4) of his reply to the above question had been involved in any incidents requiring an internal investigation or any other steps to be taken against them; if so, what incidents in each case?

B1096E

THE MINISTER OF LAW AND ORDER:

(1) Yes.

(a) Although the suspects were known, it was regarded as necessary, for purpose of completeness of the investigation, to hold an identification parade.

(b) The parades were not held because on numerous occasions the suspects had to perform essential duties elsewhere at short notice to stabilise the unrest situation in Natal. As a result of the urgency in having to finalise the investigation, the case docket was referred to the Attorney-General to determine whether he could reach a decision on whether or not to prosecute on the available evidence in the docket.

On the basis of the available evidence, he has since decided to institute prosecution against two members, one ex-member of the Force and a member of the KwaZulu Police Force.

(2) Since then, one of the members has resigned from the Force and no internal investigation, or other steps are being taken in respect of him. In view of the prosecution which is being instituted against, inter alia, the other member, it will not be in the interest of the administration of justice to disclose information of this nature. The member concerned has, however, been transferred from the area.

Grants to foster parents: equalisation

*10. Mr R F HASWELL asked the Minister of National Health:

(1) Whether, in view of the impending removal of racial restrictions on the fostering of children, it is the intention to equalise the grants paid to foster parents; if not, why not; if so, (a) when and (b) what procedure will be followed in this regard;

(2) whether she will make a statement on the matter?

B1099E

THE MINISTER OF NATIONAL HEALTH:

(1) Yes.

HOUSE OF ASSEMBLY

SA's housing headache

Star 4/16/91

123

By Kaizer Nyatumba
Political Staff

The acute shortage of housing in South Africa would remain a major problem for the next 10 to 15 years and considerable amounts would have to be spent to address the issue, according to South African Housing Advisory Council (SAHAC) chairman Dr Joop de Loor.

Interviewed by the RSA Policy Review, a monthly Government publication, Dr de Loor — whose council was commissioned last year to advise the Government on a new national housing policy — said the new housing strategy had to be relevant for at least 10 to 20 years and priorities had to be modified from year to year depending on circumstances.

Dr de Loor, who said the housing shortage would "remain a bottle-neck for the next 10 to 15 years" and that much money would be needed to deal with it, stated that the rapid rate of urbanisation would continue for the next decade or so



Dr Joop de Loor . . . housing shortage will remain a bottle-neck for the next 15 years.

before levelling off. Squatting, he said, could not be wished away and would become fairly common in future. However, disorderly squatting on private land had to be prevented.

"It is necessary that squatters be permitted to settle on identified land where minimum health standards apply and

which is as close as possible to areas of employment.

"Even if nothing but clean water, a place for shelter and some or other inexpensive form of sewage disposal are provided, the hazard from a health angle is eliminated."

Dr de Loor said the proposed new housing strategy would have to address two separate but interdependent factors. In addition to giving a clear indication of the manner in which the bridging period between the present and a new constitution should be handled, it also had to state how housing at all levels — structural, institutional and financial — should be managed in a new dispensation.

Dr de Loor said the housing policy's aim was to allow maximum participation and aid from the private sector and other countries.

The policy had to be such that the State would be the facilitator in channelling aid, and overseas organisations which wished to develop residential areas had to be allowed to do so, to save the State money.

The SAHAC chief said that since the approval of the White

Paper on Urbanisation in 1986, about 111 000 hectares of additional land, most of it in the metropolitan areas, had been identified for urbanisation. The main problem was converting that land into erven for the low-income groups.

Dr de Loor said that following a previous investigation it had been established that the amount the State had to spend on housing must increase from less than 2 percent to at least 2.5 percent as a percentage of the total Budget and from 2.5 to 2.63 percent as a percentage of gross domestic product.

He said the housing backlog could be eradicated only if sufficient funds were made available long before the urbanisation curve started levelling off within the first decade of the next century.

"In comparison with countries such as Hong Kong, Mexico, Singapore and Greece, South Africa does not spend enough on housing as a percentage of its gross domestic product. The country's priorities will, therefore, have to be rearranged to catch up and keep up," Dr de Loor said.

Brackenfell

rates up 15%

from 4/6/91
Tygerberg Bureau 123

BRACKENFELL rates and charges for refuse removal and sewerage are to rise by 15 percent and water by 36 percent.

The town's operating budget for 1991/92 increases by 15 percent to R24 million. The capital budget is R8,9 million.

Capital works allocations include R710 000 for streets, electricity R3,3 million, water-works R3 million, sewerage R325 000, warehouses R380 000 and R527 000 for vehicles.

Electricity costs will change when Eskom announces its new tariffs.

No provision has been made for value added tax which will be charged in addition to the increases.



CITY

R3 million back-rent owed to City Council

By CLIVE SAWYER
Municipal Reporter

MORE than R3 million is owed to Cape Town City Council in arrear rent.

About half of the council's tenants had not paid rent due by May 7, while 22,68 percent had owed rent for more than a month.

A report tabled at today's housing committee meeting said R559 798 rent was a month overdue and R2 620 599 more than a month late.

The worst areas for late payments were Mitchell's Plain (R829 002), Manenberg (R604 014), Kalksteentfontein (R420 965), Bon-

teheuwei (R256 939) and Hanover Park (R253 179).

Meanwhile, there were more than 43 000 people on the waiting list for housing by the middle of last month, according to another report tabled at the meeting.

Between April and May council staff had 335 new applications for housing and handled 1 440 interviews and 1 549 telephone inquiries.

However, no new dwellings were available for rent.

A city planner's report said it was unlikely that funds would be allocated in the new financial year for housing for the elderly.

A 71-house proposal in the Bo-

Kaap was on ice because the sale of two plots to help pay for the project had been postponed.

Some projects were on track, including a high-density pilot project in Lavender Hill and a 434-unit self-help scheme in Mitchell's Plain.

The council is involved in land trading with various bodies, including the Department of Community Development, the Defence Force and Spornet, and land and rented dwellings are being sold.

By April 19 340 of a total of 30 552 rented dwellings earmarked for sale had been sold, a report said.

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AUGUS 4/6/91

CRITICAL CONSUMER

PAT SIDLEY



Don't let the owner lord it over you

W/Mail 28/6-4/7/91. (123)
WHEN the going gets tough, landlords can turn nasty, and when tough going is combined with a rented accommodation shortage, they can become unspeakable.

It seems to go in waves. In reasonable economic times when people can move out and buy houses, landlords seem to make adjustments to keep their tenants in their flats. This includes maintaining properties reasonably, not jacking the rent up twice a year, sticking to the obligations of the lease, and so on.

But all kinds of abuses seem to arise the moment the landlord gets the opportunity.

It has been a long time since the notorious Chaim Wainer terrorised the elderly occupants of his buildings in a bid to hoof them out and jack up the rents. Unfortunately some of the statutory protection of tenants, like rent control, has disappeared with him.

But his spirit lives on in some of the common law protections that tenants have.

Those living in rented accommodation need to know the basic protections provided in common law (for there is not much else).

When an lease agreement is signed, it does not only place obligations on the tenant to pay the rent on time, not make a noise in the corridors and so on.

It places obligations on landlords too. These are clearly stated in the lease and often relate to the notion that landlords will look after the property and fix it when necessary. They will also, it is often implicit, supply water and electricity. However, they are not allowed to "resell" the water. Often, rental invoices simply bill the tenant a monthly, unmetered, flat rate for water — say R40.

This is illegal. Water usage has to be metered and can only be billed at the rate the water authority charges. And tenants have the right to know how much water they are consuming.

Water cannot simply be cut off and if landlords begin doing this, local authorities should be contacted.

Electricity is slightly different. Once again, usage must be metered and tenants have a right to that information. Landlords contract the metering out to private companies who find it too cumbersome and expensive to send along readings to each tenant. And so tenants usually have to ask for this information if they want it. In this critical consumer's opinion, it ought to be a legal compulsion on a landlord to supply all this information monthly.

Some landlords cut the electricity when they wish, to punish the tenant for some wrongdoing. This is an outrageous occurrence, practiced by some of the largest landlords and should be specifically outlawed.

The situation changes when the lease expires. If the tenant continues to live in the flat, paying rent, which is accepted, then an agreement exists under common law and the tenant has a modicum of protection. The landlord still has to maintain the property and see to reasonable repairs.

But some landlords seem to imagine their obligations in this regard end with the lease — and tenants ought to fight this point.

Landlords can of course evict tenants when they materially break the lease.

If a lease says the rent must be paid on the first of the month, failing which the lease will be cancelled, the landlord has the right to cancel the lease if the rent has not been paid. However if the tenant does not budge, the landlord cannot then lock the tenant out of the flat, or evict the tenant, without first seeking a court order. The landlord may, too, try and attach the property of the tenant if he feels the tenant is about to disappear without paying. But one major bank/landlord recently attempted to lock out a tenant without a court order and had to be stopped by a lawyer.

Landlords who have accepted late payments of rent over the course of, say, 18 months or two years or more, sometimes for years after the lease has ended, are also asking for a problem if they suddenly threaten the tenant with cutting off the electricity if the rent is not in by the 1st. Much will depend on what is in writing, and what has been agreed between the parties, but generally if it comes to a fight a court will give the benefit of at least seven days in the event of an argument.

Also, a court would look at the record of the landlord who may have accepted the rent on the 10th for two years and then suddenly changes his mind. He may well have waived his right to that clause in the lease which states he can have his rent on the 1st.

Tenants should not simply accept what their landlords do and say. Tenants rights are few are far between but they do actually have some.

■ Ameen Akhaway is in Mecca and his column will appear again in a fortnight

Non-residential sector stagnant

By Wendy Slobin

123

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LINDA ENSOR

CAPE TOWN — The non-residential property market is largely stagnant with market rentals declining in real terms, but the residential sector is still buoyant in most areas, the latest quarterly Rode's Report on the South African property market says.

As the property market lags the business cycle, no change is expected soon.

House prices in Johannesburg and Cape Town have performed exceptionally well, especially in the upper bracket, the report adds. However, the growth rate in flat rentals is slowing down in the Transvaal.

The report says no significant movement in capitalisation rates have been noted in the first quarter of this year compared with the previous quarter.

Grade A office rates are generally moving sideways as they have been doing for over a year. Rode reports that for the second time in recorded history, capitalisation rates for Grade A offices in the Cape Town CBD are lower than those in central Johannesburg and are now on a par with sought-after nodes of Rosebank and the Sandton CBD.

Capitalisation rates for shopping centres showed little variation in the first quarter though there was a significant decline in Cape Town and Durban rates over the past year, boosting capital values.

"Industrial rates showed little movement in the first quarter, but also show a downward trend over the past year."

In the medium term property unit trusts and loan stock companies are still offering good value at their current price relative to directly-held property and industrial shares.

The report says the decline in real terms in the office market continues as nominal office rentals still remain largely stagnant. "In addition, negative take-up has reared its head over the past six months in Braamfontein and Pretoria CBD."

According to Rode, shop rentals have hardly changed in nominal terms in the last quarter while industrial rentals declined in nominal terms.

"Seen over the longer term, rentals of smaller units have held up better."

Non-residential building activity is still relatively buoyant as a result of which contract prices, as measured by the BER Building Cost Index "are still growing at a surprisingly high rate".

"Residential building costs reflect the sorry state of this industry. At the end of last year, contract prices for mass housing schemes were growing at 10%, compared with 12% for custom-built houses."

- (2) The number of commuters involved in each of the relevant financial years is not available. The number of subsidised trips determined according to the number of bus tickets sold, between the relevant places is as follows:

(a) Qwaqwa and Harrismith —

Financial year	Number of commuters
1984/85	2 912 572
1987/88	3 969 196
1989/90	4 180 716

(b) Qwaqwa and Bethlehem —

Financial year	Number of commuters
1984/85	187 538
1987/88	164 358
1989/90	148 824

(c) Qwaqwa and the Orange Free State Goldfields—None.

(d) Qwaqwa and Kroonstad—None.

(e) Qwaqwa and the PWV area—None.

Lohathla farms: Coloured farmers

399. Mr J H HOON asked the Minister of Public Works and Land Affairs:†

- (1) Whether certain farms that were earlier purchased for the purposes of the South African Defence Force at its Army Combat School at Lohathla have since been made available to Coloured farmers for their use; if so, (a) which farms and (b) what is the size of each farm;
- (2) whether these farms have been alienated to another body or person; if so, (a) to what body or person and (b) at what price.

The MINISTER OF PUBLIC WORKS AND LAND AFFAIRS:

- (1) Yes, but also for other requirements of the community. As the presence of a number of Coloured families (Khosis community) in the centre of the training site of the Army Combat School at Lohathla obstructed the proper use of the area for training purposes and also endan-

gered the lives of the community, it has been decided, in conjunction with the parties concerned, to move the community to another part of the training site. The following properties have been placed at the disposal of the Administration: House of Representatives for this purpose:

- (a) (i) Seretsencho 443
(ii) Metsenten 444
(iii) Heuningvlei 442
(iv) Goedgedacht 452
(v) Portions of Farms 438 to 441 and Mimosa 454
- (b) (i) 1 951 hectares
(ii) 1 951 hectares
(iii) 3 889 hectares
(iv) 3 318 hectares
(v) 2 881 hectares

(2) No.

Own Affairs:

Building of housing units in RSA

79. Mr P G SOAL asked the Minister of Welfare, Housing and Works:

Whether his Department intends building any housing units in the Republic in 1991; if not, why not; if so, (a) in which centres will they be constructed and (b) how many units will be constructed in each of these centres?

The MINISTER OF WELFARE, HOUSING AND WORKS:

Yes, the Department of Local Government, Housing and Works approved funds for the 1991/92 financial year to enable local authorities and welfare organisations to erect housing units in the following regions:

(a)	(b)
Northern Transvaal	894
Southern Transvaal	1 519
Natal	218
Eastern Cape	350
Western Cape	1 078
Northern Cape	42
Orange Free State	175

INTERPELLATIONS UNDER NAME OF MEMBER

Burrows, Mr R M—
Own Affairs:

Education and Culture, 603, 1064, 1666
Welfare, Housing and Works, 1252

Carlisle, Mr R V—
General Affairs:

Home Affairs, 10

Cassim, Mr M F—
Own Affairs:

Education and Culture, 345

Chetty, Mr K—

General Affairs:

Law and Order, 681

Dalling, Mr D J—

General Affairs:

Correctional Services, 1738

Eglin, Mr C W—

General Affairs:

Foreign Affairs, 429

Gerber, Mr A—

Own Affairs:

Education and Culture, 36, 460, 1554, 1759

Haswell, Mr R F—

General Affairs:

Law and Order, 286

Planning, Provincial Affairs and National Housing, 65

Herandien, Mr C B—

Own Affairs:

Housing, 125

Hoon, Mr J H—

General Affairs:

Foreign Affairs, 1428

Planning, Provincial Affairs and National Housing, 567

Jacobs, Adv S C—

General Affairs:

Home Affairs, 421

National Education, 1221

Landers, Mr L T—

General Affairs:

Justice, 251

Langley, Adv T—

General Affairs:

Defence, 281

Own Affairs:

Agricultural Development, 891

Leon, Mr A J—

General Affairs:

Law and Order, 1226

State President, 1421

Own Affairs:

Budget and Local Government, 317

Education and Culture, 109

Le Roux, Mr F J—

Own Affairs:

Chairman of the Ministers' Council, 1339

SOWETAN
Building the Nation

DISABILITY

SOWETAN
Building the Nation

Home - a right,

not a privilege

Devetan 6/6/91

123

UP UNTIL today, we've been investigating two exciting - but still relatively expensive - forms of home ownership.

Firstly, we took an in-depth look at conventional housing, which ranges in price from just over R35 000 for the lowest-cost housing package (house plus ground plus costs) to hundreds of thousands of rands.

We discovered that to buy the cheapest conventional house (using available current subsidies), you would need a household income well in excess of R1 000 a month. In addition you would need to have saved a minimum of R7 000 for your deposit.

Home ownership is not a privilege. It is a just reward for hard work and perseverance. But how do you set about buying ground then financing, building and maintaining a home? Join us every Thursday to learn the answers and if you still have any questions, write to Jacky, PO Box 260835, Excom 2023.

Secondly, we discussed starter housing. An FHA Homes starter house is a small, solid, basic house, specially designed to be expanded and upgraded in the future.

Brand-new starter houses range in price from around R28 000 to R35 000, fully-serviced stand included. A home buyer would need a household income of R1 200 a month and a cash deposit of R1 400 to buy the least expensive starter house package available on today's

market.

Not every family, however, can afford conventional or starter housing. Nor would everybody want to spend their money this way.

But everybody needs a roof over his or her head.

Up until now the only alternatives to buying a conventional or starter house have been to rent accommodation or to build your own house or shack wherever you could find a piece of ground. But if you live in a shack on someone else's

ground, there are many problems you may have to face.

For a start, you may be at risk of being evicted. In addition, if you do not have easy access to clean water and sanitation your family's health could be at risk. There is also a high security risk if you live, for example, in a squatter camp.

Some people have been luckier than others and have managed to build informal houses in areas such as Orange Farm or Zonkizizwe.

For many thousands of families, however, there remains a desperate need for the opportunity to build their own home on their own ground in a safe, healthy environment.

An important start in this respect has been the recent announcement by the Independent Development Trust of a major programme aimed at helping families earning less than R1 000 a month to build on their own land.

The IDT realises that people want to own and control their own ground without fear of loss or

eviction.

They need decent health services - water and sewerage. They need to live within reach of their workplaces and they need to be able to travel or visit friends reasonably quickly and easily.

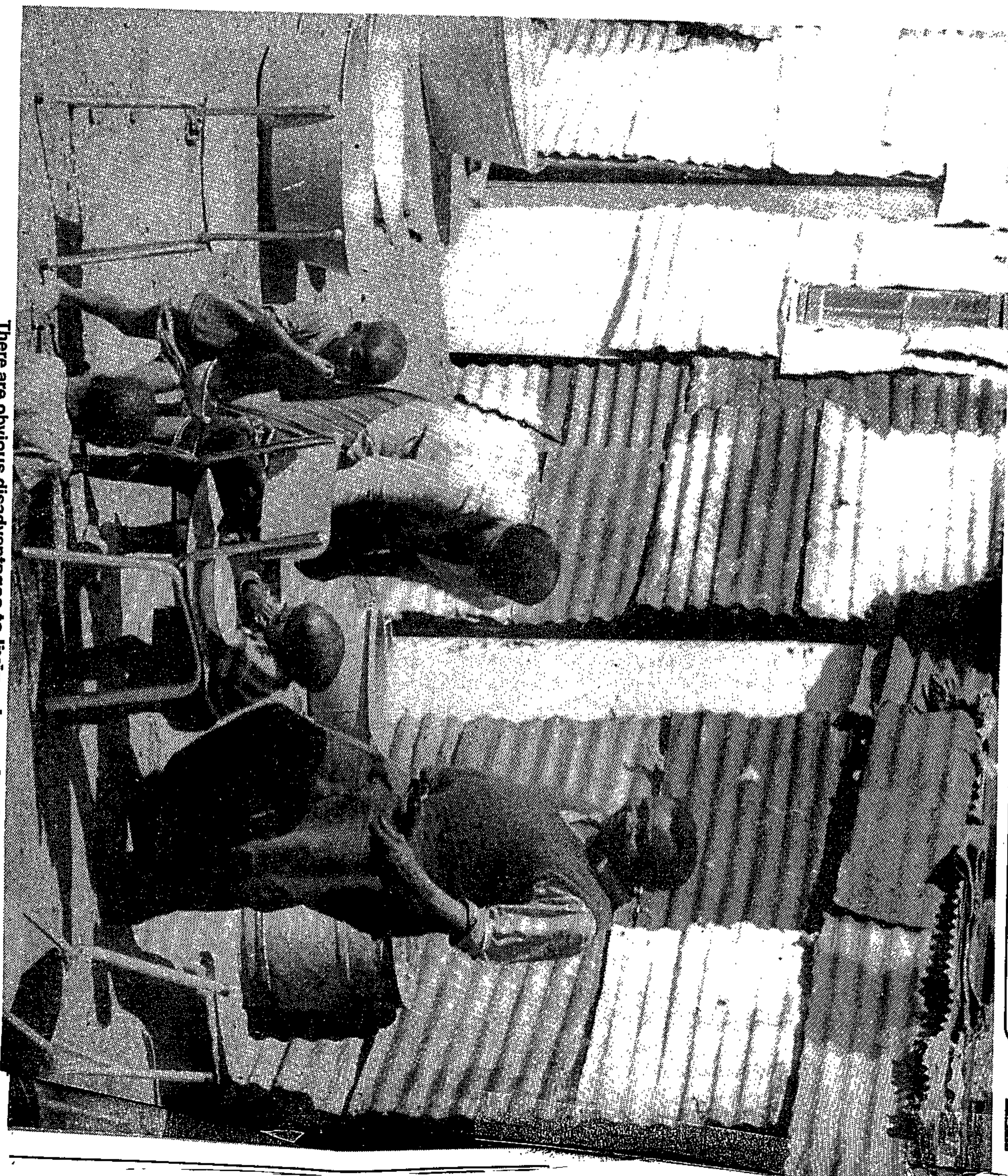
And in addition the IDT realises that educational, social, commercial, health and recreational facilities are a vital part of community life.

Having the opportunity and means to help ourselves is an integral part of nation building, so next week we are going to meet a man who is determined to make a success of his life, even though he has very little at present.

Thabo's shack was recently burnt down. His family's income is less than R1 000 a month and at present he is struggling to house, feed and clothe them.

Will Thabo soon be able to obtain his own piece of ground and build a house in a safe, convenient area?

The answer is "yes" - and next week we'll find out how this can be done. - Prepared by FHA Homes



There are obvious disadvantages to living in a shack.

123

6/19/91

Land Bill a 'boon to property market'

Bl Day 7/6/91

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123

SM
SA

CAPE TOWN — The passage of the Upgrading of Land Tenure Rights Bill would open new doors in SA's property industry, Deputy Land Affairs Minister Japie van Wyk said yesterday.

Introducing debate on the measure, he said the Bill aimed to give full rights of ownership to landholders in black townships. It would also create hundreds of thousands of property owners.

This should result in "a property market that will grow from strength to strength".

The surveying and deeds registration functions would be combined in a central system. No registration fees would be payable for these conversions to full title, Van Wyk said.

However, CP deputy leader Ferdi Hartzenberg said the Bill would lead to heightened tension and violence in SA. It would destroy the principle of occupation of land by a people by making it available to persons of other groups. This would create uncertainty.

"We are convinced that this Bill is trying to widen the privilege of land ownership in a highly artificial manner. This will bring destruction."

The measure was discriminatory because it laid down that black tribal land would be protected from being sold off for 10 years, while white land was opened to all.

Jac Rabie (NP Reigerpark) said the Bill would have the effect that land would never again be able to be taken from an owner by the stroke of a pen.

He supported the Bill because the government was showing it was ridding itself of racism.

Amichand Rajbansi (NPP Arena Park) said he supported the Bill. It was part and parcel of the reform package on the ownership of land in SA.

The Bill had its imperfections, but when it was implemented these would become conspicuous, he said. — Sapa.



Repeal brings no joy to homeless

THE repeal of the Land Acts has not fulfilled the fundamental objective of the dispossessed black people, the president of Azapo said yesterday.

Mr Pandelani Nefolovhodwe said in a statement: "Azapo considers the reconquest, ownership and redistribution of land as a vital and cardinal objective of the oppressed and dispossessed.

"The homeless will still be homeless, the ownership of the land is still in the white hands, either in the form of land owned by white companies or by individual white landlords.

"Black people have no resources nor the collateral to purchase this land from white people.

"White people are also not going to release the land free to the poor with the result that the status quo remains, save to mention that discrimination is now no longer part of the statutes.

Meanwhile the scrapping of the Group Areas

By THEMBA MOLEFE
and
Sowetan
Correspondent



NEFOLOVHODWE

Act has been widely welcomed in Natal by churches, community organisations and political groupings alike.

The director of Diakonia in Durban, Mr Paddy Kearney, said although the Act should have been scrapped years ago, the news was "very welcome".

He said the Act had had a devastating effect on communities in South Africa, and had also affected the work of the church severely as it had divided communities.

He urged people to welcome their new neigh-

bours moving into their areas "so that some of the hurt that apartheid has caused can be eased".

Spokesmen for the ANC and the IFP both welcomed the move and promised further official statements later.

However, conservative groupings are clearly unhappy with the Government's move.

"What's changed?" Civic Action League chairman and Durban city councillor Mr Arthur Morris remarked.

"Group Areas has unofficially been gone for quite a few months now."

"The fact that it has now been officially scrapped just bears out what I have always said - the Nats are the biggest liars in creation.

"They promised in the last general election to uphold separate development; that we would maintain our own schools and own residential areas:

"They're acting completely in opposition to their mandate from the white electorate."

Sowetan 716191

123

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

Transvaal

There are no old-age homes in the Transvaal under the control of the Transvaal Provincial Administration.

(a) to (d) Fall away.

Natal

Yes.

(a) Ethembeni Old Age Home—Plessislaer, Zibambeleni Old Age Home—Clernaville.

(b) Ethembeni—9 beds.

Zibambeleni—160 beds.

(c) Ethembeni—5.

Zibambeleni—25.

(d) 16 May 1991.

Cape Province

There are no old-age homes in the Cape Province under the control of the Cape Provincial Administration.

(a) to (d) Fall away.

Orange Free State

No.

(a) to (d) Fall away.

Black housing: backlog

383. Mr P G SOAL asked the Minister of Planning, Provincial Affairs and National Housing:

(a) What is the extent of the housing backlog for Blacks in respect of each of the nine development areas in the Republic of South Africa and (b) in respect of what date is this information furnished? B1012E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

(a)	(b)
Development area and backlog	Date on which the information is furnished
<i>Cape Province</i>	
A — 133 433	30 April 1991
B — 25 221	31 March 1991
D — 100 101	30 April 1991

Orange Free State
Region C

(1) (a) (i) 5 689 (123)
(ii) 4

(b) 5 693

(2) Increase

Natal

Region E

(1) (a) (i) 1 044

(ii) None

(b) 1 044

(2) Decrease

Teacher/pupil ratio

393. Mr K M ANDREW asked the Minister of Education and Training:

(a) What was the teacher/pupil ratio in (i) primary and (ii) secondary schools under the control of his Department as at the latest specified date in 1991 for which figures are available and (b) what were the equivalent ratios in 1988, 1989 and 1990, respectively? B1036E

The MINISTER OF EDUCATION AND TRAINING:

(a) (i) 1:39,73

(ii) 1:36,36

NOTE:

These calculations are based on preliminary statistics as at 5 February 1991 and do not include combined and intermediate schools.

(b) (i) 1:39,65 1:40,68 1:40,17

(ii) 1:32,65 1:34,19 1:34,13

NOTE:

These calculations are based on information collected on the first Tuesday in March of the respective years.

Classroom/pupil ratio

394. Mr K M ANDREW asked the Minister of Education and Training: (50)

(a) What was the classroom/pupil ratio in (i) primary and (ii) secondary schools under the control of his Department as at the latest

specified date in 1991 for which figures are available and (b) what were the equivalent ratios in 1988, 1989 and 1990, respectively? B1037E

The MINISTER OF EDUCATION AND TRAINING:

(a) (i) 1:42,18

(ii) 1:46,78

NOTE:

These calculations are based on preliminary statistics as at 5 February 1991.

1988 1989 1990

(b) (i) 1:42,93 1:42,26 1:42,48

(ii) 1:39,01 1:39,77 1:41,96

NOTE:

These calculations are based on information collected on the first Tuesday in March of the respective years.

Tvl Townships Board members

395. Mr D J DALLING asked the Minister of Planning, Provincial Affairs and National Housing:

(a) Who were the members of the Transvaal Townships Board as at 1 May 1991 and (b) what, in each case, are the (i) names, (ii) ages, (iii) dates of appointment, (iv) academic qualifications, (v) past employment experience and (vi) cities of residence of these members? B1054E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

(a) Mr S J Schoeman

Mr J N P du Plessis

Mr M A Jaffer

Mr D P Kirstein

Adv P G W Grobler

Mr C Kuun

Mr C C C van Eeden

Mr E Naudé

Mr G Hugo

Mr W Arends

Mr D J L Kamfer

Mr J S van der Walt

Mr D P Wilcocks

Mr D G Raath

Mr G Visser

Mr M RAJAB: Mr Chairman, I think the hon Deputy Minister is quite aware of our position on this particular issue. I want to submit to this House that in my view it is regrettable that an important theme such as this should be debated merely by way of an interpellation in which I have only two minutes in which to address it. I must sympathise both with the hon Deputy Minister and with the hon member responsible for having this interpellation placed on the Order Paper.

There is an issue that one can address at this point in time and that is the issue that was raised by the hon the Minister, the question of scandal-mongering. It is precisely that issue that we in the DP would like to address. We would not like irresponsible statements to be made in regard to these important issues.

We believe that the entire issue of the hit squads has not yet been fully resolved. In that regard we would like to support the interpellation, or the general thrust of the interpellation that in fact we should look at this whole issue afresh, perhaps by way of a commission of inquiry under the full glare of public scrutiny. In that regard I think perhaps the hon the Minister would consider making public a kind of indemnity which would allow people to come forward without fear of leading the evidence we need.

I wish to state again that we do not believe the last word has been said on hit squads. I think this is an issue that needs to be debated fully, perhaps in another debate.

Mr P NAIDOO: Mr Chairman, I would have expected the hon the Deputy Minister to have reassured this House that the findings of the Harms Commission were not the last word on the sordid CCB affair, more especially in the light of the evidence unearthed in the Neethling case. Instead he has seen fit to treat this as the work of common criminals when that is clearly not the case.

The findings of Mr Justice Harms were undoubtedly vitiated by the limitations on the commission and the open defiance of the commission by some witnesses. Mr Justice Harms conducted these investigations hampered by severe disabilities. The commission's terms of reference were woefully restricted to the internal activities of the CCB; yet it is common knowledge that the CCB was equally active beyond the borders of the

country. Despite instructions to co-operate by no lesser person than the hon the State President himself, key witnesses frustrated the efforts of the commission by refusing to testify and, to boot, with impunity. Crucial and damning evidence was withheld from the commission and, in some instances, destroyed. To this very day none of these culprits has been brought to book for flagrantly hindering the commission. The hon Deputy Minister must tell this House whether he intends prosecuting these people. Surely such obstructionism must constitute an offence in terms of the Commissions Act.

I also appreciate that we are in a stage of reconciliation and must necessarily forgive and forget. However, there are people out there who have lost children, spouses and parents in the most vicious manner. The least we can offer them is to let them know what has happened to their loved ones. [Time expired.]

Mr D K PADIACHEY: Mr Chairman, I want to thank the hon member Mr Naidoo and the hon member for Springfield for supporting me. One has no doubt of the competence of the police, but at the same time one must not turn a blind eye to the accusations levelled at them.

There are still a lot of questions that have remained unanswered despite the Harms Commission's enquiry. We are still looking at what has happened with regard to the Lubowski and the Webster issues. These questions have remained unanswered up to now. It is not really right or just for us to say the Harms Commission was fair, because it is known that the Harms Commission was under the Government's eye and that there was no legal input from human rights organisations. In the view of the extra-parliamentary forces, it therefore seems that we have been one-sided. We have said that at this present moment, when we are moving towards that new South Africa, we strongly recommend that an independent commission be set up. [Time expired.]

The DEPUTY MINISTER OF JUSTICE: Mr Chairman, the hon members for Central Rand and Springfield and the hon member Mr P Naidoo argued very forcefully that the Harms Commission should not and cannot be the end. I can give the hon members that assurance. The Harms Commission is not the end. In certain respects, it is the beginning.

The hon member for Central Rand referred to the Webster case. What are the facts in that case? The Webster case is being investigated by the Attorney-General of the Witwatersrand, and the hon the Minister is on record as saying that if no person is identified as the perpetrator, he will have the matter investigated by a judge at an inquest. I would submit to the hon member that there are no better and more effective measures available to us than that. That is the point I wanted to make.

It was also argued by the hon member Mr P Naidoo that a commission has certain disabilities, and that is a fact. To appoint another commission with the same disabilities will not be the solution. It is submitted that investigations by attorneys-general in close co-operation with the Police do provide quick and effective justice, as do inquests presided over by judges. We have implemented such procedures in the past few months and they have shown very good results. I would submit that these instruments should be used and are being used in this very matter. Debate concluded.

QUESTIONS

†Indicates translated version.

For oral reply:

General Affairs:

Hospitals in Phoenix/Durban

*1. The LEADER OF THE OFFICIAL OPPOSITION asked the Minister of National Health:

- (1) Whether any progress is being made in respect of the (a) hospital in Phoenix, Durban, and (b) academic hospital in Durban; if not, why not; if so, what progress;
- (2) whether she will make a statement on the matter?

D190E

The MINISTER OF NATIONAL HEALTH:

- (1) (a) Various alternatives are presently being investigated by the House of Delegates under the leadership of the hon Minister in order to provide the necessary hospital facilities in

Phoenix, Durban. A final decision on the matter will be taken in course of time and

- (b) various alternatives are presently being investigated in order to provide efficient training facilities for the Faculty of Medicine of the University of Natal. A final decision on the matter will be taken in course of time;

(2) no.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, arising out of the reply of the hon the Minister, is it not correct that the decision to establish a hospital in South Africa is a general affair, and that after that decision has been made, it is decided whether the hospital will be administered as an own affairs or a general affairs hospital?

The MINISTER OF NATIONAL HEALTH: Mr Chairman, I do not see the relevancy of this question to the question that was put to me in the first instance, but I think the answer is that an own affairs department has the authority to determine and identify the needs of a specific community and then to discuss these with a general affairs Minister in order to have a specific hospital project developed.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, further arising out of the hon the Minister's reply, is she prepared to go and do her homework on this particular matter? [Interjections.]

Single-sex hostels: conversion into family units

*2. Mr M RAJAB asked the Minister of Planning, Provincial Affairs and National Housing:

- (1) Whether his Department has been assigned the task of co-ordinating a programme to convert single-sex hostels into family units; if so, (a) by whom, (b) when and (c) in what manner was this task so assigned;
- (2) whether his Department has completed this programme; if not, (a) why not and (b) when is it expected that the programme will be completed; if so,
- (3) whether he will make a public announcement on this programme; if not, why not; if so, when;

(4) whether he will make a statement on the matter?

123

D191E
The DEPUTY MINISTER OF PLANNING,
PROVINCIAL AFFAIRS AND NATIONAL
HOUSING:

- (1) Yes.
- (a) Within the Department's normal overall function of co-ordinating housing matters of the provincial administrations.
- (b) Since 1986 when the responsibility for Black housing and local authorities was vested in the provincial administrations.
- (c) In addition to the reply in paragraph (a) it can be mentioned that after his visit to Soweto on 4 September 1990, the State President requested the Minister of Health and Population Development to investigate social problems within the hostels. It was found that the poor housing conditions should be upgraded and that the conversion or upgrading should be undertaken in co-operation with the hostel dwellers and the neighbouring communities.

The hostel problem must be viewed against the background of the widespread housing shortage.

Although the conversion of hostels is being monitored since 1986 and progress is being made within the constraints of available funds, the task is far from being completed.

- (2) No.
- (a) In accordance with the State President's instructions and the findings of the Minister of National Health and Population Development as already mentioned in (1)(c), the Minister of Planning, Provincial Affairs and National Housing has requested the provincial administrations to investigate the position of and conditions in each hostel. In pursuance of the results an action plan must be prepared for each hostel.
- Most of the action plans were re-

ceived recently. From the action plan it appears that the hostels are in many cases overpopulated. Alternative accommodation will have to be found for the people who cannot be accommodated in these hostels which will result in major expenditure for the State. The upgrading and conversion costs must, however, still be added to this expenditure.

On 30 April 1991 during his budget speech, the State President mentioned that special attention would be given to the financing of hostel projects with funds obtained from the sale of strategic supplies.

The Provincial Administrators have already been asked to identify hostels for upgrading or conversion and to submit projects for this purpose.

They have at the same time been asked to submit time schedules within which the upgrading and conversion of hostels are going to be completed if funds are made available on short notice.

The availability of funds plays a very important role and, therefore, it cannot at this stage be stated exactly when the project will be completed.

- (3) A public announcement will not be made at this stage for fear of raising expectations. An announcement will be considered as soon as funds are available.
- (4) A statement will be made at a suitable time.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, arising out of the reply of the hon the Deputy Minister, is it not correct that the responsibility to administer these hostels in Natal is entrusted to a member of the Executive Committee and, secondly, is it not correct that an Indian MEC administers the hostels?

The DEPUTY MINISTER OF PLANNING: Mr Chairman, I really do not want to reply to such a racist remark as whether it is an Indian, a White person or a person of colour that administers the hostels. We appoint the administrators and MECs on merit and not because of the colour of their skins.

Secondly, may I just mention to the hon the Leader of the Official Opposition that certain hostels are administered by the State with the provincial administration as their agent. However, there are also private companies which run hostels all over South Africa. The South African Railway Services run hostels. I do not quite know the reason for the hon the Leader of the Official Opposition's question.

123

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, I crave your indulgence. I did not have the time to request something in respect of the question on General Affairs for which the time expired. I want to place on record that if the time had not expired, the hon the Minister of Home Affairs would have adequately cleared me on the issue of the visa of Lata Mangeshkar.

Business interrupted in accordance with Rule 180C (3) of the Standing Rules of Parliament.

Certain organisation: application to bring artist to SA

*3. Mr K PANDAY asked the Minister of Home Affairs:

- (1) Whether, with reference to his reply to Question No 3 on 28 May 1991, his Department received any communication, either in writing or telephonically, from the Department of Education and Culture in the House of Delegates in connection with any recommendations relating to an application by a certain organisation, the name of which has been furnished to the Minister's Department for the purpose of his reply, to bring the artiste Lata Mangeshkar to South Africa; if so, (a) when and (b) what is the name of this organisation;

(2) whether any conditions were suggested by the Department concerned; if so, what conditions;

(3) whether his Department laid down any conditions in respect of the granting of a visa in this regard; if so, what were these conditions?

D194E

The MINISTER OF HOME AFFAIRS:

Because of the controversy regarding the granting of visas to the "Lata Mangeshkar

Group" it is advisable to give a full account of the course of events.

The general policy of the Department is that local talent should be protected. At the same time the public should have the privilege to enjoy exposure to overseas talent. Overseas artists can also play an important role in the development of local talent.

To come to a well-balanced decision, the Department consults as wide as possible. One of the most important sources with which the Department consults is the Department of Education and Culture in the Administration: House of Delegates.

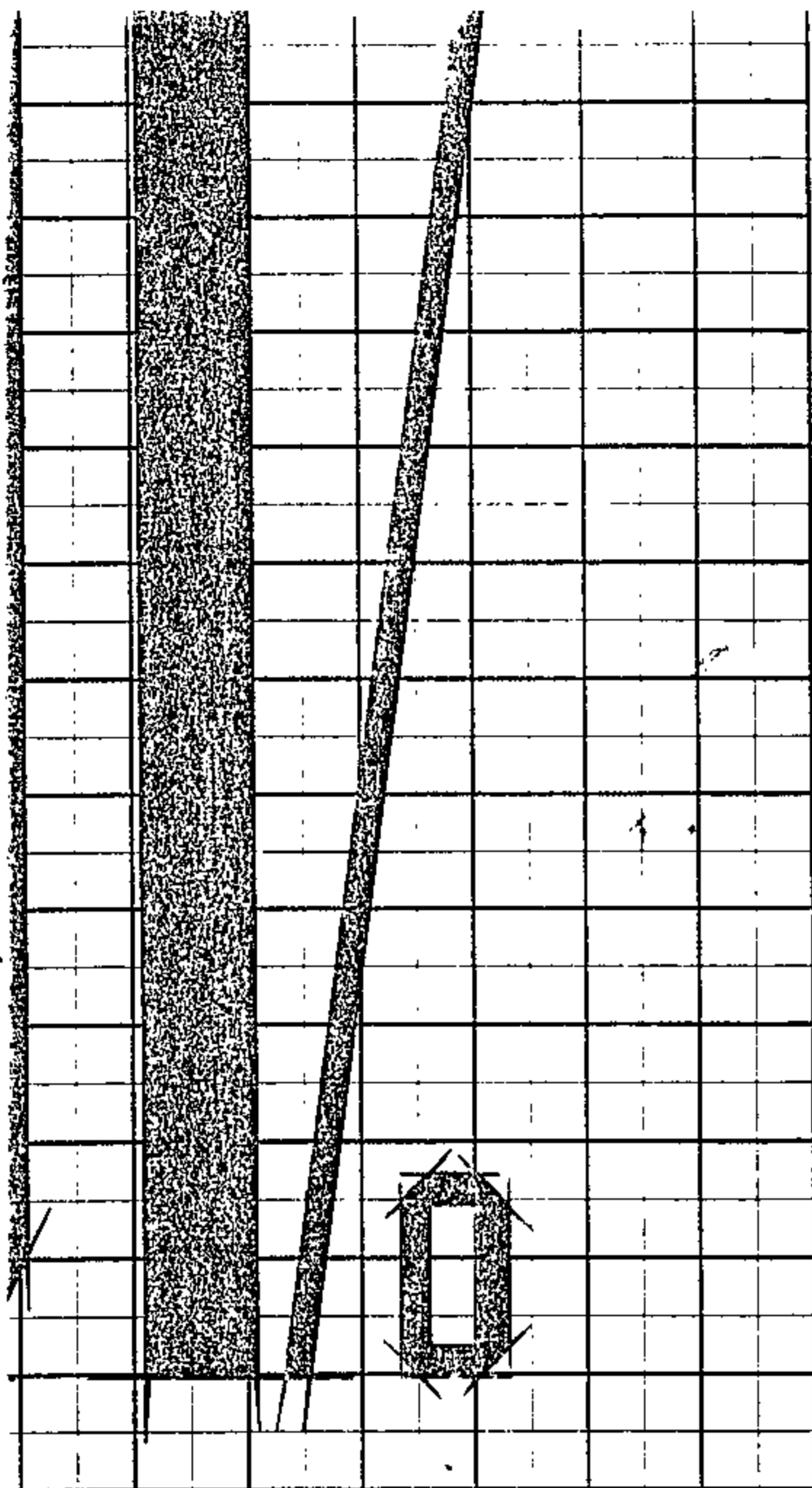
To give the Department sufficient time to do the necessary consultations, it requires that promoters should apply well in advance of the expected time of arrival of artists. Promoters quite often fail to do so with the result that the Department is often faced with the dilemma that a show has already been advertised, halls have already been reserved and tickets have already been sold to the public. Leniency on the part of the Department has also been abused by promoters, often with the intent to harm the box office of other shows arranged by competitive promoters.

The point had been reached where the Department had to clamp down on this practice. All the political parties in the House of Delegates supported the Department in this regard.

In the case of the "Lata Mangeshkar Group" the Department was basically confronted by a similar situation. The Minister of Education and Culture: Ministers' Council: House of Delegates, while supporting the Department to clamp down on late applications, was reluctant to recommend refusal of the entry of a person of the stature of Lata Mangeshkar. The leader of the Opposition concurred with these sentiments.

The Department therefore had to explore the possibility of deferring a decision on this matter which meant initially a refusal of the indicated date of arrival. At no time was the Department of Home Affairs, nor the Department of Education and Culture, nor the leader of the Opposition in principle against admitting Lata Mangeshkar.

Consequently the Director-General held discussions with the promoters, "Sahara Stage



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Protest threatened over bus subsidies

MARC HASENFUSS

Blow 12/6/91.

GOVERNMENT has been given an ultimatum to increase bus passenger subsidies or accept the consequences of widespread work stoppages next month. Soweto Daily Passenger Committee (SDPC) chairman Stephen Sangweni said yesterday that subsidy cuts were forcing Putco to increase bus fares by an average 18% from July.

He said the average black worker could not absorb the excessive hike in fares and the SDPC had unsuccessfully petitioned Putco to contain the fare increase to below 8%.

Sangweni said the SDPC, which has strong support throughout the PWV, would be consulting trade unions to formulate a mass action programme aimed at crippling industry nationwide.

He stressed that industry was not to blame, but rather government's "delaying tactics" in solving the passenger transport crisis.

He said the government's responsibility for passenger subsidies was not negotiable and shifting the subsidy burden to regional services councils or suggesting that employers subsidise workers was totally unacceptable.

Industry sources said there was no short-term answer to passenger transport problems except for the injection of capital into the bus industry.

One transport analyst said no one in government or the Department of Transport had the slightest idea of what to do about the commuter transport problem.

Official backlog of black homes put at 1.03-million

Blow 12/6/91.

CAPE TOWN — The official housing backlog for black South Africans stands at 1.03-million homes, according to the latest statistics provided in Parliament yesterday by Planning, Provincial Affairs and National Housing Minister Hernus Kriel.

In a written reply to a question by Johannesburg North DP MP Peter Soal, Kriel provided a breakdown to show that there was a shortage of 538 000 houses in the Free State, 492 986 in the Transvaal, 469 622 in Natal and 258 755 in the Cape.

The housing crisis is being exacerbated by the recession and political disruptions which have brought the provision of

LESLEY LAMBERT

low-cost housing to a virtual halt. *(123)*

In the Free State, where the housing backlog is greatest, government had approved 5 693 applications for 99-year leases and purchase of property under freehold title by April this year, according to the statistics.

Almost 40 000 similar applications were approved in the Transvaal, 6 631 in the Cape and 1 044 in Natal.

The state no longer built rented accommodation for blacks.

Existing letting units were let with the option to purchase, Kriel said in response to a question last month.

(123)
Blacks need

1,03m homes

CT12/6/91
Political Staff

THE official housing backlog for black South Africans stands at 1,03 million homes, according to statistics provided in Parliament yesterday by Planning, Provincial Affairs and National Housing Minister Mr Hernus Kriel.

In a written reply to a question by Johannesburg North DP MP Mr Peter Soal, Mr Kriel provided a breakdown to show that there was a shortage of 538 000 houses in the Free State, 492 986 in the Transvaal, 469 622 in Natal and 258 755 in the Cape Province.

w/m out 7/6 - 13/6/91

Private sector under pressure to build homes

Weekly Mail Reporter

123

THERE is some relief in sight for builders as the private sector increases its involvement in low-cost housing to alleviate the housing shortage, according to the Bureau for Market Research.

In a recent housing study, the BMR identified trends in black housing which it believes will help the construction sector plan its housing strategy in the townships.

The housing crisis is intensifying daily with the influx of people to the metropolitan areas. Mushrooming squatter camps and the common secondary structures in the yards of township houses point to this crisis. The private sector is coming under increasing pressure to get involved in providing housing in black areas.

Research in the townships found that 41 percent of the residents polled believed they would change their accommodation and 24 percent of them believed their employers would help them finance housing projects.

A study in Tembisa revealed that most residents rent accommodation. Only 26,4 percent of the houses are owned in the older sections. That 85 percent of the housing units in the new development areas were owned shows people are keen to own property.

The wide-ranging study also examined other features of black accommodation such as structural aspects of the buildings, existing additions and improvements to the housing units and the costs of such improvements. The BMR also looked at occupancy levels, the availability of utilities and business activities being conducted on residential stands.

SOWETAN FOCUS PROPERTY

Building the Nation

THE Freedom Charter - as adopted at the Congress of the People at Klip-town, Johannesburg, on June 25 and 26 1955 - deals with many sensitive economic issues.

These issues un-simplistically explained by certain "charterists" and "anti-charterists" in dangerously literal terms.

Clause 8 of the Freedom Charter says: "There shall be houses, security and comfort. 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".

The clause "all people shall ... be decently housed" is at the centre of the housing conflict.

The charterists interpret it to mean that a future South African Government will spend billions of rands to build houses for everyone. This is a utopian state where everyone will own a house; there'll be no homeless people; and the Government will grossly subsidise, or even fully pay for, all the services rendered to the "people".

On the other hand, the anti-charterists believe that the Government must play absolutely no role in the housing sector. These



In this penetrating analysis **BONKE CLAYTON DUMISA** examines the "political clap-trap" surrounding the issue of housing and comes up with a plan he believes will work. Dumisa is a lecturer in business economics at the University of Durban-Westville.

anti-charterists believe that the Government must allow normal forces of demand and supply to determine who has a house or who doesn't. Implied in this assertion is that landlords must have maximum power to exploit their tenants, or that nothing should be done in order to redress the untenable homelessness created by the apartheid laws.

These two approaches to housing are extremist and not helpful to those who want to

build a stable future South Africa.

In South Africa today there are millions of people who need decent housing.

For the State to provide decent housing for these people it means that the State must assume the role of architect, quantity surveyor, building contractor, housing developer, financial institution and estate agent.

Assuming that the people who need decent housing can conservatively be put at not less

Keeping politics out of housing

80 we form 13/6/91

than five million, and that a decent house now costs not less than R50 000, this implies that a future South African Government will need not less than R250 billion in order to meet the housing shortage in South Africa.

A future South African Government cannot afford to spend so much money on this housing bottomless-pit. It may like to do so, but economic realities would not allow it. Citizens would be over-taxed or, alternatively, the Government would need to borrow extensively.

The other problem with government provision of housing is the question: Who qualifies for government housing?

* Does a person who has dozens of leather suits, drives a BMW, has four wives and sixteen children qualify to get a Government house because he cannot afford to finance his bond repayments?

Boycotts

* Does an unemployed alcoholic get a Government house if he had been losing jobs because of his irresponsible behaviour?

* Does a person who earns very little money automatically qualify for Government housing even though he chose not to use the opportunities he had to improve his education, skills, marketability and earning power?

Failure to address these questions has resulted in most Government housing projects being abused by corrupt bureaucrats. Nepotism, bribery, sexual favours, and party affiliation play a major role in the way in which these Government houses are allocated.

Past experience with Government provision

of housing also raises some important questions:

* How will a future Government deal with the normal escalation of costs without risking frustrating rent boycotts? Most people who live in rented Government houses want to pay not more than R40 to cover everything, including electricity, water, waste removal and the municipal infrastructure.

Realistically, can any person truly expect to pay so little for so much?

* How will a future Government deal with house evictions if the tenants default in their rent payments? Will the Government be expected to play Father Christmas and provide free housing if people cannot afford to pay rent?

All these questions asked here deserve careful consideration by everyone who preaches "free housing for everybody". Charterists must not tarnish the usefulness of the Freedom Charter by engaging in unnecessary political clap-trap.

Most Government apologists and pro-apartheid forces on the other hand dismiss future Government involvement in housing as an economic no-no.

What these anti-charterists fail to reveal is:

* Apartheid legislation favoured most whites to buy and own their houses. Many Government houses were sold to whites "for a penny".

* Government provision of housing to many politicians allow these politicians and bureaucrats to have enough funds to invest in housing. It is not unusual for a politician who pays only R50 for a Government house he

lives in to buy an expensive mansion and rent it out at more than R1 000 a month. This allows apartheid beneficiaries to reap big benefits from apartheid legislation.

These are the people who then piously attack the Freedom Charter when it deals with the question of housing.

* The Group Areas Act, Land Acts of 1913 and 1936 and other apartheid legislation made it difficult for blacks to buy and own their houses. This had a multiplication effect on homelessness and the housing shortage. Normal forces of supply and demand can no longer be able to sort this thing out without any Government intervention. Most blacks pay a lot of money for slum-like Central Business District apartments because the owners know that blacks have very little choice. These current exploiters use their ill-gotten gains to acquire more apartment blocks.

Victims

* Most whites are purchasing dilapidated houses at bargain prices. These houses will be resold at super profits now that the Group Areas Act is gone. Will such artificial prices be attributed to normal forces of supply and demand?

All these questions asked here deserve careful consideration by everyone who preaches "free enterprise policies". Anti-charterists are doing the free enterprise concept a disservice by using it to cover-up their political greed.

One cannot talk about free enterprise if those who currently HAVE were apartheid beneficiaries and those who currently are

HAVE NOTS had been apartheid victims.

What we need in a future South Africa is selective Government intervention in the housing sector.

There are a number of ways in which the Government can achieve this:

1 Strategic and simultaneous tax exemption of bond repayments for the first-time home buyers and overtaxing those who are overcharging for their apartheid-assisted acquisitions.

2 Tax exemption for those companies that provide low-cost housing at affordable prices. The government must be vigilant in monitoring this in order to avoid abuses of this system by shrewd business people who just want to make an easy, quick buck.

3 Rehabilitation and retraining of the unemployed in order to use them in producing essential building material like blocks, basic carpentry, and basic plumbing, building construction, painting and landscaping.

The use of these people will have an effect of pushing down the cost of house construction.

4 A future South African Government must cut down considerably on the elaborate and expensive bureaucratic red tape that makes it difficult for people to do their own construction without engaging the services of the expensive builders.

5 People of lower income groups must be exempted from the fringe benefits tax on housing.

6 Significant tax incentives must be given to companies that provide their lower-paid employees with housing assistance.

7 I fully support the ANC recommendation that financial institutions that accept contractual savings like pensions and provident funds must be bound by law to invest at least 10 percent of such funds in low-cost housing.

8 Use more "non white" building companies: They tend to be cheaper than the big-name building conglomerates.

9 Remove politicians from direct involvement with housing. The political corruption that marred the allocation of building sites in black townships and the bribery that was involved in the allocation of Bonnellia homes (run by the House of Delegates) indicate clearly that politicians cannot be trusted when it comes to meeting the housing needs of the disadvantaged.

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**Bid to fund
(123)
housing plans**

Own Correspondent

JOHANNESBURG. — In a bid to protect itself from a multi-million-rand drain on its finances, the Urban Foundation has asked the Independent Development Trust for R17,5m to help fund the restructuring of its five housing utilities companies.

The restructuring will see the foundation reduce sales of housing units, with most of its turnover being generated through site-and-service developments.

Expected losses by the utilities prompted the restructuring.

QUESTIONS

Indicates translated version.

For oral reply:

General Affairs:

Allocation of land/houses: responsibility

*1. Mr K PANDAY asked the Minister of Planning, Provincial Affairs and National Housing: **123**

- (1) Whether his Department will be responsible for administering the allocation of land and/or houses after the repeal of the Group Areas Act, No 36 of 1966; if not, which Government Department will be charged with this responsibility; if so, to what extent;
- (2) whether he will make a statement on the matter?

D198E

The DEPUTY MINISTER OF PLANNING (for the Minister of Planning Provincial Affairs and National Housing):

- (1) The present constitutional arrangements in this regard remain unchanged.
- (2) In terms of Item 5 of schedule 1 of the Republic of South Africa Constitution Act, 1983, community development i.e. housing and the development of land, is regarded as an own affair and the various own affairs departments will continue to administer it. The functions of the Department of Planning, Provincial Affairs and National Housing provincial administrations and the Department of Development Aid in respect of housing and the development of land, will likewise be maintained pending the rationalising of functions and deliberations with a view to a new constitutional dispensation.

VAT: service charges on municipal houses

*2. Mr K PANDAY asked the Minister of Finance: **124**

- (1) Who will be responsible, once value-added tax has been introduced, for paying service charges on municipal houses in cases where prices of houses have not been finalised because of delays by the

HOUSE OF DELEGATES

Minister of Housing or municipality concerned;

- (2) whether he will make a statement on the procedure that will be followed in this regard?

D199E

The MINISTER OF FINANCE:

- (1) Rental of dwellings used for accommodation of a natural person is exempt from value-added tax and municipal rates are not subject to the tax. The supply of services such as water, electricity, gas, sewerage and refuse removal is, however, subject to the tax. The person responsible for the payment of the tax to the State is the person supplying such services. He will normally recover the tax from the person to whom he supplies the goods or services in the consideration he charges for the services.
- (2) No. The procedure to be followed depends on the contractual relationship between the supplier of the service and the person to whom the service is rendered.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, arising out of the hon the Minister's reply, is it not correct that he once stated in the Chamber of Parliament that even he does not clearly understand the VAT details? [Interjections.]

The MINISTER OF FINANCE: Sir, if the hon the Leader of the Official Opposition did not see my tongue in my cheek, it is not my problem! [Interjections.] I would gladly have myself subjected to cross-questioning in any circle. However, I must add that if it were expected of me to become so *au fait* with taxes at the lowest accounting level, I would seek other employment, because then I would act as a consultant, and it would not be necessary for me to work at my present salary! [Interjections.]

Control of medicines: stock/agricultural remedies

*3. Mr N JUMUNA asked the Minister of National Health: **125**

- (1) Whether she intends to extend the control exercised over human and veterinary medicines in terms of the provisions of the Medicines and Related Substances Control Act, No 101 of 1965, to include stock

remedies and agricultural remedies presently controlled in terms of the provisions of the Fertilizers, Farm Feeds, Agricultural Remedies and Stock Remedies Act, No 36 of 1947; if not, why not; if so, (a) why and (b) what are the relevant details;

- (2) whether she will make a statement on the matter?

D203E

The MINISTER OF NATIONAL HEALTH:

- (1) No, there is clear differentiation between a stock remedy and an agricultural remedy on the one side and a veterinary medicine on the other side, according to the respective Acts. They exclude each other;
- (2) no.

Mr N JUMUNA: Mr Chairman, arising out of the hon the Minister's reply, will she agree that the deletion of the reference to Act 36 of 1947 from Schedule 1 to the Medicines and Related Substances Control Bill, will extend control of Act 101 of 1965 to include stock remedies and agricultural remedies? I have the deletion from Schedule 1 here with me.

The MINISTER OF NATIONAL HEALTH: Mr Chairman, I shall have a look at the explanation put to me by the hon member. However, I stand by the explanation provided by my technicians, namely that one excludes the other.

INTERPELLATION

The sign * indicates a translation. The sign †, used subsequently in the same interpellation, indicates the original language.

Own Affairs:

Second access road in Chatsworth: procedure

1. The LEADER OF THE OFFICIAL OPPOSITION asked the Minister of Housing:

- (1) Whether he intends following the same procedure in regard to the second access road in Chatsworth as he did in regard to providing the Chatsworth/Shallcross link road; if not, why not;
- (2) whether he will make a statement on the matter?

D215E.INT

The MINISTER OF HOUSING: Mr Chairman, the answer is no. The provision of this road is the responsibility of the Durban City Council which mooted the road as an essential requirement when the plans for the development of Chatsworth were formulated.

The answer to the second part of the question is no.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, I am surprised that the hon the Minister now says that matter is the responsibility of the Durban City Council. This interpellation is linked to the Shallcross link road which, by virtue of the statement made by the hon the Deputy Minister on 23 May 1991 in this House at the request of the hon the Minister of Housing, is also the responsibility of local government bodies, one of which is the Durban City Council. That is why a loan arrangement was being negotiated.

If, however, one were to put the Shallcross link road and the Chatsworth second access road on a scale, the importance of the Chatsworth second access road would far outweigh that of the Shallcross link road. What we want to know is why there are differences in approach. Why are there double standards? According to the last submission made by the hon the Minister of Housing at the housing advisory committee meeting held in Durban, there is a new designed road. Consequently the question of the new designed road cutting across the Stainbank Nature Reserve is no longer an obstacle.

I think this House and the community deserve an explanation in that the Chatsworth second access road is a direct link to Chatsworth which is a resettlement housing scheme in respect of which the Durban City Council is only the agent of the State. Therefore, one has to consider, on the one hand, a small population which is benefiting and on the other, the welfare and the benefit of approximately a quarter of a million of South Africa's people.

I find it strange and unacceptable that the Department of Housing has not undertaken to appoint consultants to go on tender in order to award contracts in respect of the Chatsworth second access road where we accept that the

HOUSE OF DELEGATES

QUESTIONS

†Indicates translated version.

For oral reply:

General Affairs:

Allocation of land/houses: responsibility

*1. Mr K PANDAY asked the Minister of Planning, Provincial Affairs and National Housing:

- (1) Whether his Department will be responsible for administering the allocation of land and/or houses after the repeal of the Group Areas Act, No 36 of 1966, if not, which Government Department will be charged with this responsibility; if so, to what extent;
- (2) whether he will make a statement on the matter?

D198E

The DEPUTY MINISTER OF PLANNING (for the Minister of Planning Provincial Affairs and National Housing):

- (1) The present constitutional arrangements in this regard remain unchanged.
- (2) In terms of Item 5 of schedule 1 of the Republic of South Africa Constitution Act, 1983, community development i.e. housing and the development of land, is regarded as an own affair and the various own affairs departments will continue to administer it. The functions of the Department of Planning, Provincial Affairs and National Housing provincial administrations and the Department of Development Aid in respect of housing and the development of land, will likewise be maintained pending the rationalising of functions and deliberations with a view to a new constitutional dispensation.

VAT: service charges on municipal houses

*2. Mr K PANDAY asked the Minister of Finance:

- (1) Who will be responsible, once value-added tax has been introduced, for paying service charges on municipal houses in cases where prices of houses have not been finalised because of delays by the

HOUSE OF DELEGATES

Minister of Housing or municipality concerned;

- (2) whether he will make a statement on the procedure that will be followed in this regard?

D199E

The MINISTER OF FINANCE:

- (1) Rental of dwellings used for accommodation of a natural person is exempt from value-added tax and municipal rates are not subject to the tax. The supply of services such as water, electricity, gas, sewerage and refuse removal is, however, subject to the tax. The person responsible for the payment of the tax to the State is the person supplying such services. He will normally recover the tax from the person to whom he supplies the goods or services in the consideration he charges for the services.
- (2) No. The procedure to be followed depends on the contractual relationship between the supplier of the service and the person to whom the service is rendered.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, arising out of the hon the Minister's reply, is it not correct that he once stated in the Chamber of Parliament that even he does not clearly understand the VAT details? [Interjections.]

The MINISTER OF FINANCE: Sir, if the hon the Leader of the Official Opposition did not see my tongue in my cheek, it is not my problem! [Interjections.] I would gladly have myself subjected to cross-questioning in any circle. However, I must add that if it were expected of me to become so *au fait* with taxes at the lowest accounting level, I would seek other employment, because then I would act as a consultant, and it would not be necessary for me to work at my present salary! [Interjections.]

Control of medicines: stock/agricultural remedies

*3. Mr N JUMUNA asked the Minister of National Health:

- (1) Whether she intends to extend the control exercised over human and veterinary medicines in terms of the provisions of the Medicines and Related Substances Control Act, No 101 of 1965, to include stock

remedies and agricultural remedies presently controlled in terms of the provisions of the Fertilizers, Farm Feeds, Agricultural Remedies and Stock Remedies Act, No 36 of 1947; if not, why not; if so, (a) why and (b) what are the relevant details;

- (2) whether she will make a statement on the matter?

D203E

The MINISTER OF NATIONAL HEALTH:

- (1) No, there is clear differentiation between a stock remedy and an agricultural remedy on the one side and a veterinary medicine on the other side, according to the respective Acts. They exclude each other;
- (2) no.

Mr N JUMUNA: Mr Chairman, arising out of the hon the Minister's reply, will she agree that the deletion of the reference to Act 36 of 1947 from Schedule 1 to the Medicines and Related Substances Control Bill, will extend control of Act 101 of 1965 to include stock remedies and agricultural remedies? I have the deletion from Schedule 1 here with me.

The MINISTER OF NATIONAL HEALTH: Mr Chairman, I shall have a look at the explanation put to me by the hon member. However, I stand by the explanation provided by my technicians, namely that one excludes the other.

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Own Affairs:

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- (1) Whether he intends following the same procedure in regard to the second access road in Chatsworth as he did in regard to providing the Chatsworth/Shallcross link road; if not, why not;
- (2) whether he will make a statement on the matter?

D215E.INT

The MINISTER OF HOUSING: Mr Chairman, the answer is no. The provision of this road is the responsibility of the Durban City Council which mooted the road as an essential requirement when the plans for the development of Chatsworth were formulated.

The answer to the second part of the question is no.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, I am surprised that the hon the Minister now says that matter is the responsibility of the Durban City Council. This interpellation is linked to the Shallcross link road which, by virtue of the statement made by the hon the Deputy Minister on 23 May 1991 in this House at the request of the hon the Minister of Housing, is also the responsibility of local government bodies, one of which is the Durban City Council. That is why a loan arrangement was being negotiated.

If, however, one were to put the Shallcross link road and the Chatsworth second access road on a scale, the importance of the Chatsworth second access road would far outweigh that of the Shallcross link road. What we want to know is why there are differences in approach. Why are there double standards? According to the last submission made by the hon the Minister of Housing at the housing advisory committee meeting held in Durban, there is a new designed road. Consequently the question of the new designed road cutting across the Sainbank Nature Reserve is no longer an obstacle.

I think this House and the community deserve an explanation in that the Chatsworth second access road is a direct link to Chatsworth which is a resettlement housing scheme in respect of which the Durban City Council is only the agent of the State. Therefore, one has to consider, on the one hand, a small population which is benefiting and on the other, the welfare and the benefit of approximately a quarter of a million of South Africa's people.

I find it strange and unacceptable that the Department of Housing has not undertaken to appoint consultants to go on tender in order to award contracts in respect of the Chatsworth second access road where we accept that the

HOUSE OF DELEGATES

2003

TUESDAY, 18 JUNE 1991

2004

Department's response to this request and (c) what is the name of this organisation?

D206E

The MINISTER OF HEALTH SERVICES AND WELFARE:

On 19 March 1991 the Dean of the Medical School at Cape Town addressed the Chief Directors of Own Affairs and Local Authorities and requested them to:

- (i) financially assist the Hospice Movement who deliver extensive terminal care services and bereavement counselling to anyone regardless of their race, age or religious affiliation;
- (ii) promote this concept within their own communities to alleviate the demand for hospital beds and to reduce the cost per bed at a hospital of ±R315 to ±R150 at a hospice;
- (iii) to assist their communities to care for the terminally ill at home.

Considering that the St. Lukes Hospice in Cape Town and the Highway Hospice in Durban attend to all peoples, it was decided to assist financially until our own services can be fully implemented.

On the above grounds and on compassion and as these organisations are registered welfare organisations employing social workers, the Department subsidised these institutions.

- (a) N/A.
- (b) (i) N/A.
- (ii) N/A.
- (c) Highway Hospice — Durban
- St. Lukes Hospice — Cape Town.

THE LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, arising out of the hon the Minister's reply, is it not correct that neither he nor his department received any request from these organisations?

THE MINISTER OF HEALTH SERVICES AND WELFARE: Sir, my answer is clear. The request came from the dean of the medical faculty. As was alleged during the debate, the Hospice Association has dealt with 15 Indian patients up to now. However, as from yesterday

HOUSE OF DELEGATES

one does not talk about Indians, Coloureds and Whites any more.

St Luke's has dealt with at least 50 patients with names of Indian origin in Cape Town.

Durban-Westville: dental faculty

*5. Mr M RAJAB asked the Minister of Health Services and Welfare:

- (1) Whether his Department has received a request from the University of Durban-Westville to establish a dental faculty; if so, (a) when and (b) in what manner;
- (2) whether approval has been obtained from the Treasury to finance this project;
- (3) whether he will make a statement on the matter?

D208E

THE MINISTER OF HEALTH SERVICES AND WELFARE:

- (1) Yes. A request was made to the then Department of Indian Affairs. The Oral and Dental Training Hospital was established in 1979 by mutual agreement between the Department of Indian Affairs, Department of Health and the University of Durban-Westville to train Dental Therapists and Oral Hygienists with the intent that this could serve as an infrastructure to a future Dental Faculty in Natal.
- (a) The Ministers' Council in January 1986 obtained Cabinet approval, in principle, to update the existing facility to a fully fledged DENTAL FACULTY.
- (b) In writing.
- (2) No. Treasury prioritising and approval can only be obtained when the following documentation prepared by the Administration: House of Delegates and the University of Durban-Westville jointly, and approved by the relevant National Authorities are submitted to Treasury for evaluation:

- (a) *Administration: House of Delegates*
Hospital norms prepared by the Department of Health Services and Welfare and ratified and approved by the Department of National

2005

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2006

Health and Population Development. Approval was obtained in accordance with the above on 7 April 1989 for a 61 Dental Chair Hospital.

(b) *University of Durban-Westville*

The academic needs and norms must be prepared and submitted to the National Department of Education for ratification and approval. This documentation is awaited.

- (3) Yes. At an appropriate time.

Administration: Hod: number of air tickets for staff

*6. Mr D K PADACHEY asked the Minister of the Budget and Auxiliary Services:

- (1) Whether the number of air tickets available to members of the staff of the Administration: House of Delegates who are stationed in Cape Town during the Parliamentary session is to be increased; if so, (a) when and (b) by how many;
- (2) whether he will make a statement on the matter?

D211E

THE MINISTER OF THE BUDGET AND AUXILIARY SERVICES:

- (1) No
- (a) and (b) fall away.
- (2) No.

Serviced land: utilisation policy

*1. Mr K PANDAY asked the Minister of Housing:

- (1) Whether it is the policy of his Department that all serviced land should be utilised fully as soon as possible; if not, what is the policy in this regard;
- (2) whether he will allocate serviced land to small private developers in order to speed up the utilisation of such land; if not, why not; if so, what are the relevant details?

D195E

THE MINISTER OF HOUSING:

- (1) Yes.

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2006

- (2) Yes. Small private developers are free to submit their tenders when tenders are invited for the construction of houses and further provision is also made for their valued contribution by undertaking assisted self-help housing projects as we have done in Buffelsbosch and Shallcross where they are playing a very important role.

Certain person: duties/accommodation

*2. **THE LEADER OF THE OFFICIAL OPPOSITION** asked the Minister of Education and Culture:

- (1) Whether an official of his Department was sent back to Durban from Cape Town on or about 8 February 1991 to perform his duties as a superintendent of education; if so, why;
- (2) whether this official was recently brought back to Cape Town; if so, (a) when and (b) what are his duties in Cape Town;
- (3) whether this official is residing at a hotel in Cape Town; if so, what is the daily cost to the State of (a) his accommodation and (b) any other allowances paid to him?

D204E

THE MINISTER OF EDUCATION AND CULTURE:

- (1) Yes, but not on or about 0 February 1991. The precise date was 18 February 1991.

The official was required in Durban to assist the two Acting Chief Superintendents of Education (Management) until they could undertake their duties without further assistance. This became even more necessary with the retirement of a senior Chief Superintendent of Education (Management) with effect from 1 February 1991.

Whilst at Head Office, the official referred to at the very outset, continued to liaise between the Department and the Ministry.

- (2) Yes, for two periods.
 - (a) 10 May 1991 to 23 May 1991 and, 1 June 1991 to 6 June 1991, giving a total of 18 days.

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1989/90—financial year R415 000
1990/91—financial year R5 000

- (b) Funds voted by Parliament.
(c) (i) None
(ii) 31 March 1991
- (2) Dependent on the availability of funds as voted by Parliament.

OFS: Votes Health services/community development

434. MFL F STOFBERG asked the Minister of Planning, Provincial Affairs and National Housing:†

Whether, with regard to the Province of the Orange Free State: Estimate of Expenditure for the Financial Year ending 31 March 1992, he will subdivide the amount of (a) R510 946 000 under Vote 2—"Health services", and (b) R327 366 000 under Vote 4—"Community development", according to aims; if not, why not; if so, what are the relevant details?

B1139E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

In order to give a meaningful reply to the question, my Department enquired as to the meaning thereof and it was indicated that the purpose of the question was to obtain the information per population group.

- (a) The amount of R510 946 000 under Vote 2—"Health Services" is provided for all population groups and cannot be subdivided per population group.
(b) The amount of R327 366 000 under Vote 4—"Community Development" has been provided solely for the Black community.

Vote No 26: Main Division 6

437. Mr A P OOSTHUIZEN asked the Minister of Planning, Provincial Affairs and National Housing:†

Whether, with regard to Vote No 26—Planning, Provincial Affairs and National Housing, he will subdivide the amount of R601 439 000 under Main Division 6—"Urban development and housing aid", according to aims; if not,

why not; if so, what are the relevant details?

B1143E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

In order to give a meaningful reply to the question, my Department enquired as to the meaning thereof and it was indicated that the purpose of the question was to obtain the information per population group.

The amount of R601 439 000 under Main division 6—"Urban development and housing aid" under Vote—Planning, Provincial Affairs and National Housing had, as indicated in the aim—and programme description on page 26-14 and 26-15 of the printed budget which was tabled in Parliament, a bearing on the Black community. The only exceptions the amounts of R101 102 000 and R90 000 000 which are respectively indicated in the budget as interest subsidy on private loans and redemption of private loans. These amounts are utilised to honour loan obligations which were entered into some years ago on behalf of all population groups.

Province of Cape of Good Hope: Vote 3

438. Mr W A BOTHA asked the Minister of Planning, Provincial Affairs and National Housing:†

Whether, with regard to the Province of the Cape of Good Hope: Estimate of Expenditure for the Financial Year ending 31 March 1992, he will subdivide the amount of R1 821 391 000 under Vote 3—"Hospital and Health Services", according to aims; if not, why not; if so, what are the relevant details?

B1144E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

In order to give a meaningful reply to the question, my Department enquired as to the meaning thereof and it was indicated that the purpose of the question was to obtain the information per population group.

The amount of R1 821 391 000 under Vote 3—"Hospital and Health Services" is provided for all population groups and cannot be subdivided per population group.

Province of Transvaal: Vote 7

440. Mr W J D VAN WYK asked the Minister of Planning, Provincial Affairs and National Housing:†

Whether, with regard to the Province of Transvaal: Estimate of Expenditure for the Financial Year ending 31 March 1992, he will subdivide the amount of R1 372 332 000 under Vote 7—"Community Development", according to aims; if not, why not; if so, what are the relevant details?

B1146E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

In order to give a meaningful reply to the question, my Department enquired as to the meaning thereof and it was indicated that the purpose of the question was to obtain the information per population group.

The amount of R1 372 332 000 under Vote 7—"Community Development" has been provided solely for the Black community.

Province of Transvaal: Vote 4

441. Mr W J D VAN WYK asked the Minister of Planning, Provincial Affairs and National Housing:†

Whether, with regard to the Province of Transvaal: Estimate of Expenditure for the Financial Year ending 31 March 1992, he will subdivide the amount of R2 336 764 000 under Vote 4—"Health Services", according to aims; if not, why not; if so, what are the relevant details?

B1147E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

In order to give a meaningful reply to the question, my Department enquired as to the meaning thereof and it was indicated that the purpose of the question was to obtain the information per population group.

The amount of R2 336 764 000 under Vote 4—"Health Services" is provided for all population groups and cannot be subdivided per population group.

Province of Cape of Good Hope: Vote 10

442. Mr W A BOTHA asked the Minister of Planning, Provincial Affairs and National Housing:†

Whether, with regard to the Province of the Cape of Good Hope: Estimate of Expenditure for the Financial Year ending 31 March 1992, he will subdivide the amount of R653 595 000 under Vote 10—"Community Services", according to aims; if not, why not; if so, what are the relevant details?

B1148E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

In order to give a meaningful reply to the question, my Department enquired as to the meaning thereof and it was indicated that the purpose of the question was to obtain the information per population group.

The amount of R653 595 000 under Vote 10—"Community Services" has been provided solely for the Black community.

Free settlement areas proclaimed

443. Mr P G SOAL asked the Minister of Planning, Provincial Affairs and National Housing:†

(a) How many free settlement areas have been proclaimed since the promulgation of the Free Settlement Areas Act, No 102 of 1988, (b) where are these areas situated, (c) what is the size of each, (d) how many persons are living in each of these areas and (e) in respect of what date is this information furnished?

B1150E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

- (a) 13.
(b) and (c) Areas already proclaimed
- | Area | Size |
|---------------------------------------|---------|
| 1. Midrand (Country View) (Transvaal) | 479 ha |
| 2. Windmill Park (Transvaal) | 60,4 ha |
| 3. Warwick Avenue Triangle (Natal) | 8,9 ha |
| 4. Diepsloot (Transvaal) | 880 ha |

2015

WEDNESDAY, 19 JUNE 1991

2016

1989/90—financial year R415 000
1990/91—financial year R5 000

- (b) Funds voted by Parliament.
 - (c) (i) None
 - (ii) 31 March 1991
- (2) Dependent on the availability of funds as voted by Parliament.

OFS: Votes Health services/community development

434. M~~LE~~F STOFBERG asked the Minister of Planning, Provincial Affairs and National Housing:†

Whether, with regard to the Province of the Orange Free State: Estimate of Expenditure for the Financial Year ending 31 March 1992, he will subdivide the amount of (a) R510 946 000 under Vote 2—"Health services", and (b) R327 366 000 under Vote 4—"Community development", according to aims; if not, why not; if so, what are the relevant details?

B1139E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

In order to give a meaningful reply to the question, my Department enquired as to the meaning thereof and it was indicated that the purpose of the question was to obtain the information per population group.

- (a) The amount of R510 946 000 under Vote 2—"Health Services" is provided for all population groups and cannot be subdivided per population group.
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Vote No 26: Main Division 6

437. Mr A P OOSTHUIZEN asked the Minister of Planning, Provincial Affairs and National Housing:†

Whether, with regard to Vote No 26—Planning, Provincial Affairs and National Housing, he will subdivide the amount of R601 439 000 under Main Division 6—"Urban development and housing aid", according to aims; if not,

HOUSE OF ASSEMBLY

2017

WEDNESDAY, 19 JUNE 1991

2018

Province of Transvaal: Vote 7

440. Mr W J D VAN WYK asked the Minister of Planning, Provincial Affairs and National Housing:†

Whether, with regard to the Province of Transvaal: Estimate of Expenditure for the Financial Year ending 31 March 1992, he will subdivide the amount of R1 372 332 000 under Vote 7—"Community Development", according to aims; if not, why not; if so, what are the relevant details?

B1146E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

In order to give a meaningful reply to the question, my Department enquired as to the meaning thereof and it was indicated that the purpose of the question was to obtain the information per population group.

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B1147E

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Province of Cape of Good Hope: Vote 10

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B1148E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

In order to give a meaningful reply to the question, my Department enquired as to the meaning thereof and it was indicated that the purpose of the question was to obtain the information per population group.

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Free settlement areas proclaimed

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(a) How many free settlement areas have been proclaimed since the promulgation of the Free Settlement Areas Act, No 102 of 1988, (b) where are these areas situated, (c) what is the size of each, (d) how many persons are living in each of these areas and (e) in respect of what date is this information furnished?

B1150E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

- (a) 13.
 - (b) and (c) Areas already proclaimed
 - (d) and (e) Size
- | | |
|---------------------------------------|---------|
| 1. Midrand (Country View) (Transvaal) | 479 ha |
| 2. Windmill Park (Transvaal) | 60,4 ha |
| 3. Warwick Avenue Triangle (Natal) | 8,9 ha |
| 4. Diepsloot (Transvaal) | 880 ha |

HOUSE OF ASSEMBLY

~~120~~ Areas already proclaimed

Area	Size
5. Zonnebloem (Cape)	93 ha
6. Waterval (Transvaal)	211 ha
7. Zuurbekom (Transvaal)	1 375 ha
8. Messina Extension 8 (Transvaal)	35,43 ha
9. Knysna Extension 10 (Cape)	90 ha
10. Ottery/Welton (Cape)	109 ha
11. Cato Crest (Natal)	101 ha
12. Zeekoe Vallei (Natal)	139 ha
13. Alwijn Balmoral (Uitenhage)	1 205 ha
Total	4 786,73 ha

(d) Unknown.
(e) 30 April 1991.

Consolidation: KwaZulu farms

446. Mr J A JORDAAN asked the Minister of Development Aid:†

- (1) Whether any farms purchased for consolidation purposes and transferred to the KwaZulu Government by the Government over the past 20 years, have been donated and/or transferred to King Goodwill Zwelithini by the KwaZulu Government; if so, (a) how many farms are involved and (b) what is the value of each farm;
- (2) what amount was spent directly or indirectly on these farms by the KwaZulu Government out of Treasury funds in each financial year over the past 20 years;
- (3) whether he will make a statement on the matter?

B1160E

The MINISTER OF DEVELOPMENT AID:

- (1) No farms have been donated and/or transferred to King Goodwill Zwelithini by the KwaZulu Government. As with other

HOUSE OF ASSEMBLY

Planning, Provincial Affairs and National Housing:†

Whether, with regard to the Province of Natal: Estimate of Expenditure for the Financial Year ending 31 March 1992, he will subdivide the amount of R908 079 000 under Vote 2—"Hospitals, Medical and Health Services", according to aims; if not, why not; if so, what are the relevant details?

B1183E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

In order to give a meaningful reply to the question, my Department enquired as to the meaning thereof and it was indicated that the purpose of the question was to obtain the information per population group.

The amount of R908 079 000 under Vote 2—"Hospitals, Medical and Health Services" is provided for all population groups and cannot be subdivided per population group.

- (2) No separate accounts are kept in respect of the development of the various tribal authorities.

(3) No.

Province of Natal: Vote 6

454. Mr F J LE ROUX asked the Minister of Planning, Provincial Affairs, and National Housing:†

Whether, with regard to the Province of Natal: Estimate of Expenditure for the Financial Year ending 31 March 1992, he will subdivide the amount of R301 111 000 under Vote 6—"Community Development", according to aims; if not, why not; if so, what are the relevant details?

B1182E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

In order to give a meaningful reply to the question, my Department enquired as to the meaning thereof and it was indicated that the purpose of the question was to obtain the information per population group.

The amount of R301 111 000 under Vote 6—"Community Development" has been provided solely for the Black community.

Province of Natal: Vote 2

455. MR F J LE ROUX asked the Minister of

HOUSE OF ASSEMBLY

HOUSE OF ASSEMBLY

QUESTIONS

Indicates translated version.

For written reply:

General Affairs:

Reclassification applications

381. Mr L FUCHS asked the Minister of Home Affairs:

(a) What total number of persons in each category applied to be reclassified from one race group to another in the latest specified 10-year period for which information is available and (b) how many of these applications were unsuccessful in each case?

B1008E

The MINISTER OF HOME AFFAIRS:

The statistics as required by the hon member is available only from 1 January 1983. From 1 January 1983 to 31 December 1990 the persons who applied for reclassification, and the applications which were unsuccessful, were as follows:

	(a)	(b)
White to Cape Coloured	109	23
Cape Coloured to White	4 538	1 083
Cape Coloured to Chinese	58	8
White to Chinese	12	4
Chinese to White	43	8
White to Malay	13	2
Malay to White	85	31
White to Indian	18	—
Indian to Cape Coloured	410	25
Cape Coloured to Indian	424	34
Indian to Malay	204	17
Malay to Indian	239	22
Other Asian to Cape Coloured	11	7
Black to Cape Coloured	2 517	690
Cape Coloured to Black	120	20
Black to Other Asian	24	9
Black to Indian	30	3
Black to Griqua	35	6
Cape Coloured to Malay	83	4
Chinese to Cape Coloured	8	1
Indian to White	29	13

Malay to Cape Coloured	96	4
Black to Malay	7	2
Griqua to Black	2	—
Cape Coloured to Griqua	9	—
Indian to Black	2	—
Indian to Other Asian	7	5
Griqua to White	1	—
Griqua to Cape Coloured	7	2
Other Coloured to Indian	2	—
Other Coloured to Black	1	—
Malay to Chinese	4	1
Chinese to Malay	1	—
Chinese to Indian	1	—
Other Asian to Indian	1	—
TOTAL	9 151	2 024

99-year leasehold scheme/freehold scheme

391. Mr P G SOAL asked the Minister of Planning, Provincial Affairs and National Housing:

- (1) How many plots were (a) surveyed in each province of the Republic in 1990, and (b) are available, with a view to the (i) 99-year leasehold and (ii) freehold title scheme;
- (2) whether any of these plots have been sold; if not, why not; if so, (a) how many in each province and (b) in respect of what date is this information furnished?

B1031E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

Cape Province:

- (1) (a) 9 860
- (b) (i) 174 177
- (ii) 1 009
- (2) (a) Yes—3 400
- (b) 31 December 1990

Natal

- (1) (a) 2 562
- (b) (i) 5 294
- (ii) None
- (2) (a) Yes—1 044

- (b) 30 April 1991
- Orange Free State*
- (1) (a) 10 718
- (b) (i) 141 594 **123**
- (ii) 20 399
- (2) (a) Yes—21 842
- (b) 20 May 1991

Transvaal:

As far as Transvaal is concerned, 32 applications for the establishment of townships in terms of the Black Communities Development Act, 1984 (Act 4 of 1984) were received during the period 1 January 1990 to 31 December 1990 of which 6 applications were approved in principle (Regulation 16) which resulted in 1903 erven being made available. These applications were all submitted by private developers and the Transvaal Provincial Administration does not have any information available in order to determine whether or not the erven have been surveyed.

It should also be mentioned that a further 31 applications which had been received previously were also approved in principle during the said period, which resulted in a further 56 979 erven being made available. Of the said 31 townships, 8 have already been declared as approved townships which means that those erven were surveyed at the time of declaration (2 401 erven). The surveying dates of these erven are not available.

On the receipt of applications for township establishment, no indication is given as to the scheme according to which the erven will be disposed of (99 year leasehold or title-deed).

During the period 1 January 1990 to 31 December 1990, the Transvaal Provincial Administration established 5 townships in terms of section 6A of the Prevention of Illegal Squatting Act, 1951 (Act 52 of 1951) with a total number of 34 450 residential erven which were surveyed. These erven are at present being let to the occupants thereof.

Black local authorities: bridging finance

402. Mr H J COETZEE asked the Minister of Planning, Provincial Affairs and National Housing:†

- (1) (a) What amounts in bridging finance

HOUSE OF ASSEMBLY

were provided to Black local authorities in each of the four provinces during the latest specified period of six years for which information is available, (b) from what funds was this money provided and (c)(i) how much of the money has been repaid and (ii) in respect of what date is this information furnished;

- (2) how does he intend providing funds for this purpose in future?

B1064E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

Cape Province:

- (1) (a) 1986/87—financial year R73 803 496
- 1987/88—financial year R95 584 681
- 1988/89—financial year R95 645 500
- 1989/90—financial year R130 088 616
- 1990-91—financial year R148 651 253
- 1991/92—financial year R163 355 000
- (b) Funds voted by Parliament.
- (c) (i) None
- (ii) 31 March 1991

- (2) Depending on the availability of funds as it may annually be allocated by Parliament.

Transvaal:

- (1) (a) 1986/87—financial year R119 317 905
- 1987/88—financial year R214 096 312
- 1988/89—financial year R313 246 051
- 1989 90—financial year R338 888 192
- 1990/91—financial year R368 389 170
- 1991/92—financial year R410 000 000
- (b) Funds voted by Parliament.

- (c) (i) None
- (ii) 31 March 1991
- (2) Depending on the availability of funds as it may annually be allocated by Parliament.

Orange Free State:

- (1) (a) Period 1977/78 to R63 772 019
- 31/12/1986
- Period 1/1/1987 to R34 479 981
- 31/3/1987
- 1987/88—financial year R38 579 937
- 1988/89—financial year R24 254 685
- 1989/90—financial year R14 867 535
- 1990/91—financial year R19 569 900
- (b) Funds voted by Parliament.
- (c) (i) R4 376 683
- (ii) 31 March 1991

B1065E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

Cape Province:

- (1) (a) 1986/87—financial year R2 200 000
- 1987/88—financial year R2 183 000
- 1988/89—financial year R4 000 000
- 1989/90—financial year R8 160 000
- 1990/91—financial year R7 000 000
- 1991/92—financial year R5 000 000
- (b) Funds voted by Parliament.
- (c) (i) None
- (ii) 31 March 1991

- (2) Dependent on the availability of funds as voted by Parliament.

Orange Free State:

- (1) (a) None
- (b) Falls away
- (c) (i) Falls away
- (ii) Falls away

Transvaal:

- (1) (a) None
- (b) Falls away
- (c) (i) Falls away
- (ii) Falls away
- (2) Falls away

Natal:

- (1) (a) 1985/86—financial year R5 000
- 1986/87—financial year R5 000
- 1987/88—financial year R5 000
- 1988/89—financial year R55 000

HOUSE OF ASSEMBLY

White local authorities: bridging finance

403. Mr H J COETZEE asked the Minister of Planning, Provincial Affairs and National Housing:†

- (1) (a) What amounts in bridging financing were provided to White local authorities in each of the four provinces during the latest specified period of six years for which information is available, (b) from

(a) the Regulations relating to the election of management councils do not prohibit the distribution of pamphlets outside the hall in which the election is held,

(b) the pamphlets were handed out by parents without permission,

(c) prior to the election, the pamphlets compiled by supporters of the National Party were distributed to the parents outside the hall. Pamphlets were distributed to the parents of this particular school in the streets;

(d) the name furnished by the hon member;

(2) no, because there are no grounds for any action;

(3) no.

1990-91 budget: certain amounts spent

89. Mr R M BURROWS asked the Minister of Education and Culture:

Whether, with reference to his reply to Question No 50 on 27 March 1991, the information requested in Question No 50 is available as yet; if not, why not; if so, what total amount was spent in the 1990-91 financial year on (a) school textbooks, (b) library books, (c) hostel accommodation subsidies, (d) pupil transport subsidies, (e) school audio-visual equipment, (f) school buildings, (g) stationery and (h) school furniture at schools falling under his Department? B1210E

The MINISTER OF EDUCATION AND CULTURE:

No, because the books of some of the provincial education departments will close together with the books of the Provincial Administration that render services. The figures will therefore only be released during July 1991 by the relevant Provincial Administration.

Colleges of education: utilisation of buildings

91. Mr R M BURROWS asked the Minister of Education and Culture:

Whether he or his Department has given consideration to the use to which the buildings of the colleges of education that are to be closed will be put; if not, why not; if so, to what use will these buildings be put in each case? B1237E

The MINISTER OF EDUCATION AND CULTURE:

Yes, negotiations are at present being conducted with a view to the possible transfer of the buildings to the following:

Barkly House to the amalgamated Cape Town College of Education
Denne-oord to Stellenbosch Technical College
Port Elizabeth to Port Elizabeth Technikon
Pretoria College of Education to UNISA
Goudstad to Witwatersrand Technikon.

HOUSE OF DELEGATES

QUESTIONS

Indicates translated version.

For written reply:

Own Affairs:

Homes built by Department: number

38. Mr P PADAYCHEE asked the Minister of Housing:

(1) How many homes, excluding homes forming part of local authority projects financed by the Housing Development Board, has his Department or the Board built in (a) Natal, (b) the Cape Province and (c) the Transvaal since he became Minister of Housing: 123

(2) how many stands belonging to his Department or the Housing Development Board were vacant in (a) Natal, (b) the Cape Province and (c) the Transvaal as at the latest specified date for which figures are available? D168E

The MINISTER OF HOUSING:

(1) (a) Natal	: 1 411
(b) Cape Province	: —
(c) Transvaal	: 1 126
(2) (a) Natal	: 7 479
(b) Cape Province	: —
(c) Transvaal	: 7 336.

Rented HDB houses: sale

40. Mr S PACHAI asked the Minister of Housing:

(1) Whether the approximately 27 houses in Rylands Extension 5 presently being let by the Housing Development Board are to be sold to the tenants; if so,

(2) whether the sale is expected to be finalised before the introduction of value added tax; if so, when is the sale expected to be finalised;

(3) whether the selling prices of these houses have been determined; if not, why not; if so, (a) on what basis were these prices determined and (b) what is the selling price of each house;

(4) whether the buyers will be offered a State loan to purchase these houses; if not, why not;

(5) at what total cost did the Housing Development Board (a) (i) acquire and (ii) service the erven and (b) build the houses in question? D174E

The MINISTER OF HOUSING:

(1) Yes.

(2) Yes. A submission in this connection will be considered by the Housing Development Board shortly.

(3) Yes.

(a) The selling prices have been determined on the basis of the cost of acquisition of serviced erven plus actual construction cost of the dwelling plus 1% levy on the total of the aforementioned for community facilities subject to the approval of the Housing Development Board.

(b) The selling prices range between R65 200 and R83 100 per unit inclusive of land.

(4) No—the units will be sold for cash on registration and transfer.

(5) (a) (i) and (ii) R246 180 for serviced erven.

(b) R1 646 239,47.

Lenasia: business/religious sites allocated

47. Mr P PADAYCHEE asked the Minister of Housing:

(1) Whether any (a) business and (b) religious sites have been allocated and/or sold in (i) Lenasia and (ii) Lenasia South since 1 January 1991; if not, why not; if so,

(2) (a) to whom in each case, (b) on what date was each (i) application for such sites received by his Department and (ii) such site allocated and/or sold and (c) what was

Groups aim to fight for homes

Journal 20/6/91
TWO major black business organisations have pledged to help their members get proper homes and trading facilities in central business districts and townships.

The National African Federated Chamber of Commerce and the Foundation for African Business and Consumer Services regard the shortage of homes and trading sites for blacks as critical in South Africa.

Fabcos public affairs manager Mr Mike Ntlatleng said a new property company was spearheading Sabta's campaign to get South Africa's municipalities to set aside land for taxi ranks.

He said Fabcos would ask councils to look at the taxi problem because failing to do so would be wishing away a rapidly growing industry that provides jobs for many people.

His organisation would also look at housing for members.

Apartheid

The scrapping of apartheid laws such as the Group Areas Act, the Separate Amenities Act and the Land Acts would not in itself ensure upliftment of the standards of living of blacks to that of whites.

Speaking at the official launch of the National African Federation for the Building Industry managing director of the SA Perm Mr Bob Tucker said the chronic housing ills experienced by blacks over the years would largely be solved by themselves.

The South African system had been characterised by paternalism. Everything for the blacks had be done by whites and that was a fatal mistake.

"We then decided that things should be done in consultation with blacks, another mistake and as if to nail the coffin, things must be done by whites with blacks.

"The only solution lies in the hands

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By JOSHUA RABOROKO

of blacks themselves. Things must be done by blacks with the assistance of other racial groups," he said.

"In the past years millions were pumped into the South African Housing Trust and last year into the Independent Trust to solve the housing problem, but have you felt any change?

Paternalism

"No, because that is not where the solution lies, the practical solution is in the hands of blacks."

Spending by South African blacks on housing was the lowest among Westernised countries.

The effect of paternalism had been to disable blacks and make them perpetually dependent. South Africa was rich with resources.

"What we need is re-direction of these resources and effort and strong initiative and innovation," Tucker said.

The general manager of Nafbi, Mr Solly Moutlana, said: "Blacks cannot wait for a Government which is bankrupt with ideas to come to our rescue anymore.

Land policy

"We need to fight for an equitable land policy and take over our own problems - we understand them better.

"We need new and total commitment from everyone in our communities. Over the years we have watched our communities splintering into groups at a time that white organisations are welding together to form stronger ones."

He said blacks lacked understanding of what was happening around them. But they had identified their role and "we want to show everyone that our new builders' association is serious about the future," he added.

the basis of allocation in respect of each of the sites in question?

The MINISTER OF HOUSING:

D192E

- (1) (a) (i) No.
(ii) No. Due to delays with the proc-lamation of the township.
(b) (i) Yes.
(ii) No.

(2) (a) Stand 8248: Christian Revival Centre

Stand 10583: Shri Ram Valalar Temple Organisation

Stand 11305: Shri Rama Chandra Mission of South Africa

(b) (i) Christian Revival Centre:
17 April 1990

Shri Ram Valalar Temple Organisation: 15 April 1991

Shri Rama Chandra Mission of South Africa: 5 March 1990

(ii) Christian Revival Centre:
22 March 1991

Shri Ram Valalar Temple Organisation: 3 May 1991

Shri Rama Chandra Mission:
3 May 1991

(c) These allocations were made in accordance with the recommendations of the relevant management committees.

Housing budget: amount budgeted

49. Mr K PANDAY asked the Minister of Housing:

- (1) How much of the amount budgeted for housing for the 1991-92 financial year has been earmarked for (a) administration, (b) the purchase of property, (c) the provision of services and (d) the building of houses?
- (2) whether any amounts budgeted for housing in the 1988-89, 1989-90 and 1990-91 financial years were not spent in those years; if so, in respect of each such financial year, (a) why not and (b) what was the amount involved?

The MINISTER OF HOUSING:

D197E

It is assumed that the question refers to the Housing Development Fund and consequently the reply furnished is in respect of the Fund.

- (1) (a) Nil
(b) R14 427 132
(c) R86 006 639
(d) R227 748 996
- (2) Yes

1988/89 Financial Year

(a) Local Authorities did not make full draws on total loans requested

(b) R105 674 876.

1989/90 Financial Year

(a) Local Authorities did not make full draws on total loans requested

(b) R84 538 864

1990/91 Financial Year

(a) Local Authorities did not make full draws on total loans requested

(b) R180 554 278.

HOUSE OF ASSEMBLY

QUESTIONS

Indicates translated version.

For written reply:

General Affairs:

Welverdiend police station: death in detention/torture

341. Mr J VAN ECK asked the Minister of Law and Order:

- (1) Whether any allegations concerning death in detention and instances of torture at the Welverdiend police station near Carletonville, particulars of which have been furnished to the South African Police for the purpose of the Minister's reply, have been brought to his attention; if so, (a) what are the circumstances surrounding the alleged (i) deaths in detention and (ii) instances of torture and (b) what are the names of the deceased;
- (2) whether any investigations have been conducted into these matters; if not, why not; if so, (a) when and (b) what was the outcome;
- (3) whether any steps have been taken against any members of the Police stationed at Welverdiend; if not, why not; if so, what steps;
- (4) whether he will make a statement on the matter?

B914E

The MINISTER OF LAW AND ORDER:

- (1) Yes.
(a)(i) and (ii)
While in detention and during questioning at the Welverdiend police station, a black male suddenly began jerking, fell off his chair and died. He had a history of epilepsy.
As a result of ongoing allegations of irregularities regarding persons who died whilst in Police custody in the Khutsong/

Welverdiend/Carletonville area, the Regional Commissioner in the Western Transvaal has appointed a special investigation team to investigate these matters.

The Regional Commissioner has indicated that, after the investigation has been completed, the evidence will be placed before the Attorney-General with a view to a decision regarding prosecution or not. The Regional Commissioner made this investigation known to the media by means of a press-release on 3 July 1991, and invited the public to support the Police in the investigation and to make any information which might be possessed, available.

(b) M N Phiri.

C S Sithole to whom the hon member refers, was in detention at the John Vorster Square police station when he died.

- (2) Yes.
(a) and (b).

An inquest docket was investigated in connection with the death of Phiri. The magistrate could not make a finding as to whether the death was caused by the act or omission involving or constituting an offence on the part of any person.

- (3) I refer the hon member to paragraph (1)(a) and give the assurance that the South African Police will leave no stone unturned so as to investigate all possible information which might be possessed or which comes to the attention of the Police.

I wish to give the further assurance that irregularities such as those alleged, are totally unacceptable, will not be tolerated, and that the necessary steps will be taken if *prima facie* evidence exists that members of the Force, or other persons, are guilty of any irregularities.

- (4) Yes.

C S Sithole committed suicide while he was in detention. He had no connection with any events at Welverdiend.

A Commission of Inquiry under the chair-

SOUTH Africa has a critical backlog in shelter and housing. In the black metropolitan areas there are now more shacks or other informal dwellings than formal houses or formal sites with proper services. Yet, so far this year, fewer houses have been built in black areas than last year.

The depressed economic climate and high interest rates are only part of the problem. The violence, general unrest and the rent and services boycotts are contributing significantly to keeping developers out and causing building societies to adopt ultra-cautious attitudes to housing loans. High levels of crime is another factor. Building contractors working in black areas suffer a high incidence of robberies, theft, intimidation and violence. At the very time that government housing and urbanisation policies are being reorientated, the social climate is stifling development. Ironically, this is also at a time when we have made a great deal of progress in developing financing mechanisms and assembling development capital to begin a major new thrust in urban development.

There have been two major developments. First, there is the government subsidy on site purchases, the loan guarantee fund and the Independent Development Trusts (IDT's) recently formulated mechanism known as the Collateralised Housing Investment Paper or "Chips".

Secondly, the state has mobilised substantial capital under the independent management of the IDT. This is beginning to be matched by the Private Sector Initiative.

From a development point of view, therefore, it is of crucial importance that the fundamental problems associated with violence and instability be addressed. This is easier said than done.

It is encouraging that, following the President's conference on violence last month, a facilitating initiative by religious and business leaders has emerged.

Negotiations and reconciliation at leadership level in a conference are important, but by themselves will not secure stability. Much of the vio-

Involving grassroots leaders is crucial in the quest for peace

JAN STEYN

BWP 20/6/91

lence is the result of spontaneous reactions. It does not appear to be under the control of political leaders.

There are other critical areas of concern that need to be addressed. Rent and service boycotts in the PWV have reached crisis proportions. Negotiations with various civic associations have taken place but became deadlocked all too easily. Even when agreements are reached, a full resumption of payments usually fails to occur. One wonders whether the local organisations responsible for organising the boycotts have influence over residents when it comes to delivering on agreements.

The violence between opposing factions is equally complex. The most recent pattern of violence has involved hostel dwellers in massive attacks on residents in shack areas or parts of townships in which youth or young adult elements are active.

The youth elements are frequently not directly associated with any political party. Neither do the hostel-dwellers' actions appear to be formally part of any planned action. Adding to the confusion is the so-called "third force".

Hence we have a situation in which much of the instability is occurring in a political "grey area". This indicates that, in addition to top-level negotiations on violence and boycott-related activity, and in addition to codes of conduct for poli-

tical groupings, peace initiatives have to be effective at the level of communities and interest groups on the ground. Networks of hostel-dwellers, informal youth groups, more informal street and area committees and grassroots leadership in squatter communities have to be drawn into the peace process. The big question is: how?

The key is some kind of incentive or reward for involvement in the process. If civic associations are to convince residents and their own activists of the benefits of fuller cooperation with the authorities and with other agencies, then there has to be some or other very clear indication of incremental benefits.

The same might be said regarding hostel dwellers and leadership in squatter communities.

Radicalised or antisocial youth groupings are partly the result of a perception of diminishing opportunity at a time of rising expectations. Their local level leadership might also be encouraged towards more cooperative interaction if there was a perception of the prospects of incremental benefits.

Therefore targeted development pacts involving the very local level leadership of competing factions

might have a role to play in working for peace. It would have to involve joint participation in planning of any initiatives by antagonistic leaders of local groups at an early stage.

This is not a prescriptive panacea, but merely the broadest outline of an approach which, particularly at the early stages, will be very delicate and complex.

The IDT has already pursued this approach in launching development projects, in shack areas and in the field of education, with local leaders. The IDT has negotiated an agreement with the ANC and the IFP.

Part of the agreement reads: "The ANC and the IFP have agreed to co-operation in initiating and implementing non-partisan reconstruction programmes in areas devastated by violence. In pursuit of this agreement the IDT will in co-operation with the ANC and the IFP identify initiatives in its chosen areas of operation throughout SA that can give content to and support for efforts to achieve reconciliation and a peaceful resolution of conflict."

This agreement has been signed by both Nelson Mandela and Mangosuthu Buthezi.

Given the complexity, it would be foolish to promise quick results. Once a cycle of self-reinforcing civil violence starts, it is one of the most difficult problems to solve. At their very foundation, the prob-

lems of instability in SA lie in the competition for scarce resources: land, housing, access to work and opportunities for quality education. In its way the IDT is and will increasingly be making what we believe to be a significant contribution to alleviating tensions over resources like these. We cannot promise quick results simply because the backlogs are so large. These backlogs, however, illustrate why making a start with development now is so important.

Through serviced sites and housing, one is stimulating sectors of the economy which tend to be most labour intensive, thereby contributing both to shelter and to employment. Some economists maintain that the potential multiplier effect of housing is as much as a factor of five.

Secondly, our economy is still in a recession. The IDT's activities are therefore counter-cyclical, and as such will hopefully contribute to cushioning some of the recession's worst effects. Conceivably, our activities, on the scale which we plan, are also going to contribute to an earlier economic recovery.

Thirdly, no matter how gradual the effects of the IDT's programmes, they go some way towards symbolising for the poor the fact that the "system" or "establishment" is not heartless or unsympathetic. By signalling the sincere intention to promote development for the very poor, we might be addressing in a very fundamental way some of the stark grievances and hostility in the less-advantaged communities in SA.

Corporate decision-makers have a very special responsibility at this time. The way we allocate resources, the corporate goals we set, the structured interaction across political divides all require pre-eminence attention. The bottom line is, of course, of critical importance. But support for visionary initiatives that contribute to longer term stability and the preservation of values dare not be neglected at the expense of the single-minded pursuit of profitability.

□ This is an edited version of an address delivered by IDT chairman Steyn to an Institute of Directors' function in Johannesburg yesterday.

GROUP-based lending schemes, with democratic control by the community, feature strongly in the Independent Development Trust's funding of shelter for the poor.

The schemes are proposed in a draft document outlining the lending criteria of IDT subsidiary the Independent Development Trust Finance Corporation (IDTFC).

The draft document, drawn up by the IDT's Franz Pretorius, disclosed that the AFICI Pension Fund, Fedlife, Metropolitan Life, the Mine Officials' Pension Fund, Old Mutual, Sanlam, Southern Life and Syfrets Managed Assets have invested in the R120m issue of Collateralised Housing Investment Paper (Chips).

Group schemes are seen as offering two particular advantages over more conventional methods. Firstly, individuals with low incomes normally do not qualify for the traditional forms of loan finance.

Secondly, group pressure, similar to that which operates in stokvels, is expected to ensure that each member repays the loan. Group pressure is brought to bear on stokvel members in that they are expected to attend meetings and contribute to the pool of funds.

IDT promotes 'group loans'

6/10 cury 25/6/91

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Other group schemes such as the Cape Town-based Group Credit Organisation — which has as yet had no had debt experience — have found that the failure to pay debt is a sufficiently great source of embarrassment in the community to ensure that loans get paid.

In a speech last week, IDT chairman Jan Steyn stressed the need for local community-level involvement in development projects. He suggested that development pacts involving "the very local level leadership" of competing factions might have a role to play in working for peace.

The democratic thrust of the scheme is evident in the requirement that the ultimate decision-making structures of the group credit organisations (GCOs) which will administer IDTFC loans, must be representative of the communities and groupings it serves, and must have borrower representation.

"Here the emphasis is on the legitimisation of the GCO as a dedicated financing resource owned by bor-

LINDA ENSOR in Cape Town

rowers for the benefit of borrowers and not serving any other interests," the document states.

Also, the group is responsible for vetting borrowers within each group, a GCO's role being to inform group members of its borrowers' eligibility criteria.

A fundamental condition of IDTFC financial support to a GCO is that group collateralisation must form the basis of the GCO's loan finance. It is proposed that each group of borrowers be required to make a minimum 10% deposit towards loans to be advanced which a GCO must then pledge to the IDTFC. The document recommends that an initial credit limit of 30% of the maximum loan amount per individual member be set by a GCO for each

group, and that the maximum loan period be five years.

Borrower groups must demonstrate cohesion and stability before loan advances can be made. A minimum of 10 members per group and a maximum of 20 is recommended.

The document distinguishes between emergent GCOs and those with proven track records.

In the case of the latter, lending will be on an unsecured, direct basis except for the outright cession of a GCO's loan book and a pledge of its deposits. For emerging GCOs, the IDTFC will jointly manage the organisations for a short while.

To be eligible for IDTFC finance, a GCO will have to have acceptable levels of profitability and be able to completely recover its operating costs. The IDTFC will not prescribe the lending rate applied by GCOs and will encourage competition among the various organisations.

The document proposes a performance bonus — to be paid for from a GCO's reserves — for each

borrower group which repays its loan, saying that the "unproven aspect of this initiative remains the unwillingness of borrowers to repay once loans have been fully disbursed. It remains essential that incentives be created to entice borrowers to service their obligations to the GCOs."

As an incentive for GCOs which have demonstrated a high level of debt recovery and management of arrears, it is proposed that the IDTFC will offer an incentive in the form of a reduction in the cost of borrowing in respect of its overall debtor book.

The appointment of an independent ombudsman to protect consumers is recommended.

To raise finance from the private sector for its housing initiative, the IDTFC issued R120m in April in the form of Chips with a seven-year term as a first tranche under a private placement of R500m to institutional investors. This paper is partly underwritten through the provision of collateral security in the form of an asset-based guarantee of R46.6m.

Also, there is a cession to investors of up to 10% of loans advanced to financial intermediaries by the IDTFC and cash deposits held by it.

Act gone but CCs alive and well

By Helen Grange

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26/6/91

Home ownership in the new South Africa looks set to be just as anomalous as it was when the Group Areas Act was alive and well.

The old Act has left behind a legacy of closed corporations (CCs) which were registered by blacks seeking to provide a "white front" when buying a home in a white area.

Now, with group areas legislation dead and buried, there

are hundreds of private homes registered as companies in Pretoria's deeds office.

And it seems many homes owned by blacks in white areas will remain that way.

The reason is that it is far cheaper to continue having a compulsory annual audit on a CC than to pay the cost of transferring a home from a CC into the owner's name.

"It makes sense just to keep the house under a CC," said a Johannesburg attorney. "Not only does the owner escape transfer fees, a home under a

CC is cheaper to sell. There are less duties."

As the token white directors in CCs are no longer needed, there has no doubt been a lot of reshuffling of CC directors recently — leaving the real homeowner legally in control. (The colour of a CC is determined by the colour of the majority directors, not by shareholding).

However, for some, nothing will do but to have the house registered under their own name.

"I want to put my house in

my own name, but I refuse to pay thousands of rands in transfer fees. The reason I formed a CC was because of the Group Areas Act and now I have to pay more transfer fees to get the house under my name," said Erfan Livingstone, a resident in Mayfair.

Considering that transferral on a house worth R100 000 costs about R4 000, it is no wonder that many blacks are opting simply to buy out the nominal shares of their white CC directors at the cost of R10 for legal services.

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Temporary home schemes launched by M&R subsidiary

MURRAY & Roberts (M & R) housing arm Condev Homes has launched two new systems to provide an affordable, weather-proof, temporary home to alleviate the shortage of housing in townships and improve conditions in squatter camps.

"The homes are priced from R5 000, but must not be viewed as permanent homes," says Condev Natal GM Mike Cotterell. "However, when they are compared with the existing, makeshift shelters of many

people, they offer an acceptable, secure structure for the short to medium term until better housing can be afforded."

The Walberg and Maxi-Home systems are used, and the house is assembled from vacuum-laminated sandwich exterior skins, a polystyrene core and a hardboard interior skin.

"Both houses are extremely durable, are portable and can be moved in a way that

allows all components to be recovered and reused," Cotterell says.

He adds that the house can be bought for cash or through a micro loan plan devised by The Perm, which is suitable for corporate employees where pensions can be used to underpin the loans.

The Walberg home has a floor area of 20m² with options such as partitions, floor covering, burglar guards and additional add-on modules.

Because of its steel construction, the Walberg home will initially be aimed at the PWV area, while the corrosion-resistant Maxi-home will be distributed in greater Durban," Cotterell says.

He says the methods of construction lend themselves to volume production, with a potential for more than 4 000 units a year.

Distribution points will first be established near Durban and Johannesburg, with the ultimate aim being a nationwide distribution network.

SOWETAN **PROPERTY**

Building the Nation

OVER the past four months we have investigated a number of aspects of buying your own home.

We have discussed conventional housing and starter housing - as well as an exciting new concept that will soon allow low income earners to purchase their own ground for just a few hundred rands in convenient, newly laid-out townships.

Whichever scheme is right for you, the purchase of your own land - with or without a house on it - could be the biggest investment you will ever make.

For this reason alone, it is vital to know exactly what is

involved . . . and you have every right to insist that all the details are fully explained to you before you sign any document relating to the purchase of property.

Sowetan readers obviously take property investment seriously, and some of the letters I have received have raised important issues.

A reader from Wedela wants to know

Don't wait for the bank to take steps

Home ownership is not a privilege. It is a just reward for hard work and perseverance. But how do you set about buying ground then financing, building and maintaining a home? Join us every Thursday to learn the answers. If you still have any questions, please write to Jacky at PO Box 260835, Excom, 2023.

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the necessary arrangements.

For some people, the question of bond repayments is a less happy subject. If you have problems and cannot afford to pay an instalment, please don't - whatever you do - ignore the situation.

If you do not pay a monthly instalment, or pay it even a few days late, the interest you owe for that full month will get added to your loan. After one month, the bank or building society will inform you that they are entitled to take steps to repossess your house. After this has been done, they will sell it.

So if you are having difficulty paying your instalments, don't waste any time. Pay as much as you can, then contact your bank or building society to discuss your problem with them.

You will need to give immediate thought to ways of earning extra money to solve your difficulties - running a small business, from home, perhaps; or rent-

you pay interest only on the money that you still owe, you will pay less interest in the long run.

It is always more economical to pay off your bond more quickly than it is to have spare money in savings. If you can manage to pay off even a few extra rands each month, talk to your bank or building society about making

whether it is possible to shorten his bond repayment period of 20 years.

The answer is "yes", provided he pays more than his minimum instalment each month. He himself can decide on the

extra amount he can afford to pay - but remember, most financial institutions recommend that instalments should total no more than 25 percent of your monthly household income.

If you can afford to invest a little more each month on your bond instalments, you score in many ways. Firstly, you will pay off your bond sooner. Once this is done you will experience the freedom of owing nothing on your house. And secondly, because

ing out a room in your house, working overtime or asking other family members to pay a share.

If you simply cannot raise the extra money, give thought to selling your house to pay back your debts.

Do everything you can to sell before the bank or building society does. If you wait, you could lose everything and never be given another home loan.

Still on the subject of instalments, a number of readers have written to ask what happens if payments of their first-time homebuyers' subsidies do not start up immediately after transfer.

This is tricky, as it can take between three and six months for the first payments of this particular subsidy to be made to your bank or building society.

In the meantime, you will be responsible for paying each instalment in full.

Once the Government begins to pay your subsidy, your bank or building society may agree to temporarily add the monthly subsidy amount to your loan.

Ask them straight out whether they are prepared to do this.

As we pointed out earlier, it is your right to insist on clear answers to any property-related problems that may be worrying you.

Prepared by FHA Homes.



How to avoid paying huge transfer fees

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Reason

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