

# HOUSING of HOSTELS — GENERAL

1993

JANUARY → ~~██████~~ APRIL

CPres 3/11/93

# 1 000 000 homes — deposit free!

By DESMOND BLOW

The government has officially approved an Old Mutual/Urban Foundation housing scheme that will enable more than a million families to build homes costing up to R45 000 without paying any deposit.

The initiative was formulated by the Old Mutual/Urban Foundation more than two years ago, but although approved by the government it was only gazetted around last Christmas and will be effective from this month.

It is expected that more than R4-billion — about five percent of all savings in pension and provident funds — will be available to fund the deposits for low-cost housing.

Home-owners will also be able to obtain the government subsidy for first-time home-owners for the first seven years of the bond.

The subsidy pays one-third of the interest on the first five years of the bond.

However, township developers will have to find means to build decent homes for a maximum of

R45 000.

Old Mutual say they alone have 400 000 “underprivileged” contributors to pension and provident funds and that the four big insurance companies together have more than one million contributors who will be eligible for the scheme immediately. (123)

These are people who are fully employed and have contributed to a fund for at least three years.

A spokesman said: “They are in effect borrowing back their own money. Financial institutions are loath to lend money to people who cannot put down 20 percent deposit and whose repayments are more than 25 percent of their salaries, and many people find it impossible to save up the 20 percent deposit.”

“This scheme protects everyone and the financial institutions will have no excuse for red-lining any properties.

The owner can transfer the scheme to a new pension fund should he change jobs, and should he default and the house is sold he will be entitled to any profit.

# Poor living conditions a health issue

SOUTH 30/1-3/2/93

By Justin Pearce

**B**AD SANITATION, air pollution and similar unhealthy conditions must be addressed by health planners if a primary health programme is to be at all effective.

This was the conclusion drawn by Mr Chris Derry of the Cape Technikon at a conference on primary health care convened by the Medical Research Council.

In the past environmental considerations had been put outside of public health in South Africa, Derry said, and this was a problem that now had to be redressed.

"People in public health can no longer say issues like housing and air pollution are outside their portfolio."

Ms Angela Mathee, a researcher with the Johannesburg City Council, reported on conditions at the Imizamo Yethu squatter settlement in Hout Bay, which have been linked to incidents of diseases there.

Over a third of residents in the settlement cook in rooms in which they also sleep. Most cook over coal or wood fires in rooms without proper ventilation.

This means people breathe highly polluted air at night, a fact Mathee linked to the high incidence of respiratory problems in the settlement.

Gastro-intestinal problems are another common health hazard in the camp. This seems to be related to inadequate sanitation services.

Most surveyed complained of the large numbers of flies in the settlement, which contribute to spreading disease. Flies are encouraged by the use of pit latrines and a communal rubbish disposal system. Households dump refuse in open containers which often overflow.

Water storage also creates health risks. People in Imizamo Yethu collect their water from communal taps and store it in buckets or drums. In many cases these are left uncovered, leaving water open to contamination.

Derry reported a case in another squatter camp where a cholera epidemic broke out in spite of the presence of communal taps.

The epidemic had been traced to

a water storage drum used by a number of households. A contaminated cup had been used to scoop up water and had consequently infected the whole supply.

Derry recommended that stored water be changed every day to prevent spreading diseases, even though this could be difficult for squatters who had to walk long distances to fetch



**HEALTH HAZARD: Contamination is a danger in squatter areas when water has to be fetched and stored in buckets**  
Photo: Yunus Mohamed

water.

A "north European concept of water supply" had hindered the efforts of people trying to organise satisfactory water for South African squatter settlements, Derry said.

According to this European con-

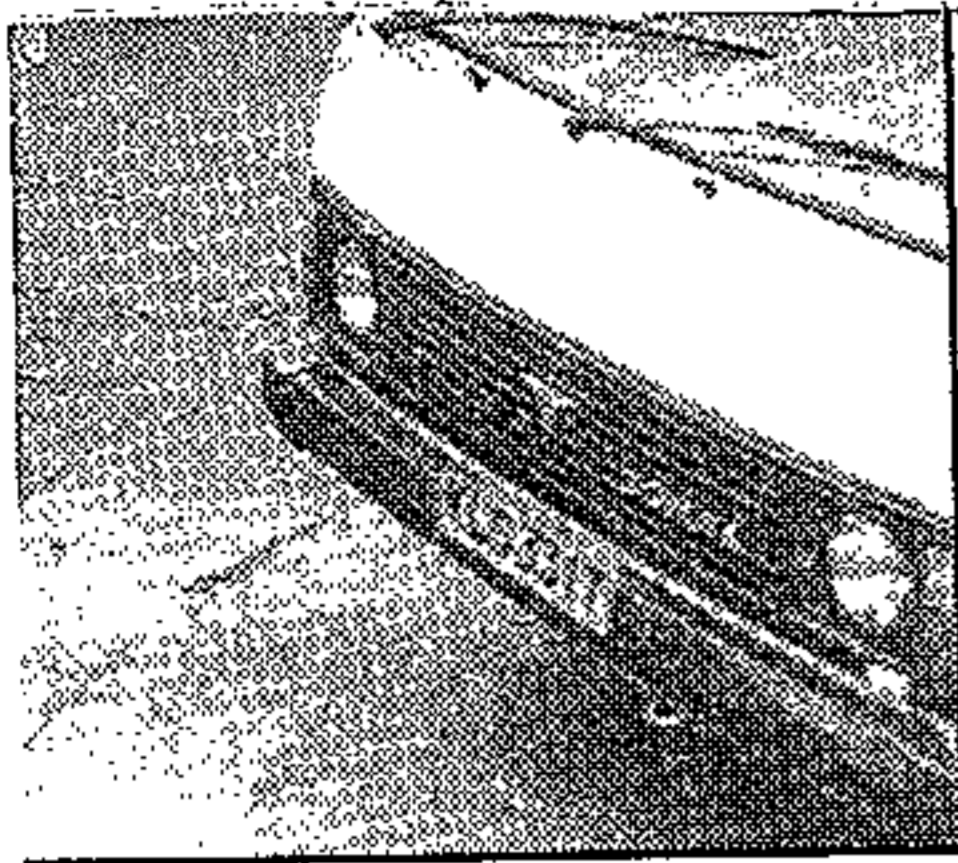
cept, chlorinated water necessarily meant good water. But for chlorine to be effective, one first needed a supply of clear water, which was unobtainable in many parts of South Africa. Amino acids and other substances present in the water

could neutralise the sanitising properties of chlorine.

Bad lighting also contributed to food contamination and disease, Derry said.

"In bad light it is impossible to see what you're cooking or eating."





insufficient revenue from their vehicles promising their safety, there is an urgent need to the profit of the combi taxi industry.

fares, cut-throat competition and high finance charges contributes to the endemic violence between rival operators and, importantly, to the extremely poor working conditions in the industry.

Poor wages — of about R180 a week — encourage drivers to supplement their earnings on the side. (Sabta officials have estimated a

eventually the seller, not getting what he thinks the property is worth, takes it off the market, waiting for an upturn.

The sector which is still looking firm is the lower end of the cluster market, while developments with good security are attracting a smattering of interest, for obvious reasons.

But take heart: the outlook for the residential property market is slowly but surely turning around. And if the current positive political developments continue, the property market might rebound with a vengeance, even substantially — and sooner than people expect.

### Balance sheets look better

The state of the residential property market, notwithstanding the current depressed climate, still appears high on the list of social conversation. The reason is quite obvious: most middle-class people relate their relative wealth to the equity in their houses.

Rising property prices mean that their personal balance sheets look better. They feel financially more secure, which might even induce

were sucked into the market at the height of the previous property boom, the downturn has left countless people negatively geared: their bonds are now greater than the market value of their houses.

Fortunately, this has happened only to a limited number of people in South Africa as house prices have chugged along steadily, despite the downturn in the economy (see first graph).

Average actual house prices increased from about R20 000 in 1975 to about R136 500 at the end of the first quarter of last year (later figures are not yet available). The boom time for the property market was between 1979 and 1984, when prices rose from R27 000 to R80 000, a growth rate of 196 percent.

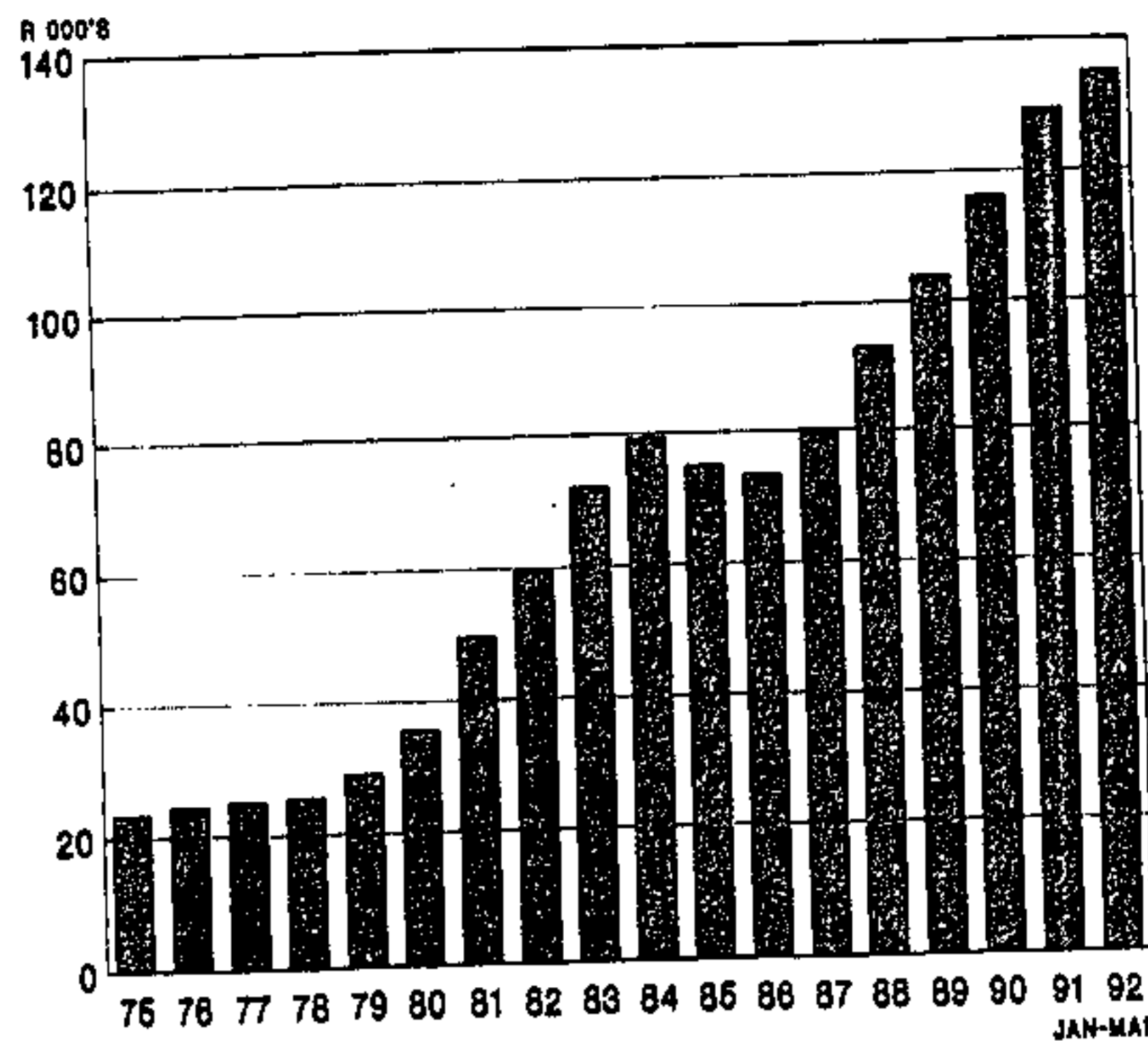
Actual house prices dipped in 1985 and 1986 — when there was an economic downturn and countrywide social unrest. However, prices rose again between 1987 and 1992.

During this latter period actual house prices on average rose 95 percent from R70 000 to R136 500.

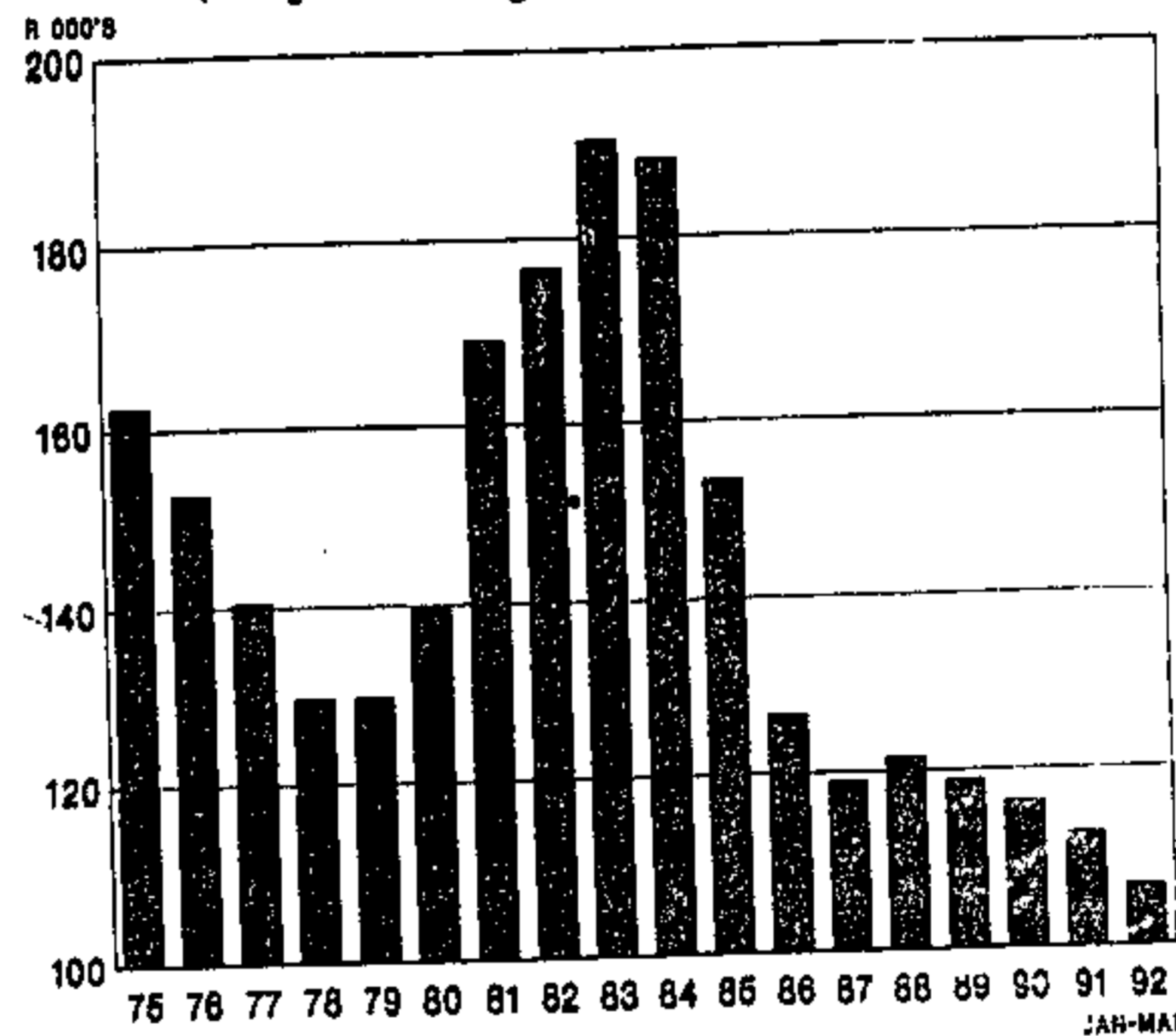
However, as always,

# Market is turning around

## Actual house prices



## Real house prices (Deflated by CPI as at 1990)



inflation should be taken into consideration. If one strips away inflation over the same period of time, a totally different picture emerges.

In real terms, house prices (at 1990 prices) were R162 300 in 1975, falling to R129 600 in 1979, and then rising to peak at R190 300 in 1983 (see second graph).

Between the 1983 peak and the end of last

March, real prices have dropped about 44 percent to R106 600.

But the use of gearing (mortgage finance) improved the returns.

The higher the gearing, the bigger the returns in real terms.

Property economist Neville Berkowitz says someone using gearing of 90 percent would have earned a return of capital of more than 90 per-

cent during the past 10 years, despite the downward trend in prices.

But what drives property prices? Several factors, says Berkowitz.

The most important is a growing economy, and aligned to that is political confidence.

However, we won't have a growing economy if there is no increase in political confidence in this country.

As Berkowitz says in a recent study on the property market: "What is required to kick-start the residential property market is low interest rates, coupled with confidence in the future of the country and in one's job prospects."

A growing economy very quickly leads to increased personal disposable incomes. In addition to that, it draws people from other parts of the world, increasing the demand for houses.

### Timing of the essence

These are the signals, that property-watchers should be looking for: a political settlement, a growing economy and an influx of immigrants.

What should also be obvious to aspirant property speculators is that timing is of the essence. Buy at the right time in the right place, and one's returns can be astronomical.

Deep down in my guts I have a feeling that we are rapidly approaching such a time once again. Maybe not next week or next month, but sometime towards the end of the year would, in my opinion, be the right time to get back on to the property bandwagon again.



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SOUTH AFRICA



REPUBLIEK  
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Vol. 331

PRETORIA, 29 JANUARY  
JANUARIE 1993

No. 14543

## GOVERNMENT NOTICES

### ADMINISTRATION: HOUSE OF ASSEMBLY

DEPARTMENT OF LOCAL GOVERNMENT,  
HOUSING AND WORKS

No. 117 123 29 January 1993

DEVELOPMENT AND HOUSING ACT, 1985  
(ACT No. 103 OF 1985)

CONSTITUTION OF THE DEVELOPMENT AND  
HOUSING BOARD

As determined in section 3 (4) of the Development and Housing Act, 1985 (Act No. 103 of 1985), it is made known for general information that the Minister of Housing and Works: Ministers' Council of the House of Assembly, under and by virtue of the powers vested in him by section 3 (1) and (2) of the said Act, has appointed the undermentioned persons to be members of the Development and Housing Board. In terms of section 4 (1) of the said Act, the Minister has appointed the members for a term of three months, with effect from 1 January 1993:

**Chairman:**

J. G. M. van Straten.

**Vice-Chairman:**

C. du P. Kuun.

**Members:**

Rev. H. R. Visser.

C. C. Reynecke.

DEPARTMENT OF LOCAL GOVERNMENT,  
HOUSING AND WORKS

No. 130 29 January 1993

RENT CONTROL ACT, 1976

EXEMPTION OF CERTAIN DWELLINGS, GARAGES,  
PARKING SPACES AND SERVANTS' ROOMS  
FROM RENT CONTROL

I, Lucas Johannes Nel, Ministerial Representative,  
for the Southern and Eastern Transvaal, Adminis-  
tration: House of Assembly, in accordance with the

## GOEWERMENSKENNISGEWINGS

### ADMINISTRASIE: VOLKSRAAD

DEPARTEMENT VAN PLAASLIKE BESTUUR,  
BEHUISING EN WERKE

No. 117 29 Januarie 1993

WET OP ONTWIKKELING EN BEHUISING, 1985  
(WET No. 103 VAN 1985)

SAMESTELLING VAN DIE RAAD OP ONTWIKKE-  
LING EN BEHUISING

Soos bepaal in artikel 3 (4) van die Wet op Ontwik-  
keling en Behuising, 1985 (Wet No. 103 van 1985),  
word vir algemene inligting bekendgemaak dat die  
Minister van Behuising en Werke: Ministersraad van  
die Volksraad, kragtens die bevoegdheid hom verleen  
by artikel 3 (1) en (2) van genoemde Wet, die onder-  
genoemde persone aangestel het as lede van die  
Raad op Ontwikkeling en Behuising. Die Minister het  
ingevolge artikel 4 (1) van genoemde Wet die lede  
aangestel vir 'n termyn van drie maande met ingang  
van 1 Januarie 1993:

**Voorsitter:**

J. G. M. van Straten.

**Vise-voorsitter:**

C. du P. Kuun.

**Lede:**

Ds H. R. Visser.

C. C. Reynecke.

DEPARTEMENT VAN PLAASLIKE BESTUUR,  
BEHUISING EN WERKE

No. 130 29 Januarie 1993

WET OP HUURBEHEER, 1976

VRYSTELLING VAN SEKERE WONINGS, MOTOR-  
HUISE, MOTORSTAANPLEKKE EN BEDIENDE-  
KAMERS VAN HUURBEHEER

Ek, Lucas Johannes Nel, Ministeriële Verteenwoor-  
diger vir Suid- en Oos-Transvaal, Administrasie:  
Volksraad, handelende kragtens die bevoegdheid my

# Pension funds nibbling at housing plan

By MAGGIE ROWLEY  
Property Editor

A NUMBER of pension funds were currently examining the Old Mutual/Urban Foundation initiative to access retirement funds to help finance low cost housing, Henk Beets, AGM of Old Mutual said.

At a seminar in Johannesburg this week, Beets said he was unable to give any figures of the number of participants in the scheme to date but "as soon as we have hit the first 1 000 the champagne will flow".

The scheme, which was finally given the approval by the authorities last year when exemption was granted under the Usury Act, is aimed at members of Old Mutual pension and provident funds.

In essence it allows members to borrow enough for a 5% deposit on a house as soon as the sum is covered by the member's contributions and is specifically geared at those earning between R800 and R1 500 a month. A limit of R45 000 on the value of the house has been set by the authorities "so as to avoid inflating house prices".

Repayments are limited to "an affordable" 25% of a borrower's salary. Over and above the deposit the borrower can lend the difference between a quarter of his salary and the required bond repayment to a financial institution until such time as his salary increases to a level where 25% of his salary covers the bond.

The crossover, he said, should take about six years. Once the salary of the borrower reaches this point, he starts repaying the loan to the fund which has to be completed by date of retirement.

Beets said the current housing backlog was estimated by the Urban Foundation to be in the region of 1,35 million units. To reduce this backlog by 50% by the year 2000 would require building 84 500 units a year plus an additional 113 000 units to keep up with new demand.

The capital cost of doing this was estimated to be in the region of R43bn, excluding the cost of infrastructural development and community facilities. These other facilities would take the cost to more than R50bn.

Beets estimated that there were about 4,5 million members of retirement funds who could benefit from such a scheme.

"If 5% of total accumulations in retirement funds were accessed in this form R4,2bn could be generated — or 10% of the total capital need.

"As such it could make a significant contribution but does not answer the whole problem.

"The retirement fund industry could be provider of housing credit to a greater extent if different investment vehicles are set up.

"Certainly as an industry we have to go on looking for solutions until the problem is properly addressed," he said.

He pointed out that without making use of any subsidies 22% of the population could not afford a dwelling of any size or price while only 14% could afford a home of more than R75 000; 25% a home of R25 000; 27% a home of R7 500 and 12% a home of R4 500.



Slabbert on health  
care trip to Harare

MICHAEL HARTNACK

HARARE — SA Health Department director-general Dr Coen Slabbert will be discussing Zimbabwe's experience in developing mass primary health care when he visits Harare next week, Health Minister Timothy Stamps has disclosed.

"His principal reason for coming here is to find ways in which SA can follow our lead in developing primary health care centres for the majority population, but I have no doubt we will discuss cholera, human immunodeficiency virus (HIV) and AIDS."

Stamps told a briefing on the cholera epidemic that health problems afflicting southern Africa knew no geographical limits.

There have been reports in Harare that, making the first visit of its kind since Zimbabwe's 1980 independence, Slabbert will discuss a regional strategy for combating the cholera epidemic that has claimed at least 800 lives in Zambia and 183 in Zimbabwe, after spreading from endemic areas in the civil war zones of Mozambique.

Zimbabwe believes it is mastering the previously "explosive" spread of the disease, but fears the present 3 695 total of cases will continue to rise until the end of the present rains.

Home owners warned  
about 'bond insurance'

WILSON ZWANE

SA NATIONAL Civics Organisation (Sanco) president Moses Mayekiso yesterday warned township home owners to be on their guard against being taken for a ride by organisations promising to pay off their bonds in the event of unemployment.

Mayekiso's warning came as a company called Tri-Housing Repossession Busters flooded Reef townships with pamphlets urging residents to turn to it for financial assistance.

In the pamphlets, the company, which claimed to have been in existence since 1991, promised to bend over backwards to give residents peace of mind — at a price.

Manager Sam Chabalala said yesterday homeowners who wanted his company's services would have to pay an annual fee equivalent to 2% of the value of their bonds.

This fee was payable in 12 equal instalments, Chabalala said, adding that his company would settle a client's bond if he or she lost a job.

The company was not an informal savings club but a registered close corporation, he said.

Investigations by Business Day show that the company is not registered with the Registrar of Companies and Close Corporations. The company is also not known in the financial and housing sectors.

Pressed for further information, such as the number of clients the company had signed up, Chabalala refused to answer, saying the media sometimes killed rather than promoted business ventures.

Mayekiso said his organisation's affiliates would be asked as a matter of urgency to check the credentials of the Tri-Housing Repossession Busters and similar companies.

He said people should not be tempted by such companies before they had satisfied themselves of their authenticity.

It is understood that the matter could be raised at discussions between Sanco and the Association of Mortgage Lenders today.

The issue of some unemployment insurance cover for homeowners was being discussed by the association and the civic organisation.

Agreement on housing

WILSON ZWANE

STATE Expenditure Minister Amie Venter and National Housing Minister Sam de Beer this week agreed with the National Housing Forum that there was a need for an urgent programme to sustain — or even increase — current levels of housing delivery.

Details of the programme, which would supplement existing schemes to provide low-cost housing, would be worked out only after it was known whether funds would be forthcoming from government.

A source close to the Ministers said a plea for funds to be ploughed into the programme was made by the forum at its meeting with the Ministers on Tuesday night.

Sapa reports that a draft joint document by the Local Government and National Housing Department and the forum on additional funds for housing was discussed at a meeting on Tuesday.

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MA86993

# Council house tenants conned

CT 28/1/93 (123)

By PETER DENNEHY

UNSCRUPULOUS "wolves" are manoeuvring themselves into position to take advantage of the government's council-house give-away, Deputy Housing Minister Mr Cecil Herandien warned yesterday.

In terms of a new government policy, thousands of council houses are being given away to present tenants, if the houses were built before 1983 at a cost of less than R7 500 each.

In cases where the houses cost more than R7 500, tenants will be able to buy them at a R7 500 discount.

Mr Herandien said at a press conference yesterday that his department had heard of seven cases in which invalid agreements had been entered into between people who were supposed to benefit from the scheme, and other wealthier non-tenant private individuals who wanted to take over their rights.

"In one case the tenants were to sell their house to a third party

## Urgent plan for housing needed

JOHANNESBURG. — An urgent programme is necessary to sustain or increase the provision of housing, particularly in disadvantaged communities, a forum addressing the housing shortage said yesterday.

The National Housing Forum had discussions with the ministers of National Housing and State Expenditure. — Sapa

and move into the back yard, for which they would pay a R250 deposit and R50 a week rent." The house was worth at least R20 000.

In another example, a tenant was "helped out" with a mere R400, and in return he was expected to hand over his house worth R35 000.

Mr Herandien said he had heard of instances of such "agreements" in Parkwood, Bishop Lavis and Kuils River, and he sus-

pected that many more would come to light throughout the Peninsula and elsewhere.

People in arrears with their rent or service charges were often "easy prey", he said.

Mr Herandien warned that his department (housing in the House of Representatives) would not allow transfers of ownership to go through to anyone other than the person who was, according to local authority records, the legal tenant.

He added that his department also had the right to veto any subsequent sale, and it would not hesitate to use this wherever it suspected something was amiss.

His department would do everything it could to thwart the plans of the unscrupulous.

Nobody could cede their tenancy legally without the consent of the local authority and his department, he pointed out.

"I just want to warn people, don't get rid of your council houses," he said. "Bear with us for a few more weeks, take transfer, and try to hang on to the house."



# Hostel millions lie idle, says Buthelezi

CT 23/1/93

123

204

148

MILLIONS of rands earmarked for upgrading migrant hostels remained unused because of a lack of political agreement on hostel renovations, Inkatha president Chief Mangosuthu Buthelezi alleged yesterday.

Speaking during a meeting with the visiting Anglican Archbishop of Canterbury, Dr George Carey, he said these hostels housed about 250 000 black labourers living in single quarters.

He also told the Archbishop that the structures of the National Peace Accord had been rendered moribund because they did not address issues of social reconstruction and socio-economic development.

The KwaZulu leader said there was deep consternation among people who felt threatened by "yesterday's revolutionaries working in civil garb to become tomorrow's dictators".

He said historical examples abounded in which revolutionaries came to power in countries with devastated economies.

"A broken economy in a society in which social pathology impairs human problem-solving mechanisms has



**LEADERS TALK ...** The Archbishop of Canterbury, Dr George Carey (right), with Chief Mangosuthu Buthelezi.

Picture: BENNY GOOL

been the deathbed of many democratic dreams," Chief Buthelezi said.

High expectations created conditions in which new governments were unable to govern effectively after the overthrow of racist oppression, he said. — Sapa

# Loan access for underprivileged

ET 23/1/93 (123)

By **MAGGIE ROWLEY**  
Property Editor

A NEW initiative aimed at providing squatters with access to home loan and personal finance has been launched in Johannesburg with the aim of extending its operation to the Western Cape "as soon as possible".

A R25m loan has been provided by the Independent Development Trust's Finance Corporation — an offshoot of the IDT — to help start up a small bank the Metropolitan Housing Finance Co-operative (Metco).

Ben Pieters, formerly of the South African Housing Trust and a director of Metco, said the initiative was aimed in particular at squatter communities including the unemployed.

The Metco name would be registered in terms of the Co-Operatives Act within three weeks and "business will start immediately".

"We expect the first loans to be granted by April at the latest," he said.

The co-operative route had been deemed the best way to go as it offered the most meaningful way of attaining the legal stature of a savings and loan institution outside the ambit of the Deposit Taking Institutions Act.

By agreement with the Regis-

trar of Deposit-Taking Institutions Metco will initially trade only as a retail lending co-operative and will not initially solicit savings and deposits from its members.

"Metco aims only to trade with its members, thereby offering ownership, direction and control to the people it intends to assist — perhaps the first legitimate community-owned savings and loan institution in South Africa."

Additional lines of credit over and above Finco's initial R25m would be sought including from the Life Offices. In addition other innovative means of raising capital would be pursued in future including the possibility of debentures, he said.

While Metro intended spreading to all major metropolitan centre, any teething problems in the initial Transvaal operations would first have to be ironed out, he said.

A total of 12 branches are planned initially in target communities.

"There has been an overwhelming response from black leaders — enquiries have poured in."

He said their approach differed slightly to that of the Community Bank project under the guidance of former Perm MD Bob Tucker, which has conducted a feasibility study. This is now being studied by the formal banks who are expected to play a role in its cre-

ation, with a "top down approach".

"We are going the other route, from the bottom up. Our directors are all ordinary people and each person who takes out a loan from the co-operative automatically becomes a member with a stake in the bank," he said.

A capital equity structure would also be used whereby each Metco member would buy shares thus creating an additional source of capital.

Part of this approach, he said, was that the amount the member could afford to pay in monthly instalments would determine the extent of the capital he could borrow.

Both personal and housing loans would be offered.

The housing loans, however would be aimed at the top end of Metco's target market — "for people with employment" — would have a minimum monthly instalment of R200 and a maximum of R600. Instalment periods would be for 12, 24 or 36 months.

The maximum limit for a housing loan would be R10 000.

They were initially targeting 10 000 members but enquiries had already far exceeded that, he said.

Pieters said the IDT had indicated that if the scheme was successful the line of credit could be extended.



## New bank to help underprivileged

THE IDT would help to start up a small bank, the Metropolitan Housing Finance Co-operative (MetCo), with a R25m loan, it was announced yesterday. (58) (37)

MetCo would provide personal and housing loans to underprivileged communities.

MetCo director Ben Pieters said the bank had recently been endorsed by black community leaders and businessmen. (123)

The name would be registered in terms of the Co-operatives Act within the next few weeks, he said. "A co-operative offers the most meaningful way of attaining the legal stature of a savings and loans institution outside the ambit of the Deposit-Taking Institutions Act."

MetCo would initially be supported by the IDT loan. The money would be used to provide personal and housing loans, ranging from R250 to R10 000. A capital equity structure would also be used whereby each MetCo member would buy shares — thus

PETER GALLI

creating an additional source of capital.

By agreement with the Registrar of Deposit-Taking Institutions, MetCo initially would trade only as a retail lending co-operative, he said. (BIDM) 22/1/73

IDT special projects director Jannie Kitshoff said, depending on its success, MetCo could be developed into a full-scale community bank in the future.

SHARON WOOD reports: Community Bank Project spokesman Bob Tucker supported the new venture, and said such projects were needed to improve access by the broader population to financial resources.

He said MetCo would be on a smaller scale than the planned Community Bank, which would be a national community bank. A feasibility study on the latter was being studied by the formal banks, who were expected to play a role in its creation.

# Bank will help finance low-cost housing

By Sven Lünsche

A new "community bank" to provide housing finance for the less privileged communities has been set up with assistance from the Independent Development Trust (IDT). *Stnr 221193*

The Metropolitan Housing Finance Co-op (MetCo) was launched this week with initial support from a R25 million loan from the IDT's Finance Corporation.

MetCo director Ben Pieters, previously general manager of the retail lending arm of the SA Housing Trust, said the bank had been established under the provisions of the Co-operatives Act.

The IDT funds would be used to provide personal and housing loans — from as little as R250 repayable over six months to a maximum of R10 000 repayable over three years.

The initiative followed discussions between black leaders concerned at the slow pace of progress in the provision of affordable housing and various experts in the development and finance field.

At the launch of MetCo several community leaders signed the statute to establish the new bank.

MetCo also has the support of the Community Bank Project's Bob Tucker, former managing director of the SA Perm, whose initiative in the field of community banking is expected to result in more institutions such as MetCo backed by the necessary legislation.



# Govt, civics edge closer to local negotiating forum

LOCAL government Minister Tertius Delport and the SA National Civics Organisation (Sanco) are edging closer to launching a local government negotiating forum.

The Minister and Sanco met for more than three hours in Pretoria yesterday to discuss a document outlining the structure and objectives of the forum. The document was drawn up by a working group of the Local Government Negotiating Committee (LGNC) last year.

The LGNC comprises representatives from the three levels of government and Sanco.

In a statement last night the parties said an agreement on the document was reached.

WILSON ZWANE

The parties would, however, meet again in Cape Town early next month to finalise the document, which would then be submitted to the parties' principals for ratification.

"Once adopted, the document will be made available to all interested parties," the statement said.

Delport and Sanco have agreed that the forum — which would include representatives from the three levels of government and Sanco — should be established to negotiate local government issues.

This week Sanco said it was preparing itself for a key role in negotiations

aimed at formulating new policies on a wide range of issues, such as the economy, health care, education and local government.

Sanco's executive was meeting this weekend to plan for increases in the township representation at negotiations.

The PAC and Azapo would be invited to local government negotiations, Sanco's Thozamile Botha said yesterday, Sapa reports.

He said everyone, irrespective of political ideology, should be involved in issues affecting the community.

PAC spokesman Waters Toboti said his organisation was awaiting the invitation, and Azapo could not be reached for comment.

Minister said, it was not the only country

# BoE and Stokvels look at trust plan for home loans

STAR 21/1/93

(123)

By Tom Hood ~~(S) (S)~~

CAPE TOWN — A deal to channel millions of rands into black housing is being negotiated by The Board of Executors and the National Stokvels Association.

The association collects about R80 million a month from members and the Board of Executors is trying to develop a special unit trust, which would tap this income to provide collateral for home loans.

Board of Executors managing director Bill McAdam has

confirmed that negotiations are going on and says both parties have agreed not to make any further statements until a deal is clinched.

If the plan goes ahead, savings from township residents could be ploughed back into black housing by providing home loans.

Most banks and building societies pulled out of the black housing market after losing millions through unrest damage and loss of repayments.





# Residential estate agents are 'cautiously optimistic'

15/001 20/1/93

(123)

RESIDENTIAL estate agents are cautiously optimistic that 1993 could be a better year for the industry than 1992, but say any real growth still depends on a rapid political settlement.

Seeff Organisation Holdings chairman Lawrence Seeff said while the Transvaal market had experienced the traditional December slowdown, sales were picking up already.

"However, there is no identifiable new major trend emerging as yet and buying activity is still centred in the middle to lower price range, between R100 000 and R300 000," he said.

Camdons MD Scott McRae agreed, saying there had been a marked increase in activity in this area, with volumes rising to levels achieved 18 months ago. "We have noticed a marked increase in showday attendances in January, which should translate into increased sales. A distinct feature of this market is that sellers are becoming more price realistic."

However, property remained a long-term investment and there was

PETER GALLI

unlikely to be any radical price increase before a political settlement was achieved, he said.

Seeff said lower interest rates and a political settlement would probably see prices rise 10%-15%.

"If political developments drag or falter, we can expect prices to remain static. I cannot see that they can fall much further," he said.

McRae said homes in the upper price range were, in some cases, being offered at a discount of as much as 40%, but buyers were still cautious. Camdons was opening an office in Richards Bay this week as there was good activity in that market.

Pam Golding Properties director Ronald Ennik said the outlook for the year was encouraging, but continuing political and socio-economic uncertainty could prompt another dip. "Last year was tougher than anyone expected, but we are now in the last quarter of the traditional three-year downcycle and there are signs of an

upturn."

The recession had placed disposable incomes under pressure, which had forced lending institutions to develop innovative financing packages to mobilise the property market.

Good value, an abundance of stock and genuine sellers made it a good time to buy. "However, my optimism is tempered by the uncertainty and the buildup of violence ahead of the introduction of an interim government," he said.

But the long-term prognosis remained favourable and it was envisaged this confidence would translate into an improved residential property market this year, he added.

Homenet GM Peter Harrington said 1993 was a crucial year for the real estate industry and solidarity of purpose would have to be obtained. "The key factors for recovery under the control of the real estate industry are the restructuring of firms to become viable and profitable, the creation of a trade union for employees, the reduction of non-performing agents and the discouragement of part-time employees."

Local trade unions call for solidarity ● Interest on deposits withheld

# Estate agents Sowetan 20/1/93 fleece tenants 123

■ Estate Agents Board backs members:

By Joshua Raboroko

MANY tenants giving deposits to estate agents are losing thousands of rands in interest accruing from such deposits because they are "ignorant of their rights".

A retired bookkeeper, Mr Bernard Rosengarten, said this week that when a tenant signed a lease with an estate agent, the agent received a deposit of between R2 000 and R10 000.

The money was deposited into a building society or bank on a savings trust account which only earned a low rate of interest.

However, the tenant was normally not informed that the interest accruing from the deposit would be forfeited unless the tenant claimed it.

He claimed that estate agents enriched themselves by sharing the interest equally with the board in terms of the Estate Agents Board Act. Most people were ignorant of the law.

"People are putting down large deposits and foregoing the loss of interest and this works out to a considerable sum over a number of years," he said.

Money collected on deposits ran into millions of rands each year, with thousands being made in interest.

Legal adviser of the Estate Agents Board Mr H Scheepers said agents were not obliged to tell tenants that they could earn interest on a deposit.

Tenants must inform estate agents in writing that they wanted the deposit placed in a trust account, otherwise they would forfeit the interest.



## Code will protect home buyers

A NEW code of conduct to be introduced on April 1 would afford home buyers greater protection, Estate Agents' Board manager Andrew Harrison said last week.

Important clauses included the estate agent's obligation to inform the client in writing of his right to claim interest on deposits.

"Failure to do this could result in disciplinary proceedings by the board and clients can also claim damages through civil action", assistant board manager Clive Ashpole said yesterday. (58) (123)

Estate agents would be required too to prove probable property market values and undesirable marketing techniques such as misleading property advertisements would be stopped. 8100M 18/11/93

The code also prohibited racial, re-

TRACY SCHNEIDER

ligious or sexual discrimination against a buyer or seller.

Important contract stipulations and implications would have to be explained to the contracting parties, before signing agreements.

Several provisions regarding sole mandates were contained in the new code, including expiry dates of sole mandates.

Henk Delpert, mercantile law professor at the University of Port Elizabeth, said yesterday estate agents would be the biggest beneficiaries of the code.

He said the new code of conduct differed significantly from the old one and estate agents would be well advised to study it carefully to ensure compliance with its provisions.

W/Mail 15/1-21/1993

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# Banks are treading a fine red line

**F**OR white suburbanites and black township residents alike, the new year has brought bad tidings: last week's statement to *Business Day* by Council of South African Banks director general Tony Norton to the effect that banks "would be hesitant to give new loans for properties in Diepsloot in northern Johannesburg because of the uncertainty surrounding the controversial Zevenfontein squatters' relocation to the area".

Norton's confirmation of bank redlining signals that extensive discussions between the South African National Civic Organisation (Sanco) and the Association of Mortgage Lenders have failed to bring the bankers into the spirit of a non-racial South Africa.

*By refusing mortgages in certain areas banks are missing the spirit of the new South Africa — and leaving themselves open to bond boycotts, argues South African National Civic Organisation president MOSES MAYEKISO*



Zevenfontein community originally settled), or white areas surrounding Ivory Park in Midrand which banks still redline years after the township was established.

The discussions began after our bond boycott call last July finally drew attention to township residents' complaints.

Now white homeowners victimised by the banks may better understand the sentiments in many disadvantaged communities, which began suffering banker withdrawal pains as early as three years ago.

The problem is not limited to Diepsloot, Bloubastrand (where the

ties in home lending — and we reached such an understanding with Perm (no longer a potential mass action target).

But if Norton's position on Diepsloot is not re-evaluated, it may be necessary to toss out the carrot and begin to use a stick or two. Sanco legal advisers are currently drafting proposed legislation similar to the US Community Reinvestment Act which, once an interim government is in place, could compel banks to drop discriminatory policies.

The stakes are too high to let the redlining continue. Banks' policies today prevent people from selling homes in the same black areas where, in the late 1980s, they were enthusiastically granted loans. As a result there is no secondary sales market to speak of, and so banks are putting at risk the several billion rand they ear-lier sunk into townships. Moreover, now the future of an integrated residential property market for urban South Africa is also at risk.

Citizens across the political spectrum are getting fed up with the banks' record profits, which are derived from high transaction fees and low interest rates on our saving accounts, combined with high interest rates on several more billions of rands in loans to corrupt apartheid agencies and homelands.

And even Finance Minister Derek Keys and Reserve Bank Governor Chris Stals became fed up with the banks' capital flight, and had to call a halt to financing foreign expansion through the Finrand. We hope other citizens' groups will join Sanco in developing a feasible and fair response to harmful banking practices such as redlining, so as to assure racial harmony and affordable housing for all.

million urban South Africans actually to live, and raise a family, in a shack.

The National Housing Forum must find ways to move beyond the current quagmire in which housing policy has been reduced to site, service and toilet policy.

A democratically determined housing policy is a necessary precondition to ending white homeowners' fears — but today, bankers should not wield power to cause an area's demise at their whim. Aside from their financial arbitrariness, there are crucial social considerations. Whether it is the northern suburbs, Hillbrow, or any black township, the effects of redlining are to fuel racist fears of integration and maintain divided cities.

Sanco believes that banks have for too long cemented apartheid geography with their lending policies, and it is now time for them to become part of the solution, rather than remain a large part of the problem. Our negotiations seek a common understanding of the banks' rights and responsibilities.





Institutions 'hold back on loans'

# Private sector housing plans 'bogged down'

BLOM 15/1/93

(123) ~~339~~

GRETA STEYN

MAJOR private sector initiatives to tackle the housing crisis have failed to get off the ground, says a confidential discussion document prepared for the National Housing Forum.

The report, written by Mike Oelofse and Conrad van Gass of the Urban Foundation and Built Environment Support Group, was prepared for the forum's working group on finance and subsidies.

The forum declined to comment on the document, but a source said it would be used as a point of departure to set priorities. It emphasised that the private sector had a major role to play. While this role was not yet being fulfilled, the essential elements were in place to achieve this.

Quoting a banker, the report said only a very small portion had been committed of the R3,5bn pledged by financial institutions in 1989 for low-cost housing over a three-year period.

The report noted that for home loans below R43 000, the estimates of private sector involvement were "bleak" and indicated a "dearth of loan finance reaching low-income households". The Home Loan Guarantee Company (HLGC), set up more than two years ago to insure financial institutions against risk, had insured only 9 000 individual homes, with an estimated value of R300m.

"It is worth noting that the HLGC initiative was originally structured to facilitate the provision of R1bn in conventional mortgage finance from home loan institutions. This capacity should have... been able to generate approximately 25 000 individual home loans," the report said.

Most major mortgage lenders had

agreed in principle to participate in the loan guarantee initiative, but with the exception of the Perm, they were not contributing significantly to financing housing below R43 000.

The contractual savings industry had also displayed an insignificant level of involvement. The industry had explored innovative mechanisms to get involved in financing low-income housing such as the Group Credit Company, the Perm Salary-Linked Home Finance initiative, the Urban Foundation/Old Mutual initiative and the South National Superfund and Metal Industries Group Pension Fund. "These initiatives are not yet making a significant impact on the low-income housing market as a whole," the report said.

It was difficult to obtain figures for funds that pensions and life offices were channelling into socio-economic investment projects, specifically housing. However, anonymous industry estimates put the figure at about R2bn, or about 1% of total assets.

Private sector developers had also taken a "risk-averse" stance to IDT-subsidised homebuilding. Of all successful applications, only 9% had been from private sector developers.

The report noted that financial institutions saw the main factors constraining the supply of funds for low-income housing as a perceived or actual instability of the political environment and the general investment mood in the economy.

For banks, an added problem was the

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## Housing From Page 1

administrative complexity of handling small loans (where the risks of default were also often perceived by lenders to be higher than for larger loans).

The report emphasises that the private sector could potentially play a major role in reducing the housing backlog, while state expenditure could be put to more productive use. "Arguments for increased public expenditure beg the question of how best to achieve this."

The research showed "beyond doubt"

that a "vast" amount of funds could be mobilised by the non-government sector towards finance initiatives that would help the poor gain access to housing.

The report said the essential elements were in place, such as an in-principle willingness to invest funds, the instruments to raise finance and the institutions through which funds could be channelled to borrowers. New initiatives should be developed around these elements.

# New approach to townships

WILSON ZWANE

A MAJOR project to build high-density housing for blacks outside townships is to be undertaken this year by FHA Homes, a company which has been in the forefront of township development.

The reluctance of financial institutions to grant mortgage finance to residents of many townships had prompted the company to broaden its area of operation, FHA CEO John Weaver said at the weekend.

Continuing unrest and threats of bond boycotts by civic organisations have been cited as the main reasons for the banks' reluctance to lend to township residents.

Weaver said the current state of the housing market, as well as the concentration of FHA's efforts in townships, were threatening the company's viability.

FHA has been involved in township housing since it was established by the Urban Foundation in 1983.

Weaver said the new initiative would have a two-pronged approach:

□ Developing high-density residen-

tial accommodation, such as apartment blocks, on land between townships and places of major job opportunities; and

□ Converting under-utilised buildings in city centres, such as office blocks and hotels, into residential buildings.

Weaver said although properties became more expensive as one moved closer to towns, FHA would endeavour to develop units which would be priced below those in the cheapest white suburbs. This would attract people who wanted to leave the townships but could not afford properties in formerly white suburbs.

He said the new project would be pursued throughout the country, but no specific sites had yet been selected. It was too early to say how much money would be invested in the scheme.

He stressed that his company would still be building houses in the townships.



# Low-cost housing plan to save building industry

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SITIMOS (BUS) 16/11/93

By TERRY BETTY

THE outlook for 1993 in the construction sector is dismal unless the government can mobilise funds for low-cost houses.

Building Industries Federation of SA (Bifsa) executive director Ian Robinson says turnover in the industry is set to fall 20% in 1993 — after a 17% drop over the last three years as most projects have drawn to a close and few new ones are in the pipeline.

This will result in a further cutback in employment in one of the most labour-intensive industries, exacerbating violence and unrest.

Mr Robinson says there will be a large increase in the number of liquidations as well as qualified professionals and skilled craftsmen walking the streets.

"It is lunacy that at such a time the government has cut back capital expenditure from 10% to 3,5% of GDP over the last 10 years."

Mr Robinson is to meet

Finance Minister Derek Keys this week to present a plan to keep people employed within the sector as well as provide houses and essential services to the masses, without placing a burden on the budget.

## Clinton

Mr Robinson says major industrialised economies are using fixed expenditure to pull themselves out of recession.

For example, President-elect Bill Clinton has pledged \$80-billion on an infrastructural programme to boost the economy. This will cover the provision of roads, health, education and capital projects.

In August 1992, Japan announced a reflationary \$86-

billion package to be spent mainly on construction.

Mr Robinson says: "These economic recovery programmes contain large dollops of Keynesian-style economics — in a depression when confidence is low and unemployment is high, the public sector should take up the slack."

"The benefits are a boost in business confidence and the creation of schools, hospitals, clinics and other buildings that provide help in rural areas where poverty is at its worst."

Mr Robinson says evidence of how well this can work has already been shown in SA. "After Sharpeville, confidence was at a low ebb, then the government built the Hendrik Verwoerd Dam. It took 10 years to complete, created employment and cost R300-million, but the biggest boon was a tremendous boost to business and industrial confidence."

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**Activities:** Construction and marketing of mass housing.

**Control:** A C Demmers via Holdem.

**Chief executive:** A C Demmers: Finance director: W A Lombard.

**Capital structure:** 30,75m ords. Market capitalisation: R30,8m.

**Share market:** Price: 100c. Yields: 7,5% on dividend; 20,2% on earnings; p:e ratio, 5,0; cover, 2,7. 12-month high, 110c; low, 75c.

Trading volume last quarter, 165 000 shares.

Year to Jun 30	'89	'90	'91	'92
ST debt (Rm) .....	13,5	17,8	15,3	25,0
LT debt (Rm) .....	—	—	0,07	7,3
Debt:equity ratio .....	0,36	0,45	0,38	0,72
Shareholders' interest	0,67	0,64	0,56	0,55
Int & leasing cover .	12,2	2,4	2,3	2,2
Return on cap (%) ..	17,7	7,6	12,7	14,4
Turnover (% increase)	-42	-19	215	-23
Pre-int profit (Rm) ...	9,8	4,5	9,3	11,6
Earnings (c) .....	29,3	8,5	17,0	20,2
Dividends (c) .....	7,5	7,5	7,5	7,5
Net worth (c) .....	121	122	132	145

Green in Cape Town, which will provide 5 500 homes for 30 000 people. This is Ilco's "core project," says finance director Warwick Lombard, and is expected to be in operation for the next 13-15 years. The group is exposed to the success of this project since it is so significant.

Gearing climbed, short-term interest-bearing debt rising by two-thirds and a loan of R7,3m being added to only R74 000 long-term liabilities. The debt:equity ratio is now a worrying 0,72.

Interest payable reacted to the increase in debt levels, rising by over 44%, leaving interest cover looking thin at 2,2 times. Gross cash flow increased by 18% — not enough to compensate for the rise in debt, resulting in a fall in debt cover (gross cash flow/total interest-bearing debt) to 0,21.

The group does not pay tax and doesn't expect to for several years, says Lombard, owing to contingent development expenditure allowances.

Lombard says Ilco has R1bn potential of tax allowances spread over the 13-15 year life of the Summers Green project, but these are awarded annually.

ILCO HOMES  
FM 8/1/93  
**Sensitive to interest rates**

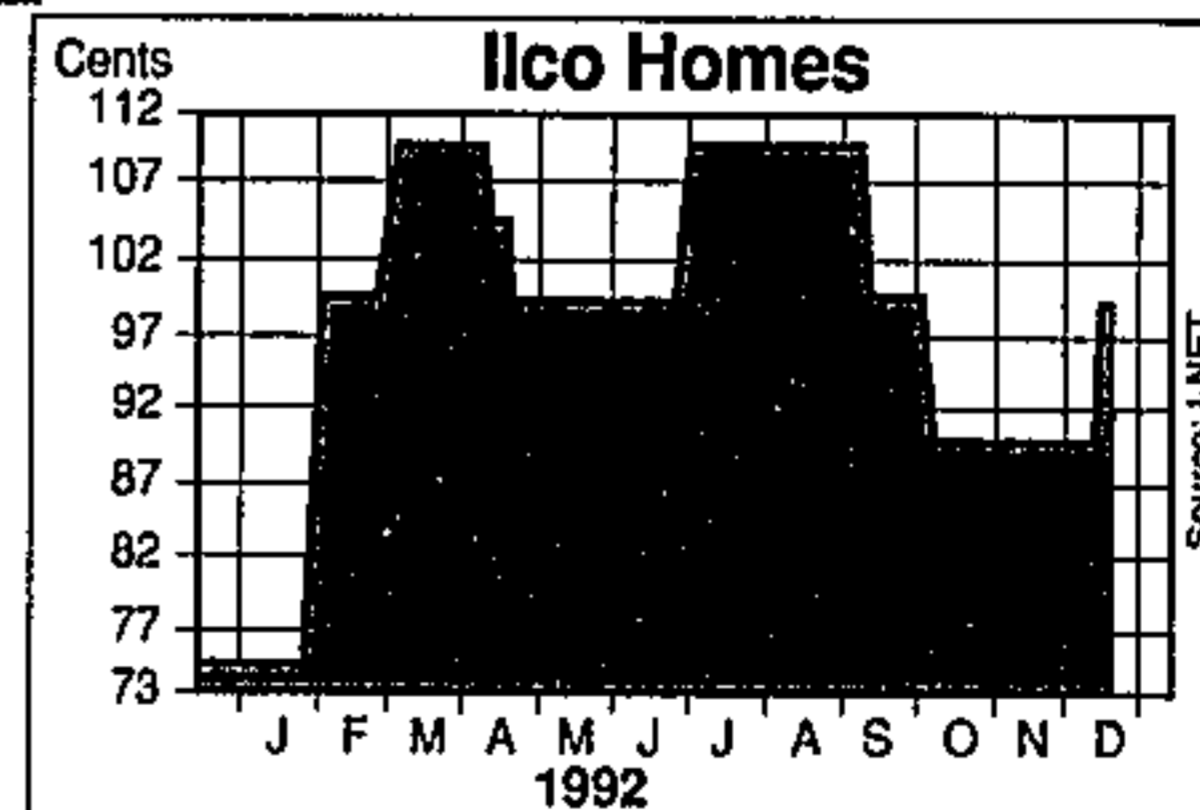
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Ilco has positioned itself to take advantage of a huge rise in housing demand for low-income earners in the new SA. Despite a 23% fall in turnover, EPS rose by 19%. No turnover figure is given so there are no clues to the cost:turnover ratio or net margins.

The market for mass housing and townships has suffered from high interest rates, which Ilco blames for sluggish activity.

Stocks climbed by over 40% because of the completion of a mini factory complex in Pinetown and a business village in Mayville, Durban, for which no buyers have been found. However, working capital fell by over 10%, helped by a 65% cut in debtors.

Other current projects include Summers



The directors have a direct and indirect interest of 92%, explaining the low trading volumes. High interest rates will continue to hamper performance but on a p:e rating of 5,0 and attractive dividend yield it may be a speculative buy, depending on your view on interest rates. The share is at a discount of almost a third to net worth and a 43% discount to its 175c 1987 issue price. Louise Randell



## 'Blacks still battle to get bank loans'

(23)

KATHRYN STRACHAN

FINANCIAL institutions are still reluctant to give loans to black borrowers, and there is little hope of the gulf between banks and black investors being bridged in the near future, says National Stokvel Association of SA president Andrew Lukhele.

Lukhele, quoted in an article in the recently published Portfolio of Black Business 1993, said most financial institutions had often accepted black savings, but until recently had refused to give home or business loans to aspirant black borrowers.

Apart from being unjust, this had severely hampered the development of black business, he said. BIDAM 4/11/93.

Lukhele is leading a campaign to combine the cash clout of stokvels with the sophistication of the stock market to create a basis for improving the climate for home loans for blacks.

Lukhele's idea is for stokvels, which have a default rate of less than 1%, to invest in guaranteed unit trust schemes and for the savings to stand as collateral against loans for housing or business needs.

Lukhele's is not the first attempt to bring informal black savings into the fold of established banking.

After a 1984 survey, which showed that most black savings were being channeled into stokvels, the Perm introduced "club" accounts as a vehicle for stokvel money. After a slow start, the Perm last year registered 85 000 stokvel accounts.

□ To Page 2

## Loans BIDAM 4/11/93

(123)

From Page 1

But the stokvels' essential problem remained unsolved. Their members still did not meet the Perm's criteria for borrowing, said Lukhele. "Our members have put money in the bank, but they are still not regarded as being creditworthy."

A recent Markinor survey found that stokvels collected about R84m in 1991, up from R52m in 1989. Membership was up from 680 000 to 1,3-million.

The question now was whether a move from savings accounts to unit trusts would resolve the problem. Lukhele said part of the problem lay with the first-world mind-

set that had difficulty dealing with something as amorphous as a stokvel where the only contract was a handshake.

In the same article, Syfrets unit trust marketing division manager Kevin Hinton illustrates the difficulty in relating this type of ethic to the stringencies of formal investing. "The problem is that come year-end many stokvels dissolve and the money is used. Nothing is left to invest in unit trusts or anything else. Apart from that, building up collateral is fine, but the man who needs a house needs it now, not in 10 years' time," he says.

# Property: mink sector still knee deep in the manure

By *Stom* 2/1/93

**G**IVEN that the drought is broken, that the world economy and the political climate does not deteriorate, the South African economy should enter the long-awaited upswing by the second quarter of next year.

These developments should have a positive effect on the property market.

House prices have, in fact, risen by 11.6 percent a year since the official start of the present recession (first quarter 1989), compared with an average decline of 6.5 percent a year in the period June 1984 to June 1986.

## Affordability

However, house prices averaged out for 1992 will probably show an increase of only 6 percent over the 1991 average — which is an 8.5 percent decline in real terms.

Affordability of housing is always more important during a recession than during economic prosperity, with prospective home owners relieving economic pressure by scaling

THE merger of several financial institutions has made ABSA the biggest provider of home loans. It is also the source of the most accurate statistics on the residential market. ABSA economist CHRISTO LUIS outlines the prospects for home buyers and sellers next year.

down their purchases.

The result is that this recession has had a greater impact on the luxury home market than on the smaller home sector.

This tendency will probably continue over the next few months and a turn-around will only occur after the business cycle has reached its lowest point.

Another recent feature in the housing market is the narrowing of the price gap between new and existing houses.

While building costs rose by more than 20 percent in 1990, this tempo slowed to about 6 percent in the third quarter of 1992. This tendency will probably continue in the short term.

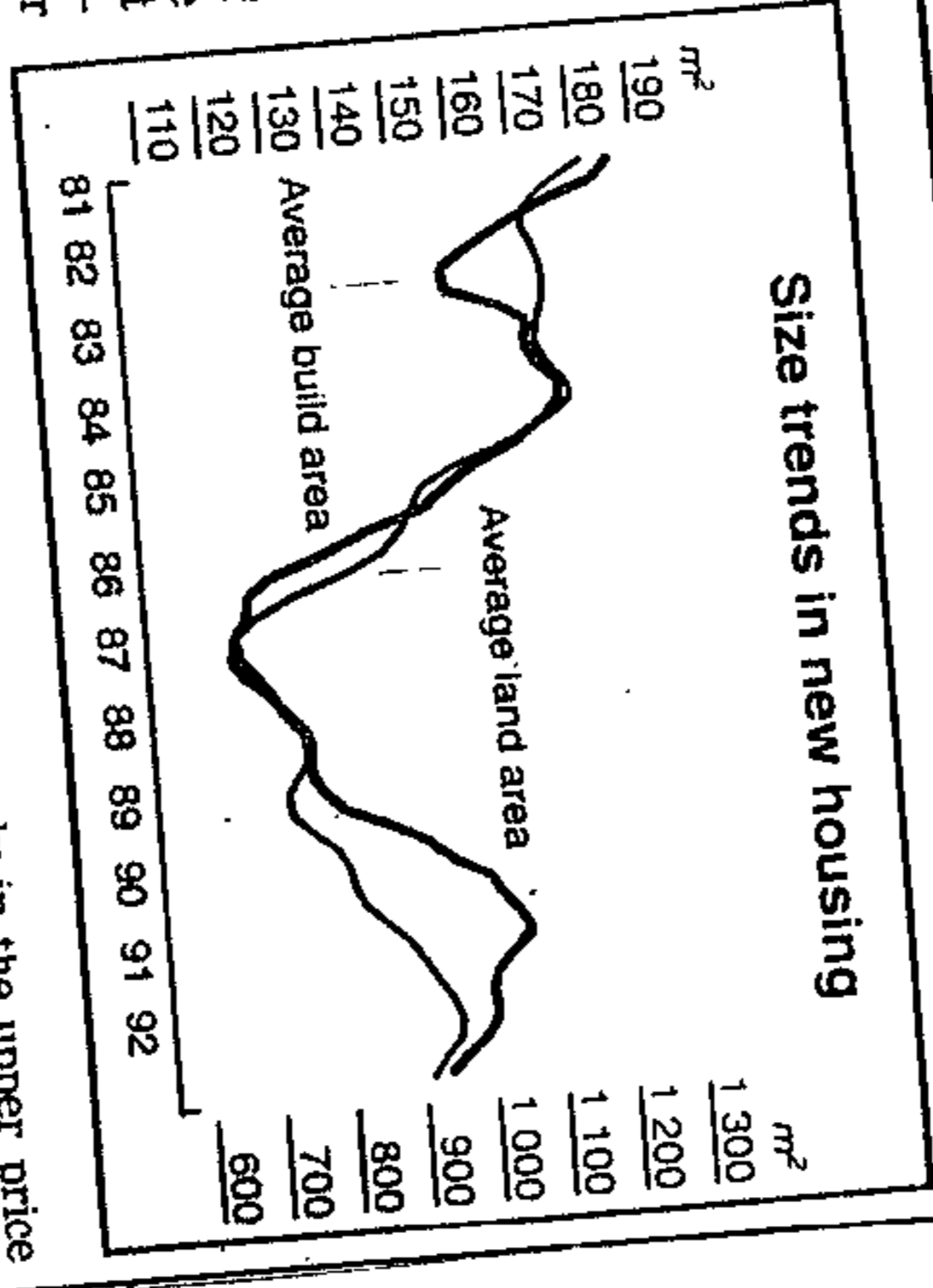
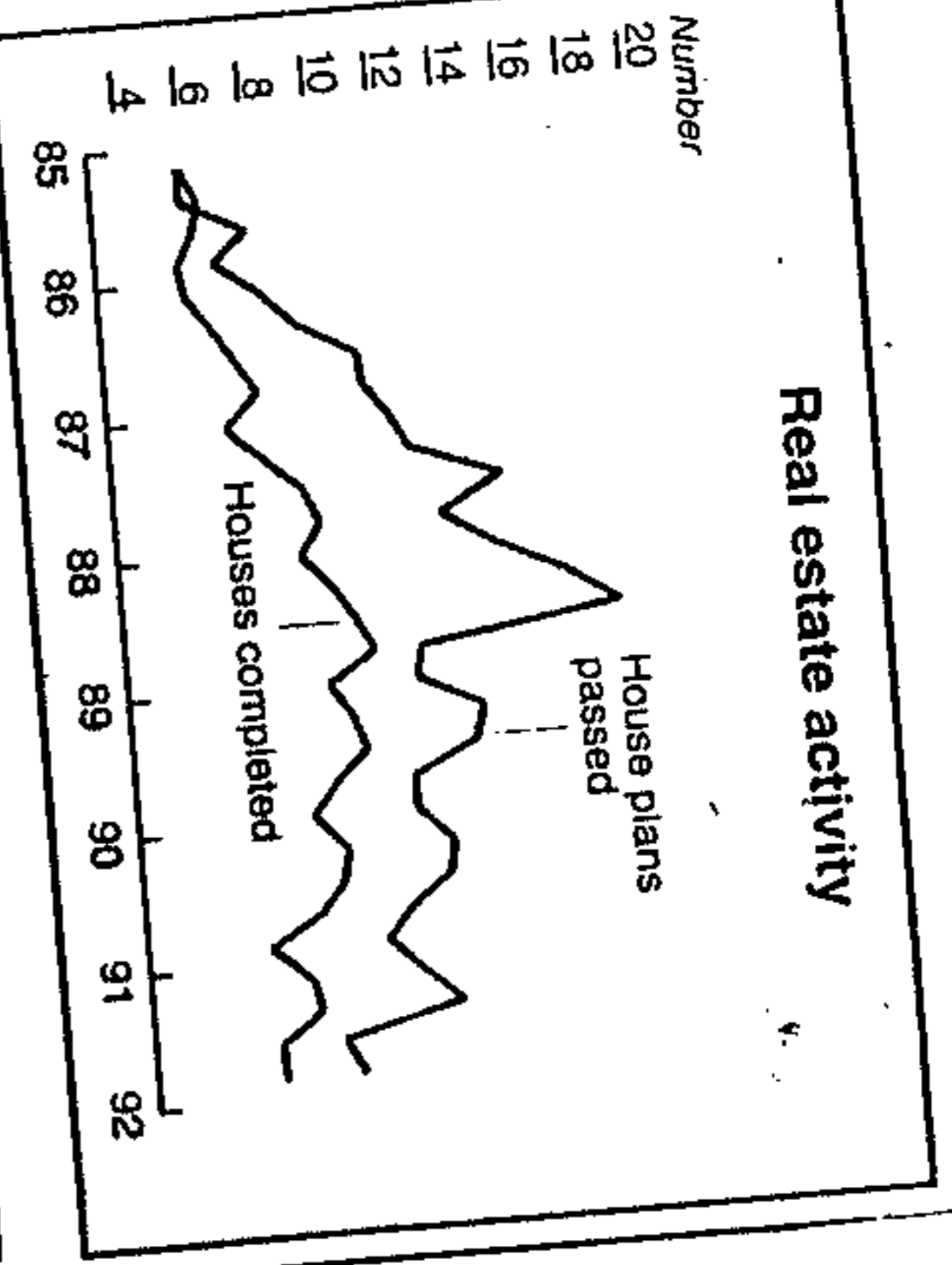
However, it is not expected that prices of ex-

isting homes will become cheaper than those of new homes, as in the previous recession. The possible upswing in 1993 could cause building costs to escalate sharply because of the capacity in the building construction industry has been lost.

Meanwhile, the decrease of about 3.5 percentage points in mortgage rates has already reduced the number of accounts in arrears at banks.

This indicates that more home owners can meet their existing commitments and means there are fewer forced sales on the market, which will relieve downward pressure on house prices.

Expectations are that interest rates could de-



In summary, the house market will probably remain fairly depressed, with prices decreasing during the next two to three quarters, but overall, price increases of about 2 percent under the expected inflation rate of 12 percent next year seems probable.

## Sectional title

One of the success notes in 1992 was low-priced sectional-title development in upmarket areas. This trend should continue, and even gain momentum, in 1993 as the buying public demands more than ever before, value for money.

On the negative side, the unacceptably high level of violence and re-trenchments across the spectrum of the work-force are likely to hold back any substantial market upswing until probably the middle of the year.

A considerable number of top executives will be probably still be selling for financial reasons, giving rise to extensive oversupply in the upper price bracket.

It can be expected that low-priced homes in good areas will show an increase in the second half of 1993 and that medium-priced homes will also show a moderate increase then.

Higher-priced properties will fare less well and a decline in real value is most probable until there is a strong overseas investment.



By **MAGGIE ROWLEY**  
Property Editor

**SOLVING** the housing crisis and creating employment are going to be among the most crucial problems facing a future government in South Africa whose length of office could well be determined by its success or failure on these fronts.

Many different solutions have been postulated and are now receiving serious attention from the different sub-committees of the National Housing Forum (NHF), which is expected to put its first proposals on the table within the next few months.

One of the many alternatives being considered is that which has been undertaken in Singapore and which the Mouton Report of 1992 recommended for further investigation.

### Solution

Bob Howes, Somerset West site engineer, who has worked extensively in South Africa and abroad, including four years as a technical consultant in Singapore, believes this city state has the answer to both South Africa's housing and unemployment crises.

In essence, the Singapore solution requires both employers and employees to pay a certain percentage of the employee's income into a non-profit, quasi-government administered retirement fund which is then used to finance housing.

Compulsory contributions are made on a sliding scale according to income. A labourer, for example, would be required to pay 5% of his income into the fund with his employer contributing 10%.

Professionals on the other hand would be required to pay say 15% of their income with their employer's contribution set at about 20%.

All employers' contributions are tax deductible.

When a person retires, he or she is paid out in full all monies paid into the fund plus interest and as such the fund serves as a pension fund come retirement annuity of sorts.

Howes guesstimates that even working on a smaller percentage of contributions more than R800 m a month could flow into this fund with immediate effect. Due to the huge multiplier effect this "kickstart" programme would have, in that it would create thousands upon thousands of jobs, state revenue should not be negatively affected by employers' contributions being tax deductible.

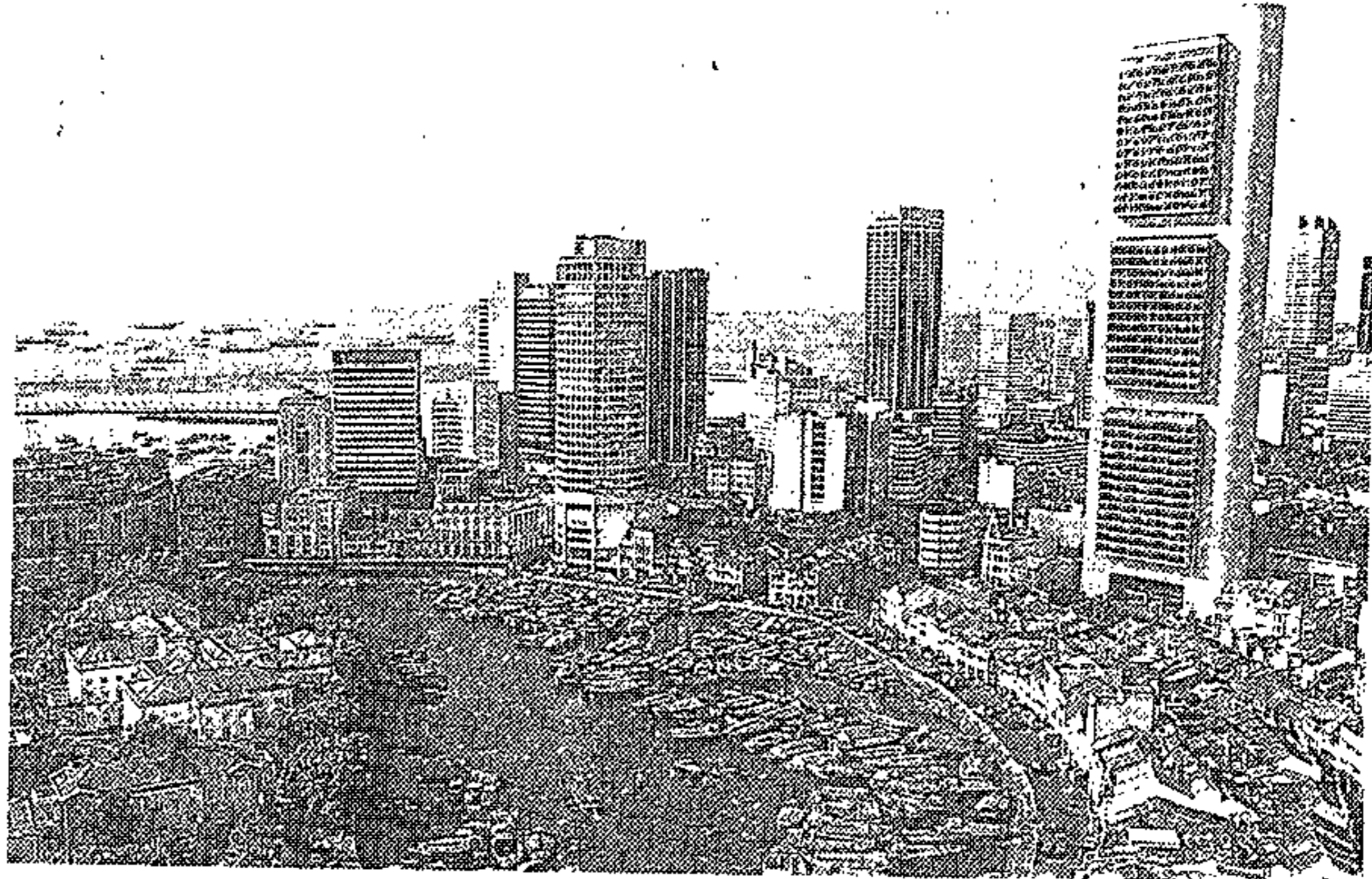
The system, which was compulsory in Singapore for all wage and salary earners from chief executives downwards has, he says, proven to be fair and equitable.

Only contributors to the fund become eligible for a house. As such, the system could be used by the state as a means of drawing into the tax net the informal sector, which to a large extent has escaped paying taxes.

Payments to the fund continue throughout a person's working life and are in addition to monthly repayments on bonds. However bond repayments are tax deductible.

Adapting such a system to South Africa could possibly see contributions to the fund being used as collateral for bonds. This in turn should

# Singapore could hold answer to SA's housing crisis



**HIGH EXPECTATIONS . . .** High-rise/high density buildings in Singapore were the answer to the vexing dilemma of housing.

make financial institutions more willing to lend into the low income housing market — from which they have withdrawn en masse in recent years.

The number of units that can be built each year would be dependent on the fund's income. As in Singapore, a point system could be used to determine who gets access to the first units with the most needy people heading the list.

Spin-offs from the programme could be immense, over and above meeting the country's housing and employment needs, argues Howes.

Due to the mammoth size of the project, construction prices could be kept down with contractors being prepared to tender at lower prices due to the continuity of work.

Likewise, says Howes, it can attract the best technology available to keep down the costs of labour and reduce construction times.

Not only has Singapore managed to provide affordable housing for its inhabitants but it has created attractive living environments with a great deal of attention being paid to landscaping and use of colour.

Howes said lessons too could be learnt in this regard to help rebuild SA's townships into pleasant, healthy living environments.

The Singapore solution, however, rests on the crux that housing should be used to kick-start the economy, much the same argument as posited by the Old Mutual/Nedcor scenario planning team. Debate about whether or not this is the route South Africa should go in stimulating the economy

is part of a heated macro-economic debate still raging.

In addition, Matthew Nell, chairman of the co-ordinating committee of the NHF pointed out that strategies embraced elsewhere in the world cannot just be superimposed on the South African situation.

### Implemented

He points out that Singapore is a city state and housing provided there was high-rise/high density. While similar projects could be undertaken in South African city centres, high-rise buildings were unsuitable for development outside of the inner city areas.

In addition, he points out that before this or any other alternative could be implemented, South Africa would have to create an efficient housing delivery system.

"The kick-start philosophy, which has its problems, presumes a rationality in the housing sector. The South African housing sector on the other hand is fraught with bureaucratic fragmentation with billions of rands being ploughed through 26 funding channels and very little coming out the other side.

"If the kick-start route was decided on without first ensuring an efficient housing sector was in place, all that would happen would be a multiplying of the monies presently being wasted," he said.

However, he said, there were definitely lessons to be learnt from Singapore and elsewhere which were now being studied in depth by the NHF.



# 1 000 new homes a day needed.

By ANTHONY JOHNSON  
Political Correspondent

A THOUSAND new housing units would have to be provided every day if all South Africans were to have shelter in the next 10 years, the Minister of National Housing, Mr Sam de Beer, said yesterday.

The backlog in residential sites for about 2,1 million squatters and 2,6 million backyard dwellers was estimated at 1,02 million. The government aimed to provide nearly 100 000 sites in the current financial year.

Mr De Beer said R1,29 billion had been made available for acquiring land and providing serviced sites and community facilities this year. CT 2/1/93

He said R325,6 million had been made available for the upgrading and conversion of hostels into family units.



PETER GALLI

THE Transvaal is still the hub of commerce and industry. More than 70% of the Financial Mail's top 300 companies have their head offices in the region, according to a report compiled by Anglo American Properties (Ampros) research department.

The Johannesburg CBD and periphery heads the list, with 41 or 16% of head offices of the top 300 companies, followed by the area east of Johannesburg (40), Sandton (39), the northern suburbs (27), west of Johannesburg (15), south of Johannesburg (13), Midrand (10), Pretoria (9) and Randburg (7).

The greater Johannesburg area remains the most densely populated head office area. Sandton's rapid growth is reflected in the fact 39 head offices are now located there. Almost 43% of leading beverage, hotel

## Jo'burg still has most head offices

and leisure companies have their headquarters in Sandton, as do 32% of electronic companies.

While the PWV is the strongest area, there are geographically preferred areas for certain commercial sectors, the Ampros report says.

"Towns and suburbs to the north of Johannesburg, including Sandton, Randburg, Midrand, Parktown and Rosebank, are popular with electronic companies, housing 84% of the national total, and 50% of pharmaceutical and medical companies. Towns east of Johannesburg — from Bruma to Springs and Elandsfontein — have the highest concentration of engineering companies at 58% and

36% of those in the electrical and battery sector."

Outside the Transvaal, the western Cape has the highest number of headquarters at 47, with Natal at 30 and the Eastern Cape with seven.

"Cape Town CBD remains the hub of the western Cape with 20 of the region's 47 head offices. This region remains the preferred choice for retailers and wholesalers (39%), clothing, footwear and textile operations (32%) and fishing (50%)," the report says.

Eight of the top 300 companies are outside the major centres in areas including Pietersburg, Ver-eeniging, Middelburg, Wit-bank, Ga-Rankuwa and Namibia.

## Knightsbridge sold out in two days

GROUP Five Homes launched a fifth Good Address Small Home (Gash) housing development at Knightsbridge in Bruma on the weekend, which sold out in two days, MD Rob Ballentine said yesterday.

"Once again sales were beyond expectation. The 72-unit project sold out over the weekend," Ballentine said. Units were priced from R99 000 and offered facilities such as satellite TV, security, a clubhouse, launderette, pool and gym.

The Knightsbridge development followed the rapid sellout of four previous projects based on the Gash formula.

"At our previous project, the 60-unit Templeton Green in Berea, Durban, people

123 ANDREW KRUMM were queuing to buy two-bedroomed units priced from R189 000. The development was sold out in four hours," he added.

All projects were built using fast track methods by Group Five subsidiary Goldstein Housing. "The complexes appeal to young executives and the upwardly mobile element, and attracted a number of property investors, who account for a large proportion of sales."

Group Five Homes planned to launch a second phase at Khyber Rock in Sandton next month. The 24 second and third phase units would be priced from about R298 000.

WAREHOUSE

# Perm, civics group sign historic pact

JOHANNESBURG. — Nedcor's Perm division and the SA National Civics Organisation (Sanco) signed a historic "compact" agreement yesterday which effectively excludes the Perm from mass action like bond boycotts.

At the same time it puts in place joint plans for education, job creation and training and development programmes in the townships.

The deal, which has Nedcor's full backing, was hailed by ANC economic spokesman Mr Trevor Manuel as a "breakthrough" while there was so little "socially desirable investment" going on.

Mr Manuel urged the Perm to get other financial institutions to understand the substantial contribution they had to make in post-apartheid reconstruction. And he challenged Sanco to attract more investment to the townships by sending "signals" which would not negatively affect potential investments for job creation and housing.





The black housing crisis has reached endemic proportions in South Africa.

# Crisis in black housing

Sowetan 8/2/93

By Joshua Raboroko

123 (123) (123) (123) (123)  
**APARTHEID ERA** At least 200 000 units

needed a year to overcome shortage by 2010:

**T**HE BLACK HOUSING CRISIS IN SOUTH Africa has reached endemic proportions.

According to a newsletter produced by the National Housing Forum, at least 200 000 units must be provided each year if we are to overcome the shortage by 2010.

On the Witwatersrand alone tens of thousands of black people still live in single sex hostels for up to 11 months a year, "a relic of the apartheid era which now exacts a deadly cost".

Millions of ordinary South Africans live in so-called informal settlements, usually without basic services.

For many blacks the option is to ask for loans from financial institutions. But a heavy hammer has fallen on prospective home buyers.

Major banks and building societies are reluctant to enter the black township property market as a result of bond boycotts, the risk factor, unrest, violence and unemployment.

Some of the players involved in black housing are Amalgamated Banks of South Africa, Standard Bank, Nedcor's Perm, First National Bank, the Urban Foundation-managed Loan Guarantee Initiative and the Independent Development Trust.

These institutions maintain that they cannot grant any loans in black areas until their policies have changed. They argue that while the present

political and economic climate in various parts of the country has made mortgage lending difficult and in some cases impossible, they are monitoring developments closely.

Absa's United Bank executive Mr Mike de Blanche said: "As a point of departure, we believe that the provision of adequate, affordable housing is of paramount importance to the future welfare and stability of our nation.

### Affordable housing

"All the players with an interest in black housing need to focus on ways and means of putting people into the types of shelter or housing they can afford.

"We have to find a way to unbundle and depoliticise the relevant issues to avoid playing political football with the interest of those we are supposed to be helping.

"United Bank is eager to resume normal lending and, like other financial institutions, has vested interest in the normalisation of mortgage lending in the township market and developing black areas."

He said the bank was keen to provide mortgage finance to all sectors of the community, provided the property over which the bond was

granted offered adequate security and the borrower had the ability to repay the monthly instalments on the bond.

### No home finance

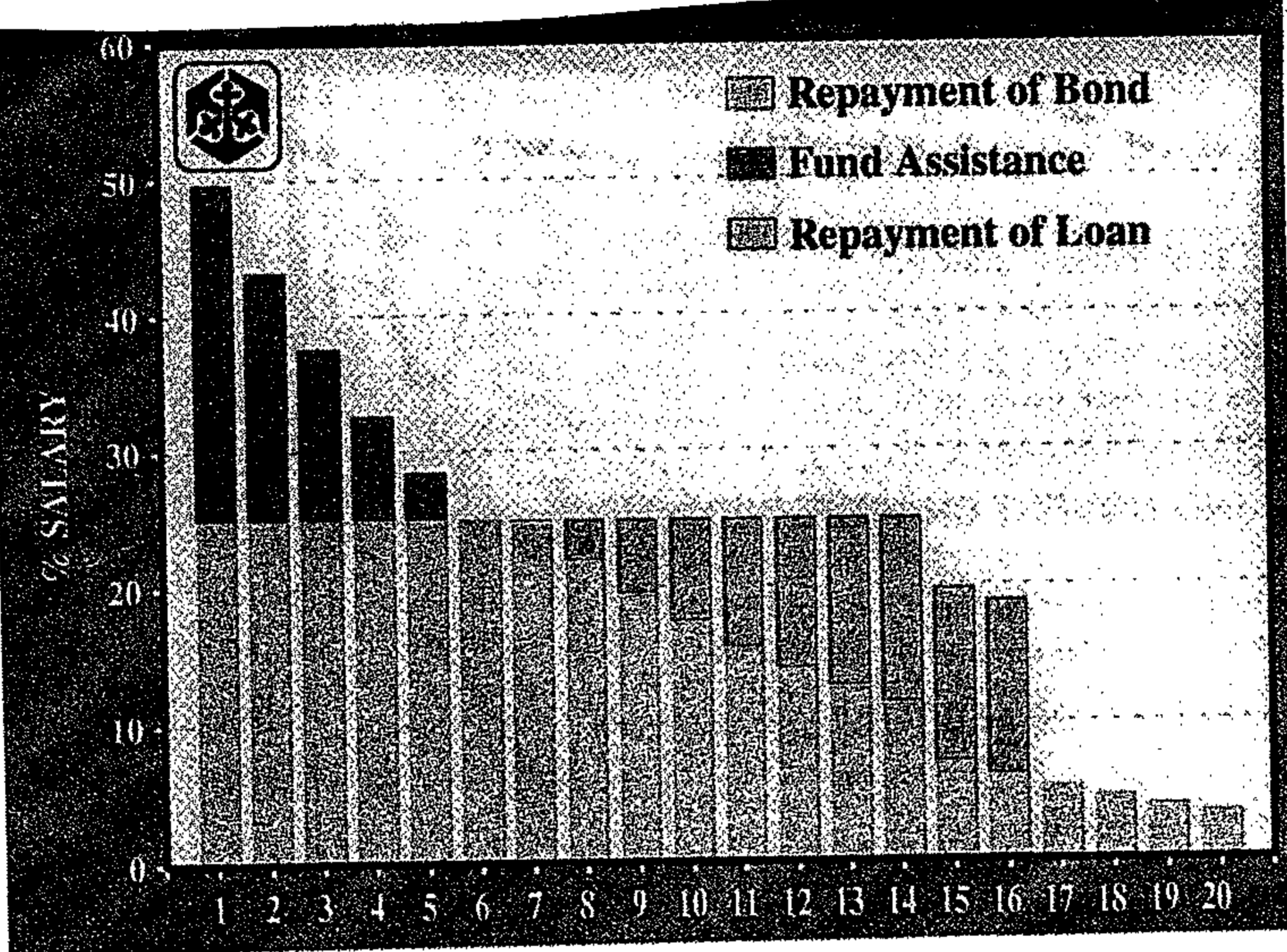
The evidence points to a marked lack of home finance for black townships. Absa is not the only financial institution reluctant to lend.

Standard Bank divisional home loans general manager Mr Duncan Reekie said their general approach to the granting of any home loan was that the customer should have a clear credit record and the required income to repay the loan requested.

So-called "red lining" occurred where properties in certain areas were found by banks not to offer security and sufficient value. Changes in the condition, nature and structure of the building, amenities, services and development plans created uncertainty as evinced by the decline in the market value of the properties, with the potential for further such declines.

The director general of the newly created Council of South African Banks, Mr Tony Norton, said most banks could not continue to lend money in areas where there was "a high risk factor".





This graph illustrates how borrowing from pension fund capital eases the burden of repaying a home loan.

# New way to finance a house

SOUTH 6/2 - 10/2/93. (78) (123) (328)

**A**N INGENIOUS scheme which uses pension fund capital to finance housing was announced by Old Mutual last week.

The scheme is intended to reduce the present housing backlog by making it easier for wage earners to become homeowners.

Buyers participating in the scheme are able to borrow pension fund money to subsidise their bond repayments for the first five years of home ownership. This will keep their monthly repayment down to 25 percent of their salary.

Thereafter, the bond repayments fall below 25 percent of the buyer's salary. However, the buyer will continue to spend the same amount each month. The money which is not owed in bond repay-

ments will be used to repay the pension fund.

Old Mutual assistant general manager Mr Henk Beets said by keeping monthly payments down to 25 percent of the buyer's salary, the scheme would make home ownership more affordable than before.

The scheme spreads the burden of repayment over a longer period than normal, and levels the high cost of the first few years of bond repayments.

The repayments will be structured in such a way that they will have been paid in full by the time the homeowner retires. With the retirement fund restored to its original level, the homeowner will not lose out on any pension benefits.

The scheme is in line with the Mouton Commission's recommendation that a single vehicle be used for provident funds and the provision of housing, Beets said.

The scheme was intended to offset the acute housing crisis.

Beets said the larger South African cities are typical of the "exploding cities" of the Third World. To house even half of the people who are presently homeless by the year 2 000 would involve building nearly 200 000 housing units a year.

The cost would be R43 billion for housing, which excludes the cost of roads, water supply, electricity network and other services.

One way of helping to meet these costs is to make it easier for people to buy their own homes.



# A home now more within reach

**A**LTHOUGH mortgage bond finance is still expensive for South Africans, in a comparison with many other countries, home ownership is becoming more affordable — and home-owners can look forward to more declines in mortgage rates, if Reserve Bank Governor Dr Chris Stals's comments are anything to go by.

This week he said conditions were favourable for a relaxation of monetary policy.

A further decline soon in the Bank rate as well as all other lending rates is being predicted with confidence.

Several factors have contributed to making housing more affordable recently, not the least of which is the fact that the bond rate has fallen from peak of about 21 percent 18 months ago to 16.75 percent.

This has brought the monthly repayment on a 20-year, R100 000 bond down from R1 780 to R1 450, and that on a R200 000 bond to R2 900 from R3 560.

In addition, property developers have lately reacted to the depressed market by introducing the Good Address, Small Home concept. Duplexes, townhouses and cluster homes located in upmarket areas but designed and priced for first-time buyers are coming to the market in profusion.

They also meet a demand for increased security and smaller properties which are easier — and cheaper — to maintain.

Camdon's group managing director Scott McRae says the greatest benefits are really to be had from the affordability equation, which links bond repayments with income.

Most lending institutions insist that monthly bond repayments amount to no more than 25 percent of income, although this can now be based on a household's joint earnings.

"For example, the home-owner needing a R50 000 bond now needs a monthly salary (or combined income) of

## How pressure on your pocket has eased

20 Year Bond	R50 000	R100 000	R150 000	R200 000
21%	R890	R1 780	R2 670	R3 560
20%	R850	R1 700	R2 550	R3 400
19%	R815	R1 630	R2 445	R3 260
18%	R775	R1 550	R2 325	R3 100
16.75%	R725	R1 450	R2 175	R2 900

R2 900 a month to qualify. Eighteen months ago he would have needed to earn R3 660 a month.

"At the top end of the scale, the buyer needing a R200 000 bond would have needed an income of at least R4 240 to qualify, but now only requires R1 600 a month."

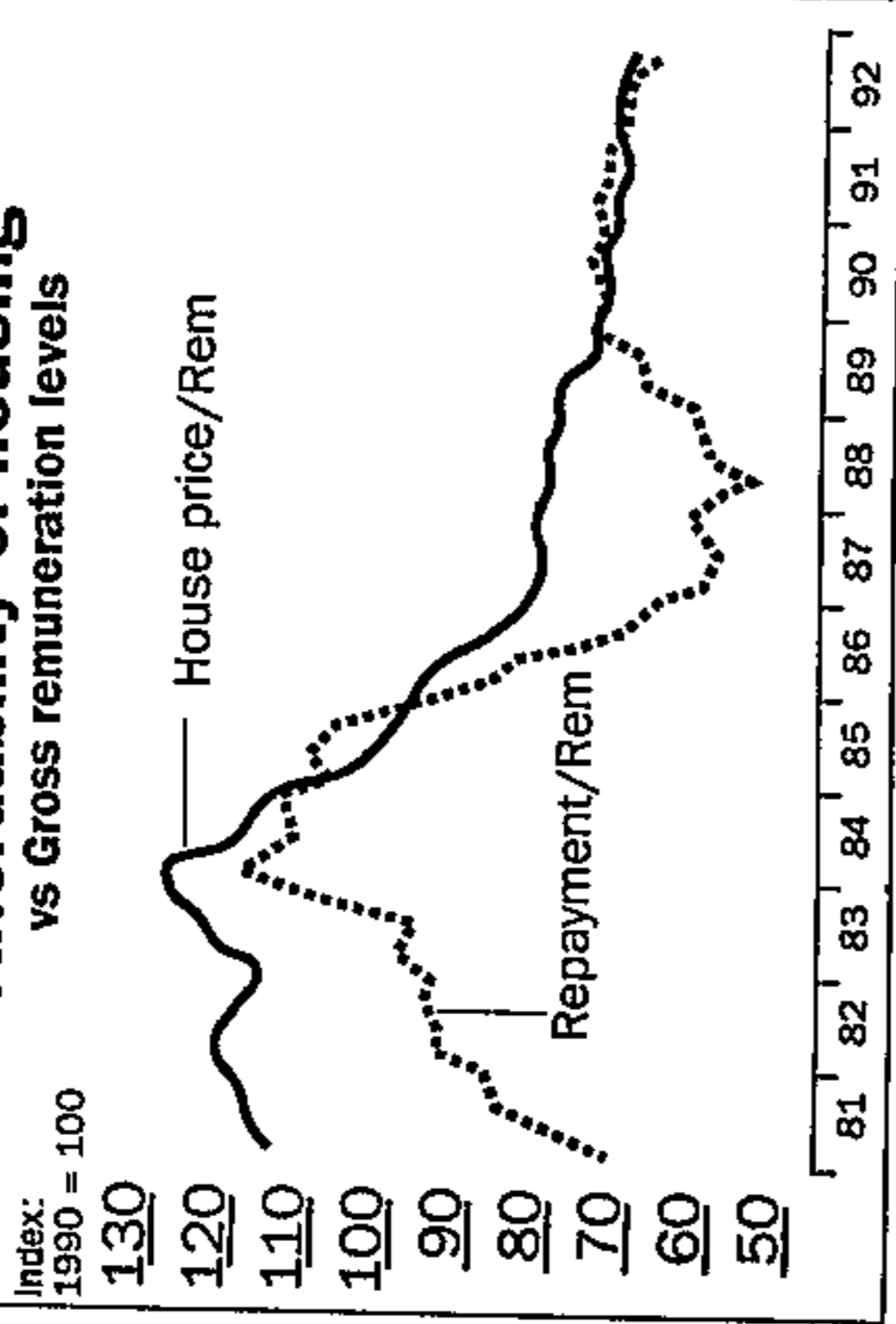
It is this factor, more than falling rates, which makes home ownership more accessible and which is likely to provide a market fillip.

But there is a danger that buyers earning more than the required minimums will fall into the trap of purchasing a more home than they can really afford.

They should be particularly mindful of this as Stals this week, almost as an aside, warned against the possibility of

rising interest rates again. They need to bear in mind that there is no guarantee of bond rates continuing to decline, or

**Affordability of housing vs Gross remuneration levels**



even staying at current levels.

It is always wise to provide a "cushion" by calculating whether you can continue to meet bond repayments even if bond rates should happen to rise several percentage points.

If you have the money to spare right now, rather buy a less expensive house, take a smaller bond and use the extra cash to reduce the capital portion of your mortgage loan.

This will shorten your repayment period, and could save you tens of thousands of rands on the eventual cost of the house.

If you have a safe and steady job and consider your career prospects to be bright, buying a house now could turn out to be one of the best investments you'll ever make.

## Bond package boosts credit line

FINANCE EDITOR

**M**ORE South Africans are consolidating their financial position in order to achieve savings in interest charges and improve monthly cash flow, says Rob Walkerley, NBS senior general manager, operations.

"Financial consolidation through a home loan is proving extremely effective," he adds.

In June 1992, NBS launched a new mortgage-based financial package called Actionbond which allows qualifying home-owners to tailor a credit line based on the increasing value of their property.

This means they have access to extra credit and not just the portion which has been repaid.

"Conventional mortgage access products give attention to the bond amount and outstanding balance, whereas Actionbond gives consideration to the equity accrued to a home-owner as a re-

result of rising property values.

"Depending on personal circumstances, Actionbond gives home-owners access to up to 10 times their normal re-advance limit. For example, if a house was purchased in 1988 for R100 000 with a R90 000 NBS-registered bond — payable at 16.75 percent over 20 years — the amount available for re-advance four years later would be only R3 171 (ie, the capital repaid to date).

"However, with inflation the property has increased in value to R175 000, and with access to 90 percent of the accumulated equity in his property, the Actionbond client is now able to borrow R70 671 at the prevailing mortgage rate, which is up to 10 percent lower than normal instalment financing such as HP.

"The product offers a one-stop finance package specifically designed to allow borrowers to effectively manage their total financing situation through their home loan. Actionbond can be used to consolidate short to medium-term debts for home improvements, education, cars and furniture, and by refinancing these items at the prevailing mortgage rate (over the same period), borrowers will achieve real interest savings as well as improve their cash flow," he says.

When a home-owner requires a bond that is less than he qualifies for, NBS will register a higher bond based on the client's future financial potential and needs.

Home-owners can then access up to 90 percent of the valuation as a handy line of credit.

"The balance of the bond will become available as the home-owner's earnings increase and property value appreciates."

# Perm makes pact with civic group

B/DAM 8/2/93.

DIRK HARTFORD

NEDCOR's Perm division and the SA National Civic Organisation (Sanco) signed a historic "compact" agreement yesterday which effectively excluded the Perm from mass action such as bond boycotts.

At the same time it put in place joint plans for education, job creation and training and development programmes in the townships.

The deal, which has Nedcor's full backing, was hailed by ANC economics spokesman Trevor Manuel as a breakthrough at a time when there was little "socially desirable investment" going on.

Manuel urged the Perm to get other financial institutions "on board" and to understand the substantial contribution they had to make in post-apartheid reconstruction.

He also challenged Sanco to attract more investment to the townships by sending "signals" that would not negatively affect potential investments for job creation and housing.

His remarks follow warnings by Sanco president Moses Mayekiso that there could be nationalisation under a new government if the banks "remained intransigent".

Mayekiso also announced that Sanco's lawyers were drafting a law against bank "redlining" — refusing loans in certain areas — which a new government would be expected to enact.

He said threats by civic and ANC leaders to renegotiate loans used to "sustain repression" under a new government were because "we want to cure the present cancerous link between the Council of SA

Banks and the regime".

Mayekiso said the pact was an essential element in the type of reconstruction accord Cosatu and the civics wanted.

Although most banks are refusing to hold discussions with Sanco, secret talks between Sanco and several financial institutions which are heavily exposed in the townships are continuing.

However, efforts to negotiate a code of conduct between the industry and Sanco remain stalled. A major stumbling block is the involvement of the banks in "apartheid structures" — particularly the homelands — which Sanco insists must stop.

Perm development GM Denis Creighton said there was a massive need to develop new business relationships between the private sector and township communities. He said both parties had no illusions about the difficulties on the ground and that the success of the pact depended on its ability to deliver what had been agreed on.

The main features of the Perm-Sanco pact are a joint commitment to:

- An educational programme on housing and developmental process, including rights and obligations of contracts, mortgage loans and related insurance issues;
- Encourage a culture of honouring contractual obligations, including debt payment, while excluding the Perm from all mass action and Sanco statements;
- Encourage holistic development projects, focusing on local employment creation and developing social facilities;

To Page 2

## Perm B/DAM 8/2/93

- Encourage holistic development projects, focusing on local employment creation and developing social facilities;
- Encourage the establishment of community trusts, with other organisations, to create the local and regional capacity to participate in development; and
- Develop a capacity building programme to train local, regional and national community leaders in managerial, developmental, housing and finance issues.

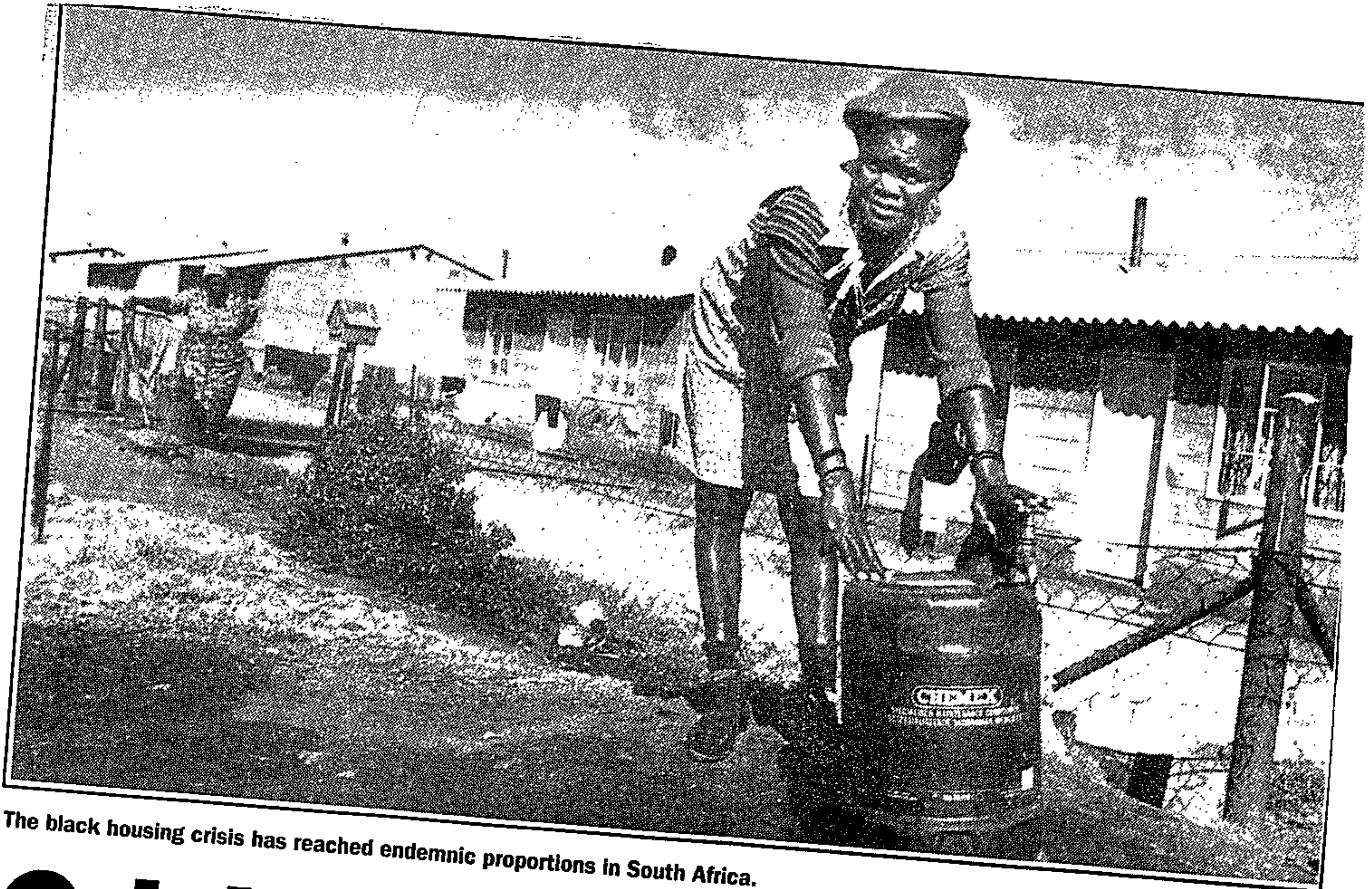
The Perm and Sanco have established a

national working committee to formulate policy guidelines for the implementation of the pact. National, regional and local working committees will be established to make sure the pact "delivers on the ground".

The pact does not preclude either party from entering into agreements with other organisations. It also provides for the involvement of "relevant representative parties" in its structures where necessary.

● Picture: Page 3





The black housing crisis has reached endemic proportions in South Africa.

# Crisis in black housing

Sowetan 8/2/93

By Joshua Raboroko

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The director general of the newly created Council of South African Banks, Mr Tony Norton, said most banks could not continue to lend money in areas where there was "a high risk factor".



Star 8/21/93  
**Perm to tackle problems of disadvantaged**

The Perm Bank and the SA National Civic Organisation (Sanco) yesterday signed an agreement with civic leaders in which the bank undertook to set up structures to address various issues in disadvantaged communities.

Sanco, in return, committed itself to encourage residents to honour their contractual obliga-

tions, such as the payment of debts. Sanco president Moses Mayekiso also committed his organisation to not targeting the Perm in future mass action campaigns.

Perm divisional director Hugh Maclachlan said the agreement was an important event in the evolution of development and housing in South

Africa. He said there were many people who wanted to take part in development but did not have houses or jobs, were unable to pay back bonds or had been ripped off by building companies.

Mayekiso said Sanco expected other bankers to follow Perm's lead soon. — Staff Reporter-Sapa.



# Bank rate cut good news for borrowers

Argus  
**WOMAN**



The Argus Correspondent  
JOHANNESBURG. — South Africans will soon be paying less interest on their house mortgages and their bank overdrafts.

Reserve Bank Governor Dr Chris Stals last night announced that from today the bank rate would be one percent lower at 13 percent from the previous 14 percent.

This is its lowest rate since 1988 and five percentage points below the peak of 18 percent which prevailed from the end of 1988 to March, 1991.

The commercial banks and building societies are expected to follow the Reserve Bank's action and cut their own lending rates by one percent fairly soon. Bankers said last week that they were waiting for the Reserve Bank to move before reducing their own rates.

This move towards cheaper money should give the economy a substantial boost for it will put more money into borrowers' pockets as their interest payments will decline.

A one percent reduction in the mortgage rate will reduce the monthly instalment on a R100 000 bond by about R83 a month. The interest rate cut will also make it less expensive to operate businesses and so encouragement businessmen to expand.

Industrial share prices on the Johannesburg Stock Exchange could firm slightly today, though the market has been expecting an interest rate cut for several days and has probably already taken much of it into account.

Dr Stals said that following December's inflation rate of 9,6 percent, inflationary expectations could adjust to a lower rate of price increases and nominal interest rates could therefore be reduced without signifying any fundamental easing in monetary policy.

Dr Stals said other interest rates used by the central bank in providing accommodation to deposit-taking institutions will also be reduced by one percent.

Choose the winner from our Bride of the Year finalists and win a holiday! Food for lovers — Valentine menus. A black and white issue: adopting today. Supermodels and the Paris collections. All in ARGUS WOMAN today.

## Breeders, trainers save horses

Staff Reporter

MORE than 30 thoroughbred broodmares and 13 foals have been saved from an uncertain future by an informal consortium of breeders and trainers.

A Klappmuts farmer, Mr Isak van Niekerk, snapped them up for R200 each at the Cape Broodmare Sale in Goodwood.

Industry insiders alleged Mr Van Niekerk was a butcher and the mares would end up as pets' meat. Mr Van Niekerk denied being a butcher, saying he planned to sell the horses to mule breeders in the Karoo and riding schools.

Many of the horses were bought back by their owners at considerable profit to Mr Van Niekerk, who charged between R550 and R750 each.

Breeder Mr Damian Stevens bought back his horse for R750 because "the mare is in foal and I can't stand the thought of her being butchered".

Trainers Mr Chris Snaith and Ms Clodagh Shaw and breeders Mrs Pat O'Neill and Mr Nils Haug then stepped in to save the rest of the mares.

● See Page 11

# Upturn seen for house prices in '93

JOHANNESBURG. — Housing prices are expected to increase by between 10 percent and 12 percent during 1993, according to the latest Quarterly Housing Review from Amalgamated Banks of South Africa (Absa).

(123) APR 9/2/93  
There was a possible indication, Absa said, that the recession had begun to loosen its grip on the residential property market.

Other factors improving prospects for the housing market were a 1 percent to 2 percent decline in the mortgage rate during 1993 and an improving repayment/remuneration ratio which declined by 9,4 percent during 1992.

"Clearly, housing finance has become decidedly more affordable in recent months, which probably explains the relative buoyancy of housing prices despite the continuing recession."

This trend was confirmed by building costs which rose by more than 13 percent (year-on-year) in the fourth quarter of 1992, compared with an average rise of only 8 percent in the first three quarters of 1992, Absa said.

The firmer price trend from the third to the fourth quarter of last year was evident in all regions of the country in the review's analysis, with the exception of Johannesburg, where the average price of medium-sized houses declined by 0,5 percent.

Average price increases for the same category of houses elsewhere in the country ranged from a low of 0,7 percent on the East Rand to a high of 11 percent in Natal, excluding the Durban-Pinetown area. — Sapa.



# Banks respond cautiously to Perm's bond boycott deal

ANDREW KRUMM

SA's banks would fight shy of emulating Sunday's deal between Nedcor's Perm division and the SA National Civics Organisation (Sanco) to exclude the Perm from township bond boycotts, an analyst predicted yesterday.

The analyst said the pact represented a "part forced, part willing" change of business direction for the Perm, which had relatively more invested in the black mortgage market than other banking institutions. "Due to its comparatively higher exposure to the black housing market, the Perm was forced to do something. However, they have always been a fairly progressive bank so their involvement in developmental issues is not that shocking."

Meanwhile, a number of banking groups yesterday declined to comment on whether they would follow the Perm's move. FNB MD Barry Swart said the banking community would respond through the Council of SA Banks, but council chairman Tony Norton refused to be drawn.

"The story only broke this morning and the industry has not yet got together to discuss it. It is also not for me to comment on the banks' individual approach."

He added that "as far as Sanco is concerned, we have found it productive to make no comment".

A banking source said Norton and others had been talking to Sanco and others over the past few months, but not in the secret manner which Sanco president Moses Mayekiso had alleged.

Standard Bank divisional GM Jopie van Hanschooten said he was not prepared to comment on the Perm's choices, but added that the Standard understood that "new frameworks" were required to determine how best to serve the customer. These frameworks would involve many things, only one of which was discussion with groups like Sanco.

Van Hanschooten said the thrust of a bank's interest in housing was primarily mortgage lending to its own customers. "We are in a business we know and understand, and one in which we can deliver. While using depositors' money, I think our involvement in the broader developmental issues is through structures like the national housing forum."

An Absa spokesman declined to comment on the Perm's move, saying his institution would deal with the fundamental issues in its own way.

● Comment: Page 8

# Rising house prices signal revival for SA property

By ARI JACOBSON

THE sharp increase in house prices in the final quarter of 1992 could indicate that the recession has loosened its grip on the residential property market, according to Absa.

In its quarterly housing survey Absa reported a 16% annualised increase in the price of medium-sized houses in the fourth quarter of 1992, against the meagre 0,3% in the second quarter and 3,2% in the third quarter.

Other factors helping to spur the property market will be a projected drop in mortgage rates and an improvement in repayment/remuneration ratios.

In the western Cape, the price of smaller houses edged up an average 9% in 1992 to R109 229 but larger houses dropped 5,7% to R220 129.

## Increases anticipated

Medium-sized houses rose 3,6% to R157 479, annualised as 16%. As a barometer, medium-sized houses in the Western Cape have gained about 75% on average in the four years to 1992.

On a general basis the survey anticipates housing prices to increase by between 10% to 12% in 1993.

It points out that housing finance has become more affordable and this has been realised in the relative buoyancy of the property market in the recession.

The trend was confirmed by building costs which rose by more than 13% (year-on-year) in the fourth quarter of 1992, compared with an average rise of only 8% in the first three quarters of 1992.

Housing prices are expected to increase by between 10% and 12% during 1993, the Absa review predicts.



By Sven Linsche

Homeowners can expect a one percentage point cut in their bond rates to 15.75 percent after last night's drop in the Reserve Bank's bank rate from 14 to 13 percent.

Senior managers at the country's major banks were meeting today to discuss the implications of the bank rate cut on their interest and mortgage bond rates.

Economists said today that the decline in the bank

# Homeowners' bond repayments likely to be cut

Star 9/21/93

rate would be followed almost as a matter of course by lower prime and other lending rates.

A one percent bond rate cut would reduce the prime rate, the rate banks charge their key customers, from 17.25 to 16.25 percent and the bond rate from 16.75 to 15.75 percent.

Announcing the drop in interest rates yesterday, Reserve Bank governor Dr Chris Stals said the recent fall in inflation to below 10 percent for the first time since 1978, had provided leeway for lower interest rates.

He warned, however, that the declining tendency in the gold and foreign reserves could militate against further reductions in interest rates, irrespective of what the inflation rate might do in the future.

"In fact, a continuing overall deficit on the balance of payments may in due course again lead to higher interest rates, which the Reserve Bank should not try to neutralise by the creation of more money."

Nevertheless, the likely decline in the bond rate is a major bonus to hard-pressed homeowners — since the beginning of last year the bond rate has fallen by more than four percentage points from 20 percent to the anticipated 15.75 percent.

In real terms, this means that on a 20-year bond of R100 000 the monthly repayment will have dropped from R1 700 at 20 percent to about R1 400 at 15.75 percent, a decline of R300. Similarly, for a 25-year bond of R150 000 the monthly repayment of R2 548 at 20 percent could fall to as low as R2 100 at 15.75 percent.

The lower bond rate pattern over the past year has also boosted house prices, according to a housing review published by Absa yesterday. Absa says the average price of a house in the fourth quarter of last year was R143 000, 6.5 percent

higher than 12 months ago.

The Bank expects a further rise in prices of between 10 to 12 percent this year as a result of renewed demand in the wake of the lower bond rates.

Lower interest rates will also reduce the monthly repayments on other overdrafts, but will lead to a fall in the deposit rates the banks pay on their customers' savings accounts.



# Rate

# Cut



## Home loans to come down

Own Correspondent

**JOHANNESBURG. —** Reserve Bank Governor Dr Chris Stals last night announced a one percentage point cut in bank rate from 14% to 13% after days of feverish speculation in the financial markets.

Bankers said last night they would announce reductions in their prime overdraft and home loan rates today in response. The prime overdraft rate is at present 17.25%.

The move was not expected to be repeated in the near future as Dr Stals' statement was accompanied by a stern warning that interest rates might have to rise if balance of payments (BoP) problems persisted.

Dr Stals also announced strict new money supply guidelines and vowed to keep a tight lid on money supply growth. The new target range for growth in money supply from the fourth quarter of 1992 to the same period this year is 6%-9%, down from 7%-10%.

The Board of Executors deputy managing director Mr Phil Biden last night called the bank rate cut "positive and necessary".

He pointed out that there would not be mass consumer spending, but rather light relief as mortgage bond and

hire purchase rates edged downwards.

Sanlam's economist Mr Johan Louw said the cut in bank rate was the first step in getting the economy on the move.

"It was expected considering the low inflation levels (under 10% for the year to December) and the high real interest rates (nominal interest rates less inflation) which are way above international standards."

Searle's chairman Mr Aaron Searl added that a cut in interest rates would bring much-needed aid to the costly capital-intensive clothing and textile industry.

First National Bank managing director Mr Barry Swart said last night the bank would announce reductions today in its prime and home loan rates. He could not indicate the size of the cuts and noted that home loan rates were already below prime. Most banks' home loan rates are currently 16.75% and prime rates are 17.25%.

Nedbank managing director Mr Richard Laubscher said the rate cut was a positive sign in the light of international rate cuts last week and lower inflation locally. "We will review the our prime and home loan rates today."

Standard Bank managing director Mr Mike Vosloo said: "Obviously we will be looking at the situation today and will respond in due course."

● SA gold, forex reserves dip again — Page 9

123  
219/2/93



# Uptrend seen in house prices

Finance Staff (88) 123

Absa expects house prices to rise by between 10 and 12 percent this year. STAN 9/21/93

In its latest Quarterly Housing Review the bank says there are indications that the recession has begun to loosen its grip on the residential property market.

Prospects for the housing market have improved following the decline in bond rates last year as well as an improved repay-

ment/remuneration ratio which fell by 9.4 percent in 1992.

The improved trend is confirmed by building costs which rose by more than 13 percent (year-on-year) in the fourth quarter of 1992, compared with an average rise of only eight percent in the first three quarters of 1992.

The firmer house price trend in the fourth quarter was evident in all regions except Johannesburg, where the average price of medium-sized houses fell by 0.5 percent.

# Freestanding houses preferred

Municipal Reporter

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FREESTANDING houses in suburban locations would be the first choice of most council-house tenants, according to a survey on attitudes towards different types of housing.

But if this suburban lifestyle comes at the expense of accessibility to shops, work and various

amenities and services, then fewer than a third of survey respondents would want it.

This was established in a survey conducted by a task force which reported to the District Six steering committee.

The aim of the project was to "inform the provision of multi-storey inner city housing" by

looking at the situation on the Cape Flats.

Photographs of four contrasting neighbourhoods were shown to the respondents, who were asked to arrange them in their order of preference. There were freestanding houses, row houses, flats near the city, and flats above shops.



# Demand stimulated by VAT speculation

BIDAM 10/2/93.  
RESIDENTIAL estate agents are divided on whether there is a "beat VAT" rush into the property market ahead of the expected increase in the rate to 12% or 13%.

If present legislation remains unchanged, any increase in VAT would not affect the existing home market, as VAT is not applicable to home resales between private individuals.

"The effect of the increase will be on newly built homes sold by a contractor or developer and would arise as labour costs, overheads, finance and the builder's profit now attracts VAT as do related services such as agents' commissions," said NBS Devco Transvaal regional director Tom van der Merwe.

The company had detected more demand and greater interest in the market for its products and many hesitant buyers had been prompted into firm action.

It was calculated that VAT at 10% added up to 3% of the cost of a medium priced house and up to 5% for a lower priced house when it was originally introduced, he said.

"A R100 000 house would have gone up in price by about R3 000. Now, if VAT rises another 3%, the net expected effect would be to push the price of the same R100 000 house by another 1,5%," Van der Merwe said.

However, Pam Golding Properties Transvaal director Ronald Ennik did not expect the expected hike to have any effect on the property market, which was reflecting a more bullish undertone.

"We did not see a pre-VAT surge in the residential market when it was originally introduced and I do not expect to see one

(123)   
PETER GALLI

now. The taxi war last week has had a slightly dampening effect on the market, but the Bank rate cut is helping buoy the market," he says.

Camdons MD Scott McRae expected a "rush of buyers" but said as yet there had been no visible signs of it.

While the group continued to field a number of inquiries, there had been no real increase in the tempo of sales. The political situation and the taxi war resulted in less prospective buyers visiting show homes on Sunday, but this was expected to be only a short-term trend.

"There is no question that there will be a rush of buyers, but this will probably only start at the end of the month. While some of this is related to VAT, there is a mild upturn in the residential market and some buyers have been waiting for a drop in the bond rate," he said.

Seeff Residential Properties MD Bernard O'Riain said any increase in VAT would have little effect on the market as it coincided with the upswing in the market.

"There is renewed interest in new developments at the right price and these are selling at an unprecedented rate. We offered 50 townhouse units in Observatory at the weekend ranging from R85 000 to R219 000 and all were sold by lunch time," he said.

About 20% of the buyers were investors who put a small deposit down and either rented the property out or resold it at a profit prior to completion, while 50% were first-time buyers, he said.

# Prefab housing gains status as an affordable alternative

ANDREW KRUMM

THE stigma attached to prefabricated housing in SA is disappearing as the range of quality products on the market increases and affordability becomes paramount, says CA Brand Housing CE Alan Young.

Launching a model prefabricated home — selling for R39 000 — in Bryanston, Young said perceptions were changing as the aesthetic differences between prefabricated buildings and brick and mortar were eliminated.

“As brick and mortar houses cost up to 30% more than a prefab house of similar size, lower levels of discretionary income make prefabricated housing an affordable alternative.”

About 95% of CA Brand Housing's target market, consisting of young lower- to middle-income families, liked the product and the savings it would generate. However, those of 45 years and older “cannot believe that people pay for a house like this”.

The 42m<sup>2</sup> two-bedroomed showhouse, built in seven days, had the outward appearance of face brick. Its walls were made of polymer concrete, with a life expectancy 40 years beyond that of face brick.

“With this system we can build anything from a R26 000 basic house — in which a number of companies and trade unions have shown interest — to a double-storey 400m<sup>2</sup> home.”

Young said low-cost prefabricated housing was here to stay. It was cheaper and had virtually no maintenance costs.

“We are the only country in the world who believe that mass housing can be supplied with brick and mortar. The rest of the world discovered 20 years ago that this is not possible.”

## HOUSING COMPLETIONS JANUARY TO MAY 1992 HOUSES

	No.	R/m <sup>2</sup>	Avg. m <sup>2</sup>	Avg. cost*
Whites	6 240	R762	182	R138 613
Coloureds	1 958	R518	65	R33 661
Indians	685	R617	136	R83 882
Blacks	2 617	R621	58	R36 290
Total	11 500	R718	131	R94 198
< 81 m <sup>2</sup>	3 485	R587	56	R33 011

\* Building only  
Source: CSS

Calculations by Real Estate Surveys

The latest Rode Report echoed this view, stating that SA was not addressing its housing need where it mattered most.

“Of the 11 500 houses built from January to May 1992 only 2 617 or 23% were for blacks, 1 958 for coloureds and 685 for Indians, while only 30% of the houses were smaller than 81m<sup>2</sup>,” it said.

The average cost of homes, excluding land, was R138 613 for whites, R83 882 for Indians, R33 661 for coloureds and R36 290 for blacks.

Official statistics confirmed that the promising growth last year in single residential house starts had been aborted. “We are now back to the low reached at the end of 1990 and the main reason for this is the non-performance of the sector that delivers low-cost houses for blacks,” editor Erwin Rode said.



# Financial institutions lower rates

Sowetan 10/2/93

■ More money for the borrower:

By Joshua Raboroko

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MAJOR financial institutions dropped their overdraft and home loan rates after the Governor of the Reserve Bank, Dr Chris Stals, reduced bank rates from 14 to 13 percent.

Announcements were made by First National Bank, Standard Bank, Saambou, Nedbank, NBS and Perm.

The moves by financial institutions towards cheaper money should give the economy a substantial boost. It will put more money into the borrowers' pockets as their interest payments will decline.

FNB's Mr Norman Eksteen said the bank had lowered its prime overdraft rate from 17,4 to 16,25 percent and home loans from 16,34 to 16 percent.

Standard Bank has announced a one percent drop in its prime overdraft rate, from 17,25 percent to 16,25 percent, and a 0,75 percent reduction in its home loan rate, from 16,75 percent to 16 percent. Both are effective from February 22.

Saambou managing director Mr Johan Muburgh said the bond drops would be immediate.

Perm and NedPerm will reduce the prime overdraft from February 25.

# Few black homes built

Own Correspondent

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CT 10/2/93  
and 685 for Indians.

DURBAN. — The dire shortage of housing for blacks is still not being dealt with and in the five-month period between January and May last year more homes were built for whites than for blacks, Indians and coloureds put together.

Mr Erwin Rode, research director of the Real Estate Survey's quarterly report on the property market, says: "Of 11 500 houses built only 2 617, or 23%, were for blacks, 1 958 for coloureds

In the same period, says the report, 1 656 townhouses were built — it is assumed they were for "non-black" occupation.

Mr Rode finds building construction generally is "nose-diving" — the only exception being townhouses, which are reacting to the drop in interest rates and the "rampant crime rate".

Non-residential building slumped dramatically and is now plumbing the depths of 1987.



Star 10/2/93

# Banks trim cost of money

By Magnus Heystek  
Finance Editor

South Africa's commercial banks all announced further cuts in bank overdraft and home mortgage rates yesterday following Monday's one percentage point drop in the Reserve Bank rate — to 13 percent.

The prime overdraft rate at most major banks will be reduced from 17,25 percent to 16,25 percent while mortgage rates will mostly drop by 0,75 percent to 16 percent.

The effective dates of these new interest rates vary from

bank to bank. Standard Bank's new rates come into effect on February 22 while First National Bank, Nedcor and Perm will reduce rates on existing loans from March 1.

The Board of Executors (BOE) has reduced its mortgage rate by a full percentage point to 14,5 percent. BOE operates in the top end of the market and has no bad debts.

Monday's move by the Reserve Bank was expected after SA's inflation rate dropped to below 10 percent for the first time in nearly 20 years.

The downside of the reduction is that deposit rates at banks should follow suit as banks try to maintain their

margins.

Deposit rates, which have come down substantially in recent months, are likely to be reduced even more in the coming weeks as investments mature.

Despite warnings by Reserve Bank Governor Dr Chris Stals on Monday that pressure on the country's foreign exchange earnings could possibly lead to higher interest rates later in the year, bankers are still expecting further cuts.

But BOE director Mike Thompson says that a further drop depends on the Budget.

The drop in the price of money comes as welcome relief to businesses and cash-strapped home owners. It caps regular

drops in bond and prime overdraft rates from around 21 percent early last year.

Business leaders and spokesmen for organised commerce yesterday welcomed the further decline in prime rates but added that banks should pass on the benefits to consumers.

Homeowners with bonds will by now be feeling a massive difference in their minimum monthly repayments. A bond of R150 000, repayable over 25 years, will — at an interest rate of 16 percent — require monthly repayments of R2 120, as opposed to R2 548 at 20 percent.

The declining trend in mortgage rates is having a beneficial effect on house prices.

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# Home loans cut

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CT10/2/93

By ARI JACOBSON

MAJOR banks took the lead from the Reserve Bank's cut in the bank rate to 13% and lowered prime overdraft rates from 17,25% to 16,25% and mortgage bond rates by 0,75% to 16%.

The prime overdraft affects banking services such as overdraft rates and hire purchase.

Mortgage rates are usually cheaper than other rates as the underlying asset is considered to be less risky.

The down side of a decline in interest rates is that interest paid on fixed income investments will drop, although banks will be adopting different strategies in this regard.

While rates are in most cases expected to drop by about 1%, Standard Bank are keeping rates for fixed deposits of over a year unchanged at 11%, to encourage "investors to save for longer" the bank's general manager Mr John Holloway said.

## Foreign exchange

The ultimate effect of the 0,75% cut in the bond rate would lead to a saving of about R60 a month on a home loan of R100 000 with a maturity date of 25 years.

NBS's Mr Kingsley Loney suggested that as clients were accustomed to their present payments they should continue to pay the same sum, as interest rates could increase again by the end of the year.

He was responding to SA Reserve bank governor Dr Chris Stals' statement that interest rates could rise again, if the country's foreign exchange position did not improve.

● How about a little rate cut after lunch? —  
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# Property recovery 'unlikely before 1994'

BIDAY 11/2/93

LINDA ENSOR

CAPE TOWN — The property market would reach a lower turning point by the first half of 1994, Boland Bank chief economist Louis Fourie said in the February issue of the bank's Economic Review which focused on the property market.

"Taking the real value of building plans approved in the private sector as a barometer of construction activities in the forthcoming two years or so, it becomes clear that the property market is not on the verge of a revival. Significantly, even the building plans for non-residential building are showing a sharp levelling off."

Fourie said that traditionally the property market lagged the business

cycle by about 12 to 18 months making it unlikely that there would be any recovery before early 1994. He cautioned however that political developments would have a decisive impact on the property market.

"In the absence of an improvement in the general level of confidence in the future of SA, it is unrealistic to anticipate a significant revival in the property market. There are at least tentative indications that we can look forward to positive progress in this area."

While residential property had become relatively inexpensive over the

past three years, there had been a severe setback in individual wealth. Fourie said there were no good reasons to believe that the labour market, income growth or tax position of the average individual would improve significantly in the short term.

Consequently, the "affordability factor" still had to be regarded as a negative determinant of property market trends.

Also, significant reductions in interest rates would not serve as a booster for the property market in 1993/94. Fourie stressed, however, that there were many opportunities currently available in the property market.

B. D. M. 1/12/93.  
**Move to broaden  
property rights**

CAPE TOWN — The Regional and Land Affairs Department was investigating in depth ways of broadening access to land and property rights, Deputy Land Affairs Minister Johan Scheepers said in Parliament yesterday.

Replying to debate on the Sectional Titles Amendment Bill, he called for creative thinking.

Earlier, Douglas Gibson (DP Yeoville) said it was a "tremendous problem" that there were relatively few blocks of flats available for rent as opposed to purchase under sectional title.

Because of this, black people in particular were being exploited by landlords in Johannesburg's flatlands. Up to 10 people were being crammed into a reasonably small flat and were being forced to pay through the neck (123)

This led to undesirable social conditions and health problems.

Hennie Bekker (NP Jeppe) said sectional title was to some extent a way of overcoming these problems. Upgrading could take place and the flats put up for sale. A problem was banks and building societies had withdrawn from providing the finance needed.

A new scheme had been launched to redevelop areas and he trusted financial institutions would play their part. — Sapa.



APARTMENTS

(123)

## Looking good

FMA  
12/2/93

**Property developer** H Lewis Trafalgar — the largest sectional title developer in SA which is also active in the furnished executive apartment market — has bought eight apartment buildings for about R30m. The buildings comprise 250 flats which the company intends converting for sale under sectional title.

All are situated in major cities — Solace Place on Durban's North Beach; Ascot Court in Universitas, Bloemfontein; Avronne in Tamboerskloof, Cape Town; and Portofino in Sea Point, Cape Town. In the Johannesburg area the list includes Dunlo Court (renamed Richmond Place) in Richmond; Melrose Gardens and Wanderers Gardens in Illovo; and Juliana in Parktown.

H Lewis Trafalgar group MD Neville Schaeffer believes the flat market is experiencing renewed interest from investors and owner-occupiers for a number of reasons, including people moving to smaller units; less costly credit and opportunity taking. "The flat sector showed the best performance of any of the property sectors in 1992. Well-priced stock sold well. Our strategy is to focus on affordability and quick turnover."

Flat prices range from R55 000 for a bachelor unit in Richmond — like Universitas, an area convenient for hospital staff and students — to R205 000 and up for a large, three-bedroom flat on Durban's North Beach. Melrose Gardens and Wanderers Gardens two-bedroom flats in Illovo, are priced about R155 000. Melrose's three-bedroom flats sell at R195 000. The price of three-bedroom flats in Wanderers Gardens, and those in Juliana and Portofino are still undecided. ■

524 13/21 93

# Give state houses to residents, forum urges

AN INTERIM government should give all state-owned houses to the people living in them, a Nedcor/Old Mutual economic think-tank has proposed.

The proposal was one of many to emerge from a report by the think-tank, which comprised participants from business, labour, politics and organisations promoting various aspects of economic policy. The nine-month study was chaired by Nedcor director Colin Adcock.

A total of 22 proposals were put forward as actions which could be implemented in the short term, while also stimulat-

**MICHAEL SPARKS**



(123)

ing the economy.

The group believes that the transfer of state-owned housing to its current occupiers would have a dramatic political effect because the beneficiaries would, for the first time, feel they were receiving tangible results from political change.

It would also create wealth for people through newfound access to private property, while also being seen as the solution to the rent and services boycott which has strangled many black townships.

While it was acknowledged

that this proposal would not solve any problems for those without housing, the benefits were still seen as significant.

As part of a plan to increase investor confidence and bring in much-needed foreign investment, other proposals included:

- A Reserve Bank — with constitutionally guaranteed independence — which would control money supply and interest rates.

- A fiscal commission to redistribute wealth through the Budget.
- A restructured, more accountable civil service.
- An office to ensure efficiency in government and prevent waste.

- Restructured media and security forces, because of a perception among the majority of the population that these lacked credibility.

- A strong need to promote exports, not as an end in itself, but as a means of earning the foreign exchange needed to finance the foreign goods necessary for economic growth.
- Education was seen as a vital area which needed attention, especially the development of technical skills to make people employable.
- The promotion of informal markets.



## R9m from oil sale will go to housing

(123)

Political Staff

THE government has decided to set aside another R9m from the sale of strategic oil stockpiles to finance housing and related infrastructure. *8/00m*

These funds will be accessible to government bodies and development institutions such as the Development Bank of Southern Africa, the SA Housing Trust and the Independent Development Trust.

Provision for these amounts has been made in Additional Estimates for the Department of Finance for the 1992/3 financial year. *15/2/93*

The estimates, which were tabled in Parliament on Friday, set aside R4m for the development of the so-called Far East Bank area in Alexandra township, north of Johannesburg.

A further R5m has been allocated for the provision of mass infrastructure to low-income groups.

## Retrenchments boost demand in some sectors

UDM 17/2/93  
RETRENCHMENTS in many sectors are generating demand for property in certain sectors, says Camdons MD Scott McRae.

(123)  
"We are finding many people are using their retrenchment payouts to reduce their monthly property costs, either by buying smaller homes or second homes to generate rental income," he says.

This has led to demand for homes suitable for starting small cottage industries such as consultancies, small manufacturing or distribution operations.

"The net result is movement in the property market with a domino effect of buying and selling brought about by the original seller who was retrenched and is now forced to look at his commitments," he says.

While some people were selling their properties and renting so they could use the realised cash to help provide an income, this was short-sighted as rental money was lost and interest rates were falling.



## Breakthrough on bond boycotts

GRETA STEYN

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A BREAKTHROUGH has been reached in negotiations between the SA National Civic Organisation (Sanco) and the banks on the township housing crisis, and a wide-ranging agreement is expected soon.

The Association of Mortgage Lenders said yesterday agreement was expected shortly in the areas of bond repayment insurance, repossessed properties, education and payments in arrears.

This was confirmed by Sanco president Moses Mayekiso, who said a meeting would be held soon to finalise details and possibly to sign an agreement. He added the agreement went further than the one signed with the Perm, as it would be more detailed in its focus on the lending crisis.

The association warned against calling for mass action and rental boycotts "in the light of positive progress". The agreement with the Perm effectively excluded it from mass action such as bond boycotts.

The association said its member banks were also involved in regular discussions with individuals and local community groups, who were directly concerned with mortgage lending issues.

Mayekiso said if an agreement was signed, it would be regarded as an interim measure as there were some issues that remained unresolved. The association said, however, that its members were "on board" in respect of those issues on which they believed they could realistically deliver. It was a member of the National Housing Forum and its view was that only such a forum had the capacity to address the broader housing development issues.

The agreement with the Perm included non-mortgage related programmes such as job creation. BIDA 7 17/2/93

# LOA plan could pump millions into low cost housing

Property Staff

Millions of rands could be made available for housing and other social needs through the initiative recently announced by the Life Offices Association.

The plan, to be managed by the Investment Development Trust of the LOA, is to tap funds held by the large insurance groups for ongoing investment in housing, health, education and infrastructure development.

Barry Adams, chairman of the trust, told delegates to a National Association of Home Builders (NAHB) meeting yesterday: "Reserves of insurance companies have traditionally been invested in commercial and industrial projects to ensure high returns for policy holders.

"A new strategy to invest in residential projects as well has now been introduced and millions could be made available for housing and other social needs".

## Catalyst

The trust is to act as the catalyst for developers and entrepreneurs who will submit plans for proposed projects, filtering these to members of the LOA for investment action.

Adams emphasised that the approval criteria for developments would be security, labour intensity and reasonable return for the LOA membership.

Meanwhile, there are high expectations within the home building community that millions more will earmarked for housing in the March budget.

The existing allocation is R3,6 billion and there is a strong possibility that this could rise to about R5 billion, following representations to government by the Building Industries Federation (Bifsa) and its associates in the construction industry.

## State funding

The Institute of Building (SAIB), whose 1200 members represent management in the industry, has now also associated itself with the moves to have more State funding released for housing.

Johan Viljoen, a past president of the SAIB, says that until about nine months ago, it was assumed that the Independent Development Trust would channel state housing funds to where they were most needed.

However, he says, its efforts have been hampered by the political situation, violence and the difficulty of finding representatives to deal with in each area.

It has also had problems "selling" the idea of projects near existing housing estates, because the residents of these areas regard site and service schemes nearby as a danger to their investments.

Bifsa, the SAIB and the NAHB have now accepted that housing can-

not always be a government responsibility but, says Viljoen, they believe it is the responsibility of the government to come up with ways to give private institutions — such as the members of the LOA — the confidence to invest in housing.

## Houses built

An indication of the urgency of the situation can be found in the fact that, while the National Housing Forum estimates that 200 000 houses a year are needed, only 25 500 were built in the first 11 months of last year.

According to the Central Statistical Service, this was 15 percent down on the corresponding period of 1991 and, of those houses built, only 40 percent were less than 81 sqm in size.

Boland Bank, in its latest economic review, points out that the real value of residential buildings completed during this period also fell, and that the average level of activity in the sector is now 10 percent lower than in three years ago.

What's more, non-residential building now accounts for approximately 42 percent of building activity, as opposed to an average of 33 percent in the years 1983 to 1990.

This, says the bank, is "directly contrary to the fact that the need in South Africa is for the construction of residential buildings".

STAR 17/2/93



the country, a dependable indicator of the quality of education it provides.

The dedicated staff at schools and at head office are fully alive to the department's mission.

[Time expired.]

Mr M RAJAB: Mr Chairman, I must confess that when I tabled this particular interpellation I had no idea that the then hon member Mrs D Govender would be replying to it, and I am sure neither did she, going by the newspaper reports. Perhaps it is therefore appropriate for me to begin by offering her my congratulations on her recent appointment as Minister of Education and Culture in this particular House in the dying days of own affairs, which will come to an end very shortly.

I do not want to get involved in the so-called vendetta which the hon member alleges exists between this department and a respected newspaper, because, as all hon members are aware, hitherto that particular newspaper has, in fact, highlighted some very positive things which the hon the Minister's department has done.

Having listened to the hon the Minister, I want to say to her that I am pleased to learn that most of our schools are now functioning adequately. However, one thing that does concern me, and I am sure concerns many in our community, is that this problem that we are talking about raises its head like a hardy annual at the beginning of every academic year. This is of great concern to us.

It appears to us that this is due to the fact that there is some bureaucrat who obviously is not doing his job properly and is not allocating resources correctly. It is this particular bureaucrat who needs to have his behind kicked, because such inefficiency on his part reflects very poorly on the wonderful work that is being done by the department. [Time expired.]

Mr P NAIDOO: Mr Chairman, the deputy director-general's reply to *The Natal Mercury* is a typical case of beheading the messenger of bad news. I would have expected him to address the issues raised in that editorial.

Hon members must pardon me for being nostalgic, but I cannot help but recount the good old days when efficiency and good planning were the hallmarks of our Department of Education. The

constraints then, unlike now, were many and forbidding. Unfortunately the department has been reduced to a bumbling behemoth merely going through the motions, whose functionaries are burdened with manufacturing promotion instruments which do not work and retirement packages that prematurely rob our Administration and our children of our best brain power. It is a fact that the quality of the planning and support services from Truro House has steadily deteriorated over the years. [Time expired.]

Mr A RAJBANSI: Mr Chairman, I fully agree with the sentiments expressed by the hon the Minister of Education and Culture. Of course, the general impression that there is a crisis in our education was created as a result of the political arm of that particular portfolio overplaying its role. I sincerely hope that the present hon Minister will rectify this situation.

Mess and crisis there are, but these exist in the minds of very narrow-minded people. Our Department of Education is progressing very well indeed. If one looks at the articles in *The Natal Mercury*, one finds that it is not the work of senior journalists, but of one disgruntled journalist who has a vendetta against the Administration.

Of course, as the hon the Minister has pointed out, in such a massive department, which has 11 000 teachers in its employ, one cannot get 100% efficiency. There are problems. There are cases in which principals may not be doing their jobs properly. [Time expired.]

Mr M RAJAB: Mr Chairman, I cannot agree with the hon member for Arena Park, and I must agree with hon nominated member Mr P Naidoo. There is no doubt whatsoever that what has been reported in the newspapers is in fact correct. One would have expected the hon the Minister to have admitted that. I am not saying that it is her fault—she has just inherited that particular portfolio—but what I am saying is that we should be honest enough to admit that there have been problems.

If we forget what has happened this year and go back over the the past four or five years we will find that every time the schools reopen we have a crisis. The crisis relates to textbooks not being allocated correctly, to teachers not being allocated to schools correctly, and that kind of

resource problem. It is merely a question, as I said, of attending to that particular problem which may be created by an inefficient bureaucrat. [Time expired.]

The MINISTER OF EDUCATION AND CULTURE: Mr Chairman, I thank the hon member for Arena Park for his encouraging remarks.

Since my appointment as Minister of Education and Culture, and specifically in preparation for this interpellation, I have established that textbooks were supplied timeously to the greater majority of schools.

Mr M RAJAB: Why not to all schools? That is not good enough.

The MINISTER: Problems were encountered in a few cases where the intake of pupils in high population growth areas was in excess of the anticipated numbers, for example in the Trenance Park and Rustic Manor areas of Phoenix. Minor problems were also caused by a few titles of books being out of print, and because supplies were being awaited from overseas publishers. These problems have now been resolved.

The so-called surfeit of heads of department resulted, as had been expected, from the department's policy of judicious rationalisation, guidance and counselling, and library resource management. Such heads of department became redundant in a few schools until they could be suitably redeployed in their new subject choices and until they could be accommodated in their areas of residence. This problem has also been successfully resolved.

A few schools, especially in areas away from Durban, for example in the Northern Natal and the Richards Bay areas, had teacher shortages for a day or two. This was owing to newly qualified teachers refusing to take up posts in the outlying areas for one reason or another. Of the 277 qualified teachers, 27 did not take up their posts for various reasons. The problem was further compounded by the fact that 50 married female teachers had to be considered for appointment closer to home. The position was further aggravated by a shortage of junior, primary and other specialist teachers in subjects such as technical drawing and computer science. All these problems have been solved to date.

Mr M RAJAB: You should have told us that at the start!

The MINISTER: It is not true that all classes are overfull. The average pupil-teacher ratio in our schools, despite the fact that we have taken in 7 000-plus Black students this year, stands at an average of 35 pupils per teacher in primary schools. [Time expired.]

Debate concluded.

Resale of expropriated properties

2. Mr A RAJBANSI asked the Minister of Local Government, Housing and Agriculture:

(1) Whether he or his Department has formulated any policies in respect of the resale of properties expropriated in terms of the Group Areas Act or acquired for purposes for which they are no longer required; if not, why not; if so,

(2) whether any decision has been taken on how the resale prices of such properties are to be determined; if not, why not; if so, what procedure will be followed in this regard?

*D.A.E. INT*  
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The MINISTER OF LOCAL GOVERNMENT, HOUSING AND AGRICULTURE: Mr Chairman, the reply to the first part of the question is yes. The department has noted the hon the State President's statement in that regard and it will deal with the disposal of such property in terms of his directive when the department's development strategies are considered for review. Each case will be investigated thoroughly and will be considered on merit.

Furthermore, as hon members of this House will know, provision has been made in the Abolition of Racially Based Land Measures Act, Act 108 of 1991, for the appointment of an advisory commission on land allocation, the objects of which are detailed in section 91 of the said Act. They are, *inter alia*:

... to make recommendations to the State President regarding—



(a) the identification of land belonging to the State or any State institution and acquired under . . . any law repealed by this Act and which has not yet been developed or allocated for a specific purpose.

Such a commission has been appointed with effect from 1 November 1991 and individuals in the category indicated above, who feel they can justifiably claim to have been disadvantaged under the Group Areas Act, are at liberty to submit a claim to the said commission for appropriate attention according to the procedures and principles which the commission may adopt from time to time.

As the commission is obliged to make its recommendations to the hon the State President, it is incumbent on him to decide how matters should be dealt with. All of us are fully aware of the fact that this is a very sensitive and emotional issue, having regard to the immeasurable hardships and losses experienced by our people under the inhuman and ruthless application of the Group Areas Act. I am confident that hon members will also appreciate the formidability of the task of investigating and evaluating this complicated issue with compassion and objectivity and of making reasonable, acceptable and just recommendations.

The acceptance by Parliament of the establishment of an advisory commission was, in my view, an acknowledgment by all of us of the very real intricacies and complexities of the issue . . . [Time expired.]

Mr A RAJBANSI: Mr Chairman, if the hon the Minister had studied what has been typed for him to read in this House today, he would have known that the areas under the jurisdiction of the House of Delegates, areas in which we are dealing with the development of residential townships, do not fall under that commission, as was explained to residents of Cato Manor who applied for the restoration of their rights.

We know our Indian community well and we know what our customs are. We do not want a lengthy, drawn-out, laborious procedure. We know who lived in Cato Manor. I do not say property should be given back to everyone, but it should be in circumstances that warrant it.

I want to know what the Ministers' Council has decided. I want to know what our own admin-

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istration has decided. Let us forget about that commission. It was appointed to deal with another issue, for another purpose. We know the property owners in Cato Manor. Block A falls outside our jurisdiction.

The former Minister of Housing gave the multi-party advisory committee an undertaking that he accepted their advice. However, what we now find in our Ministers' Council, is what Pandit Nehru once called "sommolence after a wonderful soliloquy." Are we going to have some action? Will there be follow-ups? What is happening to our people? Can we not return their property? In Kranskop the Maharaj brothers were told that they could have their property back, but grudgingly, at highly prohibitive prices.

The hon the Minister means well. However, he should not read speeches that are irrelevant to the topic under discussion.

I want to make an appeal to him to give us an answer about prices. The last director-general sent a circular to municipalities saying that if the House of Delegates wanted to buy properties, these properties must be sold to them at the cost of services. [Time expired.]

Mr N SINGH: Mr Chairman, I want to agree with the hon member for Arena Park when he says that the hon the Minister did not fully answer the question as placed on the Order Paper.

The hon the Minister has confined himself to one aspect only. I want to deal with the aspect of land acquired for purposes for which it is no longer required. This land was acquired by the Administration: House of Delegates. This is not land that was taken away in terms of the Group Areas Act. It is in this regard that I think the Ministers' Council should formulate some kind of policy.

It is common knowledge that there are acres and acres of land in various constituencies which have been acquired by the Administration: House of Delegates, for the purpose of building schools or other public institutions. These properties are no longer required. Circumstances have changed to such an extent that we have been overtaken by events. The hon the Minister must inform this House of the type of policy his department is formulating with regard to either the selling or leasing of this land. [Time expired.]

THE DEPUTY MINISTER OF LOCAL GOVERNMENT, HOUSING AND AGRICULTURE: Mr Chairman, the hon member for Arena Park was waxing eloquent, and I compliment him on that. However, that hon member and I have been fighting this cause for a very long time. Unfortunately we are now sitting on opposite sides. [Interjections.]

Mr A RAJBANSI: But we have no common grounds!

The DEPUTY MINISTER: I do not know whether those common grounds belong to the old Group Areas Act or not.

It is a pity that my colleague the hon the Minister of Local Government, Housing and Agriculture was attacked when he was unable to complete his reply. I am sure that when he gets a further opportunity to speak, he will complete his reply. It is not merely a type-written reply. He has the facts and I am sure he is well aware of what to do and how to do it. With the assistance of hon members of this House, we will be able to resolve some of the outstanding issues.

Mr M NEERAHOO: Mr Chairman, I wish to come back to the restoration of properties in our areas.

At our last meeting with the hon the Minister, we were given to understand that certain pieces of land which had been earmarked for certain purposes were not utilised by the department. We went back to our constituencies and found these properties. We then sent this information to the department. Four months have since passed, and to date we have not received a reply. We do not know what exactly happened to those properties.

We have another problem with the reallocation of land. The officials say they need the approval of the board. I want to know from the hon the Minister who the boss is. Is it the hon the Minister or is it the Housing Development Board? According to the officials, the hon the Minister is the chairman of the board. [Time expired.]

Mr A RAJBANSI: Mr Chairman, I have made reference previously to an instruction given to municipalities by the director-general, who is now the hon the Chairman of the Ministers'

Council, that in resettlement cases municipalities should sell properties to the House of Delegates at cost as at the date on which the services were provided. If a property costs R4 million today, it should be sold at R30 000.

The hon the Minister means well. He is a good Minister, but I notice his deputy disagreed with him during the first debate. Nevertheless, we require action. I am sure the hon the Minister is going to get inputs from hon members of Parliament. Let us put things right. The NP let us down. The House of Assembly owns all the land. Even now they do not want to say yes to the Indian community, but we shall deal with them in the elections.

The hon the Minister is not a member of the NP. He is not bound by the caucus. He should do what his conscience tells him. We want him to take a decision in respect of the land owned. Anybody who says the Housing Development Board is supreme—even if he is a member of the Ministers' Council—is talking rubbish! It is because of this negative mentality that the Housing Development Board is taking decisions in accordance . . . [Time expired.]

THE MINISTER OF LOCAL GOVERNMENT, HOUSING AND AGRICULTURE: Mr Chairman, I want to thank all hon members for their contributions regarding this very sensitive issue. It is not the first time that this issue has come up for discussion. This issue has been debated ad nauseam, and hon members are fully aware of its implications.

The hon member for Arena Park referred to the Housing Development Board. He is aware of the recent problems that we have had. We have to define absolute and distinct guidelines that will serve the very purpose for which we are here. If the board now decides it should be the sole custodian, then Parliament has no say. How will Parliament ever be able to . . .

Mr A RAJBANSI: Are you going to tell them you are the boss? Yes or no?

THE MINISTER: The Minister is the boss!

HON MEMBERS: Hear, hear!

Mr A RAJBANSI: Long live this Minister! [Interjections.]

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The MINISTER: I agree with the hon member for Arena Park. Let us take the particular case of the Maharaj brothers in Kranskop. Thirteen years ago land was bought for the purpose of establishing homes. To this day no homes have been built. Naturally that land should revert to its original owners, because it was not used for the purpose for which it was bought.

Mr S PACHAI: What did the local MP for that constituency do?

The MINISTER: The hon member for Natal Midlands has asked me a pertinent question. I like the way he smiles. [Interjections.] Between us he and I were able to save that land. The hon the Leader of the Official Opposition is also fully aware of this. Documentation for the building projects was ready just when the Group Areas Act was repealed. [Time expired.]  
Debate concluded.

QUESTIONS

Indicates translated version.

For oral reply:

Own Affairs:

Resettlement: application from certain family

1. Mr A RAJBANSI asked the Minister of Local Government, Housing and Agriculture:

(1) Whether his Department received an application for resettlement from a certain family, whose name has been furnished to the Minister's Department for the purpose of his reply; if so, (a) when, (b) in respect of what property and (c) what is the name of this family;

(2) whether the application referred to above is connected with property acquired in terms of the Group Areas Act; if so, what are the relevant details? D6E

The MINISTER OF LOCAL GOVERNMENT, HOUSING AND AGRICULTURE:

(1) Yes.

(a) On 19 January 1989.

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Trading sites: sale at 50% of value

\*2. Mr A RAJBANSI asked the Minister of Local Government, Housing and Agriculture:

Whether he or the Ministers' Council in the House of Delegates has decided to sell trading sites at 50 per cent of their value; if so, (a) when and (b) why? D7E

The MINISTER OF LOCAL GOVERNMENT, HOUSING AND AGRICULTURE:

No.

(a) Falls Away.

(b) Falls Away.

Mr A RAJBANSI: Mr Chairman, arising out of the hon the Minister's reply, since he has stated that the answer is no, is he prepared to check the minutes of the meeting of the Housing Development Board to ascertain that the last director-general, who is now Chairman of the Ministers' Council, conveyed the resolution of the Ministers' Council to the board, and that it is minuted accordingly?

The MINISTER: Mr Chairman, I will cross-check those minutes.

Mr P NAIDOO: Mr Chairman, further arising out of the hon the Minister's reply, I would like to know whether it is the policy of the NP that all State assets should only be alienated by an interim government of national unity?

The MINISTER: Mr Chairman, I am now being asked to answer a question about national politics. In my own mind, no matter whom we belong to, we have been oppressed. There are issues in terms of all the discriminatory legislation which have to be addressed as far as the Indian community is concerned, and therefore, even if we have only one hour left, we should do our utmost to see to it that those issues are addressed.

Mr M RAJAB: Mr Chairman, if I heard the hon member correctly, he wanted to know from the hon the Minister what the attitude of the NP would be. The hon the Minister went ahead and replied. Arising out of that, I would like to ask the hon the Minister when he changed his allegiance?

The MINISTER: I am quite prepared to answer that if that hon member has any more information about allegiance. [Interjections.] I have not changed my allegiance. I am independent.

Phoenix: development of a hospital

\*6. Mr A SINGH asked the Minister of Health Services and Welfare:

(1) Whether his Department is giving consideration to the development of a hospital in Phoenix; if not, why not, if so, what is being envisaged in this regard;

(2) whether he will make a statement on the matter? D7E

The MINISTER OF HEALTH SERVICES AND WELFARE:

(1) Yes. The planning of a 500 bed hospital is being proceeded with. Negotiations are at an advanced stage.

(2) No.

Mr A RAJBANSI: Mr Chairman, arising out of the hon the Deputy Minister's reply, is he aware that the first Minister's Council of this House obtained Cabinet approval in this regard? I also want to know why they have not pressurised the Treasury for funds over the years?

The DEPUTY MINISTER: Mr Chairman, the hon member for Arena Park is quite correct. Such approval was obtained by the previous Ministers' Council, but unfortunately I cannot vouch for the Ministers' Council of my previous party.

Richards Bay: single-sex village for contract workers

\*3. Mr M RAJAB asked the Minister of Local Government, Housing and Agriculture:

Whether his Department has concluded an agreement with a certain company at Richards Bay, the name of which has been furnished to the Minister's Department for the purpose of his reply, concerning plans to build a single-sex village for approximately 4 000 contract workers at that town; if so, (a) when was the agreement finalised, (b) by

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place during his time. We are quite aware of the fact that at one point the whole housing effort or campaign came to a standstill. We are aware of the fact that, because of the actions of the previous Ministers' Council, at one stage people had to find extra money, and as a result the whole Delft project nearly came to a standstill. I shall leave it there.

The other reason I placed this Interpellation on the Question Paper is the concern we in the Western Cape have because we have more than 120 000 people on the waiting list.

\*Mr D M G CURRY: But you have lots of money now!

Mr N M ISAACS: I am glad that that hon member and ex-Minister opened his mouth now. When he had the money, what did he do about the 120 000 people on the waiting list? Instead of carrying on with it and getting it done, he let the Delft project collapse. Now he says that we have the money.

One of the things that has happened for which we are grateful is that the Government has now allowed all people to become legal tenants. [Interjections.] The only thing that they have to do is to pay the transfer and carry on paying their rates. [Interjections.] I am going to whip that hon member. He is going to confess today to what he has done.

I do not think we can go any further unless the hon the Minister tells us what he intends to do about the 120 000 people on the waiting list. I am only referring to those in the Cape Peninsula. What are we going to give those people? I am aware of the project that has been put together, but we have to tell these people what we intend to do. Something drastic has to be done about these people. [Interjections.]

It is no use that hon member shouting about it now. It is no use getting excited about it. He was in charge of housing for nine years and did virtually nothing. [Interjections.] Two years ago, when that hon member was supposed to discuss this matter with the authorities, he failed in his duties. [Interjections.]

\*The CHAIRMAN OF THE HOUSE: Order! The hon member for Priel and the hon member who is pointing his finger like that must contain themselves.

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\*Mr N M ISAACS: It seems to me as if things are becoming much of a muchness in this place as well! [Interjections.] [Time expired.]

Mr K H LATEGAN: Mr Chairman, the question put in the Interpellation has not been answered by the hon the Minister or by the hon member for Bishop Lavis. What are they going to do about the housing backlog and the shortage that exists at the moment?

\*It is evident to all of us that there is a severe housing shortage, particularly in the low-income groups. The question is whether the Government can or will solve the problem. The people are experiencing heart-rending misery, and because of this housing shortage two to three families live in a one-bedroomed house. All of this leads to social degradation.

The NP Government must bear the blame for this situation. Apartheid has created this misery. [Interjections.] Today they are saying that there is no apartheid, but the misery continues. After all the money has been spent on apartheid, there is no money left for housing today. The fact is that the NP Government must restore the imbalance which was created by apartheid. Therefore they must make available enough money for housing, in order that the present severe shortage can be eliminated as promptly as possible, if not immediately. [Time expired.]

\*Mr S SIMMONS: Mr Chairman, I wish to appeal to the community of Delft to refrain from taking part in irresponsible actions such as rent boycotts, as they were advised to do by the LPSA and the ANC-inspired civic association. [Interjections.] They must act in the interests of their families. I appeal to the hon the Minister to have the alleged deficiencies in the houses at Delft, which I have already described to the hon the Minister, investigated and corrected as soon as possible. [Interjections.]

\*The CHAIRMAN OF THE HOUSE: Order!

\*Mr S SIMMONS: The ANC-inspired civic association and the LPSA are at present misleading the community of Delft, just as the Blue Downs community was misled by the ANC, and some of them today comprise part of the squatter camps and regret the fact that they headed the ANC and the LPSA. [Interjections.] The ANC-inspired civic association is at present making a political football out of the Delft community. The ANC-inspired civic association

and the LPSA are using the grievances of people in order to regain their credibility.

The ANC and the LPSA are at present destabilising the Delft community by way of inflammatory politics for their own gain and to the detriment of the community. The LPSA must now realise that it is a spent force, whose roar sounds like the mewling of a cat. I simply wish to put the record straight by mentioning that the NP is still very much alive and in the saddle in the Delft residential area. The ANC-inspired civic association and the LPSA are exploiting the situation in Delft, so much so that 'Uitgebuit se Vlakke' would appear to be a more suitable name for the residential area, like other residential areas which have acquired nicknames such as 'Behommer' for Belhar.

\*Mr N M ISAACS: Mr Chairman . . .

\*Mr D M G CURRY: Mr Chairman, we are talking about the future . . .

\*The CHAIRMAN OF THE HOUSE: Order! It is the hon member for Bishop Lavis's turn to speak.

\*Mr D M G CURRY: Mr Chairman, I have made an arrangement with the Whips.

\*The CHAIRMAN OF THE HOUSE: Order! No, I do not have any name here. I shall not accept any instructions from anyone. I shall follow the Rules. My list does not contain the name of the hon member for Priel. What must I do now? It is the hon member for Bishop Lavis's turn to speak.

\*Mr N M ISAACS: Mr Chairman, this is what happens when one has served in Parliament for so long and one does not know how to get one's name on the list of speakers. This is what happens if a former Minister does not know what is going on. Nevertheless . . .

\*Mr D M G CURRY: Mr Chairman, on a point of order: The hon member is making the allegation that I do not know the procedure.

\*The CHAIRMAN OF THE HOUSE: Order! No, I do not think so. I think it is a question for the Whips. [Interjections.] The hon member for Priel must please resume his seat. I do not have the name of the hon member for Priel on my list.

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\*Mr N M ISAACS: Mr Chairman, if that is the case, I withdraw my words.

I want to proceed with the point raised by the hon member for Belhar. Here in Delft the LPSA played a leading role in inciting the people and in marching to the office, but in the meantime it was the LPSA which was responsible for what had happened there.

\*The CHAIRMAN OF THE HOUSE: Order! Will the hon member for Dajiosaphat please contain himself. The hon member for Bishop Lavis may proceed.

\*Mr N M ISAACS: Now they are trying to influence those people to rebel against the Delft LPSA is.

†This floundering little party is falling apart, and still it is trying to exploit the weaknesses in what is taking place. [Interjections.] As a matter of fact, it is not even worth the trouble of trying to make any political capital out of what is happening in Delft. [Interjections.] [Time expired.]

\*Mr D M G CURRY: Mr Chairman, I am ostensibly finished now. I was ostensibly the sinner in the Department of Housing. [Interjections.] I ostensibly sold out my people. I ostensibly did not do anything for them.

Those hon members must not applaud me. I certainly do not need them. I have a standing record in South Africa. [Interjections.] What we are discussing here, however, is how the NP is going to solve this housing shortage in the future. That is what this debate is dealing with. [Interjections.] I find it peculiar that it was not an hon member of the opposition who introduced this interpellation, but a member of the governing party. [Interjections.]

\*Mr P C MCKENZIE: Mr Chairman, is the hon member for Priel prepared to take a question?

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place during his time. We are quite aware of the fact that at one point the whole housing effort or campaign came to a standstill. We are aware of the fact that, because of the actions of the previous Ministers' Council, at one stage people had to find extra money, and as a result the whole Delft project nearly came to a standstill. I shall leave it there.

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\*Mr P C MCKENZIE: Mr Chairman, is the hon member for Pniel prepared to take a question?

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\*The CHAIRMAN OF THE HOUSE: Order! Is the hon member prepared to take a question?

\*Mr D M G CURRY: No, I do not have the time for questions. [Interjections.]

(123)

I have a standing record in South Africa. I have a clear conscience. [Interjections.] I need not be applauded by the NP. They will not vote for me. I told the hon the Minister of Local Government, Housing and Agriculture that I wished him many blessings, because the problem relating to this shortage will catch up with him. [Time expired.]

\*The MINISTER OF LOCAL GOVERNMENT, HOUSING AND AGRICULTURE: Mr Chairman, I do not wish to add anything about Delft, except to say, for the information of the hon member for Pniel, that the private sector has now indicated that it is going to withdraw from Delft. [Interjections.]

\*The CHAIRMAN OF THE HOUSE: Order! The hon member for Daljosaphat must now contain himself!

\*The MINISTER: When there was no money, for the information of the hon member for Pniel, we were able to involve the private sector in order to build 2 000 units on that land. That is what we are doing to eliminate the shortage. This bed which the LPSA is making in the residential areas in conjunction with the ANC,

the creation of a culture of abuse of people's problems in order to make political capital, is driving the private sector from our residential areas.

What have the NP Ministers' Council and the NP in the House of Representatives done to eliminate the shortage? We have said that we have already financed the 400 projects which that erstwhile hon Minister could not finance. Out of those, 10 000 units are now being built on the land, and we want to at least treble this figure during the next financial year. During the past financial year R28 million has been allocated in the form of individual loans, which we would like to at least double, if that is at all possible. Out of R28 million we have now built 800 units.

We will admittedly not be able to address the entire shortage. However, I think that this has been the first successful attempt at really addressing this shortage in a long time. We have made a further attempt to make the purchase of a house affordable to the man in the street by setting aside a larger amount for the payment of subsidies to first-time home buyers. [Time expired.]

Debate concluded.

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QUESTIONS

†Indicates translated version.

For oral reply:

General Affairs:

Drivers' licences: identity documents

\*1. Mr K PANDAY asked the Minister of Transport:

- (1) Whether he intends allowing persons with valid drivers' licences which are not included in their identity documents to drive on South African roads; if not, why not; if so, in terms of what statutory or other provisions;
- (2) whether he will make a statement on the matter?

DSE

The DEPUTY MINISTER OF TRANSPORT:

- (1) No. These drivers' licences lapsed in accordance with the repealed Road Traffic Ordinances on 1 July 1985. Persons could have had their licences included in their identity documents since 1972 and if they did not do so, they have themselves to blame because considerable publicity was given to this by the Department of Home Affairs, especially before the final period of grace. It must be emphasised that allowing this could create the possibility of numerous forged licences being validated by implication.
- (2) I am at present considering the possibility of allowing a very limited final period of grace in those cases where the old types of licence have, in spite of repeated requests since 1972 in this regard by the Department of Home Affairs, still not been incorporated into the identity document, to do so. Such a measure will be considered in co-operation with the Department of Home Affairs and the SA Police. It is inevitable that considerable discussion and investigation will have to take place before a final decision can be taken regarding this matter, in order to guard against validation of forged licences.

Mr H M NEEBAHOQ: Mr Chairman, arising out of the hon the Deputy Minister's reply, is he telling us that those people who did not get their licences included in their identity documents before 1985 can now do so?

The DEPUTY MINISTER: Mr Chairman, if the hon member had listened to the reply to the second part of the question, he would know that they cannot do so. However, the hon the Minister proposes to consider allowing a further period of grace, but he says that before he does that he will have to discuss it with the SA Police and the Department of Home Affairs. He also says that considerable consideration will have to be given to this matter in order to guard against what he terms the validation of forged licences.

\*2. Mr A Rajbansi—Justice. [Question standing over.]

The CHAIRMAN OF THE MINISTERS' COUNCIL: Mr Chairman, the hon the Minister of Justice has requested that the question stand over. He is busy with an interpellation this afternoon, but he will deal with this question shortly.

Conversion of parliamentary system

\*3. Mr A RAJBANSI asked the Minister of Constitutional Development:

Whether he will consider introducing legislation to amend the Constitution so as to provide for the conversion of the present tricameral parliamentary system into a unicameral one; if not, why not; if so, when does he propose to introduce such legislation?

The DEPUTY MINISTER OF TRANSPORT (for the Minister of Constitutional Development):

No.

The Government's viewpoint in this regard has been emphasised on numerous occasions, both inside and out of Parliament. The Government is fully committed to a new constitution which will include all South Africans and in terms of which there will be a fully representative Parliament. For the sake of good order and continuing government, we need



# Prices could rise by 10 pc this year

STW 19/2/93  
House prices are expected to increase by between 10 percent and 12 percent this year, according to the latest Quarterly Housing Review from Absa.

This follows an annualised 16 percent increase in the average price of medium-sized houses in the fourth quarter of last year, the first real increase (better than inflation) in the average price of medium-sized houses since the recession began in 1989.

The fourth quarter increase is particularly significant when compared with increases of only 0,3 percent and 3,2 percent for the second and third quar-

ters of 1992.

Other factors improving prospects for the housing market are an expected 1 percent to 2 percent decline in the mortgage rate during 1993 and an improving repayment/remuneration ratio which declined by 9,4 percent during 1992.

Clearly, housing finance has become decidedly more affordable in recent months, which probably explains the relative buoyancy of house prices despite the continuing recession.

This trend is confirmed by building costs which rose by more than 13 percent (year-on-

year) in the fourth quarter of 1992, compared with an average rise of only 8 percent in the first three quarters of 1992.

The firmer price trend from the third to the fourth quarters of last year evident in all regions of the country analysed by the Review with the exception of Johannesburg, where the average price of medium-sized houses declined by 0,5 percent.

Average price increases for the same category of house elsewhere in the country ranged from a low of 0,7 percent on the East Rand to a high of 11 percent in Natal, excluding the Durban-Pinetown area.

Now is certainly a good time to buy property.

Not only have property prices dropped in relation to inflation, but it is cheaper to buy a house than to build one.

Absa, with its wealth of building society experience, publishes a quarterly housing review in which the statistics prove this is a buyers' market.

This review is readily available, free of charge from all United, Allied, Trust Bank and Volkskas branches.

In this publication a number of financial comparisons are made.

### Alarming

For instance the cost of houses in relation to remuneration levels has become more favourable.

Since 1984 the ratio has come down by nearly 50 percent.

One interesting comparison is the cost of a medium-priced house in 1975, which would have sold for R22 000 whereas today the asking price would be R140 000.

This might appear to be an alarming increase, but in real terms it represents a considerable drop.

According to statistics, houses have proved to be the best investment for the past 15 years, followed by shares, gold and fixed deposits.

The values of coastal properties have exceeded those in the Transvaal and could be a good investment but without rental returns, resale would be the

# It is still cheaper to buy a house than build one

STAR 19/2/93.  
only way to redeem profits.

Christo Luus, Absa's economist, was surprised by the unexpected rise the property market in the last quarter of 1992.

"The property market is not subject to seasonal fluctuations so we must assume that this is the start of the upturn.

"We don't expect a dramatic increase in property transactions at the moment.

"People are more cautious with their money, placing emphasis on savings. They would rather reduce their debt than buy a bigger house."

Property finance is readily available to approved buyers with the underlying security of a steady income.

Banks and building societies peg their rates at the same levels but through packaged finance offer differential rates.

Luus says that the present recession has caused home builders to buy smaller stands and to scale down the size of their new homes but not to the same drastic reductions as were experienced in the 1984-86

recession.

Barrie Engelbrecht, assistant general manager of mortgage loans marketing at Absa, says that town and cluster homes are proving popular especially among young couples, single parents and those families whose children have left home — the empty nest syndrome.

The demand has made these units more expensive than other forms of housing, but the security they offer has great appeal.

### Realistic

He says that in most cases buyers tend to be realistic in their housing needs and purchase only the accommodation they require.

Parents living on their own do, however, often require a spare room for visiting children and grandchildren.

In the present economic climate more mothers work and so the need for a live-in maid continues.

The standard of accommodation for live-in maids is being upgraded constantly.



# HOME LOANS

**Home Loans:**

**More for less**

A Star survey.

Following the drop in the bond rate of 0.75 percent, from 16.75 percent to 16 percent, is the property market heading for another boom? Bank and building society officials and estate agents differ in their forecasts for the future, but all agree now is a good time to buy property whether for a home, an investment or both. This survey was written by Anthea Duigan.

## New rates open up more markets

Economic conditions and political developments influence the property market because they influence the perceptions of buyers and sellers. Prices are approaching the bottom of the market and the lower bond rates will improve the perceptions of purchasers.

This is the view of Duncan Reekie, divisional general manager of home loans at the Standard Bank.

Capital gains tax on property deals may be likely in the future so any second property purchases must bear this in mind. Reekie recommends that investors in such properties be

judicious in considering the extent of own capital and loans and to make sure the investment is a good long-term rental proposition.

He says properties at the coast have been buoyant, higher than inland values.

The income requirement that instalments should not be greater than 30 percent of single of joint gross income together with the reduced bond rate, makes more people potentially eligible for buying homes. With bonds available to approved salary earners, the new rates open up new markets.

Large properties with big gardens are proving to be less attractive to many home owners. Mr Reekie says the trend among home buyers is towards low maintenance and security. This is where cluster homes and town houses are finding great appeal. He says that many cluster homes are sold off-plan — before construction. Cluster and town houses are mostly geared either to the first time buyer and are smaller with more basic finishes or they are large well appointed with very high quality finishes aimed at the top end of the market.

**Going down:** The recent decrease in the bank rate has been widely welcomed by the banking industry, which responded by dropping interest rates for home loans and lending rates. Most bankers believe the latest drop in rates is the catalyst needed to put some life back into the housing market.

**THE DROP** in the home loan interest rate and the bank rate announced recently has been widely welcomed.

Standard Bank reported that its home loans will be reduced

from 16,75 percent a year to 16 percent and the bank interest rate from 17,25 to 16,25 percent with effect from February 22.

Both Nedbank and the Perm responded by dropping lending rates to 16,25% with effect from February 25 and the home loan rate to 16 percent effective March 1.

Absa is decreasing its prime overdraft rate by 1 percent to 16,25 percent on February 22 and its bond rate by 0,75 percent to 16 percent for new loans on February 10 and for existing loans on March 1.

First National Bank announced that it was dropping its prime lending rate by one percent on February 15 and its home loan rate by 0,75 percent

on March 1.

"First National Bank welcomes this rate cut," says chief financial officer, Viv Bartlett. "We believe that this move will have a positive impact on the SA economy in general."

The drop in the prime rate will ease the burden for hard hit consumers who are bracing themselves for personal tax increases expected in the 1993

# Drop in rates could mark

STAR 19/2/93.

budget.

The bond rate reduction to 16 percent, means that home owners have enjoyed meaningful relief in their monthly repayments over the past year with the rate now having been reduced five times, totalling a 4,0 percent reduction since March 1992.

The first was in March 1992 when it was reduced from

# upturn

upturn," says FNB managing director, Barry Swart. "The South African consumer can now look forward to much better value for his rand."

The new rates do not apply to FNB's Namibia and Botswana customers.

Standard Bank states that while the property market is still picking up after the Christmas holidays, estate agents are reporting increased interest and better turn-outs at show days.

Good activity is still evident below R200 000 but above this level properties take longer to sell in proportion to the increase in price.

and two other products will pay 15,75 percent and FNB Gold Card customers enjoy a further reduction to only 15,5 percent.

## Upturn

"The continuing drop in inflation, coupled with this substantial drop in the home loan rate, will hopefully signal the start of SA's long-awaited economic

20 percent to 19 percent. Another percentage point reduction was announced in July. A further percentage point was achieved with announcements in October and December bringing the rate to 16,75. The fifth reduction to 16 percent brings the reduction to 4 percent in 13 months.

FNB home loan customers who also use a cheque account



**Bottom heavy:** A spokesman for the Perm says the rise in prices will depend on the strength of the market which is strong at the lower end and weak at the top.

HOUSES will continue to be an investment and provide the required shelter. However, the value of any property investment depends on its location, structure and the original price paid.

To be a good investment, the property should not be overvalued, it should be in a popular area where security is possible. Despite these prerequisites, future property values depend largely on politics and peace.

According to the Perm, houses represent good value, but are not really cheaper. They are over-priced as the sellers are asking high prices which buyers are not prepared to pay. Buying demand is currently strong at the lower end of the market.

Although the housing market is affected by the general economic situation and therefore unemployment, according to one financial institution, the bottom of the property market has been reached and prices are expected to rise.

Although some domestic prices dropped in the past year, the average property value has been maintained and SA has not experienced the dramatic drops suffered in Britain where values have fallen below the original bond cover.

A spokesman for the Perm says the rise in prices viz-a-viz the inflation rate will depend on the strength of the market which is strong at the lower end and weak at the top.

The increasing unemployment and downward spiral of salary increases results in a lower rate of affordability and affects overall demand for housing. The present general weakness in the housing market is directly attributable to the prolonged and deep recession we have had. General socio-political uncertainty also affects the housing market.

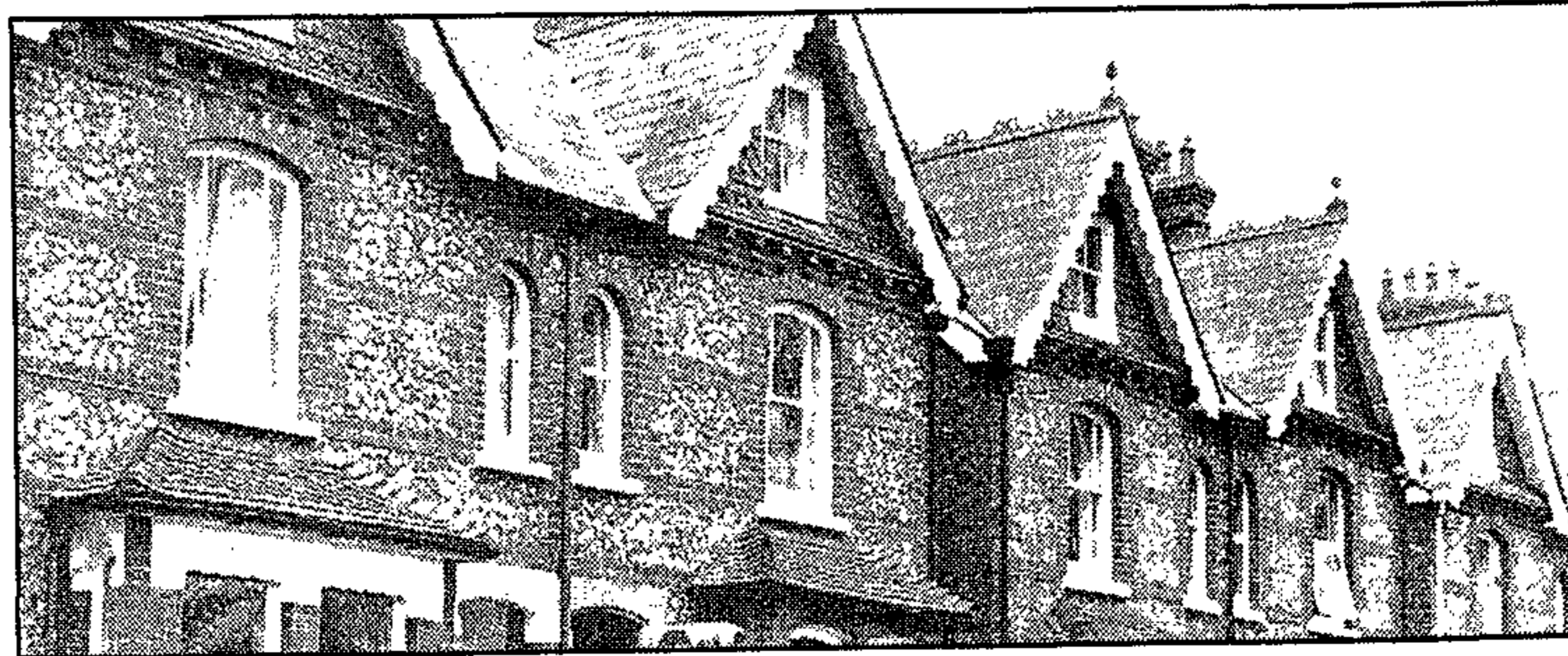
Scott McRae, managing director of estate agents Camdons Nationwide, says: "I believe the buyers' market may soon be a thing of the past although I also feel sellers must

Bottom end of market has been reached

# Property values depend on peace and prosperity

STAR 19/12/93.

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Going, going . . . The owner of this traditional flint house in West Sussex, England, tried to sell his house by lottery. He didn't get his asking price and had to return the money to all participants.

be careful not to ask unrealistic prices. Prices are unlikely to fall, however, they might in individual geographic areas, where additional influences, such as depressed local economy, come into play.

"There is in fact an opportunity for investors to shop around and to acquire more property for the same money by taking advantage of price differentials from city to city or town to town.

"However, the general prognosis is that prices will start moving up again now."

The standard requirement whereby bond repayments should not exceed 25 percent of the family income is still regarded as a safe yardstick. The reason for this requirement stems from the increased expectations of the average householder.

In the early '50s, most householders were happy to have a roof over their heads and a bathroom but the boom years changed these undemanding needs to luxury. During the '60s, luxuries became the norm with houses being built with four

bedrooms, two bathrooms, swimmingpools, fenced surroundings and double garages.

Most financial institutions want to help bondholders maintain their properties. Bank and building society clients should tell their managers of unemployment and retrenchment or reduced financial income and very often an alternative plan can be made.

Agreements can be reached whereby the interest only is paid until circumstances improve. Once the bondholder is re-employed and his financial circumstances improve, his bond repayments will be higher — to catch up — but he will have retained his home.

Banks and building societies repossess properties as a last resort. The decision is taken reluctantly. One major bank reported out of 90 000 property loans, only 300 are in repossession — representing 0.3%.

"The banks are naturally reluctant to be specific about their repossession problems and the extent of any such problems varies from bank to

bank," says McRae. "The number of repossessions has probably peaked and has in any event been well managed through great leniency and understanding expressed by temporary moratoriums on bond payments, extended payment periods and the like. I believe we are over the worst in this respect."

It is likely that banks and building societies will follow the British trend by offering a variable rate system, depending on the risk involved. A spokesman for the South African industry said that equity-related rates have been mooted.

The Perm offers varying interest rates, these are calculated according to bond amount, affordability and financial risk involved. SA financial institutions cannot afford to charge interest higher than the going rate, as borrowers are very quick to move bond, and the financial institutions are prepared to pay transfer costs.

However, the fixed rate system, whereby the Abbey National building society in Britain is offering a very low inter-

est rate of 6.99 percent for five years "is dangerous" and unlikely to be copied in SA. The Perm spokesman says some SA institutions offer fixed rates, but only for two or three years. "It is not really a proposition in this country at the moment, as interest rates have been falling and there is a possibility of further downward adjustments. In these circumstances, a fixed rate would not benefit the bondholder."

If and when the bank and bond rates ever reach single figures, depends on inflation coming down to low single figures. The Perm view is that it may occur but it is improbable given the structural characteristics of inflation in SA and the expectation of economic recovery. The most opportune time for eradicating inflation is when the economy is in a state of recession. Some progress has been made but underlying inflation still remains in double digits.

McRae says: "The bond rates reaching single figures depends on inflation and I am not optimistic. The current levels, it should be remembered have been achieved on the back of an actual decline in the country's growth rate. I believe there are a lot of pent-up inflationary forces which are being artificially contained by this slowdown. Single digit inflation is therefore temporary in my view and bond rates will rise again. It is only a question of when."

Finally, all financial loans have an inherent risk factor which is balanced by the amount advanced into the various risk categories and it is determined by the risk profile of the client irrespective of race or colour.



# Rate

# Cut



## Home loans

## to come down

Own Correspondent

**JOHANNESBURG. —** Reserve Bank Governor Dr Chris Stals last night announced a one percentage point cut in bank rate from 14% to 13% after days of feverish speculation in the financial markets.

Bankers said last night they would announce reductions in their prime overdraft and home loan rates today in response. The prime overdraft rate is at present 17.25%.

The move was not expected to be repeated in the near future as Dr Stals' statement was accompanied by a stern warning that interest rates might have to rise if balance of payments (BoP) problems persisted.

Dr Stals also announced strict new money supply guidelines and vowed to keep a tight lid on money supply growth. The new target range for growth in money supply from the fourth quarter of 1992 to the same period this year is 6%-9%, down from 7%-10%.

The Board of Executors deputy managing director Mr Phil Biden last night called the bank rate cut "positive and necessary".

He pointed out that there would not be mass consumer spending, but rather light relief as mortgage bond and

hire purchase rates edged downwards.

Sanlam's economist Mr Johan Louw said the cut in bank rate was the first step in getting the economy on the move.

"It was expected considering the low inflation levels (under 10% for the year to December) and the high real interest rates (nominal interest rates less inflation) which are way above international standards."

Searle's chairman Mr Aaron Searle added that a cut in interest rates would bring much-needed aid to the costly capital-intensive clothing and textile industry.

First National Bank managing director Mr Barry Swart said last night the bank would announce reductions today in its prime and home loan rates. He could not indicate the size of the cuts and noted that home loan rates were already below prime. Most banks' home loan rates are currently 16.75% and prime rates are 17.25%.

Nedbank managing director Mr Richard Laubscher said the rate cut was a positive sign in the light of international rate cuts last week and lower inflation locally. "We will review the our prime and home loan rates today."

Standard Bank managing director Mr Mike Vosloo said: "Obviously we will be looking at the situation today and will respond in due course."

● SA gold, forex reserves dip again — Page 9

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# The key to ownership is good planning

STAR 19/4 93

Developers are sharpening their pencils as never before and are bringing to the market highly affordable houses.

A similar story applies to building contractors who on an individual house-for-house basis, are quoting excellent prices.

"Clearly now is a good time to buy," says Tom van der Merwe, Transvaal regional director of NBS Devco.

"However don't over-commit yourself to a high bond now that rates have fallen. Buy property but within practical affordable limits which take into account any possible future increase in bond rates.

"Thousands of home buyers were caught off guard when bond rates virtually doubled from levels of 12 percent to a peak of 21 percent and their monthly bond payments went up accordingly. In some cases this led to repossessions or at best forced sales when the market was at a low ebb.

"The answer lies in proper planning so that your home remains affordable even if rates return to the stratospheric levels of two years ago.

"Whatever your financial circumstances make sure you acquire property. In the new SA it will remain a store of wealth that appreciates generally in line with inflation, provides a forced saving, avoids loss of capital from rentals which are never recovered and ultimately provides an asset which can be sold to provide a pension ..."

# Property yields high returns over time

STAR 19/2/73.

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There are considerable financial advantages in gearing residential property investments.

Richard Harman of the Board of Executors, explains: "Property values have traditionally grown at around 10 percent to 12 percent over time and due to the cyclical nature of the market, any investment in property should be seen as a long term investment so that the highs and lows of the market are smoothed out.

## Return

"With unit trust and the equity market investments showing returns of between 15 percent to 25 percent, property would seem a poor alternative.

"However, the total return from residential property is not limited to 10 percent to 12 percent capital growth as this excludes any rental income derived from the properties.

"Residential property can normally be let for between 9 percent and 10 percent of the current market value of the property, giving a total return of 19 percent to 22 percent.

"The rental income should increase at the same rate as the value of the property.

"As the Receiver of Revenue currently allows expenses incurred in the production of income to be set off against income, gearing a property can increase the after tax return.

"Taking this concept to its limit, it is possible to match the rental income with the interest expense and calculate the level of

gearing required, subject of course to the Receiver's approval.

"Obviously, the lower the interest cost the higher one can afford to gear and therefore the higher the yield," he said.

Mr Harman cites an example:

Purchase price.....	R500 000
Rent at 9 percent..	R3 750 a month
Bond required.....	R293 000
Amount invested.....	R208 000
Value of home after one year at 12 percent.....	R560 000
Capital profit (R60 000/R208 000)	21 percent (after tax)

"This example is simplistic because it excludes operating costs and the cost involved in buying and selling property, not to mention the bond costs, but the latter costs become less and less significant over time and therefore the average annual yield should tend towards 20 percent over time.

## Every four years

"At this rate of growth, an investment in residential property should double every four years."

Investment in residential property is not without its risks and allowances should be made for general maintenance, periods when the property is vacant, higher interest rates, dips in the economic cycle which tend to depress prices and of course the insurable risks of fire, water and subsidence damage.

All of these risks can be managed and depending on how well, the greater the likelihood of achieving a 20 percent annual return.

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Now's the time to buy a house

# Property pays off in the long term

STAR 19/2/93.

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**Hot property:** Houses are exceptionally good value at the moment, says NBS assistant general manager Trevor Olivier.

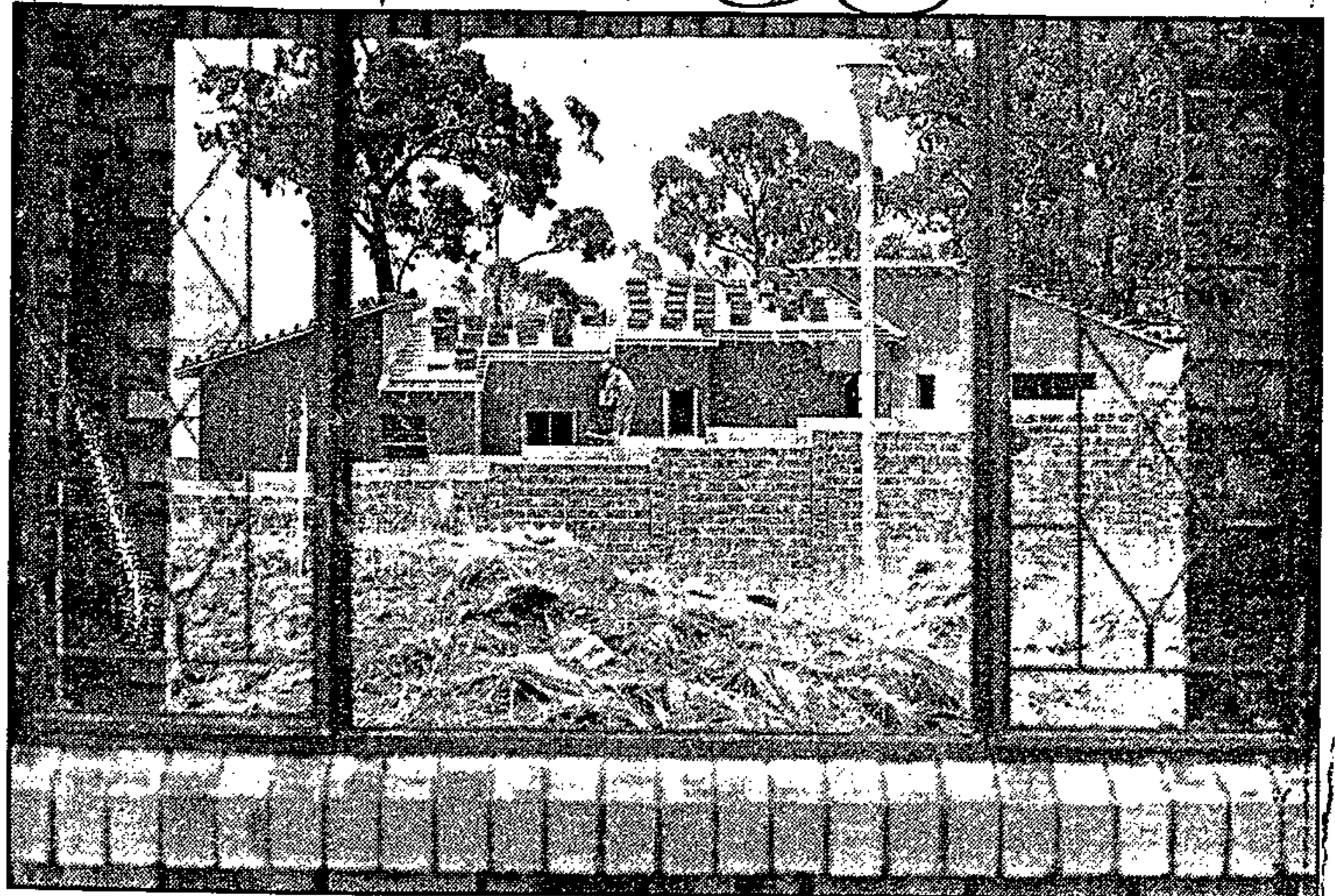
PROPERTY investment is long term and is still one of the best investments available.

Olivier, assistant general manager of the NBS. "I do not necessarily agree that houses are cheaper, because it depends with what they are being compared. Houses are exceptionally good value at the moment, particularly existing homes because you can buy a house for about 30 percent less than its replacement cost. If, for example, you compare the increase in the prices of motor cars over a given period with the increase in house prices, car prices increased three times more than those of houses.

"I do not believe that housing in this country can possibly be cheaper because it is an inflation-linked investment and the long-term prospects for inflation are not optimistic, taking into account the social needs of this country.

"Social spending will not result in an equal increase of productivity and inflation will return to higher levels for the foreseeable future. There is a growing demand for housing in SA and, as the economy improves with income and job creation, it is my view that house prices will escalate at a phenomenal rate assisted mainly by the fact that very few new housing schemes have been initiated over the past three years."

The traditional building societies were required by the authorities to limit repayments on loans to a maximum of 25 percent of dependable income but with the competition from the banks, this requirement has been increased to 30 percent.



Foundation for prosperity . . . Housing in this country cannot possibly be cheaper because it is an inflation-linked investment and the long-term prospects for inflation are not optimistic, says NBS assistant general manager Trevor Olivier.

"This is certainly not a safe yardstick in all cases. Each case should be treated on merit dependent upon the level of income and other commitments. Loan applicants must also exercise self-discipline otherwise the financial institution is perceived to be paternalistic," says Olivier.

"In my view we have reached the point where home loan rates will stabilise at present levels and, unless the demand for credit deteriorates with a further deepening of the recession, home loan rates will not reduce much further. The long-term prospects for lower rates are also not optimistic in view of inflationary pressures."

Olivier says the majority of repossessions are due to unemployment, retrenchments and the failure of businesses. Ob-

viously the more repossessions there are, the more pressure this will place on the market as financial institutions will endeavour to dispose of these properties as quickly as possible.

"It is difficult to estimate the financial losses caused by repossessions. While the figure might seem high, compared with the total amount being lent on property, it represents a small proportion.

"At the moment financial institutions are experiencing losses from black housing ventures which is exacerbated by the threat of bond boycotts and the non-payment of services and other charges.

"The greatest demand for housing in this country lies with this sector of the population and yet the ability of financial

institutions to fund this type of housing is being severely inhibited by the approach of some groups and individuals.

"The consumer must learn to understand that home ownership is a wealth creator apart from providing necessary shelter, and all the political posturing should be swept aside for the common goal of home ownership for all.

"Those threatening bond repayment boycotts and insisting that owners who cannot afford to pay for their homes be allowed to remain are doing the broader black population a grave disservice. In the end when money is borrowed, it must be repaid and if it cannot be repaid the normal process must follow and the occupiers of the home must move on to an affordable alternative," says Olivier.



# Economy, inflation and rates are linked directly

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123

The reduction in interest and bond rates cannot be seen separately from the underlying factors that led to this move in the first place. There is an interwoven relationship between inflation, interest rates and the real and financial economy.

Sanlam's economist, Pieter Calitz says: "The lower interest rates (the bank rate is already down from 18 percent in October 1989 to 13 percent at present) follow on the sharp decline in inflation, which in turn, is a direct result of the weak economy and the stringent monetary policy followed during the Stals era.

"After nearly four years of progressive decline in economic activity there are still no clear signs of meaningful recovery until late this year."

He said the lower targets set for monetary growth are indicative of the continuation of a strict monetary policy stance. Lower inflation and further cuts in interest and bond rates can therefore not be ruled out.

Lower interest rates should be conducive to faster economic activity generally, especially if it goes hand in hand with lower inflation. But the immediate net effect is difficult to ascertain because on the one hand, lower interest rates may spur increased investment and higher credit financing, while on the other hand, it may also have a negative effect on savings and on the spending capaci-

ties of persons with a fixed income. Further, lower domestic interest rates (especially real rates) relative to those overseas, may discourage the inflow of foreign capital and or accelerate outflows.

"The lowering of the bond rates follows directly on the reduction in prime rate to 16,25 percent. The building societies are in the process of closing the gap between prime and bond rates.

"The lower bond rates will lead to slightly lower bond repayments. But here again, one should take into account that the bondholder can decide either to retain the additional money or keep the repayment amount of his bond unchanged, and by doing so, shorten the redemption period of the bond."

"But in the light of the present severely depressed state of the economy, I doubt whether the lower interest and bond rates will have a material effect on the economy."

"Factors such as the continued sluggish economic growth in the industrialised countries, the retention of certain sanctions, the overall weak financial position of consumers, the delayed effect of the severe drought, the lack of domestic and foreign confidence and important inherent structural shortcomings in the SA economy, are also delaying the start of the next upswing."



# Final stretch for De Loor housing report

8/10/73 24/2/73  
PRETORIA — More than 3 500 political and development field leaders had now been consulted on the proposals of the De Loor report on housing policy in SA, a National Housing Department spokesman said yesterday.

The last of 44 information sessions since the report was presented to the SA Housing Trust in July last year would be held at the Free State Municipal Association next week, he said.

Among those consulted on the De Loor report were political parties, financial institutions, governmental and regional organisations, municipalities, the TBVC states and a number of housing and private sector organisations.

In his 400-page report completed in May last year, commission chairman Joop de Loor made recommendations concerning a future national housing policy and strategy for SA.

These included the creation of a new housing department, an investigation

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ADRIAN HADLAND  
into over-protection and import tariffs in the building material supply market and the establishment of a national housing finance corporation.

New categories of people eligible for housing assistance were also mooted.

A further recommendation in the report was that wide consultations be carried out before any new policy was accepted or implemented.

This had formed the basis for inviting a wide spectrum of interested parties to comment on the report over the last seven months.

The spokesman said the comments made during the 44 information sessions had been passed on for consideration to the National Housing Forum as well as to the department.

If an amended version of the De Loor report was accepted as the basis for a new national housing policy in SA, several Acts of Parliament would have to be altered, he said.

...ing' leaders slated

Property Editor

THE first transfers of government financed "free houses" announced by the House of Representatives last year should go through within three months, according to deputy city administrator Attie van der Merwe.

Van der Merwe said the major change in policy as announced by Minister of Local Government and Housing in the House of Representatives, Peter Saaiman, in November

had caught local authorities un-awares.

"We had asked to be consulted about changes in policy but in this instance had not been. There is an enormous administrative burden in ascertaining which properties and which tenants are eligible to the discount."

Van der Merwe said implementation of the scheme would have to be done in phases and representations would be made to government for extra funds so temporary staff could be employed to help speed up the process.

"If this is forthcoming we will hopefully have made good progress in this regard by the end of the year otherwise it will take much longer," he said.

About 27 000 houses falling under the Cape Town City Council could be affected, he said.

The first areas to be processed by the Council would be Kensington, Facreton and Mitchell's Plain.

In terms of the new policy announced by Saaiman, anyone who

# Transfers <sup>(123)</sup> 2724/2/93 of govt 'free houses' to start in June

occupies a government-financed home which was built prior to 1983 could now acquire it free of charge or at a R7 500 discount on its original cost regardless of its market value today.

At the time Saaiman said that all in all 88 000 families in the Western Cape would be among 750 000 South African tenants to be given the title deeds to their government-financed houses.

Buyers however would have to pay transfer and legal fees which would amount to between R400 and R500, Van der Merwe stressed.

A spokeswoman for the House of Representatives said that meetings with concerned local authorities had been held around the country and it was now up to these bodies to set the ball in motion.

No deadline for the transfer of affected properties has however been set.

Until such time as transfer has been taken of the properties tenants would be required to continue paying rent, she said.

experience as a key step in the rapid expansion of economies of Asia  
demand for highly skilled  
and









I was personally in contact with the chairman of the management board of a very prominent agricultural school in the Western Transvaal, and this morning they were not aware of this at all. In fact, they were very concerned about the situation.

I also have a fax here that the director of financial assistance sent to that school on 17 February in which it was said that they did not qualify in terms of the carry-over scheme, and in which they basically told the school that the amount which the co-operative had incorrectly paid to the school had to be paid back immediately in terms of these measures.

Consequently we are very grateful for the very recent decision that has been taken. I wonder whether the hon the Minister and the hon the Deputy Minister did not take the decision today in the bench where they were sitting talking. Nevertheless we are very grateful for it and we want to thank the hon the Deputy Minister sincerely.

I want to link up with my colleague the hon member for Potgietersrus and with the hon the Deputy Minister's standpoint on the importance of agricultural schools. The role that they play in developing agriculture in South Africa can never be underestimated. We on this side of the House are very grateful that these schools may make submissions again.

We want to request the hon the Minister to inform those schools as soon as possible through the Directorate: Financial Assistance so that these reapplications may be made.

\*Mr D S PIENAAR: Mr Speaker, the hon the Minister must not use the Government's decision which enabled agricultural schools to farm for their own account as an excuse for the rectification today, by means of this announcement, of a mistake which the Government made. The hon the Minister's letter of 18 January contradicted all the arguments that he mentioned here today, which are good arguments and which we and others submitted to him on the strength of their merits. In other words, if the hon the Deputy Minister is trying to get out of this in this way, I must tell him with respect that I am becoming concerned.

If a month ago the hon the Minister could submit the weakest arguments with so much conviction and today concede 100% that we

HOUSE OF ASSEMBLY

were right initially and then try to hide behind an earlier decision of another department, he is denigrating a valuable and positive announcement which he made here in the interests of agricultural schools and in the interests of education and the interests of agriculture.

I should have liked to take the opportunity to put in a good word for agricultural schools which do not receive State assistance for the incurring of costs in connection with production means. My information is that they cannot make credit purchases or enter into production loans like normal entities in farming. They are therefore totally dependent upon cash trade. Seen from that angle, they are in a weaker position than companies, close corporations and individual farmers. In addition they cannot purchase diesel at the price at which individual farmers can do so. The assistance regarding food which was available at one stage was not available to workers at agricultural schools either. [Time expired.]

\*The DEPUTY MINISTER OF AGRICULTURAL DEVELOPMENT: Mr Speaker, I should like to tell the hon member for Virginia that the Department of Agricultural Development and the ministry do not take overhasty decisions. They are well-considered decisions. If we had to sit here in the bench and take decisions, it would create chaos in South Africa. [Interjections.]

I want to return to the representations on the table. I told the hon member for Potgietersrus that, even at the stage when we replied to his letter, we did not have the information at our disposal that the co-operative in that area had made the submission and we could give the necessary support in respect of the payment.

The application of the school to which the hon member for Virginia referred landed on our table this week. It opened the door to wider perspectives, seeing that in this case it was a recommendation by the co-operative. The co-operative was of the opinion that it was a case with merit and that is why we reconsidered the entire matter.

Against that background I do not want to say that there were no inputs from that side. I appreciate the fact that inputs came from that side and that this matter was reconsidered. We should therefore like to comply with the request

that these schools be notified as soon as possible. This will enable us to dispose of the matter as rapidly as possible.

Debate concluded.

#### QUESTIONS

†Indicates translated version.

For oral reply:

Own Affairs:

#### Church: private school in Johannesburg

\*1. Mr A GERBER asked the Minister of Housing and Works:†

(1) Whether a church, the name of which has been furnished to the Minister's Department for the purpose of his reply, applied to his Department to obtain the buildings of a school in Johannesburg which has closed, with a view to establishing a private school; if so, what is the name of the church concerned;

(2) whether any other bodies or persons also applied to use the school buildings concerned; if so, what bodies or persons;

(3) whether these buildings have been handed over to this church or one of the other bodies or persons; if not, why not; if so, what are the relevant details;

(4) whether he will make a statement on the matter? B128E

†The MINISTER OF HOUSING AND WORKS:

(1) Yes. Die Afrikaanse Protestantse Kerk.

(2) Yes.

(a) The Open School

(b) Mrs E S Fourie on behalf of a crèche

(c) The Independent School

(d) City Council of Johannesburg.

(3) Yes. Four classrooms with suitable playing area to a Mrs Fourie for the use as a crèche. The crèche is run by a non-profit Trust and is open to all population groups.

Two hospital clinics with crèches, the SABC and other organisations in the vicinity have indicated that an urgent need exists for the establishment of a crèche as their employees have no other place to leave their children. The existing crèches in the vicinity cannot accommodate more children. The crèche will be staffed by qualified personnel.

Remaining portion of the school to the Independent School. This school is registered as an educational institution for all population groups and operates on a non-profit basis.

Provision is made for children of all population groups who have to study under unpleasant conditions. The aim of the school is *inter alia* to serve as a feeder for higher educational institutions in the vicinity.

(4) No.

#### Housing assistance to Whites

\*2. Mr P G SOAL asked the Minister of 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? B187E

The MINISTER OF HOUSING AND WORKS:

R115 543 743,33 during the 1991-92 financial year.

#### Unsubsidized posts in schools

\*3. Mr A GERBER asked the Minister of Education and Culture:†

Whether there are any unsubsidized posts in schools under the control of his Department; if so, (a) how many such posts are there in (i) ordinary public schools and (ii) State-aided ordinary schools and (b) in respect of what date is this information furnished? B193E

The MINISTER OF EDUCATION AND CULTURE:

Yes.

(a) preliminary figures for CS-educators are (i) 0, Cont -42

HOUSE OF ASSEMBLY



I agree with the hon member Mr P Naidoo that it is a pity there is such a brain drain, but I should like to assure him that no one has been forced to leave the department.

Mr P NAIDOO: The axing of the former Minister was a brain drain! [Interjections.]

The MINISTER: Mr Chairman, I should like to inform that hon member that I myself have picked up the telephone and spoken to those people who have opted to leave the department. It was their choice to do so. Perhaps there is some fear that they would lose certain benefits—I do not know whether that is the case—but they are not being forced to leave.

Clearly not all the changes that have been recommended can be implemented immediately. Some require systematic and careful phasing in. Others will be dependent on the availability of accommodation. Yet others will have to await political decision-making at national level. Nevertheless it is my conviction that the interests of education in the region will be served best by the rapid handling of these proposals and hopefully by the adoption of this report as a policy document by the heads of education in the Natal-KwaZulu region.

It is unfortunate that it was not practicable to involve a wider interest group in the deliberations of the committee. [Time expired.]  
Debate concluded.

#### Housing schemes: amount in arrears

2. Mr A RAJBANSI asked the Minister of the Budget and Auxiliary Services:

- (a) What is the total amount in arrears owing to the Administration: House of Delegates in respect of housing and road development in municipal and departmental housing schemes and (b) what steps were taken to recover this amount during the latest specified period of 12 months for which information is available?

D35E.INT

The MINISTER OF THE BUDGET AND AUXILIARY SERVICES: Mr Chairman, the reply to the first part of the question is that the arrears as at 19 February 1993 are as follows: loans to local authorities, ie municipal schemes,

HOUSE OF DELEGATES

R6 251 902: departmental housing projects, R52 529 711.

The reply to the second part of the question is as follows. With regard to municipalities, the outstanding accounts are followed up regularly by way of both personal contact and written communication. Furthermore a task group has been created and the staff have been trained to check and control local authority loans and debtor accounts to ensure that the interests of the Housing Development Board are adequately protected and that the board is repaid all amounts due to it. In the light of this group's success, it has been decided to train additional staff in order to place more teams in the field.

With regard to the collection of funds, the Pretoria, Johannesburg and Cape Town offices were understaffed and could not control payments as required. Remedial action has been taken and consequently Circular Minute No 2 of 1992 was issued, directing regional representatives to take action against debtors. The idea was to elicit the co-operation of debtors to liquidate their arrears or to make a controlled attempt to do so. It stopped short of physical eviction. This humanitarian endeavour did not achieve the desired results and in a number of cases the cancellation of agreements in respect of these debtors is currently being prepared for consideration by the Housing Development Board. [Time expired.]

Mr A RAJBANSI: Mr Chairman, I asked for the total amount in arrears owing to our Administration. I do not want the arrears for the past twelve months. What I want to know is what has been done in the past 12 months to recover the arrears.

The total arrears amounts to R43 million. That is only in respect of the schemes controlled by our Department of Housing. That is apart from the municipal schemes. Contrary to the headlines we read in the newspapers, this is nothing new. There was a time when the previous Auditor-General of this country was the director-general and also the accounting officer. I believe that this kind of thing took place even during his time, because what the present director-general has inherited is mismanagement from the time of that former director-general. Since that time no effective steps have been taken to structure a staff so that we could recover the arrears.

There are more units in arrears under municipal schemes, but comparatively speaking, the arrear position is not bad when compared to our schemes. That goes to show that no one worried about this. In 1988 that super director-general was taking part in party-political dirty tricks. That was how he occupied his mind. He, as the sole accounting officer of the Administration, was not worried about structuring the Administration.

The reason I specified the period of 12 months is that I want to know what effective steps the director-general, who was there during that period, has taken. The fault is not with municipal schemes. The fault is with the Administration: House of Delegates. That R43 million will reach such a staggering figure that ... [Time expired.]

The DEPUTY MINISTER OF LOCAL GOVERNMENT, HOUSING AND AGRICULTURE: Mr Chairman, it is obvious that when the House of Delegates came into being, we inherited some assets. We inherited the old debtor system which was used by the former Department of Public Works and Land Affairs. By the time we had established our own debtor system, we were a few years into the tricameral system.

One also had the problem that the local authorities' financial year starts on 1 July and ends on 30 June of the next year, whereas we start on 1 April. As a result one has difficulty when one tries to reconcile figures, because to a large extent the Treasury works according to a set of rules different to that which applies to municipalities. Our department has now introduced a reconciliation system of issuing monthly statements, with the result that one will be able to reconcile the statements effectively.

The hon the Chairman of the Ministers' Council has said that a task group has been formed. Five persons have been allocated to this task group. There are some 84 local authorities that are in arrears. We reckon that within a period of 18 months we will be able to have an audit of those arrears without the problems we have at the moment. [Time expired.]

Mr K MOODLEY: Mr Chairman, I should like to submit that we forget about the arrears, and rather talk about giving the homes away. People have paid enough. I think R43 million is neither

here nor there when one considers the billions of rand being wasted by this Government. Yet we want to chase out our people in order to pay back small rentals. [Interjections.]

The issue is the ability of people to pay. If people do not have the money to pay, this department, on the instructions of its superiors, has evicted them from their homes. It is not that they can afford to pay but do not want to, but that some of them do not have sufficient money even for the next meal. Yet we want to throw our people out of their homes. [Interjections.]

The important thing is that this department must engage somebody to evaluate each person's ability to pay and to report on that. Those who can afford to do so can pay, but we must be reasonable when it comes to those who cannot afford to pay. We cannot say we are here to serve our people when at the same time we are displacing them from their homes. [Time expired.]

The MINISTER OF LOCAL GOVERNMENT, HOUSING AND AGRICULTURE: Mr Chairman, I am in full agreement with the sentiments expressed by the hon member for Southern Natal, but there are some very important factors that hon members must be advised of. One of these is that the present rental formula is subjecting our people to rentals of anything up to 50% and 55%.

Mr K MOODLEY: Do something!

The MINISTER: Something is being done. I want to advise the hon member for Southern Natal that the hon the Leader of the Official Opposition gave timeous instructions in this regard, but this matter has to go through the correct channels, in this case, the Committee of Housing Ministers. They have to take a decision.

I recently had some communication with the hon the Minister of National Housing and I have requested an urgent appointment with him to discuss this particular issue.

Let us look at another issue, namely the organised campaigns that we are faced with in this country. All of us are participating here, yet we have campaigns, organised by other political parties, against the very houses we are building and the people who are living there. [Time expired.]

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Mr A RAJBANSI: Mr Chairman, the hon the Deputy Minister is confused. He talks about the financial year ending at a different time. I am talking about the arrears of people who have not paid their rent for years although they have been occupying homes. That is what this debate is all about.

In Phoenix, for example, in a mass housing scheme, the rental formula is causing chaos. Forget the Committee of Housing Ministers! The hon the Minister and the hon the Deputy Minister have the power in terms of the Housing Amendment Act to take the necessary decision.

HON MEMBERS: Hear, hear!

Mr A RAJBANSI: If they do not want to take that decision, we shall take it by resolution of this House. Our people must benefit. I agree with the hon the Minister that the formula is creating problems and that we must address these problems. Let us not talk about the Committee of Housing Ministers, however, because that is no solution. We know that other Ministers have taken unilateral decisions and made unilateral announcements, while we have been waiting for the committee to sit. [Interjections.] We are going to write off your car loan too. [Interjections.]

Therefore I want to suggest to the hon the Minister that, since this is a serious state of affairs, he should take the advice of the hon member for Southern Natal. In other administrations loans have been written off in the case of old schemes. Most of those people are displaced people, and the culprits are the Nats.

The CHAIRMAN OF THE HOUSE: Order! I have to displace the hon member. His time has expired.

The MINISTER OF THE BUDGET AND AUXILIARY SERVICES: Mr Chairman, I have listened very carefully to the points made by the hon member for Arena Park. It is true that we have a problem with the recovery of arrears. This issue was very strongly canvassed at the multiparty meetings that were held in December last year. In the short period in which I was director-general, I made this one of my priorities. To get things moving takes a while, however. The situation which had developed over many years was that rentals and amounts outstanding from local authorities were not col-

HOUSE OF DELEGATES

lected. I took the view that we should simply send accounts out to local authorities.

Mr M RAJAB: Why don't you write it off? The MINISTER: To the local authorities? Why? No, I am sorry.

Mr M RAJAB: To the house owners. The MINISTER: We are talking about local authorities. The task team went out to Isipingo and discovered that in fact Isipingo owed us about R9,5 million more than was reflected in our books. [Interjections.] This is no way to do business. [Interjections.]

The CHAIRMAN OF THE HOUSE: Order! The MINISTER: The situation with the Durban Corporation is also being investigated. I believe we must get this money in so that we can build more houses for our people and we must do it now, not tomorrow. [Interjections.]

The hon member for Southern Natal made a point which we in this House must take cognisance of. There are poor people in our communities. There are people who are unable to meet their Administration will be sympathetic to the plight of the poor in our community. [Time expired.]

Debate concluded.

QUESTIONS

Indicates translated version.

For oral reply:

Own Affairs:

Shallcross link road: petrol service station site

\*1. Mr A RAJBANSI asked the Minister of Local Government, Housing and Agriculture:

- (1) Whether steps are being taken for a piece of land situated on the Shallcross link road to be rezoned as a petrol service station site; if so, (a) why, (b) who initiated the rezoning and (c) how many other service stations are situated in this area;
- (2) whether he will scrap the proposed rezoning; if not, why not; if so, when?

D20E

The MINISTER OF LOCAL GOVERNMENT, HOUSING AND AGRICULTURE:

- (1) Yes. The Housing Development Board has approved that the layout of the township makes provision for a petrol service station site. No application for either the registration/proclamation of the township or for any rezoning has however as yet been made to the relevant authorities.

- (a) For the convenience of the motoring public using the Link Road; for the safety of motorists obviating the need for right and turning movements across the road by potential customers, and to create a site which can be allocated to one of the applicants on the Department's waiting list. It will also be for the convenience of buses and trucks which will use the Truck and Bus Parking area provided adjacent to the site, at the request of the Local Authority.
- (b) The Department, at the suggestion of a former Minister of Housing.
- (c) Three existing and one under construction.

- (2) Rezoning is subject to the hearing of objections from interested parties.

Mr A RAJBANSI: Mr Chairman, arising out of the hon the Minister's reply, is he aware that the suggestion of a bus parking area is an outdated idea? Secondly, the Housing Development Board does not take decisions of its own accord, but does so as a result of submissions. Thirdly, is the hon the Minister aware that there are four service stations in and around that area and is he prepared to make another submission to the board in order to stop this nonsense?

The MINISTER: Mr Chairman, I am not aware that the idea of a parking area for buses and trucks is outdated. As far as the board is concerned, it has taken a decision. As I said, however, it is still subject to the application for rezoning. If there are any objections—justifiable objections, naturally—this exercise will be null and void.

Mr A RAJBANSI: Mr Chairman, further arising out of the hon the Minister's reply, is he

prepared not to wait for objections, but to put right an injustice that is being done to people who are opening service stations in that area on sites that have already been zoned? A service station is being developed. Secondly, is he aware that it is not possible to put an island in that road to justify such a facility? Thirdly, is his Department prepared to destroy existing businesses that are already overtraded in that area?

The MINISTER: Mr Chairman, it should not be the intention of any party to interfere with the economic feasibility of a matter, particularly an exercise of that nature. As far as the decision is concerned, even if the board has considered the matter, that does not mean that their decision is the ultimate decision.

Cape Province/Natal: displaced traders

\*2. Mr A RAJBANSI asked the Minister of Local Government, Housing and Agriculture:

Whether any displaced traders have applied for resettlement in the Cape Province and Natal since the 1989 elections; if so, (a) how many (i) have applied and (ii) have been allocated trading sites to date and (b) in respect of what specified period is this information furnished? D21E

The MINISTER OF LOCAL GOVERNMENT, HOUSING AND AGRICULTURE:

- Yes.
- Cape Province:
  - (a) (i) One
  - (ii) One
- Natal:
  - (a) (i) Seven
  - (ii) Nil
- (b) 5 September 1989 to 19 February 1993.

The MINISTER: Mr Chairman, I want to respectfully remind the hon member that we were obliged to provide these answers, but other than that the matter is *sub judice*.

Mr A RAJBANSI: Mr Chairman, arising out of the hon the Minister's reply, in respect of the answers given with regard to the Cape Province, is he able to say whether that particular applicant is from the Cape?

HOUSE OF DELEGATES



## Agreement on bond repayments

8/12/93 26/2/93  
WILSON ZWANE

THE Association of Mortgage Lenders and the SA National Civic Organisation (Sanco) have reached an agreement in areas of bond repayment insurance, repossessed properties, education of home buyers and payment of arrears.

Sources said the agreement, reached after a meeting in Johannesburg yesterday, would be referred to the two parties' constituencies for ratification.

Sanco president Moses Mayekiso would not comment on the agreement. He said, however, that the negotiations were positive and he saw no reason why the agreement should not be ratified by the constituencies.

Mayekiso disclosed that he had told the association in exchange for his organisation's "signature endorsing its constituency's involvement in the sorting out of bond repayment problems", Sanco wanted certain issues addressed as a matter of urgency.

Issues included "redlining" in terms of which certain areas were prejudiced, banking services in the townships, the banks' offshore investments and a code of conduct for the building industry which would ensure houses were built properly.

Mayekiso said Sanco believed more understanding and trust in the banking system would be inspired by the banks' willingness to broaden the scope of negotiations to include Sanco's concerns.

# Jobless homeowners to get a second chance

w/m ad 19/2 - 25/2/93 (123)

By BARBARA LUDMAN

A FUND may soon be established to provide bond repayments for homeowners who have been fired or retrenched.

The proposed "bond repayment fund" will be discussed next week by the Association of Mortgage Lenders (AML) and the South African National Civic Organisation (Sanco). The two groups are set to meet on Wednesday for talks on bond-related issues.

The fund, says an AML representative, would operate much like the Unemployment Insurance Fund, for a limited, "tide-over" period only; the homeowner would resume payments when he or she was able to.

An AML statement this week announcing that agreement was expected soon added hopefully that "in the light of this positive progress, any suggestions of mass action and rental boycotts are counter-productive".

The AML's announcement came 10 days after a compact signed between Sanco and the Perm which excludes the Perm from bond boycotts while promising job creation, training and development programmes in the townships.

Sources say there are differences in approach between the two. The AML document is likely to set out mechanisms to deal with particular problems, while the Sanco/Perm compact will establish working committees to address a broad range of issues.

Under the Sanco/Perm compact, the committees will look at such

matters as making it easier for people in disadvantaged communities to get home loans and researching new forms of home ownership. The compact also includes an educational programme covering mortgage loans, insurance, and the rights and obligations of contracts.

About a third of all black housing has been financed by the Perm; 23 percent of its lending is in the townships. The compact the Perm signed with Sanco is, says general manager: development Denis Creighton, "mutually beneficial. The point of the compact is to solve the problems so that everybody gains."

Meanwhile, Sanco president Moses Mayekiso last week listed issues that had not yet been resolved in ongoing talks with the AML. Among them are redlining in townships, the inner city, inner suburbs and areas near shack settlements; locating bank branches in townships; procedures to deal with negative equity, where a borrower owes more on a bond than the house is worth; the identification of land owned by banks which could be developed for low-cost housing.

In a statement this week setting out items for discussion (repossessed properties, education, arrears payments and the bond repayment fund), the AML said members were "on board in respect of those issues on which they believed they could realistically deliver". The organisation felt only the National Housing Forum had the capacity to address broader housing development issues.



## POLITICS

### R1-m 'wasted' on Neethling's two libel cases

Political Staff

THE taxpayer has paid at least R688 319 — and possibly more than R1 million — in legal fees to former police forensic expert Lieutenant-General Lothar Neethling to sue two publications which accused him of involvement in dirty tricks.

ANC Sandton MP Mr Dave Dalling slated the expenditure as an abuse of public funds, describing it as another case of state corruption.

Law and Order Minister Mr Hernus Kriel said in parliament that the State had paid R688 319,91 up to February 18 for General Neethling's civil defamation action against the Weekly Mail and Vrye Weekblad — which he lost.

Mr Kriel was replying to questions from Mr Dalling, who said the answers did not disclose all facts.

He said that by last March the State had paid R461 633,46 in costs and a further R120 000 as surety for counter-claims.

Since then the State had paid a further R688 319,91 in costs — "more than R1 million by the taxpayer. To favour one general in this way is to take the NP gravy train to the verge of the ridiculous".

### SACP backs ANC bid for power

Political Staff

THE South African Communist Party central committee has pledged its full support for the ANC's bid for a major victory in elections for a constituent assembly.

The decision was taken after the committee gave its general support for the "transition package" adopted by the ANC's national executive.

The SACP also resolved not to contest the elections on its own, but under the ANC banner, and to ensure the ANC's election platform was guided by a commitment to a thorough reconstruction of state structures, the economy and society.

### Rent, service arrears total R1,9-bn

Political Correspondent

RENT and service charge arrears in townships totalled more than R1,9-billion by the end of last year.

Replying to a question by Mr Joseph Chiolo (CP Pretoria West), Minister of Local Government and Housing Dr Ter-

us Delpont said Transvaal townships accounted for the bulk — more than R1,6-billion.

Cape townships owed R166,7-million, those in the Free State R128,8-million and Natal R10,7-million.

Of the total, local authorities — all in the Transvaal — owed Eskom R643,2-million.

### Anti-smoking Bill to be tabled soon

AN anti-smoking Bill, to be tabled as soon as possible, will include a ban on the sale of tobacco products to people under 16, says Minister of National Health Dr Rina Venter.

Replying to a question from Mrs Carole Charlewood (DP Umbilo) she said the measure was on the legislative agenda

for this session of parliament.

The Bill would control the use, sale and advertising of tobacco products and give the minister power to regulate the health warning on tobacco products and to prescribe the claims which could not be made in advertisements, Dr Venter said. — Sapa.

### Hanging not 'selective'

THE Minister of Law and Order would not ask the State President for death sentences to be carried out on people convicted of killing policemen.

Replying to a question from Mr Douglas Gibson (DP Yeville), Mr Hernus Kriel said that the death penalty should

not be imposed on a particular category of killers.

He also referred to the speech made by President De Klerk at the opening of parliament, in which he said the wave of murders made it difficult for the government to continue the moratorium on hangings. — Sapa.

### Absent soldiers to be prosecuted

PEOPLE who had ignored call-up for January's national service intake would be prosecuted, said Defence Minister Mr Gene Louw.

In an oral reply to a question by Mr Rob Haswell (Ind Maritzburg North), he said prosecu-

tions were suspended until last year's amendments to the Defence Act were implemented.

These gave potential objectors wider scope for refusal.

New call-ups had been issued once the 1992 Amendments had been instituted. — Sapa.

### ANC explains stand to Cape

Political Staff

THE ANC today begins the task of explaining its constitutional package in the Western Cape, a region which opposed power-sharing at a meeting of the movement's national executive committee last week.

Secretary-general Mr Cyril Ramaphosa will talk about lat-

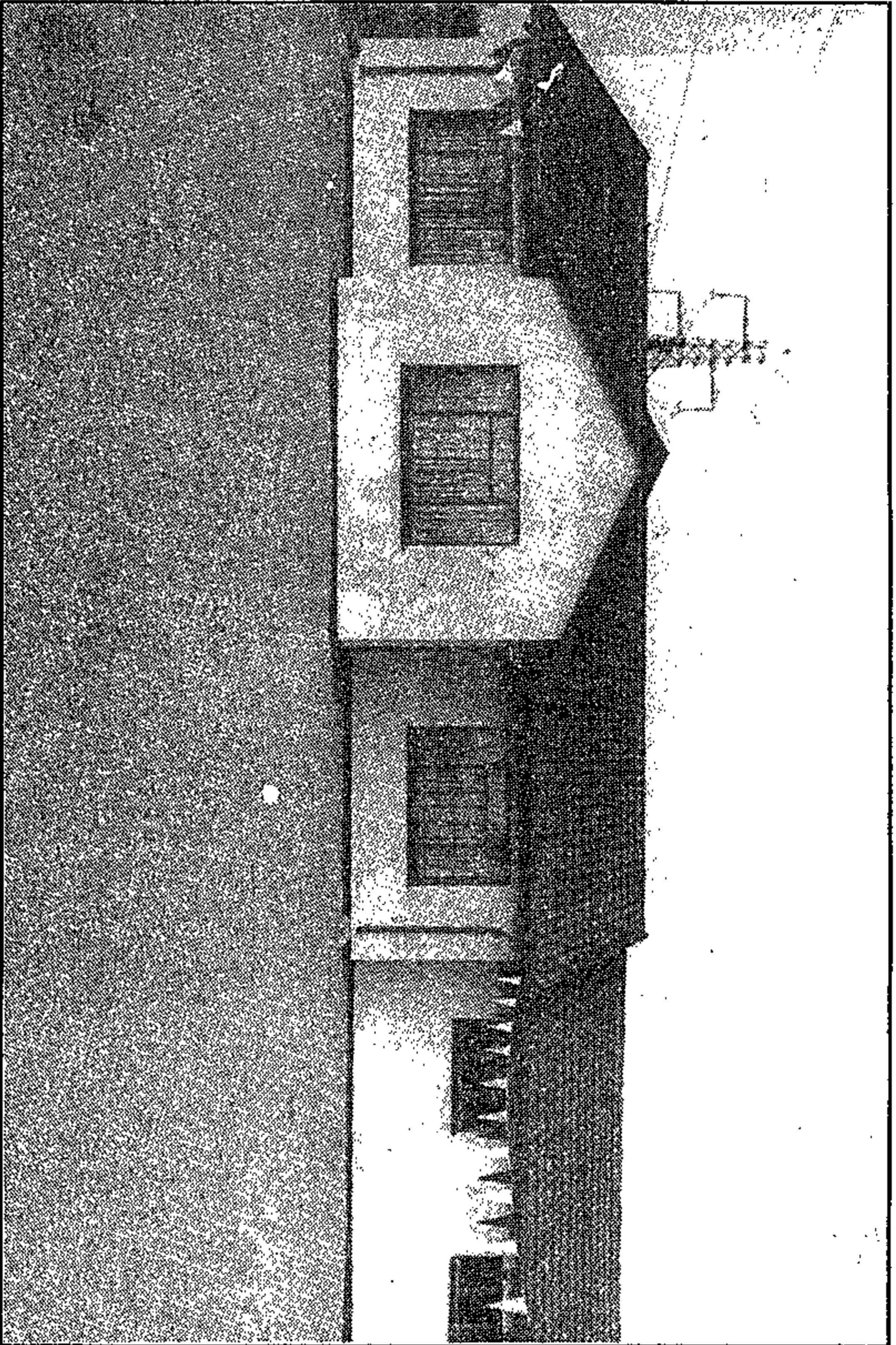
est developments in bilateral talks with the government at a public meeting at UWC at 4 pm.

And, at 5.30 pm, he will brief branch executive members behind closed doors.

● ANC and government negotiators meet again on Tuesday and Wednesday.



**PROPERTY** *Housing one of the keys to stabilising the deteriorating situation in crumbling country*



**FHA Homes, one of South Africa's leading developers, have a wide range of styles to choose from.**

# Positive way to defuse housing

## crisis in SA

*Swefer 26/2/93*

**Housing company is giving the homeless its best shot:**

**By Joe Mdhlela**

SOUTH Africa is short of 1.3 million homes - 90 percent needed by black families.

The shortage was growing at a rate of 200 000 a year, while the current building rate stood at 30 000, spokesman for Murray and Roberts Housing Company, Mr Ian Bernhardt said.

The violence in most black townships made matters worse by lowering the level of productivity. Acute transport problems also exaggerated the problems encountered.

"It is a known fact that if productivity does not improve, the country is heading for economic and social disaster," he said. Bernhardt said all of this was relative to the need to improve security and stability in housing workers.

This, he said, would improve the quality of life, and ultimately productivity. Increasingly developers and builders had withdrawn from building sites because of harassment and violence, he said.

"Cases of builders being robbed of their vehicles and building material at gunpoint, and in some instances resulting in many

fatalities, are common," he said.

Murray and Roberts Housing Company was trying to ease this potential crisis he said. The approach involved the participation of unions, shop floor and communications and education workshops on housing and development issues.

"We believe that every individual has a right to a good night's sleep and a good day's work. However it is essential for employers to understand and relate to the problems which workers experience in the townships," he said.

The current series of seminars will enable employers to solve the following:

- Understanding the hostel dweller;
- Company assistance for rural homes;
- Squatter settlement upgrading;
- The housing crisis and the key players;
- Effective company housing policies;
- What constitutes an investment in low income housing;
- Affordability and finance;
- Company housing projects close to the workplace; and
- Involvement of employees in housing programmes.

123  
~~288~~



# Services for whites 'have to decline'

By BARRY STREEK  
Political Staff

THE level of service provided by municipalities to whites would have to decline dramatically because of the enormous differences in the services provided to blacks, the Democratic Party spokesman on local government, Mr Jasper Walsh, said yesterday.

Figures given to him by the Minister of Local Government, Dr Tertius Delpport, indicated that the number of residents per municipal worker in six black townships ranged from 344 to 805. In five white municipal

areas, however, the number per municipal worker ranged from 35 to 80.

Dr Delpport's answers showed just how badly serviced black townships were, said Mr Walsh, and indicated that white municipal residents received a far higher quality of service from their municipalities than did black residents.

"When non-racial areas are established with the same levels of expenditure, the level of service for whites will have to decline dramatically in order to uplift service in black townships.

## Civics owe Escom R643m

Political Correspondent

BLACK local authorities owed R1,9 billion in arrear rental and service charges at the end of last year.

Local Government Minister, Mr Tertius Delpport, told the Conservative Party MP for Pretoria West, Mr Joseph Chiole, yesterday that of this amount R643 million was owed to Escom.

Dr Delpport said local authorities in the Transvaal were in arrears to the tune of R1 606 billion of which R607 million was due to Escom, while those in the Cape owed R166,7m — R544 962 to Escom.

In the Orange Free State, local authorities were in debt to the amount of R128,795m while in Natal arrears amounted to R10,6m.

The non-payment by residents influenced the cash flow of the authorities which had a detrimental effect of the settlement of their accounts.

"Alternatively, to bring blacks on a par with whites, considerably more municipal employers will have to be engaged at a considerably increased cost," Mr Walsh said.

Dr Delpport said Cape Town had 15 800 municipal employees and an annual personnel budget of R670 million for an estimated 1 234 708 residents, a ratio of 1:78, while Lingeletu West and Khayelitsha had 982 municipal employees and a personnel budget of R24,7m for an estimated 451 000 residents, a ratio of 1:459.

## Homeowners defiant in face of recession

BJDM 26/2/93 PETER GALLI

(123)

HOMEOWNERS are still raising second bonds on their properties to maintain their standard of living as the economic recession continues to bite, latest figures released by the Deeds Office show.

The number of property transfers — including commercial, industrial and agricultural property — grew 4,4% to 286 820 last year from 274 746 in 1991.

However, 333 596 bonds were registered last year, 16,3% higher than the 286 820 property transfers for the same period. Rodney Hayter, editor of The Estate Agent, said it appeared the differential was almost completely made up of second bonds.

"This figure is also only fractionally higher than the 15,9% differential between bond and transfer registrations in 1991," he said.

Regional figures show that property buying activity in Johannesburg took a dive last year as 58,3% fewer new bonds at 115 000 were registered, compared with 197 000 in 1991. Transvaal registrations fell 7% to 157 000 from 168 000.

Only two areas saw positive growth in bond registrations. Natal showed the largest increase, 24,5% at 208 000 from 167 000 previously.

The Cape also posted a 13,4% rise to 160 000 from 141 000 in 1991.

The poor state of the economy was also reflected in the number of interdicts, caveats, sequestrations, liquidations and attachments registered with the Deeds Office. These rose 10,1% to 132 134 last year from 120 013 the year before.

The move towards the security offered by sectional title units was evident in the number of title deeds issued by the Deeds Office. These soared 41,2% to 35 228 in 1992 over the 24 942 registered in 1991, while sectional title plans rose 31,2%.



**PROPERTY** Seller can achieve quicker sale

# Making life easy for home buyers

Sowetan 26/2/93.

(123)

By Joe Mdhlela

**DIFFICULT TIMES** Innovative method delays transfer of property:

**T**HE increased difficulties which prospective home buyers are faced with in getting finance have made innovative sales packages necessary, Camdon group managing director Mr Scott McRae said this week.

Among these was the contract of sale. This method of sale delays the transfer of a property until the buyer can afford a full deposit.

McRae said this method should be considered in the present market. Both the buyer and seller would benefit from the contract of sale. "The seller should achieve a higher price and a

quicker sale than normal at a time of high interest rates, the terms of the sale making it easier for the buyer to finance the purchase. The buyer does not have to pay the full deposit. The difference is deferred," he said.

McRae said under this law the seller was protected. "He may repossess by default and retain any monies paid."

Added to that the seller had access to the deposit after a sale had been recorded. This normally takes four

weeks, he said. And there was a distinct advantage for the buyer.

"He may find the deposit is negotiable and may be far less than is normally required."

The interest and monthly payments are also negotiable with the interest below the current building society rates.

"There is no need to qualify for a bond, no immediate bond registration costs and no immediate transfer costs," he said.

# Quality home for R39 000

123

By Joe Mdhlela

*Sowetan 26/2/93*  
A MAJOR construction company has unveiled plans to build a quality home for a mere R39 000.

Chief executive of CA Brand Housing Mr Alan Young said the idea to build the affordable homes was conceived after extensive domestic and international research.

## ■ New technique puts homes in reach of many families:

Said Young: "The rationale behind the development and ongoing application of this modern technology is based on the premise that the true test in differentiating between a home and a shelter is the asset value of each after 10 years."

He said they could build an 84 square metre home of three bed-

rooms, two bathrooms, lounge, dining room and kitchen, for only R69 000.

"A similar home of two bedrooms with high-quality finishes costs only R39 000," Young said.

What contributed to the affordability of the homes was the reduced labour costs and modern technological methods used.



ed ● New evidence expected at Goniwe inquest

# Residents pay for water leaks: expert

Sowetan 26/2/93

(123)

By Joe Mdhlela

■ WASTE NOT Up to half of supplies

**L**OCAL AUTHORITIES IN CERTAIN cities and towns made no effort to preserve water, Water Research Commission research manager Mr Charles Chapman said this week.

The wastage, argued Chapman, came about as a result of their failure to reduce leaks in the distribution systems.

He said cases had been reported where up to 50 percent of purified water bought

councils buy don't reach users:

by local authorities did not reach users.

To recoup their losses, local authorities normally increased the tariffs, Chapman said.

"Since local authorities pay for all water purchased by them — including the water which goes to waste in the distribution network — they normally

recoup their losses by increasing their water tariffs," he said.

To combat this, the WRC, in conjunction with the South African Bureau of Standards and the City Council of Pretoria, has embarked on a project to help authorities improve the management of water.

## Sanco's Mofokeng and DP's Leon in war of words

Political Staff

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CAPE TOWN — A war of words has broken out between the DP and the SA National Civics' Organisation (Sanco), since a DP rally attended by domestic workers in Houghton on Saturday.

Sanco's Southern Transvaal regional secretary Dan Mofokeng described the domestic workers as "political hostages", adding that the DP had bribed the workers to vote for it by providing food, shelter and employment. Sanco, he said, would "not let opportunistic tendencies in the DP go unchallenged".

Sanco's statement was described by MP Tony Leon, in whose constituency the meeting was held, as "typical of the extremist, undemocratic posturings of Sanco".

The statement, he said, was "riddled with errors and reeks of bile".

Further, said Leon, it was evidence of the "authoritarian fascism" in the southern Transvaal and elsewhere. Leon said the DP would continue to hold meetings and organise as it pleased, and "Mr Mofokeng and his unrepresentative clique will certainly not prevent us from doing so".

He said Sanco was "hell-bent on introducing a reign of fear and terror into our politics. It must be resisted at all costs and at every level".

Sapa reports that DP leader Zach de Beer said that for the DP to quit the tricameral parliament now would be an empty gesture and would simply impair the party's ability to prevent the NP from making further mistakes.

He said he had noted that Sanco had called on the DP to quit Parliament before it would allow the DP to campaign freely.

"We, of course, opposed the advent of the tricameral parliament 10 years ago and have constantly campaigned for its abolition. This is now due to take place and would not have taken place so soon had it not been for our opposition," De Beer said.



## Reserve Bank 'no' to special housing drive

PETER GALLI

THE Reserve Bank has ruled out the possibility of giving special attention to the housing sector, Reserve Bank Deputy Governor Jaap Meijer said last week.

He said while the Bank placed much value in a well-housed nation, it had ruled out the possibility of a housing drive as a way of lifting the economy from its present cyclical downturn.

Meijer, who was speaking at the official opening of the Silver Lakes Country Club Estate in Pretoria, said that although he was bullish about 1993, he believed the housing market would get off the ground only next year.

"Personally, I believe that future mushrooming demand will boost residential prices considerably."

"People trying to read the future of the residential property market should take note of what happened with property prices in Harare and Windhoek after the political changes that took place in Zimbabwe and Namibia," Meijer said.

Anglo American Property Services (Ampros) is the developer of the Silver Lakes estate, and chairman Gerald Leissner said R19,8m worth of residential land sales were concluded in its first year.

"This constitutes a 60% market share of residential land sales in the area with a price tag of R80 000 or more, or 40% of all residential land sales in Pretoria," he said.

The 1 400 stands on offer at the R200m, 256ha estate range in price from R83 500 to R160 000 and have an average size of about 1 000m<sup>2</sup>.

The development is hosting a Classic Homes Show, in which eight homes worth R4,5m are on display — from March 5-7 and March 12-14. In addition, a number of home improvement products, furnishings and other related products will be on show.

# Millions lost as shoddy building work flourishes

BIOM 3/3/93

ANDREW KRUMM

THE banking industry's failure to protect unsophisticated home buyers against shoddy workmanship at the bottom end of the formal housing market has cost the economy hundreds of millions of rand, say sources involved in the provision of low-cost housing.

These costs, which may run into billions if damage to informal housing is included, are largely borne by the homeowners themselves, and probably contribute to the prevalence of bond boycotts.

Banks and building societies are not the only parties to the problem, the sources add. It is the profusion of "bakkie builders" and the relative ease with which they get accreditation from institutions which compounds the situation.

HouseSure CEO Peter Veal says the advent of what could be called built-in damage to lower income housing is significant, though not "wholesale".

HouseSure underwrites SA Housing Trust (SAHT) bond finance subsidiary Khayaletu Home Loans.

Veal says the root of the problem lies with institutions which leave the unsuspecting black client unaware of his rights and on his own in a sophisticated environment.

This, coupled with the lack of a workable quality assurance programme to eradicate poor workmanship, makes it all the easier for "cowboy operators" at the bottom of the formal market, says Khayaletu quality assurance manager Martin

van Vuuren.

Where institutions fail to perform quality control inspections they tacitly sanction shoddy workmanship, and fail to recognise the need to prosecute the errant builder.

Van Vuuren adds, however, that the problem is broader and includes other drawbacks such as the employment of poorly qualified local labour, often demanded by the community itself.

"There is also the delay between the time a new homeowner notices a problem and when he reports it. Often it is then too late to prosecute the builder."

Veal says current discussions between the banking community and groups like the SA National Civic Organisation could result in an undertaking by banks to protect their lower income customers.

Measures could include a quality assurance programme and improved methods to check on builder's skills — both of which Khayaletu quickly learnt to implement.

Veal adds that although this type of arrangement might solve most of the problem, one snag remained: how to get institutions to lend into the high-risk, low-return end of the housing market. This is where insurance came in, as insurers "are accustomed to dealing with risks".

However, insurance industry commentators say they are loathe to get into the lower income housing mar-

ket because of the large volumes, with attendant high administration costs, and low margins on offer. Insurance products giving both builder and homeowner protection are available, but they are expensive.

A building industry source says: "We are trying to bring down the cost of low income housing in SA, and insurance might make housing in this sector unaffordable."

But Veal denies this, saying the answer is to spread insurance cover over the very large volumes in this sector.

"In Khayaletu's experience insurance costs add between 5% and 10% to the monthly mortgage repayments." The homeowner gets a comprehensive policy covering all risks, with the exception of political risks.

Veal says it is necessary — and profitable — to offer comprehensive insurance to the new homeowner, covering not only structural defects and breakages but contingencies such as unemployment.

This approach reassures banks that they will get their money if the homeowner is retrenched, while the client knows he has someone to back his bond repayments, or to pursue the matter of shoddy workmanship in the courts.

"One cannot approach the lower income market from a Western perspective as the cost of insurance becomes too high for the policyholder. If insurers are to get into this market in a meaningful way, they will have to change their outlook," Veal says.



# Sanco, Perm to discuss agreement

(SIDM) 2/3/93  
THE implementation of the agreement between SA National Civics Organisation (Sanco) and the Perm would move into gear at the parties' two-day consultative conference beginning on Sunday, Sanco president Moses Mayekiso said yesterday.

The two parties signed an agreement early last month which effectively excluded the Perm from such action as bond boycotts and which put in place joint plans for education, job creation and training and development programmes in the townships.

Mayekiso said in a statement the conference, which would be attended by Sanco representatives from 14 regions, would thrash out details of the agreement ranging from honouring contractual agreements, to exemption from mass action and training of community leaders.

Mayekiso said the agreement had set new ground in relations between consumers (Sanco) and banks, institutionalising for the first time a mechanism of communication.

(123)   
 THEO RAWANA

The agreement provided for a national working committee to look at the establishment and maintenance of appropriate services and facilities within communities to facilitate access to home loans.

The committee would also look at the development of appropriate banking services targeted at these communities and research measures designed to assist borrowers in difficulty.

Research measures to resolve problems of repossession of property and ensure project implementation was conducted in a mutually beneficial manner would also be dealt with.

The committee would also consult on viability and sustainability of lending in certain geographic areas where environmental conditions had changed and research the possibilities of innovative schemes such as housing associations, co-operative ownership, rental and lease agreements, Mayekiso said.

# Experts to look into homes plan

Star 5/18/93

(A044)

(123)

Political Staff

(123)

CAPE TOWN — A panel of experts is being appointed to advise the Government on the suitability of the housing scheme for Ministers who are paid to live in their own homes.

President de Klerk said the panel would include representatives from the private sector and would have access to data on which the scheme was based.

De Klerk, clearly upset by recent sharp criticism of the scheme, said no corruption or enrichment was involved.

He said Ministers and certain other political office-bearers had been provided with housing from 1910. As part of the Government's programme to reduce State expenditure, an investigation into housing for political office-bearers was launched about three years ago. This revealed that the old

system of providing official residences was not cost-effective.

There were few other comparable countries which provided residences to all political office-bearers. In most, they had to pay for their own housing.

The new scheme was introduced two years ago. The idea was that most ministerial houses would be sold and political office-bearers would instead be paid a monthly allowance.

Substantial savings were made, he said. The sale of properties also provided capital for projects such as schools.

The monthly ministerial allowance had two components. There was an after-tax allowance of about R3 600 to enable politicians to occupy their own properties and there was an allowance of R3 170 to compensate them for services and running costs.

De Klerk said that, with a 100 percent bond running over 20 years, a house worth R260 000 could be bought.



**BUSINESS**

By REG RUMNEY  
ALONG with Satanism, capital flight from South Africa has attracted a great deal of attention recently.

Tapping into that near-hysteria is a document produced by the End Loans to South Africa group and the South African National Civic Organisation (Sanco). It is titled: "Bank Capital Flight — South Africa's Next Economic Catastrophe".

The authors say capital flight is substantial, mentioning an estimate of \$12-billion to \$55-billion over the past two decades.

"Massive amounts of money have been siphoned out of the country under apartheid. A wide range of commentators and academics have analysed the issue in depth. While attempts to quantify the exact amounts of money have hit some difficulties, including varying definitions of 'capital flight', there appears to be a consensus that South

# Sanco's flights of fancy

Africa has been suffering from a serious capital flight problem for some time, involving tens of billions of rand."

The report goes on to dismiss the thoughtful and carefully stated reservations of an eminent bank economist about the sums loosely tossed around as the size of capital flight.

"As information on capital flight surfaced, a rather predictable response downplaying the problem emerged in the form of Nedbank economist Edward Osborn, who in particular questions the quantification of capital flight. However, Osborn does not deny capital flight exists, but simply suggests rather weakly that the major conglomerates would have little reason to misin-

W/ward  
S13-11/3/93

Osborn actually wrote: "But in any case underinvoicing of exports as a general practice is most unlikely in South Africa because of the dominance in the export field of a limited number of large reputable companies that have nothing to gain, and much to lose, from such malpractice."

Osborn's main point is that it is impossible to prove illicit capital movements have occurred and impossible to estimate their magnitude from official statistics. He specifically examines and dismisses previous analysis.

We all know, from criminal cases, that illicit exporting of capital does occur. It should be stopped. Indeed, the document makes one practical suggestion: that a specialist unit be set up to

detect and block illegal capital flows from South Africa.

Playing up the problem may be as damaging as playing it down.

The document rightly calls attention to the flight of "funk money". But it confuses capital flight with investment through the firm and, a mechanism whose whole purpose is to neutralise capital outflows. And it links capital flight and banking expansion overseas without a shred of actual evidence, to beat Sanco's favourite dog, the banks.

The focus on "capital flight" itself diverts attention from South Africa's real problems of creating a safe and stable environment in which business can flourish. It is a phrase perforce loaded with connotations of illegality and

shady deals through its broadest meaning is only the departure of capital from the country.

The main outflow of capital from South Africa remains capital redemption payments under the debt standstill arrangements. These have been huge, but not contrary to the African trend for private sector foreign investment to flow out rather than in, and began long before the debt standstill. However, those capital redemption payments in turn haven't hurt economic growth because there's been more than enough capital in South Africa to fund the low level of investment we've suffered because of poor business confidence.

South Africa's focus should first be on creating the right conditions for investors to want to invest here. If there is no confidence in the country's future, capital will flow out, exchange controls or not.



Star 813193

## Plan to create

800 000 jobs

The creation of more than 800 000 new jobs in the next three to five years is envisioned in a plan devised by the Building Industries Federation of South Africa (Bifsa) to give a fresh start to a mammoth low-cost housing programme.

Bifsa executive director Ian Robinson will meet National Housing Minister Sam de Beer in Cape Town tomorrow to discuss the proposals.

● Blockbuster building scheme — Page 9



Star 8/13/93

# Blockbuster building scheme to kick-start economy

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**T**HE crisis levels of black homelessness and unemployment will come under renewed scrutiny tomorrow when the Building Industries Federation of South Africa (Bifsa) hands the Government a blockbuster package of proposals.

Bifsa claims the viability of the package has been tested in broad outline in preliminary talks with Finance Minister Derek Keys. Now the blueprint will be unfolded at a special meeting with National Housing Minister Sam de Beer in Cape Town tomorrow.

Cynics may have reservations over yet another formula, thinking back on dozens of so-called masterplans that were acclaimed with fanfares in recent years — but failed at the first hurdle and now languish under layers of dust in filing cabinets.

They are unlikely to dampen the enthusiasm of Bifsa executive director Ian Robinson when he lists the objectives he is convinced are within reach.

● New low-cost houses coming on to the market at a rate of 300 000 units a year until the shortage, estimated at 1.4 million homes, has been wiped out.

● The creation of more than 800 000 new jobs as builders reverse the wave of retrenchments and expand the size of their labour forces — along with the start of scores of new small businesses as budding black entrepreneurs have the

opportunity to share in order-books.

● Major spin-offs for the industrial sector as demand climbs for supplies of items ranging from bricks and cement blocks to window frames and roofing materials.

"It could mean a brand new kick-start for the entire economy," says Robinson.

"The action would not be confined to the building industry. More houses will obviously mean more demand for products ranging from bedroom and lounge furniture to electric appliances and pots and pans.

"We're totally confident of the backing of both the National Housing Forum and the National Economic Forum as they test the logic of the initiative."

The first question likely to be raised is how the programme would be financed — especially when estimated costs run into billions of rands and when the State treasure chest has been stripped almost bare by debt and decades of Government mismanagement.

That, says Robinson, is the conundrum Bifsa believes can now be cracked by a radical new approach.

In short, the State should not even attempt to try the impossible task of shouldering the entire cost, but instead earmark a relatively modest slice of its socio-economic budget to introduce a system of Government

guarantees on new investments by the private sector — banks, building societies, insurance companies and pension funds.

Bifsa calculates that every R1 million pledged by Govern-

ment guarantees would generate as much as R15 million from financial institutions because of the multiplier chain reaction once investments are protected from high risk — the

problem compounded by violence and threats of bond boycotts that at the moment have brought house-building to a virtual standstill.

Bifsa further estimates that

every R1 million ploughed into housing schemes can create not only 80 new jobs for construction workers, but also 120 new jobs in outside companies — suppliers, manufacturers, trans-

port operators and so on.

All in all, an annual building rate of 300 000 low-cost homes would generate no fewer than 800 000 jobs over the next three to five years.

Bifsa predicts at least 800 new small companies could be launched to share orders for the avalanche of materials that would be required:

- 1 325 million sacks of cement.
- 286 million concrete blocks.
- One million doors.
- 600 tons of nails.
- 1.4 million square metres of glass.
- 17.9 million litres of paint.
- 20 million metres of cable.

The Bifsa researchers have also finely tuned the pace of building work — the total construction of each two-bedroom house in the R10 000/R15 000 price range is set for inside 18 days.

"There'll be unlimited scope for the setting up of small contractor firms that can handle neighbourhood schemes involving around 20 to 30 houses," says Robinson.

"And that means a lot more elbow-room for the informal sector too."

Bifsa finds it ludicrous that at a moment of such pressing demand, Government spending on construction work, as a percentage of gross national product, last year sank to its lowest ebb since World War 2. The total number of new low-cost houses dropped to as low as 30 000 —

no more than a minor dent in overall demand.

No one will follow the outcome of tomorrow's session with the National Housing Minister more closely than the shrinking current labour force of building workers.

With tens of thousands of jobs already axed by the recession, Bifsa estimates that as many as 600 building firms may join the casualty list of liquidations in- side the next 12 months, unless the green light flashes on a full-scale housing programme.

"There is cause for a flicker of optimism," says Robinson. "Until now, most initiatives have sunk in an entanglement of bureaucracy because no fewer than 14 separate Government departments have insisted on a voice in housing affairs."

"If a new democratic system puts an end to the mess and brings housing matters under one roof at a single State department, at least there will be a chance to co-ordinate the planning of a viable programme."

"There are also signals that private sector institutions are beginning to look more willing to start the vital flow of funds, once their investments find some form of reasonable protection," says Robinson.

"That brings to the crunch the issue of Government guarantees."

"If that can be resolved, we can at last expect to see real action." □



Homes for South Africa . . . proposals aimed at boosting the building industry go before the Government tomorrow.



# Blockbuster building scheme to kick-start economy

Star 8/12/93

123

Both the housing shortage and unemployment threaten to worsen rather than recede, but the Building Industries Federation believes it has found a fresh route towards solutions. MICHAEL CHESTER reports.

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# 'Growing shortage' of low-cost housing

B/DAM 8/31/93

123

GAVIN DU VENAGE

LESS than a third of the formal housing built during 1991 sold for less than R65 000 a unit, according to figures quoted in 1992/93 SA Institute of Race Relations' Survey released today.

The housing backlog for blacks outside the homelands was 1,8-million units, and R11m a day would have to be invested until 2020 to eradicate this backlog, the publication said.

Government figures showed that almost 3,6-million people lived in informal housing, but other statistics mentioned in the survey put the number of squatters between 7-million and 10-million people.

A survey of 101 formal building companies found that of 10 000 houses constructed during the year, 27% cost less than R65 000 to build.

Only 3% went for under R12 000, and 7% for under R35 000. However, a third of the remaining total cost more than R175 000, with the balance selling for between R65 000 and R175 000.

The withdrawal of builders from the lower end of the market in the eastern and western Cape was particularly noticeable.

Builders said the main reasons for this tendency were interest rates, political uncertainty and unrest, bond boycotts and the limited availability of home loans.

Racial inequality in house building grew as the number of homes being built for whites increased and those for other population groups fell, the survey found.

In rural areas, only 33% of people had adequate housing, while the rest lived in unhygienic, structurally unsound dwellings.

The influx of people into urban areas from the homelands had not been as heavy as anticipated, but large-scale intra-urban movement had accounted for increasing numbers of squatters.

The survey noted that more than 65% of

SA's population was already urbanised and this would increase to 75% by 2000. More than 22-million people, including those in the 10 homelands, lived in towns and cities. Only 16-million lived in rural areas.

□ The institute's survey also found that small black businesses faced both official and other constraints during the past year.

While the Business Act of 1991 provided for black local authorities to grant licenses to backyard traders, the same powers had not been extended to coloured, Indian and white local authorities.

Informal traders operating outside the ambit of black local authorities were sometimes fined for an activity that was perfectly legal a few kilometres away.

In addition to this, another 30 statutes existed that made it difficult for informal entrepreneurs to emerge and expand.

However, informal obstacles continued to be the major hurdle. One problem, said the survey, was the unwillingness of financial institutions to provide start-up finance because of violence-related risk.

Big business was less reluctant to lend to group projects, which it saw as a safer bet.

Black traders also had to deal with the deepening recession, violence and intimidation, and a lack of skills. Competition from white-owned shopping centres near townships and poor marketing further contributed to their difficulties.

The introduction of VAT had dealt small businesses and retailers an additional blow, as the tax strained cashflow and reduced their capacity for holding stock.

Not being able to register for VAT made supplies more expensive.

However, being allowed to register for VAT would not solve the problem, as it would lead to additional administration expenses, according to the survey.

## Sanco, lenders agree on bond insurance plan

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LLOYD COUTTS

THE SA National Civic Organisation (Sanco) and the Association of Mortgage Lenders (AML) have agreed in principle to the establishment of an unemployment bond insurance scheme and "new procedures" for handling arrears, defaults and repossessions. *By 9/3/93*

Sanco president Moses Mayekiso said yesterday the agreements — which included a borrower education programme — had been reached in principle and ratified by the organisation last week. Details would be made known once the AML had given the agreements the green light.

A Sanco statement said Sanco and the AML had agreed to ask the SA Special Risks Insurance Association (Sasria) to develop a government-subsidised bond insurance product, in the light of wide-scale retrenchments. "The banks have agreed they will resort to community structures in various cases in which properties in possession are at issue. The banks must from now on show much greater sensitivity to misfortunes of borrowers from disadvantaged communities — really the same respect they show their blue chip, northern suburbs clients."

Mayekiso would not elaborate on the agreed "new procedures".

AML chairman Martin Milburn-Pyle said issues negotiated with Sanco would be considered by a full AML council meeting next Wednesday. "There has been a lot of negotiation over some months and the minutes of the last meeting will be taken to our council next Wednesday. Then it's over to our council to accept or amend."

The agreement follows the compact between Sanco and Nedcor's Perm Div. last month on the establishment of education, job creation and development programmes in townships. The compact excludes the Perm from mass action initiated by Sanco.

A Sanco/AML committee will meet again today to discuss 10 unresolved issues, including "red-lining" — a policy of discriminating against borrowers from certain areas — banking services, negative equity and a banking code of practice.



**R6 000** ~~5000~~  
123  
ARG 9/8/93  
**a month to  
run homes**

**Political Staff**

CABINET ministers living in their own houses in Cape Town and Pretoria may be paid up to R6 340 a month for gardening, domestic services, insurance and other running costs such as kitchenware and crockery.

On top of that the State will spend up to R35 750 a house to upgrade security.

This was disclosed by Public Works Minister Gene Louw yesterday when he gave parliament further details of the controversial scheme which pays ministers up to R162 480 a year to stay in their own homes.

Mr Louw was replying to questions from the Conservative Party MP for Potgietersrus, Mr Schalk Pienaar.

He said that under the compensation scheme, ministers were paid R3 600 after tax to acquire suitable residences as well as after-tax allowances of about R3 170 to compensate for running costs normally provided by the government in State-owned residences.

These included gardening and domestic services, maintenance and insurance of fixed property, furnishings, electrical equipment, kitchenware and crockery.

As these allowances were paid for each house, a minister living in his or her own house in Pretoria and Cape Town would qualify for double.

## New minister for housing <sup>(123)</sup>

A NEW Minister of Housing is expected to be appointed from the private sector shortly.

<sup>CT 10/3/93</sup>  
The delegation from the Building Industries Federation of South Africa (Bifsa) was informed by the current Minister of Housing Sam De Beer yesterday that the appointment is expected to be announced by the end of April with the post being taken up by June. <sup>(3471)</sup>

Bifsa executive director Ian Robinson said they had been told the new appointee was a person who did not carry "any apartheid baggage". <sup>(123)</sup>

This is the first ministerial appointment from the private sector since the appointment of the Minister of Finance Derek Keys.



# Minister agrees to think tank to raise funds for low-cost housing

CT 10/3/93 BY MAGGIE ROWLEY (123)  
Property Editor

THE Minister of Housing has agreed in principle to a top-level think tank including private sector interests to devise a "risk reducing" formula to unleash billions of rands in private sector finance for low-cost housing.

Ian Robinson, executive director of the Building Industries Federation of South Africa (Bifsa), which met Minister Sam De Beer yesterday, said the think tank would have to comprise top-level representatives who had a mandate to make decisions.

"We need to lock ourselves up for a few days and come out with a formula ready for implementation.

"It will require the Minister of Housing to sit down with top-level representatives of among others the mortgage lenders, the National Housing Forum and the construction industry so that we can get the ball rolling and come up with a formula. The country cannot afford to waste any more time."

## Too late

Robinson said even if the think tank was established within days of the budget on March 17, as agreed by De Beer, and things got moving straight away "it would be too late to save most of the 600 building and construction companies holding on by the skin of their teeth and forecast to go under this year."

Robinson said there was about R7bn in private sector funding that could be channelled into low-cost housing to boost the budget allocation for low-cost housing this year — which was expected to be about R1,2bn net of administration costs.

This, he said, would enable the delivery of the required 300 000 houses a year to meet the housing backlog.

"But we will be lucky to get 100 000 houses built this year, 100 000 to 200 000 next year and hopefully up to 300 000 the following year as efficient systems of delivery will have to be put in place."

The construction of 300 000 units a year would create about 1,4m new jobs with strong participation from the informal sector, Bifsa estimates.

Robinson said the minister had also agreed there was a need for greater disclosure to the private sector over how the housing budget was spent.

"The minister shared our concern over the lack of clarity, the lack of transparency in this regard."

While about R3bn was supposedly allocated for housing last year, only 35 000 houses had been built.

## Red tape

Bifsa, he said, guesstimated that as much as 50% of previous Budget allocations had been swallowed by bureaucracy and red tape, and only one third of the "mythical" R3bn had been available for housing and infrastructural services, including administration, rents, infrastructural services, land acquisition and revolving funds.

Of the R3bn, Bifsa estimates only R1 147bn additional funding was available during 1992/93 and of this only R705m was available for housing.

"This would include R210m of private sector financing geared up from the R14m additional funding for the 'First Time Home Buyers Subsidies'. The remaining R442m of additional funding would be allocated to all other cost items including administration."

In its memorandum to the minister, Bifsa said it was essential that the new funds available should be clearly and unambiguously defined in terms of their source and application and should be widely communicated to the industry so that appropriate strategic responses could be formulated.

"It should not be necessary for the industry to try and 'demystify' the allocations."



The CHAIRMAN OF THE HOUSE: Order!

The DEPUTY MINISTER: However, I want to agree with the hon. member that it is taking far too long.

Mr P NAIDOO: Mr Chairman, further arising out of the hon the Deputy Minister's reply, will he concede that the NP's attitude to the recognition of Islamic and Hindu religious marriages is in conflict with the charter of fundamental human rights recently released by the NP?

The DEPUTY MINISTER: Most certainly not, Mr Chairman. I invite the hon member, if he has any suggestions as far as these proposals are concerned, to make such suggestions.

Mr A RAJBANSI: Mr Chairman, further arising out of the hon the Deputy Minister's reply, is he aware of the fact that the hon member for Springfield and this House have raised this matter previously? The NP, however, is only interested in Indian votes. They are not worried about our culture or religion.

The DEPUTY MINISTER: Mr Chairman, the fact is that this matter is in the hands of the SA Law Commission, which operates independently. Consequently the Government cannot be accused in this regard. I concede, however, that this matter should receive more prompt attention.

INTERPELLATION

The sign \* indicates a translation. The sign †, used subsequently in the same interpellation, indicates the original language.

Own Affairs:

Provision of low-cost housing (123) Local Government, Housing and Agriculture

- (1) Whether, with reference to certain remarks made by him on 17 February 1992 in respect of the provision of low-cost housing, he intends giving priority to the provision of such housing in cases where there is an urgent need for it; if not, why not; if so, what procedure will be followed in this regard;
- (2) whether he will make a statement on the matter?

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after which I shall call a joint meeting. [Time expired.]

Mr A RAJBANSI: Mr Chairman, during the debate on the Additional Appropriation the hon the Minister and the hon the Chairman of the Ministers' Council made it very clear that the provision of low-cost housing in this country would be afforded priority.

Statistics have shown, especially in our Indian community, that 80% of those on the waiting list belong to the low-income group. Of course, with the repeal of the Group Areas Act and other legislation that controlled and inhibited our progress with regard to housing, those who belong to the self-help group will now be able to cater for themselves.

What we need today is an announcement that certain projects will commence, because last year the hon the Minister of Finance announced the allocation of a special sum of approximately R35 million to the House of Delegates especially for housing for people in the low-income group. Unfortunately the Ministers' Council could not show a single record of any worthwhile project for the low-cost income group in this country. What we need today is an announcement that we can produce 5 000 units to the west of Chatsworth and 10 000 units in the Phoenix-Verulam belt. What we are doing, however, is having too many soliloquies when what we need is action.

What we expected today was a programme of action. I appreciate the fact that the hon the Minister is a very hard-working person. He has been very busy ever since he was appointed Minister of Housing earlier this year. Nevertheless, we are going to point out to him certain shortcomings in our constituencies and I express the wish that every hon member of this House will suggest where certain projects can be undertaken in our respective constituencies.

Wherever land is available, if it is intended for high-cost housing, I want to suggest to the hon the Minister that this be changed so that it can be used to provide homes for the people in the low-income group and also for those who qualify for self-help projects. Vacant sites must be serviced and allocated to people so that they can build their own homes. [Time expired.]

Mr K CHETTY: Mr Chairman, I fully endorse the sentiments expressed by the hon member for

Arena Park. He comes from the same area as I do.

I also have a great deal of respect for the hon the Minister of Local Government, Housing and Agriculture, whom I know to be a very hard-working Minister. When it comes to the poorer section of the community in particular, he is always willing to go out of his way to assist them. In this regard I must say a big thank you to him. Whenever we go to him, he is willing to listen to us. He is always at the service of the poor man.

Mr M MOHANLALL: [Inaudible.]

Mr K CHETTY: What I cannot understand, however, is that the officials in his department, and I know . . .

Mr M MOHANLALL: [Inaudible.]

Mr K CHETTY: Why don't you give your mouth a rest, man!

The CHAIRMAN OF THE HOUSE: Order! The hon member for Chatsworth Central is on his feet. I do not want any cross-border discussions or violations. The hon member may proceed.

Mr K CHETTY: Thank you, Mr Chairman. As I have just pointed out, the officials in the Department of Housing suddenly put the project at Croftdene—the hon the Minister and the previous Ministers' Council are aware of this—on ice. I do not know why this happened. We have people living in overcrowded conditions. I invited the previous Minister of Housing, but he also failed to . . . [Time expired.]

The MINISTER OF LOCAL GOVERNMENT, HOUSING AND AGRICULTURE:

Mr Chairman, I want to commend the hon member for Arena Park, because he placed two very important motions on the Order Paper of this Parliament during this session, both relating to issues that cannot possibly be more important than that of housing. This interpellation too is widening our horizon, and perhaps giving us in-depth knowledge of the problems all of us have.

As far as Phoenix, Chatsworth, the periphery of Durban, the Pinetown area and the Dassenhoek area are concerned, I am fully aware that projects have to be initiated. Such projects are being considered at the moment and every available piece of land must be utilised specifically for the needy of our community as soon as possible.



I appreciate the sentiments of the hon member for Chatsworth Central. The hon the Leader of the Official Opposition, who is sitting here, did a tremendous amount of work in connection with the development at Croftdene. I want to assure the hon member that Croftdene is high on the list of priorities at the moment, and that project merely has to get off the ground. [Time expired.]

(123) Mr M RAJAB: Mr Chairman, quite naturally I welcome the statement made by the hon the Minister and, also quite naturally, he has our full support in his endeavours. I must caution him, however. He must be realistic.

I want to tell him that he is being far too optimistic on two counts. Firstly, time has run out, not only for him, but also for this House. By the time that hon Minister can get his act together, this House will no longer be in existence. We have been sitting in this House and talking about things such as low-cost housing for several years now.

When the hon the Leader of the Official Opposition was the Minister of Housing in this House, he raised this. What has happened, however? I am told that the officials took over and did absolutely nothing. I am also told that nothing has changed, and nothing will change unless . . . [Time expired.]

Mr A RAJBANSI: Mr Chairman, the records indicate that the House of Delegates has approximately 25 000 unserviced and serviced sites. [Interjections.] There are 16 000 serviced sites. I want to suggest to the hon the Minister that if he were to use those sites, firstly, for the provision of low-cost housing and, secondly, for those who belong to the self-help group, he would be doing our community a great service.

I do not believe that housing will be taken out of the schedule of own affairs before the tricameral Parliament is dissolved and the constituent assembly takes its place. The hon the Minister therefore has one year. Once he sets the machinery in motion, successive governments and administrations will not only have a moral, but also a legal obligation to abide by the decisions the hon the Minister has taken. [Time expired.]

The MINISTER OF LOCAL GOVERNMENT, HOUSING AND AGRICULTURE: Mr Chairman, I respect the views of the hon member for Springfield and I do not blame him

HOUSE OF DELEGATES

for expressing the need to be cautious. He also said we needed to be realistic.

I agree that there have been utterances in this House. We have made our problems abundantly clear. However, at the same time, as an individual I have not come here simply for the sake of being here. Under the circumstances we must do our utmost, even if we have only one hour left, because if we do not we will be doing our community a grave injustice.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, may I ask the hon the Minister a question?

The CHAIRMAN OF THE HOUSE: Order! Is the hon the Minister prepared to answer a question?

The MINISTER: Yes, Mr Chairman.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, I want to ask the hon the Minister whether his officials have accepted the recommendation made by the former Ministers' Council to reduce the cost of a plot in Croftdene to under R10 000? That is the factor that is delaying the commencement of that scheme. I want an answer to that question.

The MINISTER: Mr Chairman, a meeting is scheduled for Friday in Durban.

Mr A RAJBANSI: Don't have meetings. You have the power to decide!

The MINISTER: Meetings have to be held in order to take a decision.

I appreciate the sentiments of the hon member for Springfield, but I now wish to turn to the hon member for Arena Park. We do have serviced sites, but those sites cost us money. Those sites represent money that is buried in the ground at the moment. Unfortunately I cannot give hon members the details, because we do not have the time. However, I wish to say that in the past three weeks we have burned the midnight oil and considered projects. We have signed contracts to the value of R125 million as far as housing is concerned. I want to assure every hon member here . . .

The CHAIRMAN OF THE HOUSE: Order! Is the hon the Minister prepared to answer another question?

The MINISTER: Yes, Mr Chairman.

Mr D SAKALINGUM: Mr Chairman, we are

only hearing about sites in Durban. I want to know about the other places. We also need low-cost housing in the Cape and the Transvaal.

The CHAIRMAN OF THE HOUSE: Order! The hon member must look at the interpellation that is being discussed. The hon the Minister may proceed.

The MINISTER: Mr Chairman, the hon member is a member of the committee for the Transvaal and he is aware that we have just approved 300 houses in Extension 13. If I were to divulge the figures for the Transvaal there would be a war between the Transvaal and Natal. [Time expired.] (123) Debate concluded.

#### QUESTIONS

†Indicates translated version.

For oral reply:

Own Affairs:

#### Cleaning staff at schools: problems

\*1. Mr A RAJBANSI asked the Minister of Education and Culture:

Whether any problems are being experienced in respect of cleaning staff at schools under the control of her Department; if so, (a) what problems and (b) what steps does she intend taking to resolve them? D55E

The MINISTER OF EDUCATION AND CULTURE:

(a) The cleaners are presently providing an effective service at schools. However, the Union (TGWU) and General Workers' Union (TGWU) are not happy with the continued privatisation of the service and are threatening protest actions against privatisation. This matter was canvassed with the relevant State departments and it is Government's view that privatisation should be maintained. The problem is, therefore, a conflict between TGWU and Government policy. As a result of this conflict in policy a protest march had been planned by TGWU for 5 March 1993 but it did not take place.

(b) Meetings have been held with the Transport and General Workers' Union

(TGWU), South African Democratic Teachers' Union (SADTU) and the Education Crisis Committee (EEC). Further meetings with these organisations are being planned in an effort to resolve this issue.

Mr A RAJBANSI: Mr Chairman, arising out of the hon the Minister's reply, is she prepared to make a choice between what the trade union regards as the welfare of the cleaners on the one hand and upholding NP policy on the other?

The MINISTER: Mr Chairman, I am not here to answer a question on NP policy. I was asked a question and I have answered it.

Mr P NAIDOO: Mr Chairman, further arising out of the hon the Minister's reply, does she intend going abroad as her predecessor did to study the intricacies and complexities of classroom cleaning?

The CHAIRMAN OF THE HOUSE: Order! Is the hon the Minister prepared to respond?

The MINISTER: No, Mr Chairman.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, further arising out of the hon the Minister's reply, may I ask her whether she is aware of the fact that in the administrations of the House of Representatives and the House of Assembly, caretakers and cleaners employed by the respective education departments are permanent, full-time employees. They have the benefit of pension schemes, they belong to medical aid schemes and are paid wages in keeping with civilised norms. This is what these workers are asking for. Is it not fair that they be given sympathetic consideration? Furthermore, why is there an exception with regard to the House of Delegates?

The MINISTER: Mr Chairman, attempts were made by the Department to deprivatise cleaning services in terms of an undertaking by the former Minister, Mr Yunus Moolla, but the departments concerned were not prepared to cooperate. However, now there is an industrial council for workers and therefore the matter is now between the industrial council and the organisations concerned.

Mr N SINGH: Mr Chairman, further arising out of the hon the Minister's reply, could she tell us whether the present contract with the people who are providing the cleaning services

HOUSE OF DELEGATES



# Things look up for black homeowners

Sowetan 10/3/93.

123

■ **LOOKING GOOD** Hard talking and

bargaining seem to have finally paid off:

**T**HE NEGOTIATIONS OF THE PAST eight months between the South African National Civic Organisation and the Association of Mortgage Lenders (AML) is beginning to pay off, according to Sanco president Moses Mayekiso.

Negotiations were initiated following Sanco's threat of a national bond repayment boycott in the wake of last year's Boipatong massacre.

A Sanco consultative conference of its 14 regions at the weekend ratified a three-part accord reached in talks between representatives of the civics organisation and AML.

The agreement has still to be formally ratified by the "bosses" of the AML representatives who sat on the sub-committee, Mayekiso told a Press conference in Johannesburg.

He said the tentative agreement dealt with an unemployment bond insurance proposal; a borrower education programme; and, new procedures for han-

dling arrears.

Mayekiso declined to reveal details of the tentative agreement because the AML had not yet formally given it the go-ahead.

It is understood however it will involve a request for the Government to subsidise substantially a still-to-be developed bond insurance product. Banks, in turn, will resort to community structures in certain cases concerning bad debts by homeowners.

The Sanco-AML sub-committee will meet again next Tuesday when it will tackle some of the other outstanding issues between them, including the controversial "redlining" of certain inner city suburbs in Johannesburg, by which lending institutions stopped giving loans to potential home buyers, mostly black people.

"The banks must from now on show much greater sensitivity to misfortunes of borrowers from disadvantaged communities. — Sapa



# R7,5bn needed to cut homes backlog

ABOUT R7,5bn is needed, largely from the private sector, to build the 300 000 low-cost homes required each year in order to address the spiralling backlog.

This emerged this week from the meeting between Housing Minister Sam de Beer and executives from the SA Building Industries Federation (Bifsa), where it was agreed that government funds had to be used to encourage private sector funding.

Bifsa executive director Ian Robinson said De Beer had agreed to meet Bifsa and senior representatives from the major institutions after the budget to look at how the money allocated for low-cost housing could be best used.

"The government allocation must be used as effectively as possible and should revolve around a risk-reduction formula that encourages private

BIDM 11/3/93  
PETER GALLI

funding while eliminating wastage.

"We believe this should take the form of subsidies or guarantees that will free up large-scale private sector funding rather than just providing a limited number of serviced stands," he said.

In addition, if private funds became available, this would stimulate the building industry while providing employment and houses. These factors would have a spin-off effect and could result in less disruptive civic action, he said.

It was believed that government had spent R2bn on low cost housing last year, but only 35 000 houses had been built. There was no indication of where the money had gone and government either did not know or was

not saying, he said. (123)

The housing backlog is estimated at 1,8-million and desperately needed to be addressed as effectively and speedily as possible. (25)

Bifsa had asked for "total transparency in government spending on housing," and this had been well received by De Beer, he said.

While the traditional suppliers of low cost housing — the SA Housing Trust and IDT — still had a role to play, their function would have to be altered if the proposed system was introduced, Robinson said.

"However, it will take some time for us to reach our goal of providing 300 000 houses a year. Hopefully we will be able to build 100 000 houses this year, increasing that to 200 000 next year and ultimately to 300 000 the year after, he said.

# Fresh optimism over low-cost housing drive

By Michael Chester

Thousands of homeless black families may be close to rescue from the crisis caused by the dramatic shortage of new low-cost houses, according to the Building Industries Federation of SA (Bifsa).

Bifsa executive director Ian Robinson said yesterday renewed optimism stemmed from extensive talks with National Housing Minister Sam de Beer about new strategies to tackle the crisis.

Discussions had centred on Bifsa proposals to start a programme to build no fewer than 300 000 affordable homes a year until the backlog was wiped out.

Bifsa President Robert Giurich said the programme not only promised an economic kick-start out of recession but also 1,4 million jobs.

At the end of the talks, Robinson said: "The chances of

success for the formula to trigger the release of huge amounts of private sector capital, to finance low-cost housing, now appear to be excellent."

There had been agreement that the housing effort had until now been bogged down in bureaucracy, with as many as 14 different Government departments and 25 financial divisions claiming a voice in decisions.

As a result, although R2 billion was allocated to State housing schemes last year, a final count showed that only 35 000 houses were actually constructed.

The Minister had agreed there was now a need for "complete transparency and openness" in all future funding of housing.

"Everyone must be able to see exactly where all the money is being spent — and as little as possible must be spent on administration," Robinson added. "We will never get full consensus on spending but people should at least know in detail

where the money is going."

The Minister had been told the flow of private sector funds depended on Government agreement to introduce a form of State guarantee as reasonable protection from the high risks on investment.

Limitations on State funds made it impossible for the Government alone to meet the cost of low-cost housing, Robinson said. Instead, it should mobilise the bulk of its available funds to create a "risk pool" to guarantee the funds injected by private financial institutions and developers.

Bifsa calculated that every R1 million the Government pledged in guarantees would generate as much as R15 million in private sector investments because of the multiplier effect.

The balance of State housing funds should be ploughed into capital subsidies for the very poorest homeless families and into a redesigned scheme for subsidies for first-time homebuyers.



## PROPERTY MANAGEMENT

### Is it profitable?

Fm 12/3/93

Investec Property Group's recent announcement that it was closing its residential property management division, trading as Kupers, as it was unprofitable, followed by its 11th-hour sale to the Landsec-Compeg Property Group, raises questions about the profitability of residential property management.

Though Investec qualified its statement about Kupers' profitability, saying the operation distracted management from commercial property activities, the questions remain. But Kupers' competitors claim to be doing well.

MD Neville Schaeffer of H Lewis Trafalgar — SA's largest residential management company with more than 30 000 units on its books — says the residential administrative market has changed dramatically, mainly because the rental market has diminished and red-lined areas have become harder to manage. Kupers has traditionally been strong in such areas.

Firms now need a broad base and sophisticated infrastructure to be profitable. H Lewis Trafalgar has the advantage of being concentrated in Cape Town — about 70% of its business is in the sought-after southern and Atlantic suburbs.

For these reasons, says Schaeffer, SA will see fewer new administrative companies enter the residential market.

Size is critical for profits, he says. "Our national spread of representation and portfolios is the key to our success. The division contributes at least 20% to group turnover. We are aggressively trying to increase market share by providing a comprehensive property service."

Over the past 18 months, H Lewis has acquired two residential management companies: Sectional Title Secretaries in Johannesburg and (bought in January) Andrews & Timberlake in Port Elizabeth. Andrews managed 1 000 sectional title units.

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Schaeffer says residential buildings are increasingly being converted to sectional title and few nonsectional title buildings are being built, which means the rental market has shrunk.

Yet, even with the number of sectional title units and body corporates rising, he still sees "tremendous" room for growth in administration. "We firmly believe that this sector is still profitable."

He says numerous spin-offs, mainly through the resale of individual units, have warranted involvement in residential management. His firm's estate agency activities have gained more business but administering body corporates is also providing business such as insurance and cleaning.

Schaeffer says 60%-70% of his clients are investors. So the company lets these units. And higher margins can be earned on individual flats, where commissions of up to 10% can be achieved, compared with an average 5% on blocks.

In the past five years, Schaeffer reports, the company has been approached by leading financial institutions and property companies to handle the marketing, sectionalisation and administration of buildings. Money here has been made mainly through the conversions to sectional title and marketing. Profits in administration flow from dealing in large volumes.

JHI, another long-standing competitor, also claims to be doing well in the market. ■

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## Marais: 'No compensation'

DR Org Marais, Minister for Administration and Tourism, has asked the Cape Times to point out that he never received compensation for not residing at his official Cape Town residence, Reezich (123) ~~Reezich~~

Dr Marais said that during 1990, 1991, 1992 and to the end of February this year, during parliamentary sessions, he lived at Reezich.

In 1990 and 1991, Mr Marais received R125 162,21 after tax for living in his own Pretoria home for parliamentary sessions there.

Dr Marais moved into his own Cape Town home this year.

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# Second bond bonanza

(123)  
1993/13/13/93

■ People are raising second bonds to cope with daily problems. The 333 596 bonds registered last year were 16,3 percent higher than the 286 820 property transfers. Both figures also include residential commercial and industrial property.

## TOM HOOD

THE number of bonds registered exceeded the number of properties sold last year, according to Deeds Office figures.

And this is growing proof proof that homeowners are raising second bonds on their property to maintain living standards, says Estate Agent, an independent newsletter for the real estate industry.

The 333 596 bonds registered last year was 16,3 percent higher than the 286 820 property transfers. Both figures also include residential commercial and industrial property.

The 16,3 percent differential is believed to be almost completely made up of second bonds registered over already bonded property and is only fractionally higher than the 15,9 percent differential between bond and transfer registrations in 1991.

The generally poor state of the economy is also emphasised by the number of interdicts, caveats, sequestrations, liquidations and attachments

registered with the Deeds Office rising by 10,09 percent in 1992 to 132 134 over the 120 13 set in 1991 which in turn was 22,3 percent higher than in 1990.

Mr Mordie Kruger, deputy deeds registrar, says while the number of interdicts, caveats, sequestrations, liquidations and attachments was still climbing in January there were definite signs of a slowing in the rate of increase.

The popular public trend toward sectional title homes was even more pronounced in 1992 than in the previous two years.

The number of certificates (title deeds) of registered sectional title units issued by the Deeds Office rose 41,2 percent last year to 35 228 over the 24 9452 registered in 1991. Sectional title plans rose 31,2 percent.

Actual transfer of sectional title property, including individually and company owned units, rose by 24,9 percent from 47 113 in 1991 to 58 863 last year.

Regional figures show Natal recorded the biggest increase in the number of new bonds registered with a rise of 24,5 percent to 208 000 last year over 1991's total of 167 000.

The Cape was the only other region to record positive bond registration growth with a 13,4 percent increase to 160 000 over the 141 000 set in 1991.

New bonds registered in Johannesburg last year dipped by 42 percent from 197 000 in 1991 to 115 000. Transvaal registrations also declined by seven percent to 157 000 from 168 000 in 1991.

Bloemfontein bond registrations dropped by 2 000 to 113 000.

# Barend eyes ministers' homes sale

DAVID BREIER, Political Staff

FORMER Finance Minister Barend du Plessis stands to get a share of the cake when one of the tricameral parliament's most notorious fiascos is sold — a flop his own government financed.

The former minister, who retired from public life last year after an apparent nervous breakdown, is acting as a private consultant for an unnamed client in the purchase of the seven empty houses built in Cape Town in the 1980s for coloured ministers but never occupied.

"The great irony is that Du Plessis hopes to turn a profit out of a white elephant that the Department of Finance approved when he was minister," said Democratic Party spokesman Mr Tony Leon.

Back in the 1980s when Mr Du Plessis was Minister of Finance, the government built the seven houses in a fortified compound in Walmer Estate near District Six for the Hendrickse "own affairs" Ministers' Council at a cost of R5 million.

But the Labour Party ministers refused to occupy the houses.

Now the Department of Public Works is selling off the houses by public tender along with a number of other plush ministerial homes, to recoup the taxpayers' losses.

Director-general of public works Mr Theo van Robbroeck confirmed this weekend that Mr Du Plessis had shown an interest in the sale by telephoning his department, but he did not know who the ex-minister represented. The houses would be sold to the highest tender, he said.

This week a newspaper came across Mr Du Plessis by chance while he was showing clients around the houses. Mr Du Plessis was reported to have threatened to make the newspaper "pay" if his picture appeared.

He was reported to have insisted on the same privacy in his capacity as a professional consultant that would be afforded to a doctor operating on a patient, saying his reputation as a private consultant could be harmed as well as that of the "very large company" he represented.

Mr Du Plessis could not be contacted for comment this weekend.



# Ears flapping for Derek Keys' pronouncements

ALL eyes in the property and construction industry will be on Finance Minister Derek Keys on Wednesday when he delivers his 1993/94 Budget speech.

Not only will the budget allocation for housing be of issue, but also the expected increased in VAT.

According to a proposal put forward to the Minister of Housing Sam De

Beer last week by the Building Industry Federation of South Africa (Bifsa), it is understood that about R1,2bn will be available for building low income houses in the March 1993 budget net of administration costs.

Bifsa's vision is to build 300 000 houses a year until the turn of the century to meet the country's housing backlog.

The total cost of this would be R7,5bn a year which the state can ill afford singlehandedly.

However Bifsa argues that for every rand the government contributes the private sector will contribute R15 but for this to become a reality the state will have to provide guarantees to cover losses caused by boycotts and inability to meet monthly instalments.

As such Bifsa proposes that of the budget allocation for housing, R310m should be channelled into the First-Time Homebuyers' Subsidy Scheme and R750m into the capital subsidy scheme. The balance of R140m could be set aside to provide for guarantees to the private sector to unleash billions of rands in private sector finance for low cost housing.

Bifsa further argues that while the low income housing sector presents government with formidable challenges, it also provides an opportunity to tackle the growing unemployment problem at its source.

There can be no doubt that the building industry is one of the "victims" of the generally restrictive fiscal and monetary policy measures of the government.

The consequences of these measures are beginning to assume ruinous proportions for the building industry.

According to Bifsa, for every R1m invested in the building industry, an estimated 186 new jobs opportunities are created. As such if an additional R1bn is invested in housing it should double the labour force presently employed in housing alone, they argue.

Bifsa argues that budgetary amounts set aside for the First Time Homebuyers Subsidy Scheme also be substantially raised. The upper limit of R65 000 has remained unchanged since 1986 and while in the mid-1980s this subsidy could have be regarded as subsidisation of the middle classes, due to the ravages of inflation this is no longer the case as people earning the qualifying R3 000 a month or less would today be classified as lower income groups.

A R310m subsidy could assist between 50 000 and 80 000 families to become homeowners over a period, they say.

While it is often stated that about R3bn annually is being channelled by the government into affordable housing projects there is an appalling lack of delivery of houses on the ground.

According to Bifsa the amount allocated to housing includes numerous other costs such as administration, salaries, rents, interest, infrastructural services, land acquisition and revolving funds.

This is very confusing for everyone concerned, not least of which the building industry which has to "dig" for information which makes stra-



## Property Perspectives

by MAGGIE ROWLEY

CT 15/3/93

tegitic planning extremely difficult. However, in what is seen as a breakthrough for the industry, the Minister of Housing Sam de Beer has agreed in principle to the establishment of a

"think tank", including private sector representatives as well as the National Housing Forum, as soon as possible after the Budget speech to decide how the money should be spent.

Meanwhile developers and estate agents have warned that an increase in VAT would have a dramatic effect on new property sales. It was, they said, already the single most negative influence on new property developments and any further increase would put more developers out of business.

"The result will be fewer new homes and another contribution to unemployment figures," said Errol Finkelstein, MD of the Seeff Group. Not only does it increase the cost of new homes but will also apply to agents' commissions of around 7%. VAT presently brings total commission payable to about 7,7% of the purchase price.

# 500 houses should be built daily

■ Cheaper homes will reduce  
shortage:

*Sowetan* 15/3/93

By Joshua Raboroko

MORE than 500 houses, costing about R20 000 need to be built every day in South Africa to eradicate the 1,8 million backlog by the year 2020.

According to this year's Race Relations Survey this would involve an investment of R11 million in low-cost housing each day.

Against this, the survey reports that the Government has provided only about 3 000 houses in the last two years, while a sample 101 builders surveyed in 1991, built fewer than 25 houses during the same period.

## Progress during 1991/92

The survey records a certain amount of progress during 1991/92 in the provision of formal and informal housing by non-profit utility companies.

The Independent Development Trust financed more than 100 site-and-service schemes.

The South African Housing Trust provided finance for more than 100 housing projects.

The new Housing Company Group also provided more than 200 residential stands.



# Home improvement sector booming to tune of R3-bn

Star 16/8/93

123

By Meg Wilson  
Property Editor

South Africans are expected to spend at least R3 billion on improving their homes this year — and provide almost 300 000 jobs in the building industry.

And, a new survey shows the amount could easily grow to almost 15 times the sum now being spent on affordable housing — if political circumstances improve and if black home ownership continues to grow.

The investigation into the potential of the segment was conducted by building industry research organisation BMI-BRSCU, which also found that 60 percent of work done in the additions and alterations market was contracted out — to “an army of small builders and sub-contractors”.

In fact, evidence is that 65 jobs are created for every R1 million spent in this market.

Dr Llewellyn Lewis, head of the research team, says it is estimated that white homeowners will spend R2,8 million on improvements this year.

Although this is significantly lower than the R4,3 million reported value of work completed last year, he says the discrepancy is mostly in extensions and alterations (as opposed to repairs and maintenance or alterations and improvements).

These obviously require a commitment, on the part of homeowners, to major expenditure, “which is difficult to predict, especially in the prevailing uncertain political circumstances”.

The estimate of black expenditure in 1993 is based on records of improvements, additions and alterations made in the past five years, which translate into R250

to R350 million a year.

However, Dr Lewis says, this can be expected to grow exponentially — “possibly quadrupling in the next four to five years” — as the ownership of black housing stock doubles from its present 35-40 percent and other new owners are added.

The survey found that maintenance and repairs to white-owned homes already accounted for R800 million a year — most of it spent on repainting.

Decorative alterations and improvements represented a market worth more than R1,5 billion a year, while additions and alterations were worth R1,8 billion last year.

Types of materials mostly purchased in the past year were paint, electrical fittings, plumbing fittings and pipes.

Paint was also the material most purchased in the black sector, but here windows, doors,

flooring, ceilings and roofing were bought in large amounts, as well as baths, toilets and taps.

Dr Lewis says the improvements market has been underestimated as a source of work for those in the building industry, where there are now about four people informally or self-employed for every one formally employed.

The segment, he says, represents an even more attractive opportunity for those in the industry if they remember that most expenditure on improvements is made after a decision at the grassroots level of the individual homeowner, and out of existing household budgets, so is not dependent on the availability of bond or other loan finance.

And, even in cases where finance does have to be obtained, the customer is most likely to have an existing bond and a track record of payment.

## Large handouts for white farms

TIM COHEN

CAPE TOWN — Just under 40% of the Agricultural Development Department's 1991/92 expenditure was spent on subsidies, according to a report tabled in Parliament yesterday.

The department, which is concerned with "white" agriculture, published its report on the 1991/92 financial year.

Agricultural financing was the largest expenditure item of the department's R771,7m allocation, accounting for 40,3% of spending.

Almost all of the agricultural financing was devoted to subsidies.

Financial assistance consisted mainly of loans and subsidies made available to farmers from the agricultural credit account.

Aid for debt consolidation came to R98,7m, crop production loans were R157,1m. Land bought was R10m.

Subsidies paid came to R305,3m of which interest subsidies on carryover debt and new production credit accounted for R112,6m. Drought aid to stock farmers was R50,3m and farm labourer housing R16,5m.

## ANC branches to thrash out regionalism policy

BILLY PADDOCK

THE ANC will hold a national conference at the weekend to finalise its position on regionalism and it is understood that the Consultative Business Movement's (CBM) report on the issue will be discussed.

All 14 ANC regions will meet in Johannesburg on Friday and Saturday to discuss amendments to a draft policy on regionalism, which ANC negotiators say has contributed positively in talks with government.

They claim positions in the draft document contributed to a deal on a government of national unity.

The draft did not specify the number of regions that should be demarcated. But the ANC has at other times proposed 10-region and 16-region demarcations. Experts gathered by the CBM favoured the smaller number of regions.

An ANC source yesterday said the draft policy was not expected to be altered substantially, although there would be considerable debate on the number of regions.

Another issue that will draw heated debate is the status of regions in a new SA. It is understood that some branches within the ANC would favour greater autonomy than others.

All the branches appear to favour a strong central government that would devolve powers to regions but retain ultimate control over them.

The source said the final proposal on regionalism would be presented to the proposed commission on delimitation, and then to the elected constitution-making body.

Our political staff reports from Cape Town that the ANC yesterday called on government to unilaterally end the "independence" of Transkei, Bophuthatswana, Venda and Ciskei. The ANC warned that there could be no resolution of the SA conflict unless and until the TBVC homelands were reincorporated and citizenship restored unconditionally to their inhabitants.

It said there was no possibility of holding national elections without the participation of the millions of people in the TBVC homelands.

The ANC said it was disturbed in the light of this to learn government was "touting for the concept that Bophuthatswana should be treated as a special case and not be subject to agreements on reincorporation".

## Bill modernises rights around movable goods

CAPE TOWN — A Bill was tabled in Parliament yesterday aimed at modernising the rights of notarial bondholders of movable goods.

The Security by Means of Movable Property Bill also strengthens the rights of the grantors of credit compared to those of landlords where a lessee is in default.

The Bill notes that although pledge offers an excellent form of security, it no longer satisfies the needs of the modern commercial world, primarily because the pledgor loses the use

and enjoyment of the goods.

The Bill acts on a finding of the SA Law Commission which recommends changes that will mean goods will be deemed to have been pledged to the bondholder as if they have been delivered to him in pledge.

The Bill effectively extends to the whole country the situation that exists in only Natal.

Currently a notarial bond regis-

tered in Natal with regard to specified movable property has the effect of a real right, because legislation provides that the property is deemed to have been given in pledge even though delivery has not taken place.

A landlord currently has a tacit hypothec (a charge in property in favour of a creditor) over the lessee's property if the lessee is in arrears with rent.

The legislation proposes removal of this right in respect of most goods sold in terms of credit agreements.



# Agents not pinning hopes on apparent confidence

WHILE confidence appears to have returned to the residential property market as major estate agencies report a surge in activity, this does not necessarily indicate the start of an upturn.

Eskel Jawitz J H Isaacs CE Eskel Jawitz said February was a very good month for the industry as public perception was that the market — and the economy — had bottomed out, and could only get better.

"This improved perception has translated into more activity, but has not resulted in higher prices as supply still exceeds demand, and as long as this persists, prices will remain depressed," he said.

Lew Geffen of Lew Geffen Estates agreed, saying the buoyancy in the market had not been reflected in prices. Increases were unlikely this year as there were more sellers than buyers. "Our February sales were 17% up on last year's and the mood in the market is much more positive. But there is still a large number of prospective buyers waiting on the sidelines, and if they enter the market this trend can be sustained."

Seeff Residential Properties reported sales of R78m in February.

MD Samuel Seeff said these sales were very pleasing as they were achieved in a difficult market.

B/PAY 17/3/93 (123)  
PETER GALLI

A total of 444 homes were sold in February. The group, which operated only in the PWV and western Cape, saw sales of just more than R50m and R27,5m in each area respectively.

"A significant aspect of the results is the fact that the PWV branches are continuing to increase their market share. When we entered the PWV market in June 1991 total sales a month from the three agencies we bought amounted to R15m, R16m a month less than we were doing in the Cape. The Transvaal market now constitutes the bulk of our home market business," he said.

Pam Golding Properties also claimed improved market share on the back of deals worth R90m in February. Chairman Pam Golding said sales valued at R60m were recorded in the western Cape.

Recent statistics show that sales picked up dramatically in the western Cape, but were down 33% year-on-year in other areas.

"This clearly shows we are gaining market share as these figures match the highest figures from last year."

Agents had detected increased activity in the market since last October and there were definite signs that higher-priced properties were mov-

ing faster than before, she said.

The February figure included the sale of 12 properties for more than R1m each, which was an encouraging sign for the upper end of the market, she said. Geffen said the middle market — priced at between R350 000 and R800 000 — had also performed strongly.

Camdon's Nationwide Franchise chairman Scott McRae said there was an "eleventh hour" rush of property purchases to beat any increase in VAT in the Budget.

He said rumours that Finance Minister Derek Keys would increase VAT to between 13% and 15% were "extremely disquieting" for the property industry. Such an increase could stop any market recovery in its tracks.

Property was a basic commodity and should be zero rated for VAT purposes, or at the very least exempted from any proposed increase in VAT. "The property market is delicately poised right now. I believe it is on the verge of a recovery because of interest rate drops and the perception that SA will take the high road, but it is always sensitive to a number of influences, including financial and economic factors as well as political influences. Any incipient recovery could be nipped in the bud if VAT was increased, making property less affordable."

## Transfer exemption

*Sowetan 18/3/93*  
THE exemption threshold for transfer duty is to be raised from R50 000 to R60 000 for residential houses and flats and from R20 000 to R24 000 for unimproved land purchased with a view to building a dwelling. (23)

The rate of duty for natural persons will be adjusted to one percent on the first R60 000, five percent for amounts between R60 001 and R250 000 and eight percent on amounts above R250 000.



# Vat, duties to hit top of property market

Star 18/3/93

By Meg Wilson  
Property Editor

123

On property, the increase in VAT and in some transfer duties stipulated in the Budget will have most effect on the top end of the market.

VAT, which applies to the purchases of newly built homes, is to be increased from 10 to 14 percent.

This, says Camdon's national franchise chairman Scott McRae, will have a negligible effect for buyers who were existing homeowners, as the increased value of their homes will offset the increased cost of the new purchase.

For first-time buyers, however, home ownership will become less affordable in the medium term, since the increase in VAT will push up building costs.

## Commissions

The increase in VAT will also affect estate agents' commissions, raising the amount payable from R770 on a R100 000 house to R980 — and on a R250 000 house from R1 750 to R2 450.

Pam Golding Properties director Ronald Ennik said the increase in VAT could cause a hiccup in the imminent upturn in the property market due to the erosion of disposable incomes.

It could also have an inflationary effect on developments and projects where developers of new properties will need to increase the price of the units to counter the increase in VAT.

"However, we accept that

this medicine is necessary if the Keys plan is to succeed. Within this plan, the property market will have a rosy future."

For transfer duties, the exemption threshold is to be raised from R50 000 to R60 000 for residential houses and flats, and from R20 000 to R24 000 for unimproved land purchased for building a dwelling.

The rate of duty for natural persons will be adjusted to 1 percent on the first R60 000, 5 percent for amounts between R60 001 and R250 000 and 8 percent above R250 000.

The rate will rise from 7 to 10 percent for companies.

Absa economist Christo Luus comments that this will mean some relief for buyers at the bottom end of the market, but will steeply increase costs on houses over R250 000.

"On a R100 000 house, the duty payable will in fact decrease from R3 000 to R2 600 but on a R250 000 house, it will rise from R18 000 to R22 000."

Anglo American Property Services (Ampros) said it would absorb the 4 percent increase in VAT on all residential land sales until the end of June.

Ampros sales and marketing director Grahame Lindop said the special offer applied to all purchasers who qualified for a VAT input credit.

It was regrettable, he said, that the Minister had not been able to exempt residential property from VAT, or tax it at a lower rate.

"An increase in VAT is another cost for potential homeowners, which for many will push ownership even further out of their reach."

# Welcome mat

By Joshua Raboroko and Sapa

THE National Housing Forum, representing many groups interested in housing, has welcomed Finance Minister Derek Keys' allocation of R1,659 billion for housing during the 1993-4 financial year.

In a statement yesterday the NHF said for some time the Department of Local Government and National Housing had been involved in wide-ranging negotiations on key national housing issues.

In particular, negotiations had proceeded far in respect of a new joint housing initiative to be funded through the state Budget.

The announcement yesterday by the Minister that financial provision had been made to support that initiative

*Sowetan 18/3/93*  
■ **BIG THANKS** Housing Forum

happy with allocation:

(123) ~~(123)~~

was welcomed, the NHF said.

A total of R1 659 billion would be available during the 1993-4 financial year for housing, Keys said yesterday in his Budget review.

He said it had been agreed that an allocation of R200 million from the funds of the Department of National Housing for this year would be made available to the NHF with a promise of more to come and full participation in determining budget needs for next year.

"If more is required in the forthcoming year, Cabinet is prepared to provide a further R200 million bridging finance ... to the point from which

the next cash need of the forum can be met from the 1994-5 Budget.

"Further financing would not necessarily be excluded."

Together with the income accruing to the various housing funds from loan service and redemption, the bridging finance would give a total of R1 659 billion for housing.

"The total funds available should enable the role players involved to maintain the present rate of housing delivery and to accelerate it considerably if the co-operation initiative between Government and the National Housing Forum bears fruit."



# Cities' have vital role in creating urban growth

Sowetan 18/3/93 123  
■ New management role the key:

**By Mzimkulu Malunga**

GROWING cities could play a vital role as engines for development in developing countries.

Coherent national urban policies, consistent with the macro-economic planning of the country as a whole, accompanied by the overall vision and goals of the society, can transform urban growth into a catalyst for development.

These are the discoveries of a recently published report on urban growth, following seven years of international research conducted jointly by the Urban Foundation and Private Sector Council on Urbanisation.

"The performance of a city is now seen to be linked less to how fast it grows than how effectively it is managed," says the report.

The investigation centred on about 50 African, Asian and Latin American countries.

# R1,048-b to be spent on putting roofs over heads

Political Correspondent

THE government is to spend R1,048 billion on housing this year.

The Budget Review says housing progress depends to a large extent on co-operation between the government and National Housing Forum.

This year, R200 million will be given to the forum "with a promise of more to come and full participation within the Budget in the determination of next year's needs".

With income from various housing funds, from loan service and redemption, this will give a total of R1,659 billion for housing.

Added to this will be the unspent balance from the 1992/93 housing fund.

It is estimated that a further R800 million or so will be spent on housing by the Development Bank, the South African Housing Trust, the Independent Development Trust and self-governing territories.

The review says: "The total funds available should enable the role players involved to maintain the present rate of housing delivery and, indeed, to accelerate it considerably if the co-operation initiative between the government and the National Housing Forum bears fruit."

**WINNERS**

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# Joint plan to house the poor

THE allocation of R200m to the National Housing Forum and the promise of more to come has been welcomed.

In a joint statement forum chairman Mr Eric Molobi and National Housing Minister Mr Sam de Beer welcomed the allocation, saying they were negotiating a non-racial, joint housing initiative focusing on disadvantaged communities.

In addition to the initial 93/94 commitment of R200m from the housing budget and the R200m supplementary budgetary

allocation, some money already in the national housing fund, would be redirected to this joint initiative.

It was the first step in restructuring the housing sector.

The Building Industries Federation of South Africa (Bifsa) "cautiously welcomed" the allocation for housing.

"The next step is for the minister to set up a think tank with the private sector and the NHF to determine how this money will be allocated and hopefully in such

a way as to free-up billions of rands in private sector finance for low-cost housing," Bifsa executive director Mr Ian Robinson said.

Independent Development Trust spokesman Mr Jolyon Nuttall said: "Mr Keys offers an interesting carrot in this year's Budget. He says if all the funds he is giving to housing are in fact spent within the forthcoming year, he may well allocate more. We welcome that." — Property Editor, Staff reporter

# R1,6 billion for housing

(123)

CT 18/3/93

A TOTAL of R1,659 billion would be available during the 1993-94 financial year for housing, Finance Minister Mr Derek Keys said yesterday.

It had been agreed that an allocation of R200 million from the funds of the Department of National Housing for this year would be made available to the National Housing Forum with a promise of more to come and full participation in determining Budget needs for next year.

"If more is required in the forthcoming year, the cabinet is prepared to provide a further R200 million bridging finance to carry matters through to the point from which the next cash need of the Forum can be met from the 1994-95 Budget.

"Further financing would not necessarily be excluded, although in that case attention would have to be given to its method of financing which might necessitate sales of government assets or some similar procedure."

The R200 million bridging finance would be provided for in the supplementary proposals. With the income accruing to the various housing funds from loan service and redemption, this would give a total of R1,659 billion for housing.

"The total funds available should enable the role players involved to maintain the present rate of housing delivery and to accelerate it considerably if the co-operation initiative between the government and the National Housing Forum bears fruit." — Sapa



# Relief for low cost housing

By MAGGIE ROWLEY  
Property Editor

THE exemption threshold on the purchase of houses and flats would be raised by R10 000 to R60 000 and from R20 000 to R24 000 for land purchased to build a home, Minister of Finance Mr Derek Keys announced yesterday.

The revised transfer duties on fixed property would provide relief to low cost housing, but middle and upper income home buyers will be hard hit by hefty increases for properties exceeding R250 000.

The rate of duty has also been adjusted for all houses under R250 000. Transfer duty will now be levied at 1% on the first R60 000 for houses exceeding R60 000, and then 5% on the amount between R60 001 and R250 000.

## Increased

Previously buyers had to pay 1% on the first R50 000 and 5% on the balance.

However for houses costing more than R250 000 the rate of duty has been increased to eight percent.

Companies also face a 3% hike in the

rate of transfer duty applicable to 10% of the purchase price.

According to Mr Colin Wolfsohn, a partner at Kessel Feinstein, the transfer duty applicable to a house costing R100 000 will be R2 600 against R3 000 previously.

On a house costing R300 000 however, R14 100, R1 100 more than previously, will now be payable with this duty, rising to R22 100 on a house costing R400 000 and R30 100 on a house costing R500 000 against R18 000 and R22 100 respectively under the old rates.

## Redistribute

Agents canvassed were unanimous in their belief that the increased duties would provide some relief for low cost housing but would put pressure on house prices in the middle and upper income group.

However accountants interviewed said the move represented a major attempt in the Budget at redistributing wealth.

● VAT hike "killer" for new property —  
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# Thumbs-up for housing funds

Star 18/3/93

123

By Meg Wilson  
Property Editor

There is general approval of the Budget allocation for housing this year.

According to the Budget Review, new funds available for housing this year will amount to almost R2,5 billion, with about R1,7 billion coming from the State and a further R800 million from the Development Bank, the South African Housing Trust, the Independent Development Trust and the self-governing territories.

Although this falls short of the recommendation in the De Looz Report last year that State housing expenditure be increased to R3,5 billion a year, expectations are that the funds currently available will be better managed to unlock private-sector investment in housing.

Ian Robinson, executive director of the Building Industries Federation, believes that if most of the direct State allocation were to be put into a "risk pool" and used for loan guarantees, the financial institutions would release as much as R15 for every R1 of public money.

After a meeting with Housing Minister Sam de Beer last

week, he calculated that this would cover the R7,5 billion needed now to build about 300 000 housing units a year.

However, he says, far more transparency will be needed, and more care will have to be taken to ensure that available funds are not dissipated in administration.

Just 35 000 houses were built last year, although the total State housing allocation was R2 billion.

Some R200 million of this year's State allocation will go from the Department of Local Government and Housing to the National Housing Forum (NHF), which represents 16 non-government organisations involved in affordable housing.

In his Budget speech, Finance Minister Derek Keys cited this move as evidence of the desire by the Government to create co-operation between government departments with line responsibility for specific functions and non-government organisations with an interest in these fields.

Commentators are optimistic that this will ultimately lead to a reduction in housing bureaucracy and government adherence to a single housing policy, now being devised by the NHF.



CAPE

# R330-m boost for housing

123  
ARG 18/3/93

**DENNIS CRUYWAGEN, Political Staff**

THE House of Representatives is to launch a drive to fight the coloured housing crisis, with Budget Minister Gerald Morkel announcing a R330 million budget allocation for houses.

But he said he did not have any good news for teachers at a briefing before the last House of Representatives budget.

He said the 5 percent rise announced by the State President for public servants would not be increased.

But it would be a good gesture in these trying times for MPs to forgo their 5 percent increases.

"I would say no (to the increase)."

Mr Morkel said 400 housing projects for coloured people had been identified throughout South Africa.

His budget for building houses is R230 million, compared with R188 million last year, but he has an additional R100 million available from the Energy Fund.

He said the giant Delft project, near Blue Downs, would be extended by 2 000 units.

Describing the extent of the coloured housing crisis, he said there were at least 45 000 families on the Cape Town City Council's waiting list, while in the rural areas hundreds of other families needed homes.

"The bottom line is that we must get houses. We can strike a huge blow against the crisis."

Mr Morkel said it had been to the advantage of coloured people that the National Party was the majority party in the House because "we have been able to do a lot more and cut through red tape".

He said education was one of the most politically sensitive areas.

"It has been a graveyard for quite a few of the education ministers we have had in the House in the past nine years."

Mr Morkel, who is soon to become Minister of Housing, said his two portfolios would disappear later this year.

But staff affected by the demise of own affairs would be consulted before being slotted into similar positions in other departments.

# Cabinet homes row: FW announces probe

123

Political Correspondent

ARC 18/3/83

PRESIDENT De Klerk has announced a four-man panel of private sector experts to investigate the controversial issue of compensation paid to cabinet ministers to stay in their own homes.

The panel will advise Mr De Klerk on the "suitability and cost-effectiveness" of the widely criticised scheme.

The panel will also be asked to comment on any other aspects of housing for political office-bearers which it believes may be relevant.

A spokesman said it was hoped they would report "within a month".

The panel comprises Mr Eric Field, executive chairman of Murray and Roberts, who will chair the panel; Mr Brian Kirschman, executive director of the South African Property Owners Association; Mr Julian Nagy, national director of the Ernst and Young consultancy; and Mr J G M van Straaten, managing-director of Urban Property Consultants, Urban Residences and Urban Townhouse Management.



61.01M 18/3/93 (120)

### Estate duty income dips

INCOME from estate duty fell by an average of over 20% per year in real terms between 1986 and 1992, according to the Finance Department's Budget Review which suggests legislative changes are likely.

A discussion document on this point was submitted to the Taxation Advisory Committee, which recommended investigating the possibility of combining the existing Estate Duty Act and the provision referring to tax on donations in the Income Tax Act. (123)

# R1,2bn set aside for homes

CAPE TOWN — Finance Minister Derek Keys has allocated R1,259bn for the provision of housing in the 1993-4 budget.

More will be made available while government has promised the National Housing Forum it will have full participation in determining the next year's needs.

In addition Cabinet is prepared to make another R200m in bridging finance available.

In all, a total of R1,659bn has been made available.

Keys said R800m would also be spent on housing by the Development Bank, South African Housing Trust and Independent Development Trust.

Keys yesterday expressed hope that the present rate of "housing delivery" could be "accelerated considerably" if the co-operation between government and the National Housing Forum "bears fruit".

PETER GALLI and ANDY DUFFY report that Keys also announced that the exemption threshold for transfer duty had been increased to R60 000 from R50 000 for the acquisition of residential houses and flats and to R24 000 (R20 000) for undeveloped land.

Transfer duty of 1% would apply for the first R60 000, increasing to 5% between R60 000 and R250 000 and to 8% for all amounts over R250 000. Previously 1% was

payable on the first R50 000 and 5% above this.

Transfer duty for companies was also increased to 10% from 7% and all would be effective from April 7.

Pam Golding properties deputy Cape regional director Andrew Smith said yesterday this would have the greatest impact on homes in the middle price range as they would be hit by the additional 3%.

"This will probably be reflected in lower final prices received for many properties in the mid to upper price ranges," he said.

Camdon's National Franchise chairman Scott McRae said first time homeowners would find property ownership less affordable in the medium term and a "beat VAT" rush could be expected before April 7.

JH Isaacs chairman Les Weil said yesterday consumers and homebuyers would have less cash resources due to the increased VAT rate, petrol price and other margins, while developers' margins would also be reduced through price reductions to maintain unit sales and market share.

Sources in the beleaguered building industry said yesterday the budget offered pain today but the chance of pleasure tomorrow.

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Political Staff



**NEWS IN BRIEF**

**Homes probe launched**

PRESIDENT F W de Klerk yesterday named the panel "to investigate the provision of housing to political office bearers" after a massive public outcry about Cabinet members being paid thousands of rands every month to live in their own homes.

The panel, expected to report within a month, is Murray & Roberts executive chairman Eric Field; Sapoa executive director Brian Kirschman; Ernst & Young consultancy national director Julian Nagy and Urban Property Consultants, Urban Residences and Urban Townhouse Management MD J G M van Straaten.

*5/10/93 19/3/93*

# Panel probes govt perks

By ANTHONY JOHNSON  
Political Correspondent

THE lucrative housing schemes enjoyed by cabinet ministers will be reviewed by private sector experts after the angry public outcry at ministers being paid thousands of rands a month to live in their own homes.

President F W de Klerk yesterday named a four-man panel to probe "the provision of housing to political office-bearers" and the "suitability" of the payment of allowances in lieu of the provision of official residences. The panel comprises Mr Eric Field, executive chairman of Murray and Roberts (chairman);

Mr Brian Kirschman, executive director of the South African Property Owners' Association; Mr Julian Nagy, national director of Ernst & Young; and Mr JGM van Straaten, managing director of Urban Property Consultants.

The panel is expected to produce a report within a month.



(123)  
AUG 19/3/93

# Billions in rent, services arrears may be written off

**CLIVE SAWYER**  
Municipal Reporter

**BILLIONS** of rands in rental and service arrears will have to be written off or new joint administrations will be stillborn, the United Municipal Executive has been told.

Johannesburg city councillor Mr Ian Davidson told the UME it should finalise policy on arrears in time for the first meeting of the Local Government Negotiating Forum on Monday.

He said consumers would have to be taught that services had to be paid for.

Accumulated arrears — which in the central Witwatersrand have hit R1,3-billion — were a "real concern," Mr Davidson said.

"While white local authorities cannot walk away from their responsibilities, adding this burden to those responsibilities will make it impossible to cater for the future."

Joint administrations were coming soon. Unless debts were taken over and written off by regional services councils, provincial administrations or central government, they

would go on to the books of new councils.

"Ratepayers will not even begin to stomach paying those debts," said Mr Davidson.

The proposal to ask for the scrapping of debts was vehemently opposed by members of the conservative Transvaal Municipal Association.

Mr G Parsons of the TMA said it would be "catastrophic" if consumers did not pay for services.

He said the writing off of arrears should not be used as an election ploy.

The Rev M Pheneji of the Transvaal Local Government Association said civics had instilled the habit of non-payment.

There was no guarantee people would pay for services, even after arrears had been written off.

The congress could not agree on a firm standpoint, and resolved to tell the forum it supported the principle of consumers paying for services.

Arrears were an issue that should be addressed, delegates said.

UME president Mr Henry Symington admitted the resolution was "very vague", but no further consensus could be reached.

HOME LOANS  
 Fm 19/3/93 (123)  
**Reslicing the cake**

Despite the recession and depressed property market, banks are adding rapidly to their home-loan portfolios. Monthly reports to the Reserve Bank show the major lenders (see graph) increased the value of their combined home-loan portfolios nearly 18% to R68,8bn in the 12 months to December. This is a rate almost double the inflation rate in the period.

Some of the impetus is coming from facilities which provide revolving credit against the security of fixed property. This product, introduced in 1988, has become increasingly popular since 1991, when a new system for risk-weighting assets was introduced by the Department of Banking Supervision. Mortgage loans are now risk-weighted at only 50%, compared with 100% applied to other

FM 19/3/93



(123)

**Stacking up**

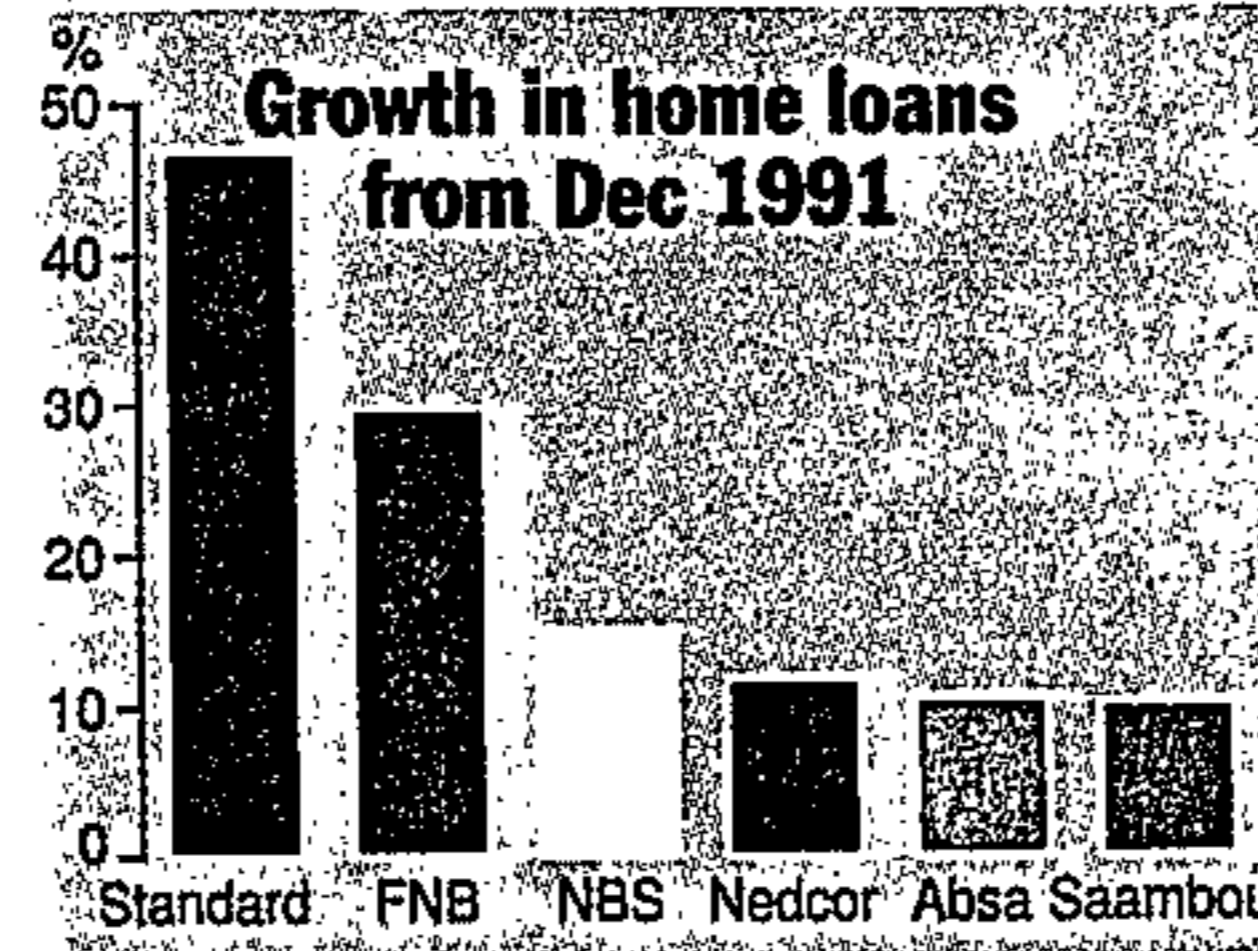
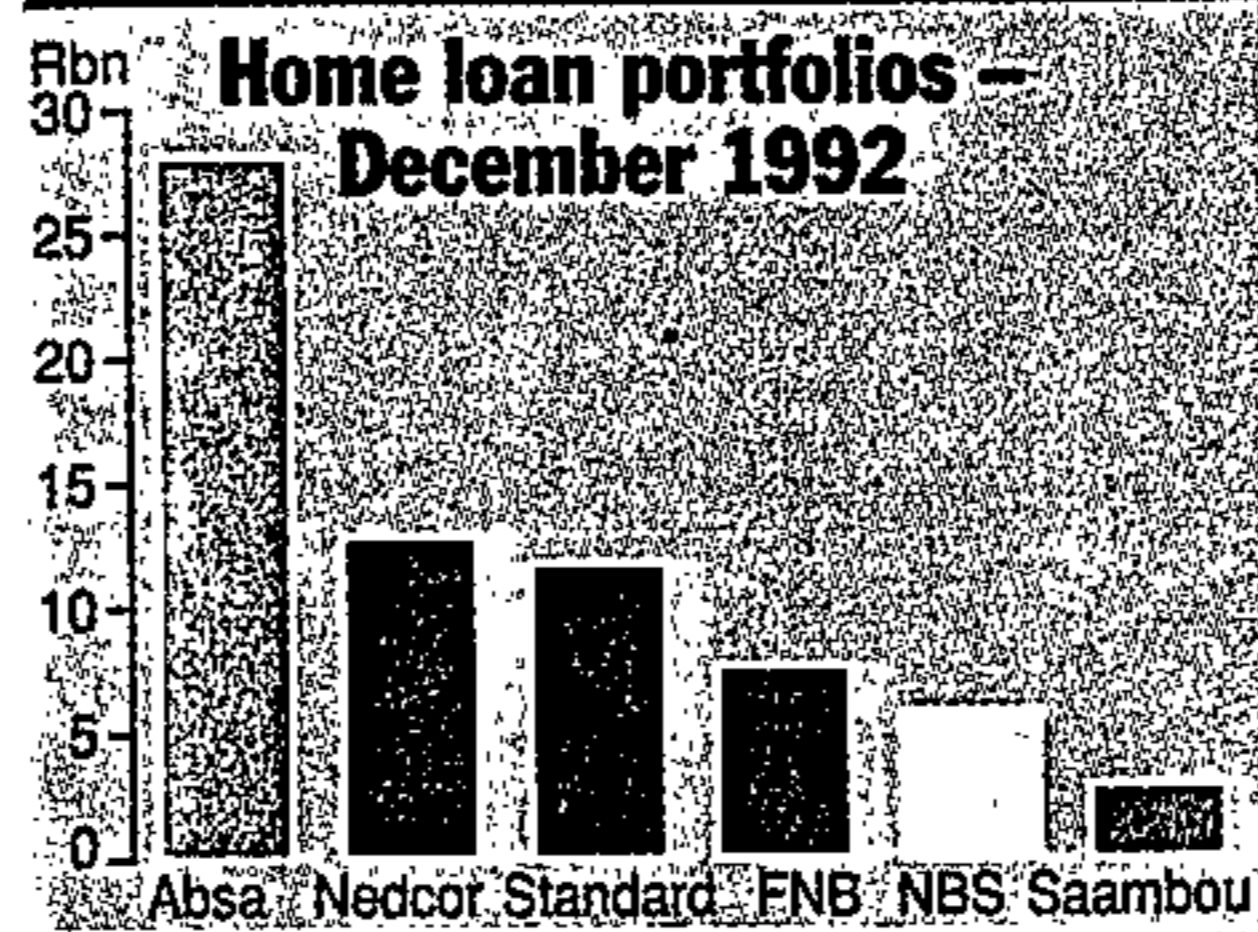
types of loans, and the capital which banks are required to hold against these assets is accordingly lower.

This has added a new dimension to the already intense competition for mortgage business, which started with the deregulation of building societies in 1986.

In 1992, the former building societies lost substantial ground to the traditional banks. The greater percentage growth of Standard Bank and First National Bank is, of course, off a smaller base. And it is assisted by the relatively big proportion of new loans — the more mature portfolios of the former building societies are more vulnerable to cancellation and capital redemption.

An analysis of the figures shows:

- Standard Bank increased mortgage advances to individuals 46,7% in the year to R11,7bn. This pushed its share of the R68,8bn market (of the six major players) from 14,5% to 17%;
- FNB 29,7% to R7,6bn — moving market share from 10,6% to 11%;
- Absa (which includes former building societies United and Allied, as well as the banks Volkskas and Bankorp) 10,6% to R28bn — market share down from 43,5% to 40,8%;



- NBS Bank (formerly Natal Building Society) 15% to R5,8bn — market share 9,2% to 8,4%;

- Nedcor Bank (which includes former building society The Perm) 11,8% to R12,8bn — market share fell from 20,5% to 18,6%; and
- Saambou Bank 10,2% to R2,9bn — market share 4,6% to 4,2%.

A large cheque account base is giving banks a marketing edge. Standard Bank's Duncan Reekie says the bank is marketing directly — largely to existing clients — through the mail.

Absa's Tienie van der Berg and NBS's Trevor Olivier report that clients are being tempted away with offers of preferential rates from banks where they have cheque accounts.

Absa is fighting back. Says Van der Berg: "Since becoming banks, United and Allied have experienced a substantial growth in cheque accounts. Together with cheque accounts introduced to Absa by Volkskas and TrustBank, this places the group in a favourable position to defend market share."

Saambou's approach is different. Says MD Johan Myburg: "We're not attempting to expand home loans, which already make up 85% of our lending. We are trying to expand personal loans and motor car finance."



Star 19/8/93

# Housing 'millions' need to be released

By Frank Jeans

123

The building construction industry has welcomed the additional housing allocation given in the Budget which pushes the figure to R2,5 billion.

There is consensus, however, that this money must be seen to be used productively — now.

Emphasising this point at a post-Budget meeting

organised by the National Association of Home Builders yesterday, Matthew Nell, chairman of the co-ordinating committee of the National Housing Forum, said: "I personally welcome the additional millions, but people are still playing games with the numbers. "What hasn't changed is the intricate spaghetti-like system which the millions go through."

The "housing sponge" absorbed the funds but "we now need somebody to squeeze it and get the money into the ground."

Calling for the implementation of a national housing strategy, Nell said the forum worked closely with the government and together they had one year to get a properly directed housing strategy in place and

In time for the 1994 Budget.

"I have to emphasise that the National Housing Forum must be seen as a negotiator and not another executive agency."

"The forum needs participation for it does not have a life of its own. Through restructuring we can move towards an agreed housing strategy."

## New home buyers urged to sign before April 7 <sup>123</sup>

<sup>20/3/93</sup>  
PURCHASERS of new homes will pay VAT at 10% if they sign an agreement of sale before April 7, no matter what date they take occupation or transfer to the sale of land on which a dwelling is to be erected as long as the price was determined and stated in the agreement of sale which is signed before April 7.

David Gorven, MD of the NBS Devco, pointed out that the lower rate of VAT would be applicable whether or not construction of the house was completed, underway or not yet started.

"If buyers have signed for the house before the VAT increase date, they will not only avoid the higher VAT rate but will also escape the additional costs that the fuel price increases will bring to bear on the building industry," he said. The concession also applies

Gorven warned anyone considering buying that the new VAT rate of 14% will kick in at midnight on April 6.

"The increase in VAT, coupled with the fuel price increase will unfortunately add considerably to the cost of a new house after April 7 as most builders and developers are not in a position to absorb the large increases which in total amount to about 8% to 9%."

"Margins have never been as thin as they are in the property industry today," Gorven said.



# 'Oversupply of suppliers'

CT 20/3/93

Municipal Reporter

THE fragmentation of electricity suppliers is one of the reasons why only 30% of dwellings in South Africa are supplied with electricity.

This emerged yesterday from a report before the United Municipal Executive which noted that there are some 450 separate electricity suppliers —

most of them municipalities.

For every household to be supplied, 300 000 additional dwellings a year for the next 20 years would have to be connected, according to the report by the Springs municipality.

If municipalities could not set electricity tariffs at a level where surpluses were generated, property rates would esca-

late countrywide by 38%.

Transvaal delegates asked the UME congress to protect the interests of local authorities "with regard to the sale of electricity as a source of income".

The congress resolved that electricity supply should remain a local authority function, except where this was impractical.

# Pay on cabinet homes slated

CT 20/3/93  
Political Staff

THE payment of R8 000 to R9 000 a month to cabinet ministers to stay in their own houses was a form of moral corruption, the ANC MP for Sandton, Mr David Dalling, said yesterday.

He said during the House of Assembly budget debate that the scheme was clearly not illegal.

However, each cabinet minister already earned about R200 000 a year, enjoyed unlimited free air travel, and had a luxury car and driver waiting for him at every corner, free servants and gardeners at his home — and yet over and above this was paid R8 000 to R9 000 a month to live in his own home.

Mr Pik Botha was paid R116 730 a year or R9 727 a month extra, Mr George Bartlett R104 983 a year or R8 748 a month extra, Dr Rina Venter R115 110 a year or R9 592 a month extra and Mr David Graaff R158 354 a year or R13 196 a month extra.

He said the scheme enriched the ministers at the expense of South Africa's citizens.



# R714 upgrades shack to house

(123)

ATL 20/5/93

FOR only R714 the shack on the right was upgraded into the small house pictured next to it.

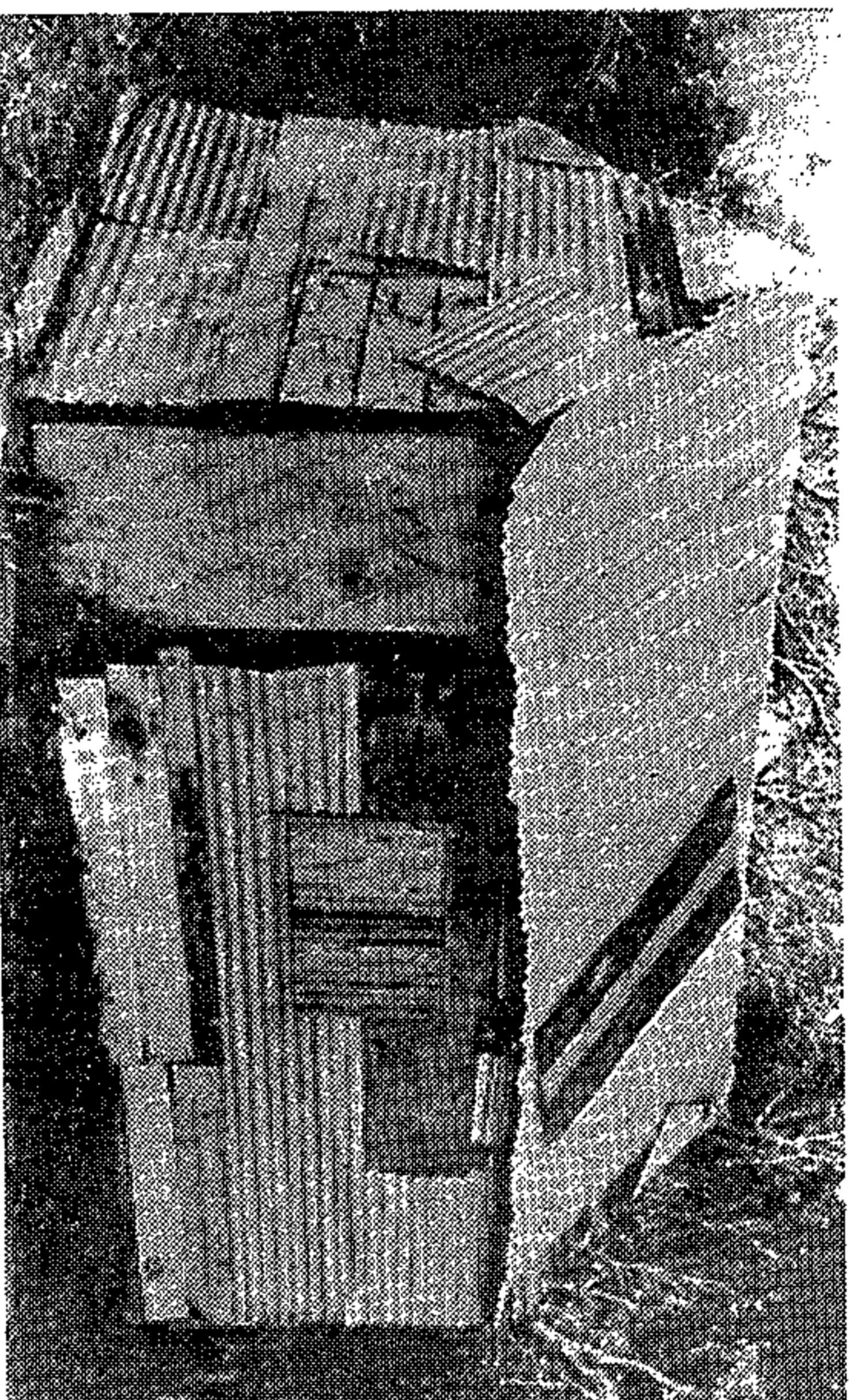
The Portland Cement Institute's regional office in the Eastern Cape has recalculated the cost of upgrading the shack, which is a permanent feature of its Summerstrand offices.

The original shack was built with waste corrugated iron, oil drums, cardboard and plastic bags.

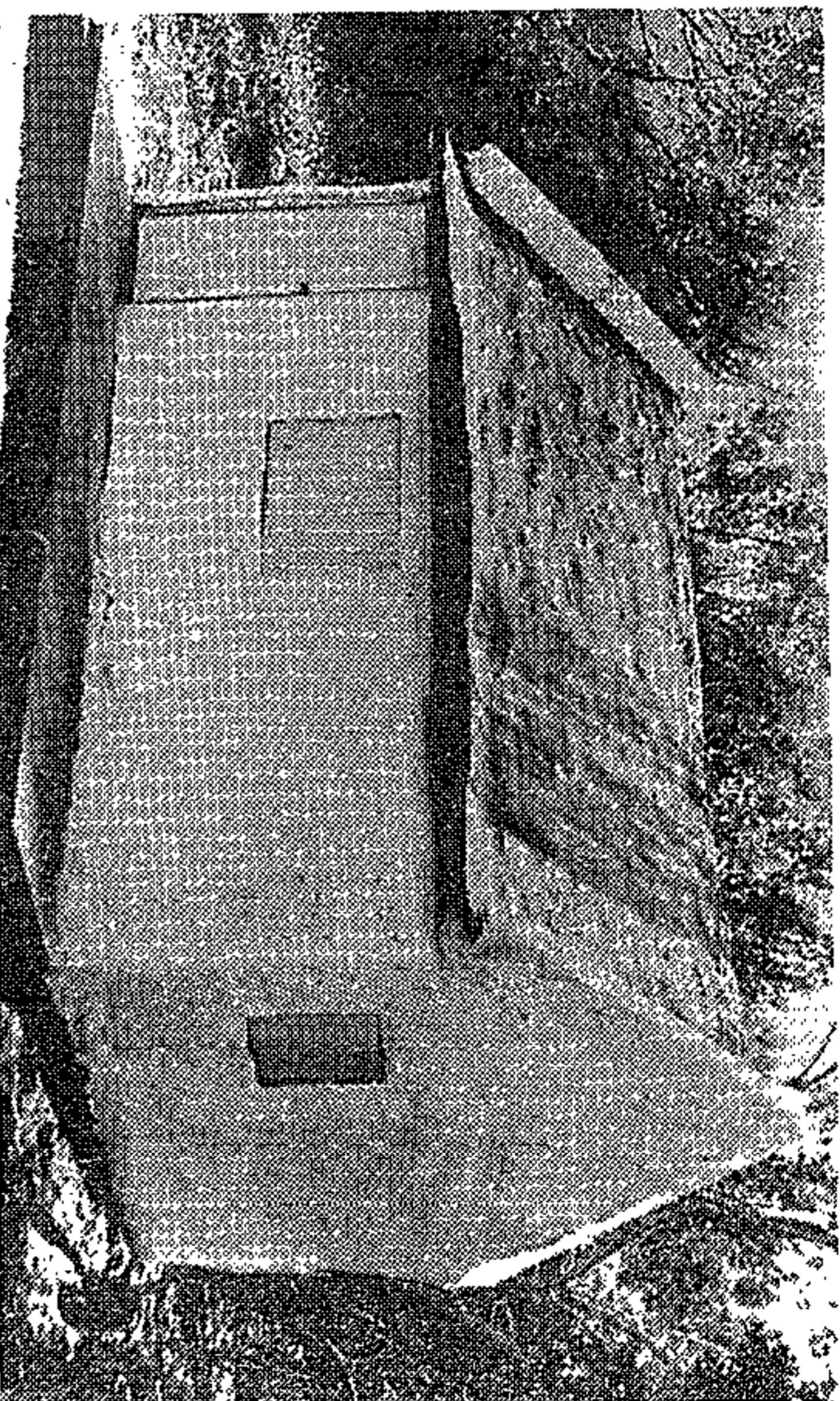
It was upgraded with cement, chicken wire and plastic bags (for waterproofing). Building lime was used as a finishing coat.

Regional director of the Institute Mr Johan Malherbe said the housing shortage could be eased in the short-term by a combination of appropriate technology and individual skills.

He said the upgraded shack had withstood aggressive coastal climatic conditions for about 15 years.



**BEFORE:** The shack at Portland Cement's Eastern Cape office.



**AFTER:** The upgrade is completed and the shack is a cottage.



# Stretching

Star 20/3/93

# mortgage

# finance

**A**N INCREASING number of home-owners are consolidating their financial positions to achieve savings in interest charges and to improve their monthly cash flows.

According to the latest Reserve Bank quarterly bulletin, mortgage loan advances during 1992 rose sharply despite the downturn in the residential property market.

In the mortgage market the net amount of mortgage advances paid out by banks and mutual building societies increased from a monthly average of R1 billion to R1,1 billion in the fourth quarter of 1992.

These institutions' total holding of mortgage loans increased from R66,5 billion in 1991 to R78,5 billion in 1992, according to the Reserve Bank.

This type of credit remained attractive to borrowers because of the flexibility of some mortgage schemes — which allowed funds to be used for other purposes — and because of the relatively low mortgage interest rate, which improved the cash-flow position of the borrower.

## Addressed realistically

The banks and building societies actively promote this type of credit because of the low capital requirements applicable to such advances.

NBS Transvaal general manager Gerry Gericke says: "Financial consolidation via a home loan is proving extremely effective.

"As long as it is addressed realistically according to individual needs and commitments, borrowers can enjoy

## Your bond can cover almost anything

**CONSOLIDATING** borrowing in a flexible home loan scheme is attractive because of the relatively low mortgage interest rate. However, such financing is not without danger, writes Finance Editor **MAGNUS HEYSTEK**.

competitive interest rates on mortgage loans as opposed to higher finance charges on other types of loans."

Last June NBS launched a new mortgage-based financial package called Actionbond, enabling qualifying homeowners to tailor credit lines based on the increasing value of their properties.

This meant they had access to extra credit — and not just the portion repaid.

"NBS actively encourages clients to use their homes as a base for all their financial needs but urges borrowers to review responsibly their other financial commitments and monthly living expenses before taking further financial decisions," says Gericke.

"Your conventional mortgage access products focus on the bond amount and on the outstanding balance. Actionbond, however, takes into account the equity that accrues to a homeowner as a result of rising property values.

"Depending on personal circumstances, Actionbond gives homeowners access to up to

10 times their normal re-advance limit."

For example, on a house bought in 1988 for R100 000 with a R90 000 NBS-registered bond — repayable at 16 percent over 20 years — the amount available for re-advance four years later would be only R3 465, in other words, the capital amount repaid.

"However, with inflation the value of the property might have increased to R175 000. With access to 90 percent of the accumulated equity in the property, the Actionbond client is now able to borrow R70 965 at the prevailing mortgage rate — which is lower than normal instalment financing such as hire purchase," says Gericke.

"Actionbond offers a one-stop finance package specifically designed to enable borrowers to manage effectively their total financial situations via their home loans.

## Compare to an HP option

"This type of bond can be used to consolidate short-to-medium debts for home improvements, education, cars and furniture — and by refinancing these items at the prevailing mortgage rate over the same period, borrowers will achieve real monthly savings on interest charges as well as improve their cash flows.

"For example, by using this facility to acquire a R45 000 car, clients can save R200 a month when compared to an HP option at 24 percent over five years."

However, there is danger in continuously using mortgage finance to repay short-term debt. A homeowner might end up at retirement with a house that has yet to be paid off, and find himself having to use his retirement package to relieve his bond.



# Housing consumer unit welcomed but overdue

103 CT 27/3/93

THE formation last week of the Housing Consumer Protection Unit to counter the current widespread exploitation and corruption permeating the low income housing market is to be warmly welcomed.



## Property Perspectives

by MAGGIE ROWLEY

In recent years growing evidence of the exploitation of a sector of the population previously denied home ownership rights have surfaced.

Unlike their counterparts in the white communities, who tend to be more familiar with home ownership through their parents and relatives, home ownership for the black community is a new phenomena.

This, coupled with the desperate need for housing, made these communities particularly vulnerable to unscrupulous operators across a wide spectrum — including developers, contractors, landlords, land speculators, government officials, estate agents and financial brokers.

The types of exploitation were as varied as the operators and included prejudicial building contracts, the theft of deposits paid, sub-standard building construction, misrepresentative marketing practices and the purported sale of land where the seller did not own the land.

In addition, there were numerous incidents of people being coerced into financial arrangements they could not afford and subsequently losing their homes.

The Trust formed last week has evolved out of a joint project initiated by wide-ranging participants such as unions, civics, service and non-governmental organisations.

Key players include the Legal Resource Centre, Lawyers for Human Rights, the Urban Foundation, the Development Action Group and the South African National Civic Association.

Among other things it intends working towards amending legislation and exploring the possibility of new institutions such as an industry ombudsman and an appropriate body to settle disputes.

It also intends intervening in the market process to encourage lifting standards of behaviour in the low income housing industry through, among other things, the encouragement of voluntary builders' associations for both large and small builders, and the use of independent licensed inspectorates.

In addition, it aims to launch an information and education campaign, establishing advice offices and providing access to legal services.

There is no doubt that the role of such a watchdog for the low income housing industry is long overdue and can hopefully serve not only to eliminate exploitation and corruption, but also help low income families become more discriminating customers and empower them to demand a fair deal when acquiring housing.

## Local govt forum to be launched today

<sup>B/DAM 22/3/93</sup>  
AFTER more than a year of negotiations between government and Sanco, the local government negotiating forum was to be formally launched today.

Set up in 1992 to discuss services to townships and township tensions, the committee has grown into a forum that will investigate issues such as the democratisation and restructuring of local government, as well as rent and service boycotts.

The forum will consist of 50 representatives from statutory and non-statutory organisations — 25 each. Membership may be extended through consensus.

Each organisation will be permitted five advisers without speaking rights, but additional consultants will have to be approved by a management committee.

In government's corner are bodies such as the self-governing territories, organised local authorities, central government departments, and provincial MEC's.

Sanco will lead the civics and other non-

GAVIN DU VENAGE

governmental organisations, such as Gosatu and the ANC. (123)

Invitations have also been sent to the Patriotic Front, which could lead to parties such as the PAC and Azapo having a voice in the forum, sources say.

The chairmanship of the forum has yet to be confirmed, but it is likely to be on a rotating basis, they say.

The forum has no statutory authority and all resolutions will be put before the local government subcommittee of the planned transitional executive authority.

Today's meeting will concentrate on the technical aspects of the forum.

Once the forum is up and running the Interim Measures of Local Government Act and the Provincial and Local Authorities Affairs Amendment Act are expected to be high on the agenda.



# 'Don't load rates on business' city urged

CLIVE SAWYER  
Municipal Reporter

123

CUSHIONING increases in rates on residential properties by shifting the burden to commerce and industry could sound the death knell for job creation, the Cape Town Chamber of Commerce warned today. CT 23/3/93

Executive director Mr Alan Lighton was reacting to a statement by city treasurer Mr Eddie Landsberg that a report on shifting the rates burden to business was being drawn up.

"We are totally opposed to an increase in the business rate.

"A study found the business rate in the Peninsula is far greater than in other metropolitan centres, and we have been working closely with the council to narrow the gap between Cape Town and other centres," he said.

The cost of running a business would go up, which would have severe implications for job creation.

Mr Landsberg said his report, still being drawn up, would include all the advantages and disadvantages of the proposal.

"It is a policy and not an accounting decision and will have to be approved by the council," he said.

Sample revised valuations of properties have shown rates in some Atlantic seaboard and southern suburbs areas may rise dramatically.

Rates will drop in other — less affluent — areas, including Mitchell's Plain and other parts of the southern suburbs, to keep rates income stable.

Shifting the rates burden to business has been suggested in tandem with increased rebates for residential properties, which at present enjoy a 26 percent rebate.

Mr Landsberg said the general rate increase had not been finalised. The council voted last year to keep the increase as low as possible, at least lower than the rate of inflation.

Increased value-added tax, postal tariffs and transport costs would have short-term inflationary effects. VAT alone could increase inflation by two percent in the short term, he said.





Delegate Laurence Boya in a buoyant mood at the launch of the local government negotiation forum in Johannesburg yesterday. Picture: BRIAN HENDLER

## New negotiation body gets off to smooth start

6:10 AM  
23/3/93. GAVIN DU VENAGE (125)

THE local government negotiation forum got off to a smooth start in Johannesburg yesterday, with all parties accepting the proposed structure after less than 15 minutes debate.

The forum was set up to discuss local government issues, and take proposals on these matters to the national negotiation forum. It consists of statutory and non-statutory bodies.

Speaking for the statutory group, Local Government Minister Tertius Delport said the forum had to establish its legitimacy "by its actions, agreements and deeds".

Delport said the forum would have two main objectives: to put in place effective administrative structures, and to end service boycotts. "The money lost by non-payments, which now runs to R3bn, should rather find its way back to the community in the form of effective services and effective administration and in the form of improved living conditions," he said.

In the meantime government was taking steps to rationalise administration, he said. From April 1 local government would be administered by a single central government department with devolution of functions to the provincial administrations.

Sanco president Moses Mayekiso, speaking for the non-statutory bodies, said the civics were concerned about the extent to which unilateral restructuring had already taken place. He hoped all South Africans would now be part of the process of restructuring.

The forum should also provide measures to bring "conservative white local authorities, and certain homeland authorities" into the negotiation process, he said.

Mayekiso listed six key issues which he said the forum had to address to solve service delivery and payment problems. Among these were the legitimacy of structures to which payment was made, the quality of service provision and the ongoing maintenance of services.

## ANC P 'minima

THE ANC was committed to a government which would include regional government only where it acted in contravention of the constitution, Bill of Rights and national legislation, local and regional government coordinator Billy Cobbett said.

However, the ANC still insisted that central government could overrule legislation in certain specific areas and have concurrent powers in other areas.

At a media briefing yesterday, the organisation's weekend coordinator, he said the aim was to avoid interference in regional government by the central government was only if the constitution was contravened.

He emphasised the contravention must be a proven one and not just assumed by the central government. He said regional government's policies must be consistent with national policy.

ANC spokesman Gill Marcus said the organisation had not been reached in negotiations on the form of a court or which particular body would be guardian of the constitution.

"We need a constitutional court and there must be either a commission, legal body that would evaluate the agreed criteria and adjudicate on contraventions," she said.

ANC local and regional government head Thozamile Botha said that the functions and powers were e



## Electricity forum (23) to be switched on

~~SA~~ PETER DELMAR

THE electricity industry is poised to undergo sweeping changes, with a national electrification forum expected to be launched on May 14.

Sources said yesterday the forum was the result of protracted negotiations between government, Eskom, and civic and political groupings including the ANC.

It also had been decided that the state-appointed electricity council, which controlled Eskom, would not be nominated for a three-year term as had been the norm in the past. Public Enterprises Minister Dawie de Villiers is expected to appoint the new members in May.

A spokesman for De Villiers confirmed that existing members' tenure would be "slightly protracted" to allow time for discussions on making the council more representative. *5/10/93 23 13193*

A conference to launch the forum in September last year failed to reach agreement between political groups and power suppliers on the issue of membership.

Once launched, the forum would work out ways of rationalising SA's electricity supply industry and accelerating the household electrification drive.

Eskom envisages electrifying 650 000 homes in the next four years and is hoping to secure World Bank backing for the plan.

A source said the forum's interim management committee and seven working groups had made considerable progress towards preparing for a May plenary session at which the forum would be launched.

De Villiers met management committee members earlier this month to discuss the future of the electricity council.

Forum members, particularly the civic associations, argued that they should have members on the council because they represented consumers.

# Blacks owe R2-bn for service charges

Star 24/3/93

123

Own Correspondent

CAPE TOWN — Black South Africans who refused to pay for rent and service charges now owed nearly R2 billion in arrears to the four provincial administrations, said Minister of Local Government Dr Tertius Delpoort yesterday.

And only when black people started paying for municipal services could the principle of one city, one tax base be introduced, he warned.

He was replying to a question raised in Parliament yesterday by Peter Soal, the Democratic Party MP for Johannesburg North.

Soal asked what amount of money was owed to black local authorities for house rentals and service charges on December 31 last year.

Black local authorities fall

under the four provincial administrations, and these figures exclude areas falling under the homelands.

Delpoort said it was not possible to analyse arrear accounts in terms of separate housing rentals and service charges, as most local authorities sent out consolidated bills.

However, the housing rentals and service charge arrears were: Transvaal R1 606 640 880, Cape R166 716 725, Orange Free State R128 795 760, and Natal R10 650 641.

Of the 18 townships in Natal that fell under the Natal Provincial Administration, the biggest arrears build-up was in Ningizimu — R5 620 730, followed by Sibongile with R1 074 823.

The arrears backlog in Soweto was R562 082 794, Diepmeadow R146 281 877, and Sebokeng R120 514 661.

Delpoort said the debt owed by residents to black local authori-

ties had increased substantially since 1984 because of rent and service charge boycotts supported by residents.

The absence of a political forum where grievances could be discussed had resulted in a total countrywide boycott of rent and service charges during 1990, instigated by local civic associations.

"Effective suppression of violence, the achievement of the political aspirations of all inhabitants, and the rendering of effective services is seen by black communities as the solution to rent and service boycotts," he said.

"A culture of non-payment has, however, already established itself, and it will take a major effort to vest the responsibility of payment of service charges on residents. After this, economic tariffs could be negotiated, and only then could a shift be made to the principle of one city, one tax base."



## Building industry needs 'low cost kickstart'

RENEWED activity in the affordable sector of the housing market was essential to kickstart the building industry, BMI-Building Research Strategy MD Llewellyn Lewis said.

He told the SA Housing Trust yesterday the industry was likely to start improving in the third quarter of this year.

While the outlook was more positive, building more affordable homes would have a spinoff effect on the economy and would go a long way to help create employment, peace, sta-

bility and wealth, he said.

"Black consumers will play an increasingly important role in the housing market," he said.

Last year homes for blacks accounted for 43% of the market. This was expected to rise to 56% by 2000. About 352 luxury homes were built for black buyers last year compared with 3 000 for whites.

"The impact of the increasing affluence of the black consumer is contributing to the liberation of the housing market and has a tremendous

impact on the industry and its future strategy," he said.

The industry needed to employ another 500 000 people over the next seven years, while 100 000 affordable homes needed to be built annually and 200 000 serviced stands provided.

This contrasted with the total of 74 000 homes built last year, including just 18 000 starter homes at the bottom of the housing scale.

Investment in housing also needed to rise to 5% of GDP from its present level of 2,5%, he said.

BIDAY 24/3/93

(22)

(123)

(32)

BIDAY 24/3/93

# Winnie's kidnapping appeal to start today

BIDAY 24/3/93.

SUSAN RUSSELL.

WINNIE Mandela's appeal against her conviction and six-year prison sentence for kidnapping teenager Stompie Sepei and three other young men begins today before a full bench of five judges in the Appellate Division in Bloemfontein.

Judge M Stegmann sentenced Mandela on May 14 1991 to five years for the kidnappings and a further one year's imprisonment for being an accessory to assault.

Mandela was acquitted of assaulting the four after the judge found that her alibi that she was in Brandfort when the assaults took place could "reasonably, possibly be true".

The state is to ask the Appeal Court to confirm her conviction and sentence on the kidnapping charges and to also find her guilty on the four counts of assault, with an appropriate adjustment of her sentence.

Her co-accused Xoliswa Falati is also appealing against her conviction and six-year sentence on all eight counts of assault and kidnapping.

Mandela's driver, John Morgan, who was found guilty of kidnapping for driving the minibus in which the four were abduct-

ed from the manse, was sentenced to one year's imprisonment which was wholly suspended.

He is also appealing against his conviction and sentence.

Sepei, 14, Gabriel Mekgw'e, 22, Barend Mono, 21, and Kenneth Kgase, 31, were kidnapped from the Methodist manse in Orlando West, Soweto by Falati, Morgan and Mandela United football coach Jerry Richardson on December 29 1988.

The judge found that the four were kidnapped and held in rooms behind Mandela's house, where they were assaulted, as part of a campaign aimed at ousting the Rev Paul Verryn from the manse.

During the trial the state was unable to disprove Mandela's alibi.

However, the judge convicted her of being an accessory after finding she had been aware the four had been assaulted and kept against their will by Richardson, but had done nothing to secure their release.

Mandela has been out on R200 bail since her conviction and sentence.

# Civics call for the removal of white local authorities

GAVIN DU VENAGE

THE civics and the ANC are calling for the removal of white local authorities, also be replaced with interim structures," he said, adding that these should be in place before an interim government was installed.

The organisations, which have run campaigns since the early '80s aimed at removing black local authorities, say the emphasis will now switch to removing white town councils.

On Monday, ANC department of local government head Thozamile Botha told the Local Government Negotiation Forum: "Up to now the emphasis has been on black local authorities, as if these were the only apartheid structures.

"White councils must

also be replaced with interim structures," he said, adding that these should be in place before an interim government was installed.

Cast general secretary Dan Mofokeng said yesterday that the civics wanted to see white local authorities replaced "very soon" with a system that would lead to non-racial cities with a single tax base.

He said Sanco did not recognise the legitimacy of the white local authorities, which were also set up under apartheid law. Now that a forum had been set up to establish interim structures, the white au-

thorities should resign, he said.

Mofokeng said that while the forum was the preferred avenue for facilitating their removal, he did not rule out mass action.

If no agreement was reached, he said, "the masses will respond."

Alexandra Civic Association general secretary Richard Mdiakane said yesterday that the Sandton Town Council should resign "by the end of July." The launch of the forum this week would lead to their replacement, whether they liked it or not, he said.

He added to the call for white local authorities to resign.



## Housing ripe for investors

B/DAM 24/3/93.  
LINDA ENSOR

CAPE TOWN — Property offered a good investment, with weak house prices and relatively low bond rates, Boland Bank economist Louis Fourie said yesterday. (123)

Fourie was speaking at a Cape Town Chamber of Industries seminar on the effect of the Budget on the construction industry.

He said the current weak price of existing houses was apparent from the 20% deficit between the cost of existing houses and new ones of the same size — despite low building costs which had not kept pace with inflation.

As the property market lagged behind the economy by 12 to 18 months, and there was no indication of an economic upturn, any improvement in the property market was unlikely for some time.

Fourie said that during the period 1970-1991, no region in SA had recorded annual house price increases higher than the rate of inflation.

Residential building plans passed and buildings completed looked poor but not bleak, Fourie said, but the non-residential property market was weak and getting worse.

"I am worried about the future of the non-residential building sector over the next two years."

## Study 'a victory for environmentalists'

B/DAM 24/3/93.

RICHARDS BAY — Moves to discredit the CSIR's environmental impact assessment of mining and tourism at St Lucia could cause "the greatest harm done in any country" to environmentalism, Richards Bay Minerals officials said yesterday.

Company PRO Barry Clements said the study had been a victory for environmentalists "whichever way the decision went". Inferences that the report had favoured Richards Bay Minerals were totally without grounds because 52 scientists involved had acted independently.

Clements said part of the study had been carried out by the Natal Parks Board and there were "possible buyers on both sides".

The company would compile its objections to the report and submit these to the CSIR. It preferred not to discuss them with the media, he said.

Clements said the report had been misinterpreted to mean that only R153m would be earned by mining the St Lucia dunes. This was a discounted figure. The mine would, at today's rand value, earn R1,1m a day during its 17-year life.

It would generate about R7bn in foreign exchange earnings, R1,3bn in taxes and a further R100m in royalties, Clements said.

RAY HARTLEY

The mine would support the firm's entire operation for five years, keeping its 2 500 workers employed and creating 159 new jobs at the mining site.

Richards Bay Minerals mine and works senior GM Jack Goedhals was confident that when mining started in the year 2000, if government gave the go-ahead, the minerals would still be in demand.

"Richards Bay Minerals has a product that is in very big demand internationally. This demand is growing even in recession."

Suggestions that radioactive monozytes would create a health hazard for workers processing mineral from the dunes were exaggerated, he said.

Monozyte levels at St Lucia were "very, very much lower than the west coast of Australia" where problems had been experienced with radioactivity.

Exposure of workers to the radioactive substance was less than 40% of accepted international limits and conformed to the Council for Nuclear Safety requirements.

Of the 2 500 workers in the plant, only eight worked in the controlled area where such exposure occurred, he said.

## Retailers raise prices before VAT increase

PRETORIA — Consumer organisations said yesterday that some retailers had already begun to raise prices ahead of next month's VAT and petrol increases.

Some of the price increases had even affected basic foodstuffs scheduled to be zero-rated. B/DAM 24/3/93

The prices of cool drinks, cigarettes and alcoholic beverages as well as some basic foodstuffs had already been raised at some outlets, the organisations said.

Shelves were being cleared in some cases to mark up old stock to new prices,

ADRIAN HADLAND

said a Housewives' League representative.

A Consumer Council spokesman announced that incidences of retailers putting up prices on zero-rated foodstuffs in order to announce reductions on April 7 had also been reported.

Calling on consumers to be vigilant and to report incidences of profiteering, the Consumer Council, SA National Consumer Union and the Housewives' League had all stepped up price-monitoring surveys.

Am  
Bm  
Dm  
Fm  
Gm  
Hm

# DP slates local govt forum

Political Staff

CAPE TOWN — The composition of the new local government negotiating forum was non-representative and undemocratic, the DP said yesterday.

"It results from a cosy agreement between the NPN and Sanco which excludes other parties and organisations," DP local government spokesman Jasper Walsh said.

The forum, made up of 60 members equally divided between statutory and non-statutory groups, was

launched in Johannesburg on Monday.

Walsh said: "NP domination in government has brought us to the disastrous state we are now in."

"Sanco, a recently formed umbrella body of civics, cannot claim it represents all non-statutory organisations and has recently displayed totally undemocratic tendencies."

Walsh said that to succeed, the forum had to be representative.



## House prices climb by 7,8% in year

THE national average price of homes sold through Multiple Listing Services (MLS) rose by 7,8% to R136 866 in the year to February 1992 from R126 924 in the previous 12 months, MLS assistant GM Bruce Wilson said yesterday.

The biggest increase was seen in the Free State, where the average price jumped 31% during the year to R126 587.

"This was followed by Maritzburg — up to R134 880 from R111 308 — and Johannesburg, where the average selling price rose 19,3% to R165 091."

Durban-based MLS members recorded an 11,5% rise to R168 534, while Pretoria (up 5,5% to R136 300) and Border (4% to R130 600) were the only other areas which recorded year on year increases.

ANDREW KRÜMM

Prices dipped by 17,4% to R118 600 on the Garden Route, and by 11,4% to R150 272 in Cape Town. Average prices in the eastern Cape remained static over the period.

Wilson said the recession appeared to be loosening its grip on the residential market, especially in Johannesburg, the Vaal Triangle and the Durban-Pinetown regions. These areas had shown substantial price increases in the fourth quarter of last year.

"Our property listings — usually a reliable barometer of improving conditions — rose 5% between January and February, and are likely to improve in March," Wilson said.

B/103M 24/3/93

(123)

# Building a cost-effective alternative to buying

THE fall in house prices and the intense competition in the building industry could make building a new home in the mid to lower range of the market a cost-effective alternative to buying.

J H Isaacs Natal residential sales director Andrew Foxcroft says now is the time to buy a home in the top end of the market, but in the middle to lower priced sectors building could prove more economical.

"Absa statistics show that in real terms house prices fell by 4,6% last year and have fallen by an average of 3,4% a year in real terms since the start of the recession in 1989.

"This trend is particularly evident

**PETER GALLI**

at the top end of the market, where excellent value can be obtained."

At the lower end of the market, prices were extremely competitive.

Walters & Simpson quantity surveyors partner Dave Griffiths says house prices increased by 10% on average last year and prices should remain fairly stable this year.

When deciding whether to build or buy a home, the owner needed to consider a number of factors.

"The most important of these is that there is a severe shortage of well situated vacant land in suburbs close to the Durban CBD."

Durban-based Williams Palmer

Associates auctioneer Rob Palmer said there was increased confidence among residential developers for well positioned land in Durban.

At an auction earlier this month, Lot 48 at 34 Bohmer Road was sold for R350 000 and negotiations were under way for Lot 40.

Commercial broker Ivor Smith said the buyer of Lot 48 would be developing a 40- to 45-unit residential complex on the 2,21ha site. He was also involved in the auction last year of a site in West Riding.

A townhouse development — known as Cherry Lane — of 90-100 units was to be developed. The first phase of 28 units had sold out.

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# NBS warns on bond boycotts

CP 25/13/13 (123)

By AUDREY D'ANGELO  
Business Editor

POLITICAL leaders must drive the message home to their supporters that the use of bond boycotts "as a semi-political weapon" is depriving many innocent people of the chance to buy their own homes, NBS chairman Brian McCarthy said at a cocktail party in Cape Town last night.



Brian McCarthy

"The damage done by these small minorities using these tactics is immense because, as a consequence of the losses suffered as a result of these actions, financial institutions are wary — or should I say more cautious — about excessive investment in low cost housing.

"They are therefore compelled to raise the standards under which credit is granted, thereby making it more difficult for many first time owners to acquire the necessary finance to buy or build a home."

McCarthy said in an interview that although there had been bond boycotts in a few areas, including

Khayelitsha, "we are pleased with our lending to black home-owners. It has been successful over-all, and has enabled 20 000 black families to have their own homes.

"More than 90% of our black home-owners are up to date with their payments. There are some areas where blacks are paying better than whites at present."

McCarthy said the NBS was understanding when people could not meet bond repayments because they had lost their jobs, and did its best to help. The number of repossessions had grown, "but they are not by any means out of control."

"Vandalism is a major problem when a house is repossessed and left empty. This is so in all areas but particularly in black townships. We generally rent a house out for a year as soon as possible when it has been vacated."

The NBS itself is having to reduce staff, McCarthy said this was not only because of the recession, but because streamlining the organisation and making it more efficient had made some jobs unnecessary.

But, on the advice of overseas consultants, re-trenchments have been kept to a minimum by offering attractive packages to people who volunteer to leave or retire early. "Only about 40 will be re-trenchments."

"The restructuring and use of new systems will increase productivity and make the NBS a more focused business."

Although its main business is still home loans and the Cape its second largest market, the NBS is

moving more into insurance and merchant banking. "Four years ago home loans were 90% of our business and a year ago they accounted for only half of it."

NBS insurance currently has a limited licence. It concentrates on insuring the homes of bond-holders. "But this licence could be extended."

"We took a decision that we wanted to retain our independence and we could do that only by offering a personalised service in niche markets.

"There was no point in fighting the big banks with cheque accounts. We don't offer them."

"But we saw an opportunity in the corporate sector. Four years ago that was only a fringe activity. Now it is a major part of our business. We see scope for growth in our corporate business in the Cape, although it has not been as rapid here as in the Transvaal."

"Our assets have grown by 500% since we went public in 1987. We have got a 40% stake in the French Bank and we recently made an investment in a new securities trading company.

"We own 30% of Norwich Life and they own 25% of the NBS. Barlows has 20% of the NBS."

Agreeing that this might not guarantee safety from a hostile takeover, McCarthy said, "There is no such thing as a total safety against predators."

The NBS might not be against a takeover by a large group which was not in banking. "But we wouldn't want to become the home loans division of one of the major banks. We don't see that as good either for borrowers or staff."



# Housing trust formed

JOHANNESBURG. — The Housing Consumer Protection Trust was launched here yesterday in a bid to end corruption and exploitation in the low-income housing market.

"The trust will aim at safeguarding low-income families who are being exploited as a result of their desperate need for housing," a statement said.

The trust has 22 participants including the Legal Resources Centre, Housing Advice Centre, the Urban Foundation and Lawyers for Human Rights.

(23) CT 25/3/93  
"The types of exploitation include prejudicial building contracts, the thefts of deposits paid, sub-standard building construction, the purported sale of land where the seller does not own the land, and persons being coerced into financial arrangements which they cannot afford," Lawyers for Human Rights director Mr Brian Leveson said at the launch.

The trust aims to educate and inform low-income consumers of their housing rights and to create mechanisms to eradicate exploitation and corruption. — Sapa



By MAGGIE ROWLEY  
Property Editor

A NEW trust aimed at stopping the widespread corruption and exploitation presently occurring in the low cost housing market was launched in Johannesburg yesterday.

Brian Leveson, director of Lawyers for Human Rights; Housing

Rights Unit said there was extensive evidence that low income families were being exploited by a range of unscrupulous operators including developers, contractors, landlords, land speculators, government officials, estate agents and financial brokers.

The Housing Consumer Protection Trust, he said, was aimed at safeguarding low income families who were being exploited as a result of their desperate need for housing in a market characterised by a critical shortage of about 1,5 million houses.

Leveson said the types of exploitation included prejudicial building contracts, the thefts of deposits paid, sub-standard building construction, misrepresentative marketing practices, the purported sale of land where the seller did not own the land and people being coerced into financial arrangements which they could not afford.

"The broad objectives of the Trust are to educate and inform low income consumers of their housing rights and to create mechanisms, initiatives and institutions within the housing arena to eradicate these practices."

# New housing 'watchdog' launched

(123)

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The Trust will be governed by 32 trustees representative of key leadership from both the business sector and community based organisations.

Its formation has evolved out of a joint project which included a wide range of participants such as unions, civics, service and non-governmental organisations.

Alistair Rendall of the Development Action Group said the trust would focus on introducing legal mechanisms to ensure that low income families had adequate protection against undesirable practices.

In addition the trust will intervene in the market process to encourage acceptable standards of behaviour within the low income housing industry. The third area of focus would be to extend legal services and consumer education to help low income families become more discriminating customers.

Key organisations involved are the Legal Resource Centre, Lawyers for Human Rights; Housing Rights Unit, Planact, SA National Civic Association, The Urban Foundation, the Built Environment Support Group and the Development Action Group. Funders of the Trust and its projects include the Independent Development Trust, the Kagiso Trust and The Estate Agents Board.



# Homebuyers find a friend

Star 25/3/93

Thousands of low-income black families have fallen victim to swindlers when trying to buy homes. They are now being promised a fair deal and protection from exploitation, reports MICHAEL CHESTER.

**A**TORNEY Brian Leveson adds new names every week to the blacklist he keeps within quick reach at the offices of Lawyers for Human Rights (LHR) in Johannesburg.

The dossier is a rogues gallery of scores of pin-striped common and fly-by-night builders who have been tracked down as culprits behind scams that have swindled millions of rands out of low-income black homebuyers.

The blacklist is the first reference to be checked by Leveson, director of the LHR housing rights unit, when he picks up the legal cudgels on behalf of disillusioned families who arrive in an almost daily stream to seek help when their dreams of a new home have turned into financial nightmares.

Leveson has lost count of the number of legal battles he has fought in the courts or taken to the Harmful Business Practices Committee. However, a recent rough calculation put the number of homebuyers who had been ripped off in a web of exploitation and corruption at more than 5 000 — with losses running at more than R10 million, and still climbing.

No fewer than 3 500 bulging files spell out the details of thousands of couples whose life savings have been lost by financial trickery — or contractors who saddled homebuyers with houses on the point of collapse under sagging roofs and cracked walls from shoddy workmanship.

"What adds to the tragedy," said Leveson, "is the look of utter despair on the faces of couples who have tried to buy a first real home for their families — and have fallen into traps laid by operators who have spotted their desperation and exploited it to the limit."

By now, he has been able to draw the typical profile of the average victim: a low-income wage-earner struggling to keep a whole family going on about R950 a month, anxious to offer a wife and three dependants (children and/or relatives) a better future than a squatter camp or backyard shack, but handicapped by no more than a Std 4 education when it comes to putting a signature on complex paperwork.

LHR have by no means been

cial deals that pushed household budgets into danger zones.

The focus of the Trust, explained Alistair Rendall of the Development Action Group, will be on a four-point action plan:

- Introducing legal mechanisms to ensure that low-income families have adequate and reasonable protection against undesirable practices, backed by amendments to current legislation.

- Appointing a new ombudsman and a special arbitration panel to settle disputes over housing deals.

- Intervening in the market process to encourage higher standards of behaviour within the low-income housing market — monitored by teams of independent, licensed building inspectors.

- Extending legal services and consumer education to help low-income families become more discriminating customers who can enforce their housing rights and ultimately prevent their own exploitation. That goes hand-in-hand with the setting up of homeowner advice offices and access to legal services.

The SA National Civic Organisation, among the front-running supporters, said the Trust intended to not only address but also resolve what had become a grave problem.

"It will do much to empower low-income families to demand a fair deal," said a spokesman.

Matthew Nell, chairman of the Co-ordinating Committee of the National Housing Forum, added:

## Exploitation

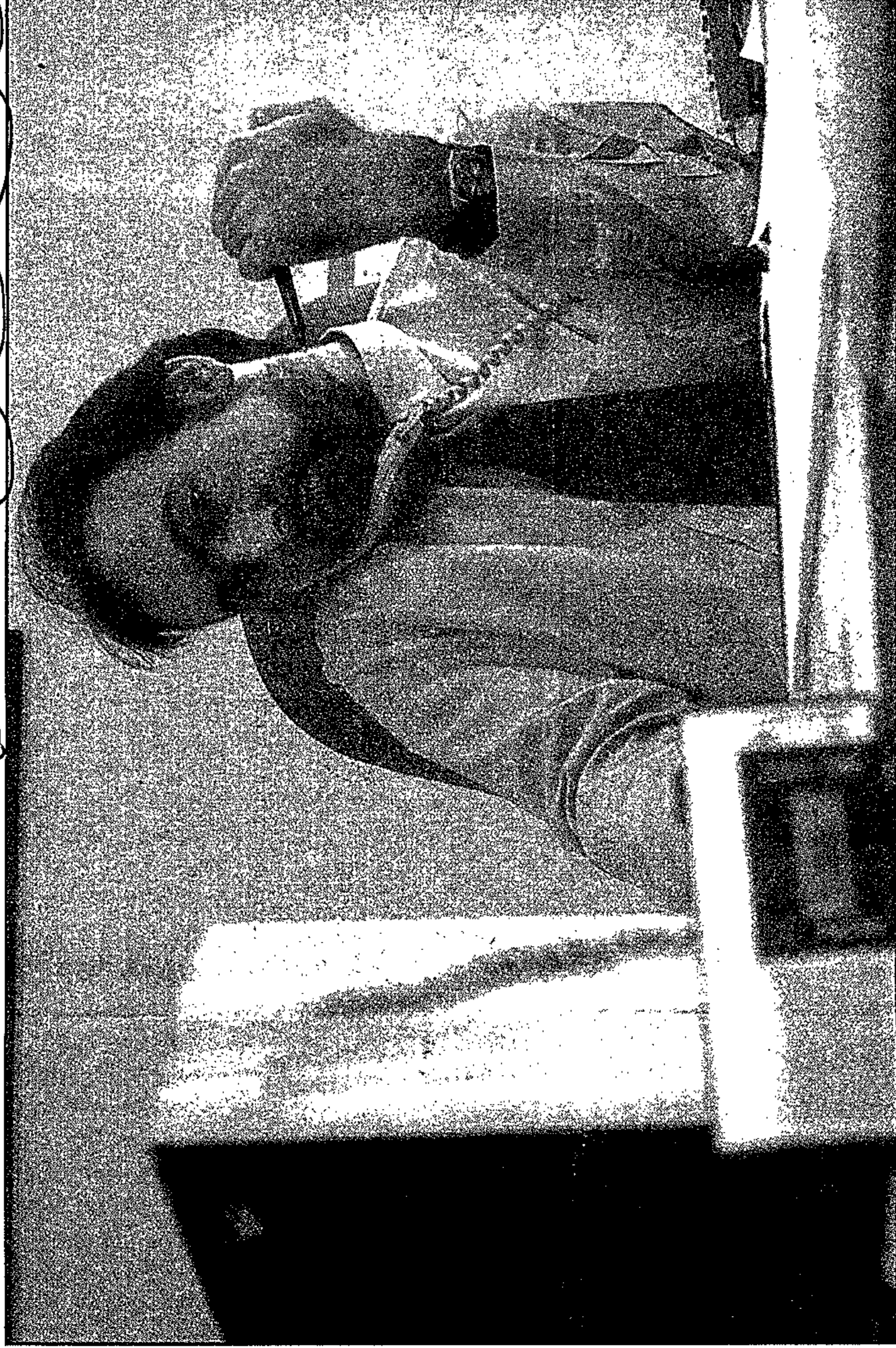
"Consumer exploitation must be very high on the agenda throughout the process of negotiating a new housing plan for the country. It is receiving the forum's highest priority and many parties welcome the new initiative."

The Trust summed up: "In today's gross overcrowding of existing houses, and with the growth of spontaneous settlements in all major urban areas and a proliferation of backyard shacks, the quality of life of communities is being seriously undermined."

"Against this background many low-income families will explore whatever means possible to secure access to shelter."

"As desperate consumers, often with inadequate education and inadequately informed about the workings of the housing market, they are vulnerable to exploitation."

"The Trust intends to introduce homebuyers to a whole package of protection measures; Racketeers — beware." □



**Fight against exploitation . . . Brian Leveson, of Lawyers for Human Rights, answers an appeal for help from yet another victim of scams in the low-income housing market. About 5 000 homebuyers have been ripped off. Picture: Joao Silva**

alone in the battle against skulduggery. Alarm over the growing number of scams operated by ruthless builders and landlords has also been voiced on several occasions by the Urban Foundation, which warned in its latest annual review:

"The exploitation of low-income families desperate to resolve their own housing needs is seriously undermining civil society. It is imperative that a new culture is created in South Africa — a culture which upholds the right to a fair deal in the

purchase and rental of housing."

The Legal Resources Centre was in the vanguard of volunteers to join forces when the foundation announced a special project to search for new answers. In turn, support was rallied from across the entire social political spectrum.

The outcome has been the launch of a brand-new combined initiative by legal, business and social experts determined to thwart unscrupulous operators.

The promise of a square deal shattered by unscrupulous oper-

ators. We mean to call a halt to the exploitation."

The warning, it stressed, was intended to be heard by all the main players in the housing business — developers, contractors, landlords, land speculators, Government officials, estate agents and financial brokers.

New alerts were sent out to homebuyers about such risks as suspicious building contracts, sub-standard construction work, buying land from anyone without proof of legal ownership — and coercion into signing finan-



# S Africa can double houses on market

Star 25/3/93

Meg Wilson  
Property Editor

(123)

The potential exists for South Africa to double its housing stock in the next eight years, and to increase home ownership by almost 80 percent, according to building industry expert Dr Llewellyn Lewis.

In addition, the housing backlog could be reduced from around 1,2 million units to just 100 000, and employment in the building industry could grow by about 500 000.

Lewis believes this is well within the bounds of possibility, in terms of what he calls the Columbus scenario.

He has devised four possible scenarios for the building industry.

He told a meeting of SA Housing Trust managers this week that he would concentrate on Columbus, since he believed there were signs this was unfolding.

Signs included the establishment and recognition of extra-parliamentary negotiating bodies such as the National Housing Forum, individual agreements and accords on such matters as bond boycotts, inner city housing initiatives, electrification plans, and reduced inflation and bond rates.

In the Columbus scenario, a government of national unity can be expected to seek phased, sustainable growth.

Investment in housing, Lewis believes, would increase from a total of R4,5 billion last year to around R7,5 billion in 2000.

The total number of houses delivered annually would rise from 68 000 last year to an average 120 000 from 1996.

The total amount available for housing and stand subsidies would rise from R870 million to R1,7 billion in 2000, and employment in the building industry rise from 1,2 million to more than 1,7 million.

What is more, housing stock would increase, in the scenario, from 2,7 million units to 4 million, and site-and-service stock rise from 2,1 million stands to 3,5 million.

# Trust for low-income housing consumers

GOVERNMENT, civics and the private sector have joined forces to establish the Housing Consumer Protection Trust to prevent exploitation and corruption in the low-income housing market.

"Low-income families are being exploited by a range of unscrupulous developers, contractors, landlords, land speculators, government officials, estate agents and financial brokers," Trust chairman Humphrey Xhosa said at the launch yesterday.

Exploitation included prejudicial building contracts, theft of deposits, sub-standard building construction, sale of land not owned and coercing people into financial

BIDAM 25/3/93 (123) PETER GALLI

arrangements they could not afford. Geoff Budlender of the Legal Resources Centre said it had been found that 90% of home buyers in this market were subject to some form of exploitation.

"This is because the huge housing backlog and shortage of serviced land effectively means consumers have to take what they can get. They also do not have adequate access to existing legal structures."

National Housing Forum co-ordinating committee chairman Matthew Nell said consumer exploitation had to be high on

the agenda of negotiating a housing plan.

The trust would be governed by 33 trustees from the business sector and community-based organisations, including the SA National Civics' Organisation, the Legal Resources Centre, Lawyers for Human Rights and The Urban Foundation.

To date R1m had been raised from the Estate Agents' Board for a public education and awareness campaign, and R50 000 from the Kagiso Trust to investigate the establishment of advice centres countrywide. The IDT was funding all the administrative costs for the first year.



# Integrated strategy the only way to tackle crisis

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THE housing crisis needs immediate attention across the board and the only solution is a fully integrated approach.

The housing issue remains intrinsically linked to issues of poverty alleviation, rural-urban migration, urban employment markets, the urban environment and infrastructure, and land policy. In fact it is linked to every major issue that forms part of SA's ongoing social and political reform process.

Urban development policies that ignore urban finance issues are likely to find it difficult to improve capacity.

Economic integration of the housing issue is a major factor. In many developing countries, housing investments comprise more than 8% of GNP and 30% of fixed capital formation. SA remains far behind and is at the same time missing an important opportunity to stimulate the economy.

The time lag between investment and output realisation is considerably shorter with housing than other investments and the secondary effects in terms of skills generation and job creation are seldom temporary. Economic rates of return in this sector are com-

petitive with other capital investments and surpass the norm in terms of infrastructural investments.

These issues make it imperative that low cost housing be removed from the "social" agenda and placed on the "economic" agenda.

At the same time, the market needs maximum freedom in provision of housing.

## Responsibility

The De Loor report argues for a "synergistic partnership" between public and private sectors. Within this framework, it envisages government and its agencies assuming responsibility for achieving the housing vision and national housing goal by appropriate financial and other intervention techniques whenever required; the provision of bulk infrastructure; promoting co-operation and co-ordination where necessary; and the creation of an appropriate policy and regulatory framework.

Add to this the central role of resource mobilisation and the role of the state in responding to the needs of those who do not have access to housing — through a single channel that ensures transparency,

control and efficiency.

If SA is to attract international funding for housing initiatives, the conclusions of the World Bank paper on Urban Policy and Economic Development show the way.

"Urban housing lending would only happen in the context of an overall urban development strategy and a demonstrated commitment of the host government to assist the poor through realistic housing strategies that retained and improved poor quality housing stock and created employment and investment priorities in these locations."

The formation of future shelter and urban policies should be an integral part of national economic development. Treatment of subsidies, however should, as far as possible, not be built into the development of the overall system.

Where they exist, they need to be transparent and targeted to those most in need.

In terms of product, both formal and informal sector must assume responsibility for shelter delivery through incremental self building.

Some adjustment in attitude needs to precede the structural integration of the financial mechanisms.

The immediate need is for mechanisms to provide credit to the lower end of the market within a national housing policy that has provisions to ensure that the poor can be adequately targeted.

The challenges that lie ahead, however, have to do with moving beyond the quick-fix catalyst that must surely address the current backlog.

A strategy is needed that will ensure a self-sustainable flow of funds through an accessible network of institutions that are carefully positioned to play their role in the overall plan.

## Crucial

The role of intermediary financial institutions is crucial to the process of integrating the informal sector into the formal housing finance system.

It is incumbent on all players in the market, the state, formal, intermediate and informal financial institutions, to recognise, and act within, an interdependence model, where efficiency is crucial.

It is also important to realise that change intensifies risk. People's aspirations and expectations shift faster than the institutional capacity to fulfil them, so a measure of patience is called for. In the end, development is about having people on the ground with institutions which are accountable to them.

## NHF on course in drawing up all-inclusive strategy

THE National Housing Forum (NHF) — one of the most widely representative groupings outside the formal negotiating arena — is in its second phase: planning for the development of proposals.

Co-ordinating committee chairman Matthew Nell is optimistic about the progress made.

Initiated in August 1991 to address the hostels issue, the NHF soon concluded that hostels could not be seen in isolation from the broader housing requirements.

The NHF is structured around the following areas: institutional structures — roles and fund mobilisation; delivery systems and housing types; land and services; restructuring developed environments; end-user finance and subsidies; and hostels.

The process is split into three phases: the overall review period for the assimilation of all necessary research; the detailed planning phase for the development of proposals for action in the various areas; and the final ap-

prival phase for the preparation of the final plans and recommendations.

The forum has recently moved into the second phase. Nell says the forum is a proactive body and aims at being inclusive of all relevant issues and parties.

The NHF will need to be able to respond to key events and policy issues in respect of housing in order to formulate effective linkages between housing, development and economic growth policies," he says.

Of particular relevance is the NHF's negotiation with the National Housing Department at the formation of the Joint Housing Initiative.

The initiative will apply state housing support to better facilitate the delivery process while mobilising significant private sector investment.

This is the first step in a programme aimed at restructuring the housing sector and securing agreement on overall approaches to housing policies.

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# Avenue to survival, says Bifsa director

BIFSA has paid particular attention to the Budget's proposals for low-cost housing because in the present economic climate it is only through this avenue that the industry will find the income it needs to survive, says executive director Ian Robinson.

"Quite apart from Bifsa's needs, a major housing programme is essential for political stability and for combating unemployment.

"As we have pointed out many times, each R1m spent on housing creates 180 jobs on and off site."

He says the housing allocation for about R2,5bn at 0,25% of GDP is totally inadequate in the face of the enormous backlog.

But he is encouraged that the National Housing Forum has been promised a basic R200m and a further R200m in bridging finance for projects during 1993/94.

Added to this will be the unexpended R800m of the National Housing Fund, which will be available to the IDT, the SA Housing Trust and the Development Bank, for low-cost housing.

"This may be sufficient capital to kickstart the housing programme, provided the money is wisely spent."

## Encourage

"We would like, as members of the NHF, to participate in a project whereby the fairly limited funds available are used to encourage private enterprise investment in the housing field. We believe the creation of an insurance or guarantee pool to reduce the risks of all involved in low cost housing — financiers, developers and contractors — should now be set up," says Robinson.

# Foundation tests find backlog of 1,5-million units

61044 26/3/93  
A SERIES of tests using the Urban Foundation's Housing Affordability Model (HAM) indicates a housing backlog of about 1,5-million units, of which 84% represent blacks. (123)

HAM is described as an equilibrium model which allocates to all families some form of accommodation based on their ability to afford it. (306)

National Housing Forum co-ordinating chairman Matthew Nell says the question of affordability is "not confined to the individual and needs to be seen in the context of five contributory components".

The first is fiscal affordability — the state's ability to fund housing on a consistent and meaningful basis.

The second component is product affordability, which relates to the site, structure and location.

An absurd example is the settlement at Botchebelo, over 70km from Bloemfontein, which incurs enormous costs for commuters in terms of transport and time.

## Expensive

The administrative mechanism and stop-start nature of housing initiatives are additional factors making local housing incredibly expensive by international standards.

Individual affordability, the third component, is largely a function of income and, again, location.

It is fair to say that 50% of households earn less than R600 a month and this is substantial in affordability terms.

This again relates back to product, where at these levels the only product that is possible is one gained incrementally.

The fourth component, accessibility, relates to the lack of end-user finance to the lower end of the market. This is a function of institutional capacity and willingness to enter this market.

The final component, sustainability, picks up on the affordability of both individual and state, but concentrates on the higher vulnerability to economic adversity of the lower-income market.

It is important to respond to this situation to achieve sustainability over the life of the loan, Nell says.



# Yet more officials found living on taxpayer

CLIVE SAWYER  
Staff Reporter *ARC 26/3/93*

TAXPAYERS are not only paying for Cabinet ministers to live in their own houses — senior government officials get the same perk when parliament is in session.

Heads of departments, directors-general and deputy directors-general are paid "rent" by the State, calculated on what they paid for their houses.

Officials who do not live in official complexes at Acacia Park or Mouille Grange are eligible for compensation.

And provincial sources said three MECs were being paid to live in their own houses.

According to a document sent to The Argus, a head of department is being paid R4 702,17 a month for living in his Welgemoed house during the parliamentary session.

Electricity and water bills are also paid by the State.

The head of the Department of Local Government, Housing and Works in the House of Assembly, Mr L C Koch, was told to include electricity and water in his monthly allowance claim.

Director-General of Public Works Mr Theo van Robbroeck confirmed the scheme existed.

The average payment to senior officials was R2 270 a month, he said.

Compensation was calculated by a formula applied to the market value of the State-owned flats — each worth about R300 000 — at Mouille Grange in Mouille Point, and increased by R270 a month and 1 percent of the capital cost of the house for maintenance.

The lowest monthly payment was R954 and the highest R4 700.

Among those being paid to stay in their own houses during parliamentary sessions were:

● The director-general of Water Affairs and Forestry, Mr G C D Claasens;

● The director-general of Internal Affairs, Mr P J Colyn;

● The director-general of Finance, Dr S J Naudé;

● The director-general of Manpower, Mr J D Fourie;

● The director-general of Administration: House of Assembly; and,

● The superintendent-general of Health in the House of Assembly.

Mr Van Robbroeck said there was a shortage of accommodation for parliamentary staff and some had to find their own. Some were put up in hotels during the session.

He said it would be preferable to improve the package paid to staff and get rid of State accommodation which

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## New outcory over State 'gravy train'

*ARC* from page 1 *(123)*

at Mouille Grange and Acacia Park stood empty when parliament was not in session.

The Provincial Administration said MECs being paid to live in their own houses were Mr Frik van Deventer (environmental and nature conservation, transport and traffic); Mr Peter Marais (hospital and health services); and, Mr Themba Nyati (welfare services and community development and social pensions).

Amounts being paid to the MECs were less than those paid to Cabinet ministers, and varied among MECs, a spokesman said.

He confirmed former MEC Mr Koos Theron was being allowed to stay in his former official residence at "market-related" rent while his new Hout Bay house was being built. *ARC 26/3/93*

"When Mr Theron moved out, the house would be sold," the spokesman said.

The Provincial Administration was trying to sell official residences in terms of a Cabinet directive.

# Action plan on swindlers in low-income housings

**A**TORNEY Mr Brian Leveson adds new names every week to the blacklist he keeps within quick reach at the offices of the Lawyers for Human Rights (LHR) in Johannesburg.

The dossier is a rogues' gallery of scores of pin-striped common and fly-by-night builders who have been identified as the culprits behind scams that have swindled millions of rands out of low-income black home buyers.

The blacklist is the first reference checked by Mr Leveson, director of the LHR housing rights unit, when he picks up the legal cudgels on behalf of disillusioned families who arrive almost daily to seek help when their dream of a new home turns into a financial nightmare.

Mr Leveson has lost count of the number of legal battles he has fought in the courts or taken to the Harmful Business Practices Committee. However, a recent rough calculation put the number of home buyers who had been ripped off in a web of exploitation and corruption at more than 5 000 — with losses running at R10 million and still climbing.

No fewer than 3 500 bulging files spell out the details of thousands of couples whose life savings have been booby-trapped by financial trickery or contractors who saddled home buyers with houses on the point of collapse under sagging roofs and cracked walls that expose shoddy workmanship. The average victim is a low-income wage earn-

**Thousands of low-income black families have fallen victim to swindlers when they have set out to buy a home of their own. At long last they are being promised a fair deal and protection from exploitation, reports Johannesburg Argus correspondent MICHAEL CHESTER.**

er struggling to keep a whole family going on about R950 a month, anxious to offer a wife and three dependants (children and/or relatives) a better future than a squatter camp or backyard shack but handicapped by no more than a standard 4 education.

Alarm over the growing number of scams operated by ruthless builders and landlords has also been voiced by the Urban Foundation, which said in its latest annual review: "The exploitation of low-income families desperate to resolve their own housing needs is seriously undermining civil society."

The Legal Resources Centre was in the vanguard of volunteers to join forces when the foundation announced a special project to search for new answers. Support also came from across the entire socio/political spectrum.

The outcome has been the launch of an initiative by legal, business and social experts determined to spike the rackets.

The promise of a square deal for future home buyers came nearer with the launch in Sandton this week of the Housing Consumer Protection Trust, with backing from a formidable list of key players in political and community affairs.

"As matters stand there are endless instances of hard-earned savings being stolen and dreams shattered by unscrupulous operators. We mean to call a halt to the exploitation," the trust said in an initial salvo.

Mr Alistair Rendall, of the Development Action Group, said the trust had a four-pronged action plan:

- Introducing legal mechanisms to ensure low-income families have adequate and reasonable protection against undesirable practices, backed by amendments to current legislation.
- Appointing an ombudsman and an arbitration panel to settle disputes over housing deals.
- Intervening in the market process to encourage higher standards of behaviour within the low-income housing market — monitored by teams of independent, licensed building inspectors.
- Extending legal services and consumer education to help low-income families to become more discriminating customers who can enforce their housing rights and ultimately prevent their own exploitation. That goes hand-in-hand with the setting up of home owner advice offices and access to legal services.

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**BUSINESS**

**New protection for the homebuyer**

By BARBARA LUDMAN  
 A RANGE of trade unions, civics, industry groups and service organisations launched a trust this week intended to fight exploitation and corruption in the low-income housing market.

The Housing Consumer Protection Trust alleges exploitation by "unscrupulous operators, including developers, contractors, landlords, land speculators, government officials, estate agents and financial brokers".

Its function will be the education of

consumers and the creation of mechanisms to fight such abuses as prejudicial building contracts, the theft of deposits, sub-standard construction, the coercion of buyers into financial arrangements they cannot afford, "misrepresentative marketing practices" and the sale of land which is not owned by the seller.

The trust grew out of the Consumer Protection Initiative formed in November 1990 and was devised by a committee including the Urban Foundation, Legal Resources Centre, Housing Advice Centre, Development Action Group (DAG), Planact and the South African National Civic Organisation. Among organisations participating in the trust are Lawyers for Human Rights, Built Environment Support Group and the South African Housing Trust, plus trade union feder-

ations the Congress of South African Trade Unions and the National Council of Trade Unions.

The trust, says the DAG's Alistair Rendall, will:

- Propose amendments to existing legislation to ensure protection for low-income families and explore the possibility of an industry ombudsman and an arbitrating body to settle disputes.

- Intervene in the market process to encourage acceptable standards of behaviour. That could include the establishment of a housing watchdog, voluntary builders' associations and the use of independent licensed inspectors.
- Extend legal services and educate consumers so that they can enforce their housing rights. Advice offices are also planned.

The trust is funded by the Estate Agents Board, Independent Development Trust and Kagiso Trust.



Friday, March 26, 1993 \$

# New trust rises in city

123  
Sowetan  
26/3/93  
Scheme to help  
low income  
groups:

By Joshua  
Raboroko

A NEW trust aimed at preventing exploitation in the low-income housing market was launched in Johannesburg this week.

The Housing Consumer Protection Trust intends to safeguard low-income families against being exploited as a result of desperation.

The director of the Human Rights Housing Rights Unit, Mr Brian Leveson, said the types of exploitation included unscrupulous building contractors and the theft of deposits paid.

The aims of the trust were to educate and inform low-income consumers of their housing rights. Organisations involved in the formation of the trust are the Legal Resource Centre, Lawyers for Human Rights, Housing Rights Unit, Planact, South African National Civic Association, the Urban Foundation, the Built Environment Support Group and the Development Action Group.

UR executive director Ms Jill Strelitz said the trust was important because it attempted to reduce the hardship and heartbreak experienced by families affected.

Sanco's Dan Sandi said the trust brought together a wide range of diverse organisations that were working to solve the housing problems.

He said the trust would do much to empower the disadvantaged families to demand a fair deal when acquiring housing.

Chairman of the Coordinating Committee of the National Housing Forum Mr Matthew Nell said exploitation must be very high on the agenda throughout the process of negotiating a new housing plan for the country.

"It is receiving the forum's highest attention and many parties welcome an initiative like the trust."

The Project Coordinator of the Development Action Group, Mr Allistair Randall, said the trust would focus on:

- Introducing legal means to ensure that low-income families have adequate protection against undesirable practices;
- Intervening in the market process to encourage standards of behaviour within the low-income housing industry; and
- Extending legal services and consumer education to help destitute families.

The trust will be governed by 32 trustees from various bodies.



## Affordable housing

INFORMAL solutions to the housing crisis are the natural consequences of inadequate institutional response.

What sets them apart from the formal approach is a fuller understanding of the needs and dynamics of the market. Their initial role in the housing crisis will be to promote a greater sense of stability in the marketplace. This will eventually release natural market forces and draw back the developer and mortgage lender.

Community Banking Project (CBP) CEO Cas Coovadia says the basic differences between the institutional providers of credit and informal operations

are that the latter rely on:

- Character-based assessment;

- Pragmatic and flexible concepts of collateral (including non-collateralised lending);
- Simplified documentary requirements;

- Small amounts of credit or savings per transaction;
- Rapid and decentralised approvals; and
- Easy accessibility to the client.

The CBP is to be a full-scale bank, aimed at SA's inappropriately banked communities.

It would acquire an existing banking infrastructure

**Informal approaches adapt to market needs**

central to the bank's operation. Lending criteria would be constructed according to the client's need profile and would differ from unit to unit.

The Metropolitan Housing Finance Co-operative (Metco) is another informal financial operation. Metco's Ben Pieters says the key is in being unlike a banker.

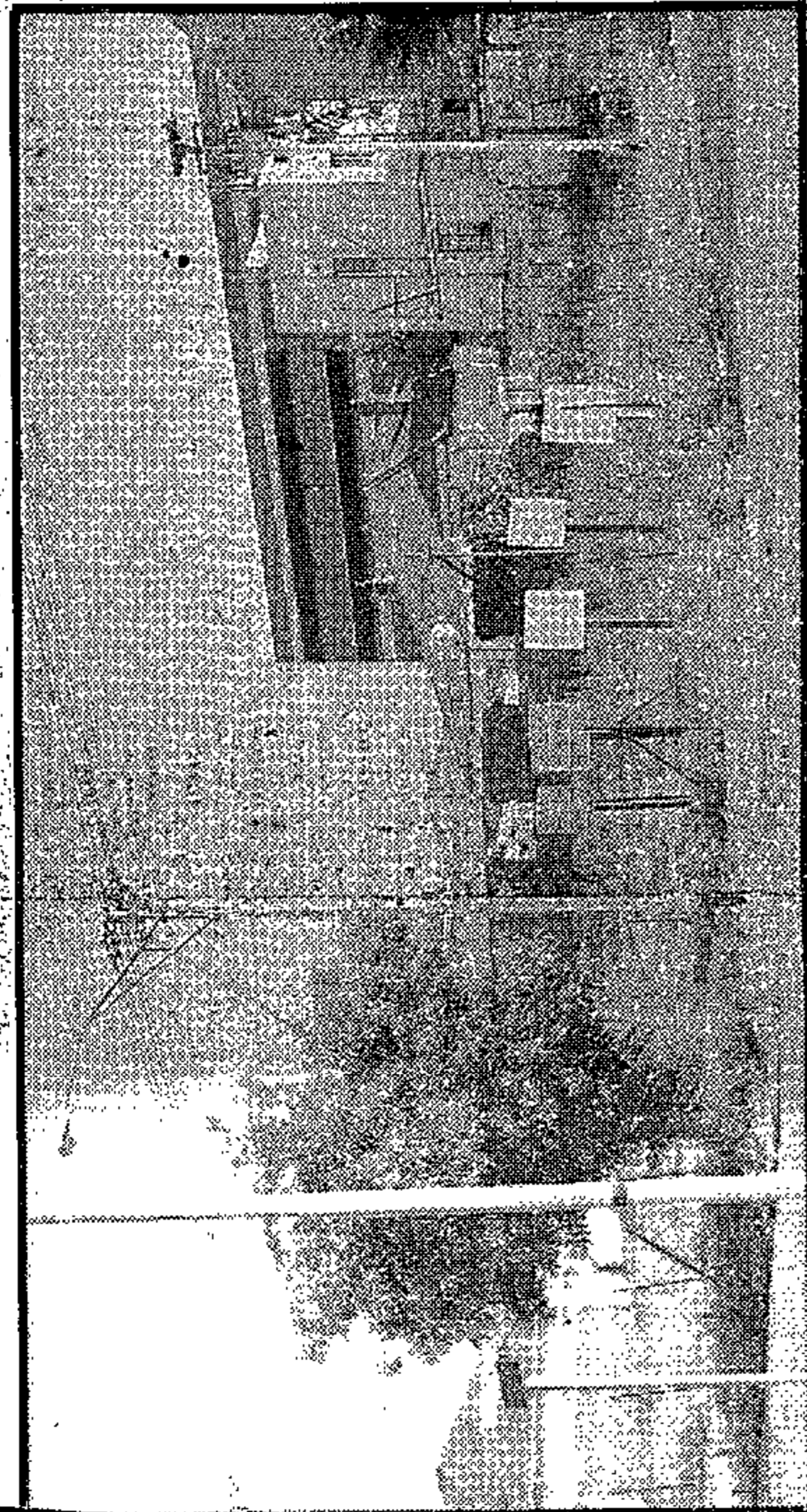
Only Metco members can become clients and membership is gained through the purchase of shares, with the lending process being simplified.

Two basic products are to be provided: personal

to a maximum of R3 000 and housing loans to a maximum of R10 000.

"Hot loans" to a maximum of 10% of the capital value of a loan will also be available for immediate short-term advances.

The Central Johannesburg Partnership is a joint venture, grouping Johannesburg's business, council and community interests. It operates by consensus and aims to catalyse and facilitate CBD regeneration by addressing issues such as public safety, inner-city housing, trading, transport, urban design and management districts.



A proposed urban site for a high density housing development.

The Inner-City Housing Upgrading Trust, a subsidiary of the partnership, hopes to induce stability into the inner-city housing finance market through active intervention on risk and education fronts.

The trust acts as a bridging mechanism. It engin-

eers First World financial principles into a community-friendly product — taking the risk from the institution and bringing affordability to the community. It operates through assembling finance in the form of grants and soft loans and investing it into guaranteed stock which can

then be used as collateral for the formal mortgage lender. The trust then acts as the collecting agency from the borrower.

The trust's primary aim is to promote a stable inner-city housing market to encourage the return of developers and finance.



# Housing move welcomed

PETER DELMAR

FINANCE Minister Derek Keys's offer to give the National Housing Initiative R200m in supplementary finance if it made sufficient progress was a creative challenge to government and the private sector.

Urban Foundation CE Sam van Coller said Keys was taking an important step towards addressing concern about the fragmentation and lack of strategy regarding use of scarce resources to address socio economic backlogs.

Keys on Wednesday announced a R200m allocation to the National Housing Forum (NHF) and said a further R200m in bridging finance could be made available.

Van Coller said the promised funds might not prove to be "sufficient carrot to bring about the co-operation needed".

Questions to be answered

included what form co-operation would take and how roles would be defined.

He said there was concern in the private sector about the need for level playing fields between public and private sectors.

"This can only be achieved if there is transparency of accounting, if state delivery takes place in discreet entities and if there is a common approach to subsidies."

Van Coller said Keys's undertaking to involve the NHF in compilation of the next housing budget was of fundamental importance.

"This offer, together with the co-operative approach intended in the current Budget year, hopefully signals a start to turning the country's housing crisis around."

BIDM 19/11/93

(123) (188)



# Tackling causes of red-lining

8/10 AM 26/3/93 (123)

THE refusal by banks to invest in particular areas is a consequence of the downward spiral caused by the under-development of specific issues, says the National Housing Forum's Matthew Nell.

The downward spiral, evidenced by severe overcrowding, high crime and diminishing property val-

ues, is more than enough reason not to invest. But withholding funds will perpetuate the decline.

FHA Homes' John Weaver says a number of inner city projects are being assessed.

"Hopefully the upgrades will encourage further refurbishment and reverse the downward spiral of CBD areas. The key, however, lies in the transfer of ownership to residents."

Financing these initiatives remains a problem, particularly with the often unrealistic price expectations of owners.

But the bond boycott cannot be reduced simply to a political event. The Civic Association of Johannesburg's Cas Coovadia says that in many cases the boycott is the result of over-lending by institutions and

individuals passing the affordability threshold.

There is a dire need for education on the contractual issues pertaining to bond finance. Many bondholders regard the institution as the owner of the property and a common reason for non-payment is: "I couldn't afford the rent."

## Defective

Delivery of defective products is another major reason for boycott action. After the development has been completed, the mortgage lender is the only player left against which a dissatisfied customer can take corrective action.

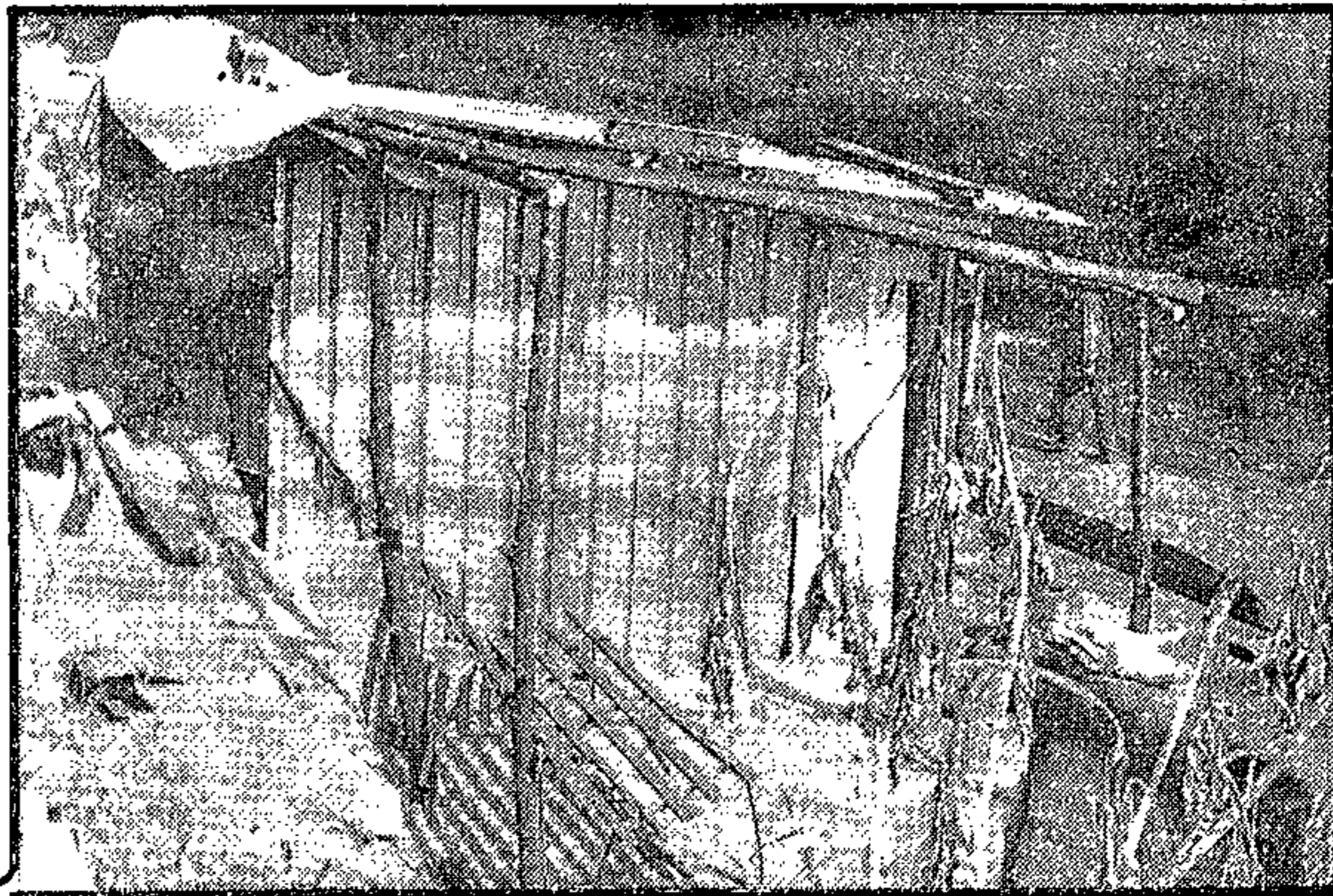
Clearly, client and lender need to come together and address the situation. The recent progress in talks between Sanco and the Association of Mortgage Lenders is an encouraging start.



# Business Day SURVEY

*In many developing countries housing investments comprise more than 8% of GNP and 30% of fixed capital formation. SA remains far behind and is at the same time missing an important opportunity to stimulate the economy. It is time low-cost housing was moved from the social to the economic agenda. SIMON ORGAN*

reports. BIDAY 26/3/93 (123) (229)



A squatter shack in Alexandra township.

## Consultation the recipe for success

BIDAY 26/3/93 (123) (229)  
CONSULTATION is evident every step of the way in current housing initiatives, representing a distinct break from the past.

Community involvement is a major contributor to the success of many grass roots developments, and developers cannot afford to merely pay lip service to this involvement.

"It involves more than including the community in meetings, and entails actually allowing the community to make fundamental decisions on the process," says FHA Homes' Mauricio Barbara of the company's experience at Moleleki and Katlehong sites.

Hill, Kaplan, Scott, consulting engineers has found that communities generally respond enthusiastically to the invitation to participate. Wherever possible, maximum use is made of local labour pools so a greater proportion of money allocated to a community development stays within the community.

The Seven Buildings project in Hillbrow is a pilot co-operative venture to deliver affordable accommodation to the low-income

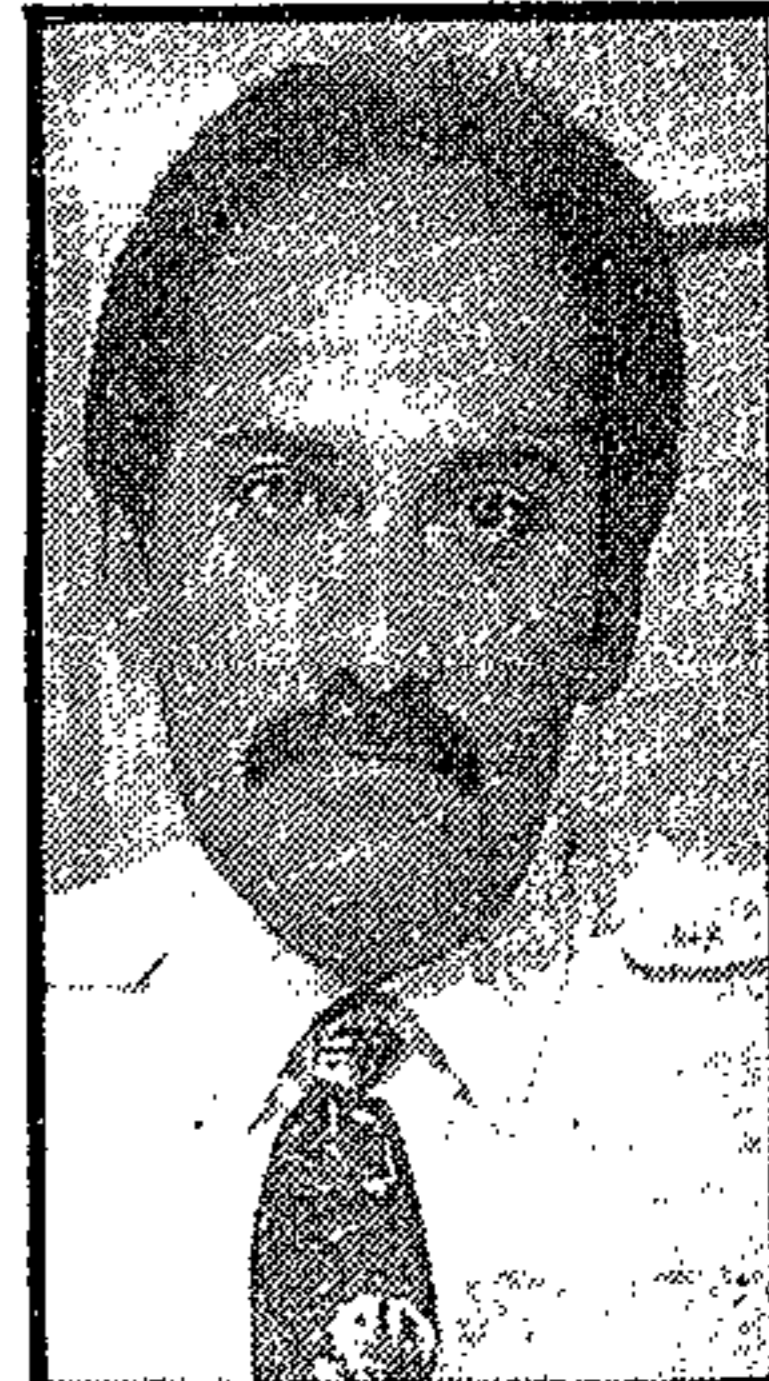
market and to maintain this as social housing stock by keeping it off the speculative property market. A thrust of the project is to involve the community in mutual aid schemes.

Local authorities, project management and technical service groups all include the community in their respective processes by providing training and support services.

The results extend far beyond the project itself and have a lasting effect on the community in terms of skills and employment.

The project may experience the problem that owners, while having security of tenure, have no access to the capital appreciation. Extensive workshopping will educate the owners on their role and responsibility in the management of the building and prevent problems after establishment.

The St Martin's Trust development, east of Eldorado, is another example of extensive co-operation, this time between the city council, the SA Housing Trust, FHA Homes, private landowners and the community.



CAS COOVADIA

Various tracts of land were combined within the structure of a company formed to oversee the development.

Whereas much ground has clearly been covered, there are still calls for city councils to become more active in the finance arena.

The Civic Association of Johannesburg's Cas Coovadia says there is room for councils to become more involved in lobbying central government. "They can also assist by making available guarantees and bridging finance where necessary." The councils also need to be flexible in charging rates in CBD buildings used mainly for residential purposes.



# Past policies hamper ability to find solutions

THE capacity of the economy to provide end-user finance and subsidies in support of lower income households has been severely hampered by past policies.

There remain over-riding deficiencies in state and private schemes, particularly regarding their appropriateness in targeting this market.

Recent innovations, however, in both formal and informal financial systems hold considerable promise.

The demand for funding is not restricted to long-term loans for buying land, but also includes short-term finance for building or upgrading properties. And it is the demand more than the need for funding which needs to be addressed.

The main problem lies in building the mechanisms to get funds into the market — and back to the institutions. It is clear that no amount of "fine tuning" of the existing structures and mechanisms will bring solutions.

"The solution lies in developing the capacity to provide loans at the bottom of the market and installing a bridging mechanism between formal finance and informal needs," says the

Urban Foundation's Mike Oelofse.

The inadequacies of existing state mechanisms are obvious and fundamental. The fragmented approach to housing — through the 15 departments and countless mechanisms — leads to abuse, obscurity and market distortion. The racially-based policies and tricameral anomalies further obstruct and distort the market.

FHA CEO John Weaver says private developers have problems marketing serviced sites at R7 000 when across the road a House of Delegates sponsored initiative would be making stands available at R350.

The First Time Home-buyer (FTB) subsidy is not only fiscally unsustainable and unpredictable, it also misses the market which needs it most.

Quick analysis of government's budgeted contributions for 1992/3 shows that the average household subsidy was expected to amount to R20 400. The area of greatest need lies in capital subsidies of about R7 500 per household.

The De Loor report recommendations go far in ad-

ressing these inadequacies.

National Housing Minister Sam De Beer says that, since the enabling legislation was passed in October 1992, "the Commission for Administration has been looking into the rationalisation of the various different housing functions within the government machinery into a single department under a single minister".

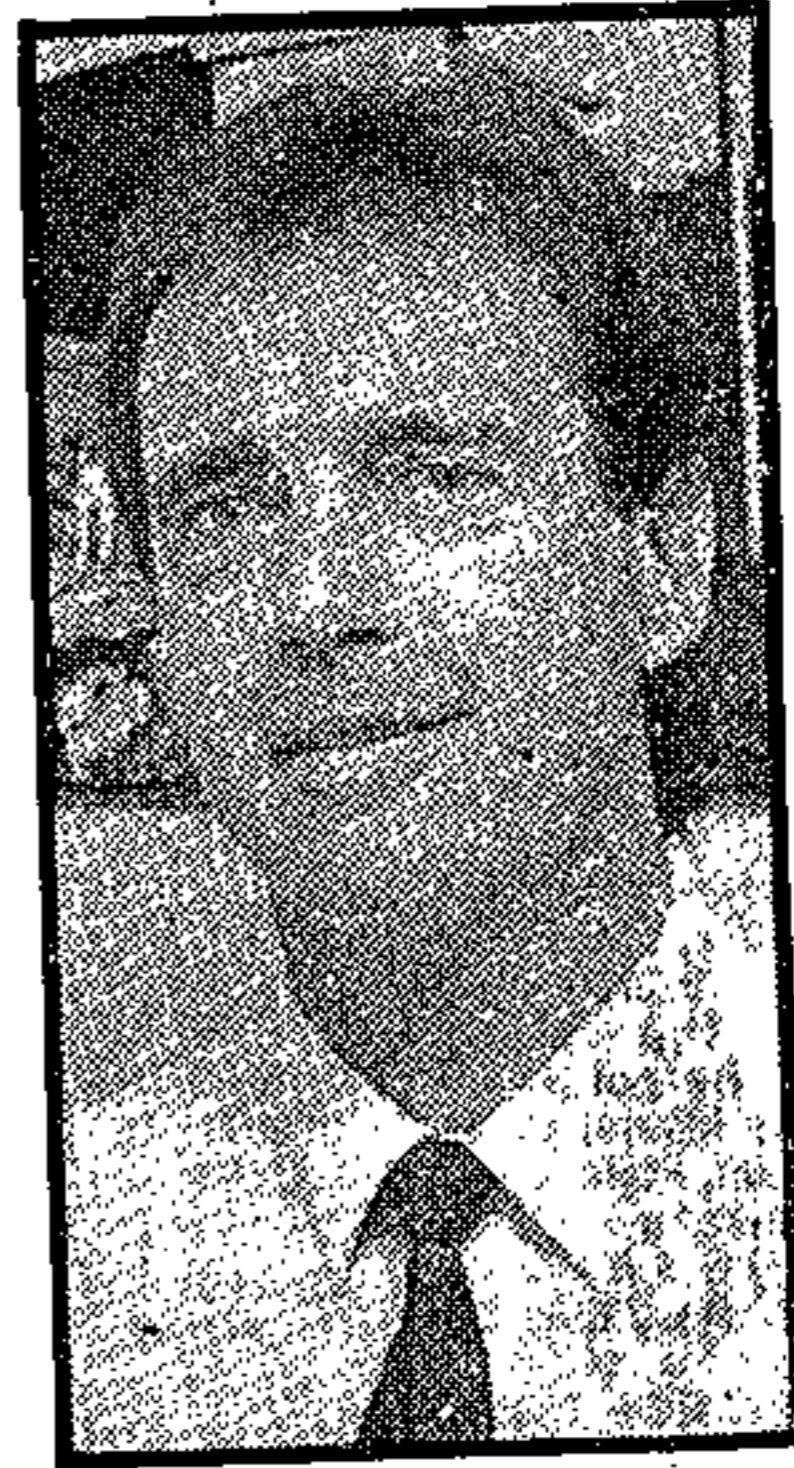
Significant here is government's resolve not to act unilaterally but through the broadest consultation.

The Independent Development Trust (IDT) emerged in mid-1991 as a supplier of finance. Its experience with the capital subsidy scheme holds many lessons for the future.

IDT regional co-ordinator for social consultants Mike Morkel says the primary issue is to make housing finance available to the poorest people within an easily understandable policy framework.

The mechanics of the scheme involve providing a serviced site. The original allocation of 100 000 sites was 650% over-subscribed.

Formal financial institutions are absent from this



JOHN WEAVER

market. Having applied formal lending criteria to an informal market, past experience has been costly and misguided, and they are reluctant to expose themselves to what they perceive to be a risky and unreliable market.

Whereas the banks' position in avoiding "unprofitable" markets is defensible, their inability to come up with products to meet informal needs is not.

# Naude pays rent while parliament sits

DR Stef Naude, director-general of Trade and Industry, is not paid by the State to live in his own house when parliament sits in Cape Town.

(123) (KAPPA)  
In an article in The Argus yesterday, Dr Naude was listed among a number of directors-general who were paid to stay in their own houses during parliamentary sessions.

Heads of departments, directors-general and deputy directors-general are paid "rent" by the State, calculated on what they paid for their houses.

ARL 27/3/93  
Officials who do not live in official complexes at Acacia Park or Mouille Grange are eligible for compensation. Electricity and water bills are also paid by the State.

A spokeswoman in Mr Naude's office said the director-general did not have a house of his own in Cape Town and was not being paid to be accommodated.

"As a matter of fact he is paying rent for a flat provided for him by the Department of Public Works.

"His position, therefore, differs from that of ordinary sessional officials," the spokeswoman said.



Bank

Star 27/3/93  
**storm  
into the  
mortgage  
market** (123)

**FINANCE STAFF**

**T**HE competition in the home loans market is hotting up, and so far the banks have made vast inroads into the market share previously held by building societies. First National Bank and Standard Bank, in particular, are growing their market share at a rapid rate, mainly at the expense of ABSA, which has experienced a drop of almost 10 percent in its total market share.

According to a study conducted by Standard Bank's economic division, demand for mortgage finance remained strong last year, although overall growth in private sector credit demand was at its lowest in five years.

Analysing 1992 bank returns, Standard Bank reports that demand for mortgage finance was up by 18 percent last year on 1991, while total credit demand increased by only 3 percent.

**Recession**

"This is in stark contrast to the sharp decline in property market turnover and the fall in housing plans passed and average house prices," says Standard.

The bank ascribes this trend to three factors, each reflecting the effects of the recession on the demand for mortgage finance:

- More individuals are consolidating personal debts into their mortgages as mortgage finance is currently the cheapest form of consumer credit.

- Individuals increase their mortgage facilities to meet other expenses because other credit lines are not available.

- Banks are competing more intensely for lower-risk credit business, including home loan advances.

Standard does, however, expect the demand for mortgage credit to be subdued this year for a number of reasons, including a cut in the bond rate of only one percentage point, compared with four percentage points over the past 12 months, and a real increase in house prices as the economy picks up and builders try to improve their slender profit margins.

The figures also show that Standard Bank and FNB continued to make inroads into the home loan market.

Between the fourth quarters of 1991 and 1992, FNB raised its market share from 9,5 to 10,8 percent and Standard from 13,3 to 16,5 percent.

# Home is C/Press where the 28/3/93 heart is

OWNING your own home is probably the most important decision you will ever make.

Home ownership ensures you have an asset which increases each year in value and makes it possible to borrow money against the security of your house to finance, perhaps, an additional room or even education for your children.

It also means you have peace of mind in that as you are not paying rent, and the landlord cannot increase the rental on your house each year.

However, many homeowners ask how they can pay off their home loan sooner than the 20-year period, which is the normal repayment term offered by financial institutions financing home loans.

Homeowners are horrified that over a 20-year period, having paid correct monthly instalments each month, they have paid approximately three times the original home loan amount!

Paying a little bit extra each month over and above your home loan instalment, will result in you not only paying your home loan off a lot sooner than the 20-year period, but will also save you a large amount of money.

Assume a home owner has a home loan for R24 000, with the interest rate at 14 percent resulting in a monthly instalment of R300 a month. By regularly paying correct monthly instalments of R300 a month, the home loan will be repaid in approximately 20 years and the total amount paid for the R24 000 home loan will be approximately R72 000! As one can see, the interest portion over the 20-year period is to R48 000.

## Holiday

If this same homeowner had paid R330 instead of R300, he would have paid his home loan in only 13 years instead of the full 20-year period, resulting in a saving of approximately R20 520.

It is possible to pay your home loan off very quickly and save a large amount of money.

Irrespective of whether you pay R30 or R300 extra on your home loan each month, the financial benefits to the homeowner are considerable. Also, by being in advance on your home loan repayments gives you peace of mind if unexpected expenses suddenly occur.

Another way to reduce monthly bond interest payments is an Accessbond. Standard Bank was the first financial institution to introduce Accessbond. It is a special facility which enables clients to invest surplus money into their home loan account. By using this facility, you save on monthly interest and pay off your bond faster. Should you need money urgently you may draw from your Accessbond at R1 000 a time. Accessbond can be used for home improvements or even for a holiday.

A house is not only an asset, it also represents security, warmth, comfort and acceptance into the community where you live. It is the dream of all of us to own our own house, but most of all, to have it fully paid up. Why not start now and commit yourself to paying that extra amount each month on your home loan?



of protest.

# Pay R25 extra and save R30 000 on your bond

S/Times (Cape Medu) 28/3/93  
I DON'T suppose you've ever worked out exactly how much you will actually pay on your bond over its 20 years. Well, I've done it for you — and I hope you're sitting down because you're in for a shock.

If you have a bond of R100 000, and that's not a large one these days, you will pay back more than three times that amount.

At an interest rate of 16,75 percent your 240 monthly bond payments will amount to R347 476,80, of which R247 476,80 is interest. In other words almost a quarter of a million rand paid to the bank or building society to swell their profits.

But there is a way to bring that huge sum down.

Pay an extra R25 a month — which will make your payment R1 472,82 instead of R1 447,82 — and you'll save a massive R33 766,14 over the life of your bond. And it will be paid off in 17 years and nine months instead of 20 years.

Put in an additional R50 a month — about what a family night at the cinema costs — and the saving comes to R56 899,72. Your monthly payment will still only be R1 497,82. But the millstone round your neck will be removed in 16 years and two months.

Find yourself an additional R200 a month — and for that you may have to make a few sacrifices such as cutting down on eating out or not buying that new outfit — and the rewards are really great.

You would save a whopping R125 021,10 in interest and your bond would be cleared in almost half its normal length of time — 11 years and three months.

## Calculations

These precise figures don't apply to every home-buyer because bond sizes differ. To find out exactly what you can save, pop down to your bank or building society and ask them to make the calculations for you.

There are other ways to keep your total bond payment down. At the Standard Bank (which kindly did these calculations for me), you could, on a R100 000 bond, save R2 453,46 over 20 years just by paying your bond two days earlier each month. Pay it 15 days earlier and the saving jumps to R17 386,08.

Another scheme is to transfer money you have temporarily (perhaps cash you've saved to pay the taxman at year end) into your bond account for a short while. Put in R5 000 for six months and you'll save R467,54 in interest. Leave the same amount there for a year and the saving is R904,86.

Remember, even if the wolf is at the door, don't ever extend your bond to a 25 or 30-year period. You will pay hundreds of thousands of rands extra and your payment will be just a few rands less a month.

To make really big savings you must start paying extra right from the word go. So, if you're thinking of buying a house now, make sure your bond repayment is low enough to afford a bit extra each month.

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# City Press

## PROPERTY



*City Press*

28/3/93

(123)

# BONDS: The pros and cons

By NONMULA KHALO

RENOVATING, extending or just improving your house? To get a bond or not is the question.

City Press spoke to two enthusiastic homeowners about the pros and cons of raising a loan to improve the property.

A resident of Pinville Zone 5 in Soweto, Dora Makoti does not have a bond. She said: "I have never believed in a loan, I always told myself that doing it from the pocket is better. I have never come across a person who has finished paying their bond. Everybody seems to owe until they die."

Makoti said before moving to Pinville she stayed at Naledi Extension and thought of moving to a quieter place.

### Privacy

Her husband bought a site in Pinville and they started building their own home.

They then sold the house - at a profit - and moved to the new one which was more spacious.

Makoti said: "I believe in bigger rooms instead of small and over-decorated rooms. Another thing that made us move is that we have three children, and they too need their privacy. I could not see myself sharing a bathroom with them."

Makoti's house is furnished expensively and is beautifully decorated.

"The recipe for a beautiful home is patience," said Makoti. Makoti's home is easy

to maintain. The bedroom walls are covered with wall paper and she never needs to paint.

The dining-room walls are face brick, while the kitchen and two bathrooms are tiled from top to bottom.

Makoti's advice to people who would like to build houses or buy them is not to apply for a loan.

"Save your money until such time that you have enough money to buy it," she said. Nontando Simeleani

has been staying in a four-roomed house in Meadowlands since 1956.

"I had only one problem - no money to extend it," she said.

Simeleani has three grown-up boys who could no longer sleep in the diningroom. That is why she opted for a loan and had the house built within six months by a contractor.

She said paying a bond has its own advantages.

*Making the house a 'home' can be easy*

"It is a matter of sacrifice, and juggling some bills around. I do not feel it much, because my loan paid my contractor who did everything in the house - including carpeting and tiling.

"The only thing that

makes me angry about paying a bond is that when you have skipped a month your arrears become impossibly high," she said.

A mortgage bond, she said, is a lifetime commitment. Some weeks you have to live on cabbage to meet payments.

She has been paying her bond for three years and has got used to it.

"I enjoy entertaining friends so I made sure that space was left for a

garden," she said. Penny McAlpine of Builder Home Improvement said: "Improving your home increases the value of your property and it makes you proud of it."

McAlpine's advice to people who would like to improve their homes is that they should visit home improvement offices where they can gather lots of ideas and choose from the wide range of building materials.



**PAYING OUT ...** Nontando Simeleani took out a loan.



NEWS HOW to beat the unscrupulous property developers ● Students

# Beware homes market pitfalls

Sowetan 29/3/93

By Joshua Raboroko

NEW home-buyers must be educated about their housing rights in order to stop exploitation and corruption in the property market, a seminar was told at the weekend.

Addressing a seminar on housing in Johannesburg on Saturday, African Bank regional manager Mr M Baloyi said many new home-buyers were ripped off to the tune of thousands of rands by unscrupulous property devel-

## Home-seekers must tread carefully to avoid exploitation:

opers because they lacked knowledge on housing matters.

He told the seminar, which was organised by the Black Lawyers Association, that the African Bank was prepared to help disadvantaged communities to acquire homes.

The bank aimed at safeguarding low-income families who were being exploited as a result of their desperate need for houses in a market characterised by

a shortage of about 1.5 million houses.

Delegates were also advised on how to apply for a home loan, choose a developer, obtain finance, budget for a house and obtain subsidy from the Government.

Mr Ben Peters, of Metropolitan Housing Finance Co-operative Ltd, said his company had R25 million which it planned to use to help low-income consumers obtain homes.

The company's objective was to educate low-income communities in an attempt to prevent problems they experienced in obtaining homes.

Loans ranging from R2 000 to R10 000 could be obtained from the company, he said, adding that so far hundreds had benefited from the scheme.

"We are negotiating with black builders to obtain loans from our coffers in order to help the disadvantaged communities," Peters said.

123

# Officials paid if state houses occupied

By BARRY STREEK  
Political Staff

THE government confirmed yesterday that senior officials were paid allowances to live in their own homes—but only if all official accommodation for them in Cape Town was occupied, as is the case at present.

It also said the housing scheme for officials was different to the controversial scheme for ministers to stay in their own houses.

Democratic Party leader Dr. Zach de Beer said allowances for civil servants could not be seen as the same as those for cabinet ministers and there

could be no objection in principle to civil servants being compensated for being required to come to Cape Town. What counted were the cost of the scheme and whether the official accommodation provided for senior officials was fully occupied.

The directors-general and deputy directors-general are provided official accommodation at the Acacia Park housing estate and the Mouille Grange block of flats.

A spokesman for the Department of Public Works, Mr. Andre Meyerling, told the Cape Times that the accommodation for officials at this level was fully occupied and an allowance was paid to those officials who could not be housed in government-owned housing.

The director-general of Public Works, Mr. Theo van Robbroeck, said the average payment to senior officials was R2 270, with the lowest payment being R954 and the highest R4 700 a month.



Temporary teachers do not enjoy the kind of comfort and benefits others teachers do. For example, there is an accumulation of a shorter term in respect of long leave. They do not receive a bonus in the form of a 13th cheque, which teachers, like others, look forward to, if they have not served a full term of twelve months. As the term suggests, their service is of a temporary nature and they never know when the axe will fall. [Time expired.]

Mr H M NEERAHOO: Mr Speaker, I am pleased to note that the hon the Minister has made arrangements to appoint about 250 temporary teachers to permanent positions. The hon the Minister mentioned that permanent posts are not available to accommodate the balance of 700 temporary teachers. I submit to the hon the Minister that these teachers are in posts at schools at present and that if there was no need for them to be there, they would not have been employed. I therefore say that these posts should be made permanent immediately. After all, these posts already exist.

I do not think it would be far-fetched for me to link the recent problems in our schools to the insecurity that is the lot of our teachers. Their loyalty and commitment can only be secured by giving them a stake in the teaching profession. I am also pleased to note that the hon the Minister has made arrangements to first make permanent posts available to those teachers who have made a sacrifice by being away from home. It is also encouraging to note . . . [Time expired.]

Mr A RAJBANSI: Mr Speaker, in addition to the benefits listed by the hon member for Reservoir Hills, teachers employed in a temporary capacity do not qualify for housing subsidies.

This year we are in a positive situation in that we do not have many teachers on the waiting list. In fact, there are certain areas in which we were unable to employ Indian teachers. In those areas we are employing teachers who are not Indian.

I want the hon the Minister to know that the real reason for all this was the negligence of an inconsiderate official, who I think is retiring today or in 30 day's time. The former Minister is not at fault. I want the hon the Minister of Education and Culture to analyse the reasons.

Educators must be employed on a permanent basis. Ministers are employed on a temporary basis, as they depend on our will. Two are

crossing the floor and a few more will do so. [Interjections.] Nevertheless, there are many positive features in this regard. I want to suggest to the hon the Minister of Education and Culture that in addition to the question of whether there were permanent posts, there was definitely neglect on the part of one official who did not adopt a humanitarian approach when dealing with educators. [Time expired.]

The MINISTER OF EDUCATION AND CULTURE: Mr Speaker, in answer to the hon member for Arena Park, I would like to point out that with the exception of pension benefits there is no significant difference in the benefits enjoyed by temporarily and permanently appointed educators. [Interjections.] In this regard both categories of educators qualify for housing subsidies, medical aid, leave bonuses etc.

Mr M RAJAB: She is talking nonsense! Mr SPEAKER: Order! The hon the Minister may proceed.

The MINISTER: In so far as pensions are concerned, permanent educators contribute at a rate of 8% to the Government Service Pension Fund, whereas temporary educators contribute at a rate of 5% towards the Temporary Employees' Pension Fund. A permanent educator contributes at a higher rate as he is entitled to an annuity as well as a gratuity when he retires. In addition, his widow would also be entitled to a widow's pension.

Mr M RAJAB: Mr Speaker, will the hon the Minister take a perfectly reasonable question?

The MINISTER: I do not have the time, Mr Speaker.

Mr SPEAKER: Order! The hon the Minister is not prepared to answer a question.

The MINISTER: Ladies like to be placed on the temporary staff, because they do not have to contribute as much to the pension fund and their take-home pay is much more. On the other hand, a temporary educator is only entitled to a gratuity or an annuity, depending on the length of service.

I now wish to refer to the Sanep formula. The number of educators generated in terms of the Sanep formula is 10 637 educators in respect of 1992-93 financial year. [Interjections.] The inadequacies of the Sanep formula have been

addressed time and again and this has been the reason for us asking for extra money for education. [Time expired.] Debate concluded.

QUESTIONS

†Indicates translated version.

For oral reply:

Own Affairs:

Chairman of Ministers' Council:

State President/public servants' salaries

\*1. Mr K PADAYACHY asked the Chairman of the Ministers' Council:

- (1) Whether he will recommend to the State President that public servants' salaries be increased by more than the 5 per cent announced recently; if not, why not, if so, what percentage will he recommend;
- (2) whether he will make a statement on the matter? D139E

THE CHAIRMAN OF THE MINISTERS' COUNCIL:

- (1) The Government has made it clear that due to the prevailing economic situation, any increase over and above the 5% announced, would not be possible at this stage. As members are aware staff associations have been negotiating with the Government on salaries and these discussions are continuing.
- (2) No.

Mr A RAJBANSI: Mr Speaker, arising out of the hon the Chairman of the Ministers' Council's reply, I want to say that the question has not been answered. Notwithstanding what has been said, does the hon the Chairman of the Ministers' Council know that a member of his Ministers' Council made a plea in the general affairs debate last Friday especially for educators who earn on average R1 000 per month? The point is that the hon the Chairman of the Ministers' Council, as the head of this Ministers' Council, should take a stand on compensation grounds. Is he prepared to take a stand, or is he only prepared to follow "His Master's Voice"? This is the question. [Interjections.]

The CHAIRMAN OF THE MINISTERS' COUNCIL: Mr Speaker, I have answered the question. The Government has taken a stand. There are ongoing discussions.

Paying of accounts for unemployed

\*2. Mr K PADAYACHY asked the Chairman of the Ministers' Council:

- (1) Whether, with reference to an announcement allegedly made by the Chairman of the Ministers' Council of about 12 March 1993 to the effect that all unemployed Coloured persons throughout the country would have their water bills, rates and rents paid for them at the end of April, May and June, he intends to make a similar announcement in respect of unemployed Indian persons; if not, why not; if so, when;
- (2) whether he will make a statement on the matter? D140E

THE CHAIRMAN OF THE MINISTERS' COUNCIL:

- (1) The Minister of Health Services and Welfare has already directed his Department to investigate this matter. However, the Department of Health Services and Welfare, Administration: House of Delegates have already been paying municipal charges and rents over the past years in respect of Indian persons in need in terms of Chapter D of the Memorandum on Social Relief 1975. For the 1992/1993 financial year, R4,6 million has been spent on Social Relief.
- (2) No.

Mr A RAJBANSI: Mr Speaker, arising out of the hon the Chairman of the Ministers' Council's reply, I should like to know if he knows who initiated this particular scheme in the Administration: House of Delegates.

THE CHAIRMAN OF THE MINISTERS' COUNCIL: Mr Speaker, the answer is no.

Mr K PADAYACHY: Mr Speaker, further arising out of the hon the Chairman of the Ministers' Council's reply, is he aware that this is a special compensation over and above what is given by the Department of Welfare in the House of Representatives? Is he willing to



grant such a special compensation, perhaps in some other form? The unemployment rate in the Indian community is approximately 30% at the moment.

**THE CHAIRMAN OF THE MINISTERS' COUNCIL:** Mr Speaker, I am aware that this is over and above what is normally provided for. The matter is being investigated. This Ministers' Council is sympathetic to the plight of the unemployed. I believe we should do something over and above what is being provided at present.

**Mr N SINGH:** Mr Speaker, arising out of the hon the Chairman of the Ministers' Council reply, did he discuss with his counterpart, the hon the Chairman of the Ministers' Council in the House of Representatives, on what basis this relief measure was offered? This relief measure is probably NP policy, and I should like to know whether he made any enquiries from his colleagues.

**Mr A RAJBANSI:** The Nats in our House are not true Nats!

**THE CHAIRMAN OF THE MINISTERS' COUNCIL:** Mr Speaker, I have been advised that this was done with monies which were obtained through savings. An amount of R20 million has been made available for this purpose.

**Mr P NAIDOO:** Mr Speaker, further arising out of the hon the Chairman of the Ministers' Council's reply, when can hon members of this House expect an announcement on the introduction of this special dispensation with regard to members of our community?

**THE CHAIRMAN OF THE MINISTERS' COUNCIL:** Mr Speaker, the matter is now with the hon the Minister of Health Services and Welfare, who from tomorrow will only be responsible for welfare. However, I hope we will be in a position to make an announcement shortly.

**Mr G MARI:** Mr Speaker, further arising out of the hon the Chairman of the Ministers' Council's reply, notwithstanding the input of the Department of Health Services and Welfare in the House of Delegates, is the hon the Chairman of the Ministers' Council aware of the following statistics? In Merbank, Newlands West and Springfield 22% of the tenants are in arrears. In Phoenix 43% are in arrears, of which 25% are over three months in arrears. In

HOUSE OF DELEGATES

staff who are not working at all I would appreciate it.

**Mr A RAJBANSI:** Mr Speaker, further arising out of the hon the Chairman of the Ministers' Council's reply, if you arrive late at your offices, how will you be able to detect whether or not these people are doing their jobs?

**Mr SPEAKER:** Order! The hon member for Arena Park must address the hon the Chairman of the Ministers' Council through the Chair.

**Mr M RAJAB:** Mr Speaker, further arising out of the hon the Chairman of the Ministers' Council's reply, it is quite clear that the hon the Chairman of the Ministers' Council is neither concerned about productivity nor efficiency. I would like to ask the hon the Chairman of the Ministers' Council whether that is in fact so.

**THE CHAIRMAN OF THE MINISTERS' COUNCIL:** Mr Speaker, my track record in the seven and a half months I was Director-General demonstrates that I certainly am interested in efficiency and productivity. I set the example myself.

**Mr A RAJBANSI:** Mr Speaker, further arising out of the hon the Chairman of the Ministers' Council's reply, in connection with efficiency and rationalisation concerning money, is the hon the Chairman of the Ministers' Council aware of any official of our Administration being paid a heavy relocation allowance on relocating from Europe to Natal?

**THE CHAIRMAN OF THE MINISTERS' COUNCIL:** Mr Speaker, whatever has been done has been done in terms of the rules.

**Mr A RAJBANSI:** Yes or no?

**THE CHAIRMAN OF THE MINISTERS' COUNCIL:** The answer is what has been done, was done lawfully.

**Mr P NAIDOO:** Mr Speaker, further arising out of the hon the Chairman of the Ministers' Council's reply, does he intend to axe all directors from the previous Ministers' Council?

**THE CHAIRMAN OF THE MINISTERS' COUNCIL:** Mr Speaker . . . [Interjections.]

**Mr SPEAKER:** Order! Hon members should please give the hon the Chairman of the Ministers' Council an opportunity to speak.

**THE CHAIRMAN OF THE MINISTERS' COUNCIL:** Mr Speaker, I believe in continuity

and I also believe in reform. What was good in the past Administration, we shall certainly implement and continue with in the new Administration.

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

*Ministers:*

*Question standing over from Wednesday, 24 March 1993:*

**James Commission: official suspended from duty**

\*5. Mr M RAJAB asked the Minister of Education and Culture:

- (1) Whether a certain senior official in her Department, whose name has been furnished to the Minister's Department for the purpose of her reply, was suspended from duty with effect from 14 March 1989 as a result of the findings of the James Commission; if so (a) on what grounds was he so suspended and (b) what is the name and designation of the official concerned;
- (2) whether any salary has been paid to this official during his period of suspension; if so, (a) why and (b) what amount was so paid to him;
- (3) whether it is contemplated to reinstate this official; if not, why not; if so, what are the relevant details? D114E

**THE MINISTER OF EDUCATION AND CULTURE:**

- (1) Yes. However, the person concerned is attached to the Department of Budgetary and Auxiliary Services which renders a support service to my Department.
- (a) The matters which gave rise to his suspension were as follows:
  - (i) A charge of assault on a member of the South African Police in April 1988. He was convicted and sentenced to a fine of R200 or 20 days imprisonment. Although he initially lodged an

HOUSE OF DELEGATES



By Quentin Wilson ~~123~~ 123

THERE'S no place like home, and no place for the homeless in the Budget.

Mr Moses Mayekiso, president of the South African National Civic Organisation (Sanco), argues that the

seven million people living in squatter camps are already hardest hit by the budget in general, and the prospect of getting a house is remote.

According to Mayekiso, the R1,2 billion for this year's housing needs is effectively half of what government ~~SA 77+ 27/3 - 3/3/93.~~

# Keys' Housing Blues

spent in the mid-eighties.

"Finance Minister Derek Keys has has made a cut in national housing well over 20 percent in real terms

(before inflation)."

Mr Trevor Manuel, head of ANC economic policy, accused past housing policy of gross inefficiency.

~~SA 77+ 27/3 - 3/3/93.~~

"In last year's budget, R2,098 billion went for housing. The ministry of state expenditure says 15 000 houses were built. But at R2,098 billion those houses cost R140 000 each to build.

"The Urban Foundation, however, says these houses are roughly estimated at R22 000. If you add in R7 500 for site and service, then the cost should have been about R30 000 per house. ~~SA 77+ 27/3 - 3/3/93.~~

"So houses that should have cost R30 000 each, have been built for R140 000 instead," Manuel said.

WHEN Eskom announces that its annual electricity sales are down for the first time in 50 years, the economy is clearly in trouble. The utility's 1992 financial report, released this week, shows that power consumption dipped 0.4% from 1991 levels, the first year on year decline since 1943.

Sales would have been even lower were it not for growing domestic and rural demand. Industrial, mining and transport consumption all declined as the wheels of industry slowly ground down.

Generally, overall electricity sales enjoy a 1.5%-2% lead over GDP growth (or shrinkage) and the small reduction in output serves to confirm that local industry is simply going nowhere.

Several years ago the Megawatt Park planners drew up blueprints to build huge new power stations to meet an expected annual growth in demand of 7% or more. Today Eskom sits with almost 40% in unused capacity. Installed capacity is almost 37 000MW. Last year peak demand was up by less than 1% to just over 22 600MW.

Projected increase in demand for the current year is 2%, but as finance

# Cheap power waits to be switched on

11/4/93

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and services executive director Mick Davis acknowledges, even that meagre forecast could prove to be optimistic.

The utility's scope for expansion remains inextricably tied to economic growth. This year Eskom will connect 158 000 households, more than the 140 000 linked up last year and five times the number electrified two years ago.

But, at best, the five-year electrification drive can soak up only 15% of excess capacity. Like any other statistic, electrification figures can be deceiving.

In 1992 Eskom increased its customer base from 278 000 to 542 000, the result of electrification and taking over supply from embattled black local authorities. Domestic users represent 70% of Eskom's customers, but consume only 1% of its total output.

Even the expansion of large power consumers, such as Alusaf, will account for only a small portion of Eskom's mothballed generators. De-

times of full capacity demand. A steadily shrinking labour force has been maintained with small but sustained improvements in productivity, and the debt to equity ratio fell in 1992 from 2.49 to 1, to 2.21 to 1, reflecting Eskom's reduced dependence on borrowings and a shrinking interest bill.

Despite falling revenue, Eskom achieved a real price reduction of 4.9%, keeping it on course to meet its undertaking to reduce actual electricity prices 20% by 1996.

Eskom has traditionally made much of the importance of readily available, cheap power to economic takeoff, as was the case with the "economic tigers" of southeast Asia.

While labour costs soar in reverse proportion to productivity levels, SA has one comparative competitive advantage over almost every other industrialised nation — cheap and abundant electricity.

Eskom produces power at a third of the cost of Italian electricity, less than half the price of US power and



□ McRAE

only marginally more expensive than the cost of New Zealand's hydroelectric driven energy.

It is time that local industry got switched on to this fact.

REVIEW



## Apartheid land laws listed for scrapheap

CAPE TOWN — A list of 86 laws that must be scrapped or amended to remove all vestiges of apartheid in legislation on land rights has been drawn up by the advisory committee on nonracial area measures.

The committee, which was established to advise the President on making land rights accessible to everyone, will channel the relevant legislation, accompanied by a recommendation, to him.

The committee said in its first annual report, tabled in Parliament yesterday, that the information document was a provisional list of primary and secondary legislation that might have to be repealed, amended or adjusted.

"The list identifies 86 laws, which are administered by 21 state departments, for further investigation."

The committee, which had its first meeting in March last year, was set up under the 1991 Abolition of Racially Based Land Measures Act to advise the President on how to exercise the power the same Act gave him to readjust matters in a nonracial manner.

As part of the initiative, the land reform cornerstone was laid in the Abolition of Racially Based Land Measures Act of 1991, which envisages that the whole of the statute book be purged of racist provisions governing the acquisition or exercise of rights to land.

In terms of the Act, President F W de Klerk was vested with the rights to readjust certain matters and the committee established to advise him.

The laws identified by the committee affect 21 state departments and also involve ordinary laws which may have to be adjusted to comply with prescribed requirements. Most laws relate to urban areas and deal with, among others, township establishment, town planning and land registration.

The report also contains details of legislation already reviewed and deals with the repeal of the remaining provisions of the Development Trust and Land Act, and the accompanying abolition of the SA Development Trust from today.

The deadline for the completion of the advisory commission's task is December 31 next year.

Copies of the report are available at the Justice Department's head office in Pretoria. — Sapa.

# Bifsa seeking <sup>Star 11/4/93</sup> foreign funds for training

Property Editor

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He is to begin canvassing for the funds in the Netherlands, Belgium and the UK.

The Building Industries Federation (Bifsa) is to approach overseas aid organisations to fund a training programme for informal sector operators, says executive director Ian Robinson.

It hopes eventually to raise about R20 million a year — the amount Bifsa now spends on formal sector training.

Robinson says the federation's own training fund is fully allocated to the formal training it undertakes on behalf of its members, all of whom pay a levy to cover the service.

"We will, therefore, be looking overseas for training grants of the kind issued by most First World countries to development organisations in the poorer parts of the world."

The move follows a watershed decision by Bifsa members — mostly established contractors who have long accused the informal sector of poor workmanship and non-performance on contracts — to offer training in numeracy, literacy, basic building and entrepreneurial skills.

A recent survey shows that informal sector operators now outnumber formal sector employees by four to one.

Since these people are often subcontracted to larger concerns which have had to cut their own labour forces during the recession, the sector has become an important reservoir of industry know-how, despite its shortcomings.



# VAT rise to knock mass <sup>123</sup> housing efforts

Property Editor

MASS housing projects are likely to be hardest hit by the 40% increase in VAT, according to Trevor Olivier, AGM mortgage loans at the NBS.

Olivier said not only did the mass housing market operate on extremely tight margins but the VAT increase would further inhibit the ability of financial institutions to advance funds to this sector.

In addition the rise in VAT would reduce the likelihood of a further reduction in the home loan rate in the short to medium term.

"Unfortunately the mass housing market has not been normalised and is being plagued by violence, vandalism and threats of bond boycotts making it extremely difficult to function."

"Any percentage increase would have been disappointing to this sector which primarily comprises new buildings. The irony of the situation is that this market actually has the potential to play a vital role in South Africa's economic recovery through job creation.

"For every R1m lent by financial institutions on new housing, an average of 184 jobs are created directly and indirectly."

Olivier said that outside the mass housing market the VAT increase and new transfer duty threshold will have little effect on the cost of new and existing housing respectively.

"The increase will only add about 2% to the cost of new housing."

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**ENVIRONMENT** For ten years an aware group has called for people to care for their environment

# Let's do things ourselves

**IN OUR continuing, debate on the cleanliness — or lack of it — in black areas, Carlos Mokgojoa of Neighbourhoods Environment Awareness in Kagiso blames black communities for the lack of action. He says black people should have pride in themselves and stop hoping that other people will do things for them.**

**T**HE Neighbourhoods Environment Awareness Taskforce, whose motto is 'Let's Keep Our Neighbourhoods Neat', criticises the black community for its comfortably

**Every time there is a clean-up campaign, only a few people turn up and the rest pass by**

*Sowetan 24/4/93*  
in epideas (armchair criticism and passing the buck to some white council officials.)

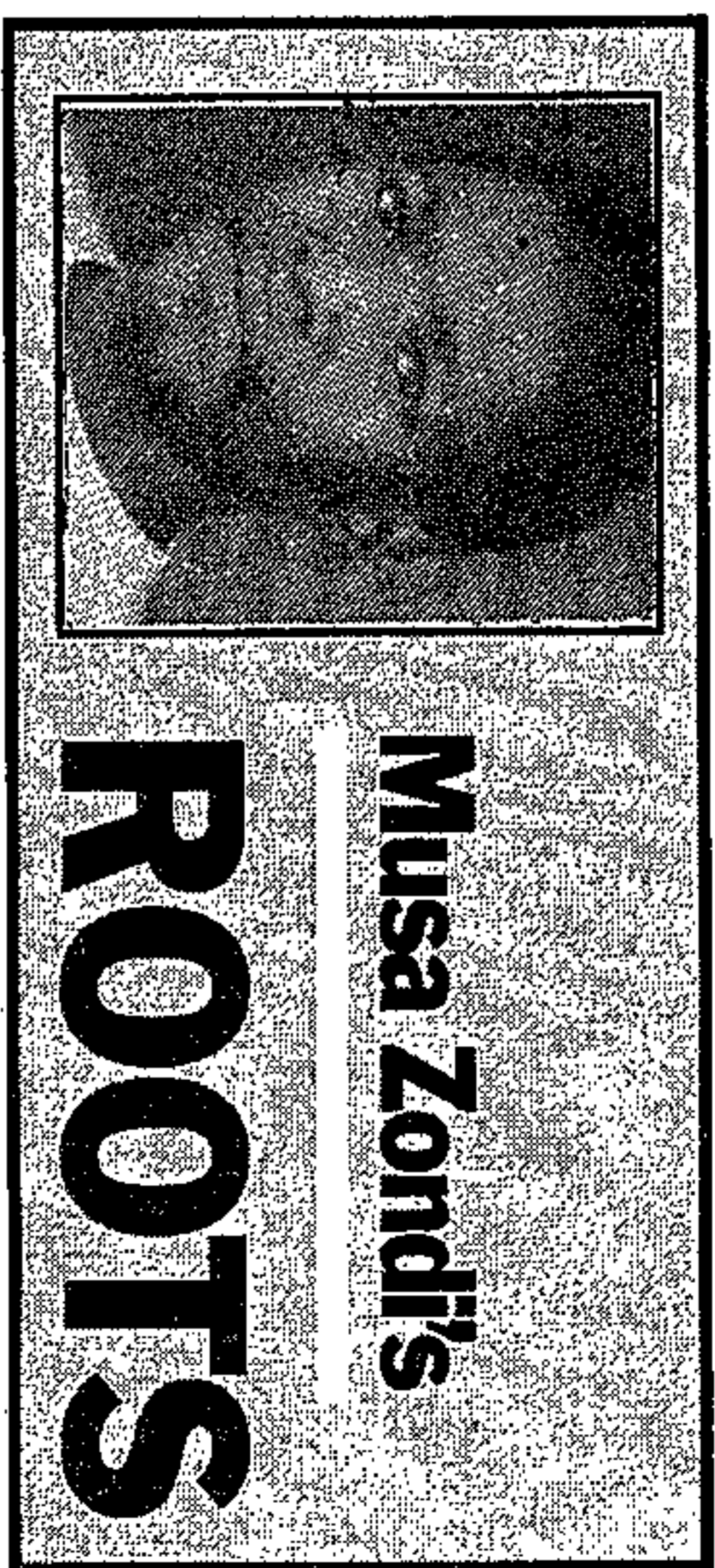
During the ten years Neat has been in existence, we have concluded that the black community hates itself and is lazy too.

Every time there is a clean-up campaign, only a few people turn up and the rest pass by with remarks like: 'That's maspala job'. When asked to donate for volunteer refreshments, they say the

*(123)*  
council must pay up.

When we ask people to plant grass to avoid soil erosion and the dust that dirties their own houses and cars, they refuse. Are we going to blame the Government for our dumping acts in front of other people's houses, churches, schools and shopping centres? Where is our self-respect?

Neat started the campaign by sweeping the streets of broken bottles, nails, stones, litter and soil as an exercise to



educate our people that we can do some of these things ourselves. We need by-laws that deal with proper pet control. Dead dogs and cats can be found everywhere and the stench is unbearable. There is still a problem of people not understanding the importance of trees.

Trees properly planted improve the value of houses and, however minimal, this is also a tiny part of black empowerment. At Neat we hope black communities will start annual garden contests and also celebrate the annual environment highlights. This is our dream.



FM 2/4/93  
MINISTERIAL HOUSES (123)  
**Selling the family silver?**

The sale by tender of Cabinet Ministers' empty houses could cost taxpayers tens of thousands of rands in under-recovery of their true value. Estate agents add that the luxury properties should be professionally marketed in an open, competitive way which provides for extensive negotiation with buyers.

The Public Works Department says nine houses in Cape Town are on the market and tenders for them have been invited. They include a seven-dwelling complex in Walmer Estate that has never been occupied.

Another six properties, three each in Cape Town and Pretoria, are due to come to the market soon. One of the Cape Town properties includes a four-unit townhouse complex.

Those on the market and those due to be marketed will all be sold by tender. The State owns 38 ministerial houses in Cape Town, 28 in Pretoria and one at Isipingo. Only those "which become redundant to the State's needs" will be sold.

The department says two ministerial houses were auctioned in Pretoria in 1990 for

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R381 000 and R560 000 and two in Cape Town last year for R1,7m and R1m. It adds that the properties on the market now are being sold by tender because this method is expected to reach the most potential buyers and achieve the best prices.

Seeff Residential Properties Cape Town branch manager Trevor Davidson says, however, that the sale of property by tender has not been financially successful in SA. He suggests that even auctions would be better, but rejects the department's assertion that tendering saves on agents' commissions. Increased prices achieved in the open market

would more than cover agents' fees.

Seeff Cape Town branch manager Andy Todd says some of the houses are "very prestigious" and need to be marketed carefully to achieve the best price. "Tenderers will be reluctant to stick their necks out without a market indication of value. I believe it would have been wiser to allow the free market to operate in the open to determine maximum market value."

Pam Golding Properties' Andrew Smith says unless the department markets the houses overseas, a big part of the potential market could go untapped as well. ■

**NEWS IN BRIEF**

**Building plans gloom**

THE total value of building plans passed dropped nearly 30% to R615,2m in January compared with R876,2m in the same month last year, CSS statistics released yesterday showed.

The value of non-residential plans passed fell 71% to R70m, mainly due to R134m less space approved in Johannesburg. The value for residential buildings fell 19% to R313m (R384m).

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## NEWS IN BRIEF

### Building plans gloom

THE total value of building plans passed dropped nearly 30% to R615,2m in January compared with R876,2m in the same month last year, CSS statistics released yesterday showed.

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### Insignia 'a courtesy'

SWISS manufacturer Pilatus put SA Air Force insignia on one of its PC-7 training planes as a "courtesy" during a visit by former Defence Minister Gene Louw, a company spokesman said in Stans, Switzerland yesterday.

He said it was a "normal courtesy measure during a visit by ranking clients". The insignia was removed after Louw's visit.

### Malaria rampant

OF THE 100-million cases of malaria reported annually, 80% occurred in Africa, Health and Population Development northern Transvaal director Dr Nicholas Crisp said yesterday after attending a World Health Organisation meeting in Brazzaville, Congo.

About 275-million Africans, or more than half the continent's 500-million people, were infected. The disease was responsible for 1-million deaths a year, he said.

### Beit Bridge warning

ZIMBABWE could lose a substantial volume of tourist business over the Easter holidays if facilities at the Beit Bridge border post were not adequate for the large number of tourists expected from SA, Hotel and Restaurant Association of Zimbabwe president Charles Tawenga said.

He said problems at the border post during the December/January holidays caused much unfavourable comment about Zimbabwe in SA.

REPORTS: Business Day Reporter, Sape-AFP.

# Thousands go as job losses rise in clothing industry

LINDA ENSOR

"Trade missions are arriving on a regular basis and sourcing agents continue to make SA a favoured stop-over," he said.

Exports represented over 10% of official clothing industry output and were estimated to total R500m last year — a 50% increase over the 1991 figure, Werbeloff said.

Federation executive director Hennie van Zyl said yesterday major overseas investors had expressed interest in establishing themselves in SA, mainly through joint ventures with SA firms, with the aim of using the country as a base for exports.

No concrete steps had been taken, however, as there was concern over SA's complicated maze of rules and regulations and its tariff structure. Potential investors were also awaiting the outcome of the investigation into a long-term strategy for the clothing and textile industries.

Van Zyl noted that SA labour costs were competitive with those of Far Eastern clothing manufacturers and the clothing industry also had a well developed infrastructure and a highly demanding retail sector.

CAPE TOWN — Job losses in the clothing industry were accelerating and thousands of workers had joined the ranks of the unemployed, National Clothing Federation economist Arnold Werbeloff said in the latest issue of Clothing Industry News.

Employment levels had dropped 13% in the major manufacturing regions between January 1992 and January 1993. The number of employees dropped to 94 000 (108 000) in this period, with 3 700 jobs lost between December and January this year.

He said Natal had been the most severely affected with employment levels falling 18% last year, followed by the Transvaal with 15% and the western Cape with 9%.

Production volumes of clothing declined 8% and of textiles 12% in the 11 months to November 1992 while production prices in the last quarter of the year were 9% lower for clothing and 5% for textiles. On the other hand retail sales of clothing rose by 4% in real terms in the first 10 months of last year.

Werbeloff attributed this anomaly to the larger share of the market being taken up by second hand and imported clothing and the rise of the homeland and informal manufacturing sectors.

Foreign interest in investing in SA clothing and textile industries had surged in recent months, particularly among US, Belgian and British importers, Werbeloff said.

"The possibilities for exports of clothing and textiles from SA into the EC, eastern Europe, the North Atlantic Free Trade Area and even the Far East are very attractive and these opportunities are enhanced by a variety of export inquiries from these markets," Werbeloff said.



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# Shill aims to relieve housing bottlenecks

By MAGGIE ROWLEY  
Property Editor

RELIEVING bottlenecks in the housing delivery process will be the priority of newly appointed Minister of National Housing and Public Works, Mr Louis Shill.

The surprise appointment of Mr Shill, chairman and chief execu-

tive of the giant finance and property group, Sage, was announced by President F W de Klerk in Parliament yesterday.

The appointment has been lauded by all those canvassed in the construction and housing industry.

The Sage board agreed to release Mr Shill from all his duties until the next general election.

Mr Shill, regarded as a finance and property expert, will head a ministry which for the first time will embrace all aspects of housing and public works under one umbrella.

He accepted the invitation because he believed the new portfolio would allow a co-ordinated approach to housing which had not

been possible before.

"However it is not necessary to reinvent the wheel and use will be made of some of the existing structures, such as the Independent Development Trust and the South African Housing Trust to expedite speedy delivery," he said.

"The housing delivery process to date has been a joke. But delivery

of housing on the required scale cannot happen overnight so no more time can be wasted.

"It is important to alleviate the bottlenecks in the delivery process, the most serious of which is financial, so we can start seeing results on a massive scale."

● Warm applause greets Shill appointment — Page 14



By MAGGIE ROWLEY  
Property Editor

THE appointment of Louis Shill, chairman and CE of the Sage Group, as Minister of National Housing and Public Works has been unanimously applauded by the construction and housing industry.

While the industry had expected a private sector appointment and speculation has abounded, Shill's name had not been mentioned.

However industry sources said his extensive financial and property background made him an ideal choice.

Combined with the restructuring of the Ministry of National Housing to bring all aspects of housing and public works under one umbrella there was at "last a ray of hope that things would start moving", they said.

Shill has extensive experience in both the financial and property

# Warm applause greets Shill

industry.

He was one of the founders of Liberty Life in the late 1950s and the first CE of Sage Fund in 1965 after having helped introduce the unit trust concept into South Africa.

In 1969 he established the Sage Group which has grown into a prominent financial services and property group listed on the JSE and controlling assets of more than R5bn.

The core property division interests of the group, under Sage Properties and Sage Schachat cover a wide spectrum including property ownership, development and home building.

As a past chairman of the Life Offices' Association, Shill was instrumental in the creation of the

LOA's Investment Development Unit which was formed to facilitate investment by life offices in projects which provide socio-economically desirable development yet satisfy investment parameters.

He has also represented the LOA on the Business Forum of the National Economic Forum and on various committees of the National Housing Forum.

Without exception, those canvassed in the construction and housing industries, said Shill's appointment provided a ray of hope for the beleaguered industry.

A spokesman for the National Housing Forum said that while they had not had time to consult member organisations, the NHF believed the move to be positive.

"He has practical experience in housing through both the Allied and Schachat and has played a key role in the insurance, property and financial sector.

"This experience is critical and useful for the housing sector which requires strong leadership and a practical and pragmatic approach to resolving the issues.

"In particular the job of unravelling the complex administrative and bureaucratic processes will prove challenging.

"It is also welcomed that Shill has been a delegate to the NHF and as such has first hand knowledge of its potential and process."

A spokesman for the Independent Development Trust said they welcomed the appointment from the

private sector.

"As such he will understand the importance of sustainability and having good strategies in place with which to tackle the many complexities of the housing issue."

The appointment has also been welcomed by the South African Institute of Building, and the South African Housing Trust said they were impressed with the appointment from the private sector.

In an interview Shill said he believed the Ministry would have to be supportive of the ailing building industry, for without a vital private sector meeting the country's housing needs would not be possible.

Executives of the Building Industries Federation of South Africa

were not available for comment but this acknowledgement will no doubt be warmly welcomed.

Shill, who is the fourth Minister of Housing to be appointed within two years, is on loan from the Sage Group until the next general election which is expected in mid-1994.

The Sage Group board said in a statement that certain executives would assume additional responsibilities during Shill's absence from office.

Gerard Steinmetz, recently retired senior executive of the Rembrandt Group has accepted the appointment of deputy chairman of Sage Group and will be assuming the chairmanship from June 1.

Further appointments to the board are to be announced shortly.

- Former Minister of Finance Barand du Plessis was recently appointed to the Sage board.

Appointment



# Switch on the lights for a better South Africa

By Quentin Wilson

1723

South 10/4 - 14/4/93

**O**NE OF the largest developmental priorities to be faced by a restructured regional and local dispensation is a massive electrification drive.

Speaking at a conference on local government last week, Mr Allan Morgan, Eskom's chief executive officer, outlined the role electricity could play in boosting the economy, health and education in South Africa.

Morgan argued that electricity should be supplied to the 20 million South Africans who do not have access and said this would benefit the country as a whole.

Quoting from a study by Professor Gert de Wet of the University of Pretoria, Morgan estimated that if one million homes were to be electrified over five years, approximately 270 000 jobs would be created.

Looking at other ways in which electricity would help the economy, Morgan said it was "a key requirement" in the development of South Africa's industrial and manufacturing base.

Furthermore, the availability of cheap reliable electricity would encourage the growth of the small business sector and attract foreign investment.

An increased supply of electricity would also be essential for providing better health care facilities.

Said Morgan: "It is inconceivable to believe that adequate health services can be provided by the hundreds, if not thousands, of unelectrified clinics in South Africa.

"Apart from the basic need for sterilisation and refrigeration, the availability of electricity is essential for the application of modern medical technology.

"According to a study published by the Medical Research Council, children living

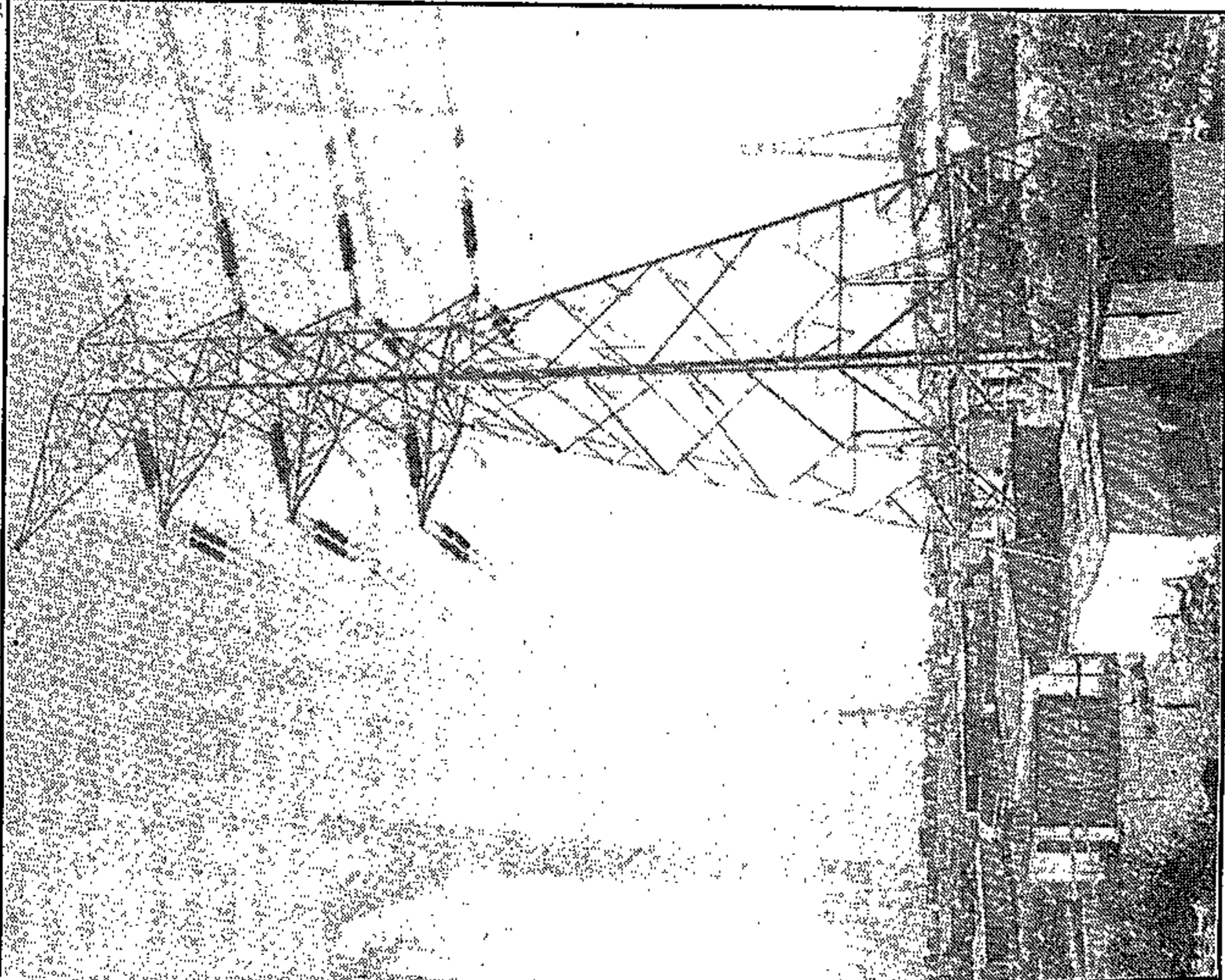
in non-electrified areas have a 170 percent higher risk of developing chest illnesses than children living in electrified areas.

"The study also concludes that the small difference between partially electrified and non-electrified households supports the belief that partial electrification is not the solution within an urban environment."

Referring to education, he said electricity would make a significant difference.

"Not only can children study by bright light at school and at home, but audio visual equipment, TV programmes and other education technology can be used to enhance the quality of education," he said.

In these and other areas of development, Morgan stressed that any plans to extend access to electricity must be integrated with a national development programme — electrification itself would not be enough to meet all of the developmental needs of South Africa, he said.



• AND THERE WAS LIGHT: Electrification is one of the biggest developmental challenges in South Africa



# Mortgage reallocation proposed for SA housing

CAPE TOWN — A modest reallocation of mortgage portfolios to the black community could have a substantial impact on the distorted housing conditions created by apartheid, World Bank executive Stephen Mayo said yesterday. (123) (20)

Opening the 21st World Housing Congress, he presented research statistics identifying policy shifts needed to achieve a well-functioning, fair and self-sustaining SA housing sector.

Mayo, of the World Bank's Urban Development Division, used figures reflecting trends in 1990 in the PWV area, compared to a sample of 52 cities across the world.

These figures showed stark contrasts in the performance of SA's housing sector with housing conditions far worse than should be expected for its level of economic development, and far worse for the black population.

Housing investment was extremely low relative to GNP because effective demand was low. In the white population this was because incomes and population growth were static. Among the black population, apartheid policies had squeezed household budgets, and created insecurities and expenses that cut motivation to spend on housing improvements.

"Thus the housing sector is serving neither the interests of the black population nor the economy as a whole," he said.

"Against these impressions of an under-

performing housing sector are other impressions of a high degree of institutional development and considerable resources which, if reallocated toward the black community, could do much to stimulate demand for housing, increase the quantity and quality of their housing, and contribute importantly toward economic growth."

The level of outstanding mortgage credit and the annual new volume of credit created were striking for a country at SA's level of economic development.

"Only a modest reallocation of mortgage portfolios toward the black community could have a substantial and immediate impact on housing conditions," Mayo said.

At the same time, some of the considerable resources currently being spent on residential infrastructure in white areas could be diverted to servicing existing and new black townships. This would improve service quality and provide incentives for residents to undertake complementary improvements to their dwellings.

Finding ways to energise a powerful latent demand for better housing represented one of the most important challenges for housing policy in SA.

"This will require policy changes on both the demand and supply sides of the market, but, in particular, a profound commitment to changing the framework of property rights and the spatial distortion of the apartheid city." — Sapa.

## De Beer pins hopes on De Looz report

CAPE TOWN — The apartheid pattern of urban development was not going to go away quickly or easily, DP leader Zach de Beer said yesterday. (123)

Speaking at the World Housing Congress in Cape Town, De Beer pinned future hopes for the housing industry on the publication of the De Looz report, and the launching of the national housing forum. (123)

"For the first time in half a century there is an approach to housing which is united, including both authorities and com-

munities together, recommending sensitive and understanding approaches."

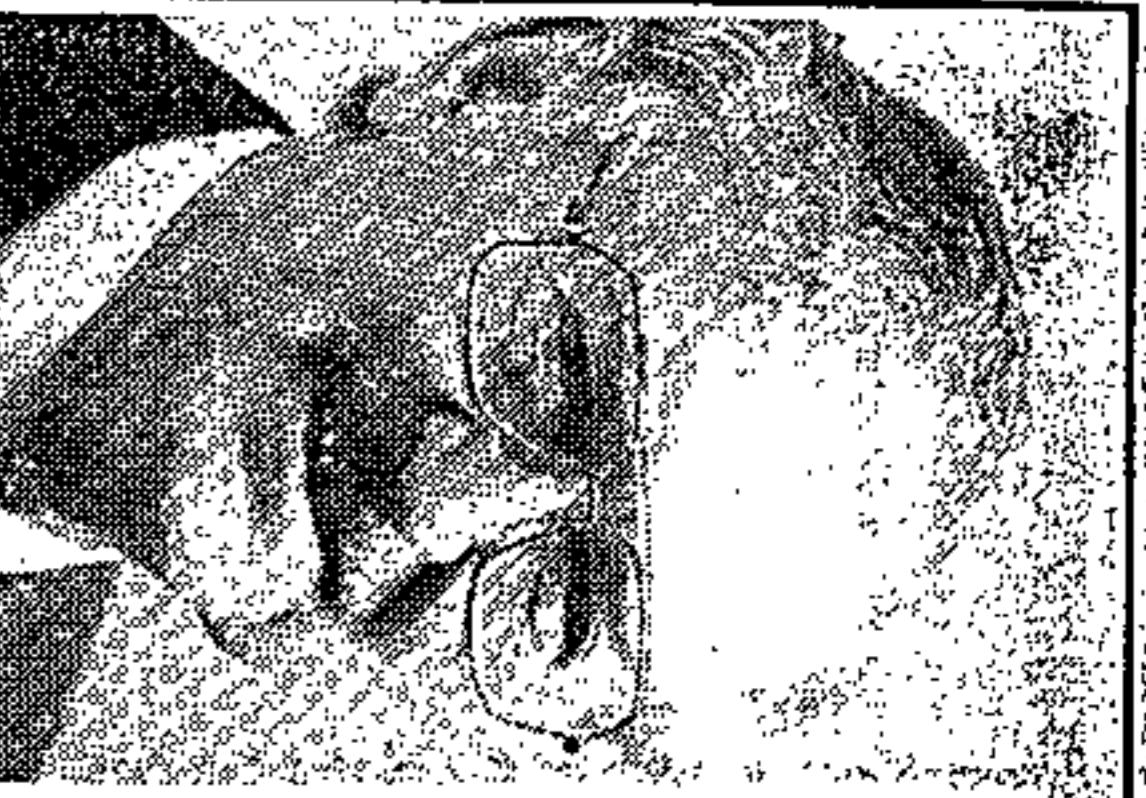
The report, which recommended a single non-racial national housing department with jurisdiction over the entire country, was a breath of fresh air blowing away the "cobwebs of apartheid".

Only the emergence of a new social contract, involving the state, financial institutions, building industry and political leadership in the townships, could mobilise the existing vast resources necessary to meet the housing shortage. — Sapa.



# Hopes on Shill to Shift

123 CT 12/14/93



**LOUIS SHILL** . . . Appointed Minister of National Housing and Public Works last week.

THE appointment of Louis Shill, chairman and CE of the Sage Group, as Minister of National Housing and Public Works has been welcomed by the construction and housing industry.



**Property Perspectives**  
by MAGGIE ROWLEY

Not least of all because Shill, as one of the country's leading brains in the property industry with more than 25 years experience, has a thorough understanding of the problems facing the beleaguered industry still submerged in the country's longest post-World War II recession.

His business acumen through the Sage Group and as a founder of Liberty Life among other things cannot be disputed.

In addition, he has sat on various committees of the broad-based National Housing Forum, which has been striving to devise a solution to the housing crisis over the past year. Through this body, which is representative not only of the private sector and mortgage lenders, but a wide

spectrum of political, civic and union groupings, he is aware of the grassroots feelings, aspirations and ideas. As if these credentials were not enough, as a past chairman of the Life Offices Association (LOA), Shill was also instrumental in the creation of the LOA's Investment Development Unit, formed to facilitate investment by life offices in projects which provide socio-economically desirable development yet satisfy in-

vestment parameters. There is little doubt that a qualified Minister is now in place and many hopes are pinned on him. Shill has his work cut out for him in the months ahead. His time will be short. Shill has pointed out that a general election is expected before mid-1994 and his services are offered until that date — which gives him less than a year to make his impact on a portfolio which has until now been shunted from pillar to post and combined with various other portfolios. There have been no less than four ministers heading the portfolio in the past 24 months. No sooner had representatives of the industry sought representations with one Minister than they were dealing with another — with no progress achieved.

And it has not been plain sailing for previous Ministers of Housing who in addition had been lumbered with other portfolios. Following the appointment of Sam de Beer last year to replace Leon Wessels, the industry responded with despair. Not to the man, but to the third Minister within 18 months. **National policy** Jan Steyn, chairman of the Independent Development Trust (IDT), is reported to have said that the "absence of a national housing policy and strategy has been a major constraint in coping with the crisis. "Minister Wessels has since his appointment been pro-active in coming to grips with this key issue. He has consulted widely and is at present well informed in order to help steer the country towards a coherent national housing policy.

"In these circumstances we note with regret the fact that the Government has found it necessary to appoint a third Minister of National Housing . . . especially at a crucial time when key decisions have to be taken."

That the housing portfolio has now been singled out with public works will allow Shill the opportunity to concentrate on the task at hand.

Shill said in an interview with the Cape Times following his appointment last week that the alleviation of bottlenecks in the housing delivery process will be the priority of the new Ministry.

"The process to date has been a joke. But delivery of housing on the required scale cannot happen overnight so no more time can be wasted in getting the groundwork in place. "What is important is to alleviate the bottlenecks in the delivery pro-

cess, the most serious of which is the financial bottleneck, so we can start seeing results on a massive scale."

That the Ministers of Housing and Finance will have to work closely will be aided by the fact that Derek Keys and Shill are personal friends of 40 years standing.

In Shill's own words, the country cannot afford to waste any more time. Last year 35 000 houses were built — a fraction of the more than 300 000 units required annually to relieve the housing shortage by the turn of the century.

While it is argued in some circles that it is not within the interests of certain parties to see a solution to the housing crisis in place before a new government, the housing backlog will be inherited by any future government and it is in their interests, as well as the rest of the country's, that the ball starts rolling now.

If there are any further delays, there will be more casualties in the home building and construction industry, and the country will lose what ability it has to bring housing to the homeless.



# Homing in on housing crisis

President de Klerk has again turned to the higher echelons of big business to find a volunteer to try to crack a giant-size problem. Now, writes MICHAEL CHESTER, Louis Shill takes a seat in the Cabinet to tackle the housing crisis.

**THE APPOINTMENT** of Sage chairman Louis Shill as Minister of National Housing and Public Works marks yet another foray by President de Klerk into the boardrooms of big business to find a volunteer to fill a Cabinet hot seat.

The merits of searching beyond the limits of the political arena to bring in business skills to tackle obstinate problems and set new courses into the future have been proved by Finance Minister Derek Keys.

Keys, imported into the Cabinet from the Gencor industrial conglomerate, has impressed even National Party foes in extra-parliamentary camps with fresh approaches to economic policies.

Shill is clearly also being relied on to win popular support by using tried and tested business practices — rather than political rhetoric — to confront the problems.

He may be better equipped to tackle housing issues than first suspected in a chairman and chief executive of a financial empire that controls and manages assets worth more than R5 billion — expected to be more familiar with battles in corporate boardrooms than with battles for survival in shack towns and squatter camps.

However, he is able to chip in a reminder that property and house-building and land development have formed a substantial slice of his business interests — along with insurance and financial services — ever since he founded the Sage group in 1968.

Shill has already put under the microscope the vital link between the actual building of houses and cash resources needed to start operations in the first place.

He is fully aware that this is the link that has often been

missing when housing initiatives have been held at a standstill or at best a crawl until now.

Time and again the absence of the link has been behind the frustration of low-income black families that have somehow scratched together the savings to cover a down-payment to start laying the bricks and mortar — only to be thwarted by no access to mortgage funds.

It is well known, whatever the denials, that the banks and building societies do not like bending traditional rules to package a mortgage deal on houses on the lower rungs of the price ladder.

Shill is convinced it is a nut that can be cracked. Moreover, he believes it is imperative to crack it if a real start is going to be made in removing the logjam of housing shortages.

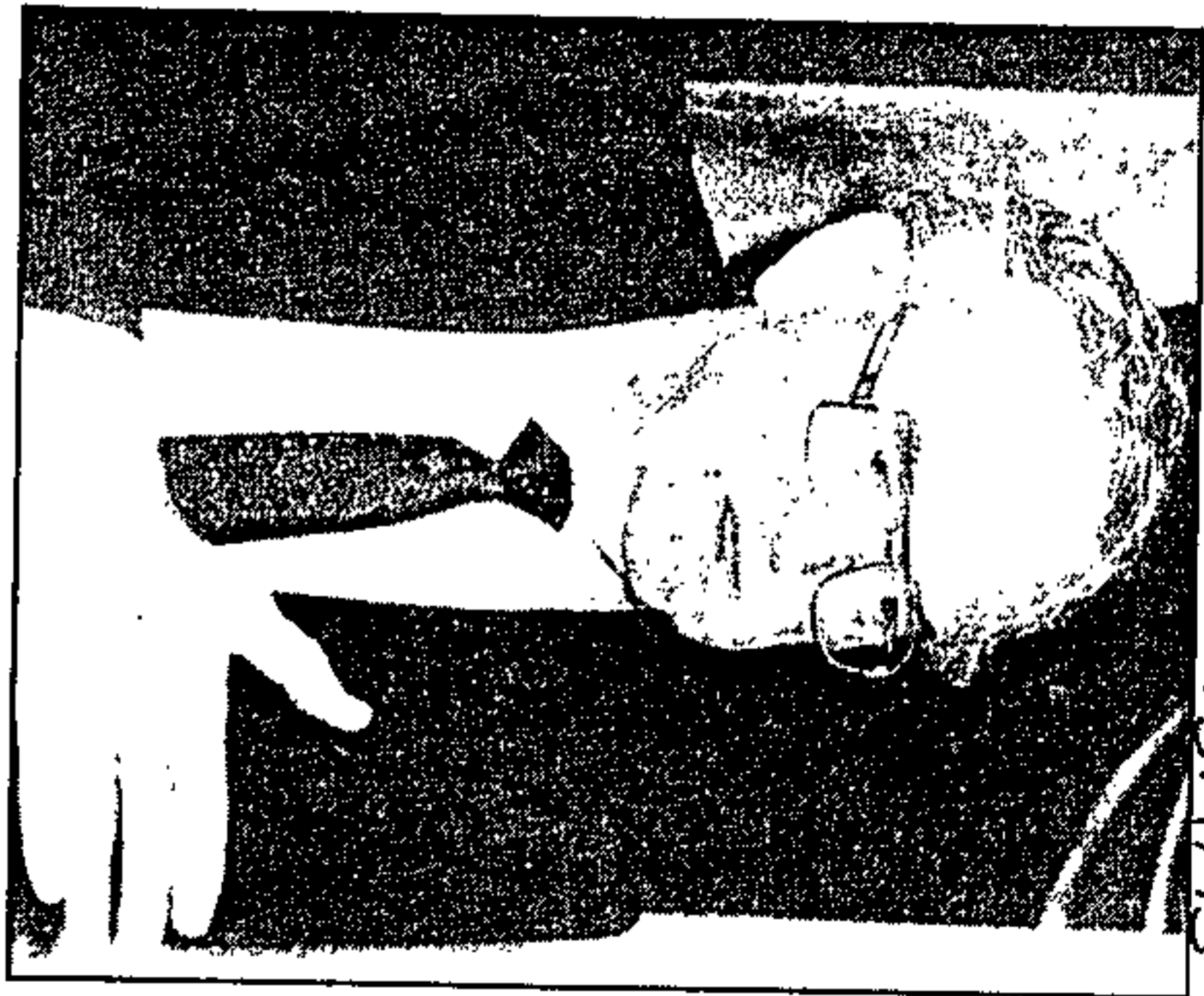
He has already caused a flicker of optimism by using his high status in the insurance sector to persuade the Life Offices' Association (LOA) to launch a special investment development unit.

The unit's objective: to facilitate investment by the wealthy insurance companies "in projects which provide socio-economically desirable development". The accent will be on low-cost houses.

Shill has already outlined the proposals inside the Government's Standing Advisory Committee on the Long Term Insurance Industry.

Since he represents the LOA on the National Economic Forum as well as on various committees of the National Housing Forum, the proposals have reached a still wider audience.

But no one need remind Shill that the housing crisis will not disappear if he depended solely on solutions to the problems of homeless black families fortunate



Star 13/4/93

**New blood . . .** Louis Shill believes he can turn the housing situation around.

Picture: George Mashini

enough to have steady incomes and at least a modest nest-egg.

He has in mind strategies to accelerate housing programmes that aim at four specific levels:

- Families that have the resources to afford to buy a home — but await signs of renewed action by construction companies.
- Families that cannot find access to mortgage finance.
- Families hit by temporary unemployment or at the bot-

tom of the income ladder but with longer term prospects of being able to afford a reasonable mortgage package.

- Families in absolute destitution and in despair about ever having their own home.
- "Every country in the world has pressing housing needs," says Shill. "But in South Africa the dilemma of an actual backlog of as many as 1.3 million homes — even without a full count of the homeless — falls into the category of a crisis."

"Of course we need new strategies to start a dynamic immediate housing programme. Equally important, though, we need new longer term strategies that stand the test of viability and which give hope to families that feel dismay about a housing queue that looks endless."

The first priority, he says, must be far better co-ordination between various housing initiatives and a full examination of the precise function of all the players in both the public and private sector.

"Ideally, the national housing department and the public works department in tandem rather than separate entities with fixed boundaries, will provide general direction towards new objectives."

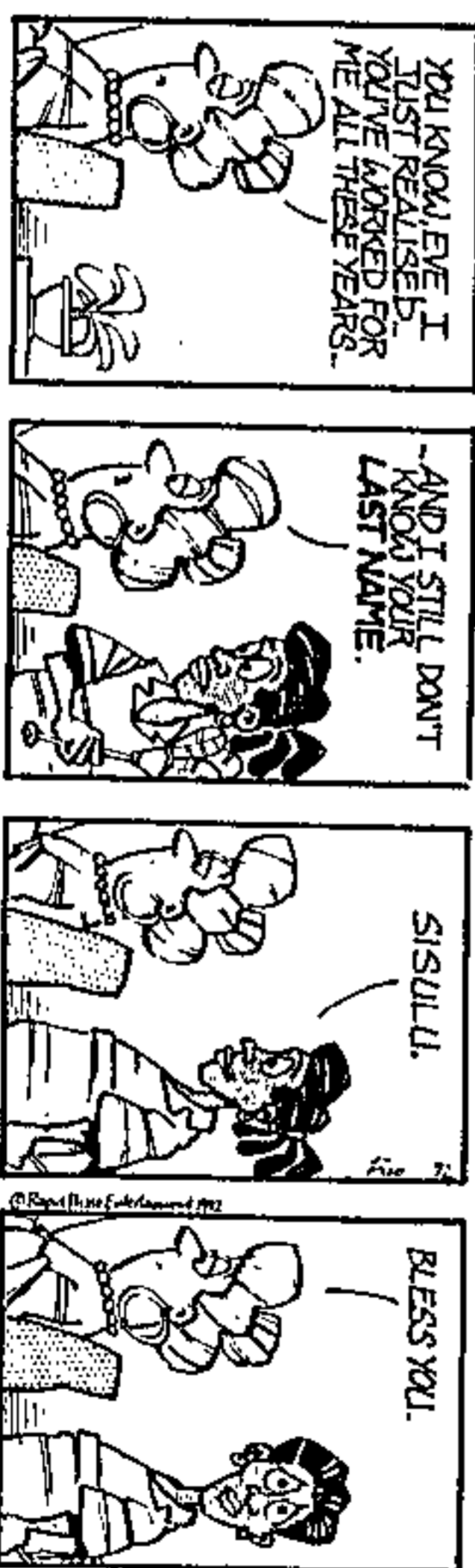
"In particular, we need to encourage the release of more investment funds into housing, meaning new financial mechanisms to provide some sort of safety net or security for finance — and so make finance more accessible to potential home-buyers and developers and builders.

Also on the Shill agenda will be a thorough new look at all of the land and property under the public works department.

"We need to be certain that all of the assets are being put to best use," he says. "We don't need to increase the size and number of public works assets. But we may need to start using words like commercialisation or even privatisation."

"There is a mountain of problems. Perhaps solutions will be found quicker if they are tackled in a down-to-earth business manner." □

## MADAM & EVE By S Francis, H Dugmore & Rico





# Affluent blacks start shift to white suburbs

Star 14/4/93

## Own Correspondents

Black businessmen, executives and politicians are buying homes in white areas at an increasing rate.

This shopping spree for houses is taking place while home-buying among whites is slackening, say experts in the property market.

This is a fair reflection of what is happening politically and economically in South Africa, say the experts, because the average white consumer is being hard hit by inflation, high taxation and poor job prospects.

Many whites vacating their properties out of desperation have settled in smaller dwellings and townhouses, while others have built bigger homes.

Jobless and poorer whites, hard-hit by recession and inflation, often end up homeless, and trudge the city streets in search of food and money.

Some of the previously white Conservative Party-controlled suburbs like Dawn Park and Freeway Park in Boksburg, Leondale and Rondebult in Germiston and Bedworth Park at Vereeniging, have virtually been taken over by blacks.

It is almost a way of life for affluent blacks to settle in the posh suburbs and towns such as Sandton, Bryanston, Randburg, Houghton, Mountainview, Hyde Park and Kelvin.

## Top brass

Among top brass known to be living in the suburbs are National Sorghum Breweries chief executive Mohale Mahanyele, Anglo American's Don Ncube, businessman Richard Maponya, soccer impresario Kaiser Motaung, businessman Gaby Magomola and SA Black Taxis Association executive and Futurebank chairman Jabu Mabuza.



Leader . . . businessman Richard Maponya.



Moving up . . . ANC president Nelson Mandela.



Ensclosed in better suburb . . . Joe Modise.



Living in "white" suburb . . . Oliver Tambo

Politicians living in top suburbs include the ANC's Nelson Mandela, Thabo Mbeki, Toyko Sexwale, Pallo Jordan, Penwell Maduna, Joe Modise, Oliver Tambo and the PAC's Willie Seriti.

There are numerous reasons for settling in these areas but the bottom line is that "if you can afford to stay there, why not do so".

Chairman of Johannesburg's Black Management Forum branch Zamani Jali says many members of his organisation live in the suburbs.

"We do not have a policy regarding where people should live", he said. "It is their democratic right to live where they want."

A black executive and politician argues: "South Africa belongs to all who live in it. We are at liberty even to take our children to schools of our choice."

Many are trying to beat the rush before the possible advent of a new black-dominated government by buying homes in PWV suburbs.

Camdon managing di-

"But our services are not only directed to executives," he added.

The spectrum of the South African property market changed drastically after President de Klerk scrapped racial restrictions in the title deeds of immovable property.

According to the Deeds Office in Pretoria, there has been an increase of 4,3 percent during 1992 over the previous year of blacks moving into white suburbs.

Chairman of the Estate Agents' Board Eskel Jawitz says it is no longer an exception for blacks to settle in so-called white areas, but it a norm, although no statistics are available.

He says whites previously living in these suburbs are known to be moving into townhouses, smaller houses or much bigger dwellings elsewhere.

The board was prepared to train black estate agents to "educate their own people" as well as to create jobs for them during the transitional period.

rector Scott McRae says the new market was created by middle-class blacks wanting better housing.

Their security requirements and desire for a pleasant environment were similar to those of their white counterparts.

"I believe that when the country settles down politically and unrest abates, the black market is going to boom to an unprecedented degree," McRae says.

Pitso Mabena of Afri Home says scores of black executives have made inquiries about the prospects of buying property in previously all-white areas.

"With our links to property brokers, we believe we are able to provide vital advice and service to executives investing in these areas," he says.

His firm has cooperated with Comprehensive Property Services, which serves the entire property industry, and he had placed many black executives in previously white suburbs. He did not know the exact numbers.



BIDAM 15/4/93

### AML to endorse deal

THE Association of Mortgage Lenders appears set to endorse at a council meeting next week an agreement reached with the SA National Civic Organisation to establish an unemployment bond insurance scheme and "new procedures" for handling arrears, defaults and repossessions.

REPORTS: Business Day Reporter, Sapa  
Own Correspondent.

123

# Demand for low-price homes; office rents retreat

**TOM HOOD** Business Editor

123  
AUG 17/4/93

GROWTH in lower-price houses is easily out-performing the middle and upper-market indices, says the Rode Report for the first quarter of 1993.

Rode's house price index showed upper-price houses in Johannesburg and medium-price houses in Cape Town fared worst.

Nationally, the all-price index showed a 13,5 per cent growth, with much stronger growth than this being demonstrated in some regions. Pretoria's growth looked particularly strong, but this was off a very low base.

Average flat rents in Cape Town and Durban were up for all unit sizes over the previous quarter.

Rents for smaller flats in Johannesburg and en-

virons lost ground, while rents for larger units tended upwards, particularly in the "better" suburbs.

Averages for Pretoria showed a totally opposite pattern, with meagre increases in rents for small units and a falling-back in achievable rents for two and three-bedroomed flats.

The property market at the end of 1992 was showing many indications of having been savaged by the recession, with only a few specialised sectors showing signs of survival, let alone a turn-around.

There were tentative signs that home-building activity may have bottomed out in August 1992, followed by an increase in home starts.

Townhouse construction was continuing its strong, consistent upswing.

Non-residential building was still diminishing and building starts were now back to 1987 levels. In tandem with this, non-residential building costs were growing at a low rate.

Compiler Erwin Rode said office rents were largely in retreat, with industrial rentals also negative, even in nominal terms.

Office rents for most nodes and grades were down in the fourth quarter of 1992 compared to levels surveyed in the third quarter. Notable exceptions were Johannesburg and Pretoria CBD rents, which edged up marginally (against their current downward trend), and the Sandton CBD, where levels were well up. Vacancies tended to decline in the decentralised office nodes and to climb in the CBDs. Take-up was also generally better in decentralised nodes than CBD's particularly when

viewed over the past year.

Over the past year industrial rentals for 1 000m<sup>2</sup> units showed negative nominal growth in most areas. Exceptions were the Peninsula and Durban.

This pattern was repeated in quarter four of 1992, with the exception of the East and Far East Rand, where rent levels increased slightly.

No large increases in the vacancy grade were reported, although this was still trending upwards, particularly in the Transvaal industrial areas.

Regional shopping centre capitalisation rates have been dropping since 1989 but held fairly firm last year. Prime CBD office cap rates, on the other hand, have been rising since the beginning of 1992, with Cape Town and Johannesburg faring worst. Industrial leaseback cap rates showed little movement.



Tuesday, April 13 quotations for unit trusts:

**General Equity Funds:**

ABSA:	139,32	130,32	5,54
BOE: Growth	155,36	145,13	2,97
Community Growth Fund	111,24	105,10	na
CU Growth	117,98	110,15	3,77
Fedgro	127,11	118,69	4,84
Guardbank Growth	2526,49	2352,12	4,77
IGI Life:	127,16	118,99	3,41
Mettund	191,32	177,60	4,31
Mettife GE	116,94	109,25	6,41
Momentum	250,95	235,20	4,23
NBS: Hallmark	919,33	857,36	4,61
Norwich	355,18	331,62	3,66
Old Mutual Investors	2552,17	2377,68	4,05
Sage	2340,58	2183,89	3,84
Sanlam	1589,38	1489,09	3,51
Southern	203,37	190,42	3,99
Standard Bank	1177,40	1106,54	7,02
Sytrats Growth	289,55	271,21	4,66
Sytrats Trustee	114,86	107,66	4,33
UAL	2033,31	1909,29	5,48

# Investing in Unit Trusts

SOUTH

17/4-21/4/93

Owning a house has fundamental implications on an individual's quality of life. A house provides the family with security, in which children can be brought up and life enjoyed together. A house is also an investment which can provide excellent long term returns.

Everybody has a desire to own property, but not everybody can afford this type of investment. Most people need to plan ahead and save up a deposit for a house. However, depending on the home loan you are granted, you will have to pay a deposit of between 5% and 20% of the purchase price of the house. Buying a house is a long term project and it is therefore necessary to find a saving method that will provide high, long term growth.

Old Mutual Homeowners Trust is an ideal solution, providing a flexible investment means. The benefits of Homeowners Trust is

two-fold: the investment has the potential to achieve inflation beating returns over the medium to long term and the investment can be withdrawn whenever the money is needed.

Old Mutual Homeowners Trust is an investment in UNIT TRUSTS, a popular savings means which has over 1 million South African investors. A unit trust is a pool of money created by many investors and used by Old Mutual's investment experts to buy a spread of top quality shares on the Johannesburg Stock Exchange. Each investor becomes the owner of units which represents part ownership of all the shares purchased. Over time the shares increase in value and so do the units.

The best thing about the Old Mutual Homeowners Trust is that you need only invest as little as R50 a month, or a minimum lump

sum of R500. These amounts can be increased at any time, thereby increasing the end value of your investments.

Old Mutual Homeowners Trust is the most versatile investment - your money is readily available and can be used to assist you in paying for a deposit on a house, paying off an existing bond, renovating or buying furniture and appliances.

For more information on this exciting investment visit your nearest Old Mutual branch or phone Old Mutual Units Trust, free of charge, on 0800-234-234.



Helping you make the most of the stock exchange



## Malaria bugs SA businessmen in search of trade

S/Times (BUSS) 18/4/93

THE hidden costs of doing business with Africa are permeating through to the business community.

Dozens of businessmen venturing into Mozambique, Zambia, Kenya and Malawi have been laid low by malaria and hepatitis, forcing some companies to rerate the risk of sending executives to these areas.

Clinics in upmarket suburbs confirm an increase in the number of hospital cases of malaria. Many patients were bitten by mosquitoes while on business trips. The increase in the incidence of malaria follows good rains in Southern Africa.

A Sandton Clinic spokesman reports an increase in the number of malaria patients in the past few months. "Many people contracted the disease in neighbouring countries where there are poor controls."

If not recognised and treated within a few days, complications, including cerebral malaria, can develop, often with fatal results, says a physician.

South African Foreign Trade Organisation (Safit) spokesman Andrew Mags advises businessmen to observe health regulations when going to African countries.

### Safest

"In addition to taking prophylactics against malaria it is advisable to get hepatitis shots — three over six months — and to check whether cholera and yellow fever have been prevalent in the area to be visited. In the case of malaria it is essential to continue treatment on return to South Africa."

Sales of prophylactics have risen sharply, says Anja Gruttke, manager of Wellcome's over-the-counter products division. Wellcome makes two commonly used

By **CHERYLYN IRETON**

anti-malaria prophylactics, Maloprim and Daraclor.

However, these drugs are not recommended by the Department of National Health. Daraclor is ineffectual against chloroquine resistant parasites and Maloprim's efficacy is in doubt.

But the department says chloroquine is still one of the safest, most effective anti-malarials. Where there is resistance to chloroquine, a cocktail of chloroquine (sold under the brand name of Nivaquine) and Proguanil — not registered in South Africa — is recommended. Proguanil can be bought in most Southern African countries.

Maloprim, a combination of pyrimethamine and dapsone, is recommended by the Zimbabwe health authorities.

Because of the emergence of resistant strains, Wellcome advises travellers to check the best preventative medicine with the health authorities of the country they are visiting.

The Department of National Health says malaria usually develops 10 to 30 days after a bite by an infected mosquito. The period can be longer if the parasites are resistant to prophylactics.

The initial symptoms are a flu-like illness with shivering, headache, fever, muscular pains, sweating, nausea, diarrhoea and fatigue.

The World Health Organisation says 110-million clinical cases of malaria occur each year. Most cases are in sub-Saharan Africa.

## How to halve cost of bond

S/Times (BUSS) 18/4/93

By **TERRY BETTY**

PLANNING can almost halve the cost of a property buyer's bond.

Financial consultant Fazel Mahomed says the buyer can make regular payments over 20 to 30 years, or the bond can be paid off faster than necessary.

Other options are paying only interest and taking out an endowment policy or buying into a unit trust to redeem the capital amount on maturity.

A person can redeem a R100 000 bond in 10 instead of 20 years if he pays an extra R284 a month.

The bond will cost R201 000 instead of R333 840 if only regular payments were made.

Pumping extra money into a bond is one of the best investments. To beat it, one would have to find an after-tax return of 18%. A person paying the marginal tax rate of 43% would need an investment yielding more than 32% a year.

Mr Mahomed says making only the scheduled payments is sensible if a person has a subsidised bond. It would be better for him to invest excess cash elsewhere because the bond costs less than normal.

Paying only interest on the bond and subscribing to a unit trust or endowment policy to redeem the capital amount is a popular option.

### Fraught

Mr Mahomed says endowment policies are advisable in only a few cases.

The benefits are that if the policy grows faster than the bond rate, the borrower will make money or pay off the bond earlier.

But if the policy does not perform well, the investor will lose money.

Most endowment policies guarantee a return of about 5% a year and are performing at 10% to 20% a year over 10 years.

Mr Mahomed says this option is fraught with problems, mainly because it lacks flexibility.

Another option is paying only interest on the bond while contributing to a unit trust. They have generally shown a return of 20% to 30% a year in the past 15 years.

Although they have higher historic returns, they also bear a higher risk.

The advantages are that they are flexible and contributions can be increased or decreased. They can be cashed in at any time without incurring a tax liability.

threaten  
ice plan

CHERYLYN IRETON (58)



# New areas targeted for executive apartments

H. LEWIS Trafalgar is planning to expand its Trafalgar Courts executive apartments concept.

It has targeted the Johannesburg northern suburbs, the eastern Cape and Port Elizabeth as possible areas of expansion.

"Last year our occupancies never fell below 90% and averaged at about 95%. Corporate companies and embassies generated over 70% of the business," said MD Neville Schaefer.

The group, which entered the executive apartment business in 1988, now has five furnished blocks offering 237 units, which can be rented on a daily or monthly basis.

One is in Arcadia, Pretoria, one in Cape Town, one in Sandton and two in Illovo.

The group has spent more than R25m in development costs on the buildings as all units are standardised to offer the same

PETER GALLI

facilities and furnishings.

"Many corporates hire units on a monthly basis for staff and visitors, and the fact that each unit has its own catering facilities is a plus," said Schaefer.

There was a shift in the tough economic conditions towards self-catering furnished apartments from traditional hotel rooms, particularly in the business market.

The furnished apartment concept has worked well in the US and Europe, and is aimed at people who travel frequently, prefer a less formal environment and can accommodate other members of their family if necessary.

The price a night ranges from R155 for a bachelor unit to R325 for a three-bedroom unit. Five-star hotel rates range

123

88

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between R300 and R500 a night. The group has been active in acquiring other property-related interests over the past few years.

Late last year it bought five Pizza Hut franchises for more than R1m covering the Ballito Bay, Margate and Maritzburg areas. In terms of the agreement it has to open three new developments a year.

"The rationale for acquiring these franchises is that we have the management in place to run them, and they are mostly strategically placed around our timeshare resorts," Schaefer says.

The group continues to gain market share with its property administration operations that were developed to meet the standards required by the purchasers of sectional title and shareblock apartments. This division's need for preferential in-

surance rates and services for its clients led to the formation of the group's own insurance brokerage division.

It also has a commercial and industrial division that focuses on the Cape Town, Port Elizabeth and Durban markets, while the sectional title division buys high rise residential apartment buildings to be individually sold under sectional title.

The residential sales division markets the sectional title conversions. Last year, the group acquired Durban-based indoor plant company Gardenaire and indoor plant supplier Airley Farms, which it believes further complements its current range of property-related services.

While this operation has been restricted to Natal so far, it will be opening in Johannesburg next month.

# Political jitters hit residential market

123  
SIDM 21/4/93  
PETER GALLI

THE instability after the assassination of SACP leader Chris Hani has had a sobering effect on the residential property market, with activity generally slowing down, leading estate agents say.

This has resulted in many sellers at the upper end of the market again revising the asking price for their properties and considering lower offers, they say.

Pam Golding Properties director Ronald Ennik says recent developments have caused anxiety among sellers, who are concerned about the effect this is going to have on the property market.

"This has, in some cases, resulted in the seller becoming more flexible on price. Many prospective buyers are again adopting a wait-and-see attitude before committing themselves to any course of action," he says.

If the planned mass action campaign is sustained for six weeks, its effect on market activity and prices will definitely be negative.

"Before Hani's assassination the market was showing increased optimism and renewed activity, particularly at the upper end. While this has been reversed, we hope it is only a hiccup in the recovery process," Ennik says.

Eskel Jawitz of Eskel Jawitz-JHI Real Estate says recent events have had a sobering effect on the residential property market, which "has no consistency at the moment and can be described as irrational." While the market has been affected by

recent developments, it is impossible to quantify this. Some areas reflected good show day attendances on Sunday, while others saw almost none."

Lew Geffen of Lew Geffen Estates says show attendances are down at homes priced at more than R300 000, but the lower end of the market remains relatively unaffected.

"The situation is volatile. Anything can happen over the next two weeks. Many sellers at the upper end of the market have decided not to put their homes on show this week as they feel this is pointless until things settle down," he says.

Camdons chairman Scott McRae says the number of prospective buyers in the market has diminished as many are leaving the country. "The others are actively looking for bargains and will accept nothing less."

"While we saw a good number of people at show houses on Sunday, buyers are looking for discounted properties and many sellers are accepting this and coming down in price," he says.

Seeff Residential Properties MD Bernard O'Riain says activity is centred around the middle to lower end of the market, where "life goes on as usual".

However, deals are being concluded and foreign buyers are also in the market as the weakness of the rand and relatively low property prices outweigh political risks, he says.



# Minister to be asked for rental housing funds

ARC 2/4/93 (123)

## Municipal Reporter

THE CAPE Province Municipal Association is to seek an interview with new Minister of Housing Mr Louis Shill to ask for funds for rental housing.

This was decided after calls from Wellington and Cape Town councils at the association's annual congress at The Strand.

Cape Town housing committee chairman Mr Neil Ross said some people did not want or could not afford to own houses.

Of 29 000 council houses first offered for sale in 1983, 11 000 were unsold, even though prices were low and terms reasonable.

Because of the housing crisis, some people desperate for accommodation bought homes and could not keep up the payments.

Mr Ross lashed out at a decision not to have local government representation on the National Housing Forum.

"This was quite wrong, given our expertise. Our council built a city bigger than Bloemfontein (when it built Mitchell's Plain)," he said.

The Wellington Town Council said people wanted to be mobile because of scarce job opportunities.

The cost of putting in services was so high few could afford houses.

Outs.

Star 21/4/93  
**Millions without proper homes** (123)  
CAPE TOWN — South Africa had 2,7 million squatters and 2,2 million people living in backyards at the end of 1992, according to a report tabled in Parliament. The report by the Department of Local Government and National Housing said provincial administrations had made available 78 000 new building sites in 1992 as part of a five-year development programme that was still gaining momentum. — Sapa.



# Market slump sees rental levels falling

LINDA ENSOR

CAPE TOWN — The slump in the property market in the last quarter of 1992 saw office rentals in retreat, industrial rentals negative and a slide in flat rental growth rates, the latest Rode Report on the SA Property Market said.

Editor Erwin Rode said office rentals for most nodes and grades were down in the fourth quarter compared with the third quarter, with the exception of Johannesburg and Pretoria where rentals edged up marginally and the Sandton CBD where there was a sharp rise.

"Vacancies again tended to decline in the decentralised office nodes and to climb in the CBDs as takeup in decentralised nodes was better than CBDs," Rode said.

Industrial rentals for 1 000m<sup>2</sup> units showed negative nominal growth in most areas last year except in Durban and the Cape Peninsula. This trend continued in the fourth quarter except on the East Rand and the Far East Rand where rental levels increased slightly.

No large increases in the vacancy grade were reported, though the trend was upwards.

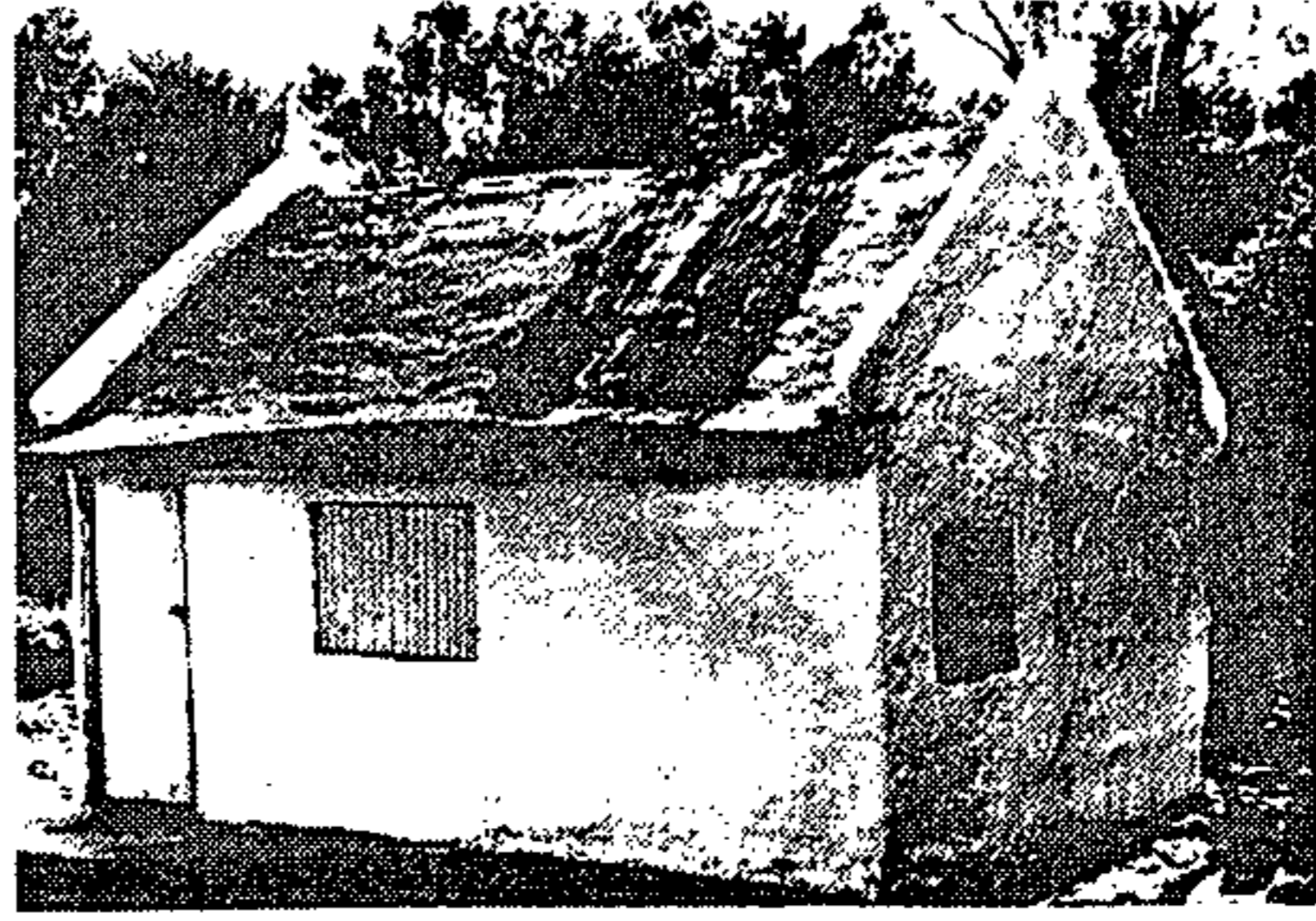
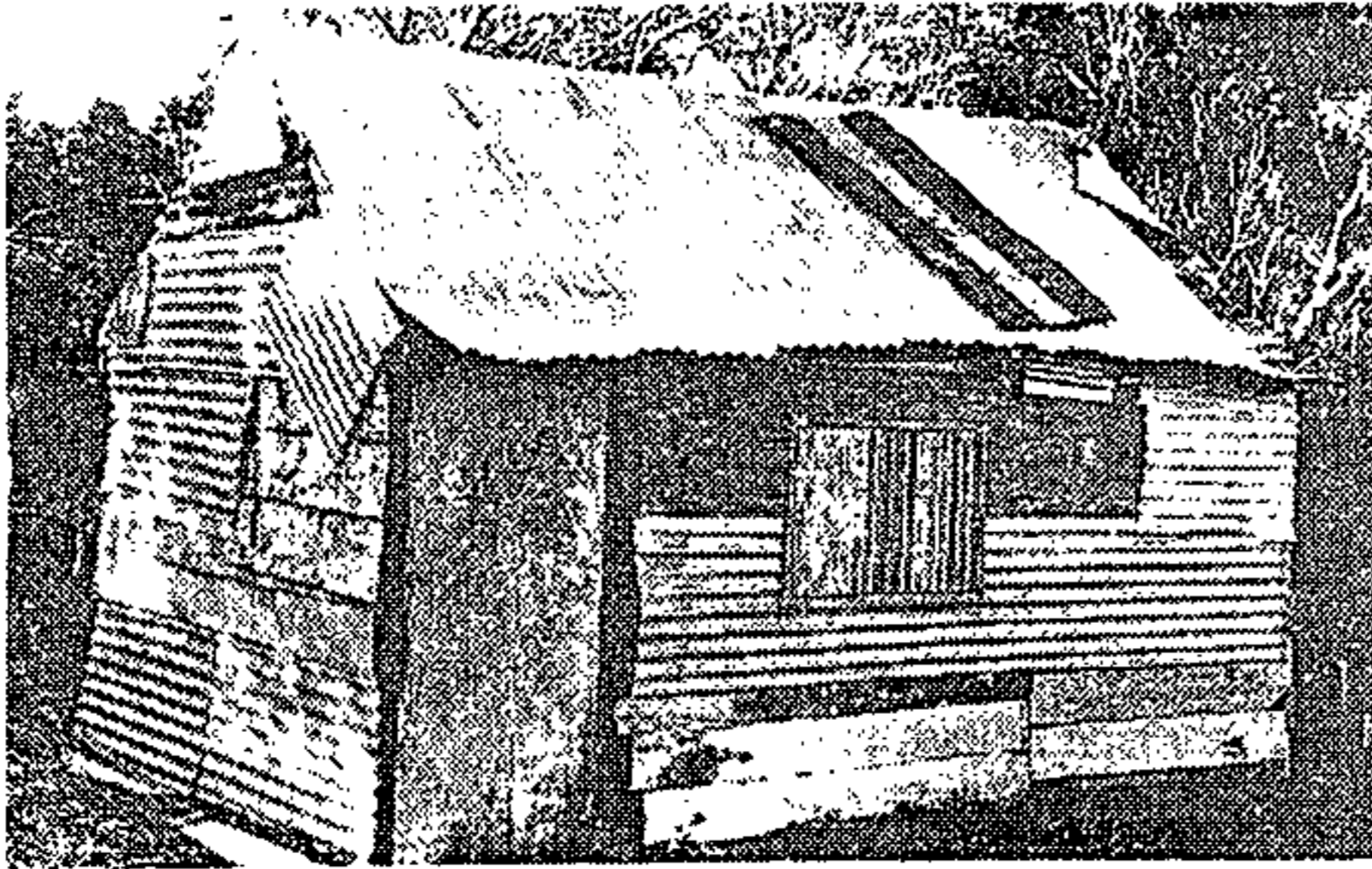
Regional shopping centre capitalisation rates held firm during 1992, but prime CBD office capitalisation rates had risen. There was little movement in industrial leaseback capitalisation rates.

Rode noted that lower priced houses were outperforming the middle and upper class indices. During the year to end-June 1992, the all-price class index grew 13,5%, with regional differentiation. Strong growth off a very low base was recorded in Pretoria while upper price houses in Johannesburg and medium price houses in Cape Town fared worst.

flat rentals in the fourth quarter were up for all unit sizes in Durban and Cape Town in the previous quarter. However, small unit rentals in Johannesburg dropped whilst large unit rentals moved upwards. The opposite was the case in Pretoria.

Rode said there were tentative signs that home building activity might have bottomed out in August last year. The construction of townhouses was continuing upward.

"Non-residential building activity is still diminishing and building starts are back to 1987 levels," Rode said.



It costs only R714 to upgrade the shack (left) to the more acceptable informal house (right), according to costing prepared by the Portland Cement Institute.

## Shack turned into cheap cottage

IT WOULD cost only R714 to upgrade the makeshift squatters shack into the more acceptable form of informal housing, according to the Portland Cement Institute's Eastern Cape Regional Office in Port Elizabeth, which recently completed new costing for the upgraded

shack which is a permanent structure at the Institute's offices in Summerstrand.

Johan Malherbe, Regional Director of the PCI, says the original shack was built with waste corrugated iron, oil drums, cardboard, timber debris and plastic bags.

"The upgrading was carried out some years ago with cement, chicken wire and plastic bags which provided more waterproof and durable walls and roofs. Building lime was used as a finishing coat."

Malherbe says the PCI believes that the combination of appropriate tech-

nology with individual skills and initiatives could substantially contribute to the short-term easing of the housing backlog in South Africa.

The durability of the shack is illustrated by the fact that it has now successfully withstood the aggressive coastal climatic conditions for about 15 years.

## Confidence tricksters operating in Delft

THE popularity of housing at Delft has led to unauthorised people trying to make money out of would-be buyers.

The project director for Delft, Mr James Slabbert, said people masquerading as agents have been accepting deposits and promising delivery of houses when they had no authority to do so.

### Contractor

"At the moment no agents are employed by the project team as they do their own marketing," said Mr Slabbert.

"Once a contractor is accepted by the project team, all signing of contracts has to be done through the team. No contractor can do a deal on his own."

Mr Slabbert warned that if buyers give money to a so-called agent they could lose it.

"If someone approaches any member of the public and offers to sell him a house at Delft, the project team would like to hear about it as soon as possible," he said.

□ For further information call Mr Slabbert on (021) 954-1133.

## Culemborg attracts prospective buyers

THERE has been a surge of interest from prospective buyers in Culemborg, the newly converted sectional title apartment block in Rondebosch.

"Within days of coming on the market we sold one of the apartments and we have been swamped with inquiries," said Hugh Denny, Cape regional director of Pam Golding Properties, who believes the block offers excellent value for money.

### Lush garden

Situated in Ednam Road, the block is close to the WP rugby and cricket grounds in Newlands, Kelvin Grove,

UCT, primary and high schools, transport and the shopping facilities of Claremont.

The elegant north-facing block consists of 20 apartments and is surrounded by a lush garden with enclosed walkways and a sparkling pool.

### Private

One-bedroomed apartments are priced from R92 500, while the 14 two-bedroomed apartments are priced from R170 000. There is also one three-bedroomed apartment on the ground floor with two bathrooms and a private garden priced at R325 000.



# Housing forum may get extra R400m

THE National Housing Forum is expected to get a further R400m allocation from government this fiscal year, over and above the R400m allocated in the Budget last month.

The forum and the National Housing Department said negotiations on a further allocation from the state were continuing, but declined to elaborate because of the "sensitivity" of the issue.

They said forum and government representatives had met after the Budget to discuss the availability of finance in the state's Housing Fund that could be re-directed to a joint initiative between the forum and government.

A source close to the National Housing

Forum said the forum was hoping for about R1bn from government, but early indications had been that the amounts available would fall short of that target.

A government source said the focus was on funds allocated to housing in the 1993/94 fiscal year, rather than unspent amounts from previous fiscal years. Funds that had not yet been committed to specific projects could be given to the forum.

A total of R1,66bn was allocated to housing in last month's Budget. The Finance and State Expenditure Departments were kept up to date on developments.

To Page 2

## Housing

It is understood that the fund is considering three different approaches to spending state-allocated funds. The initial idea was on IDT-type site-and-service projects, but the suggestion was not accepted unanimously because of opposition to the style of housing involved.

A second suggestion is to involve the private sector by using the state allocation to gear up through a housing guarantee fund. Employers and banks would get involved in terms of the suggestion, understood to have the backing of major players in the mortgage market. However, fears that employers would not want to become involved have arisen. The third suggestion

is for pilot projects to test ideas before launching a major initiative.

Before the Budget, the forum asked government for an allocation of more than R1bn. Finance Minister Derek Keys said in his Budget speech he had decided against making a big allocation, partly because "the unexpended funds under previous budgets together with those allowed for in the 1993/94 Budget substantially exceed those which the forum requested". He allocated R200m to the forum from the housing budget for 1993/94, and said that if the need arose, a further R200m could be made available in the Additional Appropriation.

From Page 1

HOUSE OF DELEGATES

QUESTIONS

†Indicates translated version.

For written reply:

Own Affairs:

Year	No of houses	No of sites	Total amount
1987	3 058	2 556	R117,3m
1988	5 936	6 697	R136,4m
1989	1 621	4 152	R117,4m
1990	2 084	3 427	R181,1m
1991	7 074	4 764	R239,9m
1992	2 623	4 466	R105,8m

(123)

15. Mr M RAJAB asked the Minister of Housing:

Houses built

(a) How many houses were built by his Department in each calendar or financial year since the establishment of his Department in 1984 and (b) what was the total amount spent by his Department on the construction of these houses during this period? D106E

The MINISTER OF HOUSING:

Year	No of houses	No of sites	Total amount
1984	2 870	1 094	R 85,8m
1985	4 523	1 115	R105,0m
1986	3 009	1 609	R 96,4m

I wish to point out that the total amount spent includes the cost for the number of houses built as well as for the number of sites serviced.

Schools: capacity/enrolment

17. Mr M RAJAB asked the Minister of Education and Culture:

What was the (a) total potential capacity of, and (b) enrolment in, (i) primary and (ii) secondary schools under the control of her Department in the first term of 1993? D110E

The MINISTER OF EDUCATION AND CULTURE:

	(a)	(i)	(ii)	(b)
(a)	181 254			
(i)		113 100		
(ii)			173 675	
(b)				97 644

INTERPELLATIONS UNDER NAME OF MEMBER

- Abrahams, Mr T—  
Own Affairs:  
Education and Culture, 629
- Beyers, Mr J M—  
General Affairs:  
Constitutional Development, 573
- Bruwer, Mr A A B—  
Own Affairs:  
Agricultural Development, 783
- Buttows, Mr R M—  
Own Affairs:  
Education and Culture, 99, 954
- Carlisle, Mr R V—  
General Affairs:  
National Health and Welfare, 1127
- Chiolé, Mr J—  
General Affairs:  
Transport, 49
- Gerber, Mr A—  
Own Affairs:  
Education and Culture, 1159
- Gibson, Mr D H M—  
General Affairs:  
Trade and Industry, 309
- Goodall, Mr B B—  
General Affairs:  
Finance, 580
- Gounden, Mr T L—  
Own Affairs:  
Education and Culture, 648
- Haswell, Mr R F—  
General Affairs:  
Law and Order, 420
- Isaacs, Mr N M—  
General Affairs:  
Public Works, 619
- Landers, Mr L T—  
General Affairs:  
Justice, 1185
- Langley, Adv T—  
General Affairs:  
Justice, 413
- Leon, Mr A J—  
General Affairs:  
Justice, 56
- Moorcroft, Mr E K—  
General Affairs:  
Agriculture, 734
- Naidoo, Mr P—  
Own Affairs:  
Education and Culture, 855
- Nasson, Mr C I—  
General Affairs:  
Administration and Tourism, 823
- National Health, 351



# Curbing corruption in the councils

Review / Law suppl to W/maail

23/4 - 29/4/93  
123

**M**ANY thousands of tenants of council houses in townships country-wide have been given new security of tenure, following a test case in the Rand Supreme Court.

The judgment specifies the circumstances under which the lease of a council house can be cancelled, and will help curb the power of corrupt officials.

The case involved Enoch Toho, who was allocated a house in Diepmeadow, Soweto, during 1978. In April 1989, the Diepmeadow Council cancelled his lease without warning. It allocated the house to his ex-wife who had left the family home some years earlier, and then sold it to her. Suddenly, after living in the same house for 11 years, Toho and his family were without a home.

Enoch Toho's situation was far from unique. About half of the houses in Soweto — more than 60 000 — are owned by the local city council. Nationally, the figure is more than 300 000. In many cases, the people concerned have lived in the house for decades and regard the house as the family home.

The regulations governing the townships were designed to give effect to

A court decision ensures that councils can no longer merely evict tenants — many of whom regard the building as the family home — and allocate the house to another person.

By **GEOFF BUDLENDER**

apartheid policies. However, they had an important benefit for residents because they gave some security of tenure to tenants of council houses.

In 1989 the regulations were repealed by a reform measure, the Conversion of Certain Rights to Leasehold Act. Many councils saw this as giving them the right to cancel tenancies, and allocate the houses to other people. They started doing just that, and soon allegations of corruption were widespread.

The case of Toho was the first in which the supreme court has ruled on whether the councils are entitled to cancel these tenancies.

Judge Michael Stegmann ruled that

the only grounds on which the council could cancel the tenancy is the tenant's failure to pay the rent. As the council had relied on other grounds in cancelling Toho's tenancy, the court ruled the council's actions were invalid.

The consequences of the case are important to the Toho family and many others whose leases are cancelled by a council. But the case has another even more important long-term result.

In response to the widespread demand of civic associations for the transfer of rented houses to the tenants, the government has announced a "sales discount" scheme. In effect, the scheme will allow most tenants to obtain ownership of their homes for free.

The result is the motive for corruption has grown. The allocation of a tenancy by the council amounts in practice to the transfer of a valuable asset, because in time the tenancy will be transformed into ownership of the house. If councils are able to cancel tenancies at will, one can expect this to take place on a large scale.

The judgment in the Toho case makes it clear that councils cannot act in this way. In limiting the grounds on which leases can be cancelled, the judgment will mean security of tenure to the vast number of tenants of black councils.

At the same time, work is proceeding on the "transfer of houses". This has been a central demand of the Soweto Civic Association. A sub-committee of the Central Witwatersrand Metropolitan Chamber has worked out proposals dealing with fair legal mechanisms for transfer of ownership of council houses.

The Toho judgment will help ensure that when township houses are transferred to the tenants, it is to the people entitled to them, rather than to those who are in favour with the councils.

Attorney Raymond Tucker and Legal Resources Centre staff appeared for Toho.

●Geoff Budlender is the national deputy director of the LRC

## A woman's place is in the home

*Review / Law suppl to W/maail*  
THE case of Enoch Toho has had an unexpected but important side-effect that will bring great benefits for women. Under the old township regulations it was almost impossible for women to have a house allocated to them. Virtually all township houses were allocated to men. Their wives were recorded on the housing permits as their dependents. The result was that women had no control at all over the family home. In the Toho case, Judge Michael Stegmann ruled that the tenancy of a council house is an asset in the joint estate of a couple married in community of property. This means that on divorce, the wife is entitled to a share of this asset. The husband cannot simply dispose of the house. As most black marriages have been in community of property, the judgment will affect most rented township housing. Similar regulations apply to housing in the rural townships, and also to the allocation of land in rural areas. The Toho judgment seems to apply to these situations as well. The Toho case is therefore an unexpected but important victory for women's rights to housing.

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# A woman's place is in the home

*Review Law Supp to Woman*

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<sup>of 24/4/93</sup>  
**R1m a**  
**month in**  
**low cost**  
**housing** (123)  
**advanced**

THE Get Ahead Foundation is now advancing R1m a month in loans under its housing division, according to Percy Nkuna, CEO of the division.

He said the first loans were advanced towards the end of 1992 and since lending levels had increased considerably due to the demands being made.

Get Ahead Foundation pioneered the concept of lending money to people in groups (the stokvels) to enable them to buy materials to build houses or to buy their own houses. An upper limit of R10 000 has been placed on loans.

"Certain commercial concerns have sought our services to enable them to start offering housing credit to some of their lower paid employees.

Thus, where corporate concerns are anxious to look after their staff, they have concluded an agreement with us in terms of which funds are advanced to employees to enable them to obtain their own houses."

# New homes: Blacks to get subsidy

(123)

CT24/4/93

By ANTHONY JOHNSON  
Political Correspondent

THE 33,3% interest subsidy to black first-time home-buyers will also apply to existing houses from May 1, the government announced yesterday.

The Minister of National Housing, Mr Sam de Beer, said in Parliament the extension of the subsidy from new to existing homes was aimed at achieving parity between all races for the subsidy scheme.

He said R99,3 million had been made available for the scheme and would allow for subsidies for 24 000 more home-buyers.

The subsidy scheme will apply to homes costing not more than R45 000 and people earning less than R3 500 a month may apply.

He said the extension of the scheme would contribute to the renewal of residential areas and have a positive effect on the second-hand house market "which is relatively quiet because of the current economic climate".

Also, inner city areas experiencing urban decay like Hillbrow could benefit from the promotion of home-ownership, Mr De Beer said.

The Association of Mortgage Lend-

ers of South Africa, the Institute of Estate Agents and financial institutions supporting the scheme had already been informed of the extension, he said.

Mr De Beer also said about 330 000 affordable houses had to be built annually to eliminate backlogs within 10 years. Only 30 000 such units were built last year.

Reacting to the new scheme, National Property Forum Chairman Mr Abe Taylor said the extension of the first-time home-buyers subsidy scheme would have little or no impact unless financial institutions lifted the moratorium on lending to this part of the market.

The forum represents many independent estate agents who operate in black areas.

Leading agents yesterday said the lifting of the moratorium would depend on black communities resuming bond repayments and ending threats of bond boycotts.

Mr Taylor said the extended subsidy system was targeted at an unsophisticated market and full details of how it operated would have to be carefully explained to beneficiaries.

**JUST UNPACKED!**



**NEWS IN BRIEF**

**Three in court**

THREE men appeared briefly in the Vereeniging Magistrate's Court yesterday in connection with the murder of SABC-TV reporter Calvin Thusago. James Thlobane, Ezekiel Tyobeka and Lawrence Hlatshwayo pleaded not guilty to a charge of murder. The case was postponed to May 3. The Media Workers' Association of SA said it would organise a march in Sharpeville today to "protest against mindless thug-gery directed at journalists".

**Nominations flood in**

LAST-minute nominations for the 21 seats on the new SABC board flooded into the board secretariate offices yesterday to beat the April 26 deadline. Spokesman Rene Alberts said some were incomplete, and did not contain written acceptances from nominees.

**Tolls lose millions**

THREE Natal toll road plazas lost R18,2m in the past financial year, said Transport Minister Piet Welgemoed in reply to a question by DP MP for Pinetown Roger Burrows. They were the Oribi plaza, Mtunzini and the Tugela plaza. The Mooi River plaza, however, showed a R12,2m profit.

**Desecration denied**

AN AWB official calling himself "General Terre Blanche" yesterday denied AWB members had desecrated Sharpeville graves, and said the AWB's fight was against living communists. It has been alleged the action was in retaliation for Germiston grave desecrations during SACP chief Chris Hani's funeral.

**Concern over payment**

CONFEDERATION of Zimbabwe Industries marketing development officer Richard Mubayiwa urged local exporters to demand payment guarantees from US exporters after some complained about non-payment to Zimbabwe's Washington embassy. But Brian Hillen-Moore, executive director of Zimbabwe's Credit Insurance Corporation which covers local exporters, said he had not yet received any claims.

REPORTS: Business Day Reporters, Sape-Router.

# Subsidy for home owners extended

CAPE TOWN — National Housing Minister Sam de Beer announced yesterday that the interest subsidy for black first-time home buyers would be extended to existing houses.

The department expected the extension — which would come into effect from May 1 — to almost double in one year the total number of black participants in the scheme.

The scheme offers a 33,3% subsidy on the interest on a bond. It will continue to be limited to home buyers earning less than R3 500 a month buying houses for less than R65 000 with bonds of less than R40 000.

The subsidy was introduced for white first-time home buyers in 1983, extended to blacks in 1985 and further extended to white buyers of existing houses about three years ago.

De Beer said it was hoped that the extension would have a positive effect on the second-hand house market and would achieve parity between racial groups.

Blacks were excluded from the extension of the scheme in order to encourage the building of new houses. The department continued to hope that the scheme would promote this goal by creating more mobility in black home ownership.

De Beer said the amount of R99,3m would be available for the 1993/94 financial year and that an estimated 24 000 additional home buyers could be subsidised from this amount.

TIM COHEN

R30m of this total was rolled over from last year.

So far there were 29 000 blacks taking part in the scheme, and 49 000 whites, coloureds and Asians.

Dealing with the national housing forum, De Beer said during his department's budget vote in Parliament that he was optimistic that international support for SA's housing backlog could be forthcoming.

This, however, was dependent on agreement on a new constitutional dispensation and consensus at the forum.

Sapa reports that he said all political parties, including the DP and CP, ought to take part in the forum.

The forum had a great degree of legitimacy, and its negotiated policy was expected to have broad community support. The most important aspects of this policy were expected to be in place before the end of the next financial year.

It would meet on May 4 to formulate specific structures and set a target date for their implementation.

Replying to debate on the housing vote, he said red-lining — financial institutions' practice of defining areas perceived to represent undue risk, and within which bonds would not be granted — was an undesirable practice.

He believed the extension of the subsidy scheme would help alleviate the problem.

## Township development is held up

GAVIN DU VENAGE

THE proposed Liefde en Vrede township development south of Johannesburg may be put on hold for three months, after the Hong Kong developers failed to come up with bank guarantees within the stipulated period.

Johannesburg Commerce and Industry director Colin Wright said yesterday he would recommend to the council that it put the project on hold for three months, when it would be reassessed.

The consortium of Chinese businessmen were planning to bring in R500m into the development, but political uncertainty in this country

had sunk attempts to raise loans overseas.

It was a suspensive condition of the deed of sale that the purchaser obtain financial approval within 45 days of the council giving its go-ahead.

Wright said that although this was a setback to the city's economy, which was expecting to benefit from rates, as well as business opportunities created by Chinese immigrants, it was not a major loss.

He said the township infrastructure had been developed prior to the agreement, and would not be a financial burden to the city.

B/DAW 27/4/93

B/DAW 27/4/93

B/DAW 27/4/93

**Housing delayed** (123)

NATIONAL Housing Minister Sam de Beer identified the need to build 330 000 affordable homes a year but failed to say that less than 10% of this number was delivered in the past financial year, the ANC said yesterday.

It said government had nevertheless managed in the same year to underspend on the housing budget by almost R1bn.

18/07/28/493



# ANC: Housing needs not met

(23)  
JOHANNESBURG. — Minister of National Housing Mr Sam de Beer had identified the need to build 330 000 affordable houses annually but failed to say that less than 10% of this number were delivered in the past financial year, the ANC said yesterday. The government had nevertheless managed to underspend on the housing budget by almost R1 billion in the same year, the ANC said.

28/4/93

# Home aid extended

SDuefen 28/10/93. (123)

By Ismail Lagardien  
Political Correspondent

URBAN DECAY Scheme should help 24 000 a

**T**HE GOVERNMENT HAS extended the 33.3 percent interest subsidy to first-time black home-owners to existing - second-hand - homes.

The new scheme should benefit at least 24 000 new black home-owners every year and the Government has set aside R99.3 million for this service, the Interim Minister of National Housing, Mr Sami de Beer, said in Cape Town on Monday.

The scheme comes into effect on May 1 and is available to families earning under R3 500 a home. The maximum price of the total property

year - if finance houses play the game:

should not exceed R45 000.

The scheme, De Beer said, would encourage the revitalisation of decaying urban areas such as Hillbrow, where the majority of residents are black.

The scheme would, however, not mean anything while banks and financial institutions refused to give home loans to black people in urban areas, the member of Parliament for Hillbrow, Mr Lester Fuchs, said yesterday.

Fuchs pointed out that these institutions were "red-lining" certain residential areas within the greater metropolitan area - especially in areas such as Hillbrow, Berea and Yeoville.

By refusing to give bonds, these institutions prevented black people from owning homes in such areas, and this was distinctly racist, Fuchs said. "People of colour who would normally meet the financial criteria laid down by the institutions are deprived of owning their homes."



# Bifsa chief calls for tax break on inner city refurbishments

Star 28/1/93

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Property Editor

There should be a tax allowance on the refurbishment or conversion of inner city residential buildings, says Robert Guiricich, president of the Building Industries Federation (Bifsa).

He reckons SA's major cities — Johannesburg in particular — should take note of the Italian experience 20 to 30 years ago.

Faced with mass migration to cities and the proliferation of slum areas, the Italian government instituted a substantial VAT reduction on inner city apartment renovations.

Guiricich says such a move here would help stop the flight of business from the CBD to the suburbs — notwithstanding the decision by several large financial institutions and other big companies to stay.

The trend is most noticeable in Johannesburg, and is partly due to the

fact that inner-city residential areas such as Hillbrow increasingly encroach on the CBD, while being downgraded through an influx of poorly paid or unemployed people and experiencing a sharp increase in violence and crime.

An incentive is needed to overcome the tendency in such areas for landlords to let apartment blocks get run down in anticipation of overcrowding and difficult rent collection.

"Our experience is that when an apartment block is kept in good con-

dition it attracts a better type of person who is proud of his home and is, in the long run, a better tenant or buyer."

Guiricich believes upgrading blocks and conversion of other suitable buildings has greater potential than putting up new ones.

# Electrification forum launch

PETER DELMAR

THE National Electrification Forum, made up of representatives of all major political parties, civic associations, Eskom and government, would be launched next month, the Development Bank of Southern Africa said yesterday.

The forum is expected to make concrete proposals on a multibillion-rand electrification drive and rationalising the power supply industry within a year.

Development Bank spokesman Johan Kruger said a conference on May 14 would formally launch the forum, after eight months of negotiations.

The forum would be instrumental in accelerating affordable and sustainable electrification, Kruger said. "This must be done in conjunction with national and regional economic developmental policies and programmes. The electrification will be a stimulus for development, economic reconstruction and job creation."

Kruger said the work leading up to next month's launch had been done by a multi-party interim management committee. The committee, which Kruger chaired, had representatives of the ANC, the Mineral and Energy Affairs Department, Eskom,

the NUM, Numsa, the SA National Civic Organisation, the United Municipal Executive and the Association of Municipal Electrical Undertakings. Political organisations not represented on the committee would be invited to attend the launch.

Kruger said it was significant that government was a fully fledged participant. A Mineral and Energy Affairs spokesman said it was envisaged that within a year of becoming operational, the forum would be in a position to make recommendations to the government of the day on electrification strategies.

Numsa spokesman Bernie Fanaroff said there was a general feeling that proposals from the forum should be legislated.

Eskom planners have estimated that up to 4-million households could be electrified within five years at a cost of about R10bn. Spokesmen for the management committee confirmed there were indications of potential financial support from foreign development agencies.

● Picture: Page 3

3/12/93 29/11/93



# Plea to build decent houses for homeless

Municipal Reporter

HOUSEs of reasonable size should be built for the homeless now that money was available, said Mrs Eulalie Stott.

The government yesterday announced a R11 million boost for housing on the Cape Flats.

The city council has about 42 000 people on its housing waiting list, some of whom have waited for more than 10 years.

The council yesterday voted to ask the government for authorisation to extend a 3 100 Mitchell's Plain housing project approved in 1985 to include another 500 houses.

A R10 million advance is to be requested.

While most people said housing should be developed closer to the central city, an effort should be made to create jobs close to Mitchell's Plain, according to Mrs Joye Gibbs.

In debate on a R1 million starter housing project in Parkwood, Mrs Stott said councillors should remember people did not want plots or starter houses.

● Subject to the National Monuments Council approval, 13 houses are to be built in the Bo-Kaap between Wale Street, Van der Meulen Street, Buitengracht Street and Dorp Street.

# NEWS Home loans were initially approved then cancelled

## Chaotic housing situation

By Joshua Raboroko

### Blacks hard hit by banks' refusal to grant bonds:

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MORE than 600 black home buyers have been refused bonds by financial institutions in the PWV-area even though South Africa is faced with a large-scale housing shortage.

Research by leading estate agents and home developers shows that hundreds of bond applications in the PWV areas have been turned down by leading banks in the past four months.

According to agents some of the buyers, whose bonds were initially approved and are occupying the new homes, subsequently received letters informing them that their applications had been unsuccessful.

A leading estate agent says banks have to change their attitudes towards financing bonds for black home buyers who, he believes, are unfairly prejudiced on grounds that are more emotive than realistic.

"The fact is that the black market is where the real growth of the property market lies, yet it is being stunted by lack of access to finance by black buyers," says managing director of Remax

Homenet Mr Basil Renecke.

"Obviously any bank must be prudent with its lending policies but the qualifying criteria applied should be based on business principles only and not on unfounded opinion that black buyers are not good credit risks."

One of the institutions that has fallen into this trap is the prominently Afrikaner orientated bank Saambou which has turned down scores of bond applications after it found that they failed to comply with certain requirements, including security and credit worthiness.

Several clients claimed they had already paid transfer fees — on average R4 900 — and were waiting for their homes when they received letters from Saambou informing them that bonds had been refused.

Saambou's senior general manager, Mr Dawie Botha, said after an internal audit and administration it was found that most of the requirements were not met. Primary requirements, he said, were credit worthiness and the

security each applicant provided to the bank. After the audit the bank decided to "put some of the applications on ice" pending investigation.

"We have advised estate agents and clients of our position and will continue to discuss the matter with them," Botha said.

Regarding those already occupying new homes, he said: "We will investigate their bonds because it will be illegal to put them on ice."

An estate agent James Gomes said it was unfair to withdraw bonds of blacks who held saving accounts with the bank worth thousands of rands. Most of their clients were professional people, who received State subsidy.

Mr Llewellyn Ford of Wizards Estate said buyers and sellers of properties had a chaotic situation on their hands. About 400 families were sold, bonds granted and given official unconditional bond letters. The financial institution had withdrawn their bonds, even though some only had one week to go for registration of transfer.

## Affordable housing to be showcased

By Joshua Raboroko

### There is a solution to crisis:

AN international exhibition to showcase solutions to the South African national housing crisis will be held at Nasrec, Johannesburg, from July 30 to August 3.

Afribuild '93 is expected to attract many players in the marketplace so that it can show financial institutions, the construction industry, civic associations and the man in the street how affordable housing can be.

Writing in a newsletter produced by the National Housing Forum, McNaughton Victor,

managing director Ms Bette McNaughton, one of the most reputable exhibition organisers, says: "We are hoping that Afribuild '93 does not become a political pawn in the greater scheme of things. "It will be seen as an honest attempt to alleviate some of the conditions many people have to live in.

"We have had a moderate interest from sub Sahara with stronger interest from countries like the United Kingdom, many of the European countries and the United States."

According to a newsletter by the National Housing Forum "... the present housing shortage is enormous and even conservative estimates indicate the need for 200 000 units each year if we are to overcome the shortage by the year 2010."

On the Witwatersrand alone, tens of thousands of people still live in single sex hostels for up to 11 months a year a relic of the apartheid era. Millions of ordinary South Africans live in so called "informal settlements" usually without basic services like running water or water borne sewerage.



ig ● Scheme for staff to own land

# Employee housing scheme

■ **BUILDING PLAN** Company makes

renovations problem-free: *Sowetan 30/4/93*

By Joshua Raboroko

**A** NEW CORPORATE Homemaker Plan has been introduced to allow employers to safely help their black employees improve their homes in the townships.

Introduced by U-Build, a subsidiary of Cashbuild Limited, the building material cash and carry supplier, the aim is to market the service directly to employers.

Since its inception the plan has successfully helped hundreds of homeowners in Soweto to improve their homes in some way or other, and to do so at discounted prices.

It is run from stores in Jabulani and Soshanguve and combines an advisory service on all aspects of home building or improvement.

Jabulani store manager Mr Abel Mohlamme said that customers were able to use all or individual aspects of the plan.

"Some come to us for help with the drawing up of plans, their submission for approval, help in the arrangement of finance, drawing up the list of materials they will need, buying the materials from us, and using one of our supervised and approved contractors."

General manager Mr Mac Leaf said the flow of inquiries from companies had prompted U-Build to extend the services to employers.

He said that the extension was a logical one given the problems experienced by employers with fly-by-night contractors,

**‘The problem of employees getting a loan and using it for other purposes was no longer a major one’**

unreliable building and substandard materials.

The problem of employees getting a loan for housing and using the funds for other purposes was no longer a major one.

Employers were often willing to assist their employees but could not obtain the necessary guarantees to ensure that the building project was problem-free.

Leaf said the employer had a number of options in structuring the repayment of the debt incurred on behalf of approved employees. But the one thing that they could be certain of was that the completion of the employee's home would be done reliably.

In view of the background to township housing projects — rip-offs and poor quality have been far too common — our scheme should enable even the most sceptical of companies to now begin to think about their employee's housing needs as we enter a changing South Africa".

## New housing strategy urged

# Let poor live in city centres

■ Race Relations Institute report backs viewpoint of civics:

By Joshua Raboroko

SOUTH Africa's cities should be re-structured to enable poor people to live close to their centres, the Institute of Race Relations says.

In its 1992-93 survey on housing and urbanisation, the institute points out that civic associations are also urging that land for the poor be found close to city centres.

The survey reports on a number of innovative initiatives which concentrate on existing housing stock in the inner city areas of Johannesburg, Cape Town and Durban.

Turning to housing delivery, the survey emphasises the need for a clearly articulated housing policy, a single housing department, community participation, access to credit and building advice, and investment in public infrastructure.

According to one estimate recorded in the survey, 550 houses at an average price of R20 000 for a house and stand need to be built every day to eradicate the 1,8 million backlog by the year 2020. This would involve an investment of R11 million in low-cost housing each day.

Against this, the survey reports that the Government has provided only about 3 000 houses in the last two years,

while a sample 101 builders surveyed in 1991 built fewer than 25 houses in that year. Some 75 percent of the builders surveyed had built fewer than 100 houses.

Builders interviewed believe that the factors inhibiting the provision of low-cost housing were current interest rates, political uncertainty, political unrest, bond boycotts, and the limited availability of mortgage bonds.

The survey records a certain amount of progress during 1991-92 in the provision of formal and informal housing by non-profit utility companies, for example:

- The Independent Development Trust financed more than 100 site-and-service schemes, providing serviced sites for some 700 000 people countrywide;

- The South African Housing Trust provided finance for more than 100 housing projects, including the provision of some 10 000 formal houses and as many serviced sites; and

- The New Housing Group — initiated by the Urban Foundation — provided more than 200 residential stands, 3 000 serviced sites and 5 000 starter homes.

According to official estimates, some 3,6 million people are living in informal settlements countrywide, but the



**PROPERTY** Bosses can now help workers get housing

# Mining giant launches big housing scheme for workers

■ Employees will live within walking distance of home by turn of century:

*Sowetan 30/4/93*  
**By Joshua Raboroko**

MINING giant Genmin has announced a R30 million housing scheme which could have far-reaching implications for black housing in South Africa.

In terms of the scheme the emphasis is placed on land and not home ownership.

The scheme will provide access to finance for employees who wish to become homeowners but have been unable to obtain finance for a site and service option.

The new scheme implemented by Genmin is being done

in conjunction with three financial institutions, Absa, FNB and the SA Perm and IDT Finance Corporation Limited, a subsidiary of the Independent Development Trust.

Genmin's chief executive, management resources, Mr At du Plessis, said the breakthrough came when the emphasis was shifted from home ownership to landownership. It would not only help alleviate the housing problem but would also assist in eradicating the illegal squatter problem.

The company's goal was to facilitate a process which would enable 80 percent of its employees to live within walking distance of their workplace.

A large portion of employees who would like to become homeowners could not afford a bond between of R20 000 and R30 000 for a small housing unit.

Du Plessis said it was impossible for lower paid employees to obtain a bond from a financial institution for less than R20 000. Research within the group had shown that a large percentage of the company's 115 000 workers were interested in participating in an affordable site and service scheme.

In terms of the scheme, employees with at least two years service, earning less than R2 000 a month, could now obtain loans of between R1 000 and R10 000, redeemable over a period of between 12 and 120 months.

The money could be used to buy a piece of land and to build an affordable dwelling on it. The idea was that they started off with a temporary structure but that they should eventually erect a permanent house when they could afford it.

# Homefunder can help

■ New way to finance low-cost housing brings hope to workers:

By Joshua Raboroko

MAJOR insurance companies have taken new steps to tap pension and provident fund money for housing, especially in the low-cost housing field. (123) (124)

Old Mutual and Sanlam have decided to use the money as loans by the fund to members or as collateral to make it easier to obtain financing. Sowelen

Old Mutual and the Urban Foundation have launched an initiative known as "Old Mutual Homefunder" for this purpose, according to sources. 30/4/93.

It is aimed at members of retirement funds earning between R800 and R1 500 a month.

An executive director of the Urban Foundation, Ms Jill Strelitz, said the initiative targeted workers who could not afford repayments on mortgage bonds.

Old Mutual employee benefits general manager Mr Henk Beets said: "This initiative allows retirement fund members immediate access to the money they have accumulated in the fund rather than forcing them to wait until retirement."

In its newsletter, *Insight*, Sanlam says: "Housing, especially low-cost housing, is one of the gravest problems with which South Africa has to contend today."

A fund member may use his or her accumulated withdrawal benefit as a deposit for a mortgage bond, and-or to top up the monthly mortgage bond repayments.

While these new steps have tremendous potential for increasing access to home ownership, it does rely on the participation of the mortgage lenders for its success.

Strelitz said: "We hope that it will encourage financial institutions to take up the challenge of entering the lower income housing market."



**PROPERTY** Grant of R25 million to build homes ● 1

# New housing plan comes into being

Sowetan 30/4/93

By Joshua Raboroko

## ■ FINANCE CORPORATION Scheme

wants to stop exploitation of consumers in the low-income market

**A** NEW FINANCE corporation, Metropolitan Housing Finance Cooperative Ltd, has been formed to stop the exploitation occurring in the low-income housing market.

Metco, a Section 21 company, aims to safeguard low-income families who are being exploited as a result of the desperate need for housing in the townships.

The company's education and training manager, Mr Abe Maduna yesterday said they had received about R25 million from the Independent Development Trust Finance for the purpose of granting loans to the low-income home-buyers.

### Home improvements

He said loans would also be granted to those who wanted to improve their present homes.

The scheme would start in the PWV area but would be extended once offices had been established in other areas.

The loans ranged from R100 to R10 000 depending on demand by individuals.

"One of the conditions for people to

**One of the conditions for people to qualify for loan is that you become a member of Metco by buying shares in the company**

qualify for a loan is that you become a member of Metco by buying shares in the company," Maduna said.

He added that the company aimed to educate and inform consumers about their housing rights and to create mechanisms within the housing arena

to eradicate the exploitation that was occurring.

"There is extensive evidence that low-income families are being exploited by a range of unscrupulous developers, contractors, landlords, speculators and financial brokers," he said.

On this issue, Mr Brian Leveson, director of Lawyers for Human Rights Units says, "the types of exploitation include, prejudiced building contractors, thefts of deposits paid, sub-standard building construction, fraudulent marketing practices and coercion into financial arrangements which they cannot afford."

### Headache

For more information on Metco write to: Metco, First Floor, Trinity Place, 57 Hillcrest Avenue, Craighall Park, PO Box 1350 Pinegowrie 2123.



# Prices of medium sized houses rise

ARG 30/4/93

(23)

By MAGGIE ROWLEY  
Property Editor

PRICES of small and medium-sized houses in virtually all areas of the country increased during the first quarter of this year confirming an expected turnaround in these sectors of the market, according to the latest Absa Housing Review.

However prices of houses at the top end of the market were not so buoyant, and while registering an average annualised increase of 3,2% between the last quarter of 1992 and the first quarter of this year, actually declined by 1,1% in the first quarter of this year compared with the same period last year.

The average price of a medium-sized house rose by an annualised 18,1% from the last quarter of 1992 to the first quarter of 1993 while small house prices were up on average by an annualised 10% during the same period.

## Expected turnaround confirmed

On a year on year basis, the average price of medium-sized homes rose in the first quarter by 9,6% and smaller houses by 9,2%.

### East Rand sags

The only area where medium-sized house prices declined during the review period was on the East Rand where prices dropped by an average of 2,4%.

Prices in the Western Cape were up an average 3,9%, while in Johannesburg they rose 6%, 7,4% on the West Rand, 6,2% in Pretoria, 6,2% in the Vaal Triangle, 4,3% in the rest of the Transvaal, 4,7% in Durban-Pinetown,

6,1% in the rest of Natal, 4,3% in the OFS and Northern Cape and 4,4% in the Eastern Cape.

According to the review, affordability of housing continued to improve in the face of declining mortgage rates with the monthly repayment on an 80% bond on a medium-sized house over 20 years falling to R1 655 from R1 758 a year ago.

While the recent increases in VAT and the fuel price are likely to increase inflation by about 2%, interest rates are unlikely to move upwards before the first half of 1993 owing to the generally poor economic conditions in the country.

However, Absa warns that a sustained deterioration in the country's balance of payments could influence an earlier rise in interest rates.

House prices, it says, are expected to rise in real terms by 1% or 2% in the year ahead due to the lower mortgage rates and an average increase in building costs of around 12% to 15%.



# Banks in amazing deal with civics

215193  
S1 Times

By JAMES BRITTAIN

**BANKS and building societies, which are owed millions of rands in unpaid bonds, are working hand-in-glove with civic groups — the architects of township rent and bond boycotts.**

The financial institutions are being asked to pump money into the coffers of the civic groups, represented by the powerful South African National Civic Organisation. Some of this money could be used to pay the salaries of the civic members.

Sanco president Mr Moses Mayekiso confirmed this week that his organisation was seeking money from banks to run what he described as joint financial negotiating committees in townships.

Mr Mayekiso said some of the money being sought from banks — to be put into a trust fund administered by Sanco — could be spent on paying civic staff.

"We are still discussing how these local committees will be funded and administered.

"No agreement has yet been made on payments, but we are going to set up a trust and apply to banks and other sources for money.

"Civic members may earn a salary, or they may be paid piecemeal. They may also work voluntarily," Mr Mayekiso said.

Financial analysts were unable to give national figures for either the number of houses in arrears or the amount of money owed to banks through payment defaults.

But some sources in the financial sector say representatives in the civics are already being paid to mediate between money-lenders and township households which have fallen behind in their repayments.

Mr Mayekiso denies any of his members have ever been paid.

Association of Mortgage Lenders executive director Mr Martin Milburn-Pyle said recent negotiations with Sanco on new procedures to deal with the provision and repayment of home loans in townships had not been finalised.

One building society that has already made a firm deal with Sanco is the Perm, a division of banking giant Nedcor.

The deal made provision for the opening and paying of bonds, as well as an education and development programme.

Nedcor's divisional director in charge of the Perm, Mr Hugh Maclachlan, said the Sanco-Perm deal had not been signed to help with

repossessions and evictions. But since the signing of the deal, the Perm has been exempted from bond boycotts.

Twenty-three percent of the Perm's home loans are to clients in townships. Mr Maclachlan said eight percent of these were in arrears.

The Perm has already made contributions to the running of home-loan advice centres shared with civic organisations, and has set up trusts to "encourage development" in townships.

But, said Mr Maclachlan, "we will not pay the salaries of civic leaders involved in these projects".

Perm's development general manager, Mr Denis Creighton, said the Perm did have civic members on its payroll, although this would not compromise their independence in the community.

"I'm sure members of our staff are civic leaders. But we have no plan to pay fees to people to do our work in the townships," he added.

However, the deputy general secretary of the Civic Associations of the Transvaal, Mr Mathew Phetla, said there were firm plans in the region to create community teams of civic members and Perm staff to negotiate with home-owners borrowing from the Perm.

Star 316193

# Airport tax may lead to improved facilities

Star 315/93

By John Miller

Airlines and travel agents have welcomed the commercialisation of State-run airports and with it the expected increases in airport taxes.

Minister of Transport Dr Piet Welgemoed last week announced that passengers would in future be paying up to R20 per domestic departure and R40 on international departures — double the existing taxes.

Cathy McWhirter, Rennie's Travel marketing general manager, said she hoped that the higher passenger and airport taxes would ultimately be of benefit to both.

"If they are going to put

up taxes they need to justify it by improving facilities," she said. Even though upgrading was taking place at certain airports, there was still a long way to go.

SA Airways media manager Leon Els said he approved of any increases as long as they were used for improvements to the airports.

British Airways chief Malcolm Freeman said he too supported any taxes as long as the money collected was to everyone's benefit.

Lufthansa's Karin Lambson cautioned that air traffic fees were, for most airlines, the second major operating cost and naturally influenced airfare calculations.

## Electrification conference set

A bid by the National Electrification Forum (Nelf) to take "electric power to the people" will be launched at a major international conference. (123)

Nelf interim management committee chairman Johan Kruger said the meeting would be held at the Eskom conference and exhibition centre in Midrand on May 14.

Kruger said the urgency for rapid progress was evident in the fact that while South Africa generated almost 60 percent of the electricity produced in Africa, less than 20 percent of the disadvantaged people in the country had access to it.

More than 200 delegates, representing a variety of stakeholders and international observers, will attend the conference. — Staff Reporter.

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By C

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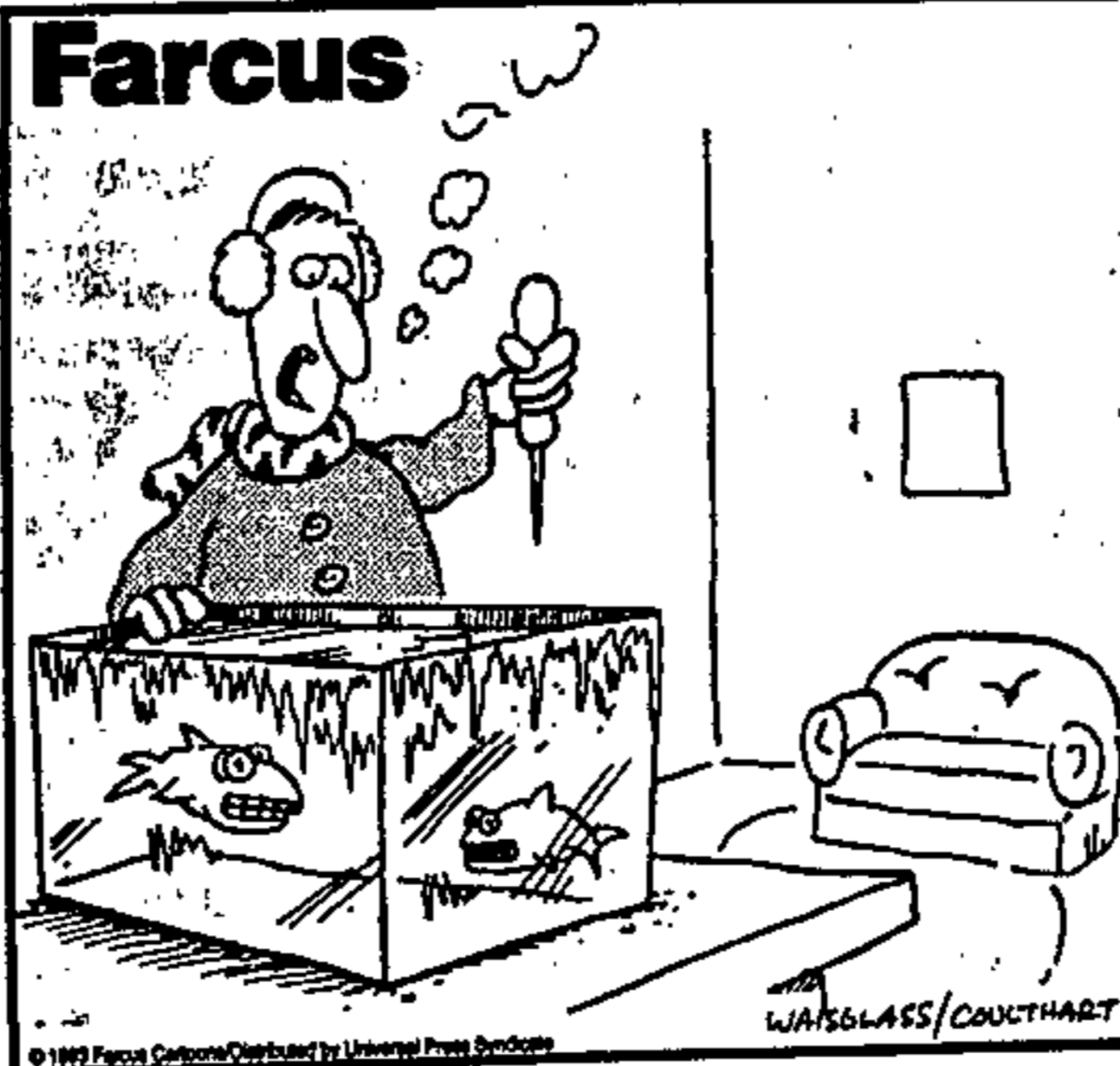
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Nelspruit	12	26
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Port Elizabeth	13	22
Maritzburg	10	26

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'Quick! Somebody turn down the air conditioner.'

### DEATH AND FUNERAL NOTICES

(TOO LATE FOR CLASSIFIED)  
ALL FAMILY ANNOUNCEMENTS APPEAR ON THE FRONT PAGE OF THE CLASSIFIED SECTION

EDWARD CHERLES FULTON — Died tragically on Thursday, April 29. The service will be held at Our Lady of Lorrato, 3 Kweper Street, cnr Miller Street, Kempton Park, at 2 pm tomorrow.

**The Star**  
CLASSIFIED  
492-3500





(5) If, at the commencement of this Act, an account has been confirmed but dividends have not yet been paid out as contemplated in subsection (4), such account shall be reopened so as to give effect to the provisions of subsection (3) without obtaining the permission of the court in terms of section 112 of the Insolvency Act, 1936.

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#### Exclusion of landlord's tacit hypothec

2. (1) Notwithstanding anything to the contrary in the common law or in any other law, movable property—

(a) which, while hypothecated by a notarial bond mentioned in section 1(1), is in the possession of a person other than the mortgagee; or

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(b) to which an instalment sale transaction as defined in section 1 of the Credit Agreements Act, 1980 (Act No. 75 of 1980), relates,

shall not be subject to a landlord's tacit hypothec.

(2) The provisions of subsection (1) in respect of movable property hypothecated by a notarial bond mentioned in section 1(1) shall not apply if such bond is registered after the landlord's hypothec has been perfected.

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#### Repeal of Act 18 of 1932

3. The Notarial Bonds (Natal) Act, 1932 (Act No. 18 of 1932), is hereby repealed.

#### Amendment of section 2 of Act 24 of 1936, as amended by section 2 of Act 16 of 1943, section 1 of Act 6 of 1972 and section 1 of Act 27 of 1987

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4. Section 2 of the Insolvency Act, 1936, is hereby amended by the substitution for the definition of "special mortgage" of the following definition:

" 'special mortgage' means a mortgage bond hypothecating any immovable property or a notarial mortgage bond hypothecating specially described movable property in terms of section 1 of the **[Notarial Bonds (Natal) Act, 1932 (Act No. 18 of 1932)]** Security by Means of Movable Property Act, 1993, but excludes any other mortgage bond hypothecating movable property;".

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#### Savings

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5. Nothing in this Act contained shall—

(a) affect any mortgage, hypothecation, pledge, tacit hypothec, preference, lien or right of retention acquired by or in accordance with any law by the State or by—

(i) any body corporate; or

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(ii) any association of persons, constituted or established by or under any law and supported wholly or partly by public funds; or

(b) affect any right acquired under the Agricultural Credit Act, 1966 (Act No. 28 of 1966).

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#### Short title

6. This Act shall be called the Security by Means of Movable Property Act, 1993.



Up to the people to ensure continent thrives

# Africa at the crossroads

Star 8/5/93

AFRICA'S people are seen more as a liability than an asset, but could be developed into Africa's most valuable source of wealth.

This was what international public relations consultant and Swedish former diplomat Hans Johnsson told delegates at the International Public Relations Institute conference in Cape Town this week.

The development of Africa could come in one stage or a combination of three stages, he said.

These were:

● From the earth, which was the traditional starting point for economic growth.

## Output

Mining provided half of Africa's exports but employed fewer than 2 million out of a population of 600 million.

Agriculture provided a third of the continent's economic output but employed two-thirds of the workforce. The drawback of earth-bound business was that its products had shown negative price trends. However, exploitation of hydro-electric power and the development of infrastructure

**THERE is a plan to save Africa — the continent left in the cold after the Cold War ended.**

**Health and education — as always — are at the root of the solution. BRUCE CAMERON reports from Cape Town.**

on a commercial basis provided opportunities.

● Manufacturing was the intermediate stage. Africa, with 10 percent of world population, was responsible for only 1 percent of world industrial production.

But industry had become capital intensive and skill intensive, so it did not create employment in large numbers.

● The development of people was the third stage. The question was whether the riches of Africa — its people — could be translated into people-intensive business such as tourism and services.

Johnsson said that if Africa were to find its future in muscles and minds rather than mines,

minerals or manufacturing, it had to get rid of the termites of the economy.

The first priority was to keep the population alive and well. Children who starved and survived would be condemned to reduced capacity for the rest of their lives.

Aids would exacerbate the position. It was estimated that the disease would cost Africa 75 percent of gross domestic product in loss of earnings and potential contribution to the economy.

## Ignorance

The second essential was to add value to people through education and training.

The argument was quite simple, Johnsson said: "If you think education is expensive, then try ignorance."

Education had to be attacked in time-frames not considered possible now by, for instance, adapting new electronic learning methods. It was not a problem for educationists to solve, but required the active participation of everyone, including business.

Johnsson said the money to help pay for development had to come from foreign investment, with South Africa as the possible bridgehead; the development of two-way trade; and a major cut-back in military spending.

However, Africa's problems had to be solved by Africans, or at least on terms defined by African countries.

Japanese ambassador Katsumi Sezaki told delegates that many people had asked what was behind Japan's success. His answer was that Japan planned for the long term.

Strategic planning was not done only by the government but by every company and every individual.

Every action had to fit in with the overall target of the strategies devised.

Even now Japan was preparing strategies to avert a repeat of the problems of the current world recession. If Africa wanted to succeed it had to follow suit.

## Top homes taking strain

MEG WILSON and SARA

WHILE prices of small and medium-size houses continue to rise, the top end of the market is taking strain.

According to the latest ABSA Housing Review, the average price of a medium-size house (175 sq m) rose by an annualised 16,1 percent in the first quarter of this year, and by 9,6 percent compared with the same period of 1992.

The average price of a small house (110 sq m) rose by an annualised 10 percent in the first quarter, and by 9,2 percent compared with 1992.

However, the average price of large houses (265 sq m) rose only 3,2 percent between December and March, and actually declined 1,1 percent in the year.

Property commentators say there is still resistance to prices being asked in the top end of the market, despite falling bond rates. They ascribe this in some measure to political uncertainty, but say there is also a strong trend away from borrowing more than is necessary and a fear of over-commitment in the face of predictions that bond rates could rise again.

The latest Rode Report on the South African Property Market says upper-

price houses in Johannesburg appear to be the weakest area in the residential market. Prices in this bracket have effectively been static for the past two years.

ABSA says the overall affordability of housing has continued to improve along with falling bond rates — with the monthly repayment on an 80 percent bond on a medium-size house over 20 years falling to R1 655 in the first quarter, from R1 758 a year ago. This compares with an average monthly repayment of R1 796 last year and R1 734 in 1991.

ABSA also says that, while the recent increases in VAT and the fuel price are likely to increase inflation by about 2 percent, interest rates are unlikely to move upwards before the first half of 1994, owing to the generally poor economic conditions in the country.

It warns, however, that a sustained deterioration in the country's balance of payments could lead to an earlier-than-expected rise in interest rates.

# Small homes set to boom

ARG 8/5/93

123

A NEW democratic government is likely to spark a property boom in some areas and cause a drop in prices in top suburbs, according to forecasts by a leading property economist, Mr Neville Berkowitz.

The new government would uplift black people into the lower, middle and upper classes of society and create demand for homes and other goods and services, he said this week.

Investing in residential property at present was both a positive strategy and a defensive strategy — positive to take advantage of low prices if things turn out fine, and defensive to protect one's assets from much higher inflation, which could return with a ven-

■ The advent of democracy will raise the prices of some houses, while the more expensive sector will suffer, according to a leading property economist.

**TOM HOOD**  
Business Editor

geance in the new South Africa by 1995.

The next 12 months were not likely to see any fireworks in the residential property market and it would be business as usual, however bleak that might be, he said.

The market would be politically driven, with a lack of confidence reducing demand and increasing the number of houses for sale.

"To be an opportunist in these bleak, post-Chris Hani assassination times, is to be either foolhardy or brave," said Mr Berkowitz.

"While many wealthier white

South Africans are seriously contemplating emigration, others more committed to developing the new South Africa are looking for investment opportunities."

The Cape was likely to see these price movements in the next 18 months, with politics determining the accuracy of this forecast:

- Under R150 000
- Lower market place and other secure affordable homes.
- Strong demand, slight concern

■ To Page 4



# Lawyers form front to fight Absa fees cut

SI Times (Buss)  
9/5/93 (23)

By JEREMY WOODS

LAWYERS have formed a united front to fight Absa's attempt to give consumers cheaper legal fees on home loans.

The war of words has attracted the interest of the Competition Board, which says that a rule which protects vested interests is of doubtful legitimacy.

The Association of Law Societies (ALA), which comprises the four regional law societies, decided this week to ask Absa to drop its demand for lawyers to take a 25% cut in fees to help finance a marketing scheme. Absa home-owners are offered a 50% reduction in registration costs.

ALA's decision follows a report in Business Times two weeks ago that members of the Cape Law Society were threatening to use their financial clout — they control trust funds of up to R4-billion — should Absa proceed with its demands.

Mr Igna Klynsmith, president of the Law Society of the Transvaal, said: "We believe the imposition on the profession by any financial institution of a pre-determined discount in respect of bond registration costs, is unacceptable."

Mr Klynsmith did not believe any campaign, by any financial institution, whereby his members were pressured into doing bond work at less than existing tariffs, was in the long-term interests of the profession or the public.

"We are agreed that we want Absa to stop pressurising attorneys into lowering their fees, and we want Absa to pick up the tab for this whole marketing exercise," says Carl Pohl, president of the Cape Law Society, which has 1 100 member firms in the Western Cape.

Pierre Brooks, Competition Board chairman, says he has "an interest" in the matter and was giving it "due consideration".

"In a free market economy, any move to lower the cost of property transactions to the public is to be welcomed."

A confidential memorandum from Absa Bank to its branch man-

agers says: "The matter must be handled very diplomatically and under no circumstances must attorneys be threatened with a withdrawal of Absa support if they do not agree to participate in the scheme."

"It is, however, recommended that attorneys who do participate in the scheme be rewarded with other business at the full tariff in order to compensate them for the reduced fees charged in support of the scheme."

"This will have to be at the expense of attorneys electing not to support the scheme."

Sid Booyesen, Absa operating executive, commercial banks, says "the plight of customers who are struggling to meet bond and other expenses cannot be ignored."

## Competition

Mr Booyesen said that Absa's 50% scheme saves the client R558 on a R150 000 bond.

"Intense competition in the home-loan market has led to sky-rocketing business volumes and a substantial increase in conveyancing business."

"We have consequently approached the legal fraternity to seek their co-operation in the interests of the consumer," he says.

Under its rules, members of the Cape Law Society are not allowed to lower their fees, except in special circumstances of need. If they do, they face disciplinary action.

However, the Transvaal Law Society has different rules, and its members are allowed to negotiate their charges, though they are not permitted to tout for business.

In Natal this week a Durban firm of attorneys, Shepstone & Wylie, challenged a refusal by the Natal Law Society to allow them to charge lower fees on some conveyancing work. In what might become a landmark judgment, Mr Justice McLaren ruled in favour of the firm.

**SELF-HELP HOUSING** . . . Overseas and local delegates attending the 21st World Housing Congress in the city view some self-help housing schemes in Mitchells Plain yesterday.

Picture: HAROLD KING

CT 13/5/93

**SOUTH AFRICA** has a major housing problem and politicians must understand that quality of life and happiness depends on housing, said the president of the International Association of Housing Science, which is holding its 21st World Congress in the city.

On a tour of the self-help housing developments in Belhar and Mitchells Plain yesterday, Professor Oktay Ural said although 16 000 families have been assisted with self-help housing, about five million people still need to be housed.

"No country in the world can be successful without sufficient housing.

And South Africa is far behind in producing sufficient houses. This will affect the outcome of future elections, as most people will vote for a government that can provide a better quality of life."

He said housing has the largest economic base and needs to be given high priority in South Africa as it can improve the economy by generating jobs.

He maintained that quantity must come before quality in housing development and suggested South Africa follow the American example of establishing a housing fund outside the national budget. (123)



# Olympics in SA 'would ease the housing crisis'

ARG 14/5/93 (123)  
The Argus Correspondent

**DURBAN.** — If the Olympic Games were hosted in South Africa in 2004, it would alleviate the housing crisis as about 50 000 homes would have to be built and about 80 000 jobs created.

This was the opinion of Mr Harry Naidu, sport director for Durban Unlimited, who was speaking during a debate by representatives of Durban, Cape Town and Johannesburg on which city was best suited to hold the 2004 Games.

Speaking at the Durban Indaba yesterday, Mr Naidu said the Games being hosted in Durban would contribute significantly towards the creation of goodwill in the whole of Natal.

The greater Durban area, more than any other city in the country, is in need of building

bridges and healing wounds caused by violence," he said.

Other motivations given by Mr Naidu were the existing facilities which could be upgraded.

Meanwhile, Mr Ngconde Balfour, co-chairman of the Cape Town 2004 Bid Committee, said his organisation was doing everything possible to have the Olympic Games hosted in his city.

He said Cape Town already had extensive experience in presenting major sporting events. In preparing for their Olympic bid, they held workshops on the implication for tourism, the environment and accommodation facilities. Cape Town had excellent air, rail and sea transport facilities as well, he said.





Delegates from informal settlements all over South Africa converged in Cape Town recently to discuss how best to tackle this country's housing crisis. They were joined by representatives of Asian countries which have shown the way in reducing homelessness. The predominant feeling was that squatters should not sit back and wait for a present or future government to provide houses. They should take the initiative in planning and funding their own housing schemes.

Reports by **JUSTIN PEARCE:**

# A way out of poverty cycle

Southern 15/5 - 19/5/93

**M**OST banks won't give a loan to people who live in informal settlements — with no street address they can't provide the kind of security financial institutions demand.

This has kept many squatters trapped in a cycle of poverty, unable to break out of a hand-to-mouth existence and make any investment in their future.

It has been left to squatters themselves to rectify this situation, by means of savings schemes.

Mr Terence Ndanda, southern Cape regional-co-ordinator of People's Dialogue, oversees four different savings schemes in informal settlements in his area, which includes informal settlements in Mossel Bay, George and Knysna.

He explains how the schemes operate: "Each person puts in what he can under his own name, and

receives a receipt for the amount."

The banks who refuse to deal with squatters are willing to talk to a high-profile organisation like the savings schemes.

"When places are allocated to build, the money can be collected to buy bricks and other materials."

Savings schemes have so far collected R17 000 nationally, Ndanda says.

He emphasises that it is important for people to start making their own plans for their future welfare now, rather than just sitting back and waiting for present or future governments to provide everything for them.

"People think if Mandela takes over the government tomorrow there will be houses for all, like it says in the Freedom Charter. The question of housing and land is one that is hardly discussed."

# Financial community told to get house in order

By Bruce Cameron

CAPE TOWN — The African National Congress has bluntly warned South Africa's financial institutions to restructure or be restructured if it is to form a vital link in the upliftment of the poor.

The warning came in a speech made by Trevor Manuel, head of the ANC department of economics, to the World Housing Conference on Friday.

But in an interview after the meeting, Manuel said the ANC would prefer to negotiate a change in attitude with the financial institutions rather than force them to help finance so-

cially responsible projects, particularly housing.

Manuel's warning follows increasing criticism of banks and building societies for raising charges across the board, while retaining high interest margins and effectively forcing thousands of people out of the formal banking system.

Mike de Blanche, deputy chief executive of Absa and president of the Mortgage Lenders' Association, said in an interview it would be very difficult to restructure banks because they had been developed to deal with the formal sector of the economy.

This was why the banking

sector was supporting the development of the proposed Community Bank, which would be able to provide a wider and cheaper service.

Manuel said the ANC was planning to initiate a series of conferences with financial institutions, including the Council of SA Banks (Cosab), the Life Offices Association (LOA) and the Institute of Retirement Funds.

He said the ANC hoped to reach consensus with the institutions and in so doing lay the basis for them to restructure themselves.

The Independent Development Unit — which was established by the LOA to help fi-

nance projects for the poor — had been offered by the LOA as an alternative to the re-introduction of prescribed investments.

He hoped a similar agreement could be reached with all financial institutions.

The LOA had indicated that if this did not work, it would not oppose prescribed investments so strongly.

In his speech, Manuel said banks and buildings societies were almost entirely structured to meet the needs of their white and corporate clients.

The situation was compounded because corporate clients were also the owners of banks.

As a result, lending practices discriminated against individuals and enterprises outside the conglomerates.

"The formal banks hardly address or understand the needs of the majority of the population," said Manuel.

A stinging indictment was levelled at banks for squeezing low-income earners out of the formal system.

BH Pieters, managing director of the recently established Metropolitan Housing Finance Co-operative, told the conference that access to credit and savings facilities had been an indispensable element of socio-

economic development world-wide.

But in South Africa access to finance was limited, costly and directed to sophisticated First World needs, while "every month new and increased service charges are being introduced by SA's major banks, forcing the closure of thousands of savings accounts and other facilities".

Pieters doubted whether it was possible for a First-World bank to reposition itself to serve a broad market. An example was that banks were unable to offer housing loans below R30 000.



# Investment boosts electricity for all plan

Staff Reporter

Star 18/5/93

Affordable electricity for all South Africans was given a major boost yesterday when the Life Offices Association (LOA) committed R500 million into an Eskom investment scheme.

Eskom has estimated that its ambitious plan to electrify a million households by 1998 will cost about R3,1 billion.

To raise the funds, Eskom has floated Electrification Partici-

pation Notes which allow institutions to invest in its growth.

These are being released in instalments over the next five years, Eskom media liaison officer Peter Adams said.

The first R750 million tranche would be made available "within days", but the LOA has already committed itself to R500 million of that.

UAL Merchant Bank general manager Leon Kirkinis said his company was negotiating with several pension funds on the

outstanding R250 million

(123)

LOA committee member Dorian Wharton-Hood would not specify which LOA member companies had invested heavily in the project.

"Every life assurer has come to the party," was all he would say.

The EPN was a unique investment instrument which offered a low initial yield but guaranteed policyholders a reasonable return, Wharton-Hood added.

# Property investment is given a fresh look

By Meg Wilson

Although the mood of institutional portfolio managers remains cautious, there are signs that the major houses are once more on the hunt for investment opportunities.

Sanlam Properties (SP) has announced its intention of investing R800 million in property this year, and R1 billion in 1994.

And Fedlife Assurance said it would finance R52,1 million of new developments in the next few months.

SP, which has just created two new full-service property investment regions, says that meeting its investment targets in this market will require it to be more proactive, more adventurous and less cautious.

Managing director Johan Treurnicht says: "Always bearing in mind that the company acts as a trustee for its policyholders' money, we will have to be prepared to take greater risks, and look at alternatives to our

traditional approach of risk-free and guaranteed investment returns."

Meanwhile, Fedlife is to finance a R36 million office park development in Bryanston, the R12,3 million Rosebank Office Park now being built by Barrow Dewar Development and a R3,8 million new head office for the Heritage financial services group in Sandton.

The assurer has entered an agreement with a consortium of Bridgeport Properties, Sable Holdings and Abland on the Bryanston project.

## Low-rise

To be known as The Oval, it will comprise six double-storey blocks with 8 700 sqm for offices.

The Barrow Dewar project, which Fedlife has bought, will provide 2800 sqm of office space in four low-rise blocks.

Construction of the Heritage building will be by Kirchmann Hurry Construction.



# Boost for low-cost housing

Star 26/5/93

Own Correspondent

CAPE TOWN — A cash injection of R268 million for "affordable housing" for low-income South African families was announced by the Government today.

Gerald Morkel, Minister of Housing and the Budget in the House of Representatives, said the R268 million would be available for housing assistance in the 1993/94 financial year, aimed primarily at families whose breadwinners earned between R500 and R2 000 a month.

The money, 50 percent more than the previous budget, would be allocated nationally to 200 local authorities for 400 housing and related projects.

About R107 million was for projects in the western Cape, Boland and on the west coast. The Transvaal would receive R40 million, Natal R27 million and the Free State R9 million.

"In allocating scarce resources we have adopted a 'bottom up' approach to involve the individual actively in the provision of housing," the Minister said.

"We have to cut the coat according to the cloth. Even a modest starter house can provide a family with permanency of tenure and the facility to upgrade as economic conditions improve."

This approach had proved successful in the Department of Housing self-help programmes in which families were given loans to buy building materials and taught to build their own homes, Morkel said.

Deputy director of housing John Hopkins said that, depending on the locality, "housing units will range from R14 000 to R16 000 each, excluding the price of the plot".

## R268-m

# boost for Star 21/5/93 housing

Own Correspondent

CAPE TOWN — A cash injection of R268 million for "affordable housing" for low-income South African families was announced by the Government yesterday. (23)  
- Minister of Housing and of the Budget in the House of Representatives, Gerald Morkei, said the R268 million would be available for housing assistance in the 1993/94 financial year, aimed primarily at families whose breadwinners earned between R500 and R2 000 a month. (23)

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"We have to cut the coat according to the cloth. Even a modest starter house can provide a family with permanency of tenure and the facility to upgrade as economic conditions improve."

This approach had proved successful in self-help programmes.



HOUSING & HOSTELS — ~~MANUE~~ GENERAL

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# Call for housing 'pilot projects'

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26/6/93

By MAGGIE ROWLEY  
Property Editor

THE National Housing Forum should launch pilot projects of consortiums capable of massive low cost housing development to get the ball rolling, Ian Robinson, says executive director of the Building Industries Federation of South Africa.

Robinson said they had put their view across to the Minister of Housing Louis Shill, who shared their sense of urgency to see action in the low cost housing arena, at a meeting in Cape Town this week.

The NHF, of which Bifsa is also a member, has been allocated R500m for low cost housing this year but as yet has not come forward with any proposals on how this money should be used.

Robinson said that the delays at NHF level were due to the fact that the forum was working on medium and longterm structures and policies for the low cost hous-

ing delivery process.

"This is taking time as consensus has to be reached on a multitude of issues. The problem is to get things moving in the short-term."

This, Bifsa believed, would best be tackled with a series of pilot studies.

"Bifsa believes the NHF needs to facilitate the establishment of consortiums which are capable of embarking and successfully completing massive housing projects.

"Consortium should be invited to submit proposals for the best way to each spend R50m or so on a low income housing project. The potential of leveraging these funds to produce additional private sector finance should also be considered.

"The R50m odd allocated to each consortium could be used as seed capital and it will then be up to the consortium to suggest how this may be rapid, rolled over etc."

These consortiums had to have credibility and the support of the

communities if they were to succeed.

"We have proposed that the NHF put out an invitation to different organisations such as national contractors, financial institutions, local communities, civic organisations and other interested parties to form consortiums among themselves. These consortiums will then be invited to submit their own proposals with regard to the execution of a housing project.

In the invitation to the consortiums, wide parameters of what is required should be stated.

"The idea is to give any consortium whether it consists of sophisticated institutions or unsophisticated groupings, an opportunity to respond.

"Each consortium can then concentrate on whatever its strengths are."

He said Bifsa, which is also a member of the NHF, would seek an urgent meeting with the NHF committee to emphasise the urgency.



# Housing 'affects productivity'

Bisew 25/6/93 (35)  
GAVIN DU VENAGE

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THE availability of cheap, decent housing was a necessity for inner city residents as it affected their living standards and productivity, and was directly linked to their contribution to society.

This is one of the findings of an Urban Foundation study on community-based inner city housing innovations in the US. The study was not meant to be a blueprint for SA's housing problems, but was carried out to provide a "descriptive menu of options for South Africans to consider".

The three approaches were: broad policy advocacy, development deal-making, and self-managed redevelopment.

Broad policy advocacy was used by organisations that attempted to shape the policy system supplying affordable housing with pressure applied to legislators and policy formulators. Advocacy organisa-

tions had used protests, demonstrations and other strategies to bring their cause to the attention of legislators.

... They had played a vital role in changing policies for housing and development, as well as in reallocating resources towards the community's needs, the report said.

Community-based deal makers used another route, assembling partnerships involving the public, private and non-governmental sectors to get housing projects built or rehabilitated by the poor. They had eliminated much of the conflict between business and inner city campaigners.

The report concluded by saying that the best programmes to tackle inner city housing were likely to emerge from mobilising those who lived there.

Sowetan 25/6/93

# City decay tackled

(123)

By Mzimasi Ngudle

EFFORTS to address the housing crisis and especially inner-city housing decay have taken another step with the Urban Foundation's comparative research in America.

The UF report conducted in cities in the United States, was released this week and provides several options to be considered in South Africa.

It suggests that programmes to tackle housing in South Africa's declining inner cities can emerge from mobilising those who live in the inner-city areas.

The report calls for the investigation of approaches, policies and projects followed by other countries in turning inner cities from zones of despair into vibrant and livable zones of reconstruction.

To stimulate creative thinking about South Africa's deteriorating inner cities, the UF commissioned a research of inner-city housing development schemes in the

United States. The UF's research findings identified three main organisational approaches that characterised community-based inner-city development in the US.

One of them was that local communities are mobilised to influence policy changes by putting pressure on legislation and policy.

"Through protests, publicity, labour union organising tactics and other strategies like packing a council meeting with protesters or closing down toilets at a busy airport, policy advocates use a strong show of force to win policy concession from the city," the report said.

As a result advocacy groups have succeeded in getting the decision-making institutions of cities to include more representation from inner-city residents.

The study also found that activism around housing has not been a major deterrent to investment, citing Boston's steady economic growth in the 1980's which continued unimpeded by an aggressive local housing campaign.

by an

4%).



ELECTRICITY FM 25/6/93

## Unbundling Eskom?

The ANC reacted with unusual alacrity to what it called premature reports that Eskom plans to unbundle SA's power supply into a number of regional authorities. Eskom officials, looking to do damage control, quickly pointed out that the utility has made no such plans, is not trying to impose its will and is merely one of the players discussing such matters at the National Electrification Forum.

The forum, which began work last month after nearly a year of negotiations, comprises representatives of the civic associations, trade unions, local authorities, political parties, as well as Eskom and the ANC.

Said the ANC: "By referring to this as a likelihood, this statement may give the misleading impression that a high level of consensus already exists within the forum, where this issue is set to be negotiated."

"The ANC, as one of the initiators of the forum, wants rapid electrification rationalisation and the deracialisation of the electricity sector. But this should be done only after detailed investigation of all of the policy options to seek and identify solutions that best serve the long-term national interest."

Eskom senior GM Jan de Beer, who holds the electrification portfolio, agrees that the forum is the place for such negotiations. "We

FM 25/6/93

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agree that this is not an Eskom decision. The decision will be taken at the forum. Obviously we are talking about a lot of models."

De Beer says restructuring Eskom and other electricity distributors into regional supply authorities is just one plan under consideration. For instance, he mentions that another scenario would see the creation of one centralised utility with generating, transmitting and distribution rights to all domestic and commercial customers, as in France. Eskom, which is now electrifying 200 000 homes a year, has the monopoly only for generation and transmission.

De Beer says that whatever the final plan is, the forum's decisions should carry weight "because everyone is there. It is very representative."

He adds that the forum will work because the goal is clear and shared by all participants. "We have got to get electricity out to the people who have not got it, though we may have different opinions on how to achieve this."

About 96% of whites have electrified homes but only 25%-30% of blacks. It's estimated that R9bn is needed to electrify SA.

"The forum still has a long way to go," De Beer adds. "It would be nice if it doesn't take too long. By this time next year, we might have something on the table." ■



Squatter families outside their homes in Slovo Park in Boipatong

Sowetan 25/6/93

# R268-m housing boost

By Joshua Raboroko

AN allocation of R268 million by the Government for low-cost housing will help many of the more than seven million low-income blacks living in squatter camps and backyard shacks.

The cash injection for "affordable housing" for low-income South African families was announced by the Minister of Housing and the Budget, Mr Gerald Morkel.

He said the money would be available for housing in the 1993-94 financial year.

It was aimed at families whose breadwinners earned between R500 and R2 000 a month.

The money, 50 percent more than the amount previously budgeted, would be allocated nationally to 200 local authorities for 400 housing and related projects.

The Transvaal would receive R40 million. The greater portion of

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 this money would be spent on the PWV area which was expected to contain by far the largest concentration of people by the year 2010 (13,4 million).

The chairman of Operation Masakhane for the Homeless, Mr Dan Moshugi, estimated in May 1992 that 10 million people were living in informal settlements, while the Urban Foundation said more than 7 million people lived in informal housing.

In announcing the allocation, the Minister said: "In allocating scarce resources we have adopted a bottom up approach to involve the individual actively in the provision of housing.

"We have to cut the coat according to the cloth. Even a modest starter house can provide a family with permanency of tenure and the facility to upgrade as economic conditions improve."

This approach had proved successful in the Department of Housing self-help programmes in which families were given loans to buy building ma-

terials and taught to build their own homes, the Minister said.

Depending on the locality, "housing units will range from R14 000 to R16 000 each, excluding the price of the plot," he said.

Information about the allocation of the money can be obtained from civic associations, government sources said.

The project is expected to get off the ground within two weeks.

The announcement by the Minister comes at the time when informal housing is fast becoming recognised as an integral component of a national programme in South Africa.

On the Witwatersrand alone, tens of thousands of people still live in single sex hostels for up to 11 months a year — a relic of the apartheid era which now exacts a deadly cost.

Millions of ordinary South Africans live in so-called "informal settlements" usually without basic services like running water or water-borne sewerage.



## Call to scrap VAT on new house sales

CT25/6/93

Property Editor

~~123~~ 123

VAT ON new houses should be scrapped or at least reduced in line with the transfer costs on second hand homes, Propcor chairman Benny Rabinowitz said yesterday.

Low property prices and a static market were affecting operating margins for developers.

Operating margins had been further eroded by the imposition of VAT on the sale of new properties, he said. In many cases the VAT payable was twice as high as transfer fees on a similar second hand property. The latest increase in VAT would only exacerbate this.

● Abbey moots unbundling — page 13

**1.4-million  
houses short**  
B. Day 2/16/92

Political Staff

CAPE TOWN — There was an estimated backlog of 1.4-million houses and 1 097 678 serviced sites in SA at present, National Housing Minister Louis Shill told Parliament yesterday.

In the 1992/93 financial year R1,2bn was spent to provide 12 600 housing units and 82 368 serviced sites.

In reply to questions tabled by Peter Soal (DP) and Farouk Cassim (Inkatha, nominated), Shill said the De Loor task group had reported that the fragmentation of the housing services had led to inefficiencies and under-utilisation of funds (123)

“For this reason the De Loor task group recommended a single national housing department, and that where government was compelled to undertake housing projects this had to be done on business principles with full cost recording and disclosure.”



## SA faces backlog of 1,4 million houses (123)

Political Staff CT24/6/93

THERE was an estimated backlog of 1,4 million houses and 1 097 678 serviced sites in South Africa at present, the Minister of National Housing, Mr Louis Shill, said yesterday.

During the 1992/3 financial year R1,2 billion had been spent on housing to provide 12 600 housing units and 82 368 serviced sites.

It had been estimated that there was a shortage of 211 079 serviced sites in the Cape, Mr Shill added.

emer heading

# Bill aims at banking for the poor

Star 23/6/93

CAPE TOWN — The main objective of the Mutual Banks Bill was to create banking institutions which would attract the custom of members of the lower-income communities, Deputy Finance Minister Dr Theo Alant said in Parliament yesterday.

Introducing the second reading debate on the Bill, he said the corporate constitution of a mutual bank would be structured so as to facilitate its membership and greater participation by members in the exercise of control in a general meeting.

Jasper Walsh (DP Pine-lands) said that nowhere was the lack of suitable credit facilities more obvious than in low-cost housing and small business development.

While welcoming the Bill, the DP cautioned that South Africa could not afford a failure in the banking sector as this would lead to a loss of credibility, and nothing would hasten the demise of these institutions more speedily than political action such as boycotts and bond instalments being withheld. — Sapa.



# 'No deposits before job is done'

By John Miller  
Star Line

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Star 211693  
some kind of guarantee that they will be paid.

The scrapping of deposits by all home-improvement companies has been called for by Lynn Morris, president of the Housewives' League.

She appreciated that many small, even bigger, companies had a cash problem, but this should not become the customer's problem.

"My attitude is that I will pay you once the job has been done," she said.

"I accept that people do not trust each other today so companies want

Morris said she was surprised to hear that many companies still insisted on deposits.

"I would have thought that they would have been fighting everybody off to get the work."

She also believed that because of the economy there were probably many more one-man and small businesses operating. She felt sorry for the person forced to start a business, but the customer should be even more on his guard.

"Anybody can have a printed contract but nevertheless your money can go down the drain if you are not careful."

A survey conducted by Star Line showed that while most companies did not advertise or voluntarily offer alternative finance schemes, they were prepared to accept payment through a trust account or bank guaranteed cheque.

The customer must therefore ask for these terms and invariably discuss them with the owner or financial director of the company.



# MONEY

## A profitable home for spare R20 000

By CHERILYN IRETON

AN investor asked a senior personal asset manager how best to invest R20 000. The reply was simple and dismissive: "You may as well go to Sun City and gamble."

The attitude — understandable from someone used to dealing with individual portfolios worth millions of rands — is typical of a handful of financial institutions and stockbroking firms.

Their profit potential from investors with less than R250 000 is limited, as is the ability to balance the risk. So these funds are often automatically ploughed into traditional instruments, such as unit trusts or fixed deposits.

Unit trusts are designed for small investors. But they generally take time to appreciate and rule out active participation by the investor.

Discouraged by the attitude to small investors, I approached a few investment advisers to see if they could come up with an imaginative way to place money. The benchmark was a young, single professional, not interested in owning property and not reliant on an income-generating investment.

The most interesting response came from Jill Bogie, general manager, finance, individual business development, at Liberty Life.

"Assuming the person has already provided for disability, health care, future life

cover and will not require the funds in the foreseeable future, he could consider an investment in either a Persian carpet, an antique or a work of art.

"Capital bonds, unit trusts and fixed-interest investments are the obvious homes for any lump sums, but a young professional may want to get some enjoyment out of his investment.

"By buying a Persian carpet, an antique or work of art, the investor can enhance the appearance of his home and at the same time have an investment that may appreciate significantly in value.

"The beauty of Persian carpets, for instance, is that they do not necessarily depreciate in value if they are worn," says Miss Bogie.

She warns that it takes a connoisseur to know whether a fair price is being charged. Also, it is not always easy to sell at a fair price.

"I wouldn't recommend such an investment unless the person had provided for his future through the traditional avenues."

The carpet and antique route holds dangers, warns Brian Bechet, general manager of Board of Executors.

"The average person does not know how to judge the quality of what he is buying. The general route is to buy the goods retail and sell them wholesale. But the price gap

between the two is enormous."

AFC Investments portfolio manager Rudolf Schmidt says R20 000 does not offer many options unless the investor is prepared to take a risk.

"It's difficult to get a spread with R20 000. The market for small investors is restricted, particularly if you don't need income generators such as fixed deposits."

The question, says Mr Schmidt, is not so much as where to put your money but who will look after it.

"Unless you are investment-wise and have constant access to market information you could get burned if there is any swing in sentiment."

Mr Schmidt does not rule out unit trusts — "After all, they are nothing other than a managed asset."

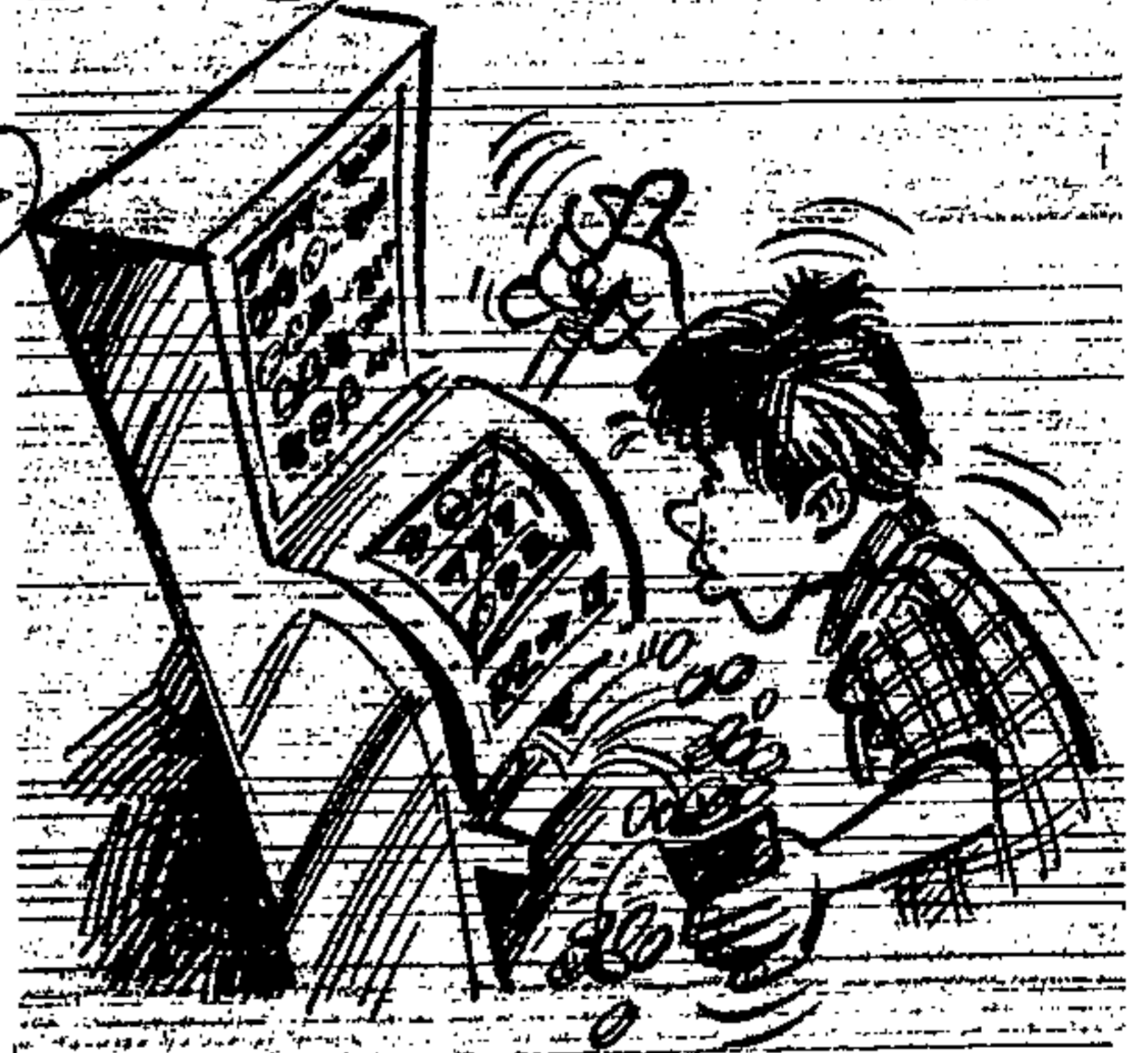
But he advises the investor to be careful in timing the investment and to stagger buying units if there is any chance that the market will turn against him.

Mr Schmidt says some brokers will put together small share portfolios, but again the issue of who will manage the portfolio is critical.

It is essential that investors retain flexibility, says Mr Bechet.

He warns against schemes that will lock up funds for between five to 10 years.

Mr Bechet says that to make money grow faster



than inflation it is essential to own shares. Unit trusts are his recommendation.

"We suggest the funds be fed into unit trusts over 12 months to take advantage of averaging. If you put the whole sum into a unit trust and the market drops, you could be seriously hurt."

Mr Bechet agrees that a downside is that unit trusts rule out individual participation. An alternative might be a small share portfolio, but it would not give sufficient

spread to balance the risk.

"One hundred De Beers shares cost R9 000, which does not leave much to diversify the portfolio and risk."

He warns against putting savings in gilt options, which are advertised to achieve remarkable returns.

"There is a huge correlation between risk and reward and in this case the risk is high. You need market information to enable you to trade your way in and out if there is a change in direction."

## Casino could make M

By JEREM

INVESTORS in Club Mykonos who stood to lose R253-million when Masterbond collapsed could get most of their money back — and make a profit.

A rescue scheme for Club Mykonos was given the go-ahead this week in the Supreme Court, Cape Town.

But the main hope for Masterbond investors, Mykonos property owners and many creditors lies in the prospect of a casino licence for the club.

Mykonos Homeowners Association executive director Rldge Riley says: "The Howard Commission's recommen-

dations on legalised two casinos for the Mykonos is the only Western Cape that meets requirements."

Mr Riley designed and worked for with the curators.

A casino licence value of shares that received under the



## Wooden houses to 'ease backlog'

A SERIOUS look should be taken at the advantages of building wooden houses to alleviate the backlog in housing, Mr Johan Lemmer (NP Be-noni) said.

Speaking yesterday during debate on the Housing Amendment Bill, he said considerable savings could be made on labour costs as it took only about one week to erect wooden houses. And reports indicated they were safer than brick houses.

"If, for instance, a petrol bomb is tossed into a conventional house, it takes about 30 minutes to burn down and the roof collapses. A treated wooden house would, under the same circumstances, take 55 minutes to burn out and does not collapse."

A close look should also be taken at how the State, private developers and building societies could work in a partnership to provide low-cost housing and to upgrade these houses.

— Sapa. (123) ARIST 19/6/93

# Move on land question

■ Finance Minister says restitution will cost billions of rands:

RESTITUTION, which could cost billions of rands, would have to be made as part of the process of reconciliation, Finance Minister Derek Keys said yesterday.

The move was immediately welcomed by the African National Congress, but the organisation felt Keys had not gone far enough.

It called for a "land claims court" to probe the issue dating back to the adoption of the 1913 Land Act, resulting in many blacks being dispossessed of their land.

At a Press conference yesterday, Keys was also upbeat about meeting the Budget target of a deficit of around 6,8 percent of gross domestic product — in

spite of predictions by market analysts that it would be closer to nine percent.

Responding to a question on the land issue, he said: "Restitution is part of reconciliation."

High expectation could not be successfully managed without more being done for the underprivileged, he said.

However, the country would probably have to borrow for this purpose. "This Government is already spending more than our tax revenue ... I imagine it would have to make use of national debt to an extent," said Keys.

"One doesn't like to build up the national debt if one can avoid it, but certain needs are so pressing and so justified that you have to take the painful

medicine."

ANC information director Dr Pallo Jordan said last night that it would go further and call for the issue to be "addressed through a mechanism that is seen to be fair".

He said the ANC had proposed a land claims court "through which these various claims can be processed".

This should "try to accommodate both the aggrieved and those who presently hold that land".

Jordan also said the probe should go back long before the National Party's reign - to 1913 when the Land Act was passed and "when the greatest damage was inflicted through dispossession of African people".

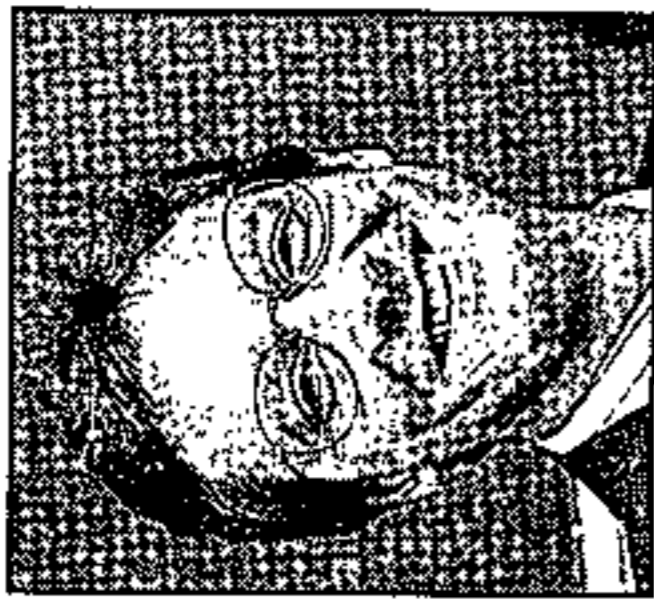
## Matter

Southern 18/6/93  
123



# Low-cost housing: a market solution

123 ~~58~~



**Nico Marais is employed in the gold and foreign exchange department of the Reserve Bank. The opinions expressed in this article are his own and don't necessarily represent those of the Bank**

There is no shortage of proposals to solve SA's low-cost housing crisis. But securitisation, the main mechanism for funding housing in the US, has received scant attention, despite its potential.

Banks are now reluctant to provide mortgage bonds to the lower end of the market (R50 000 or less) and for certain areas, considering the risks involved and the high costs of administering small housing loans. Yet there are a few ways to recoup administrative costs. Banks would not be exposed if they shifted their risk by selling a pool of such loans to a national housing trust — a special purpose vehicle.

To finance the purchase of the low-cost mortgage bonds from banks or development agencies, the trust (which should represent the broad community) would issue mortgage-backed securities. Instead of providing more than R2,4bn for housing, the State would use this money to guarantee the secu-

rities.

With the default rate on the mortgages conservatively estimated at 10%, the State would gain considerable leverage on its investment and promote the flow of more than R20bn in private-sector and development funds to housing each year.

The asset-backed security, with a market-related interest rate and a State guarantee, would be a good investment. With this quality paper available in the market, there would be no need to implement prescribed investments for insurance companies — though their current limits on property related or "government stock" investments would have to be increased substantially.

Even though, historically, returns on interest-bearing investments have underperformed inflation, a security backed by mortgages could yield an attractive return given the low costs of intermediation. It could also be accepted as eligible paper at the discount window of the central bank, making it a worthwhile investment for banks.

The World Bank and donor countries, which are familiar with the concept of securitisation, would be able to receive high, secured returns on their development funds, which would attract larger amounts to SA.

An interesting option in this process would be to fix the mortgage rate payable and then also the rate offered on asset-backed securities. SA and the UK are two of the few

countries where the mortgage rate is affected by movements in short-term interest rates. A stable mortgage rate would help the community and satisfy insurers' need for fixed income investments, considering their long-term liabilities. But low inflation would be essential.

In the US, a number of organisations operate along similar lines: the American Government National Mortgage Association (Ginnie Mae), the Federal Home Loans Mortgage Corp (Freddie Mac) and the Federal National Mortgage Association (Fannie Mae). Borrower defaults are borne by the State, not the investor. Fannie Mae has been instrumental in making housing financing easier in the US since World War 2.

The housing trust, banks and the community must co-operate closely though.

The Barclays Briefing of January 1992 states: "Every so often an issue emerges from the world of finance that seems of technical interest only but which has vital implications for the economy. With the development of securitisation, we are witnessing the early stage of something that will eventually prove enormously influential throughout the industrialised world."

Using securitisation to finance low-cost housing should be considered in earnest as a feasible, market-orientated way to solve the housing crisis quickly.



... LAWYERS ARE BECOMING MORE INVOLVED IN DEVELOPMENT WORK

# Building blocks of the Golden Highway

(123) ~~24~~ ~~24~~

Review/Law in W/maill 18/6-24/6/93.

The poorest of the poor need decent housing — and legal advice in the confusing world of tenure, options and trusts.

By **BARBARA LUDMAN**

**T**HE Golden Highway Project centres on a prime development site: 340 hilly hectares southwest of Johannesburg, adjacent to the coloured township of Eldorado Park.

Not long ago, if the government wanted low-cost houses on the land, it would probably have bought it, proclaimed it, developed it — even built matchbox houses on it — before inviting the homeless to apply.

Those were the bad old days. During the past three years, many low-income communities have become so organised that residents, or potential residents, must now be involved before land is developed.

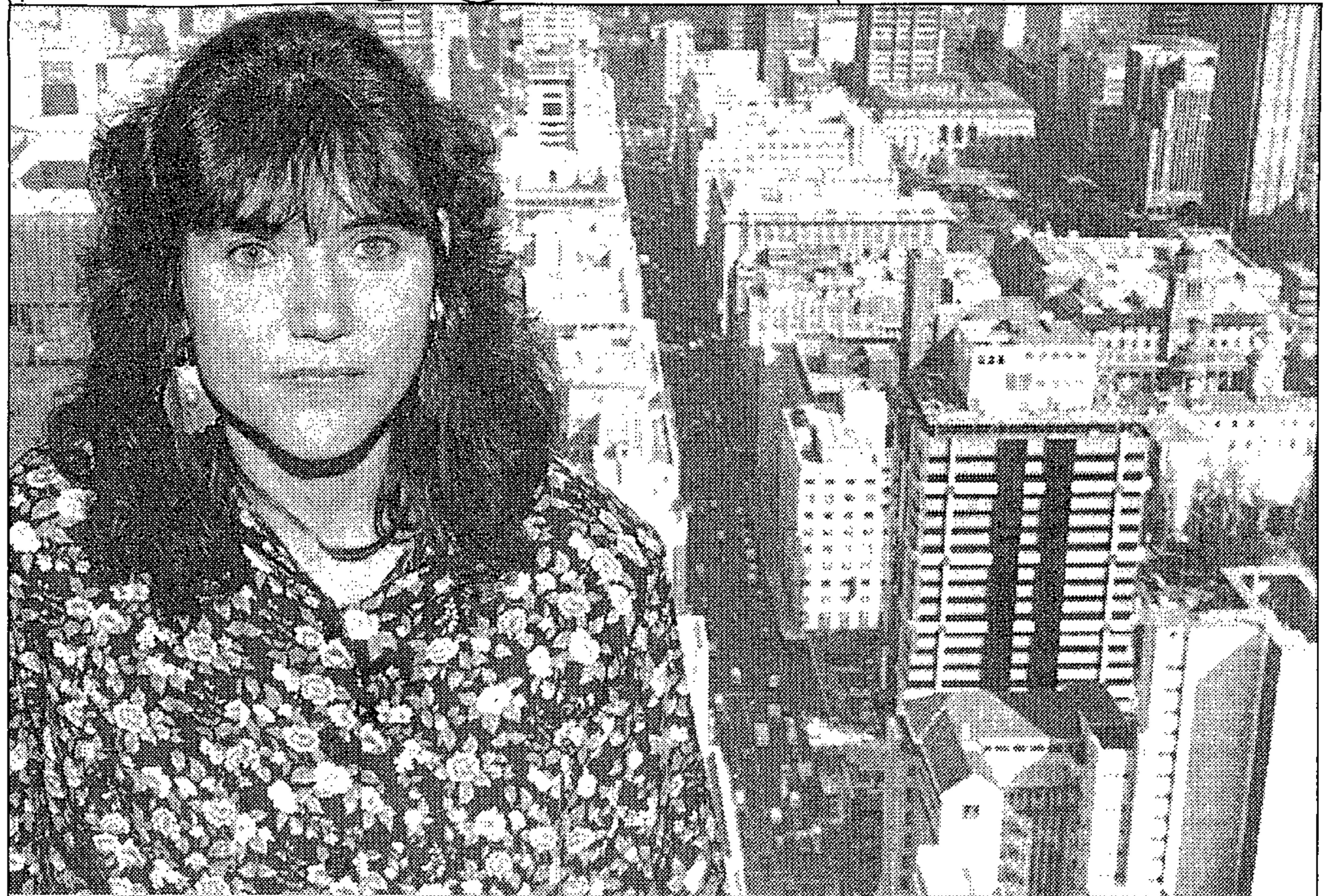
That has changed the face of development. It has also created unexpected areas of specialisation for lawyers. When the clients are community-based organisations in small towns and rural areas, lawyers find they must run educational workshops and enter into negotiation forums with local authorities to set up a process for acquiring land.

And, crucially, when they're working not with high-rise office blocks but with low-cost housing units, they work as part of a team, and the process can be as important as the solution.

Erica Emdon heads a division at EFK Tucker in Johannesburg whose clients are usually civic associations and whose ultimate beneficiaries are generally the poorest of the poor.

The firm specialises in development and banking, and so does Emdon's division, although at the bottom end of the scale. She sees the work her division does as another branch of human rights law, focusing on the right to decent housing. People at the Legal Resources Centre and Lawyers for Human Rights do this sort of work, she says, but no other major commercial firm is involved on the same scale.

Their clients need the same services as corporate clients — companies must be set up, trusts established, contracts drawn up, deals put together, land acquired — but many need more than that. Although established civics like



Erica Emdon ... 'South African law offers a variety of options if you use them creatively'

Photo: RUTH MOTAU

the Civic Associations of Johannesburg (CAJ) know what they're doing, newer, smaller civics are at sea in the world of tenure, options, trusts. Often lawyers must run the workshops explaining how companies run, the legal requirements of reporting and financial statements, the role of trustees, and so on.

This side of the work has expanded since community-based organisations began setting up companies and trusts, creating legal entities to raise funding. A combination of pressure from funders and the need to develop structures that will last, have forced recipients to get their act together legally.

In the projects they take on, the lawyers work with many players simultaneously; they are only a part of a team which often includes, among others, a civic, a local authority, the provincial

government, a service organisation.

Emdon's division was brought into the Seven Buildings Project in central Johannesburg by the tenants, for example, who were trying to find a way to buy their flats in deteriorating buildings and a run-down area where building societies refused to lend. Solutions had to be worked out by a variety of players, including the residents' association, Co-operative Planning and Education (Cope), a civic, a developer, city officials and the Central Johannesburg Partnership, which brought in businessmen and bankers.

"The solution comes out of a whole dialogue and interaction," says Emdon. "It's not the conventional way lawyers have worked, where a client asks them to solve a problem. Here the solving of the problem is long-term, diffuse, mediated by numbers of different inputs and

players."

But there's still a creative side to this kind of development law. The Golden Highway Project is a case in point. Eighteen months ago, the CAJ hired a service organisation, Planact, to advise them on developing a chunk of the Golden Highway site owned by the Johannesburg City Council. Planact hired Emdon's division at Tucker, which set up a company for CAJ called Goldev, then drafted a joint venture agreement between Goldev and a developer.

A land availability agreement followed, but it's now gone much further: the lawyers are looking at what they call "innovative tenure options" so that the poor destined to live on the Golden Highway land will be able to afford it. At the moment the lawyers are investigating the possibility of people acquir-

ing housing collectively. The idea of "housing clubs" was suggested by Planact; it's up to the lawyers to determine how they can work, and to draw up a constitution.

"South African law offers a variety of options if you use them creatively," says Emdon. "There is the voluntary association, which is a common law form. In our company law, there is a range of different types of companies. Co-operatives can be used innovatively for particular kinds of purposes, like housing associations.

"That's what's exciting about the project, from a legal point of view," she says: "We can't change legislation now but maybe when the new government is in place we will be able to construct legislation particularly suited to particular kinds of development initiatives."



this investigation will be submitted; if not, why not; (3) whether he intends instituting the SADF to institute such an investigation; if not, why not; if so, when? B846E

**The MINISTER OF DEFENCE:**

- (1) (a) No, Defence Force members are tested according to the K53 system. In terms of the Defence Act 1957 (Act No 44 of 1957 as amended) and the Road Traffic Act (Act No 29 of 1989) the SA Defence Force is entitled to issue its own licences.
- (b) Yes. The regulations are contained in the SADF Logistics Policy and Procedures 14, Pamphlet 1, Part 3, Chapter 5, "Road Transport in the SA Defence Force" and in the Army Training Instruction 2/91, Appendix A-14, paragraphs 26 to 29.

- (2) Yes. The enquiry can, however, only be completed when the required judicial proceedings have been concluded and the evidence which is heard or presented during these proceedings, has been taken into account.
- (3) Until such time as the findings and recommendations of the SA Police Enquiry are known, this decision is being kept in abeyance.

**SADF: regulations applicable to military vehicles**

371. Mr E K MOORCROFT asked the Minister of Defence:

- (1) Whether military vehicles used for the transportation of passengers are subject to the same regulations applicable to civilian vehicles used for that purpose; if not,
- (2) whether any internal regulations and/or rules of the South African Defence Force make provision for military vehicles used for that purpose; if not, why not; if so, (a) who is responsible for ensuring that such regulations and/or rules are complied with and (b) what is the maximum speed at which Samil vehicles are allowed to travel on (i) freeways and

(ii) (aa) tarred country and (bb) dirt roads when transporting school cadets? B850E

**The MINISTER OF DEFENCE:**

- (1) Yes.
- (2) (a) The driver and/or the non-commissioned officer or a member of a higher rank who is appointed in each specific instance to accept the responsibility. Defence Force Road Traffic Inspectors are also employed and work on a sample method.
- (b) (i) and (ii) 80 km per hour.

**Death sentences commuted**

373. Mr P G SOAL asked the Minister of Justice:

- (1) How many death sentences were commuted in 1992;
- (2) whether he will furnish the names of the persons whose sentences were so commuted; if not, why not; if so, what are their names? B826E

**The MINISTER OF JUSTICE:**

- (1) 59
  - (2) The names of the persons and their substitutive sentences are as follows:
- |               |                        |
|---------------|------------------------|
| VMM Doncabe   | 30 years' Imprisonment |
| SM Blöse      | 30 years' Imprisonment |
| M Mathabula   | 25 years' Imprisonment |
| JMN Nkwenyana | 15 years' Imprisonment |
| STN Nhlabathi | 15 years' Imprisonment |
| MZ Mnucbe     | Imprisonment for life  |
| ME Nondula    | Imprisonment for life  |
| A Generals    | 30 years' Imprisonment |
| MS Mavela     | 25 years' Imprisonment |
| E Hanana      | 30 years' Imprisonment |
| JTL Ledula    | 20 years' Imprisonment |
| ITSoteli      | 15 years' Imprisonment |
| SD Mabine     | Imprisonment for life  |
| JN Masango    | 30 years' Imprisonment |
| B Maseko      | Imprisonment for life  |
| MZ Manure     | Imprisonment for life  |
| JN Mosuwe     | 25 years' Imprisonment |
| S Phungula    | 25 years' Imprisonment |
| NL Zibonda    | 25 years' Imprisonment |
| P Dlemyango   | 30 years' Imprisonment |
| ANgidi        | Imprisonment for life  |
| DS Milumbi    | Imprisonment for life  |
| MG Khuzwayo   | Imprisonment for life  |
| GJ Harper     | 20 years' Imprisonment |
| MZ Mole       | 30 years' Imprisonment |

SENyide ..... 25 years' Imprisonment  
 LD Luthuli ..... 25 years' Imprisonment  
 JJB Bhengu ..... 25 years' Imprisonment  
 MGSalle ..... Imprisonment for life  
 JGrootboom ..... Imprisonment for life  
 Dvan Wyk ..... Imprisonment for life  
 TKhumalo ..... 25 years' Imprisonment  
 JLeshebu ..... Imprisonment for life  
 DMoretisi ..... Imprisonment for life  
 JMelato ..... Imprisonment for life  
 S W Malongisa ..... 30 years' Imprisonment  
 B Siqueza ..... 30 years' Imprisonment  
 IMakhaza ..... 40 years' Imprisonment  
 JMorten ..... Imprisonment for life  
 ETabebe ..... 25 years' Imprisonment  
 ZMkhungo ..... Imprisonment for life  
 BDiala ..... 25 years' Imprisonment  
 MLushaba ..... 25 years' Imprisonment  
 VMbatha ..... 30 years' Imprisonment  
 SMHlongwane ..... 30 years' Imprisonment  
 MChonco ..... Imprisonment for life  
 SKhanyile ..... Imprisonment for life  
 AL Mahara ..... 20 years' Imprisonment  
 GR Eybers ..... Imprisonment for life  
 JZM Magubane ..... Imprisonment for life  
 ZNC Mbatsha ..... 30 years' Imprisonment  
 HM Ngcobo ..... Imprisonment for life  
 MNtaka ..... Imprisonment for life  
 J Mathabula ..... 25 years' Imprisonment  
 W Diamini ..... 25 years' Imprisonment

**Local authorities: persons living outside designated areas**

396. Mr M J ELLIS asked the Minister of Home Affairs: (123)

How many persons were living outside areas designated as local authority areas in each province in the Republic as at the latest specified date for which statistics are available? B970E

**The MINISTER OF HOME AFFAIRS:**

According to the 1991 Population Census (7 March 1991) the following number of persons per province were enumerated outside local authority areas (i.e. outside urban areas with some or other form of local authority):

Province	Number
Cape	1 228 196
Natal	696 235
Transvaal	1 992 495
Orange Free State	817 670



the reason I gave for having to do away with these posts was the financial constraints of the time.

I cannot remember saying anything about finances. As a matter of fact, posts must also be done away with as a result of the decreasing number of pupils. I go out of my way to maintain the small schools in the rural areas. We bend over backwards to protect the communities in the rural areas with regard to the provision of education. However, when there are almost no pupils left at a school—I am talking about schools with only 20 pupils—I can hardly justify providing that school with teachers, let alone a music teacher.

The hon member for Brits asked whether we wanted to phase out other subjects. This is a one-off situation. The hon member will remember that we had to retrench a large number of teachers last year. We did so in terms of the situation that already existed in the Cape, where there were already too many music teachers.

The retrenchment of teachers last year was not related to the retrenchment of music teachers. That created greater confusion than had been the case since 1977. I think our approach was therefore a responsible one.

I feel it is important that we pay close attention to the promotion of the arts through instruction in future. In fact, we should continue to do so to the same extent.

I wish to point out to the hon member that we provide specialised instruction for gifted music students. Among others, there are two music centres in the Peninsula, namely Beau Soleil and Hugo Lambrechts, at which excellent work is being done.

Debate concluded.

QUESTIONS

†Indicates translated version.

For written reply:

General Affairs:

Medium of instruction in schools

368. Mr R M BURROWS asked the Minister of Education and Training:

HOUSE OF ASSEMBLY

How many (a) primary and (b) secondary schools under the control of his Department had (i) Afrikaans, (ii) English and (iii) both Afrikaans and English as the medium of instruction in 1992 or as at the latest specified date for which statistics are available? B867E

The MINISTER OF EDUCATION AND TRAINING:

(a)	12	(b)	2
(i)	6 170	(ii)	1 231
(ii)	24	(iii)	—

Std 10 examinations: Physical Science

369. Mr R M BURROWS asked the Minister of Education and Training:

(1) How many pupils at schools falling under the control of his Department (a) wrote, (b) passed and (c) failed their 1992 Standard 10 examinations in respect of (i) Physical Science (Higher Grade), (ii) Physical Science (Standard Grade) and (iii) Physical Science (Lower Grade);

(2) how many pupils who wrote the Standard 10 Physical Science (Higher Grade) examinations in 1992 passed on the (a) Higher, (b) Standard and (c) Lower Grade level;

(3) how many pupils who wrote the Standard 10 Physical Science (Standard Grade) examinations in 1992 passed on the (a) Standard and (b) Lower Grade level? B868E

The MINISTER OF EDUCATION AND TRAINING:

	(a) Wrote	(b) Passed	(c) Failed
(1)	(i) 12 956 (ii) 5 864 (iii) None	1 938 1 938 None	11 018 3 926 None
(2)	(a) 1 938	(b) 3 814	(c) None.
(3)	(a) 1 938	(b) 1 619.	

Note: The Department does not present Physical Science on the Lower Grade. The results of the candidates who failed Physical Science in the Standard Grade in the November-1992 examinations were converted in accordance with the requirements of the applicable general policy to a pass in the Lower Grade. These candidates have been indicated as passed in question 3 (b).

Teachers' colleges/universities: bursaries

370. Mr R M BURROWS asked the Minister of Education and Training:

(a) How many students registered at (i) teacher-training colleges and (ii) universities under his control receive bursaries from his Department, (b) what are the amounts of these bursaries in each case and (c) in respect of what date is this information furnished? B869E

The MINISTER OF EDUCATION AND TRAINING:

- (a) 9 719
- (b) R1 100
- (c) The 1992 academic year.

(a) Townships

REGIONAL OFFICE: POTCHEFSTROOM

Agisanang (Sannieshof)	65%
Boikhutso (Lichtenburg)	63%
Boitekong (Rustenburg)	99%
Boitumelong (Bloemhof)	80%
Borolelo (Swarttruggens)	30%
Ikageleng (Zeerust)	86%
Ikageng (Potchefstroom)	67%
Ipelegeng (Schweizer-Reneke)	95%
Itekeng (Biesiesvlei)	45%
Jouberton (Klerksdorp)	87%
Kanana (Orkney)	68%
Kgakala (Leeudoringstad)	89%
Khuma (Stilfontein)	13%
Lebaleng (Makwassie)	77%
Letsopa (Ottosdal)	55%
Molatswaneng (Amalia)	100%
Reagie (Koster)	61%
Rulaganyang (Witpoort)	100%
Tigane (Hartbeestfontein)	57%
Tihabologang (Coligny)	58%
Tshing (Ventersdorp)	95%
Tsweleng (Wolmaranstad)	89%
Utlwanang (Christiana)	29%

REGIONAL OFFICE: WITWATERSRAND

	Formal	Informal
Alexandra	0%	100%
Bekkersdal	12%	100%
Boipatong	0%	100%
Bophelong	0%	100%
Botleng	65%	100%
Daveyton	0%	100%
Diepmeadow	0%	100%
Dobsonville	0%	100%
Duduza	94%	100%
Evaton	70%	100%
Impumelelo	99%	100%
Kagiso	37%	100%
Katlehong	34%	100%
Khutsong	74%	100%
Kokosi	75%	100%
Kwa-Thema	13%	100%
Mohlakeng	3%	100%
Munsieville	0%	100%
Nthorwane	100%	100%
Ratanda	40%	100%

HOUSE OF ASSEMBLY

CONF

123

Black housing: electricity supply

378. Mr P G SOAL asked the Minister for National Housing:

Whether any housing units in Black townships have yet to be supplied with electricity; if so, (a) which townships are involved and (b) what percentage of Black housing in each specified region had not yet been supplied with electricity as at the latest specified date for which information is available? B874E

The MINISTER FOR NATIONAL HOUSING:

1. TRANSVAAL

Yes.



Townships	Percentage housing not yet supplied with electricity	Townships	Percentage housing not yet supplied with electricity
Sebokeng	30%	Emjindini (Barberton)	37%
Sharpeville	0%	Emthunjeni (Machadodorp)	12%
Siyathemba	90%	Emzinoni (Bethal)	79%
Soweto	0%	Esizameleni (Wakkerstroom)	59%
Tembisa	49%	Ethandakukhanya (Piet Retief)	91%
Tokoza	35%	Ezamokuhle (Amerspoort)	63%
Tsakane	65%	Kwachibikhule (Chrissiesmeer)	57%
Vosloorus	0%	Kwadela (Davel)	95%
Wattville	0%	KwaGuqa (Witbank)	24%
Wedela	0%	Kwathandeka (Amsterdam)	99%
Zonkizwe	100%	Kwazemokuhle (Hendrina)	25%
Ivory Park	0%	Kwazenele (Breyton)	61%
Swanieville 1	100%	Lebohang (Leandra)	87%
Swanieville 2	100%	Mashishing (Lydenburg)	46%
Verre Oos Bank	100%	Mhluzi (Middelburg)	51%
Finetown	0%	Phola (Ogies)	5%
Poortjie	—	Sakhele (Dullstroom)	0%
Orange Farm	—	Sakhile (Standerton)	63%
Palm Springs	0%	Silindile (Lothair)	99%
Tshepiso	0%	Silobela (Carolina)	81%
Lenasia	—	Simile (Sabie)	0%
Doornkop	—	Sivukile (Morgenzon)	99%
Diepsloot	—	Siyathuthuka (Belfast)	4%
Nietgedacht	—	Siyuzenzela (Perdekop)	100%
Soweto Oos	0%	Vukuzakhe (Volksrust)	37%
		Wesselton (Ermelo)	54%

REGIONAL OFFICE: PIETERSBURG

Belabela (Warmbad)	95%
Phagameng (Nylstroom)	25%
Mook-gophong (Naboomspruit)	40%
Regorigie (Thabazimbi)	20%
Marapong (Ellisras)	0%
Tshikota (Louis Trichardt)	100%
Messina-Nancefield (Messina)	0%
Nthabiseng (Soekmeakaar)	100%
Thusang (Roedtan)	100%
Elandskraal	60%
Calais	100%
Gamapodile	70%
Rebone	60%
Indermark	60%
Puraspan	100%
Witriver	100%
Weltevrede	100%
Zaaiplaas	100%

REGIONAL OFFICE: WITBANK

Embalenhle (Secunda)	50%
Emgwenya (Watervalboven)	0%

123

389

123

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REGIONAL OFFICE: PRETORIA

Atteridgeville	0%
Hammanakraal	100%
Hartbeestfontein	27%
Lethlabile	52%
Mamelodi	8%
Oukasie	100%
Retabeseng	100%
Refilwe	45%
Soshanguve	57%
Zithobene	64%

Information is supplied as at 31 May 1993.

2. CAPE PROVINCE

Yes.

(a)

Townships	Percentage housing not yet supplied with electricity
WESTERN CAPE	
Lingeletu-West and Khaylitsha (Cape Town)	36%

(b)

Townships	Percentage housing not yet supplied with electricity
EASTERN CAPE	
Thembalesizwe	99%
Addo Noodkamp	100%
Lingeletu	96%
Kwanonqubela	0%
Kwanonwakazi	0%

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Townships	Percentage housing not yet supplied with electricity	Townships	Percentage housing not yet supplied with electricity
Langa (Cape Town)	2%	Dukathole	70%
Gugulethu (Cape Town)	6%	Nkuluekho	90%
Nyanga (Cape Town)	0%	Nolukhanyo	0%
New Crossroads (Cape Town)	0%	Nyarha	96%
Crossroads (Cape Town)	31%	Mzomomhle	20%
Phillipi (Cape Town)	0%	Katikati	95%
Lwandle (Strand)	0%	Bhongweni	99%
Mfuleni (Kuisriver)	30%	Lingelihle	80%
Khayamandi (Stellenbosch)	0%	Despatch	98%
Mbekweni (Paarl)	57%	Sinakho	95%
Zweletemba (Worcester)	0%	Gompotown	70%
Zolani (Ashton)	80%	Masibambane	0%
Nkqubela (Robertson)	60%	Kwatinidubu	68%
Zwelihle (Hermanus)	46%	Umasizakhe	90%
Nduli (Ceres)	8%	Rini	0%
Sidesaviwa (Beaufort-West)	98%	Umzomomhle	0%
Masinyusane (Victoria-West)	18%	Luxolweni	98%
Bongolethu (Oudtshoorn)	65%	Kwanonzamo	99%
		Mavuya	98%
		Kwazamukucinga	98%
		Masakhane	99%
		Jeffreysbaai	100%
		Kareedouw	100%
		Kei Mond	100%
		Kei Weg	100%
		Ginsberg	60%
		Bontrug	0%
		Wongalethu	100%
		Qumrha	100%
		Kwezinaledi	100%
		Sonwabile	100%
		Marselle (Kenton-on-Sea)	98%
		Kwanonzame	95%
		Nomonde	93%
		Kwazenzele	96%
		Khanyiso	95%
		Nkwenkwezi	95%
		Ibhayi (Port Elizabeth)	70%
		Kwamagxaki (Port Elizabeth)	0%
		Kwadwesi (Port Elizabeth)	0%
		Walmer (Port Elizabeth)	30%
		Motherwell (Port Elizabeth)	73%
		Mlungisi/Komani	76%
		Zakhele	100%
		Kwanojoli	93%
		Masakhe	90%
		Khayamnandi	97%
		Vuyolwethu	100%
		Cumakala	0%
		Zola	95%
		Dyoki	28%



**Townships**

Percentage housing not yet supplied with electricity

Kwanobuhle (Uitenhage) ..... 45%

Nozizwe ..... 99%

Willowmore ..... 100%

Information is supplied as at 30 April 1993.

3. NATAL

Yes.

**(a)**

**Townships**

Percentage housing not yet supplied with electricity

Msingisi ..... 100%

Nkanyezi ..... 55%

Sibongile ..... 67%

Sithembile ..... 65%

Enhlalakahle ..... 34%

Steadville ..... 45%

Isokolele ..... 35%

Bruntonville ..... 56%

Ambleton ..... 100%

Hambanathi ..... 54%

Bhekezulu ..... 27%

Nondweni ..... 100%

Ingwavuma ..... 94%

Nkandla ..... 94%

Nqutu ..... 92%

Edendale ..... 70%

Clermont ..... 30%

KwaDabeka ..... 70%

Emafusini (Dannhauser) ..... 80%

Ningizimu ..... 25%

KwaMevana ..... 95%

KwaMashu ..... 34%

Inanda ..... 85%

Umlazi ..... 33%

Wembezi ..... 33%

Mpophomeni ..... 32%

Bhongweni ..... 10%

Dumbe ..... 95%

Thubalethu (Melmoth) ..... 5%

Nongoma ..... 5%

Sobantu ..... 5%

Pinetown South ..... 25%

Shakaville ..... 5%

Shayamoya ..... 0%

KwaNobamba (Weenen) ..... 95%

Winterton ..... 100%

**(b)**

Percentage housing not yet supplied with electricity

Mangau (Bloemfontein) ..... 60%

Seretse (Boshof) ..... 90%

Majwemaswenu (Brandfort) ..... 88%

Tswaraganang (Dealesville) ..... 91%

Malebogo (Hertzogville) ..... 98%

Ikgomotseng (Soutpan) ..... 72%

Tshepong (Verkeerdevelei) ..... 100%

Makelekella (Winburg) ..... 95%

**KOFFIEFONTEIN DISTRICT OFFICE**

Ipopeng (Fauresmith) ..... 99%

Ratanang (Jacobsdal) ..... 96%

Itumeleng (Jagersfontein) ..... 98%

Ditlhake (Koffiefontein) ..... 70%

Relebohile (Luckhoff) ..... 94%

Bolokanang (Petrusburg) ..... 95%

Poding-Tse-Rolo (Philippolis) ..... 99%

**KROONSTAD DISTRICT OFFICE**

Leratswana (Arlington) ..... 91%

Kgotsong (Bothaville) ..... 91%

Ngwathe (Edenville) ..... 93%

Maokeng (Kroonstad) ..... 69%

Ntha (Lindley) ..... 95%

Mamafubedu (Petrus Steyn) ..... 92%

Matlwangtlwang (Steynsrus) ..... 93%

Rammulotsi (Viljoenskroon) ..... 93%

**SASOLBURG DISTRICT OFFICE**

Namahadi (Frankfort) ..... 82%

Phirtona (Heilbron) ..... 68%

Information is supplied as at 31 May 1993.

HOUSE OF ASSEMBLY

4. ORANGE FREE STATE

Yes.

**(a)**

**Townships**

Percentage housing not yet supplied with electricity

Bohlokong (Bethlehem) ..... 61%

Kgubetswana (Clarens) ..... 87%

Ntswanatsatsi (Cornelia) ..... 100%

Mashaeng (Fouriesburg) ..... 66%

42nd Hill (Harrismith) ..... 68%

Tlholong (Kestell) ..... 86%

Zamani (Memel) ..... 96%

Petsana (Reitz) ..... 87%

Thembalihle (Vrede) ..... 80%

Ezenzeleni (Warden) ..... 76%

**BETHLEHEM DISTRICT OFFICE**

Bohlokong (Bethlehem) ..... 61%

Kgubetswana (Clarens) ..... 87%

Ntswanatsatsi (Cornelia) ..... 100%

Mashaeng (Fouriesburg) ..... 66%

42nd Hill (Harrismith) ..... 68%

Tlholong (Kestell) ..... 86%

Zamani (Memel) ..... 96%

Petsana (Reitz) ..... 87%

Thembalihle (Vrede) ..... 80%

Ezenzeleni (Warden) ..... 76%

**BLOEMFONTEIN DISTRICT OFFICE**

Mangau (Bloemfontein) ..... 60%

Seretse (Boshof) ..... 90%

Majwemaswenu (Brandfort) ..... 88%

Tswaraganang (Dealesville) ..... 91%

Malebogo (Hertzogville) ..... 98%

Ikgomotseng (Soutpan) ..... 72%

Tshepong (Verkeerdevelei) ..... 100%

Makelekella (Winburg) ..... 95%

**Townships**

Percentage housing not yet supplied with electricity

Kwakwasi (Koppies) ..... 87%

Metsimaholo (Oranjeville) ..... 97%

Tumahole (Parys) ..... 86%

Zandela (Sasolburg) ..... 42%

Mafahlaneng (Tweeling) ..... 90%

Qalabotjha (Villiers) ..... 87%

Mokwallo (Vredefort) ..... 90%

**SENEKAL DISTRICT OFFICE**

Hloholwane (Clocolan) ..... 98%

Mahlatsweisa (Excelsior) ..... 96%

Meqhelang (Ficksburg) ..... 96%

Dipelaneng (Hobhouse) ..... 45%

Manyatseng (Ladybrand) ..... 87%

Moemaneng (Marquard) ..... 92%

Fateng-Tse-Ntsho (Paul Roux) ..... 99%

Mautse (Rosendal) ..... 99%

Matwabeng (Senekal) ..... 18%

Borwa (Tweespruit) ..... 99%

**SMITHFIELD DISTRICT OFFICE**

Lephoi (Bethulie) ..... 100%

Morojaneng (Dewetsdorp) ..... 96%

Ha-Rasebei (Edenburg) ..... 97%

Matoporong (Reddersburg) ..... 93%

Rweleleyathunya (Rouxville) ..... 98%

Mofulatshepe (Smithfield) ..... 97%

Maphodi (Springfontein) ..... 34%

Madikgetla (Trompsburg) ..... 98%

Thapelang (Vanstandensrus) ..... 100%

Qibing (Wepener) ..... 96%

Matlakeng (Zastron) ..... 96%

**WELKOM DISTRICT OFFICE**

Nyakallong (Allanridge) ..... 92%

Phahameng (Bultfontein) ..... 96%

Phomolong (Hennenman) ..... 95%

Tikwana (Hoopstad) ..... 76%

Kutlwanaong (Odendaalsrus) ..... 64%

Masilo (Theunissen) ..... 90%

Mmamahabane (Ventersburg) ..... 98%

Meloding (Virginia) ..... 40%

Thabong (Welkom) ..... 64%

Monyakeng (Wesselsbron) ..... 96%

Information is supplied as at 31 May 1993.

**Pre-service teacher-training: expenditure**

379. Mr R M BURROWS asked the Minister of Education and Training:

What was the *per capita* expenditure on pre-service teacher-training at (a) colleges of education, (b) universities and (c) technikons during the latest specified period of 12 months for which figures are available? B881E

The MINISTER OF EDUCATION AND TRAINING:

(a) R15 928 per FTE student (1992)

(b) and (c) The requested amounts are not readily available.

**In-service teacher-training: expenditure**

380. Mr R M BURROWS asked the Minister of Education and Training:

What was the *per capita* expenditure on in-service teacher-training (a) aimed at the upgrading of qualifications and (b) in the form of enrichment courses during the latest specified period of 12 months for which figures are available? B882E

The MINISTER OF EDUCATION AND TRAINING:

(a) R3 075 per teacher involved.

(b) R400 per teacher involved.

**Schools: capacity/enrolment**

381. Mr R M BURROWS asked the Minister of Education and Training:

(1) What was the (a) total potential capacity of, and (b) enrolment in, (i) primary and (ii) secondary schools in each Departmental region in the first term of 1993;

(2) whether he will furnish the information requested in paragraph (1) in respect of each of the self-governing territories; if not, why not; if so, what are the corresponding particulars? B885E

Information is supplied as at 31 May 1993.

HOUSE OF ASSEMBLY



# New policy is Shill's top priority

ANDREW KRUMM

HOUSING Minister Louis Shill's immediate aim is to negotiate a generally acceptable housing policy.

"Given the challenge of managing the transition, my first priority is to negotiate a new housing policy as a matter of urgency," he said in an interview.

Shill declined to set a deadline, but said the National Housing Forum had made significant headway on policy issues.

The policy would provide a framework for housing delivery largely in the medium and long term, but short-term housing needs would not be neglected.

A number of joint projects between the National Housing Forum and his department were under way.

One problem was "the culture of entitlement and boycott politics", which had previously derailed private sector participation in the housing market. (123)

But Shill said he was optimistic the boycott ethic would be overcome, as all political parties realised the effort to design a new policy was in the best interests of a new government.

"Once we have created the conditions conducive to positive expectations, the private sector should respond promptly, given the right incentives, and pave the way for recovery in the housing sector."

A likely way to encourage private sector participation would be to establish a system of financing that would tap institutional resources — but with an acceptable risk factor.

"Attention will be given to creating a basis for the underwriting of abnormal risk, with possible government support as an underwriter of last resort," said Shill.

The housing sector had the potential to create many jobs, and stimulate big and small business.

"I recognise that the provision of housing to a rapidly growing population is an enormous challenge that cannot be resolved overnight. At the same time I want to emphasise that it is not an insoluble problem," Shill said.

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# Need seen for revised property tax

By Meg Wilson

CAPE TOWN — The redistribution of wealth and rural land reform programmes are likely to have a dramatic impact on tax structures and policies.

So says Professor Riel Franzsen of the University of Pretoria's department of mercantile law.

He told delegates to the annual Property Owner's Association (Sapoa) convention last Friday that property tax was the most important tax levied at local government level.

It was likely to account for 40 percent of local government revenue and 3,7 percent of estimated total revenue for 1993/4.

However, property tax was currently levied only in "white" cities and towns.

There was no tax on rural land — land outside municipal boundaries — although its possible introduction was being researched and widely propagated by some political groupings.

## 123 Outskirts

Low-cost housing on city outskirts, including townships and squatter camps, was making more and more demands on local authorities in terms of land provision, lengthy service connections and huge bills for sprawling areas difficult to clean and maintain.

The question was how local authorities could broaden their tax bases to include the inhabitants of informal townships or squatter settlements when their inhabitants have few occupational rights and are often mobile.

"And to what extent can the present property tax base be extended to finance mergers of white and black areas and upgrade public services?"

Thorough research was needed on local government finance issues and should include the possible introduction of further user charges, betterment levies, a rural land tax and other new land-related taxes at local or regional level.

It would also include the possible extension of municipal boundaries to include all areas currently outside them.



# Syndications: handle with care

By Alide Dasnois

CAPE TOWN — The mushrooming of property syndication schemes poses serious risks for investors, says Professor Louise Tager, head of the Business Practices Committee.

She told the Sapoa convention that these schemes generally attracted smaller investors who did not always realise their money was locked into the scheme; that unlisted shares could not be traded in the same way as listed ones.

"We're not saying these schemes should be stopped, but people must be properly informed. Full disclosure is critical."

The committee welcomed steps taken by Sapoa to regulate property syndication. But it would not hesitate to take steps against misleading advertise-

ments offering unrealistic profits.

Investors considering syndication schemes should know they did not entail property transactions; that investors did not own the property and that public companies were obliged to issue a prospectus before offering shares to the public.

## Expectations

The committee was also considering steps to protect consumers against the misleading use of words in transactions.

Professor Tager said words like ownership, property and share-blocks were being loosely used, creating expectations in the minds of consumers which were not met.

Examples of possible abuses:

● Share-block schemes — "The

public does not understand that being a shareholder in a share-block scheme does not mean owning the property. It is the company in which they hold shares that owns the property."

● Life-right schemes — "These are nothing more than leases for life. The term life rights conveys the impression that the holders have a form of title, which they do not."

● Retirement villages — Elderly people were often attracted to these schemes by the promise of security and frail-care centres, but "security is often not provided and frail-care centres, if they are constructed at all, are more often than not used as recreation facilities".

This would constitute a harmful business practice, she said. The legislation on retirement villages was under review.





## Building work slide continues

PRETORIA — The value of building plans passed in the first four months of the year declined by 10% to R3,312bn, compared with the January to April period last year, according to Central Statistical Service figures.

Economists and industry observers said the crisis in the construction industry was reflected in statistics released at the weekend. (72)

The value of plans for houses dropped 4,5% to R1,122bn, and for flats and townhouses by 20,9% to R404,4m. Non-residential buildings registered the biggest decline — by 25% to R626,7m. By contrast, additions and alterations plans were valued at R1,119bn — an increase of 2%. (123)

14/16/92  
GERALD REILLY

Building Industries Federation of SA executive director Ian Robinson said the figures indicated the industry was still in recession and the bottoming out process could be delayed until next year. But, progress in political negotiations and the appointment of National Housing Minister Louis Shill were expected to boost optimism, he said.

Economists agreed that the figures confirmed the industry's continued rundown and gave little hope for significant improvement this year. CSS figures also show that the number of industry workers dropped by more than 9 000 between September and December last year.

## Contractors fighting for their lives

AS ECONOMIC conditions worsen and building activity continues to decline, contractors are tendering at below cost to keep themselves busy and staff employed.

"Almost every builder is tendering below cost and none of them are making money at today's prices."

"Any improvement in this regard is solely dependent on a positive political settlement," SA Building Industries Federation (Bifsa) executive director Ian Robinson says.

However, he says there are a number of positive factors pointing towards an improvement:

- The upturn in the world economy will boost the SA economy;
- The firmer gold price could result in increased capital expenditure by

many gold mines;

Political negotiations are looking positive;

Louis Shill has taken over as Housing Minister.

"All of these factors could result in a renewed momentum on the low-cost housing front. There are signs that many potential investors are poised to grant assistance in this regard," he says.

However, this is unlikely to affect the industry before the end of the year, and may be too late to save many companies.

Last year 400 building companies were liquidated — in the formal and informal sector — and between 400 and 600 are expected to be liquidated this year.

Says Robinson: "Once the industry returns to profitability, in the medium term there will

be insufficient qualified people to handle the work available.

"Bifsa is trying to address this problem by implementing training programmes in the formal and informal sectors."

The medium building companies are the hardest hit by the recession as they are too big to compete for the very small jobs but not large enough to be able to branch out into Africa.

The smaller players are fairly active, with the additions and alterations market showing excellent growth as people upgrade their existing properties rather than buying or building new premises.

The larger companies have branched out into Africa and many are involved in internationally funded projects.

Bifsa 14/6/93

(123)



## Tenants entitled to subletting rights

PROSPECTIVE tenants should be aware of the fact that the leases they will sign will probably contain a provision prohibiting subletting without the consent of the landlord, says the latest edition of Moss-Morris's Law News.

"This effectively deprives the lessee of his common law right to sublet while protecting the lessor from having the premises occupied by an undesirable subtenant even though that purpose may not be forbidden by the lease or the law," editor and Moss-Morris partner Selwyn Cohen says.

But many leases also contain a proviso that the landlord's consent is not to

be withheld unreasonably. This is intended to safeguard the interests of the lessee by preventing the lessor from making unreasonable use of the protection given to him.

"The landlord is allowed to withhold his consent to subletting only where his rights in terms of the lease will be affected in the sense that the sublease will place him in a worse position regarding the tenant," he says.

The grounds for refusal must have some reference either to an attribute of the personality of the subtenant or to the proposed use of the premises. But each case must be considered on its own facts and

circumstances. (123)

In the recently reported case of Bryer and Others NNO v Teabosa CC and Simon Chuter Properties and another in the Cape Provincial Division, the lessee had requested permission to sublet premises to a subtenant who would continue to use them for the same business as they were then being used.

The court held that as the sublease could not affect the lessor's rights and contractual position in respect to the tenant, its refusal was "opportunistic and motivated by wholly personal considerations".

The application to eject the tenant was refused, Cohen says.

## Housing conmen land in court

TWO alleged conmen, exposed in City Press as having ripped off homeless people in elaborate housing scams involving millions of rands, appeared in court in separate trials this week.

Ronald Francis of Invesco International made a brief appearance in the Johannesburg Regional Court on Monday on charges of fraud and theft of housing deposits which could involve as much as R2-million. *City Press 13/6/93*

Francis's hearing was postponed to June 21 for trial. His R1 000 bail was extended.

In the second case, Pieter Sekhonyane of Ka-Mohau Enterprises appeared in the Vereeniging Regional Court on charges of theft and contempt of court.

He was not asked to plead and he will appear again on July 13. Sekhonyane remains in custody.

The Vaal church minister was arrested in May after failing to make payments in terms of a court order to refund stolen housing deposits.

According to a order by the Vereeniging Regional Court in February, Sekhonyane's seven-year jail term was suspended to enable him to repay the 40 victims from whom he had stolen over R93 000.

Sekhonyane failed to pay and was arrested on the contempt of court charge ~~(123)~~ (123)

Anyone who lost money to Sekhonyane and who has not yet laid a charge should contact Sgt Letseleha at the De Deur Police Station (016) 90-1070.



# Promoter holds key to successful syndication

Star 12/6/93 123

**T**HE promoter is the most important aspect when considering a property syndication, according to a recent survey.

The promoter's experience will give you

some indication of his ability and strength of operation.

Should you be concerned, ask to see the promoter's balance sheet.

The promoter's property knowledge is also

important, and his ability to trade property will ultimately affect the re-

**AT A recent meeting of the Star/FNB Investors' Club, Metboard executive STEPHEN WEIR explained the complexities of property syndications. Today Your Money publishes the second part of his address.**

turn you receive.

Promoters more actively involved in the letting, sale and trading of properties are more likely to have the required relationships to keep the buildings well tenanted and to trade the properties where required.

One gains experience through the number of syndications successfully completed. Consider carefully a promoter who is floating his first syndication.

It is also important to identify the promoter's view on property syndications.

Certain promoters have in the past walked away from syndications but others have supported them, even incurring losses to ensure that syndicate holders do not

While the term of the lease is important, an even more important aspect is tenant profile.

In any shopping centre development or office block, rental income is as secure as the tenant who remains in business.

Should a tenant fail, the property manager would have to relet the property, and the rentals originally projected might not be achieved.

In retail shopping centres there is usually a mix of one or two larger, well-established tenants such as Pick 'n Pay or Clicks and smaller tenants who occupy smaller spaces at high rentals.

In properties such as these it is more important that the larger tenants have longer leases and a sounder standing than the smaller tenants.

When considering any syndication, determine the percentage occupation by the well-known household names, as these are what give you security in your income.

Some leases include turnover clauses which state that at a certain level of turnover, additional rental will be paid at a given formula.

This provides opportunity for increased income should the centre be successful during the syndication.

Where mention has been made of head leases by a promoter or some third party, caution should be taken to ensure that the guarantor is of sound standing.

Ask why the property is not fully let.  
 To be concluded next Saturday.

## A new guide to sound investment

THE second edition of Magnus Heystek's book, *World of Money*, is available from *The Star* at a cost of R35. It offers everything you need to know about unit trusts, the JSE, retirement planning, secrets of successful investment and the effects of inflation.

Send a cheque or postal order, made out to *The Star*, to: *The Star*, Finance Dept, Box 1014, Johannesburg 2000. Or call at 47 Sauer Street between 9 am and 4 pm.

# Bleak short-term outlook for SA property industry

By MAGGIE ROWLEY  
Property Editor

NO UPTURN could be expected for the property industry before late 1995, Jan Calitz, MD of the South Life Association told delegates to the 26th annual convention of the South African Property Owners Association (Sapoa).

Calitz said any upswing in the property market needed to be fuelled by a sustained economic upswing and not a short-lived

"Indian summer". He said life assurance companies and private pension funds currently hold assets well in excess of R350bn.

Over the past 10 years life assurance companies have held about 12% and the pension funds about 10% in the form of fixed property. Net cash flow into these institutions is currently estimated to be R35bn to R40bn a year. Assuming no significant increase

or decrease in institutional property exposure some R3,5bn to R4bn a year is therefore going to have to find a home in fixed and listed property.

"The property investment market is already very tightly held. New developments, especially speculative, are currently difficult to justify in terms of both rental levels and tenant take-up."

"It is going to be a challenge for these institutions to maintain their

exposure at current levels and buyer demand will therefore help to ensure that the values of good quality property hold up."

Calitz said that greater liquidity and flexibility would be required in investment portfolios. Increasing focus on short-term performance will favour other asset classes at property's expense which has a longer time frame for performance returns.

"This is not ideal for the proper-

ty industry but is unfortunately a reality. Developments with longer lead times will become more risky."

Confidence and economic growth, he said, would have a far greater impact on property performance than inflation.

The weight of institutional cash flows, the shortage of quality property investments in an illiquid market and the problems associated with new developments would be positive for property.

CT 12/6/93



# Law to bolster property claims

B/Say 11/6/93

CAPE TOWN — Far-reaching legislation was introduced yesterday to provide almost all victims of forced removals with the right to apply for restitution, providing hope for former Page View and District Six residents.

The long-awaited Abolition of Racially Based Land Measures Amendment Bill substantially broadens the scope of existing legislation, which deals only with undeveloped, rural land.

Victims of forced removals who held land in urban areas will now also be permitted to apply to the Advisory Commission on Land Allocation for restitution.

However, restitution will take place only with the concurrence of the local authority.

The commission, formerly an advisory body, will be empowered to issue orders regarding certain land.

This will significantly speed up the process of restitution, a Regional and Land Affairs official says.

The legislation also allows the commission to make recommendations about alternative land in cases where the original land of a prejudiced party has been developed.

DP land affairs spokesman Peter Soal said the fact that the commission would no longer be merely an advisory body was a "great extension

TIM COHEN

to the powers and functions".

Its authority to determine whether anyone was prejudiced was also to be welcomed.

Granting the commission control over its staff was also significant.

However, the requirement that local authorities would have to approve applications for restitution would cause unnecessary delays. The DP would seek to have this clause removed, Soal said.

The Bill also provides for the occupier of a property to apply to a court for transfer of ownership from a nominee owner within 30 months after the commencement of the Abolition of Racially Based Land Measures Act of 1991, reports Sapa.

The Bill extends the application period from the six months stipulated in the 1991 Act.

That Act had amended the Group Areas Act which had made such transfer of ownership from the nominee owner to the occupier illegal.

The new 30-month period is to apply with retrospective effect and is reckoned from the implementation date of the 1991 section.

Provision is also made for the period to commence after the finalisation of an estate if the nominee owner had died since the closing of the transaction.

Mr N SINGH: Mr Speaker, further arising out of the hon the Ministers' reply, is he aware that the Durban City Council is trying to make enormous profits out of the sale of land that was taken away from people at a pittance? I should also like to ask him if he is going to do anything about meeting with the Durban City Council in that regard?

The MINISTER: Mr Speaker, I have had one series of meetings with the Durban City Council. There are to be further meetings with the council, taking into account the concentration of the community within the Durban metropolitan area. If we want to resolve this issue, there is only one direction to take, and that is the direction of constructive and ongoing negotiation.

**State Land Disposal Act: Minister's powers/duties**

\*3. Mr M MOHANLALL asked the Minister of Housing:

- (1) Whether he or his Department has implemented any of the powers and duties assigned to him as Minister in terms of the State Land Disposal Act, 1961 (Act No 48 of 1961), in respect of four plots of land, particulars of which have been furnished to the Minister's Department for the purpose of his reply; if not, why not; if so, what are the relevant details;
- (2) whether he will make a statement on the matter? D309E

**†The MINISTER OF HOUSING:**

- (1) No. I am awaiting reports from my Department on each of these cases before any decisions are taken.
- (2) Yes. I immediately upon receipt of the State President's Minute 138 on 31 March 1993, addressed an instruction to the Head of the Department concerned to, and I quote:  
"ensure that the action necessary to finalise such matters/transactions are taken immediately and the required

documentation/reports is sent to me as expeditiously as possible."

Apart from the four properties mentioned, namely, Lot 635, Shallcross; Lot 313, Umzinto; Lot 112, Umzinto; Lot 820, Umzinto, there are a fairly large number of other sites, originally earmarked for educational purposes but which are no longer required for this purpose, the disposal of which also needs to be dealt with urgently. I have also written to the Department in respect of this issue.

The Department is in the process of finalising procedural issues relative to these newly-assigned duties which is also subject to inter-departmental legal formalities, which are currently being pursued. I am hopeful that I will soon be in a position to deal conclusively with the four properties referred to by the hon member.

**For written reply:**

**Own Affairs:**

**Housing Development Board: plots of land**

27. Mr A RAJBANSI asked the Minister of Housing:

- (1) What is the (a) (i) address and (ii) extent of each commercial and industrial plot of land leased or sold by the Housing Development Board since 1 January 1989 up to the latest specified date for which information is available and (b) (i) when, (ii) to whom, and (iii) by what method, was each such plot let or sold;
- (2) how many of these plots were sold or leased for (a) resettlement and (b) other specified purposes? D164E

**The MINISTER OF HOUSING:**

- (1) Refer to attached schedule.
- (2) (a) 9  
(b) 118.

(a)(i) Address	(a)(ii) Extent in M <sup>2</sup>	(b)(i) Date	(b)(ii)	(b)(iii)
Lot 8714, Richards Bay	1504	31:10:89	Marine Panel Beaters	Public Tender
Lot 20 and Rem of Lot 19, Stanger	653 and 1370	30:01:90	National Co-operation Davies Ltd	Public Tender
Sub 2188 of Chat 1 No. 14542	1999	12:07:91	Croftas Share Block (Pty) Ltd	Public Tender
Sub 71 of Lot Sykes No. 15658, Phoenix	4042	18:02:92	Choonilall Ramlall	Private Treaty
Lot 9673, Richards Bay	3925	06:07:92	Daygro Investments	Public Tender
Lot 9672, Richards Bay	3975	14:07:92	Daygro Investments	Public Tender
Sub 4 of Weenen	1472	14:12:89	Ahmed Ismail Jadwat	Public Tender
Lot 259, Cool-Air	2488	22:08:89	P Premchund	Public Tender
Erf 1354, Malabar	2680	25:08:89	Trek Petroleum	Public Tender
Erf 58, Louis Trichardt	7247	29:09:92	A M Osman T/a Easy Build	Private Treaty
Erf 47 Louis Trichardt	1246	24:01:91	O J H Kalla	Private Treaty
Erf 44 Louis Trichardt	8578	10:01:91	Louis Trichardt Wholesalers (Pty) Ltd	Private Treaty
Erf 56 Louis Trichardt	3740	04:06:92	Bijshi (Pty) Ltd	Private Treaty
Erf 53 Louis Trichardt	3393	05:07:92	Surat Investments	Private Treaty
Portion 82 a Portion of Portion 57	409	15:04:92	E I Suleman	Public Tender
Erf 627, Swartruggens				
<b>Portions of Portion 51 of Erf 1068 Standerton</b>				
Portion: 55	105	20:11:92	Ashan Investments (Pty) Ltd	Public Tender
56	135	20:11:92	Ashan Investments (Pty) Ltd	Public Tender
57	105	20:11:92	Ashan Investments (Pty) Ltd	Public Tender
58	105	20:11:92	Ashan Investments (Pty) Ltd	Public Tender
59	105	20:11:92	Ashan Investments (Pty) Ltd	Public Tender
60	135	20:11:92	Ashan Investments (Pty) Ltd	Public Tender
<b>Portions of Portion 52 of Erf 1068 Standerton</b>				
Portion: 62	408	22:07:92	Ashan Investments (Pty) Ltd	Public Tender
63	283	22:07:92	Ashan Investments (Pty) Ltd	Public Tender
64	283	22:07:92	Ashan Investments (Pty) Ltd	Public Tender
65	220	22:07:92	Ashan Investments (Pty) Ltd	Public Tender
66	220	22:07:92	Ashan Investments (Pty) Ltd	Public Tender
Erf 1110, Nylstroom	261	19:03:92	Abdul Rashid Hassen Ravat	Public Tender
Erf 1111, Nylstroom	261	19:03:92	Abdul Rashid Hassen Ravat	Public Tender
Erf 1112, Nylstroom	261	19:03:92	Abdul Rashid Hassen Ravat	Public Tender
Erf 1113, Nylstroom	261	19:03:92	Abdul Rashid Hassen Ravat	Public Tender
Erf 1114, Nylstroom	261	19:03:92	Abdul Rashid Hassen Ravat	Public Tender



(a)(i) Adres	(a)(ii) Extent in M <sup>2</sup>	(b)(i) Date	(b)(ii)	(b)(iii)
<i>Pretoria Asiatic Bazaar</i>				
Erf No 607	253	31:05:91	Tanna Bros.	Private Treaty
Erf No 639	248	01:08:90	Charlies Motor Trimmers	Leased
Erf No 643	743	06:02:91	Orient Property Holdings CC	Private Treaty
Erf No 664	248	30:05:90	Mariam Bibi Ismail	Private Treaty
Erf No 112 B	25 x 25 feet	19:03:92	I Singh	Leased
Portion No 18 of Erf 551	425	07:02:90	Charlies Motor Trimmers	Private Treaty
Erf No 600	248	04:10:89	Dr M H H Ismail	Private Treaty
Erf No 601	248	06:08:91	Superkleen Dry Cleaners	Private Treaty
Erf No 606	253	31:05:91	Tanna Bros.	Private Treaty
Portion No 7 of Erf 551	2038	01:03:92	Ahmod Suliman	Leased
Erf No 279	50 x 50 feet	01:09:89	N H Goolab	Leased
Erf No 369	50 x 50 feet	01:07:90	S Pillay	Leased
Erf No 502	50 x 50 feet	17:03:93	A Pillay	Private Treaty
Erf 2367 (Portion 26 of Portion 9), Zinniaville; Rustenburg	993	29:10:91	Mohammed Hoosen Latib	Private Treaty
Erf 2367 (Ptn 27 of Ptn 9), Rustenburg	992	29:10:91	Anver Abba	Private Treaty
Erf 2367 (Ptn 28 of Ptn 10), Rustenburg	497	11:12:90	Mr O H Ebrahim	Private Treaty
Erf 2367 (Ptn 29 of Ptn 10), Rustenburg	497	11:12:90	Mr E I Suliman	Private Treaty
Erven 24719 and 24633, both portions of 14003, Kimberley	11943	20:11:92	City Council of Kimberley	Private Treaty
Stand No: 8565 Lenasia, Ext 10	932	28:11:92	Pride Pak Packing CC	Public Tender
Stand No: 8566 Lenasia, Ext 10	932	28:11:92	Pride Pak Packing CC	Public Tender
Stand No: 8567 Lenasia, Ext 10	4942	10:12:91	Pather Investments CC	Public Tender
Stand No: 8569 Lenasia, Ext 10	971	10:02:92	Mahendra Ajoodha	Public Tender
Stand No: 8570 Lenasia, Ext 10	940	28:11:92	Pride Pak Packing CC	Public Tender
Stand No: 8571 Lenasia, Ext 10	909	10:02:92	Mahendra Ajoodha	Public Tender
Stand No: 8572 Lenasia, Ext 10	3139	10:02:92	Mahendra Ajoodha	Public Tender
Stand No: 8576 Lenasia, Ext 10	4395	14:07:90	G & S Govindsamy	Leased
Stand No: 8577 Lenasia, Ext 10	3204	23:01:92	SBDC	Private Treaty
Stand No: 8578 Lenasia, Ext 10	3159	02:07:92	SBDC	Private Treaty
Stand No: 8579 Lenasia, Ext 10	3102	23:01:92	SBCC	Private Treaty
Stand No: 8580 Lenasia, Ext 10	3196	14:07:91	Faizal Bhayat	Leased
Stand No: 8584 Lenasia, Ext 10	2673	27:01:92	Dawood Hassen	Private Treaty
Stand No: 8587 Lenasia, Ext 10	678	02:11:91	Akbar Alli Goolam	Public Tender
Stand No: 8588 Lenasia, Ext 10	672	04:11:91	CGH Peer	Public Tender
Stand No: 8589 Lenasia, Ext 10	1040	28:11:92	Artistic Paving and Walling	Public Tender
Stand No: 8590 Lenasia, Ext 10	704	20:02:92	Pregaluthan Agroomugam	Public Tender
Stand No: 8591 Lenasia, Ext 10	704	26:11:91	Indian Delights	Public Tender
Stand No: 8592 Lenasia, Ext 10	704	14:10:91	Union Merchandise	Public Tender

1971

Hemward

WEDNESDAY, 9 JUNE 1993

Hemward

1972

(a)(i) Adres	(a)(ii) Extent in M <sup>2</sup>	(b)(i) Date	(b)(ii)	(b)(iii)
Stand No: 8593 Lenasia, Ext 10	704	20:02:92	Vesvanathan Pillay	Public Tender
Stand No: 8594 Lenasia, Ext 10	866	07:02:92	VS Pillay	Public Tender
Stand No: 8596 Lenasia, Ext 10	660	10:12:91	Pather Investments	Public Tender
Stand No: 8597 Lenasia, Ext 10	660	10:12:91	Pather Investments	Public Tender
Stand No: 8598 Lenasia, Ext 10	660	10:02:92	Runjeet Ajoodha	Public Tender
Stand No: 8595 Lenasia, Ext 10	740	14:06:91	Trikor Equipment CC	Leased
Stand No: 8600 Lenasia, Ext 10	670	10:02:92	Mewa Ajoodha	Public Tender
Stand No: 8602 Lenasia, Ext 10	756	04:11:92	CGH Peer	Public Tender
Stand No: 8603 Lenasia, Ext 10	636	11:12:92	SD Pillay	Public Tender
Stand No: 8604 Lenasia, Ext 10	688	04:11:91	CGH Peer	Public Tender
Stand No: 8605 Lenasia, Ext 10	780	04:11:91	CGH Peer	Public Tender
Stand No: 8606 Lenasia, Ext 10	660	18:10:91	Namsa Holdings	Public Tender
Stand No: 8607 Lenasia, Ext 10	600	18:10:91	Novelty Meats	Public Tender
Stand No: 8608 Lenasia, Ext 10	600	18:10:91	Wizard Industries	Public Tender
Stand No: 8609 Lenasia, Ext 10	600	20:10:91	Muslim Meat Products	Public Tender
Stand No: 8611 Lenasia, Ext 10	702	10:12:91	Pather Investments	Public Tender
Stand No: 8612 Lenasia, Ext 10	702	26:11:91	Rajah Enterprise	Public Tender
Stand No: 8613 Lenasia, Ext 10	600	07:02:92	V & S Enterprise	Public Tender
Stand No: 8614 Lenasia, Ext 10	800	07:02:92	V & S Enterprise	Public Tender
Stand No: 8615 Lenasia, Ext 10	600	07:02:92	V & S Enterprise	Public Tender
Stand No: 8616 Lenasia, Ext 10	660	26:11:92	Rajen Singh Catering Services	Public Tender
Stand No: 8617 Lenasia, Ext 10	560	04:11:92	CGH Peer	Public Tender
Stand No: 8618 Lenasia, Ext 10	670	04:11:92	CGH Peer	Public Tender
Stand No: 8619 Lenasia, Ext 10	1326	26:11:92	Lenasia Motor Trimmer Upholsters CC	Public Tender
Stand No: 8620 Lenasia, Ext 10	600	27:11:92	MH A Magide	Public Tender
Stand No: 8621 Lenasia, Ext 10	600	27:11:92	MH A Magide	Public Tender
Stand No: 8622 Lenasia, Ext 10	600	20:02:92	JR Laloo	Public Tender
Stand No: 8623 Lenasia, Ext 10	744	28:11:91	FSH Investments	Public Tender
Stand No: 8624 Lenasia, Ext 10	744	18:10:91	Jaynis Cosmetic & Mini Market	Public Tender
Stand No: 8625 Lenasia, Ext 10	600	27:11:91	A M M Hassen	Public Tender
Stand No: 8626 Lenasia, Ext 10	600	27:11:91	A M M Hassen	Public Tender
Stand No: 8627 Lenasia, Ext 10	600	27:11:91	Lenasia Motor Trimmers & Upholster	Public Tender
Stand No: 8628 Lenasia, Ext 10	840	27:11:91	Y C Hassim	Public Tender
Stand No: 8629 Lenasia, Ext 10	784	26:11:91	M Magoo	Public Tender
Stand No: 8630 Lenasia, Ext 10	732	20:11:91	Moniers Customs and Conversions	Public Tender
Stand No: 8631 Lenasia, Ext 10	920	20:11:91	Moniers Customs & Conversions	Public Tender
Stand No: 8632 Lenasia, Ext 10	800	13:02:92	Indrin Naidoo	Public Tender
Stand No: 8633 Lenasia, Ext 10	800	13:02:92	T Naidoo	Public Tender
Stand No: 8635 Lenasia, Ext 10	800	16:10:91	D & K Coffin Manufacturers	Public Tender
Stand No: 8636 Lenasia, Ext 10	984	16:10:91	D & K Coffin Manufacturers	Public Tender

1973

Hemward

WEDNESDAY, 9 JUNE 1993

Hemward

1974



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(a)(i) Adres	(a)(ii) Extent in M <sup>2</sup>	(b)(i) Date	(b)(ii)	(b)(iii)
Stand No: 8637 Lenasia, Ext 10	718	16:10:91	D & K Coffin Manufacturers	Public Tender
Stand No: 8638 Lenasia, Ext 10	744	16:10:91	D & K Coffin Manufacturers	Public Tender
Stand No: 8639 Lenasia, Ext 10	936	20:02:92	Rajkumar Ajodha	Public Tender
Stand No: 9972 Lenasia, Ext 10	1890	20:12:91	S A Essop	Private Treaty
Stand No: 4150 Lenasia South Ext 4	3513	31:02:92	Ismail Ebrahim	Public Tender
Stand No: 3937 Lenasia South Ext 4	3212	31:02:92	Ismail Ebrahim	Public Tender
Stand No: 4862 Lenasia South Ext 4	5744	31:01:92	L Govender	Public Tender
Stand No: 6137 Lenasia South Ext 4	2455	10:02:92	K Govender	Public Tender
Stand 15 Lenasia South Ext 1	3900	03:02:92	KT Pillay	Public Tender
Erf 1009: Lenasia South Ext 1	644	16:07:91	Mrs R Pillay	Private Treaty
Stand 6869 Lenasia Ext 6	3721	27:03:93	P Padayachee	Public Tender
Erf 6870: Lenasia Ext 6	3480	05:06:92	Y Govender	Leased
Erf 9972: Lenasia Ext 11	1900	20:12:91	S A Essop	Private Treaty
Erf 10058: Lenasia Ext 11	5329	07/92	Omar's Towing Services	Leased
Erf 10202: Lenasia Ext 11	96, 478	Nov 92	Telcom: Post Office	Leased
Erf 11768: Lenasia Ext 13	1610	24:08:92	SOMS Baloo	Private Treaty
Erf 8249: Lenasia Ext 9	1020		Aboobaker Ismail	Public Tender

49. Mr A RAJBANSI asked the Minister of Housing:  
 Whether, with reference to certain information which has been furnished to the Minister's Department for the purpose of his reply, his Department has sold any land to a certain company; if not, what is the position in this regard; if so, (a) why, (b) when and (c) what was the (i) extent, (ii) official valuation and (iii) actual sale price of this property? D260E

**THE MINISTER OF HOUSING:**  
 Yes.  
 (a) Prior to the expropriation by the State, the former owner of the land entered into a purchase and sale agreement with a Mr S M Naidoo representing a company called Capital Park Hospital (Pty) Ltd. When a rezoning application was advertised by the local authority, the Director of Indian Education objected to the rezoning as the site was identified for the proposed erection of a technical school. Therefore, to halt the transfer to Mr S M Naidoo, the Department of Public Works was requested to urgently expropriate and take possession of the property.  
 Mr Naidoo being unable to take transfer in view of the expropriation, applied to the Supreme Court to declare the expropriation invalid. The Department of Public Works defended the action and after some time elapsed, Mr Naidoo, probably realising that the Court would not set aside the expropriation, withdrew the application. Repeated representations were received from Mr Naidoo's attorneys by the Department of Education to release the property back to Mr Naidoo. Having identified an alternate site in the Pietermaritzburg area for the erection of the school, the Department of Education had no objection to the release of the property and consequently on 9 December 1991, the former Minister of Housing approved the sale to Mr S M Naidoo.  
 (b) 7 February 1992  
 (c) (i) 3,7779 hectares  
 (ii) R300 000,00 (market value)  
 (iii) R450 000,00.

**Education and Culture: merit awards**  
 56. Mr M RAJAB asked the Minister of Education and Culture:  
 Whether any merit awards were made in her Department in 1992 and 1993, respectively; if not, why not; if so, in respect of each such year, (a) to whom and (b) what amount was paid to each of the recipients of these awards? D256E

**THE MINISTER OF EDUCATION AND CULTURE:**  
 Yes.  
 (a) In 1992 and 1993 merit awards were granted to 721 and 778 Level 1 Educators, respectively. The list of Educators granted merit awards in 1993 is attached. However, the list of educators granted merit awards in 1992 is not readily available and should it still be required it will be extracted from the records and made available.  
 (b) The salary scale and salary notch in respect of the educators concerned were enhanced by one notch. This notch varies from R1 950, R2 328 to R2 547 per annum in view of the fact that the salary particulars of individual educators are not the same.

- Achievement Recognition (Level 1)*
- 1. P G Govender
  - 2. G Govender (Mrs)
  - 3. S Kippal
  - 4. S V Naidoo
  - 5. D R Gabriel
  - 6. L S Chetty
- 10951733 Apollo Secondary
  - 10939598 Apollo Secondary
  - 10883690 Apollo Secondary
  - 10883886 Apollo Secondary
  - 10897488 Arena Park Secondary
  - 10964894 Arena Park Secondary

*contd*



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INTERPELLATION

The sign \* indicates a translation. The sign †, used subsequently in the same interpellation, indicates the original language.

General Affairs:

Housing: Usury Act/Credit Agreements Act

1. Mr A E REEVES asked the Minister for National Housing:

- (1) Whether he or his Department intends approaching the Association of Bankers of South Africa in order to request them to afford persons who have lost their homes under sales in execution another opportunity to acquire a home; if not, why not; if so, what are the relevant details;
- (2) whether he will give consideration to recommending the introduction of legislation to amend the Usury Act, 1968 (Act No 73 of 1968), and the Credit Agreements Act, 1980 (Act No 75 of 1980), so as to make it possible to acquire housing at a lower interest rate; if not, why not; if so, what are the relevant details?

CI01E:INT

THE MINISTER FOR NATIONAL HOUSING: Mr Chairman, in reply to the question by the hon member for Klipspruit West, I want to say in explanation that the matter actually relates to whether we are running a free-enterprise system in this country or not. My reply to the questions he posed is the following.

The granting or withholding of home finance is essentially a free-enterprise business decision based on mortgage lenders' perceptions of risk. Unless a mortgage lender can be satisfied that a prospective borrower, who previously lost his home in execution, is now willing and able to meet his obligations timeously, no purpose would be served by interceding on his behalf. We simply cannot tell a financial institution how to run its business.

In times of economic recession mortgage lenders tend to take extraordinary steps to avoid sales in execution wherever possible. Provided a borrower is able to satisfy the mortgage lender that there are reasonable prospects of his being able to redeem the loan plus arrears within a reasonable period, relief measures such as extensions of time to liquidate arrears, capitalisation or rescheduling may be considered. Sales in execution are normally considered as a last resort, and only in instances in which the borrower is clearly unable to meet his obligations, or when there is a risk of overcapitalisation.

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When interest rates on mortgage loans rose sharply to a figure of 17% per annum in 1989, the Government introduced a scheme to encourage mortgage lenders in deserving instances to assist borrowers experiencing difficulty in meeting their loan commitments. Since then, however, mortgage interest rates have stabilised at a much lower rate of below 16% and the need for Government guarantees in such instances has therefore fallen away, with the result that the scheme was withdrawn with effect from 1 April 1993, except for existing commitments.

The De Looz Task Group on national housing policy and strategy has proposed insurance cover as a means of reducing the risk of nonpayment of mortgage loan commitments during periods of unemployment, and I would gladly clarify that matter later on if the House would like that. This proposal is being further investigated as part of the negotiating process to reach the broadest possible consensus on a new national housing policy and strategy.

In the light of that and in reply to the second part of the question, interest rates are, generally speaking, market-related. They are not controlled. They function within the framework of economic and monetary policy. In fact, mortgage interest rates are not fixed statutorily as suggested by the interpellant, and the legislation referred to falls under the auspices of the Department of Finance.

Mr A E REEVES: Mr Chairman, first of all I would like to congratulate the hon the Minister on his appearance in this House and his appointment.

We know that a lot of people have become unemployed because of the problems in our country. If one deals with the people on grass-roots level daily, it becomes clear that these people are not given a fair chance to pay off their arrears. These people's houses are disposed of in sale of execution. All I am asking, first of all, is that these people be removed from the credit bureaus' blacklists which prevent them from ever buying a house again, even if they are in a better financial position than they were when they bought their first house.

In the second place, if a person can buy a motorcar for R60 000 and pay it off over four years, what prevents him from using the same system to buy a house and pay it off over eight years. The compounded interest is causing havoc among the people. [Interjections.] If one looks at the non-White community—unfortunately we still have to refer to them as such—it becomes clear that these people were thrown in at the deep end when it came to the buying of houses. If these people become unemployed it is difficult for them to purchase a house or to continue paying for a house that they have purchased.

If we are serious about solving the housing crisis, and I am sure we all are, we will have to take a serious look at these two proposals. We may modify them, but let us find ways and means of accommodating the people we so much want to accommodate.

I think the days are past when all we felt we had to do was say that we were worried about the homeless and those living in squatter camps. Let us do something about the problem. Let us find ways and means of housing these people, because that would solve 90% of South Africa's problems.

Mr J DOUV: Mr Chairman, I want to associate myself with the hon member for Klipspruit West in congratulating the hon the Minister.

We in this House are all in favour of a free-market economy. In this case we are distressed about the millions of homeless people in this country who, as a result of the past we would rather forget about, were never really in a position to acquire a roof over their heads.

What the hon member meant, was that some kind of agreement should be reached by the department and the Government in particular, which should be similar to that which Sanco agreed to with a specific financial institution in this country. It is unacceptable to refer to a market-related rate at a stage when our economy is in such a poor state. These homeless people are mostly not in a position to look after themselves. We feel they should be assisted in terms of some kind of sliding scale. We are pleased that this particular hon Minister has replied to this interpellation because of his involvement in the National Housing Forum. I should like to think that he empathises with those who are homeless. The majority of these people are victims of a system which has disadvantaged them. All we are asking, is that there should be enabling action on the part of the Government in order to assist these people.

Mr A ISMAIL: Mr Chairman, I wish to congratulate our new hon Minister on his appointment. Basically I have only two questions to ask the hon the Minister. Firstly, in the case of immovable property we use a system of compound interest rates in this country. This means that a person buying a house will, over the first 10-year period, in the case of someone paying off a mortgage bond, basically pay only interest. Today one can buy a motor vehicle—in this respect I agree with the hon member for Klipspruit West—for the same amount of money, but because it is moveable property, one pays a simple interest rate, and the amount is repaid over a much shorter period—five or perhaps six years. I would like to ask the hon the Minister if we could not investigate the possibility of also making home mortgage bonds available at a simple interest rate.

Mr A E REEVES: Mr Chairman, I want to thank the two hon members for supporting me. There is one thing one notices when one goes back to the townships in which we live, namely that housing is the most important item which needs attention. We are not addressing the housing crisis in South Africa. As has been said, there are many people who can afford to buy a motor car costing up to R100 000, but who are living in a squatter camp because they cannot afford a house owing to the fact that they would have to pay compound interest on the mortgage bond. Even if we have to find new methods to deal with first-time home-buyers in order to allow them to buy a house in the same way as one buys a motor car, it has to be done. Such a person could then revert to the present system when he bought his second house. It is important that we in South Africa should

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address the housing problem. If we do not do so, we are going to have continuous political unrest, no matter who the Government of the day is. If one has a person living in a house and he is stable, one will automatically have a stable family and thus a stable community.

We are going to have to address this problem in the future.

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**THE MINISTER FOR NATIONAL HOUSING:** Mr Chairman, let me start off by saying that I do not think there is any difference of opinion between any of the speakers in this Chamber and me, or indeed, between any speaker and the Government, concerning its policy on this matter. No one could take the housing problem and the housing need more seriously than we, in fact, do.

Hon members will know that I am new to this portfolio and that I come from a background of finance, and indeed this question is one of finance. For my purposes I believe that the most important function that we have to carry out in solving the housing crisis is to solve the problem of connecting the finance which lies in the private sector, with the needs which lie on the user side.

One cannot expect—no one anywhere in the world does—that the Government should provide all the finance for housing. Unfortunately, with certain classifications of housing this has been necessary, and there will be continual budgeting for this purpose. Indeed, the increased budget for this year was an indication of the Government's determination to be of assistance. The only way in which this kind of finance can be found for housing on the required scale is to provide substantial gearing from the private sector. One cannot, however, expect the private sector to be helpful in this matter unless one supports the private sector system. One has to create a system in which there is reciprocal benefit.

I am quite positive and confident that we will find a system for utilising substantial funds available in this country for housing, as long as there is a responsible attitude towards meeting the obligation. Where obligations cannot be met, we will do our utmost to see what can be done to alleviate the problem. We indeed do have discussions on this matter; in fact, within my first week here I had discussions with the Association of Mortgage Lenders to make it clear to them

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that their job was no longer to provide houses only for the rich, but to provide houses for those people in greater need than the ones who have historically obtained finance in this country.

In doing so, I am quite satisfied that we will find a nexus which enables us to deal firstly with those people who are employed, secondly with those who are less employed, and eventually with those for whom affordability is a problem, and in their case we will have to find some system of ensuring that they are able to meet their commitments in one form or another, in order to prevent the repossession of homes.

**THE CHAIRMAN OF COMMITTEES:** Order! On that wonderful note of hope I want to welcome the hon the Minister on behalf of this House for his short maiden appearance in this House. It is, however, a pity that it was of such short duration because we would have loved to hear more from him. May God bless him and bestow upon him the wisdom that is needed for the task that has been put on his shoulders. Debate concluded.

**QUESTIONS**

†Indicates translated version.

*For oral reply:*

*General Affairs:*

*State President:*

**State President/Nelson Mandela:** discussions on education

1. Mr S S OOSTHUIZEN asked the State President:†

(1) Whether he and Mr Nelson Mandela held discussions on education recently; if so, when;

(2) whether the recent events concerning the Department of Education and Culture of the Administration: House of Representatives were a point of discussion during these negotiations; if not, why not; if so, (a) why and (b) what was the purport of the discussions on this matter;

(3) whether the Minister of Education and Culture of the House of Representatives took part in these discussions; if not, why not; if so, to what extent;

(4) whether any steps to solve the problems surrounding the above-mentioned Department were decided upon during these discussions; if not, why not; if so, what steps?

†THE STATE PRESIDENT:

(1) Yes, on 19 and 20 May 1993.

(2) No, not specifically. The discussions took place at the request of Mr Mandela and points raised by him were discussed. One of the points was the retrenchment of CS educators. The discussion dealt with the principle of the matter and was not directed at the events in the Department of Education and Culture: House of Representatives, although they were mentioned.

(3) No. Mr Mandela led a small delegation and thus the Government's delegation was also small. Only Ministers with a direct line-function involvement in the principles and other matters on which in-depth discussions were anticipated, were asked to participate.

(4) No joint decisions were taken during the discussions. Regarding the retrenchment of CS educators, I have indicated that all steps which have already been decided upon will go ahead.

†Mr S S OOSTHUIZEN: Mr Chairman, the hon the State President said rationalization was not specifically a point of discussion during these discussions. However, he went on to say that the question of rationalization was indeed raised to some extent. Arising out of his reply I want to ask him why the hon the Minister of Education and Culture in the House of Representatives had no part in these discussions, because rationalization was in fact raised to some extent. Do we have a case here of decisions being taken for and on behalf of this Ministers' Council, and it only being left to the Ministers' Council concerned to carry out such decisions?

†THE STATE PRESIDENT: Mr Chairman, I have been noticing for quite a while now that

the LPSA is trying to draw poison from this situation and to create the impression that we in the NP are not giving equal recognition to colleagues in the executive authority who come from the house of Representatives. Nothing is further removed from the truth than that. [Interjections.]

I regularly see people. On the basis of my anticipation of what will be discussed, I ask Ministers to be present when I see people. I do not want to waste the time of my Ministers. When a matter is to be discussed and the expertise and experience of a Minister are needed, I call him. When I spoke to Sattu the hon the Minister of Education and Culture was present. When there were problems my door was open and the hon the Minister of Education and Culture, the hon the Chairman of the Ministers' Council and the hon the Minister of National Education and I sat together and conferred at length on how we could handle the problem.

I do not want to discuss the merits of the retrenchment in the House of Representatives now. However, I want to assure hon members that there was the closest co-operation between the hon the Minister of Education and Culture in the House of Representatives, the hon the Chairman of the Ministers' Council and myself on the matter.

The discussion between Mr Mandela and myself for most of the time focused on the other demands that had been made. Contrary to what was suggested to have happened, we did not make any real concessions on that day in regard to our views. We discussed the examination fees for a long time. At the end of the discussions I took a specific view in this regard.

The discussion focused mainly on the problems in Black education. That is why the hon the Minister of Education and Training was present. I reject the accusation and insinuation that full and equal recognition is not being given to office-bearers in this House regarding matters falling under their authority.

†Mr C J GLEANDER: Brown politics.

†THE STATE PRESIDENT: As regards Brown politics, we in the NP no longer talk about Brown politics. [Interjections.] We are a non-racial party. We do not have first and second class members. We only have NP members in the NP.

HOUSE OF REPRESENTATIVES



# Building industry expects difficult conditions to last

B/News 9/6/93

THE building industry expects the depressed conditions in the country to last at least another year. A recent survey shows that many companies experienced worse conditions in the first quarter this year than in the same period in 1992.

The survey was conducted by BMI Building Research Strategy Consulting Unit (BMI-BRSCU), in association with the African Builders' Association, SA Building Industries' Federation and the National Association of Homebuilders. It reflected the views of 120 building contractors and homebuilders countrywide.

Respondents expected an upturn by the second quarter of 1994. The previous two surveys found that the industry expected the turnaround to be in the fourth quarter of this year.

"It is clear that the mood of despondency and pessimism has deepened. About 13% of the respondents are completely disillusioned, with no hope the industry will ever turn.

"But 32% of respondents qualified their view, saying conditions would depend on a political settlement and social stability as well as the availability of funds," said BMI-BRSCU

PETER GALLI

MD Llewellyn Lewis.

A net 29% of the respondents experienced worse conditions in the first quarter of 1993 than in 1992.

This is the third year in succession that contractors are experiencing worse conditions in the first quarter of the year than in the same period the year before. (123)

"This does not augur well for activity in 1993, where a small 1% growth in investment in building was expected to take place. Expectations for the two quarters to September are that conditions will be 5% worse than in the comparable period last year."

While the building fraternity was generally optimistic and capitalised on opportunities when they arose, its activity stemmed from investors' decisions to build, said Lewis. (22)

"This decision is made on the their view of the future and the risk/return trade-off inherent in the investment decision. The building industry has a limited role to play in influencing this decision.

"Their expectation of the future is influenced by their perceptions of the investor climate, which is vitally affected by the political climate.

"It is clear that, at this stage, the respondents surveyed are disillusioned by the apparent lack of progress towards a political settlement, which is a prerequisite for economic growth. This is reflected in their general mood of despondency in a desperate struggle for survival."

The interminable nature of the political negotiations, increasing crime and violence and the assassination of SACP chief Chris Hani had all contributed to this malaise. This showed in respondents' rating of factors which could affect growth in the industry.

The appointment of new Housing Minister Louis Shill was ranked the least important of all the factors listed. This was probably because the appointment was expected to be of short duration, and would therefore have little effect on the industry.

Hani's assassination was ranked second last in order of importance, yet there was a view in industry circles that the event had a major impact on business. The level of optimism had plummeted, with more people preferring liquidity to investment and adopting a wait and see attitude, Lewis said.

1

# Millions to tackle low-income housing

B/Dewy 9/16/95

ANDREW KRUMM

THE National Housing Forum (NHF) and the Housing Department are expected to disburse a R500m government housing grant within weeks, part of which will be used to lever private sector funds into the low-income housing market. (123)

The R500m was allocated to the NHF in the recent Budget. Sources said while some funds would go to direct housing subsidies, part of the R500m would be used as a guarantee to underpin efforts to mobilise institutional funds for the development of low-income housing.

The sources, however, could not specify what amount this was likely to be. "The NHF and Department of Housing are close to a decision on the issue, and will come up with a recommendation on how the funds are to be spent within weeks."

One commentator said: "In theory, a substantial government guarantee could stimulate enough private sector investor momentum to unlock billions of rands, which would substantially reduce the housing backlog."

"Renewed institutional and other interest in low-income housing will depend largely on the investment instruments available."

However, SA Building Industries

Federation (Bifsa) executive director Ian Robinson said it was likely that a suitable investment instrument would emerge shortly.

Bifsa had recently asked the Fedsure Group for assistance in the design of a capital market instrument to appeal to prospective institutional investors in the low-income housing market, he said.

Fedsure deputy GM Dennis Paizes said Fedsure had subsequently called in Investec Merchant Bank. Investec Merchant Bank senior manager Christos Diakoyannis confirmed that they had been asked to investigate the viability of such an issue.

Warning that feasibility studies were at a tentative stage, Diakoyannis said "the idea is to create an instrument acceptable to the investment community, which will offer investors a market related return."

Investec would be considering all possibilities to see whether some form of a "housing bond" was viable, he said.

"I must emphasise, though, that we have not found a solution yet, and are brainstorming on the issue," he said.



## BUSINESS

# Bifsa seeks leverage for housing finance

Property Editor

123

The Federated group and Investec Bank have been commissioned by Bifsa, the Building Industries Federation, to investigate the "leverage" of private sector finance for low-cost housing.

Bifsa executive director Ian Robinson says that, in view of the large amounts lost by many major investors — "through violence, larceny, theft and bond boy-

cotts" the private sector cannot be expected to invest in low-cost housing again without some form of guarantee.

The organisation believes the total amount allocated by government for low-cost housing should not be used for building, but rather to achieve leverage of private sector finance.

"In this way we estimate that more than R7-billion a year could be released for housing."

# \*Absa wins battle against lawyers

THE Cape Law Society appears to have lost its battle with Absa Bank over legal fees charged on home loans.

By JEREMY WOODS

Battle lines were drawn when Absa asked the society to cut its charges on bond registrations by 25%.

"Absa has refused," says Carl Pohl, chairman of the society. "But the bank does say that firms which refuse to lower their charges will not lose work."

Absa, market leader in home loans, was running a marketing campaign to give borrowers a 50% reduction in the cost of mortgage registration.

However, there is nothing to stop Absa from giving new business to firms which cut their rates.

The society said its members were contributing to the savings being offered and refused to cut charges.

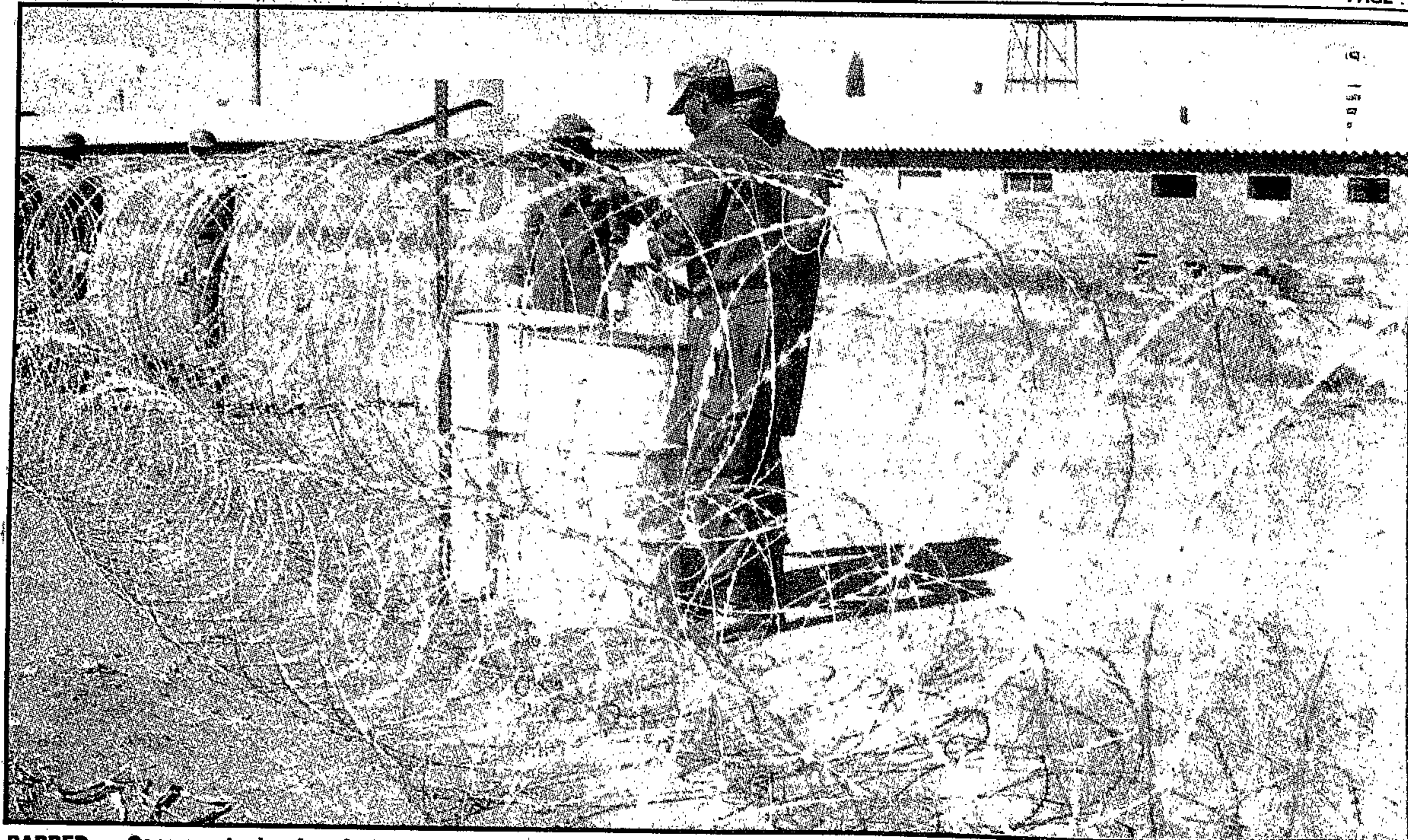
Although members of the Cape Law Society are bound to charge scale fees, those who belong to the Transvaal Law Society are allowed to negotiate charges.

The society asked Absa to withdraw its demand for lower legal charges and pay the cost of the lower bond itself.

Mr Pohl says a meeting of the society's 1 100 member firms is due at the end of the month. The possibility of changing the society's rules will be debated.

Sunday Times Business





**BARRED ...** Cops erect a barrier of wire around a hostel to symbolise the inmates' segregation and alienation.

## Thrust into conflict by society

By ZB MOLEFE

**T**HEIRS is a dark and painful world in which they are made to feel powerless and alienated.

Simply being a "hostel-dweller" means that they are automatically placed on the wrong side of the "us and them" attitude held by the surrounding township communities.

This sombre world of hostel inmates is starkly painted by the Human Sciences Research Council (HSRC) in a recently released report: "Communities in isolation: Perspectives on Hostels in South Africa."

But the hostels under the spotlight are not the primitive beasts originally created by the architects of apartheid.

The HSRC is describing hostels in the 1990s - those dark residential areas which have been thrust to the front burner of the township violence.

Men, women and children have suddenly found themselves part of the hostels reality. Some of these recent hostel residents are not there by choice. They are refugees from SA's grim socio-economic realities in general and violence in particular.

This week the Central Methodist Mission's Hostels Peace Initiative officials J Dlomo and G Mlatsheni touched a raw nerve in their reaction to the recent conflicts in the East Rand's Katlehong and Thokoza conflicts in which 13 people died.

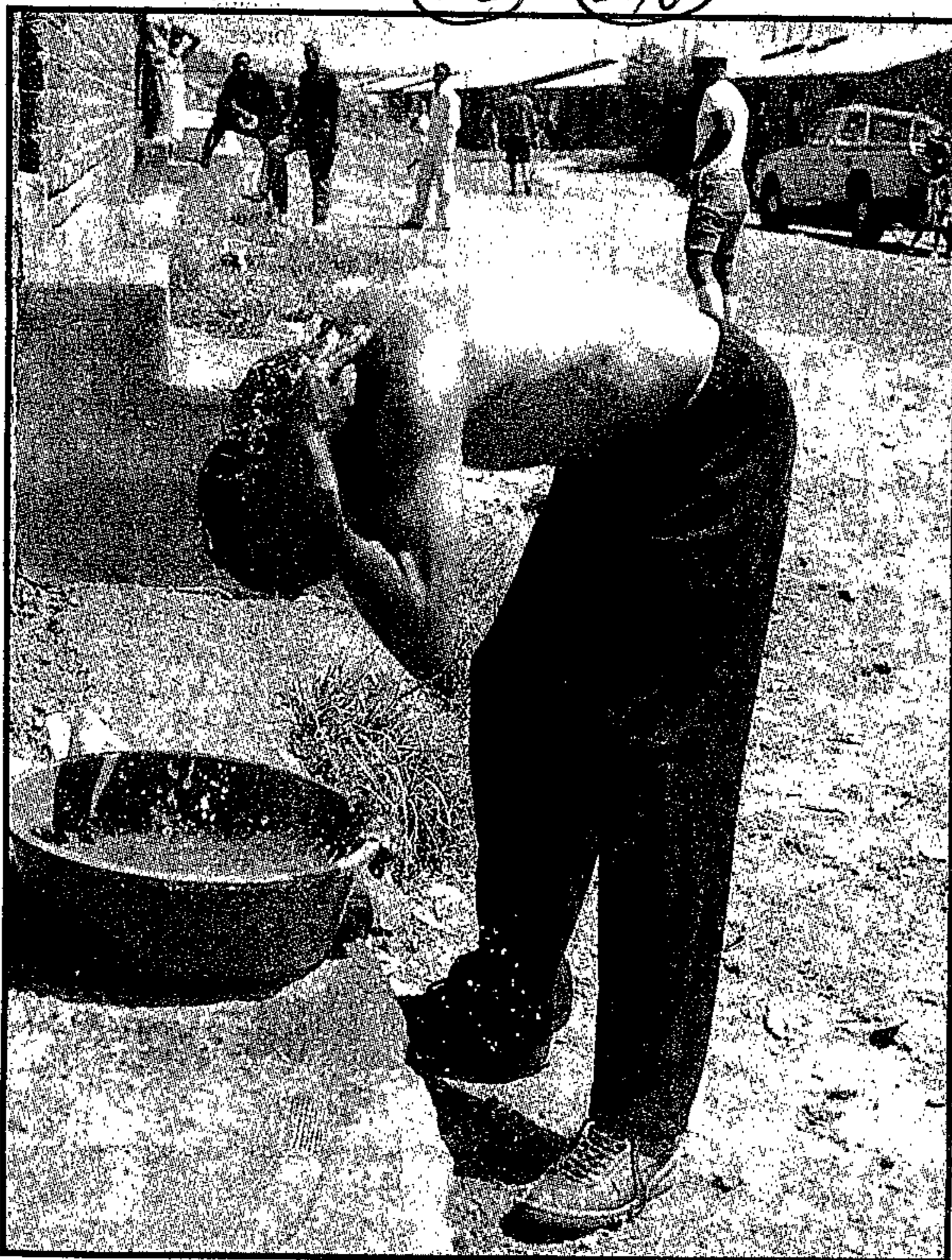
They said: "We are deeply saddened by actions that seem to aggravate relations between hostel residents and the township residents, undermining the fact that we are all one people."

"We urge our leaders, especially in the hostels and in the township communities to use every opportunity to find ways that will lead to an atmosphere conducive to tolerance and freedom."

The report was presented last week to Justice Richard Goldstone of the Goldstone Commission.

Judge Goldstone said: "Apart from the violence, which is the direct concern of the commission, there are many other human and practical problems linked to hostels in South Africa."

"There are divergent views, percep-



**DENIED ...** Facilities such as these at hostels were so poor as to be fit only for animals.

tions and theories concerning those problems. It is only through knowledge of the relevant facts and full consultation with all interested parties that just and practical solutions will be found."

Spotlighting the world of hostels, the report state: "Hostel residents have not been accepted as part of the surrounding community. They feel aggrieved that they are not treated like human beings, but rather like animals without any rights."

Township residents, the report

points out, perceive hostels as a threat because attacks allegedly emanate from them, because they are seen to harbour criminal elements, and because hostel residents are seen as an economic threat to the extent that they compete for or take jobs away from township residents.

But the report warns that "the hostels/townships divide cannot be addressed in isolation from the existing realities of the social, political and economic environment in which they

are located".

The report is edited by HSRC research specialist Anthony Minaar, and contains contributions by 15 specialists who include University of Natal senior research fellow Paulus Zulu and Thedi Sebulela, a senior field worker.

Another message which comes out strongly in the report is that it is the burden and responsibility of political leaders to ensure that a commitment to political tolerance prevails in SA.

"This cannot be brought about by security forces. Township and hostel leaders should hold joint meetings and give public assurances of good neighbourliness and peaceful co-existence," suggests the report.

The media does not escape the scrutiny of the report. In fact, the report argues that the media should be more sensitive and strategic in its reporting because "by too readily giving alleged participants in the conflict political and ethnic labels, they merely exacerbate tensions and rumours".

This leads to media hype. Consider newspaper headlines in which hostels were dubbed "death factories, breeding grounds of violence, fortresses of fear, hostels of hate ..." the report points out. In fact, continues the report, hostel residents themselves felt they were being unfairly judged by the emotive choice of words by sensationalist journalists.

The report ends on a note which must be explored by all who are desperate for a peaceful and democratic post-apartheid SA.

It says solutions to the problems it has highlighted will have little chance of success if programmes geared to addressing them do not have the support of the communities involved.

"Without this provision, any attempt to resolve the hostels problem stands little chance of success," adds the report which contains 28 far-reaching recommendations.

The report is available from the HSRC Publishers, 134 Pretorius Street, Pretoria 0001, at R110,36c.



**PROPERTY: Consider syndicates**

# Reaping rewards without worries

**T**HE object of this article is to provide a brief guide to property syndications as a means of investment and to outline areas one ought to consider when examining a proposal.

**What is a property syndication?**

It is a medium which offers the medium to long-term investor the opportunity of investing in an institutional property for as little as R10 000, providing an opportunity which would normally be beyond the reach of an ordinary investor.

The investment, provided it is properly managed by the promoter, offers the benefits of being a landlord without the problems that go with being one.

The idea is that the company — a shareblock or linked unit company — acquires a property, then sells shareblock units or linked unit shares to investors.

**Types of syndications**

Syndications — public and private — have been marketed for a number of years.

Private syndications have probably been around for more than 30 years and have existed where individuals have decided to get together to own a specific property.

Public syndications have been a feature in the

AT A recent meeting of The Star/First National Bank Investors' Club, members gained valuable insight into the complexities of property syndications, thanks to an address by Metboard executive **STEPHEN WEIR**. A serialised version of his talk begins today.

South African investment community for about 10 years, gaining popularity during the past five.

**Types of properties**

I will deal primarily with public syndications, but similar concepts and principles obviously apply to private property syndications.

Three types of properties have been syndicated: office blocks, retail shopping centres and blocks of flats. It is also possible to run a syndicate with a combination of investments in all three types of property.

The different types of property represent very different investment mediums, and the risks and rewards are different.

For example, a tenant might sign a lease for an office block for five years, with a clause stating a maximum rental payment.

In a shopping centre,

however, a tenant might sign a lease for a specific rental, with an added turnover clause dictating that the landlord receive a higher rental over a period of time.

**What to look for in a syndication**

The three most important aspects in a syndication as in property, are position, position and position.

It is vital that one choose a property in the correct area. Some years ago Johannesburg's CBD was considered a prime area, achieving the highest rentals. This honour has now moved to Parktown, Rosebank and Sandton, leaving Johannesburg's CBD a less desirable area.

When one considers shopping centre it is crucial that its position allows for a flow of traffic, entry, parking, and on to ensure shoppers have easy access.

Blocks of flats situated on busy roads are less desirable than those quiet, secure areas.

When considering a syndication, ensure a good position in an area which has experienced sound economic growth.

Cape Town at present appears to be readily accepted by investors, there are other areas offering the investor so many opportunities.

□ To be continued next Saturday.



Good  
vice for

News

Optimistic new Minister carries hopes of thousands

Star 5/6/93  
Shill homes in on backlog

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CAPE TOWN — When Louis Shill took over this week as the new Minister of Housing and Public Works he also took on to his shoulders a mountain of problems.

Not only does he inherit all the complex ramifications of South Africa's housing crisis and related financial bottlenecks, but he becomes the personification of the hopes of hundreds of thousands of desperate people clamouring for homes or just for a roof over their heads.

"You must offer people a solution — that is our problem," Shill told Saturday

Star in an interview yesterday.

He clearly means what he says, and his businesslike approach to problems makes him all the more convincing. Like Finance Minister Derek Keys, he is not a politician but a top businessman, coming straight from the private sector to head a ministry which, for the first time, includes housing and public works under one umbrella.

In the business world he is chairman and chief executive of the giant finance and property group Sage, whose board agreed to release him from his duties until the next general election.

His first few days in the ministry and in Parliament have been hectic and promise to be more so as he gets

**THERE is hope that South Africa's housing crisis is at last heading for a solution some time in the future. The potential miracle man began his task this week. FRANS ESTERHUYSE reports.**

his teeth into his new job. "My first impression is that people in Government are enormously busy. So far I have been learning, not teaching."

But Shill (62) clearly knows what he is up against. In a matter-of-fact way he tells of his task, which seems to grow in its enormity as he proceeds with more and more details of problems to be solved.

Only one aspect of the problems he has to handle is a backlog of 1.3 million houses, plus a growing need for new houses.

To overcome the backlog

and to meet the growing need, about 330,000 houses will have to be provided every year for the next 10 years.

Then there is the squatter problem, which is a crisis in itself. Shill describes this as a two-pronged problem.

**Instability**

On the one hand, people need homes, and land must be found on which they can live without prejudicing the existing property rights of others. People also have a right to ensure that existing property values are not di-

minished. Another serious problem is that of "illegal" squatters and backyard dwellers — of which there are more than 5 million.

Then there is the problem of the socio-economic consequences of all this — instability in communities, overcrowding, lack of planning, inadequate basic services, and health hazards.

"It is a question of providing living conditions, not just roofs," says Shill.

A further problem of critical proportions is finance. How do you provide homes to people who cannot pay

for them? The poorest of the poor must be helped to afford homes and then to upgrade themselves as they find jobs and earn a living.

"We recognise it is a vast problem which cannot be solved overnight. But we don't think negatively. We see housing as an opportunity for benefiting the country rather than having to meet a serious obligation."

He emphasises that the recipients of houses also have obligations.

"However, as long as there is resistance to paying mortgages or meeting other commitments, no housing department in the world can solve the problem."

In Parliament this week Shill said a new national housing policy and strategy

was being negotiated with all interested parties, including the National Housing Forum and Government departments. Full details were expected to become available in about three months.

Shill has warned that the country cannot afford to waste any more time in dealing with the housing crisis.

Shill was one of the founders of Liberty Life in the late '50s. He was a founder and the first chief executive of the pioneering unit trust fund in South Africa — Sage — in 1965, having helped to introduce the unit trust concept in the country. He established the Sage Group Limited in 1969. The group controls and manages assets exceeding R5 billion.



# Will Shill solve housing crisis?

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ARCS/6/93

■ There is hope that South Africa's housing crisis is at last heading for a solution. The potential miracle man began his task this week.

## FRANS ESTERHUYSE

Weekend Argus  
Political Correspondent

WHEN Mr Louis Shill took over this week as the new Minister of Housing and Public Works he also took on to his shoulders a mountain of problems.

Not only does he inherit all the complex ramifications of South Africa's housing crisis and related financial bottlenecks, but he becomes the personification of the hopes of hundreds of thousands of desperate people clamouring for homes or just for a roof over their heads.

"You must offer people a solution — that is our problem," Mr Shill said during an interview in his office in the HF Verwoerd Building yesterday.

He clearly means what he says, and his businesslike approach to problems makes him all the more convincing. Like Finance Minister Derek Keys, he is not a politician but a top businessman — he has come straight from the private sector to head a ministry which, for the first time, includes housing and public works under one umbrella.

In the business world he is chairman and chief executive of the giant finance and property group, Sage, whose board agreed to release him from his duties until the next general election.

His first few days in the min-



□ **MIRACLE MAN?** Mr Louis Shill, the new Minister of Housing and Public Works, has the formidable task of solving South Africa's housing crisis.

istry and in parliament have been hectic and promise to be more so as he gets his teeth into his new job.

"My first impression is that people in government are enormously busy. So far I have been learning not teaching."

But Mr Shill, 62, clearly knows what he is up against. In a matter-of-fact way he describes his task, which seems to grow in its enormity as he proceeds with more and more details of problems to be solved.

Only one aspect of the problems he has to handle is a backlog of 1.3-million houses, plus a growing need for new houses.

To overcome the backlog and to meet the growing need,

about 330 000 houses will have to be provided every year for the next 10 years.

Then there is the squatter problem which is a crisis in itself.

Mr Shill describes this as a "two-pronged problem". On the one hand people need homes and land must be found on which they can live without prejudicing the existing property rights of others. People also have a right to ensure that existing property values are not diminished.

A serious problem is that of "illegal" squatters and backyard dwellers — there are more than five-million of these groups.

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quences of all this — instability in communities, overcrowding, unplanned living, inadequate basic services, health hazards.

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A further problem of critical proportions is finance. How do you provide homes to people who cannot pay for them? The poorest of the poor must be helped to afford homes and then to upgrade themselves as they find jobs and earn a living.

"We recognise it is a vast problem which cannot be solved overnight. But we don't think negatively. We see housing as an opportunity for benefiting the country rather than having to meet a serious obligation," says Mr Shill.

He emphasises that the recipients of houses also have obligations.

"However, as long as there is resistance to paying mortgages, or meeting other commitments, no housing department in the world can solve the problem."

The government this week voted another R200-million for housing in the supplementary budget. This is in addition to the R200-million Mr Keys made available for housing in his March budget. The funds are to be spent in joint NHF-government initiatives.

Mr Shill has warned that the country cannot afford to waste any more time in dealing with the housing crisis. Last year 35 000 houses were built — only a fraction of the more than 300 000 units required annually to relieve the housing shortage by the turn of the century.



volve or amounting to an offence on the part of any person.

(3), (4) and (5) Yes, on 15 January 1993. In this regard cognizance has to be taken of the provisions of sections 17 and 21 of the Inquests Act, 1959 (Act 58 of 1959), which enables an attorney-general to, after considering the record of the proceedings, request the re-opening of the inquest or to institute criminal proceedings if he is of the opinion that it should be done.

No decision has been made as the Attorney-General is awaiting representations from the legal representatives of the deceased's mother.

#### Crime prevention unit at Chatsworth

\*3. Mr A RAJBANSI asked the Minister of Law and Order:

(1) Whether any arrests have been made by the crime prevention unit at Chatsworth since the so-called A Team unit was disbanded; if not, why not; if so, how many;

(2) whether, since the disbandment of the above-mentioned unit, any Mandrax tablets have been seized in the area concerned; if so, how many? D280E

#### The MINISTER OF LAW AND ORDER:

- (1) Yes, 235.  
(2) Yes, 731.

Mr A RAJBANSI: Mr Chairman, arising out of the hon the Minister's reply, is he prepared to give us comparative data in respect of the efficiency of the present restructured crime unit and the performance of the A Team?

The MINISTER: Mr Chairman, if that question is placed on the Question Paper, I will gladly do so. Permit me to say that considering what the hon member said at the World Trade Centre on Thursday evening, I wish he was as concerned about the deaths of people murdered by Apia as he is about this particular issue.

Mr A RAJBANSI: Mr Chairman, on a point of order: That is an unrelated matter. If the hon the Minister has guts here, he should also have guts at the World Trade Centre.

HOUSE OF DELEGATES

cise was also present and we took decisions on various matters.

Firstly, we decided that a press statement would be prepared by the commissioner for publication. This statement will deal with requirements and restrictions in respect of the clearance of imported goods by returning residents. It is anticipated that a better knowledge of the do's and don'ts will go a long way towards removing misunderstandings between customs and the public. The public is also being made aware of the fact that officers are required to wear name plates, so that offenders may be identified. That is the first step.

Secondly, the commissioner reissued an instruction that all officers who interact with the public should wear name tags in future. That is an important step.

Thirdly, the commissioner and I will visit Durban. I am sorry that it will not be possible for me to spend a whole day there during this parliamentary session, since I have many duties regarding legislation. However, I shall be visiting Durban. During that time I intend to visit the airport for an *in loco* inspection, and I shall inform the hon member of my visit.

#### Public Service: merit awards

\*5. Mr M RAJAB asked the Minister of Education and Training (Minister responsible for the Commission for Administration):

Whether the Commission for Administration administers a system of merit awards for all members of the public service; if not, why not; if so, what are the relevant details? D291E

The MINISTER OF EDUCATION AND TRAINING (Minister responsible for the Commission for Administration):

No. The various departments mentioned in the Public Service Act, 1984, themselves administer certain prescribed systems with regard to merit awards in the case of members of the Public Service.

#### Own Affairs:

Funds for housing: insurance company

\*1. Mr M F CASSIM asked the Minister of Housing:

(1) Whether his Department recently obtained funds for housing programmes through a certain insurance company, the name of which has been furnished to the Minister's Department for the purpose of his reply, below the market interest rate; if not, what is the position in this regard; if so, (a) when, (b) what is the name of the company in question, (c) what amount and (d) under what conditions; (123)

(2) whether he will make a statement on the matter? D261E

#### The MINISTER OF HOUSING:

(1) No. As far as could be ascertained, the former Financial Consultant had exploratory discussions with an Insurance Company. However, it appears that no tangible results were derived therefrom. (a), (b) (c) and (d) fall away.

(2) No.

Mr M F CASSIM: Mr Chairman, arising out of the hon the Minister's reply, is he aware that this particular insurance company has advertised its intention to make available vast sums of money for housing at an interest rate of 10%?

The MINISTER: Mr Chairman, for the information of the hon member Mr M F Cassim, such monies are not loaned by this Administration. Local authorities have to apply for such loans. Their applications have to be made in consultation with the administrator in charge of local authorities. In turn, the administrator concerned has to consult with Treasury to ascertain whether such loans can be serviced.

Mr M F CASSIM: Mr Chairman, further arising out of the hon the Minister's reply, why can the necessary machinery not be put in place to explore all the possibilities for obtaining this much needed funding for social upliftment in the country?

The MINISTER: Mr Chairman, I have stated on many occasions in this House that we must naturally explore every possible way of ensuring the upliftment of the underprivileged community, particularly with regard to housing, welfare, etcetera. Money is required.

In any event, with the restructuring of the Administration, there has to be a new scenario. A

HOUSE OF DELEGATES



new formula has to be found. Such a formula will simply have to provide the funds to get things going.

Over the past four months we have earmarked up to R140 million for projects. I might tell hon members that we have to find another R300 million for the Indian community alone. What about the other communities? I have stated in this House that unfortunately this small Administration of the House of Delegates has been subjected to 120 000 applications from the Black community. We cannot wish these people away. They are like a baby on our lap. It is an issue which has to be negotiated.

#### Decision-making in Department: consensus

\*2. Mr M F CASSIM asked the Minister of Education and Culture:

Whether decision-making in her Department is based on the principle of consensus; if not, (a) why not and (b) (i) on what basis are decisions taken and (ii) what procedures are followed in taking them; if so, what degree of consensus is required in respect of such decision-making? D248E

The DEPUTY MINISTER OF HOUSING AND OF WELFARE:

No.

(a) and (b)

(i) Decision-making in the Department is regulated by the provisions of section 32 of the Indians Education Act of 1965 in terms of which the Minister and Director-General are authorised to assign any power or duty conferred upon them in terms of the said Act to any official of the Department. The Director-General is also empowered in terms of other legislation administered by the Department to delegate decision-making to officers on the relevant hierarchical structure on the establishment of the Department subject to the condition that such authority is exercised in accordance with the appropriate statutory and regulatory provisions.

(ii) Falls away, however, the person with the delegated authority may consult widely before taking a decision or the person may set up structures which advise on

HOUSE OF DELEGATES

#### Ministers' Council: accommodation

\*3. Mr A RAJBANSI asked the Minister of the Budget:

(1) Whether the Administration: House of Delegates is renting, or paying for, accommodation for any member of the Ministers' Council of the House of Delegates; if so, at what cost to the Administration per month;

(2) whether any ministerial residences in Pelican Park are unoccupied at present; if not, what is the position in this regard; if so, (a) how many and (b) in respect of what date is this information furnished;

(3) whether he will make a statement on the matter? D285E

#### The MINISTER OF THE BUDGET:

(1) No.

(2) This Question must be raised with the relevant Minister who is responsible for the Department of Public Works.

(3) No.

Mr A RAJBANSI: Mr Chairman, arising out of the hon the Minister's reply, is there a member of the Minister's Council who does not occupy one of the houses provided for Ministers of the House of Delegates at Pelican Park?

Mr A G V NAIDOO: Do you want to move into one of the houses?

Mr A RAJBANSI: I guarantee that if I wanted to, I could, but I do not want to, in spite of overtures from that party. [Interjections.] They come from a high level.

The MINISTER: Mr Chairman, the answer is common knowledge. I think that was a meaningless question to pose. I live in a little apartment owned by the Department of Public Works.

Mr A RAJBANSI: Mr Chairman, further arising from the hon the Minister's reply and in the light of the cocky answer he gave, is there an hon member of the Ministers' Council who does not want to identify with his colleagues?

#### Four vacancies: advertisements

4. Mr M RAJAB asked the Minister of the Budget:

Whether his Department recently placed advertisements in respect of four vacancies, particulars of which have been furnished to the Minister's Department for the purpose of his reply; if not, what is the position in this regard; if so, (a) why and (b) what are the other relevant details? D293E

#### The MINISTER OF THE BUDGET:

Yes.

(a) To attract candidates from as wide a field as possible;

(b) In response to the advertisements 54 applications were received as follows:

Communication Officer — 27

Assistant Director: Communication (2 posts) — 19

Deputy Director: Communication — 8

Suitable candidates for the posts are being identified.

Mr A RAJBANSI: Mr Chairman, arising out of the hon the Minister's answer and particularly in respect of the repeated lecture we got from him on rationalisation on the eve of the scrapping of own affairs, is it wise to try to fill vacancies for communication officers at a time when public relations officers are walking the corridors with no work to do and when the Department of Housing is crying out to have vacancies filled urgently?

The MINISTER: Mr Chairman, the vacancies in the Department of Housing are being filled. The posts have been advertised. Over the past couple of weeks I have received a number of files on my desk.

Let me put matters into context with regard to the phasing out of own affairs. A work study has been done on the need for a communications subdirector for the Administration. A very substantial report has been produced and it was suggested that seven new posts are created.

The previous Ministers' Council identified a very serious weakness in this particular section of our Administration in respect of communicating with the media, other State departments and the community.

My answer to the next question deals with the issue of *Fiat Lux*. As all hon members know, there were personnel in our Administration

HOUSE OF DELEGATES



controlling the finances of that country. [Time expired.]

**THE DEPUTY MINISTER OF FOREIGN AFFAIRS:** Mr Chairman, I think that the founding hon member for Johannesburg North owes the hon member for Sea Point a debt of gratitude for trying to come to his rescue, but unfortunately what the hon member for Sea Point said implied that for 15 years the position has been static and nothing has been done. This does not stand up to critical examination. [Interjections.]

Ever-increasing attention has been given to this matter, so much so that there has not been a point at which more incisive attention has been given than at this very moment. [Interjections.]

I was on the point of trying to inform the hon member for Johannesburg North because I am trying to shed some light on the subject for him. He generates a lot of heat on the subject. I am trying to shed some light on the subject. [Interjections.]

I wanted to tell him, for example, of one specific mechanism in the whole process, namely suspensions. It actually happens frequently that proposed expenditure on specific items is suspended during the budgetary discussion. Before such suspension can be lifted, the affected party has to give full reasons justifying the lifting of that suspension, and these reasons have to be acceptable to the SA Government.

As I said earlier, the SA Government has a say in preparations made for these governments, but I must also remind hon members that the independent states frequently remind us of their independent status when the question of effective forms of control is discussed.

There is no disputing that taxpayers' money has to be protected and that proper financial control should be in force at all times. What I have been dealing with refers precisely to that. [Interjections.] [Time expired.]

Debate concluded.

**ALIENS CONTROL ACT, 1991 (Act No 96 of 1991):**

(2) whether the admission of such persons was subject to any conditions; if not, why not; if so, what conditions;

(3) whether any of the persons referred to in paragraph (1) (b) are still in the Republic; if so, what are the relevant details with regard to the residence of such persons in the Republic;

(4) whether the South African Defence Force has been notified of the admission to the Republic of and the regaining of South African citizenship by the persons referred to in paragraph (1); if not, why not; if so, what are the relevant details? B853E

**THE MINISTER OF HOME AFFAIRS:**

(1) to (4) Statistics on the required basis are unfortunately not available. However, for the hon member's information it may be mentioned that during the period April 1985 until December 1989 a total of 470 persons of all population groups, sexes and ages, whilst inside or outside the Republic, renounced their South African citizenship in terms of section 16 (2) of the South African Citizenship Act, 1949. It must also be pointed out that South African citizenship cannot be resumed whilst a person is abroad after he has renounced his citizenship in terms of section 16 (2) of the South African Citizenship Act, 1949. Such a person must first be admitted to South Africa lawfully and can only resume South African citizenship if he settles here permanently.

Persons who have renounced their South African citizenship and left South Africa and subsequently return to the country on a temporary basis are in terms of Departmental policy admitted to the country on temporary permits for holiday or business purposes only. Such persons must also hold return tickets.

When a former South African citizen resumes South African citizenship in terms of section 25bis of the South African Citizenship Act, 1949, or if he is in any way exempted from the loss of his South African citizenship, the South African Defence Force is advised thereof in writing. However, the South African Defence Force is not informed when a

former South African citizen returns temporarily to South Africa since such persons are not eligible for military service.

**New questions:**

**RSA citizenship: national service for White males**

\*1. Mr D S PIENNAAR asked the Minister of Defence:†

Whether any of the White male persons who before 1 January 1990 and before reaching the age of 30 years had renounced their South African citizenship before they could perform their national service, performed such national service after they had regained their South African citizenship; if so, (a) how many and (b) in respect of what date is this information furnished; if not, why not? B854E

†**THE DEPUTY MINISTER OF DEFENCE:**

(a) 15.  
(b) 1988. Statistics of this nature were not kept before this date.

**Housing finance: co-ordination**

\*2. Adv C H PIENNAAR asked the Minister of National Housing:†

Whether the Government intends co-ordinating all aspects of housing financed on the first, second and third tiers of government; if not, why not; if so, what are the relevant details? B814E

**THE MINISTER FOR NATIONAL HOUSING:**

Mr Chairman, I am grateful to the hon member for Heilbron for asking me this question, because I am told that as a new boy I am supposed to make a maiden speech, and here I am giving a maiden reply. Regrettably, it is a very short reply as well, under the circumstances.

As a new national housing policy and strategy for South Africa are at present being negotiated between all interested parties, unfortunately it is at this delicate stage not possible to reply to the hon member's question. I would like to add that it is expected that at least three months will be required before full details are available.



Adv C H PIENAAR: Mr Chairman, could I ask the virgin hon Minister, arising out of his reply, whether the Government intends taking control of housing or whether it merely intends to co-ordinate it? Could he tell us what the Government's intentions are at this stage?

The MINISTER: Mr Chairman, the intention is to achieve co-ordination, but this has to be done in the light of changing circumstances. It is not a question of taking control at all, however. There must be a large amount of autonomy in various areas.

(123)

Adv C H PIENAAR: Mr Chairman, further arising out of the hon the Minister's reply, is he saying, in other words, that despite the fact that the bulk of the funds would be emanating from the taxpayers, there will not be any control over the way in which those funds are spent?

The MINISTER: Mr Chairman, I think, in terms of the reply that I gave initially, that such a detailed request should be tabled so that I can reply adequately in due course. [Interjections.]

**SADF vehicles: transportation of passengers**

\*3. Mr D H M GIBSON asked the Minister of Defence:

Whether any South African Defence Force regulations and/or other provisions provide for safety checks to be carried out on military vehicles used for the transportation of persons on public roads; if not, why not; if so, (a) which regulations and/or provisions and (b) (i) when, (ii) by whom and (iii) according to what procedures are such safety checks carried out? B847E

**THE DEPUTY MINISTER OF DEFENCE:**

Yes.

(a) SADF Logistics Policy and Procedures 14, Pamphlet 1, part 3: SADF Policy and Procedures for the Planning and Execution of Logistics read in conjunction with the Military Disciplinary Code, Section 19, "Disobeying Lawful Commands or Orders".

(b) (i) Before each trip.

(ii) The driver.

(iii) The prescribed procedures for First Parade, which comprises a complete

check of the vehicle using a prescribed checklist.

**Samil vehicles transporting school cadets**

\*4. Mr A J LEON asked the Minister of Defence:

(1) Whether it is common practice to use Samil military vehicles for the transportation of school cadets; if so,

(2) whether these vehicles comply with the relevant safety and other requirements for the transportation of passengers on public roads; if not, why not; if so, what is the maximum speed at which passengers may be transported on such roads;

(3) whether any specific regulations and/or rules are applicable in respect of the use of Samil vehicles; if so, what regulations and/or rules;

(4) whether such regulations and/or rules differ from those applicable to other vehicles; if so, what are the relevant details? B849E

**THE DEPUTY MINISTER OF DEFENCE:**

(1) Yes.

(2) Yes. 80 km per hour.

(3) No.

(4) Falls away.

**Transportation of school cadets**

\*5. Mr E K MOORCROFT asked the Minister of Defence:

Whether any specific regulations and/or rules apply to the (a) transportation of school cadets and (b) loading of equipment in military vehicles; if not, why not; if so, (i) what regulations and/or rules in each case, (ii) under whose command do such vehicles fall when transporting school cadets and (iii) who is responsible for ensuring that such regulations and/or rules are complied with? B851E

**THE DEPUTY MINISTER OF DEFENCE:**

(a) and (b) All SA Defence Force vehicles are subject to the same regulations and prescriptions.

(i) SADF Logistics Policy and Procedures 14,

Pamphlet 1, Part 3, Chapter 5 (Road Transport in the SADF) and Army Training Instruction 291 with regard to the loading of equipment and the Loading Tables in respect of personnel read in conjunction with the Military Disciplinary Code, Section 19, "Disobeying Lawful Commands or Orders".

(ii) It differs depending on the specific circumstances.

(iii) The driver and/or the non-commissioned officer or member of a higher rank who has been appointed for the specific task.

**Black Education: capital programme**

\*6. Mr R M BURROWS asked the Minister of Education and Training:

(1) Whether, with reference to the information furnished to the Minister's Department for the purpose of his reply, the major capital programme in respect of Black education recently announced by him applies only to areas falling under his Department; if so, why; if not,

(2) whether any funds allocated in terms of the said programme will be spent in the self-governing territories; if not, why not; if so, (a) in which territories, (b) what total amount will be so spent and (c) in respect of what date is this information furnished? B880E

**THE MINISTER OF EDUCATION AND TRAINING:**

(1) Yes. The Department of Education and Training has no jurisdiction over the provision of education in a self-governing territory. Therefore the budget voted for the Department of Education and Training may only be spent in the Republic of South Africa, excluding the self-governing territories.

(2) Falls away.

**Guardian's Fund: minor heirs**

\*7. Mr J CHIOLE asked the Minister of Justice:

(1) Whether, with specific reference to information on minor heirs who have come of age in the mean time, the full particulars regarding the amounts of

R100 or more that were claimable in the books of the Guardian's Fund: Transvaal Provincial Division as at 31 August 1992, were published by Notice 884 in the *Gazette*, No 14329, on 9 October 1992, in accordance with the provisions of section 91 of the Administration of Estates Act, 1965 (Act No 66 of 1965); if not, (a) why not and (b) when will the full information in this regard be published in the *Gazette*;

(2) whether he or his Department intends taking steps in this regard; if not, why not; if so, (a) what steps and (b) against whom? B593E

**THE MINISTER OF CORRECTIONAL SERVICES (for the Minister of Justice):**

(1) No. The Master, Pretoria, reports to me that three names were omitted from the published list for 31 August 1992. I have asked the Master to ensure that there are no other omissions and to report to me on measures taken to avoid a recurrence of such omissions and oversights. I thank the hon member for bringing the matter to my attention.

(2) Steps are being taken to notify the persons concerned. The information will be published in the *Gazette* on Friday 4 June 1993.

**INTERPELLATION**

The sign \* indicates a translation. The sign †, used subsequently in the same interpellation, indicates the original language.

**Own Affairs:**

**Model A and C schools: admission**

\*1. Mr A GERBER asked the Minister of Education and Culture:

(1) Whether governing bodies of Model A and C schools have the right to deny any persons admission to such schools on the grounds of language, cultural and/or religious considerations; if not, why not; if so, why;

(2) whether he will make a statement on the matter? B895E, INT





**NEW MINISTER ...** Mr Louis Shill and his wife, Mavis, in Tuynhuys gardens yesterday after Mr Shill was sworn in as Minister of National Housing and Public Works.

Picture: HAROLD KING

(123) 01 2/6/93  
**Sage boss takes on national housing**

**FORMER** Sage group chairman and chief executive officer Mr Louis Shill was sworn in as National Housing and Public Works Minister yesterday.

Mr Shill, who has taken leave of absence from the group he founded, will only be available for public office until the general election.

He has pledged to boost the national housing effort, in general, and to ensure that houses actually get built in the short term, in particular.

At the swearing in, President F W de Klerk said Mr Shill's expertise, experience, and drive in the private sector was needed by South Africa.

"In welcoming him to the cabinet I realise his new post will entail a great deal of sacrifice on his part," President De Klerk said at Tuynhuys.

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## Louis Shill is sworn in as National Housing Minister

CAPE TOWN — Former Sage Group chairman and CE Louis Shill was sworn in as National Housing and Public Works Minister at Tuynhuys yesterday. <sup>216193</sup>

Shill, who has taken leave of absence from the group, will be available for public office only until the general election. <sup>(504-9)</sup>

Aside from his business commitments, Shill has participated in the national housing forum and the national economic forum.

He has pledged to boost the national housing effort, particularly to get houses built in the short term. <sup>(123)</sup>

Sapa reports that President F W de Klerk said at the ceremony that SA needed Shill's expertise, experience and drive. <sup>(123)</sup>

"In welcoming him to the Cabinet I realise his post will entail a great deal of sacrifice on his part. How-

**TIM COHEN**

ever, he faces one of the biggest challenges in the socioeconomic sphere."

Shill will also take charge of the state's property portfolio.

Reuter reports that Shill said: "I see the whole challenge before me as the trick of combining long-term policymaking with the implementation of existing initiatives, which need to be pushed along."

"The housing dilemma is one which ... permeates the economy. We have to try to combine the needs of housing with urbanisation and social development."

He also planned to work as closely as possible with the national housing forum.

"Policymaking must be something that is developed jointly between ourselves (government and the forum) in the future."

# Government feels pinch as rentals keep on rising

Buss day 2/6/93

PETER GALLI

THE economic climate and increasing office rentals have resulted in the Public Works Department experiencing problems financing its obligations as provider of state accommodation.

In its annual report released at the weekend, it said: "The problem lies not so much in the initial rental as in the annual escalation and periodic rental adjustments.

"The situation is cause for grave concern as the shortfall in the department's rental account could mean that it might not be able to satisfy requests for accommodation."

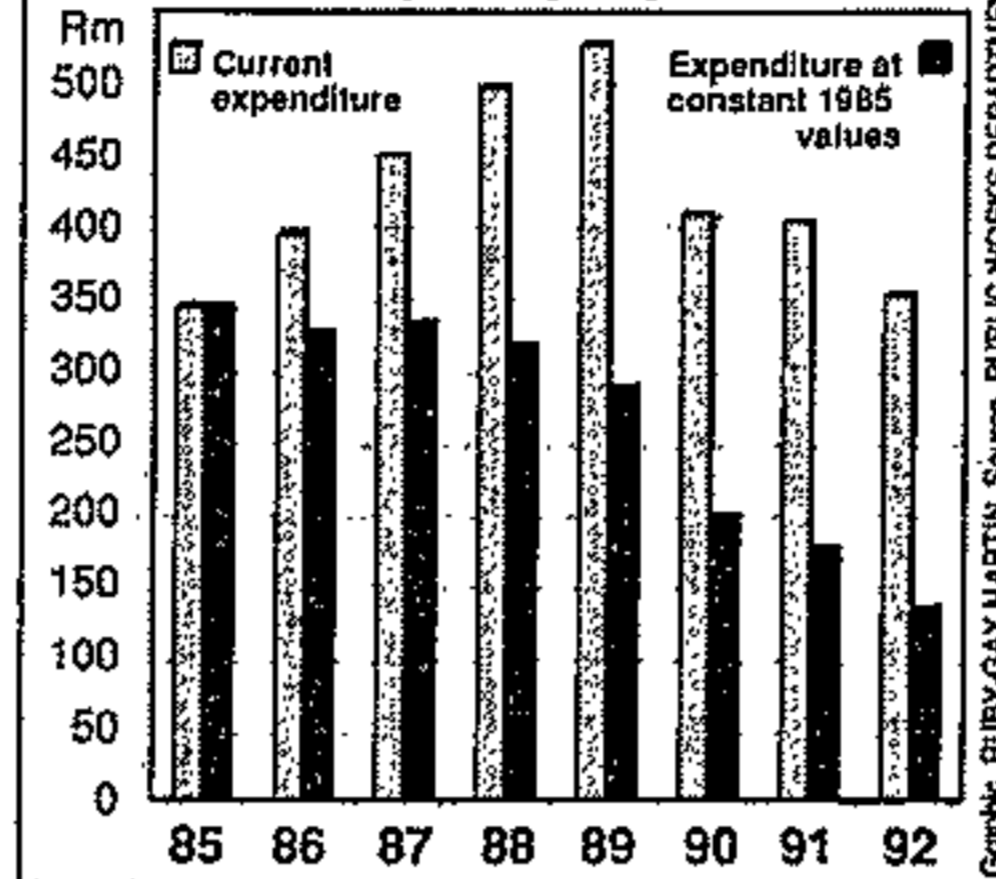
However, a mutual dependence had developed between the state and the private sector, which was evident from "the success achieved in persuading lessors to reduce the rental escalations and adjustments in their offers".

As a result of the reduction in funds for building and related services, larger amounts were being spent on rentals.

"For the first time, rental payments in 1992 exceeded the amount allocated for capital projects. The department's running expenses are increasing while investment in job-creation projects is falling, which is contrary to government's policy of encouraging investment in capital projects," the report said.

About 1,86-million square metres

Decrease in expenditure on capital projects



of office space was leased by government departments. This cost the state R308,3m last year compared with R275,3m in the preceding year.

As a result of a lack of funds the department had spent less money on building and related services, reflecting a decline from R522m in 1989 to about R365m in 1992.

In view of this, and the fact that in Pretoria alone about 70% of the state's accommodation needs were leased, building state accommodation in Pretoria "appears to be not only desirable but a good strategy".

While leasings held greater benefit for the state in the short term, they became "decidedly disadvantageous" for 12 years and longer.

During the year, 220 new contracts were concluded, 115 were cancelled and 405 were renewed. The leases were generally signed for 10 years with annual escalations and periodic

rental adjustments.

There was also a significant increase in property sales during the year under review. In the period 1982 to 1991, R182,5m worth of property was sold, while in 1992 alone property worth R108,37m was sold.

The department ascribed this to its marketing campaign to sell redundant immovable property. Land worth R1,8m was bought for emergency police stations, 30 houses worth R2,84m were bought for the SADF and the Camden and Usutu Mine residential areas near Ermelo were bought from Eskom and Trans-Natal Collieries respectively for R4,5m.

Another 1 280ha of land was bought by the Natal Parks Board for R1,15m to expand the Kransberg National Park, while seven properties near Uitenhage totalling 2 961ha were bought for R1,26m to expand the Zuurberg National Park.

On behalf of the Education and Training Department, 45 properties totalling 164ha had been bought on a recoverable basis for R33,74m for the construction of new schools.

The department's allocation in the national Budget had decreased from 2,9% in the 1985/86 financial year to 1,9% in 1992/93, while its spending — as measured against GDP — had dropped from 0,75% to 0,61%.

"The decrease in the funds allocated has had specific negative side-effects, the most regrettable of which is that existing assets cannot be properly maintained," the report said.



# Star 116193 'Yumaka' key to shelter for homeless

## ONE WAY TO GO

The poor state of the economy and the critical housing shortage is forcing scores of communities to turn to unconventional housing structures as an alternative.

ZINGISA  
MKHUMA reports.

LOW-COST housing may be a buzz word these days, but providing inexpensive shelter to alleviate the plight of millions of homeless people remains as big a challenge as ever for the new South Africa.

According to three enterprising businessmen from Boksburg, the housing shortage could be alleviated in record time if only people stopped thinking of houses in terms of expensive brick and mortar structures.

After two years of intensive research among shack dwellers and taxi commuters, Rocky Dance, Derrick van Nierkerk and Don Wigston, say they have come up with an innovative housing project called Yumaka Homes (pronounced you-make-a-home).

A Yumaka, is a modular structure consisting of concrete panels that can be fitted to a steel frame. Skilled labour is not required as the panels can be easily fitted together and just as easily dismantled. The steel frame consists of standardised 1,5 metre sections and is bolted together to form the skeletal framework.

Wigston, who is spokesman for the group says: "Our research showed that low-income groups needed cost-effective but neat structures that resemble a

conventional house.

"A Yumaka Home meets these requirements. An enormous advantage of this structure is its modular design, which enables the owner to increase its size by simply adding the concrete panels as and when the need arises.

"The owner can, with ease and within hours, make necessary alterations himself without the help of skilled labour and power tools — offering a solution in crisis situations."

## Accessories

Wigston says the advantages of using sections is that if the owner wishes to resettle in another area, he simply dismantles the framework and sells the concrete panels and thereby recoups a certain percentage of the costs.

The Yumaka is also designed to provide, as finance allows, for accessories such as suspended ceilings, ablution and sanitation facilities.

And the material used is fireproof and thus ideal for communities still using coal for both heating and cooking purposes.

However, Wigston points out that financing the structures has become a major stumbling block for most low-in-

come groups. Nevertheless, he says, the company is making headway with some financial institutions.

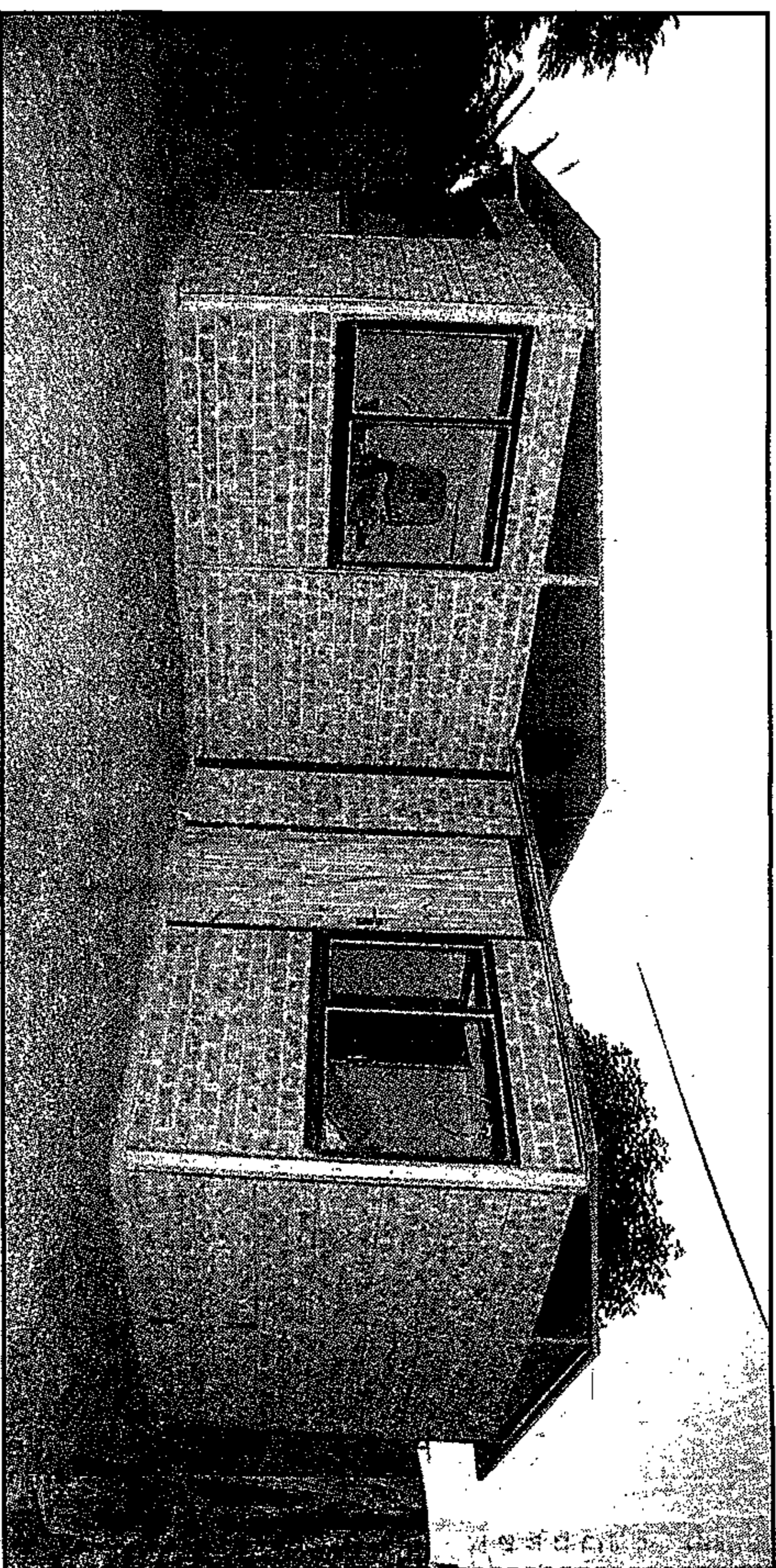
Wigston also says that some laws and by-laws need to be upgraded as a matter of urgency in order for the country to "draw level" with the shortfall of housing.

"A new approach is needed to give the homeless an opportunity of owning their own home. Many varied and creative building methods have been tried with limited success due to factors such as lengthy erection time and the skilled labour requirements.

"The lack of electricity points and water at the site, which are the requirements of a normal complicated building method and most important, the cost factor, have been overcome through a Yumaka," he says.

"A Yumaka does not look like a hut or a shed and its benefits surpass all other concepts and designs currently available on the South African market."

The prices range between R3250 for a single plain panel Yumaka unit to R10460 for a face brick four-roomed unit. These prices include delivery within a 70 km radius of Benoni, erection, flooring and coating which is optional.



Shape of things to come . . . unconventional low-cost housing structures are designed to alleviate the housing shortage in the country.

Picture: Jacob Rylkiff.



Star 11/6/93

# 'Yumaka' key to shelter for homeless

## ONE WAY TO GO

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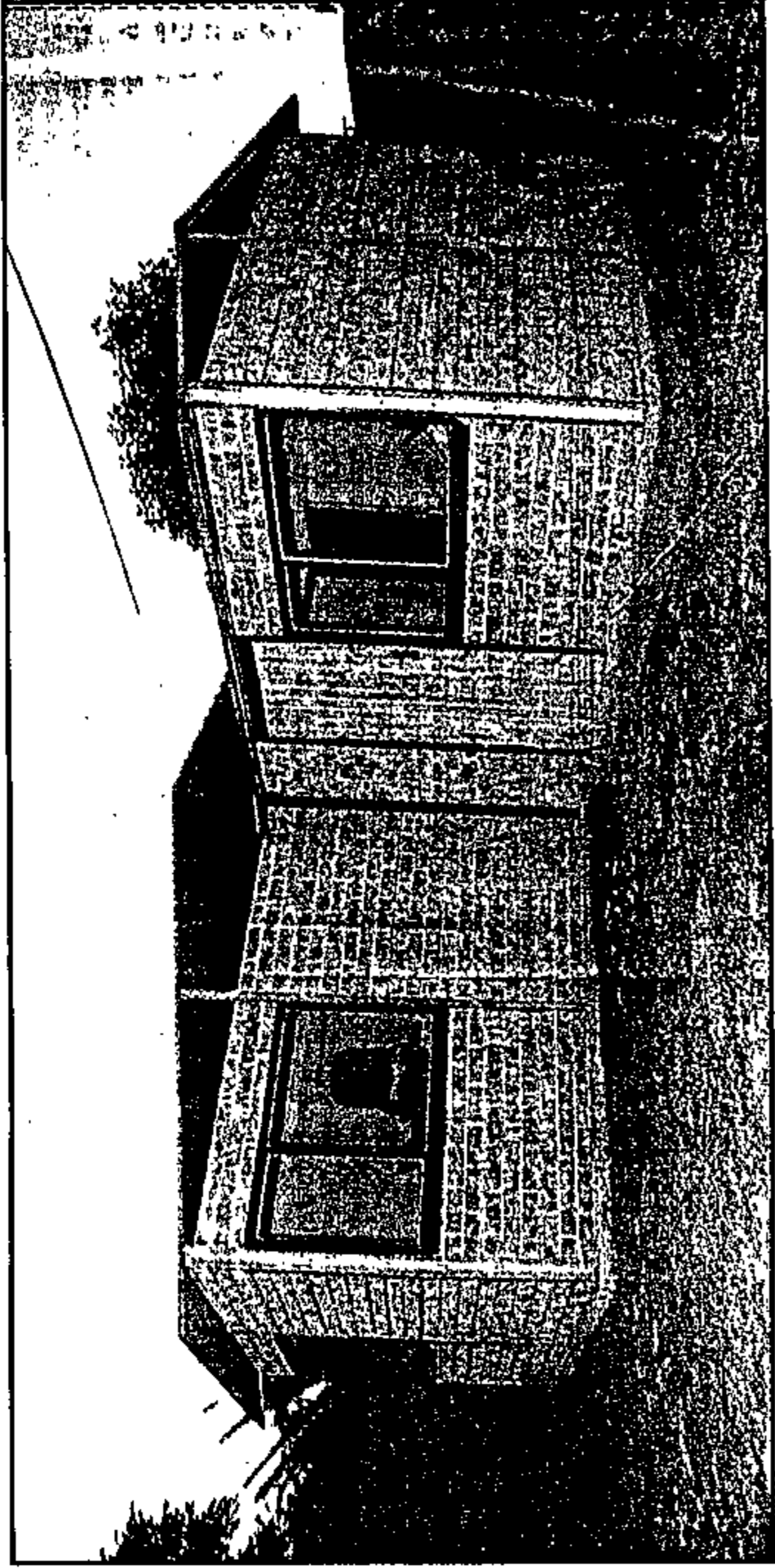
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Shape of things to come . . . unconventional low-cost housing structures are designed to alleviate the housing shortage in the country. Picture: Jacobus Ryliff.

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AMPROS TOWNSHIPS

123

FM 28/5/93

# Move over Raymond Ackerman

Unless there's a quick turnaround of stock, township development is unprofitable. That's the conclusion Ampros has drawn after 20 years in the business of developing townships and selling serviced residential, commercial or industrial stands. It now plans to accelerate the rate of disposal of its developed land and has taken a strategic decision not to invest further in township development.

"We have not had a bad experience in township development," says sales & marketing director Grahame Lindop. "In the residential market we have set industry standards and introduced walled, secure estates as well as user-friendly environments by establishing pony trails, lakes for windsurfing and nature trails, in various estates. We have also been a leader in environmentally friendly office and industrial parks.

"What we have failed to achieve, which is not uncommon to developers, is the pace of disposal needed to make it profitable. It's a capital-intensive business and we adopt a conservative financial treatment of unsold stock. We apply memorandum interest to unsold stock and bring term sales to account only when cash is received, which is conservative but realistic. This all highlights the need for fast turnover."

With R205m of developed land nationwide on its books — R150m residential, R50m commercial and industrial, and the balance virgin land — Ampros is now gearing up to become to potential stand owners what Pick 'n Pay is to housewives.

In essence, this means accelerating the rate of land disposal to unlock cash, using aggressive retailing tactics. "I have the greatest respect for Raymond Ackerman's marketing techniques," says Lindop.

More flexible pricing is being applied to commercial and industrial land, as well as to the residential portfolio. There's unsold commercial and industrial stock at Waltloo Extension 1, east of Pretoria (roughly 13 ha of unsold serviced industrial land), Kyalami Business Park (33 ha unsold for offices, light industrial and distribution), Waterfall Park, Midrand (17 ha for offices and distribution) and in Powerville near Vereeniging (90 ha of partly serviced industrial land).

Ampros has already cut the price of some residential stands by up to 15% and started making term buying more attractive. Its recent absorption of the four-percentage-point increase in Vat for 100 days on land sales is an example.

Other incentives include cutting the deposit, subsidising the rate of interest, and giving discounts to term buyers if they convert to cash. "The main objective is to hook buyers, if necessary on terms, and then try to



Ampros' Grahame Lindop ... the stand buyers' friend

turn those sales into cash," says Lindop.

Ampros is planning a national advertising campaign — as high profile as its nine-month, rent-free offer in office leasing. "Our free rent advertising caused a lot of unhappiness among competing landlords," Lindop admits, "but we conceived it before tenants demanded it and when the market was price-sensitive. Other landlords have now followed suit. It's that kind of aggression we want to bring to land disposal."

Lindop plans to exploit the referral aspect in land sales — which he says is strong — on a national basis. Selecting the right agent or agents is one way and Ampros is evaluating several with offices around SA.

Lindop has no reservations about exploiting Anglo American's name to back up sales. "In a recent survey of buyers of stands in Silver Lakes in eastern Pretoria to ascertain why they bought, 98% of the sample did so because Anglo was the developer. In the wake of the Masterbond and other debacles, knowing that the developer is not about to go bust offers valuable security."

Ampros, which never had a marketing department *per se*, acquired one in February by changing Lindop's title from national leasing director to sales & marketing director. This followed the retirement of ex-estates development director Peter Gardiner. Lindop has since been charged with both the disposal of land and buildings, and the leasing of commercial and industrial space.

Lindop says all selling activities, previously divided, have been placed under one person. The rationale is to attain more of a marketing focus and become more aggressive.

Ampros has 1 300 residential stands to sell spread among 10 estates, notably in:

□ Silverlakes golf estate, Pretoria, R85 000-R140 000 (stands vary from 1 000 m<sup>2</sup>-1 200 m<sup>2</sup> in size), where 220 stands have been sold out of 808 developed;

□ Welgedacht, Bellville, R90 000-R145 000; 61 of a total of 407 stands (in all phases) sold;

□ Kyalami Estate, average price R65 000 for 1 000 m<sup>2</sup> stands — 124 stands sold out of 270;

□ Fairfield, Sandton (next to the new Fourways Mall), averaging "a bargain" R39 000 for just under 1 000 m<sup>2</sup> — 55 stands left out of 209; and

□ Dovehouse Dale, Gillitts, north of Durban, where 4 000 m<sup>2</sup> stands are selling at R38 000. Only nine are left out of 90 developed.

Ampros also has 86,5 ha of agricultural land near Vereeniging on the Suikerbos River, a tributary of the Vaal, with potential for 410 stands. It wants to sell outright for R1,5m-R2m. It's also contemplating selling Kyalami Estate Extension outright — land adjoining the proclaimed township that has not yet been serviced. ■

TIMESHARE

## Bids and counterbids

Shareholders in the liquidated Natal South Coast Cabanas del Mar and Cabanas del Sol timeshare resorts at Winkelspruit, near Amanzimtoti, should soon know whether they have a realistic hope of salvaging their investments. There's a deadline of noon today for offers to buy the properties.

Liquidators Coopers Theron Du Toit (Ca-  
\* \* Cont'd

## REBATE INCREASED

Cape Town's residential property owners will be spared the full impact of rates increases averaging 80%. Though initially blocked by the city council, the residential rates rebate will now be increased from 26% to 35% (*Property* May 21).

This month councillors voted 14-13 to increase the residential rebate from 26% to 35% but later supported a move by councillor Leon Markowitz to rescind the decision. Markowitz later withdrew his notice of intention to have the decision rescinded and paved the way for the higher rebate.



# Power to the people: Eskom surges into new SA

28/5-3/6/93  
 Wilma (123)

FOR the first time in Eskom's 70-year history, trade unions and township residents will have a major say in policy-making at the state-run utility.

After several months of wide consultation and considerable soul-searching, Public Enterprises Minister Dawie de Villiers has appointed nine new members to Eskom's 19-member governing Electricity Council.

New to the board are representatives from three trade unions, a township organiser and members from a black consumer group and the women's movement. They complement reappointed members from government, academia and industry.

As one of the most influential corporate boards in the country — with access to billions in project spending — great care appears to have been taken to properly balance representation.

"It is far more representative," observed Eskom's chairman John Maree, himself reappointed. "And it leaves open the possibility of being more reflective of our diversity in the future."

To accommodate further board changes from a new government, the term of council members have been reduced to two years from three.

The new board, which took effect this week, consists of: Department of Finance director Gerard Croeser, Eskom chief executive Ian McRae, South African Chamber of Business executive Aubrey Dickman, Afrikaanse Handelsinstituut executive Professor J Lambrechts, Spoornet chief executive B Lessing, engineer J Lou-



**Consumer interests — Elen Kuzwayo**

er supplier in the world.

More recently, Maree and McRae have moved to hook up townships and rural communities in a bid to correct previous imbalances and provide a much needed stimulus to the economy.

Asked what he expected from sharing a boardroom with several new, politically charged members, Maree chuckled softly. "It will be a learning curve for all of us. It will be interesting to see how it works."

But he pointed out that when board members convened they would be expected to "busy themselves with the affairs of Eskom, not with the particular interests of their organisations".

To initiate new members, a series of "intensive briefings" would be required, Maree thought. The revamped council is scheduled to hold its first meeting on June 3.



**Learning curve — John Maree**

But, some of the new members do not appear to share the opinion of its chairman. "I am not an electricity counsellor," said Gwede Mantashe, the NUM's PWV co-ordinator. "I am a representative of organised labour."

Mantashe said his agenda was to halt the steady number of layoffs at Eskom and press the utility to speed up the electrification of rural communities in order to stem the rapid pace of urbanisation and "create a livelihood that would contribute to the economy".

He insisted that the reshuffled council was no more representative than before and that it should be entirely restructured. "They have just changed the pawns," he said. "Business still maintains a monopoly on the interests of all South Africans."

Dan Mofokeng, Sanco general secretary for the southern Transvaal, said

he felt there was still far too much duplication on the board.

"Why are members from Sacob, the AHI and Spoornet not rolled into one member?" he asked.

Mofokeng stressed that Eskom should also curb its intention to operate like a corporate entity. "Yes, it should recover its costs, but not generate huge profits at the expense of the underprivileged in this country."

Last year, Eskom reported a profit of R1.5-billion, on which it is obligated to pay no tax.

Still, Maree — who has fashioned himself as a leader in corporate South Africa's drive to restructure itself — felt strongly that the appointment of a new board was a "ground-breaking" event that could pave the way for other large corporate concerns to do likewise. "It could very well change big business in South Africa," he said.

Aside from the new board, two developments last week also gave reason for Maree to smile.

The long-awaited National Electricity Forum met to discuss ways to streamline the currently unwieldy delivery of power to communities, and Eskom's R500-million in long-term notes successfully placed with the Life Offices Association as part of the utility's move to fund its electrification drive.

Eskom's chairman added that with a transitional government imminent, multilateral development agencies — such as the World Bank and the African Development Bank — would be prepared to finance electricity expansion.



for which information is available and (d) for what purposes are these lounges used by Ministers?

**THE MINISTER OF TRANSPORT:**

No, the relevant VIP lounges are made available free of charge to dignitaries.

(a), (b), (c) and (d) Fall away.

**Child welfare agencies: food aid**

\*2. Mr M F CASSIM asked the Minister for National Health and Welfare:

(1) Whether it has been brought to her or her Department's notice that child welfare agencies and other recognized bodies involved in dispensing food aid to the indigent were called upon to expend unusually large amounts of money shortly before the end of their financial year; if so, why were these agencies and bodies called upon to expend such amounts;

(2) whether any problems have been experienced by the said agencies and bodies in respect of planning and performing their activities properly; if not, what is the position in this regard; if so, what problems;

(3) whether she will make a statement on the matter? D271E

**THE DEPUTY MINISTER FOR NATIONAL HEALTH AND WELFARE:**

(1) No;

(2) yes, firstly some of the organisations thought that it would take less time to get programmes established. This did not evolve and therefore they over-estimated and could not utilise all the funds before the end of the financial year on 31 March 1993. These funds had to be paid back to the State coffer. Savings realized in this manner will be included as a supplementary annexure to the first report on the State of the Expenditure Budget of the Department for the 1993/94 financial year and made available to the National Nutrition and Social Development Programme, and secondly smaller organisations are not yet properly geared to expend funds according to Treasury Instructions;

(3) no.

**Air hostesses/flight attendants: hours worked**

\*3. Mr N SINGH asked the Minister for Public Enterprises:

(1) Whether any (a) air hostesses and/or (b) flight attendants on flights of the South African Airways were recently required to work longer hours than is normally the case; if so, why?

(2) whether reports have been received that, as a result of these longer hours, some of these persons were too tired to perform their duties efficiently; if not, what is the position in this regard; if so,

(3) whether any steps have been taken or are being contemplated in this regard; if not, why not; if so, what steps? D272E

**THE MINISTER OF TRANSPORT AND OF POSTS AND TELECOMMUNICATIONS (for the Minister for Public Enterprises):**

The Managing Director of TRANSNET LIMITED has furnished the following reply to the hon member's question:

(1) (a) and (b) Yes. To obtain greater productivity and improved passenger satisfaction on the Johannesburg—Taipei flights.

(2) Yes.

(3) Yes. The extended hours were originally agreed to by the trade union after a ballot was conducted amongst their members. However, after a further ballot it has been decided to implement a new cabin crew schedule for the Taipei flights with effect from 31 May 1993. This will entail that the cabin crew to and from Taipei will be rotated in Singapore.

HOUSE OF DELEGATES

**Expropriated land: price/return**

\*4. Mr M NARANJEE asked the Minister of Regional and Land Affairs:

(1) Whether it has been decided that land acquired or expropriated in terms of racially based legislation was to be returned to the former owners of such land at the price paid at the time of the acquisition or expropriation thereof in terms of the said legislation; if not, why not; if so, what are the relevant details;

(2) whether any such land (a) has been and/or (b) is to be so returned; if not, what is the position in this regard; if so, to whom? D274E

**THE DEPUTY MINISTER OF REGIONAL AND LAND AFFAIRS:**

(1) No. The Advisory Commission on Land Allocation investigates all claims regarding the restoration of ownership rights in terms of the provisions of the Abolition of Racially Based Land Measures Act, 1991 (Act 108/1991), on the merits of each case and submits thereafter its recommendations to the State President for consideration. The final decision regarding the conditions and the prices at which the identified properties could be alienated, rests with the State President-in-Cabinet after considering the recommendations of the Advisory Commission on Land Allocation. The ultimate decision of the State President-in-Cabinet is binding.

(2) (a) and (b)

On the recommendation of the Advisory Commission on Land Allocation, the State President-in-Cabinet has decided that the following identified state owned properties may be alienated to the former owners, namely:

Rooiboom	(Lady'smith)
Charlestown	(Newcastle)
Groote Springfontyn	(Melkbosstrand)
Asiatic Bazaar	(Pretoria)

The Advisory Commission on Land Allocation is at present investigating a number of claims regarding the restoration of ownership over identified land, the details of which are not yet available.

**THE CHAIRMAN OF THE HOUSE:** Order! I wish to inform hon members that the time allotted for questions on general affairs has expired. However, I am going to proceed with the rest of the questions, so that we can get the replies while the hon Ministers are here.

**Housing subsidy scheme: capital subsidy coupon**

\*5. Mr M F CASSIM asked the Minister of National Housing:

(1) Whether, with reference to information furnished to the Minister's Department for the purpose of his reply, he or his Department intends introducing a housing subsidy scheme in terms of which a capital subsidy coupon is provided to an eligible first-time home buyer; if not, why not; if so, when is it anticipated that such a scheme or a similar one will be introduced in the Republic;

(2) whether he will make a statement on the matter? D262E

**THE MINISTER OF CORRECTIONAL SERVICES (for the Minister of National Housing):**

(1) The hon member will be aware of the fact that the Task Group which investigated a new housing policy and strategy has recommended that a capital subsidy should form part of the solution to South Africa's housing problem. The possible utilisation of a capital subsidy coupon along the lines of the Chilean model is addressed in the report.

As the recommendations by the Task Group are at present serving as an important input in the negotiation process between the Department of Local Government and National Housing and the National Housing Forum, it would be premature to commit oneself at this stage to the feasibility of detailed issues.

HOUSE OF DELEGATES



such as the possible introduction of a capital subsidy coupon for first-time home buyers in South Africa.  
(123)  
(2) No.

**Hindu Seva Samaj Temple: investigation**

\*6. Mr M RAJAB asked the Minister of Law and Order:

- (1) Whether any progress has been made in the investigation into the bombing of the Hindu Seva Samaj Temple in January 1993; if not, why not; if so, what are the relevant details;
- (2) whether he will make a statement on the matter? D276E

**The MINISTER OF LAW AND ORDER:**

(1) No.  
A reward has been offered for any information leading to the arrest and conviction of the responsible person(s). No information has yet been received and the investigation is continuing.

(2) No.

**Death of person at Pollsmoor: action**

\*7. Mr M RAJAB asked the Minister of Correctional Services:

- (1) Whether, with reference to information furnished to the Minister's Department for the purpose of his reply, any action has been taken by his Department against two of its officers who were allegedly involved in the death of a person who died at Pollsmoor Prison on or about 29 June 1989; if not, why not; if so, what are the relevant details;
- (2) whether he will disclose the names of the persons involved; if not, why not; if so, what are their names? D277E

**The MINISTER OF CORRECTIONAL SERVICES:**

(1) No.  
The matter was handed over to the SA

HOUSE OF DELEGATES

Police for investigation, whereafter the case was referred to the Attorney-General for a decision regarding the possibility of instituting criminal proceedings against the members concerned. The decision of the Attorney-General is not yet known and the Department of Correctional Services cannot act prematurely by anticipating his decision. Action against the personnel will be considered once the Attorney-General has reached a decision.

**Housing development boards: amalgamation**

- (2) Yes.  
The names of the members concerned are as follows:  
— Major S Muller  
— Captain I Oersen

**Housing development boards: amalgamation**

\*8. Mr A RAJBANSI asked the Minister of National Housing:

- (1) Whether it is the intention to introduce and implement any interim measures to amalgamate own affairs departments with the various housing development boards; if not, why not; if so, when are such measures to be implemented;
- (2) whether he intends obtaining the views of any other interested parties before a final decision in this regard is taken; if not, why not; if so, what are the relevant details;
- (3) whether he will make a statement on the matter? D279E

**The MINISTER OF CORRECTIONAL SERVICES (for the Minister of National Housing):**

- (1) In anticipation of the proclamation of housing from own affairs to general affairs, the interested parties are reconsidering the matter. No decision on any interim measures has been taken in this regard.
- (2) Falls away.
- (3) Falls away.

HOUSE OF DELEGATES

**Management committee: Police investigations**

\*9. Mr P PADAYACHEE asked the Minister of Law and Order:

- (1) Whether, with reference to certain information which has been furnished to the South African Police for the purpose of his reply, a member of Parliament has approached the Police in regard to police investigations into allegations relating to members of a certain management committee; if not, what is the position in this regard; if so, (a) what was the nature of the approach, (b) what is the name of this management committee and (c) to whom was the approach made;
- (2) whether he will disclose the name of the member of Parliament in question; if not, why not; if so, what is the name of this member;
- (3) whether he will make a statement on the matter? D270E

**The MINISTER OF LAW AND ORDER:**

- (1) (a) To enquire about alleged charges brought against a businessman, who appeared in the Protea Court on 5 March 1993.
- (b) Lenasia South East Management Committee.
- (c) Warrant-Officer D P Garnett, South African Police Liaison officer to the office of the Commissioner of the South African Police in Cape Town.
- (2) Yes. Mr D K Padiachey.
- (3) No.

**Own Affairs:**

Recommendations of Mall Committee  
Mr M F CASSIM asked the Minister of Education and Culture:

- (1) Whether any steps have been taken or are being contemplated to implement

the various recommendations of the Mall Committees; if not, why not; if so, (a) what steps and (b) which recommendations;

(2) whether she will make a statement on the matter? D242E

Mr M F CASSIM: Mr Chairman, I am willing to have the two questions on the Question Paper in my name stand down if precedence can be given to the last notice of motion printed in my name on the Order Paper.

**The CHAIRMAN OF THE HOUSE:** Order! The hon member is willing to have these questions stand down provided that precedence is given to what?

Mr M F CASSIM: To the motion printed in my name on the Order Paper, Sir.

**The CHAIRMAN OF THE HOUSE:** Order! I am afraid that unless such arrangements are made with the Whips, I am in no position to assist the hon member.

Mr M F CASSIM: Can we arrange for a speakers' list, Mr Chairman?

**The CHAIRMAN OF THE HOUSE:** Order! Furthermore the hon member must understand that he cannot come here and set conditions. These arrangements ought to be made with the Whips.

**The MINISTER OF EDUCATION AND CULTURE:**

- (1) Yes.
- (a) Since the handing of the Report of the Committee of Enquiry into Education Matters on 29 October 1992, the Department is implementing the recommendations.
- (b) Since the time allocated for this oral reply is very limited, I shall refer to a few of the recommendations to substantiate that the Report is being used by the Department.
- (i) "It is recommended that the Department investigate and

HOUSE OF DELEGATES

*cutp*



## Govt paid R284,86m in rates on property empire

CT 26/5/93 Political Staff (123)

DETAILS of the government's 74 018-building property empire were revealed in Parliament yesterday.

The government paid R284,86 million last year in rates to local authorities for these buildings, the Department of Public Works said in its 1992 report.

This is almost four times higher than the R78,15m the government paid in rates five years previously in 1988. Between 1982 and 1991 state property worth R182,5m was sold but in 1992 alone the government disposed of property worth R108,4m.

The department said the government's policy was to sell any state property that could not be used.

medical experts that SA's extraordinary high incidence of rape -  
his house in -  
killed because he intended to disclose  
falls of Military Intelligence activity.

## Plan for home loan advisers unveiled

PLANS to train people to help defaulting borrowers have been drawn up, sources close to the SA National Civic Organisation (Sanco) said yesterday.

The sources said the organisation had submitted suggestions to the Association of Mortgage Lenders (AML), which represents SA's major home loan institutions, on how the training of community advisers should be carried out.

The sources would not

**WILSON ZWANE**

give details of the suggestions, saying they were a matter for negotiation between Sanco and the mortgage lenders. (123)

It is understood, however, Sanco does not want the community advisers to work as banks' agents but to be accountable to township residents. (10/25/93)

The sources said that once an agreement had

been reached on the nature and costs of training these community advisers, Sanco would present a list of suitable candidates.

One source said that as there were no "thorny differences" between the Association of Mortgage Lenders and Sanco on the matter, the training of the advisers would start soon.

It is understood government and the private sector will be asked to sponsor the training.



# Thousands have bond problems

123

BIDAY 24/5/93.

PETER GALLI

THOUSANDS of homeowners were seeking assistance from major banks on bond repayments, banking industry sources said at the weekend.

However, while all the major banks said they were "doing everything in their power" to assist homeowners suffering under the continued recession, they stressed each case was individually evaluated and that there was no guarantee of assistance.

Repossession was a last resort as the bank then had to resell the property — sometimes at a loss — and had often to install security guards to ensure the house was not robbed or vandalised, they said.

First National Bank senior GM Viv Bartlett said "a host of alternatives" existed for the homeowner experiencing financial problems.

"If there is any hope at all that the problem is temporary or soluble, we will do our level best to find a solution to help them through this period," he said.

A reduction in the monthly bond payment was the most common solution — where only the interest on the loan was payable and the balance was capitalised.

However, such a respite could be given only for a limited period.

FNB home loans and property finance division chief manager Andre le Trait said: "We have seen an increase in the number of people requiring financial assistance and are open to helping them as far as possible. All the banks have been involved in constructive negotiations on these very issues with Sanco."

Standard Bank home loans divisional GM Duncan Reekie said a major problem was that few people approached the bank at the outset of their financial problems.

"Discussions are usually only entered into when the bond is already in arrears," he said.

"We have to examine whether the problem is merely temporary or permanent and whether the full payments can realistically be resumed in the future."

However, the assistance seldom lasted for more than six to nine months. The situation was monitored constantly and any further changes in circumstances were taken into consideration.

If the agreement reached by the homeowner and the bank was breached, legal action was taken immediately. This took the form of a judgment and an attachment order for the property, he said.

An Absa spokesman said the "maximum period of grace was generally 12 months" and that the longer the bondholder took to approach the institution, the more difficult it became to solve the problem.

"Retrenchments and shorter working weeks have had a serious impact on disposable income. We attempt to sit down with the client and examine his income, household budget and what options are available," he said.

There were still "delinquent borrowers" in the market who merely packed up and left, but they represented only a small number and had always been there.



# Bricks and mortar at top of the investment league

*S Times [Buss] 23/5/93*  
(123) (38)

By TERRY BETTY

AN investment in a home is as safe as a house. An Absa housing review shows that bricks and mortar far outperform shares, fixed deposits and gold.

An investor who spent R100 000 on a house in 1987 received a 29% internal rate of return a year.

Equities yielded 18%, fixed deposits 15% and gold -0.5%.

This may seem to contradict the fact that average house prices have fallen by 21% since 1986 in real terms.

But the low average annual nominal growth of about 9% in areas such as Johannesburg, the Northern Cape and Free State was offset by near-11% increases on the West Rand and in the Eastern Cape.

Absa senior economist Christo Luus says the increase in house prices does not give the whole picture.

"The annual internal rate of return, which takes into account capital appreciation and income yield, is more representative of how the various investments performed."

## Interest

The income yield on a property is the amount the investor receives for letting it. In calculating this, Absa has used an average rental.

Mr Luus compares the internal rate of return on the four investments if they were made in three different years.

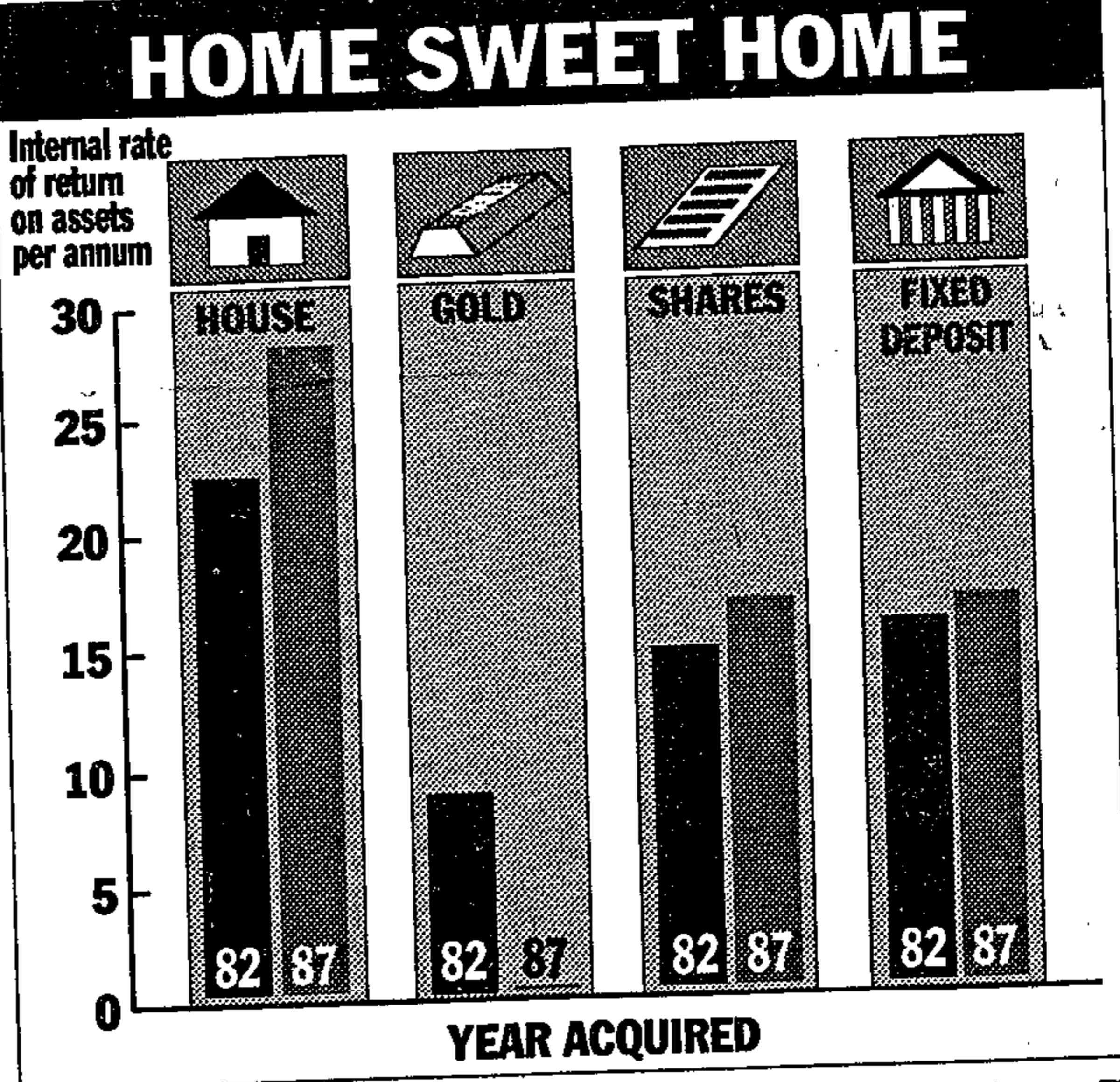
If an investor bought a house in 1977, the average internal rate of return would have been 25% a year. If the investment was made in 1982, it would have been nearly 22%.

But houses tend to show the best return irrespective of the year in which they were bought.

Mr Luus attributes this to the fact that gold yields only capital appreciation and no income.

Money on fixed deposit shows no capital growth, only an income yield, which is not very high.

The comparison is based on the assumption that people with money are looking for investments. The exercise does not take into



account those who borrow money to buy a house.

Mr Luus says that if looked at on a comparative basis, the cost of borrowing is the same for all the investments. Interest charged on borrowings may be written off against income.

The comparison also does not take into account the effect of tax on the various investments.

Mr Luus says buying a house has a further advantage. If the property is bonded, payment of more than the required instalments is tantamount to a tax-free gain.

As with all investments, higher returns go hand in hand with greater risk.

These include the chance that a house may stand empty for a few months

and provide no income. The investor could buy a house in the wrong area and be unable to let it.

The property owner has to collect rent and deal with tenants. There is a possibility tenants will neglect or damage the property.

Mr Luus says a house is a fairly illiquid asset. It is generally more difficult to sell than gold or shares.



Weekly Mail Reporter

THE buyer's market in housing looks as if it has come to an end — or the beginning of the end.

House prices should rise this year by one to two percent on average, adjusted for inflation, predicts the banking group Absa.

In its latest *Quarterly Housing Review* for the first quarter of 1993, Absa says that with the exception of luxury dwellings, the housing market has generally performed reasonably well during the recession.

"Especially during the past two quarters there have been relatively strong price increases, which conflicts somewhat with the prevailing economic and political climate."

# House prices bounce back

123  
w/maul 21/5-27/5/93.  
The average price of a medium-sized house rose by 0,6 percent year-on-year in the first quarter of 1993 — the first real increase since the third quarter of 1990, notes the *Review*.

Building cost increases continue to accelerate, after reaching a six-year low of 6,4 percent in the second quarter of last year.

The latest year-on-year increase of 14,1 percent is about five percentage points higher than the overall inflation rate.

The *Review* reckons lower mortgage rates expected in the next 12 months, with an average increase in building costs of around 12 to 15 percent, will combine to push house prices up.

Meanwhile, houses are becoming more affordable. The monthly repayment on an 80 percent bond on a medium-sized house over a period of 20 years is now R1 655 as opposed to R1 758 a year ago.

Although house prices are higher than they were a year ago, the lower mortgage rate has led to the declining trend in the monthly repayment.

The ratio of house prices and monthly repayments to gross remuneration levels is tending ever lower, notes the *Review*.

# The guarantees banks need

Disparate though their efforts may be, the Building Industries Federation of SA (Bifsa), the National Housing Forum and the Association of Mortgage Lenders, jointly with the SA National Civics Organisation (Sanco), want to find ways of encouraging private-sector finance back into low-cost housing.

Since the call for bond boycotts in July 1992, the banks have drastically cut their lending in high-risk areas.

The recent accord reached between the association and Sanco provides hopeful signs that mortgage lending in these areas will return to normal soon. This would make finance for lower-income housing available on a greater scale.

Where Bifsa's emphasis (*Property May 14*) is on using government money to help lever private-sector finance into low-cost housing, based on a formula now being devised by Federated Insurance and Investec Bank, which will provide insurance cover and guarantees on monies advanced, mortgage lenders and Sanco are — seemingly — placing the emphasis elsewhere. Their first concern is to reduce the risk of nonpayment. Any overlaps will be apparent only once the schemes are on the table.

About two months ago they approached the SA Special Risks Insurance Association (Sasria) to devise an unemployment and disability scheme whereby full (100%) cover would be provided to borrowers to guarantee monthly mortgage repayments for a prescribed period — perhaps for six to 12 months. The details are still being worked out but the idea is that a compulsory insurance premium will be levied on all home loans.

This, in effect, would permit the retention of the borrower's home without incurring further debt while giving him or her time to find another job.

Mortgage lenders now receive guarantees of up to 30% for loan balances between R12 500 and R43 000 where the valuation of the property is less than R47 500 under the Home Loan Guarantee Scheme (established in 1989). The scheme applies in all lending areas. Vacant land is excluded.

The scheme consists of two policies where the bank is the insured party, not the client. The ultimate beneficiary however is the client as banks have been able to reduce their risk to 65% of the value of the property. It requires a minimum 5% cash deposit from the buyer or collateral from another source such as an employer. A further 15% is provided to make up the shortfall on the required 20% deposit.

The first policy provides the bank with a further maximum 15% cover based on the

value of the property. This policy is therefore called a deposit replacement policy and is optional, though most banks take it up. It covers the bank for a period of four years and is nonrenewable. Payment is by means of a once-off premium of 8,5% of the insurance cover, which the bank recovers from the client at the time of registration of the loan.

The second policy is a compulsory one which offers a maximum 15% risk reduction on the loan based on the value of the property. It provides cover for a five-year period and is also payable by a once-off premium of 8,5% of the insurance cover and is likewise recoverable. Mortgage lenders may exclude 10% of their loans from this policy.

According to the association, this 30% cover is not sufficient if the property cannot be repossessed as is now the case of most defaults on township houses. In cases like these, they believe 100% cover is necessary. As this type of insurance would be prohibitive and impractical, they argue that the existing insurance scheme should be enhanced or replaced by instalment (unemployment and sickness) insurance to give owners a reasonable opportunity to get back on their feet.

Absa assistant GM Pieter Marais expects it will take Sasria another six months to finalise the details of such a scheme. "If this scheme is broadened to provide cover for all mortgagees it could enhance the affordability of such protection. It could also provide cover for skilled and high-income earners who are increasingly subjected to unemployment risks. While some insurance companies offer such insurance, it is found that the premiums are high and effectively limit the availability of cover to high-income earners."



Absa's Peter Marais... stable family life is the key

only and not where the need is greatest."

Bifsa's view is that six months is too long to wait to tackle the urgent need for an assault on the low-income housing market. While it believes that such insurance cover addresses a significant part of the problem, it is not going to be an affordable proposition for most prospective homeowners. Government subsidies will be required to reduce the premiums.

It also believes insurance cover will not by itself be sufficient to address the high risk of private-sector investment in this area and further government guarantees and/or subsidies will be necessary to encourage the provision of bond finance on a major scale. ■

## RATE REBATES

FM 21/5/93

### The council's conundrum

A move to increase Cape Town's residential property rates rebate — in the face of a pending rates increase averaging 80% across the city — has been temporarily blocked by the city council.

Councillors voted 14:13 last week to increase the residential rebate from 26% to 35%. But Leon Markovitz, a councillor opposed to the increase, subsequently won majority support for a notice that he will move for the decision to be rescinded at the council's next meeting.

Markovitz, who represents a CBD ward, believes increasing the residential rebate will place an additional rates burden on owners of commercial property. The increased rates are the result of a new valuation roll. They are due to come into force on July 1 (*Property April 23*).

Many residential ratepayers, particularly in the more affluent suburbs, have reacted with horror at the prospect of having to pay substantially higher rates — even though the rates they are now paying are based on a grossly undervalued property valuation roll that has been in force for 10 years.

At a meeting of ratepayers in the Atlantic suburbs last week, Cape Town treasurer Eddie Landsberg said rates in Clifton would increase on average by 147%-163% depending on what rebate was agreed to by council. In neighbouring Sea Point the average increase would be 51%-69%.

Markovitz argued that Cape Town's relatively high rates on commercial properties had discouraged business investment in the city. If an even bigger burden were placed on the business community there would be a strong possibility that many businesses would relocate to areas on Cape Town's northern border, such as Bellville, Parow and



# Billions in waiting (123) for low cost housing CT 19/5/93

By MAGGIE ROWLEY  
Property Editor

THE Life Offices Association's newly established Independent Development Unit is fine tuning a proposal for a financial instrument which could finally unleash billions of rands of the country's savings for low cost housing.

The financial instrument, similar to the recently announced Eskom bond to fund electrification, has been devised by Ivor Stratford of Innovative Marketing Services, a former partner with an international auditing firm, at the request of the New South Africa Housing Association (NSAHA), a Transvaal-based Section 21 company formed last year by predominantly black businessmen and community leaders.

Stratford said the mechanism addresses the aspect of affordability through a unique stepped coupon. The initial rate of interest is about 2,5% above that which LOA members will receive on the recently announced Eskom bond.

Like the Eskom bond, the minimum return, provided bond performance was consistent, would be between 11% and 12%. Furthermore, the upside would be uncapped, he said.

"Using the stepped coupon means that an employed person could initially pay as little as R180 a month for a R22 500 bond.

"The total project loan is capitalised through the investment of various capital subsidies in a sinking fund."

Stratford said in order to deliver housing in the volumes required, government

would be required down the line to underwrite the initiative for a 15-year period.

He said discussions with extra-parliamentary groups had elicited a positive response.

"And in a brief chance discussion I had with Louis Shill at D F Malan Airport in March he expressed the view that the proposed mechanism was creative.

"Since he is to become Minister of Housing in June and given his knowledge of the insurance industry, we are hopeful that government might be able to play the necessary credit enhancement role," he said.

James Ngobeni, executive director of the NSAHA, whose initial funding has come from USAid, said that following preliminary discussions with overseas embassies and other interested groups, he was confident that offshore funds would also be forthcoming which could be used to further underpin the LOA for leveraging funding.

David Geary, executive director of the IDU confirmed that a proposal had been received and that this was being "fine-tuned" in order for it to meet the needs of LOA members.

"We are mindful of the needs regarding housing and are treating the matter with some urgency."

Ngobeni said they were confident that about R100m would be forthcoming from the LOA in the short term to finance a 3 800 unit housing project in Alexandra township next to Sandton.

The new financial mechanism would be put into operation with this project which had extensive civic and community support, he said.

"Negotiations with the community have been widespread and a steering committee would be formed to oversee and assess the project on an on-going basis."

Ngobeni said through the mechanisms being put in place and because it would be a community project, and perceived as such by the community, the likelihood of buyers meeting their commitments was greatly enhanced reducing any risk for the LOA.

The NHASA, he said, would address the sector of the market which currently had no access to loan finance, and would provide both long and short term loans under R40 000 for a period of no more than 15 years.

"Besides meeting the housing needs of communities projects of this size have the ability to create hundreds of jobs both directly and indirectly."

"Negotiations with building cost material suppliers have been going well and we will also be looking at setting up small factories within communities where the communities can get involved with manufacturing materials such as bricks and ceilings."

He said further innovative mechanisms were being discussed with a number of large companies for the NSAHA for potential joint housing ventures.

There was also a possibility of the NSAHA linking up with the Natal-based National Investment Corporation, which had recently received a R3m USAid loan guarantee scheme to tackle projects jointly throughout the country.

"We will be investigating possibilities in the Cape in the near future," he said.



For written reply:

General Affairs:

SADF: voluntary period service system

20. Dr W J SNYMAN asked the Minister of Defence:†

Whether a voluntary period service system came into operation in the Defence Force on 1 December 1992; if so, (a) (i) how many persons have joined the Defence Force in terms of this system and (ii) in respect of what date is this figure furnished, (b) what are the minimum educational qualifications for such entrants and (c) what does this system comprise? B46E

The MINISTER OF DEFENCE:

Yes.

(a) (i) 2 822.

(ii) As on 2 February 1993.

(b) Standard 5 but current recruiting is focused on trained members with a minimum educational qualification of standard 8.

(c) The system provides for the employment of persons in all musterings for an initial period of 2 years, with the option of extension by one or two years at a time, to a maximum of 6 years. The system is term bound and promotion is limited to a maximum of lieutenant and corporal respectively.

Permanent Force: applications

94. Lt-Gen R H D ROGERS asked the Minister of Defence:

How many Black, White, Coloured and Indian persons, respectively, (a) applied to join, and (b) were accepted into, the Permanent Force as members of the South African

HOUSE OF ASSEMBLY

(i) Army, (ii) Air Force, (iii) Navy and (iv) Medical Services in 1992? B229E

The MINISTER OF DEFENCE:

	Blacks	Whites	Coloureds	Indians
(a) (i)	1 613	3 574	393	3
(ii)	4 132	2 892	1 118	113
(iii)	421	1 164	2 203	322
(iv)	666	1 869	400	25
(b) (i)	159	935	85	0
(ii)	191	341	186	3
(iii)	17	252	133	74
(iv)	648	648	91	5

Permanent Force: suicides

95. Lt-Gen R H D ROGERS asked the Minister of Defence:

How many (a) members of the Permanent Force, (b) national servicemen and (c) members of the Citizen Force/Commandos (i) attempted to commit and (ii) committed suicide in 1992? B230E

The MINISTER OF DEFENCE:

(a) (i) 0

(ii) 176

(c) 2

Electrified fence on border: deaths

96. Mr P G SOAL asked the Minister of Defence:

What total number of persons died in 1992 as a result of contact with the electrified fence on the (a) northern and (b) eastern border of the Republic? B231E

The MINISTER OF DEFENCE:

(a) 0

(b) 2

New questions:

Sites in Chatsworth: Ministerial directives

\*1. Mr A RAJBANSI asked the Minister of Housing:

(1) Whether any Ministerial directives were issued that information in respect of certain sites situated in Chatsworth be withheld from persons seeking resettlement as displaced traders; if not, what is the position in this regard; if so, (a) by whom were these directives issued and (b) what was the purport thereof;

(2) whether he will make a statement on the matter? D194E

The MINISTER OF HOUSING:

(1) No. The Special Allocation Committee on displaced traders is at present considering all applications in this regard.

(a) Falls away.

(b) Falls away.

(2) No.

Early retirement package for teachers

\*3. Mr K PANDAY asked the Minister of Education and Culture:

(1) Whether her department is offering early retirement packages to teachers in 1993; if so, what are the relevant details; if not, what is the position in this regard;

(2) whether she will make a statement on the matter? D225E

The MINISTER OF EDUCATION AND CULTURE:

(1) Not envisaged at this stage.

(2) No.

Mr A RAJBANSI: Mr Chairman, arising from the reply of the hon the Minister, could she confirm whether any of those who are retiring are to be issued with free gold-class air tickets?

Dr K RAJOO: Mr Chairman, further arising from the reply of the hon the Minister, could she tell us whether any teachers requested early retirement in 1993?

The MINISTER: No, Mr Chairman, not to my knowledge.

Properties/immovable assets: register

\*2. Mr M F CASSIM asked the Minister of Housing: (123)

(1) Whether a comprehensive and up-to-date register of all (a) properties and/or (b) immovable assets in the name of his Department is available; if not, why not; if so, when did it become available;

(2) whether he will make a statement on the matter? D231E

The MINISTER OF HOUSING:

(1) (a) and (b) No.

Following a resolution taken at the Multi-Party meeting held in Durban on 2 December 1992, where the hon member

HOUSE OF DELEGATES



was also present, the Department had been urged to give urgent attention to the updating, etc of such Register. The current status of completion per region is as follows:

Durban Region . . . . . 16% completed  
 Johannesburg Region . . . . . 6% completed  
 Cape Region . . . . . 61% completed  
 Port Elizabeth Region . . . . . 100% completed  
 Pretoria Region . . . . . 66% completed

It is, however, necessary to also point out that the records which were taken over from the old Public Works System were deficient and individual files were not correctly distributed to each Department, when the various own affairs administrations came into being. It is therefore a rather time-consuming exercise to collate all the correct details. I do fully appreciate the necessity of such a Register and will exert sustained pressure on the Department to finalise the matter without undue delay. (123)

(2) No.

Dr K RAJOO: Mr Chairman, I have an additional question for the hon the Minister. Are the Merebank Dinapur Road Flats registered under such an up-to-date register, and is it noted in that register that awnings requested by those residents will receive the hon the Minister's attention.

The MINISTER: Mr Chairman, I am aware of the hon member for Merebank's request regarding attention to those awnings. I arranged for a Durban City Council official, together with one of my officials, to carry out an inspection. An inspection was carried out. The hon member—he is smiling—is fully aware of what transpired on that particular day. [Interjections.]

Mr M F CASSIM: Mr Chairman, as an additional question, will the hon the Minister accept that it is a totally unacceptable situation that six months after the instruction was given, such a register has not yet been compiled?

The MINISTER: Mr Chairman, I do agree with the hon member that the importance of this asset register cannot be overemphasised. However, that hon member is fully aware of what transpires with hon members of the House of Delegates. We have a great deal of work in the

HOUSE OF DELEGATES

two or three months of the parliamentary session. The hon member is aware that I have given figures here as far as the Administrations are concerned. If one looks at the House of Assembly, the House of Representatives and this House, one sees that we are very short-handed indeed when it comes to manpower. I have made very strong representations for additional staff to be provided to carry out this exercise. It is essential, and I cannot agree more with that hon member that this thing has to be completed.

Nonetheless, the fact that I am presenting it here is evidence that the machinery has been set in motion.

Dr K RAJOO: Mr Chairman as an additional question, will the hon the Minister of Housing . . . . .

The CHAIRMAN OF THE HOUSE: Order! I want to tell hon members that there is no such thing as an additional question. Hon members must understand that the hon the Minister responds to a written question. Hon members may—it has been a tradition here in parliament—actually request the hon the Minister to enlighten them by way of a question arising out of the reply of the hon the Minister. There cannot be additional questions. The hon member for Merebank may proceed.

Dr K RAJOO: Mr Chairman, arising out of the hon the Minister's reply, to enlighten the House, let me ask whether three years is enough time, after four visits by the Durban City Council and officials of the hon the Minister's Department of Housing, for that type of awning that was requested? Is it long enough, or does the hon the Minister request a further three years of inspections?

The MINISTER: Mr Chairman, with all due respect, notwithstanding the hon member for Merebank's intrusion into the question of the hon member Mr M F Cassim, I accept that three years is a long time. There is a difficulty that my Administration is looking into.

Mr M ABRAHAM: Mr Chairman, arising out of the reply of the hon the Minister concerning the importance of the question at hand, could he tell us when he expects this register to be completed and up to date?

The MINISTER: Mr Chairman, I want the hon member for Tongaat to be aware that it is not

an easy task to establish finance, to obtain deeds from every province, to establish values of property and to have specialists in the field. It is not easy. However, as I have mentioned, the machinery was set in motion when the hon member Mr M F Cassim made this submission at the multiparty talks. Let us concede that there has been progress. (123)

Mall Committee: person subject of inquiry

\*3. Mr M F CASSIM asked the Minister of Education and Culture:

(1) Whether a certain person, whose name has been furnished to the Minister's Department for the purpose of her reply, was (a) the subject of inquiry of the Mall Committee and (b) re-instated in her post; if so, (i) why, and (ii) what are the other relevant details, in each case;

(2) whether steps have been taken or are being contemplated to redress any possible losses she may have suffered prior to her re-instatement; if not, why not; if so, what steps? D241E

The MINISTER OF EDUCATION AND CULTURE:

(1) (a) Yes.

(b) No.

(i) and (ii) fall away.

(2) Not applicable as she was not re-instated.

Mr M F CASSIM: Mr Chairman, arising from the hon the Minister's reply, I would like to ask her if she has read the findings of the Mall Committee in this respect. I will base a further question on her reply.

The MINISTER: Mr Chairman, although the matter concerning her dismissal was referred to the Mall Committee of Inquiry, the secretary of the committee advised that it had no power to make recommendations in an individual case.

Mr M F CASSIM: Mr Chairman, further arising from the hon the Minister's reply, does she know that the Mall Committee told me that, because this matter was in hand, there was no need to take it further? Does the hon the Minister know that?

The MINISTER: Mr Chairman, I am not privy to that information, but I can inform the hon

member that her case was subsequently investigated departmentally and that the decision to terminate her services was found to be justified.

Mr M F CASSIM: Mr Chairman, further arising from the hon the Minister's reply, can she categorically state what finding in respect of the broad category of such cases was made by the Mall Committee?

The MINISTER: Mr Chairman, that is a further question.

Mr M F CASSIM: What kind of a reply is that?

Circular N1993

\*4. Mr M RAJAB asked the Minister of the Budget:

(1) Whether a certain document, viz circular N1993, was circulated recently; if not, what is the position in this regard; if so, what was the purport of this document;

(2) whether the said document elicited a response from any members of his Department; if so, what are the relevant details? D258E

The MINISTER OF THE BUDGET: Mr Chairman, this question was misdirected to me and is to be answered by the hon the Minister of Education and Culture.

The CHAIRMAN OF THE HOUSE: Order! The Question Paper states quite clearly that the question is for the hon the Minister of the Budget, and that is why I had to see him. Is the hon the Minister of Education and Culture going to respond to this?

The MINISTER: Yes, Mr Chairman.

Mr M RAJAB: Mr Chairman, I believe that this question is printed quite correctly on the Question Paper and that it falls within the purview of the hon the Minister of the Budget's portfolio.

The CHAIRMAN OF THE HOUSE: Order! The Chair is in a difficult position here. According to the hon the Minister of the Budget, the hon the Minister of Education and Culture will be responding to this question.

The MINISTER OF EDUCATION AND CULTURE (for the Minister of the Budget):

(1) Yes.

To invite applications from eligible candidates  
 HOUSE OF DELEGATES



## New plan for low-income loans

# R3bn at risk as banks face bond arrears

BIOMY 17/5/93

(123)

LINDA ENSOR

CAPE TOWN — Up to a third of black home loans are in arrears, with financial institutions facing potential problems on mortgage-based loans worth R3bn, the World Housing Congress was told at the weekend.

The congress also heard from lenders that increasing risks meant mortgage loans to low-income people were "not prudent", while the ANC said financial institutions would have to be restructured to meet the needs of the majority.

Metropolitan Housing Finance Co-operative Ltd (Metco) MD Ben Pieters estimated that slightly more than 200 000 mortgage-based loans for conventional housing had been granted to black families over the past seven years.

The loans totalled R9bn and about a third of them were in arrears.

As the economy moved deeper into recession, more black households were becoming poorer and moving down the scale, Pieters said. Fewer blacks enjoyed access to conventional credit and debt judgments continued to soar.

Because of the perceived risks involved, none of the major banks was attempting to trade with very low-income households and it was likely that they would jointly sponsor and support a specialist bank which would serve these people's needs.

Such a bank could be launched this year, Pieters said. The project had been developed over the past year under the auspices of the Community Banking Project.

"Consolidating all the black loans business, as well as a large proportion of the black savings and investment portfolios

currently handled by the major banks, will probably be its strategic aim. Supported by the majors, it will be established with a substantial capital base and certainly be able to count on the infrastructural and administrative assistance of its sponsors."

Pieters said the proposed Mutual Banks Bill was too restrictive in areas of capital adequacy, liquidity and reserve requirements for it to incorporate community based savings and loans institutions. The intention was to convert Metco into a savings and loans institution.

Association of Mortgage Lenders president Mike de Blanche said risks of mortgage lending to low-income people had increased to such a level that it was not prudent to lend to them. A possible mechanism was being investigated by the National Housing Forum to gear funds made available by government while government acted as guarantor of last resort.

"The suggestion is that the available government finance is not directly applied to finance housing but is only used in cases where losses are experienced. It is important to note that both the borrower and mortgage lender have a stake in the property which will ensure that borrowers remain committed and lenders will apply the same care in their risk assessment."

Because the risk became more quantifiable and limited, more private sector funding could be channelled to low income end-user finance. Gearing of public funds also ensured that availability of funds was

□ To Page 2

## Arrears <sup>BIOMY 17/5/93</sup>

more sustainable and placed a lesser burden on public sector finance.

De Blanche said that due to political unrest and mass action, repossessed property became a non-performing asset. Mortgage lenders could not provide beneficial occupation to buyers of repossessed houses, recoup the outstanding mortgage amount or collect rent from occupiers.

"A further complication is that the mortgage lender is also liable for all assessment fees, and the basic and consumption charges for electricity and water whilst

the property remains occupied."

He emphasised that formal mortgage lending institutions would like to restrict their activities to mortgage lending.

Reuter reports that ANC economics department head Trevor Manuel said financial institutions would have to be restructured to meet housing and other social needs of the majority of South Africans. Banks and building societies had been structured almost entirely to meet the needs of white and corporate clients.

From Page 1



C Press 16/5/93

# Housing scam Set to crumble

Dozens of people have been left homeless and a few thousand rands poorer following vindictive and misleading action by property developer Veno Nankan, who refused to refund deposits when contracts were cancelled because clients could not get bonds.

**COLLETTE CAINE** reports that Lawyers for Human Rights Housing Unit are taking legal action against Nankan and her company, Ven Rich Housing.

VENO Nankan boasts that hard work and determination brought her from humble beginnings in a matchbox house in Durban's Chatworth to a Sandton mansion and a chauffeur-driven Mercedes.

But she refuses to admit that her business practice as a housing developer in black areas has left dozens of people not only homeless, but thousands of rands poorer for having dealt with her Johannesburg company, Ven Rich Housing.

Despite City Press reports two months ago that Lawyers for Human Rights Housing Unit was investigating 40 complaints against Ven Rich, Nankan has failed to resolve any of these complaints.

The only reaction received by LHR was from Ven Rich attorney Krish Naidoo, who asked for details of the 40 complaints. LHR director Brian Leverson said this information had been supplied in the past and Ven Rich had failed to honour numerous undertakings to resolve the problems. These ranged

## I'll see this firm in court - nurse

**SOWETO** nurse Nomasani Zayokwe had to cancel her contract with Ven Rich and is taking them to court to get back her R5 200 deposit.

When she applied to Ven Rich she qualified for a housing subsidy of R47 000 from her employers. She paid Ven Rich a deposit of R5 200 and waited for them to start building. Several months went by without Ven Rich starting to build. When they were ready to start work, Ven Rich told Nomasani she would have to fill in other forms because of changes in the housing subsidy rules at her work.

from failure to build at all, to refusing to refund deposits when contracts were cancelled because clients could not get bonds.

LHR is continuing with legal action against Ven Rich.

The flamboyant and assertive Nankan, who owns Ven Rich with her husband Rishraj Nankan, hit the headlines - and the airwaves - about 18 months ago in a vociferous campaign which accused financial institutions of racism against black bond applicants in town-

She then found out that her subsidy had been reduced to R22 000 and she could no longer afford the house she had originally qualified for.

She explained her new circumstances to Ven Rich and cancelled the contract. Ven Rich at first refused to refund her deposit at all. After representations from LHR Ven Rich said they would refund part of her deposit and keep the R1 200 cancellation fee stipulated in their contract.

That was almost a year ago and they have not paid a cent.

She boasted about her ANC membership and was reported in one publication as saying she had "always dreamed of supplying houses to our leaders".

At a low-cost housing conference which she attended without an invitation, Nankan loudly announced her membership of the Alexandra ANC branch. She left the gathering after being confronted by executive members of the branch who were attending the conference, and who had never met her before.

On radio talk shows she claimed to be speaking up for black South Africans who could not get bond finance because of discriminatory practices by banks and building societies.

But, at the same time, Ven Rich was apparently ripping people off - the very people Nankan said she was standing up for against big business.

There is a common thread running through the 40 complaints being handled by LHR.

Ven Rich took deposits from people who did not meet bond requirements - then refused to refund the deposits when people failed to get bonds.

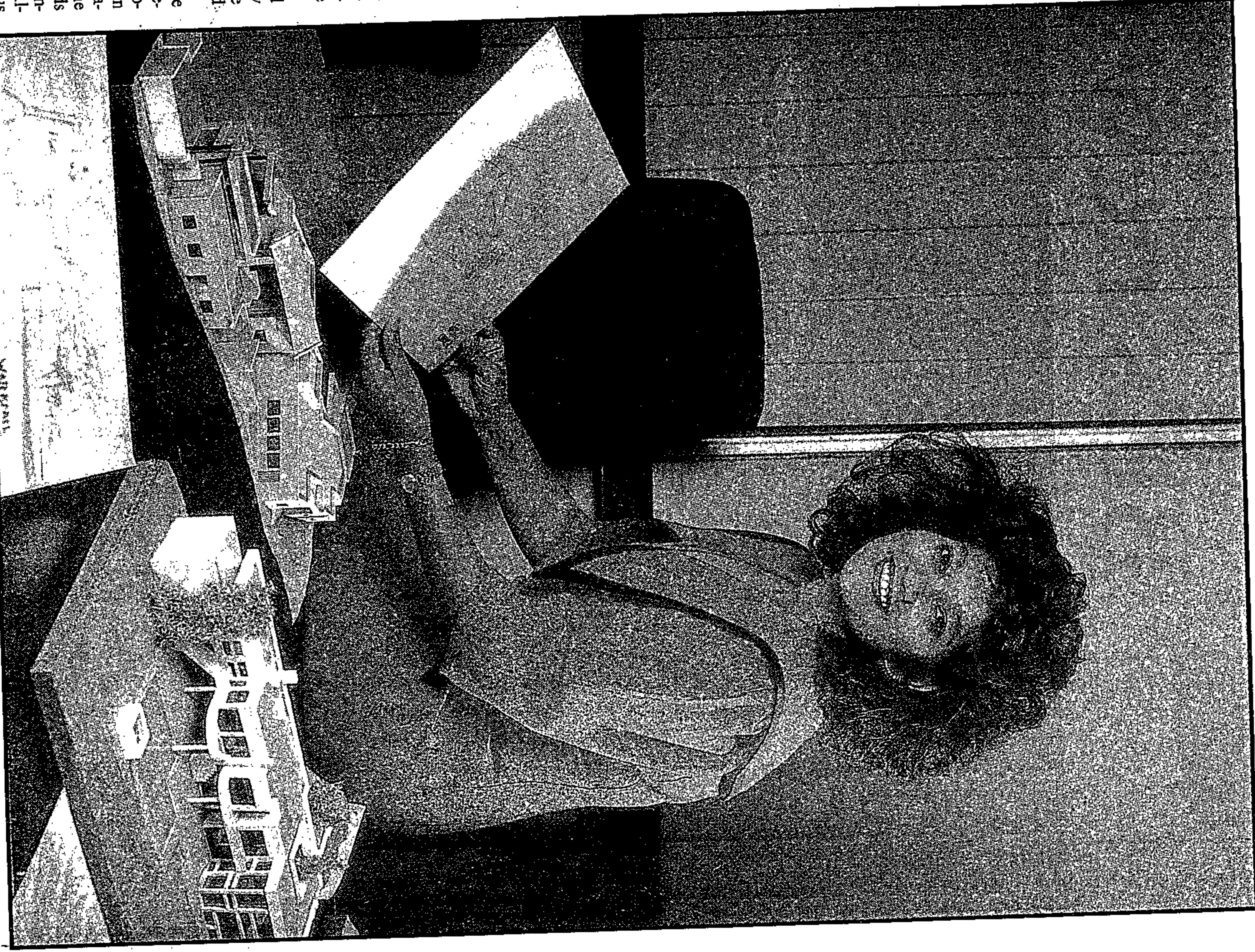
Joseph Lesholo is fighting to get back his deposit after he was forced to cancel it when his employer went under and his housing subsidy fell away.

Ven Rich had not started building and Joseph no longer qualified for a subsidy, but Ven Rich claimed he still had to forfeit the cancellation. LHR asked for a breakdown of costs Ven Rich had incurred but, despite promises to do so, Ven Rich has still not complied with this request.

Ven Rich submitted bond applications containing false income information and, on the basis of this, bonds were granted.

Eight City Press readers complained their bonds, obtained from Saambou by Ven Rich, were much higher than the payments Ven Rich originally quoted them.

City Press referred the readers to Legal Resources Centre who negotiated with Saambou on behalf of them. Investigations revealed five of the eight were granted bonds on the basis of false income statements - usually involving a fictitious employer for the unemployed wife of the applicant.



CASTLES IN THE AIR... Veno Nankan promised the earth and plenty of fabulous houses to black buyers, then failed to comply with the goods. Pic: GISELE WULFSOHN/COSMOPOLITAN



In some cases Saambou agreed not to repossess houses but to accept reduced bond repayments; in other cases, people's homes were repossessed and Saambou entered lease agreements with them.

When City Press asked Nankan about these allegedly falsified income statements she blamed clients, saying they must have given false information to her agents.

In some applications, the fictitious employer is Mankobi Project, a civil engineering firm in the same building as Ven Rich. At the time the false applications were submitted, a director of Mankobi Project was in partnership with Nankan in an upmarket town-house development in Sandton.

After City Press questioned this coincidence Nankan stopped returning our calls.

Ven Rich refuses to refund deposits even where cancellation of a contract was no fault of the buyer. Even where Ven Rich has not started building, deposits are being retained.

Bongani Stuurman is fighting to get his R6 500 deposit back from Ven Rich, despite the fact that First National Bank has confirmed in writing the reason his bond was turned down had nothing to do with him but was because Ven Rich "did

## Readers' Hotline



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Kengray 2100

not meet with our criteria".

Despite this evidence, Ven Rich has refused to refund his deposit and lawyers are preparing a summons.

Joel Makama is still living in a back room and is struggling to get his R2 900 deposit back from Ven Rich. After he had made the down payment, Ven Rich said the price of the house he wanted had gone up.

Joel could not afford the higher price and would not have qualified for a loan. Ven Rich refused to refund him.

A cancellation clause in Ven Rich contracts states that if a contract is cancelled for any reason whatsoever, clients will forfeit R1 200.

Leveson disagrees. He

# Dashing duo's fast cars and mansion gained at expense of black buyers

says clients can't be penalised for cancellation through no fault of their own and they can't be expected to forfeit R1 200 if the house was not built because of Ven Rich's actions, or lack thereof.

Leveson says Ven Rich agreed - in consultations more than a year ago - to calculate how much money they had actually laid out in these deals and to deduct these costs then refund the rest of the deposit.

"We are tired of waiting. We are going ahead with legal action," he said this week.

Ven Rich is accused by several clients of not supplying fittings and finishes as stipulated in the contract they signed. Some allege that items were crossed off the contract after they had signed and that they were

never given copies after signing.

Some time ago City Press accompanied a group of disgruntled clients to a meeting with the Nankans to discuss alleged omissions from contracts and high bond repayments.

Nankan produced copies of contracts showing clients had agreed, for example, not to have kitchen cupboards, carpets, stoves and other finishes.

The clients did not have copies of the contracts so could not hope to prove Nankan wrong.

Ven Rich offered clients package deals, including land, but in many instances did not own, nor have the legal right to develop, the land they were building on.

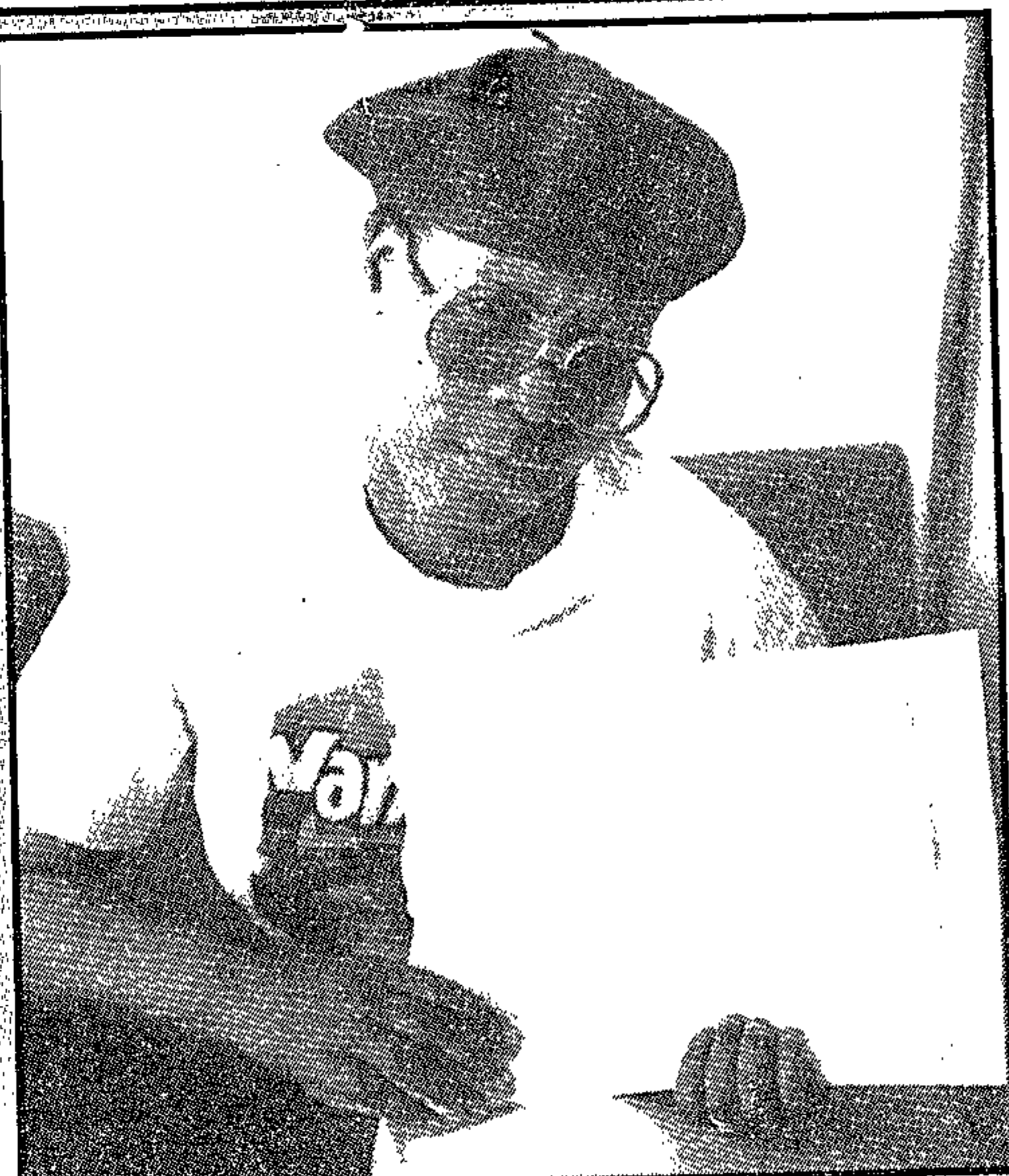
In some cases, clients signed only a building

contract, but not a contract for the land, which is a contravention of the Alienation of Land Act.

In one case, Ven Rich took R49 000 in cash and built the client's house on someone else's land. The client, assisted by LHR, took Ven Rich to court and obtained a judgment for R49 000.

The sheriff attached office equipment and furniture to the value of R49 000 and was about to proceed to auction when Ven Rich organised the purchase of the land and transfer into the client's name.

Lawyers involved in the new Housing Consumer Protection Trust agree that these complaints against Ven Rich are typical of the business practices of unscrupulous developers and builders in the black housing market.



**NO DEPOSIT ... Elizabeth Lobi is owed R1 200.**

## Firm denies 'notification'

COMPANY Ven Rich is not only refusing to refund Elizabeth Lobi R1 200 they retained from her deposit, but has applied to have a judgment against them overturned through the Small Claims Court.

Lobi took Ven Rich to the SCC when they refused to pay back R1 200 of the R5 000 she reclaimed when Ven Rich failed to build the house she bought from them.

Lobi obtained a default judgment when Ven Rich failed to defend the case. Then Ven Rich claimed they had not known of the case and applied for another judgment.

□ □ □ □

IN the case of single mother Onica Rapedi, reported

in City Press in March, in which Rapedi lost R14 000 because of a false income statement from Mankobi Project, Veno Nankan stuck to her story that the Mankobi connection had nothing to do with her.

She blamed Rapedi - who has sworn under oath that she had never heard of, let alone worked for, Mankobi. At the time of her application, Rapedi worked for a bank and did not earn enough to qualify for a bond. Her bond application said she had worked at Mankobi for four years and earned enough to pay off the bond.

When the falsified bond applications came to light, Saambou stopped dealing with Ven Rich, as did First National Bank.



# Rates: What Of you will pay Ty

Here is a list of expected percentage increases in municipal rates, on average for each suburb, brought about solely due to the general revaluation which comes into effect on July 1. The 35% rebate has been taken into account. In addition to these percentages, each suburb is expected to have 10,5% added to the figures below, also from July 1, to compensate for inflation.

Suburb	% Increase	Suburb	% Increase
Bantry Bay	51	Mowbray	13-28
Beacon Valley	-11	Muizenberg	-7-21
Bergvliet	11-13	Ndabeni	0
Bishopscourt	41-46	Newfields	20
Bonteheuwel	14	Newlands	26-41
Bridgetown	21	Observatory	13-28
Brooklyn	13	Oranjezicht	17
Camps Bay	69	Ottery	11
Cape Town	18	Paarden Eiland	4
Cape Town CBD	-6	Parktown	22
Charlesville	-23	Parkwood	10
Claremont	3-32	Pelican Park	-8
Clifton	147	Plumstead	8-13
Clovelly	3	Portland	-13
Crawford	24	Retreat	7-27
Devils Peak	19	Rocklands	-18-9
Diep River	8-14	Rondebosch	21-32
Docks	0	Rondebosch East	17-25
Eastridge	11	Rontree Estate	59
Epping Ext.1	0	Rosebank	25-27
Epping Ext.2/3/4	0	Rugby	13
Fairways	10	Rylands	18-20
Foreshore	-6	Salt River	0-28
Factreton	29	Sanddrift	6
Fresnaye	51	Schotsche Kloof	18
Gardens	6-24	Sea Point	51-147
Golf Estate	10	Sherwood Park	2
Green Point	30	Silvertown	22
Green Haven	20	Southfield	4-13
Guguletu	0	St James	-3
Hanover Park	12-24	Steenberg	-7-6
Harfield Village	21	Strandfontein	10
Hazendal	10	Surrey Estate	20
Heathfield	7-14	Sybrand Park	17
Heideveld	13	Tafelsig	-12
Kalk Bay	19	Tamboerskloof	31
Kalksteenvontein	14	Thornton	6
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## News

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South 5/5 - 19/5/98

# NGOs don't have the answers

**W**ITH the South African government's attempts at development widely discredited, critics often assume that development programmes are best left to non-governmental organisations (NGOs).

But the experience of people in squatter settlements as well as development experts from overseas is that NGOs are no better informed than governments when it comes to addressing people's needs.

"It's a mistake to assume that NGOs always know best," said Ms Somsok Boonyabancha of the Asian Coalition for Housing Rights, who is based in Thailand. "No one can decide anything on behalf of others — that is the weakness of the NGO movement."

The NGOs are useful as mediators, Boonyabancha said. "They are key actors in negotiating with the government, and their expertise can strengthen people."

"But we have to try to find answers together in planning development. Every actor in the process of development should develop and learn. When NGOs operate alone, they start and then get stuck."

Natal People's Dialogue representative, Mr Patrick Mgebhula Hunsley, gave examples of how the criticisms which Boonyabancha levelled at Asian NGOs were equally applicable to South Africa.

(Sanco), which was accused of not consulting with squatter communities.

"Communities who work through NGOs lose their autonomy," said Transvaal People's Dialogue delegate, Ms Rose Molokoane.

She told of a rural Transvaal community who had success in using development money in a way which they determined for themselves rather than following a scheme originated by NGOs.

Rather using the money to build a new hospital as suggested by NGOs, the community decided instead to invest the money in a scheme of sharecropping on land which white farmers had been forced to vacate because of the drought.

Their health needs were met by the nearby historically white hospital.

But NGOs are not the only bodies not taking squatters' needs into account. Boonyabancha was equally critical of the "trickle down" strategy propounded by pro-capitalist governments, the assumption being that reduced state spending will ensure strong overall economic growth, which will be of benefit to all strata of society.

This approach is currently being promoted by the International Monetary Fund as part of economic structural adjustment programmes which are designed to cut down on state spending as a means of increasing economic growth rates.

"In reality, nothing trickles down," Boonyabancha said.



**Rose Molokoane**

"The National Housing Forum is drafting policy for us, but how many squatters know of the NHF?" he asked.

Delegates directed similar criticisms at the South African National Civic Organisation

**This page was made possible by support from the Independent De**



# Toilet towns

## mean

South 15/5 - 19/5/93

## more

## injustice'



Somsook Boonyabancha

**T**OILET towns — site and service developments — have failed in all developing countries, Asian delegates told the People's Dialogue seminar.

Ms Somsook Boonyabancha, secretary of the Asian Coalition for Housing Rights, said site-and-service had failed in several Asian countries because it was not related to people's lifestyles.

"They produce 10 000 sites, and a community of 10 000 families, but the complex processes of community interaction are lacking in the mind of the planner."

She added that the World Bank's endorsement of the site-and-service concept has led to governments sticking to the idea even when it is clearly not working.

"The Indian government is in love with site-and-service because it brings in a lot of money from the World Bank. They have had to hire families to stay at the sites to convince World Bank officials that the scheme is working."

"In Bombay there are 4.7 million squatters, and the authorities responded by providing 10 000 serviced sites 40km from the city," said Mr Jockin from India's National Slum Dwellers' Federation.

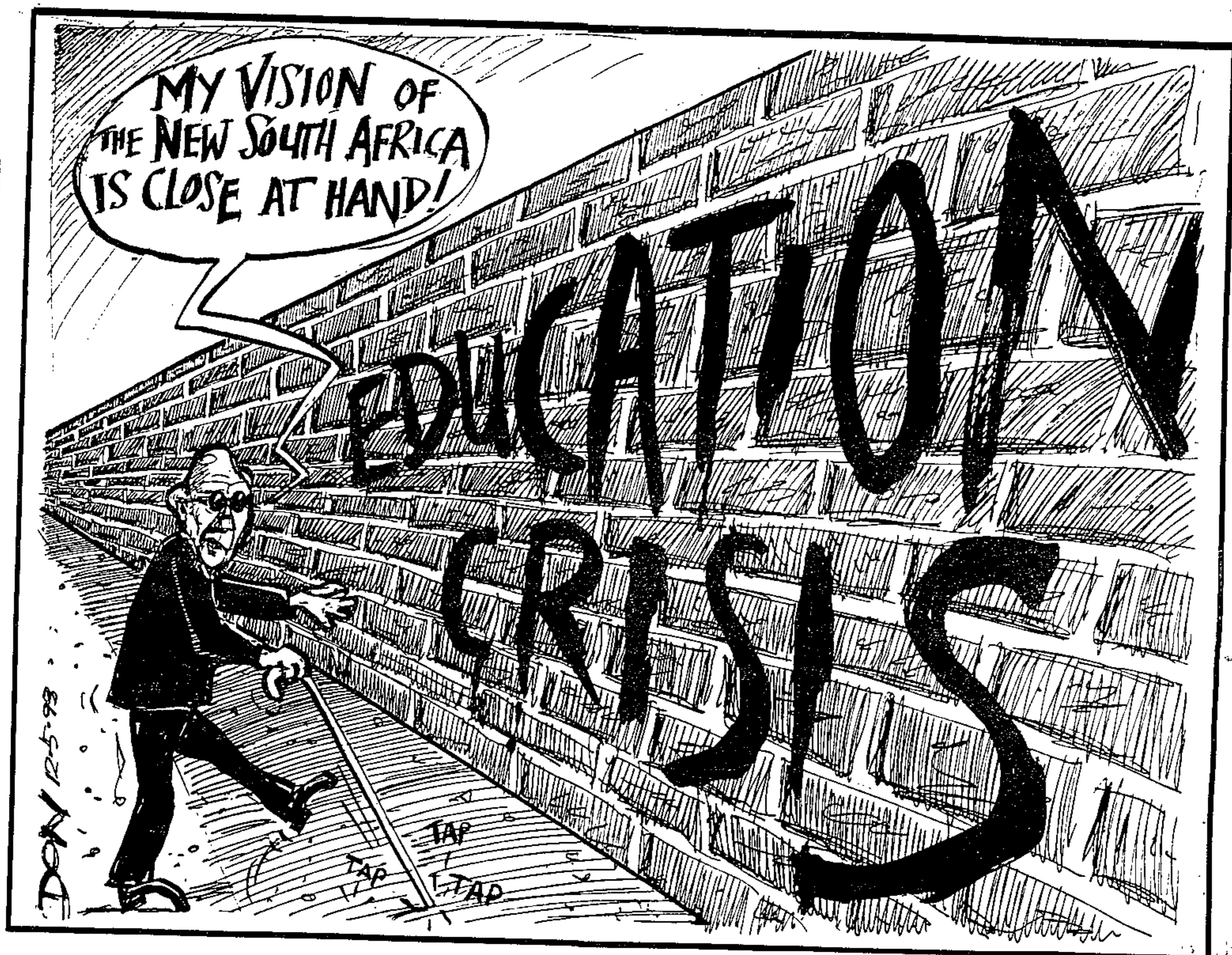
The bureaucracy involved in applying for a place in a site-and-service scheme defeats most people in India, Jockin said. The illiterate cannot understand the paperwork, and the fees demanded of applicants are beyond the means of most homeless people.

In this country site-and-service has been promoted by organisations such as the Independent Development Trust (IDT).

IDT spokesperson Mr Jolyon Nuttall said the IDT is aware of the limitations of site-and-service if development went no further than building toilets. All the schemes funded by the IDT have now moved into a consolidation phase which would "turn the spaces into communities".

The consolidation phase involves the appointment of co-ordinators paid by the IDT, who find out the service needs of each community, be they schools, shops, or recreation facilities.





## 'Industry should build houses'

University of Cape Town academic Dr Mamphela Ramphele offers a solution to the migrant workers' hostel problem in her latest book, launched last week.

**SABATA NGCAI** reports:

**W**HILE a lot has been written about the appalling living conditions in migrant labour hostels, no-one has yet been able to come up with an adequate solution.

Many researchers have suggested that hostels be converted into family units. They maintain that this would enable the migrant labourers to stay with their families and have access to privacy.

Researchers have suggested that the government foot the bill for hostel upgrading. But the government appears to be dragging its feet on the matter while the situation is deteriorating.

However, University of Cape Town anthropology lecturer, Dr Mamphela Ramphele, seems to offer a solution to the problem.

She conducted intensive research into the life of residents in Cape Town migrant labour hostels for her recently launched book: "A Bed Called Home".

She wrote about the limited space migrant labourers occupied in hostels, to the extent that they had to confine themselves to bed for hours in most cases.

"What I mean is that while we are householders, they are bedholders," Ramphele said.

"It's not a real bed, but a tiny plank bed, which sleeps a man, his wife and children."

Her book concentrates on the life of residents in Langa, Nyanga and Guguletu hostels.

She said township residents were ill-equipped to deal with the influx of people from the homelands. This had resulted in one family occupying one "bed".

It is "a sustained, relentless attack on their dignity", said Ramphele.

This dehumanisation of people had led to



violence in other parts of the country.

While emphasising that she was not shifting the blame for this dehumanisation from the government, she said township people had contributed to dehumanising migrant labourers.

"They treat hostel dwellers with disrespect by calling them 'amaqaba' (illiterates) and 'amagoduka' (migrant labourers)," Ramphele said.

The limited space had resulted in a lack of privacy, which forced migrant labourers to create curtain walls around their beds to get limited privacy.

It was not unusual to find more than 30 migrant labourers in one hall, divided into bedrooms, and forced to share one shower and one toilet, she said.

In many instances people left for work without having washed properly.

Ramphele said the solution was a systematic programme of addressing the critical problem of housing in South Africa.

She said the National Housing Forum (NHF) should demand money from big industries, which the migrant labourers were helping to enrich, to donate money to build

*'It should be regarded as an investment for a stable future'*

proper houses for their employees.

"We know the resources of the National Housing Forum are limited . . . it should approach the mining and industrial magnates of this world and tell them to contribute toward the well-being of their employees."

She said the NHF should argue that the mines and industries had benefited from migrant labour and were therefore morally obliged to help migrant labourers.

The NHF should also emphasise to the private sector that "other employees in your companies have benefited from your wealth in the form of housing subsidies and loans to build decent houses".

Ramphele said when the private sector donated money for upgrading, they should regard it as "an investment for a stable future".

She emphasised the private sector had denied workers a chance to accumulate wealth by failing to build decent houses for them.

Ramphele accused the private sector of accommodating African employees in halls and cheaply-built houses in order to save more for themselves.

"They (the employees) are the creators of wealth and therefore they should be taken into consideration and be put at the top of the agenda," she said.

Ramphele said it was frustrating for a migrant labourer to go to an employer's plush house in Bishopscourt or Rondebosch and come home to "an impoverished, dehumanising hall".

Migrant labour hostels have no recreational facilities and many of the residents spend their leisure time drinking.

Ramphele insisted that the hostels problem should be addressed from its roots.

She said there was a tendency on the part of decision-makers to ignore the hostels and earmark only the townships for development.

Ramphele warned this was a big mistake that could lead to "conflict and instability".

"If there is no stability, there is no economic growth," she insisted.



# Banks 'failing the poor'

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ARG 15/5/93

**BRUCE CAMERON**  
Business Staff

A STINGING indictment was made of South Africa's banks at an international housing conference in Cape Town for squeezing low income earners out of the formal banking system.

Mr B H Pieters, managing-director of the recently established Johannesburg-based Metropolitan Housing Finance Co-operative, told the World Housing Conference that access to credit and savings facilities had been an indispensable element of socio economic development worldwide.

But in South Africa access to finance was limited, costly and directed to sophisticated first world needs, while "every month new and increased service charges are being introduced by South Africa's major banks, forcing the closure of thousands of savings accounts and other facilities."

Mr Pieters warned that the "time for inertia and talk is over. What is required now is the development of innovative savings and financing products for the majority of South Africans."

In spite of this, banking for the poor was an enormous opportunity.

■ Banks are accused of neglecting low-income earners and paying too much attention to first world clients.

Mr Pieters doubted whether it was possible for a first-world bank to reposition itself to serve a broad market. An example was that banks were unable to offer housing loans below R30 000.

It was far more likely the major banks would jointly sponsor and support a specialist bank, such as the proposed Community Bank, to serve the needs of low income earners. This could be supported by savings and loans institutions.

The emphasis should be on providing easy to understand conditions with free savings and investment facilities.

A new system would have to be built from scratch as the black areas were mainly residential with very few services. But low-income clients did not require fancy banking halls. They would rather have access to the banking facility for longer hours, six days a week and be served by people who understood their needs and cared, Mr Pieters said.

LOW-COST HOUSING FM 14/5/93.

# Beware of glib promises

**Black building clients** — those who need housing most — are being ripped off by some developers. Since the inception of the housing rights unit of Lawyers for Human Rights (LHR) in April 1990, roughly 5 000 files have been opened against black housing market developers and builders.

"Not a single developer or builder has escaped without a complaint, not even the development agencies," says unit director and lawyer Brian Leveson. "The difference, however, is that where there are defects, the development agencies and the larger builders will go back and fix them. Not so the others."

The unit has a list of about 100 building companies against which as many as 350 complaints have been lodged with it and other legal representatives by home buyers. Summonses are being served by the unit in five cases. They include:

□ Ven Rich Housing — against which 40 complaints have been registered with LHR. In one case a judgment of R49 000 plus interest has been awarded in favour of one of its clients when the company built a house on land already registered in someone else's name.

Says Ven Rich Housing MD Vino Nankan: "Our client is now living in the house and the property is being registered in her name in the Deeds Office. The original owner of the stand, who wanted the house free because it was built on his land, prevented our client from taking occupation by harassing her. We installed our own foreman in the house to prevent it from being vandalised. Earlier this year, we convinced the owner of the stand to buy another stand in the same area at the same price."

Nine Ven Rich clients are being represented by Legal Resources Centre attorney Tandi Orleyn over the alleged falsification of employer information to obtain bonds. The name Mankobi Projects, which had an office in the same building as Ven Rich, appears as the employer in some of the bonds. One home where the buyer's pay was artificially inflated has already been repossessed by Saambou because the client could not keep up repayments.

Nankan retorts: "We reject this allegation completely and with contempt. When financial institutions lend to clients, it is a loan manager and not a departmental clerk who sets up the appointment to interview the client. This meeting is conducted usually for over an hour to discuss every aspect of the loan, the building contract and the builder. Therefore, it is ridiculous to claim that anything can be falsified."

Many other LHR cases concern the refusal by Ven Rich to refund deposits where no building has taken place after a long time.



Ven Rich Housing's Vino Nankan ... confronting complains

Though LHR worked out a formula with Ven Rich for refunding deposits more than a year ago, no refunds have yet been made. Refunds were to be made to clients where, through no fault of their own, work was not executed. Alternatively, if clients failed to qualify for a bond, because of a bad credit reference, for example, an amount for work carried out would be deducted from their deposits.

But Nankan says: "We have reached no agreement with Lawyers for Human Rights attorneys because of the ridiculous demands of the settlement. Their proposal is totally unacceptable and we suggested that we will resolve this problem in a court of law."

In addition, seven summonses are about to be served on Ven Rich by one of SA's largest legal firms as well as one by independent attorney Piet Meyer.

□ African Property Development Co Afprop) — deemed a harmful business practice in 1992 and now in liquidation — has about 30 complaints registered against it with LHR. An additional 2 000 people are allegedly victims of a Afprop's scheme whereby monthly payments of R250 were to be paid to obtain a R22 500 house eight-and-a-half years later;

□ Roughly 30 complaints have been lodged with LHR against Mepco, mostly involving cases where no work has been carried out and deposits have been lost. Six cases have been settled but the builder has since disappeared;

□ Jackie Tsatsimpi is a lone builder against whom there are 61 complaints lodged with LHR and a pending application for judg-

ment. Once again, deposits were taken but by and large no work was delivered. Tsatsimpi is also said to have disappeared;

□ Econdi Construction, trading as Invesco International, has 340 complaints against it. In each instance, a R4 500 deposit for a R65 000 house-and-land package was to be paid in monthly instalments of R350 over 30 years. Director Ronnie Francis (27) is said to have closed his office in the Kine Centre, Johannesburg, in April last year, allegedly taking R1m-R2,5m in deposits. Many judgments have been obtained against him and the matter is proceeding. Francis is being sought by the police. Meyer is also acting on behalf of 250 people who bought homes through Econdi and he has obtained judgment in 200 cases.

Added to this list are the names of other matters being dealt with by the Legal Resources Centre which has a housing portfolio but no unit:

□ Group Housing, alias Pentax's, has 80 complaints against it registered with the centre. The complaints, about poor workmanship, are from Diepkloof Zone 4 community. In three cases, judgment has been obtained but monies have not been received because no attachable assets could be found. The centre is now investigating the directors' personal liability;

□ Kamohau Enterprises, against which more than 50 complaints have been lodged with the centre, is primarily being charged with not refunding deposits, ranging from R2 000 to R20 000, over incomplete work or the failure to secure sites. The sole proprietor of the company, Peter Sekgonyane, has been found guilty of fraud by the Vereeniging Magistrate's Court and ordered to repay R93 000 but no money has yet been received by his clients, some of whom are represented by the Legal Resources Centre;

□ Wimpey Homes, against which Meyer is representing 80 buyers, apparently constructed about 200 houses in Emden Extension.

## RMP TRANSFER

In a deal worth close to R100m, the property interests of Barlow Rand have been consolidated under the umbrella of Rand Mines Properties. RMP has acquired Barlow Rand's 78% controlling interest in Barlow Rand Properties with effect from April 1 1993. As a substantial property group, RMP will apply to the JSE for a transfer of its listing from mining holding to the property board.



# TPA SUPPLEMENT Administrators take on task of providing hom

## Discounts boost home ownership

Sawetun 13/5/93

HOME OWNERSHIP has been boosted by a Government decision to grant tenants of houses under the National Sales Campaign discounts to a maximum of R7 500 on the purchase of their homes.

Apart from bringing home ownership within the reach of many deserving families, this step will contribute significantly to stabilising needy communities, alleviating rent boycotts and reducing the debts of local authorities.

But the discount scheme has given rise to

### There's a bone of contention over this worthwhile move:

"serious dissatisfaction" among participants in the Sales Campaign who paid cash for their homes. Some of these people now want compensation. Problems are also being encountered in trying to establish the names of tenants-occupiers and the addresses of hired units.

These issues are being investigated by the Committee for Housing Officers and will, if necessary, be submitted to the Cabinet for consideration.

According to the authorities the provision of sufficiently developed land for informal housing is the only real solution to illegal squatting.

"The administration is doing everything in its power to effect this."

The rationale is that development can best be promoted within existing towns with strong administrations. Having more people settled within these boundaries will also allow more efficient use of infrastructure.

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# Housing accord is 'crucial'

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CT/12/93

By **MAGGIE ROWLEY**  
Property Editor

UNLESS some kind of housing accord was reached with everyone working together for the same ultimate aims, the problem of housing in SA will not be adequately addressed, Joop De Loor, chairman of the SA Housing Advisory Council said.

In a keynote address to the 21st World Housing Congress being held in Cape Town and attended by nearly 500 national and foreign delegates, De Loor said unless there was such an accord the financial community would not be prepared to start investing in this field again.

De Loor said housing should not be viewed in isolation but regarded as a vital integrated part of the economy, seriously influencing economic activities.

Housing financiers were the essential cog in the machine as without them the housing process would grind to a standstill as it has almost done in SA.

"No one can expect financial institutions to pull their full weight again when unstable political situations and more often ignorance rather than deliberate malice moves many thousands of households to renege on their monthly debt and service payments."

"This means that once the major role players have agreed on policy and strategy, the biggest challenge will be to communicate with potential beneficiaries so that they are able to understand the process. So far we have failed woefully in this respect."

The national housing goal should be spelt out in quantifiable terms with the government assuming responsibility for achieving this goal.

De Loor stressed that SA would not be able to go it alone in solving the housing problems.

The involvement of foreign donor agencies and multilateral organisations would be of vital benefit not only in that it would provide the country with much needed additional funding but would also provide the benefit of international experience and expertise.

"My appeal for foreign aid comes at a time when the World Bank is asking developing countries to boost investment in housing, to review regulations and policies to make the housing market more efficient and to direct more of the scarce government resources to the poorest of the poor."

"The Bank will in future base the allocation of an estimated \$900m (R2,9bn) in loans for housing annually (about 7% of all loans) on five principles. These were:

- Governments will be encouraged to improve housing markets and housing conditions.

- Bank assistance will be orientated toward sectors rather than particular projects.

- The Bank will help regulatory authorities to concentrate on borrowers who can and want to eliminate problems in their housing markets.

- The Bank will support innovative models for housing loans.

- The Bank will ask countries to improve their housing data and their analysis of such figures.



# Aid 'crucial to housing policy'

CAPE TOWN — The involvement of foreign donor agencies was crucial to solving SA's housing problems, Housing Advisory Council chairman Joop de Loor told the World Housing Congress yesterday.

De Loor said the World Bank would allocate about R2,9bn annually for housing loans. But in an interview after his speech he said the bank would not be prepared to advance loans until SA had a coherent housing policy. He stressed the need for role players in SA to reach some kind of accord in order to address the housing problem and to secure financial sector investments.

"No one can expect financial institutions to pull their full weight again when unstable political situations, and more often ignorance rather than deliberate malice, moves many thousands of households to renege on their monthly debt and service payments."

He said the major role players would have to communicate an understanding of the process of housing delivery to the potential beneficiaries, something they had failed to do

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LINDA ENSOR  
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In the past.

"The national housing goal should be spelled out in quantifiable terms and monitored by the proposed National Housing Department. Government should therefore assume responsibility for achieving the housing goal," De Loor said.

Planact's Tony Wolfson told the congress that Rand Mines Properties would have to play a key role in developing vacant mining land separating Soweto and Johannesburg.

He said the development of the areas was crucial to the future of the region and the integration of the two cities. Physical and functional linkages had to be established to assist Sowetans to gain access to the economy and facilities available in greater Johannesburg.

RMP was the main freehold landowner in the buffer strip and Wolfson proposed that it engage in land swaps and adopt a cross-subsidisation policy to overcome the financial constraints involved in developing its land.



# 'Key challenge for SA'

By MAGGIE ROWLEY  
Property Editor

## TARGET FOR HOUSING FRAMEWORK

Property Editor

THE underperforming South African housing sector is neither serving the interests of the black community nor the economy as a whole, says World Bank economist Stephen Mayo.

Mayo told nearly 500 national and foreign delegates at the 21st World Housing Congress being held in Cape Town, that finding ways to energise latent demand for housing was one of the most important challenges facing the country.

"When housing policies fail, the housing sector fails and when the housing sector fails both society and the economy are damaged.

"It is time to get on with the task of restructuring housing policies and institutions in South Africa to allow the housing sector to play the role that is possible in moving South Africa towards a just and prosperous society."

In an extensive World Bank survey of 52 countries in 1990 which included the PWV area of SA, the reported value of the house price to income ratio locally was one of the lowest reported values for any of the cities surveyed.

This, he said, was indicative of severely depressed demand compared to other similar countries.

The major reason for suppressed demand resulting in a depressed housing sector stemmed from the effects of apartheid.

"When the majority of the popula-

tion either cannot afford to spend more on housing because of the spatial taxes imposed by apartheid, or has little incentive for making voluntarily greater contributions toward housing investment because of constraints on the existence of free exchange of property rights, insecurity of tenure and the lack of housing finance, then spending will be depressed as will overall housing investment."

Unleashing the powerful latent demand for housing would, he said, require policy changes on both the demand and supply sides of the market. In particular, a profound commitment to changing the framework of property rights and the spatial distortions of the apartheid city.

Mayo said housing production in the PWV area was estimated at a rate of

seven dwellings per 1 000 people, which although about average of all the cities surveyed, was insufficient to meet incremental demand.

Furthermore, much of the new production was poor quality and lacking in security of tenure.

"About 89% of new housing being built in the PWV area is unauthorised and as such incapable of serving as collateral for mortgage lending."

Mayo said compared to other countries surveyed, South Africa ranked second only to the United States in the share of the assets of the banking system which were held in the form of housing loans — about 39%.

Of the roughly R52bn in outstanding residential mortgages in SA in 1990, only about R6.8bn were allocated to mortgages in the black townships.

Annual new mortgage originations in SA were about R8.9bn with net changes in mortgage credit of about R3bn to R4bn.

"These figures suggest, when compared with figures on annual housing investment of R6bn to R7bn, that a high proportion of the annual value of formal new construction is formally financed. On the other hand, the 89% of new housing that is unauthorised in the PWV area receives virtually no formal finance.

"The SA housing finance system clearly is capable of providing for the needs of the vast majority of the population if conditions are put in place which provide for secure tenure, reasonable standards, a housing delivery system that provides well located and sound quality housing and a regulatory framework which protects the interests of both housing purchasers and financial institutions.

"Only a modest reallocation of mortgage portfolios toward the black community could have a substantial impact on housing conditions.

"At the same time some of the considerable resources now being spent on residential infrastructure within white areas could be diverted to servicing both existing and new black townships."

"Nationally housing investment was estimated to be only 2.6% of GDP in 1990. The highest rate of housing investment within the past decade was in 1984 when investment relative to GNP was still only 3.4%, well below that of most comparable nations."

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# Housing plan by year end

ET 11/5/93

(123)

By **MAGGIE ROWLEY**  
Property Editor

A NEW housing policy and strategy could be thrashed out by the end of the year, according to Minister of Housing Mr Sam de Beer.

In a paper read on his behalf to about 500 local and foreign delegates at the 21st World Housing Congress, held in the city, Mr De Beer said this would be possible

due to "goodwill and co-operation between the government and the National Housing Forum".

To attract international funding for housing, South Africa would have to take cognisance of World Bank recommendations.

"They require the government to demonstrate a commitment to assist the poor through realistic

## HoD slates local authorities

Political Staff

LOCAL authorities came under fire from the Minister of Housing and Welfare in the HoD for "a disappointing performance" in the provision of housing for the Indian community in the last financial year.

Of the R117 million set aside for local authorities by the HoD for housing projects, only R63m was spent, Mr

Soobramoney Naicker said in his department's budget vote yesterday.

Yesterday Housing Ministry officials said many municipalities had expected an exodus of Indians to white areas after 1991.

Meanwhile the green light had been given for the development of 3 062 building sites and 4 160 houses this year at a cost of R1,5bn.

housing strategies," the paper said.

"These must focus on the retention and upgrading of poor-quality housing and creating employment and investment opportunities in these areas."

Mr De Beer said the formation of future shelter and urban policies should be an integral part of

national economic development.

"The immediate need is for mechanisms to provide credit to the lower end of the market within a national housing policy.

"In this regard the role of intermediary financial institutions is crucial."

● Key challenge for SA — Page 11

and included prominent businessmen. Police also announced that a 69-year-old pensioner had been arrested after allegedly shooting at a police helicopter because it was "noisy". Police liaison officer Major Andrew

Military Hospital at Voortrekkerboyle. The gardener was not injured. A police helicopter was then summoned to help trace the robbers and as it circled above area the pensioner shot at it with a .38 revolver.

# No to multi talks

## Azapo maintains status quo and 'intensifies struggle'

By Lulama Luti

THE Azanian People's Organisation continues to play its cards close to its chest, opting not to join the multiparty talks. *Sowetan 11/5/1983*

Instead, the organisation decided at a special congress in Rodepoort at the weekend to maintain bilateral talks between itself and the Government.

The organisation also resolved to retain Archbishop Khotso Makhudu of the Central and Southern Africa Province of the Anglican Church as facilitator of the talks between Azapo and the Black Consciousness Movement of Azania on the one hand and the Government on the other.

Addressing a Press briefing in Johannesburg yesterday, Azapo president Professor Humeleg Mosala said his organisation believed the current multiparty talks were never intended to deliver freedom to (black) people.

"We can't be blamed for delaying the process (of negotiation). There have been negotiations for three years and nothing of significance has been achieved."

Azapo also rejected the notion of a government of national unity, saying it believed strongly that there was still a chance that the other members of the liberation movement would join ranks with the organisation and speak with one voice against the Government.

Azapo publicity secretary Dr Gomolomo Mokae said: "In principle, we are not opposed to talks but what we are saying is that the regime has not pointed out clearly that it is ready to relinquish power."

The two-day congress pledged its unwavering support for the BCM and its liberation wing, the Azanian National Liberation Army, saying the struggle had to be intensified on all fronts.



## Reason for

### houses backlog

#### No national policy:

THE lack of a uniform national housing policy for South Africa was partly responsible for the country's housing backlog, regional director of the Department of Housing, Mr John Africa, said in Cape Town yesterday.

Addressing the 21st World Housing Congress, he said that until 1985 all State housing projects were undertaken without consultation.

The department's self-help programme, had provided homes for 80 000 people in seven years. *By Joshua Rabovoko and Sapa*

THE Kagiso branch of the African National Congress has vowed that the consumer boycott aimed at white businesses in Krugersdorp will make previous ones seem like a Sunday school picnic. *Sowetan 11/5/1983*

The consumer boycott, launched on Saturday, followed the arrest of Mr Clive Derby-Lewis and his wife, Gaye, in connection with the assassination of South African Communist Party general secretary Mr Chris Hanu.

Inked to the protest action is a set of eight demands which would determine the resumption of buying in the white Conservative Party-controlled town. These include the resignation of all Krugersdorp city councillors, the installation of an "interim administration accountable to the democratic majority in Krugersdorp" and the provision of security for "all leaders of the people".

## Three die in crash

TWO staffers at the Soweto campus of Vista University and a seven-year-old child were killed when their car collided with a taxi on the Old Potchefstroom Road in Soweto on Sunday night. The dead are Mr Richard

and Khumalo's daughter, Mbali. Khumalo (33) of Protea North, was chief librarian at East Rand campus of Vista University. The taxi driver allegedly ran away.

## Pig put in coffin

THE Nuuanu firm of undertakers in Honolulu has agreed to apologise and pay about R2 million in compensation for putting a dead pig in the coffin of Mimi Goldberg, whose family's Jewish faith regards pigs as unclean. It was an accident, the undertakers explained in a statement.

## R20 000 grabbed

THREE armed men robbed a petrol station in Athlone, Cape Town, of more than R20 000 yesterday. The police said the halaclava-clad men threatened a petrol attendant before demanding the money and escaping.

## Offices vandalised

THE Inkatha Freedom Party's Youth Brigade offices in Gernsion were vandalised by unknown assailants on Sunday night, an official claimed. *Sowetan 11/5/1983*



# World housing experts attend Cape congress

Staff Reporter

(123) APR 11 11 51 93  
ALMOST 500 delegates from all over the world are attending the World Housing Congress in Cape Town this week.

It is the first time the congress is being held in Africa and the number of delegates makes it the biggest recorded by the organisers, the International Association for Housing Science.

The main aim of the congress is to exchange housing ideas with other countries and find solutions.

"Interest in South Africa is also focused on this country's success with the self-help housing schemes, believed to be

unique," said deputy director of housing in the House of Representatives Mr John Hopkins.

"We have a serious problem with the backlog of more than 1,3 million houses in South Africa and the congress is an ideal forum for discussions."

Speakers from Africa, Europe, the United States, Australia and the Far East will deal with topics as diverse as South Africa's desegregation trends and public housing schemes in Singapore.

Delegates will also visit the Belhar self-help scheme, where 2 000 families had successfully built their own homes, Mr Hopkins said.

## Medium house prices go up

SMALL and medium-sized house prices continued to accelerate in the first quarter, ABSA said in its latest housing review. *SITIMES [BUSINESS] 9/5/93*

The average price of a medium-sized house rose an annualised 16,1% from the fourth quarter of 1992 while small house prices rose an average 10%. *(123)*

From the first quarter of 1992, medium and small house prices rose an average 9,6% and 9,2% respectively.

The only region to register a decline for medium sized houses was the East Rand where prices were down 2,4% from the last quarter of 1992.



# UCT prof proposes new urban housing policy for SA's cities

123

ARC 8/5/93

**ELIZABETH VAN RYSSSEN**  
Editor of UCT News

PROFESSOR David Dewar, director of the UCT School of Architecture and Planning, who fills the BP Chair of Urban and Regional Planning, is no newcomer to the problems of urbanisation and housing shortages.

He was instrumental in the establishment of the Urban Problems Research Unit at UCT in the 1970s and is well-known for his innovative work in the field.

Part of the urban problem, he says, is the housing shortage and the national housing policy is chaotic.

To address these issues, he intends launching a major initiative to tie housing and the urban problems together, by showing ways in which housing policy can be used to restructure South African cities.

Among Professor Dewar's plans are to:

- Initiate research projects on housing and housing policy issues where there are gaps in understanding, particularly in relation to the Western Cape, such as inexpensive building methods and materials;

- Identify innovative projects which contribute to a more sensi-

ble urban pattern while making maximum use of the existing urban infrastructure in Cape Town;

- Develop a network of people in other major centres and initiate, through seed finance, similar projects in other major South African cities, which will, it is hoped, spread to other countries in sub-Saharan Africa; and

- Initiate a vigorous programme of communication to change the decision-making climate and to instill in decision-makers the confidence to move boldly and innovatively. This will include establishing a network of decision-makers, implementors and practioners, and creating platforms for interaction.

Announcing BP's support for this chair, Mr Tony Deakin, chairman of BPSA said his company believed urbanisation to be the single most important event shaping South Africa today.

"It is remoulding the future of every city and town in the country, impacting on the lives of every South African..."

"Such is the inexorable power of this human migration to the cities that it creates situations far more quickly than existing institutions can cope with or react to, according to their past experiences. Urbanisation challenges

particularly the ranks of professionals in all the building fields.

It challenges standards in everything from public health to structural engineering services.

He said: "But, this must not be only an academic exercise confined to a small group of thinkers in the universities."

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showing an actual decline of 1,1% in the first quarter of 1993. For 1992 as a whole, the average price of large houses was 3,5% higher than in 1991.

Confirms Absa economist Christo Luus: "The basic difference is that the luxury end of the market has been more adversely affected than the lower end because people are scaling down, or because this market has been more affected by emigration.

"This is to be expected. In an upturn, prices of large houses generally increase faster and in recession, decrease faster. For example, in 1988, before the start of the recession, large house prices increased twice as much — by 15% — than prices for small homes (8%), while prices of medium-sized houses were 13% up.

"The basic message therefore is that the

medium-sized house over 20 years has fallen from R1 758 a year ago to R1 655.

"While the recent increases in Vat and the fuel price are likely to increase inflation by about two percentage points, interest rates are unlikely to move upwards before the first half of 1994 owing to the generally poor economic conditions in the country," according to the review.

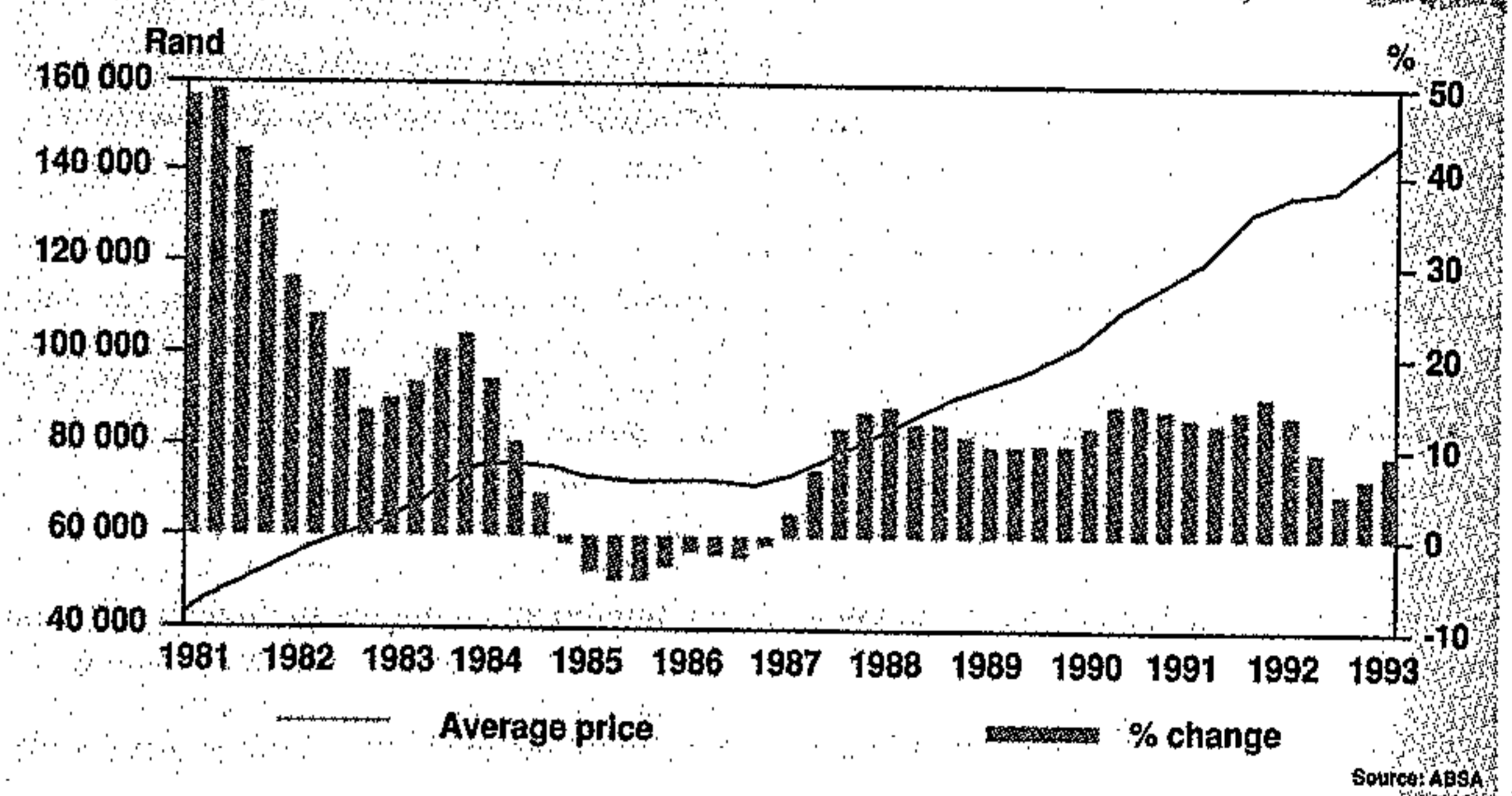
It warns, however, that "a sustained deterioration in the country's balance of payments position could lead to an earlier than expected rise in interest rates."

Luus expects a 1% to 2% increase in real house prices in the year ahead, encouraged by lower mortgage rates and an average increase in building costs of around 12% to 15%.

This expectation of rising building costs is

## Getting firmer

The normal price of medium-sized houses



lower end of market has performed better than the luxury end, though some regions have been more adversely affected than others."

The latest quarterly review shows that in virtually all parts of the country, prices of medium-sized houses increased from the fourth quarter 1992 to the first quarter 1993, except for the East Rand where they declined by 2,4%.

Average quarterly increases were 6% in the Johannesburg region; 7,4% on the West Rand; 6,2% in Pretoria; 6,29% in the Vaal Triangle; 4,3% in the rest of the Transvaal; 4,7% in Durban-Pinetown; 6,1% in the rest of Natal; 4,3% in the OFS and northern Cape; 4,4% in the eastern Cape; and 3,9% in the western Cape.

On an annualised basis, the quarterly changes are 16,1% for medium-sized houses, 10% for smaller houses, and 3,2% for large houses.

The increases can be attributed to the continuing rising affordability of housing because of declining mortgage rates. The monthly repayment on an 80% bond on a

based on a number of factors. "In the first quarter of this year we have already had an increase of roughly 14% year-on-year for residential building costs. We will also see a further increase because of the Vat hike, which is part of the reason why material costs will rise. Added to this is the fact that there is still an overall shortage of housing in the country".

Although he concedes that deteriorating political circumstances at the beginning of the second quarter could have a negative impact on prices, he is nonetheless optimistic about the general trend. The general underlying factors that affect the housing market — such as the shortage of housing and the relatively greater affordability of houses — are positive for the residential property market, he believes.

According to property economist Neville Berkowitz: "Prospects for the short term will be associated with the assassination of Hani and reduced levels of confidence. This will impact more on the R500 000 plus market than on the lower end of the market which seems immune to these pressures."

## QUARTERLY HOUSE PRICES

Fm 7/5/93

### Remaining buoyant

According to the latest Absa quarterly housing review, the increase in the price of the average medium sized house (roughly 176 m<sup>2</sup>) in SA is continuing its upward trend, after a five year low of 5,6% in the third quarter of 1992. This is by far the largest segment of the market, suggesting prices are firming.

Compared with the same quarter a year ago, the average price of a medium-sized house (110 m<sup>2</sup>) was 9,6% up in the first quarter of this year, and that of smaller houses 9,2% higher.

As can be expected, prices of large homes (roughly 265 m<sup>2</sup>) have suffered the most,



# Sanco warns government local elections will backfire

123  
GAVIN DU VENAGE

THE civics may substitute mass action for local government negotiations if government goes ahead with "unilateral restructuring" of local government structures.

SA National Civic Organisation (Sanco) secretary-general Moses Mayekiso warned yesterday that government was "inviting" the civics to act if municipal election plans went ahead before elections for a constituent assembly.

He was reacting to Local Government Minister Tertius Delport's speech to Parliament on Wednesday.

Delport said in that speech that local government elections were "urgent" and would take place soon, possibly even before national elections. Delport also had rejected Sanco calls for the resignation of existing councils, to be replaced by interim appointed administrators.

Mayekiso said if government went ahead with "unilateral restructuring", the civics would have to reconsider their participation in the Local Government Negotiating Forum.

"We thought we understood each other, but the government is now acting against the spirit of the forum," he said. The civics would not allow the forum to become a toothless advisory body.

He said that should government attempt to launch local government elections, the civics would boycott them. "We are not going to support apartheid elections."

Civic leader Cas Coovadia said Delport's statements were "a mockery of good faith" built up during negotiations. Coovadia said it was generally accepted that present councils were unrepresentative.

Meanwhile, Sapa reports that Sanco national deputy president Lechesa Tsenoli said in Durban yesterday the organisation would vigorously and militantly oppose "threats to outlaw mass action".

He was reacting to Constitutional Development Minister Roelf Meyer's statement in Parliament this week that government would condemn mass action as a cause of violence when the negotiating council met today. *Blom 7/5/93*

Tsenoli said violence would not be ended by outlawing mass action.

□ Law and Order spokesman Capt Craig Kotze said in Cape Town yesterday that an ANC plan to train 3 000 marshals to form the nucleus of a "future police force" would spark violence and polarisation.

The plan was "a fundamental contradiction of the principle that the police force should serve the entire community on the basis of apolitical professionalism and impartiality. A future police force cannot be based on a blatant jobs-for-pals system owing loyalty only to a specific political organisation," Kotze said.

## Civics, lenders reach accord on bonds

A FIRST step towards ending the deadlock over bond boycotts and the granting of home loans to township residents has been taken with an agreement between major banks and civic organisations.

The Association of Mortgage Lenders (AML), which represents SA's major home loan institutions, and the SA National Civic Organisation (Sanco), said the deal, covering bond arrears, defaults and repossessions, had been signed on Friday.

The two parties agreed that:

- Financial institutions' responsibility to depositors included providing a rate of return on deposits, and repaying them on demand;
- Shareholders and the providers of capital required a fair rate of return on their

GAVIN DU VENAGE

investments;

Banks had to assess the credit risks carefully and lending would be done according to an individual credit profile or against the security of fixed property or other suitable collateral;

Government had a responsibility to create a normal property market through subsidies, infrastructure and guarantees;

Community participation and education were vital to a stable market, but agreements should be subject to market trends;

The concept of home ownership should be encouraged; and

Negotiations rather than "disruptive actions" should address differences.

6/5/93  
Lucas

(123)



NEWS Mugabe may be offered SA 1

Sowetan, 6/5/93.  
**Homeowners' reprieve**

THE Association of Mortgage Lenders and the South African National Civic Organisation have reached an agreement on resolving the rent boycott and education crisis.

The parties reached an agreement on a number of principles to be followed in the handling of arrears bond payments, default payments and repossessed properties.

The historic agreement will afford optimism for borrowers having difficulty repaying their home loans.

At a Press conference in Johannesburg, Sanco president Mr Moses Mayekiso said the agreement acknowledged the existence of severe distortions

■ **Move towards trying to improve buyers' lot:**

in the property market, especially within disadvantaged communities.

He said: "This agreement is aimed at economically active, existing and potential homeowners who can afford to own their homes."

The second agreement, which outlined an extensive programme of information and education within disadvantaged communities, was signed by the parties, he said. The agreement would include an undertaking by AML to pursue the creation of unemployment insurance benefit for homeowners.

# Capital gains and land tax should boost activity

BLOM 515793.

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BOTH a capital gains and a land tax are likely to be introduced in the near future, which should boost sagging activity levels in the property valuation industry.

But the basis for valuing the properties could be problematic, as a number of different systems have been introduced worldwide, says Coopers Theron du Toit director Koos van Wyk.

While the market evaluation of land value will most likely result in a surge of activity for local valuers, it is unlikely that government will enforce private evaluations of every piece of

land, as this will be very expensive.

While the taxes were not introduced in the latest Budget, it is most likely that a future government will do so, he says.

"While the administrative expense of such taxes often do not justify the revenue generated, the majority of the people will perceive it as fair because it constitutes a redistribution of wealth," he says.

SA Institute of Valuers Natal chairman Martin White says both forms of taxation must be based on value—past and present in the case of capital gains tax, to be able to identify the "gain".

Similarly, if a land tax is levied, it must be based on value. This may be capital value, municipal value, rental value or a formula devised by the legislature.

However, the services of a valuer will be required at some stage, he says.

Dunlop Heywood joint MD Ian Mitchell says that generally, property owners in developed areas already pay rates—a form of property tax.

Van Wyk says the level to which the capital gains tax will be depreciated by inflation needs to be carefully addressed.

## Penalised

"Such a tax will be inequitable if inflation is not taken into account, as many apparent capital profits do not keep pace with inflation and people could thus be penalised," he says.

White says that if additional forms of taxation on the ownership of land are introduced, care must be taken to ensure that such taxes do not inhibit the development and the best use of that land.

"If the tax is to be seen as a wealth tax, then its base must be market value. Current proposals to adopt market value as the basis for all municipal valuations would suggest that these could well form part of the basis of any future taxes," he says.

This tax base could possibly be expanded by imposing a rates burden on all properties in the country.

"This process would involve the professional valuer, in acting for the authorities and for individuals wanting to contest the valuations upon which the tax would be based," he says.

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# Housing boom 'looks likely'

123  
GAVIN DU VENAGE

cost housing technology, and had the financial services to slot in when the political commitment was there, she said.

The biggest obstacle was not finance, said McNaughton, but land availability. Once sites had been identified for housing, prospective owners would be able to secure loans.

McNaughton said that countries as far away as Kenya and the UK had shown interest in the exhibition.

"Affordable housing is not only a problem in SA," she said.

"It is an African problem. And wealthier countries also have their poor areas, but have done very little by way of developing cheap alternatives."

Because of the intense overseas interest in the exhibition, SA could benefit also from exporting its technology, she added.

The exhibition begins at the end of July, and will feature houses made from products such as wood, brick and paper.

The average price will be from R30 000 to R100 000.



Inkatha leader Mangosuthu Buthelezi and the party's CEO Joe Matthews, left, speak to the Press at Jan Smuts Airport yesterday. Buthelezi met Italy's Foreign Affairs Minister Emilio Colombo and UK Prime Minister John Major during a trip abroad.

Picture: ROBERT BOTHA

SA IS on the threshold of a low-cost housing boom which will rescue the building industry, says Atribuild 93 exhibition organiser Bette McNaughton.

McNaughton said yesterday that pressure was mounting on government, political organisations and even business to find a solution to SA's housing crisis.

Some estimates put the backlog at around 2-million units. To eliminate this backlog would cost around R11m a day for the next three decades.

She said that while there had been no massive housing drive as yet, despite the shortage — primarily because of "government dithering" — pressure to deliver affordable accommodation was growing.

Government could no longer ignore the situation, and would have to act or face increasing criticism from abroad and locally. **R100m 415793**

But the allocation of R2,5bn to housing in the latest Budget, and the appointment of Louis Shill as Housing Minister, were hopeful signs, she said.

SA was already a world leader in low-



# Low-cost home boom 'raises urgent need for better bosses'

123  
ARC 26/6/93

Business Staff

SOUTH Africa lacks the management resources to deal with the increased volume of low-cost housing that is likely to follow changes in government next year, a UCT expert claims.

Professor Bruce Boaden, of the department of construction economics and management, told a seminar in Cape Town organised by the Institute of Building that by the end of next year an extra R3 billion to R4 billion could become available annually for low-income housing.

Much of it would come from overseas development bodies that were waiting to step in once a more representative government was in place.

Included in low income housing could be site and services schemes, self-help projects, starter housing and any other delivery system aimed at improving housing at an affordable price.

Until now, those administering most of the development projects had little formal education or training in the conventional development aspects of housing.

"In most cases they have been conventional project managers, well trained in the production and technical methods required to handle a project but lacking in the broader training which is necessary to bring about a successful community development project," said Professor Boaden.

"We have had good management available — and at the moment there is certainly no lack of professionals looking for more work — but it is not appropriate management."

The fully fledged development manager needed training in:

- Liaison with the community and their involvement from an early stage in decision making.
- Job creation within the community and training of residents.
- The strengthening of social structures.
- The fostering of local business through the housing process.

"In short, the provision of housing has to be part of a holistic exercise providing a range of benefits to the community, over and above pure shelter," he said.

Communication skills would often make or break a project.

Professor Boaden said: "The sort of situation which arises is one in which the new home or shack owner cannot, for example, understand why his site should be limited to 80 m<sup>2</sup>."

"The development manager has to be able to explain why it is financially impossible to go larger — even if more privileged people not far away have plots of 500 m<sup>2</sup> each.

"Again, there is always the possibility of the housing effort becoming a political football within the community.

"The development manager has to be able to foresee the dangers here and get all involved working towards a goal from which all will benefit."



# Ideal for South 2616 - 30/6/93 saving for a home

INVESTING in unit trusts is an ideal measure to save for buying a house. Old Mutual has developed their Homeowners Trusts which has the potential to beat inflation in the long term and can be withdrawn at any time.

Already over one million people in South Africa have started to invest this way to save for deposit on houses and to cover other costs like transfers fees.

Today, depending on the home loan granted from a financial institution, people will pay between five and 10 percent as deposit.

It has been calculated that buying a R100 000 home would need starting capital of R24 875. To cover a deposit of 20 percent, transfer fees and duties, inspection costs and loan registrations.

● Old Mutual also offers an Education Trust which enables parents to save for their children. An alternative to the Education Trust is a stokvel system where a club would invest a minimum of R200 in a Group Trust. Money can only be withdrawn if all members agree to protect the individual.

# Old shops started up

STimes(Buss)

27/6/93

TRENDY Johannesburgers are buying good-quality old houses at low prices, refurbishing them and selling at a large profit.

It seems that the trend of using what exists instead of starting from scratch has started to catch on in the retail and office sector.

Architect Adrian Maserow is involved in revitalising shopping complexes.

He says developers buy the property at a yield of about 11% to 12% and refurbish and retenant it, providing a different atmosphere.

Returns are a few percentage points higher than those from major shopping centres.

Higher returns are the result of the property being bought at a discount because it is poorly tenanted or unimaginatively marketed.

For example, cafes used to be a major drawcard in a neighbourhood. But large retail chains have now taken over as a hub.

Mr Maserow says: "This gives a stronger rental base

as it includes a popular 'calling card' that attracts people from other neighbourhoods."

For example, clothing retailer Queenspark often attracts people from other areas.

Queenspark chairman Stewart Shub says that not all neighbourhood shopping centres work well.

"We choose those that are easily accessible and can be fed by several good suburban areas where A, B and upper-C earners live."

## Fridge

He believes it is not worthwhile to be in a major shopping centre where rents are more than four times higher than in the smaller ones.

He does not believe that being placed next to a large food chain in a regional shopping centre brings an advantage.

"Most people hate grocery shopping. By the time they get out of the shop with a trolley-load of food all they want to do is get home,

## A Business Times SURVEY

IN SPITE of South Africa's troubles, commercial and industrial property has remained a relatively stable and profitable investment. TERRY BETTY reports.

put everything in the fridge and relax.

"We experimented by putting a small Queenspark store in Tyger Valley near Cape Town. But the takings a square metre of our Sandton store doubled this store's."

Mr Shub says a coffee shop is desirable in a shopping centre.

Mr Maserow says gymnasiums and coffee shops are part of the entertainment aspect of a shopping centre. People can use them to relax, watch passers by and inspect clothing.

Mr Maserow says that to succeed, these centres must have attractive architecture.

Mr Maserow says shopping centres should have several types of food or clothing shops.

He says the underlying cost of building a specialised centre is about R1 000/m<sup>2</sup> as opposed to about R1 500m<sup>2</sup> and more for the average shopping centre.

Even the office market is latching on to the trend of upgrading what exists in-

stead of demolishing.

Seeff chairman Lawrence Seeff says that because of rising demolition and construction costs as well as time constraints, it is worthwhile for a developer to refurbish, especially if the property is in a good position.

## Position

"It will not be any less comfortable than a new block and the rentals, at about R20/m<sup>2</sup>, are at a large discount to those of new buildings."

Another trend is the provision of spacious, efficient but affordable office space. Marble, granite and expensive finishes are the hallmarks of posh head offices.

Mr Seeff says this trend is evident abroad.

"Designers have put up lofty, open buildings of basic construction with minimum finishes, but located in prime business areas. They give tenants critically located space at competitive rates where they can alter the interior."

## Many safe returns

STimes(Buss) 27/6/93

LIFE assurers have R5-billion of the R38-billion of discretionary assets they manage on behalf of pension and provident funds invested in property.

Alexander Forbes consultant and actuary director Paul Robson says non-insurance fund managers have R617-million of the R28-billion they handle for these funds in property. For the last five years property investments have earned 18,3% compared with returns on equity of 23,4% and 18,2% on fixed interest.

Mr Robson says equity has been the best performer over any five years in the past 30, apart from hiccups in 1976 and 1969.

"Property lends an investment portfolio stability — rental income is fairly regular and capital appreciation smooth. Returns on shares by one-year periods are volatile."

Because insurance companies have large resources they can afford to swop a certain degree of growth for stability and invest heavily in property.

Mr Robson says that trustees of pension and provident funds no longer look only at a 10-year performance. They have reduced it to five years.

Non-insurance fund managers, who are measured on short-term performance, prefer equities for quick returns.

They hold the assets in the name of each pension fund, which is not allowed more than 15% in property. It is thus difficult to find sufficient money for a large property development.

This is why they have only 2,8% of their funds in property against 13,03% for insurance companies.

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## COMPANIES

### Cosab appoints ex-Absa man

RETIREED Absa chairman and deputy CE Piet Liebenberg had been appointed CE of the Council of Southern African Bankers (Cosab), the umbrella organisation announced yesterday. *Biday*

The new appointment will be effective from July 1 1993. *29/6/93*

Cosab has been without a CE since former JSE president and Absa Merchant Bank chairman Tony Norton resigned four months ago. *(28)*

Liebenberg said he had decided to take up the post because, as an original signatory to the articles of association of Cosab, he believed it was a "necessary" body.

He initially turned down the post when approached in March, but changed his mind to accept the offer a few weeks ago.

Cosab chairman Chris Liebenberg welcomed the appointment. "Piet's exposure to different fields of banking and his know-

SHARON WOOD

ledge of the SA economy will stand Cosab in good stead, particularly in these times when both our country and the financial services industry are undergoing radical transformation," he said.

Piet Liebenberg said he would retain his position as non-executive chairman of Bibliathon 1994. He became involved in the Bible Society project after he took early retirement from Absa in November last year. *(123)*

Cosab was set up last year to promote the interests of the banking industry. It has been involved in the home loan crisis with the SA National Civic Association and with investigating the feasibility of setting up a community bank in SA. It also liaises with the Reserve Bank on behalf of the banking industry.

of the property industry and the general public."

There is no doubt that services such as this, and other "networked" estate agency services or groupings such as Multi-Listing

perhaps combine homefinders nationwide."

The bodies co-operating to form CPS include estate agencies, six of the major financial institutions, deeds offices nationwide, va-

city Academy (NFA). CPS sees the Institute and the NPA as important partners in a vision — helping consumers, via professionally trained estate agents, to buy or sell their houses at the right price in less time.

## Welcoming hand to non-racial membership

WHEN a "status quo" needs to change, it's cheering to meet "institutions" that are not only happy to change it but have been actively working for progress for years.

To the Institute of Estate Agents of SA, (IEASA) it is the reward of years of backbench lobbying that sees homeownership for all race groups increasingly becoming a reality, and with it, an emergent new group of estate agents coming from all sectors of the population.

"We have led the fight for the right for everyone to own his own home. The Institute's Policy Statement has proclaimed this for many years and its membership has always been multi-racial," says executive director of IEASA, Jan van der Merwe.

Star 20/6/93  
"As part of our extended programmes in seminars and discussion groups, we will be making a special effort to draw in our black members and look at issues that specifically affect them."

### 123 Active call

IEASA president Colin Sidelsky stresses the importance of actually "appealing to members across the racial spectrum" and says the Institute is making an active call to black and coloured agents who may not have considered membership in the past, to contact the Institute and join.

The benefits include networking, education, information, and tangible employment benefits such as membership of group in-

surance and pension fund schemes.

The need to stress this comes, believes Sidelsky, from an outdated and certainly no longer practiced "exclusive" policy of the Institute in years gone by of only encouraging the largest agencies to join the Institute rather than one man operators.

An agent requesting membership used to have to be "referred" "approved" and to write some kind of an entrance examination. This is no longer the case.

"We are campaigning now to extend our membership to agents prepared to be bound by our Code of Ethics and join in our aims and we'd like to see membership boost from 6 000 to at least 10 000 within 12 months."



## Iscor starts joint housing scheme

Biday 11/193

ANDREW KRUMM

TYING up with the IDT Finance Corporation, Iscor yesterday launched a housing scheme which would help thousands of lower-income employees to finance their own homes, Iscor said yesterday.

According to corporation GM Trevor Williams, three similar deals with listed companies would be concluded shortly.

Williams declined to name the firms, saying only they were large companies with more than 10 000 employees each.

"We are also actively promoting the idea among smaller companies and state organisations."

Iscor spokesman Ernest Webbstock said the June 9 agreement with the corporation would allow employees to finance housing needs which banks and building societies could not address. "The new scheme puts Iscor Landgoed in a position to cater for the housing needs of most Iscor (lower-income) employees."

Landgoed would borrow in bulk from the corporation and divide the amount into smaller sums to suit the needs of individual borrowers. Neither Landgoed nor the corporation would profit. However, Landgoed would recover administration and related costs through an interest rate structure to break even.

Webbstock said employees could borrow up to R12 000 from the scheme, but had to put up part or all of their pension fund as security.

The company would also bear a portion of the risk in case of default.

Williams added, however, that the finance corporation would bear the major portion of the risk.

# Absa report predicts major shortfall of jobs by 2005

B1 Day 2/7/93

(123)

ABSA predicts that by 2005 there will be a surplus of 11,5-million semi-skilled and unskilled workers and that 57% of the labour force will have to earn a living in the informal sector or be unemployed.

The group's latest Economic Monitor also says the shortage of executive and skilled workers is expected to rise to about 920 000 by 2005.

Currently, about 400 000 people are entering the labour market every year, of which 80% are black. Absa expects this figure to rise to 510 000 by 2005.

Yet there is little likelihood of formal jobs existing for most of them — the average annual increase in the number of jobs in the formal sector during 1985 to 1989 was 31 000, of which 95% were provided by the public sector.

Absa also predicts that by 2020, the population will roughly double to 71-million people, of which 84% will be black, with 35% of blacks under 14 years of age.

By 2005, about half a million people will

SHARON WOOD

have died from AIDS, reducing the population rate to about 1,8% a year, Absa says.

It predicts an annual influx of about 1-million blacks to urban areas over the next two decades. By 2000, about 74% of SA's urban population is expected to be black, rising to 81% by the year 2020.

The urban population of the PWV region was 8,7-million in 1990 and is forecast to increase to about 16,5-million by 2010.

To cope with existing and growing housing needs, about 174 000 new houses will have to be built annually between now and 1995. The Economic Monitor says 47% of the present housing shortage is in the PWV region, 20% is in greater Durban and 10% in greater Cape Town.

It lists the major constraints to housing provision as being a lack of finance and sufficient suitable land, the inability of the majority of blacks to afford conventional housing, and increasing urbanisation.



## PROPERTY SCENE

### New house for R42 000

NEW methods and materials are being used to build conventional houses for as little as R42 000. (123) ARG 3/7/93

An 84 m<sup>2</sup> home of three bedrooms, two bathrooms, lounge, dining room and kitchen can be built for R71 000, claims Mr Alan Young, chief executive of CA Brand Housing of Johannesburg.

The houses have the appearance of face-brick and walls are made of polymer concrete, one of the strongest building materials. The polymer bricks are claimed to have a life expectancy about 40 years longer than face-bricks.

Outside walls and roofs can be put up in a day so that work is unlikely to be hampered by wet weather.

## Absa hails bond price-fixing victory

**BRUCE CAMERON**  
Business Staff

123  
ARG 3/7/93

ABSA Bank, with its current ups and downs, won one battle this week — it has eventually convinced the legal fraternity that price fixing is just not on.

The Cape Law Society, after months of fighting Absa pressure to scrap fixed charges on the registration of bonds and transfer of property ownership, has backed off.

Mr Gerald Jordaan, regional manager of Absa Bank, who has been a key figure in negotiating a change to the fee structure, welcomed the society's "excellent" decision.

Initially, the society threatened its members with dire consequences if they agree to Absa demands that the prices be made negotiable.

But after Transvaal lawyers gave way and the Natal Supreme Court also ruled against fixed fees, Cape lawyers felt the banks would have their business done by lawyers from other provinces and bucked against the decision of their society.

A general meeting of the society's members agreed that the fee fixing should be dropped.

The change could save property owners a few hundred rand on a transaction but they will now have to negotiate payment on the fees. There is nothing to stop lawyers charging more than the old fixed prices.

Absa Bank has estimated that lawyers' fees in the average transfer of a property total about R2 500, of which no more than R1 500 are actual costs.



## Big chance for small builders

*STimes [Buss] 4/7/93*  
THE formal construction industry cannot meet the housing backlog of about 1,4-million units and small, informal contractors must be developed to their full potential.

This is the view of Promatra Training Centre director Nick Band, who with the Development Bank of Southern Africa and the Independent Development Trust, has convened a two-day meeting for Friday and Saturday of small contractors to discuss development of their business. ~~(23)~~ (23)

The meeting will be attended by 48 delegates from the National African Federation of Building Industries, the African Builders Association and small contractor organisations.

Biday 7/7/93

# New training concept

**THE African Builders' Association, in conjunction with the National Federation for the Building Industry, has launched a new assistance programme for black builders. It will focus on turning craftsmen and labour-only subcontractors into productive contractors and developers.**

A community-based construction concept, in which communities' approval was sought for new projects and building costs were held down, was a prerequisite for SA's construction sector, said property analysts.

Civil Engineering Consultant associate Dave Harrison said the new concept would develop contractors within communities. There would be training in all aspects of building, including technology and financial and entrepreneurial skills. This would help communities to build and maintain their infrastructures.

He said the dangers of violence in black townships had caused construction companies to place a price premium of 30% to 50% on contracts in these areas. Community-based construction could provide services at a reasonable cost where no conventional method would have succeeded.

The Development Bank of Southern Africa's Centre for Policy Analysis associate director Mike Muller said construction industry personnel had to become multi-

**MZIWAKHE HLANGANI**

skilled to meet the challenges of a new SA.

The construction industry had shown its willingness to meet the challenges after a tentative agreement between Cosatu and the civil engineering industry on labour-based construction.

Another promising venture was the development and application of products and processes, such as concrete block road technologies, which were more labour intensive than other methods. (123)

National African Federation for the Building Industry executive chairman Conny Peterson said a joint education programme to assist small black building contractors had been set up with the African Builders' Association. (116)

Existing training for building tradesmen did not meet the needs of the small black contractor. Hands-on assistance was needed, and access to finance, surety bonds and credit for building materials should be addressed, he said.

PAC senior analyst Mosebane Malatsi said the future government should provide on-the-job-training to unemployed youth in the same manner that the present government had when it built areas such as Soweto and Mamelodi 40 years ago.

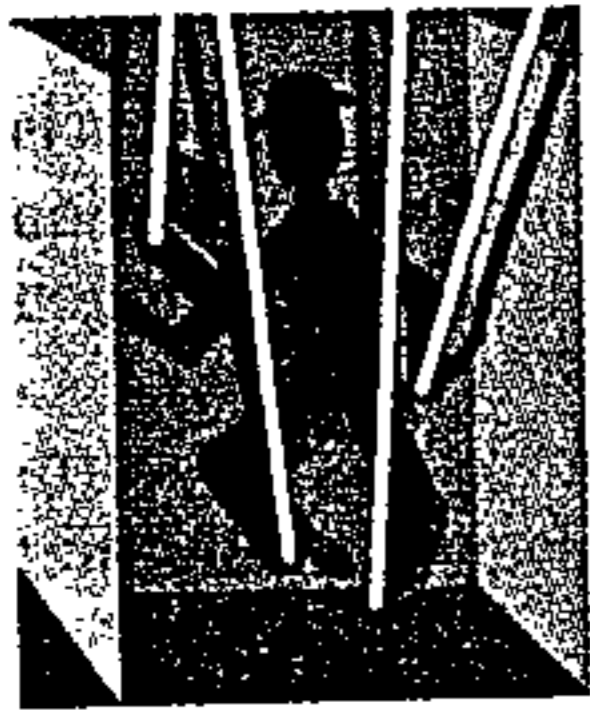


FWM 9/7/93

# No panacea for the disadvantaged

It may sound politically correct, but it's a half-baked idea

(123)



The launch of a community banking trust is all very well. There are those who will benefit and in the lexicon of banking arrangements it could have some meaning. But it is no substitute for formal banking

nor should it be seen as a means of addressing what the politically correct imagine are the inadequacies of the established banks.

Among them are those who would like to see our sophisticated banking sector used, guided by a government-controlled central bank, as the conduit of savings towards socially and politically correct investments.

The outcome would be massive waste. Resources would be misallocated just as they have been by similar attempts at government-directed lending both here under NP governments and in the rest of Africa where, for the best of motives, similar practices did more to entrench poverty than reduce it.

If you are wondering why the announcement of a community banking trust should draw a response as direct as this, reflect on the reason given for this very reasonable development: the inadequacies of the large established banks. But they are by no means inadequate. Indeed, they are among the most sophisticated in the world and provide a competitive, cost-efficient service to their appropriate customers.

They were established to finance the movement of goods and provide an efficient payments mechanism. They were never intended, nor should they be intended, to provide rapidly urbanising masses with the means of financing cheap dwellings.

Those who argue that financial institutions deliberately discriminate against blacks have little knowledge of the financial services industry. If there was money to be made, you can be sure bankers would be there, regardless of race, gender or creed.

Formation of the community trust follows a detailed investigation by Perm ex-MD Bob Tucker, Civic Associations of Johannesburg's Cas Coovadia and community banking specialist Hank Jackelen. The findings persuaded the Council of SA Banks (Cosab) to support a detailed feasibility study. The trust has nominated eight representatives and the big banks four to steer a detailed investigation into the technical banking aspects of the project.

It will be subject to the long-awaited Mutual Banking Bill, which was inspired by the need to provide special banking services to poor communities. Under this law community banks will be able to operate as mutual

societies — owned by participants rather than shareholders — guided by elected local boards of directors, but administered centrally.

The minimum capital requirement will be R10m, with lending ratio restrictions along the lines required for equity banks.

Cosab appears to be approaching the project with caution. So, enthusiastic as the steering committee may be, it would be wrong to foster expectations that massive financial support on easy terms will be rapidly and automatically forthcoming.

Coovadia argues that people's banking will not "absolve the big banks of their responsibility" to promote access to banking facilities by that large section of the community that has never enjoyed access to them. Therein lies the rub.

That type of broad and ill-defined "responsibility" is an illusion. Banks, by providing customers with adequate services and employees with competitive remuneration, have a responsibility to give their shareholders competitive returns. If they do not, share-

banking may be that these initiatives, which will undoubtedly be faltering and frustrating, could deflect radical opinion away from direct interference in the formal banking system, which would damage economic growth, while enabling unsophisticated communities to learn not only about financial services but how to run banks.

Collectivists forget that most banks, indeed most large business undertakings, were once small. Modern building societies grew out of small impermanent mutual societies.

Coovadia regards the mission of community banking as empowerment of disadvantaged communities to give them some control over their own financial services. Santam, Sanlam and Volkskas are worth emulating.

But for the time being community banking aspirations should be seen for what they are: a grass-roots manifestation of financial entrepreneurship. They won't deliver the commanding heights of the banking and financial system to what collectivists call "the people". Indeed, the experience of Anglo-phone black Africa shows that efforts to help

small business and the disadvantaged generally through bureaucratic interference with banks were seriously misguided.

First National Bank's Barry Swart, in a speech in 1990, defined two important banking functions: providing an efficient payments system and intermediating between savers and borrowers. The bulk of the large funds (some R160bn) then under administration belonged to depositors.

Despite the size and sophistication of the banking system, many potential customers, said Swart, remain unbankable. Modern banking is a high volume, low

margin business. Lending carries high risk, and banks have a prime responsibility to protect depositors.

If depositors' confidence falters, savings go back under the mattress. The risk of defaults by lenders lies with bank shareholders. If only 1% of money lent is lost, this could represent 20% of shareholders' funds. So banks lend only to individuals and businesses which have "financial capacity," or the means to service the debt.

If in the new SA banks have to deviate from sound banking principles, bad debts and costs will rise. Moreover, the banking criteria that apply within SA have even greater force internationally. To be accepted back in the international banking community, SA's banking institutions will have to conform to world standards.



Civics' Coovadia ... emulating Sanlam

holders will take their capital elsewhere. Institutions which pay only lip service to that basic responsibility do so at their peril. Ask Tucker about his experience at the Perm.

Of course, some big banks have small business units. These may in time provide new and profitable marketing directions.

Standard Bank's André Hamersma admits there are gaps in the provision of financial services to disadvantaged communities. He recommends the establishment of a financial services forum to debate ways and means to remedy them. He believes community banking can offer not only borrowers, but also savers, basic services at low cost based on low overheads. But this would still need to be done on an economic basis and not, in his view, as a sop to radical opinion.

On the other hand, a merit of community



The central bank initiative (Basle Concordat) to create general standards for commercial banking recommends that banks have capital equal to 8% of assets. At present, SA banks have to be capitalised only to 6% of risk-weighted assets. To meet the Basle requirements, either new capital must be injected or the deficiency made up by profit retentions. To prejudice international connections by weakening banks through coercing them into doubtful lending would entrench SA as a capital exporter.

Frustration at the high cost of loans and what some consider discrimination against blacks as risks associated with them are higher is usually born from misconceptions of how an open, market-orientated economy operates.

Outspoken Stanbic economist Nico Czipionka feels that the financial sector must engage much more intensively in debate and information exchanges with the broader community — a viewpoint which evidently relates well to the community bank project.

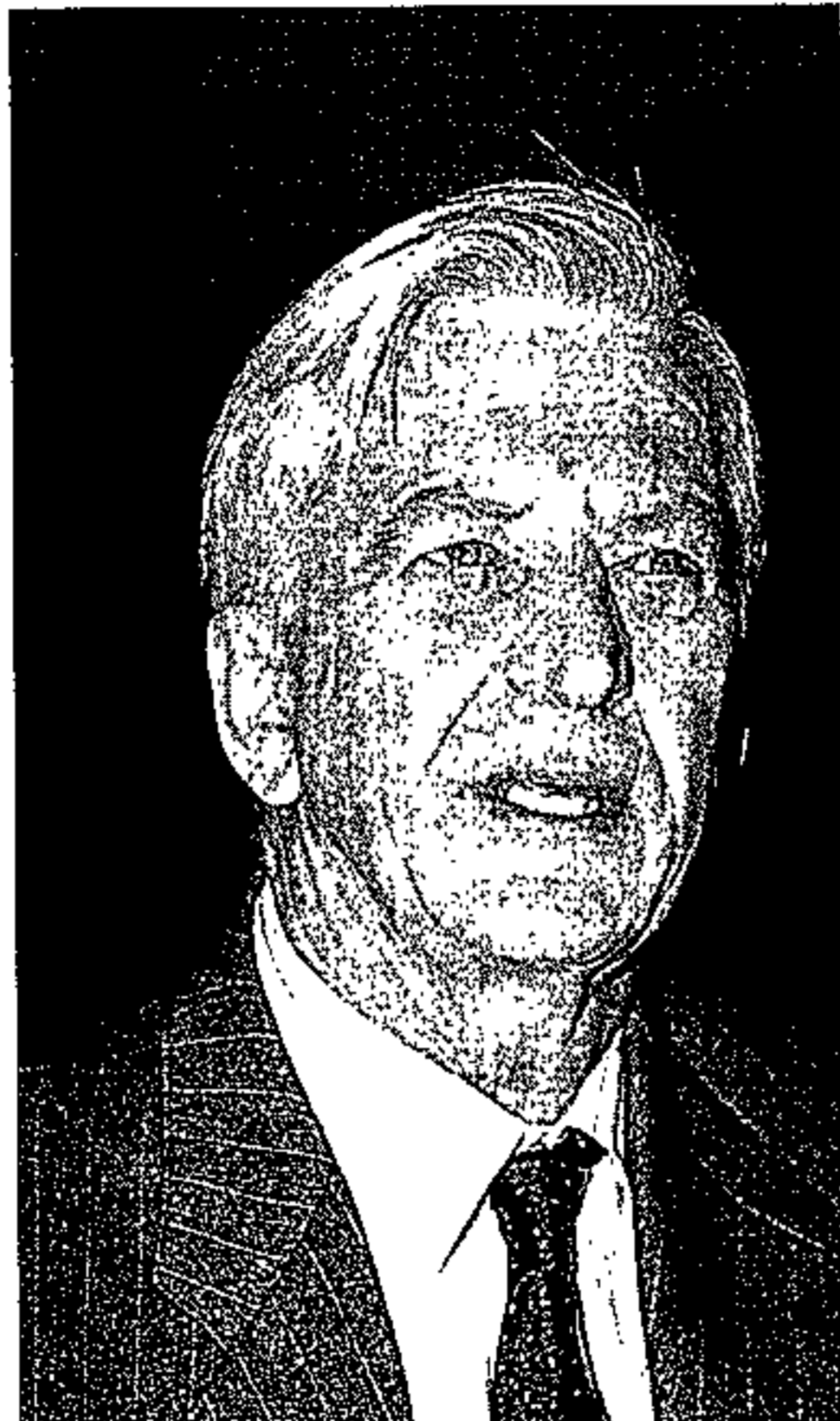
Arguments against interference in normal commercial bank operation are not merely theoretical: they are backed by direct experience in sub-Saharan Africa. Interference has ranged from the extremes of nationalisation and the establishment of State banks to directed lending through quantitative controls as well as direct interest rate controls.

A task force established by the Clearing Bankers' Association, chaired by Nedcor economist Edward Osborn, published a report on banking experience in developing countries in August 1991. Third-World banking experience in Latin America, East Asia and sub-Saharan Africa was studied.

The report noted the presence in this vast area of certain common attitudes characteristic of economic nationalism. These include faith in State intervention; various degrees of State control; and particular concern with rural credit and development.

A study by the UK Institute of Development Studies published in the *SA Journal of Economics* reflects on measures applied to the financial system in post-independence, sub-Sahara to coerce commercial banks to lend with development objectives in mind and on the establishment of specialised financial institutions to assist development.

It concludes that not only did these measures work badly, but at times had unexpected effects, and at worst the opposite effect to that intended. Today it is acknowledged widely that credit is usually the wrong instrument for improving the distribution of income and wealth; some of those previously excluded can borrow successfully, but need



Nedcor's Ted Osborn

to be carefully selected. The hard fact is that the majority of would-be borrowers from large banks were correctly excluded.

Development economics can't boast resounding success anywhere. Where financial institutions have been created specifically to foster development lending, disciplines on their activities from auditors, central banks and the market, via depositors and bondholders, are vital.

Credit direction, says Osborn, remains the most common form of interference with market forces in Africa. It involves persuasion or direction to commercial banks to channel credit to "deserv-

ing" sectors, either because of alleged past neglect or weaker bargaining power, or because of some preconception of a desirable development route.

Osborn confirms that, in general, pushing more credit at a sector than commercial banks would choose to lend is the least efficient way of promoting that sector's growth. It is more efficient to encourage profitability and reduce risk by other means. One possibility is to increase productivity and provide crop or export insurance.

In Malawi in the Seventies commercial banks were required to lift lending to agriculture to 50% of their total. From 1970-1980, lending to the sector rose from K2m to K93m, and from 10% to 54% of bank advances. By 1980, increases in agricultural lending were no longer to finance expansion but to cover losses caused by overrapid expansion and excessive reliance on loans.

Zimbabwe directed the four commercial banks in December 1989 to cut lending rates from 13% to 11,5% to help small businesses.

**JSE PRICES**

Because of changes in its computer systems, the JSE can no longer provide weekly share price and other statistics on a Monday-to-Monday basis. Accordingly, the *FM* share price pages in future will reflect the previous Friday's closing prices (instead of Monday) and data for the preceding calendar week.

We regret this deterioration in our service, but sadly it's beyond our control.

Because this lending carried higher risks, the outcome was a reduction in the credit available to small borrowers.

Czipionka points out that our government itself long practised a "social banking policy". The fruits were a massive governmental structure, serious structural imbalances, including too high a capital intensity in many sectors, and a distorted agricultural sector.

He argues that what is needed to meet social deficiencies is to create new financial institutions to carry out affirmative action programmes beyond the point where private-sector institutions can operate profitably. Banks should be left to serve the sophisticated private and public sectors.

The new bodies should, in his view, be an integral part of the financial system, with no funding or interest rate preferences. They could raise money from long-term insurers and pension funds but should be substantially free of interference. They should not be coerced on investment decisions, subjected to artificially controlled rates of return or given special tax concessions.

Osborn, while sympathetic to this approach, sounds two warnings. The return for banks investing in venture capital companies is likely to be lower, but this is the answer if banks wish to retain credit standards. But African experience with development banks has been generally disappointing. They have lent to borrowers who have been rejected as credit risks by the commercial banks; they have found difficulty in identifying suitable projects after the exhaustion of the more

obvious import replacement projects; and they lend themselves to propping up lame ducks. More objectionably, there is a tendency towards noncommercial lending, especially to the well connected.

Development banks have also become associated with the provision of apparently cheap capital from world lending bodies, with later disastrous consequences through neglect of sound financial practice.

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Head: Kagiso Trust  
Trade Unionist  
Development Worker  
Head: African Scholarship Programme  
Educationist  
MD: National Sorghum Breweries  
Attorney



# Bid to save loans for cheap homes

BIDAY 15/7/93

GRETA STEYN

THE Urban Foundation's Home Loan Guarantee Company is negotiating new insurance lines to enable continued private lending at the bottom end of the housing market.

The company arranges insurance for banks active in the low-cost housing market. (123)

Figures provided by the company yesterday showed it had financed properties worth R539m since it started in 1990.

It is understood that the amount represents the bulk of lending by banks to home buyers in townships in the past few years. Banks prefer to link granting of loans to insurance against default.

The amount compares with a more than R28bn increase in banks' mortgage advances between July 1990 and the first quarter of this year.

Insurers are assessing their risk exposures at the moment and negotiations are understood to be tough.

Company manager Duncan MacArthur said yesterday that if individual insurers decided to stop providing additional cover, new sources would be found. He was confident that the round of negotiations would be successful.

In the present negotiations, the company would have to provide fur-

ther indemnity funds over and above the R19m already committed to raise the overall amount of insurance.

While insurance worth R103m had been provided, the company stood to pay a maximum of the first R19m over the five-year insurance period to the banks involved in the case of a major default.

"The situation at the moment suggests the company will not have to pay out the full R19m and a figure closer to R14m seems more likely," MacArthur said.

Urban Foundation CE Sam van Collier acknowledged that the company had had teething problems in mobilising private funds for lending at the bottom end of the market. But it had succeeded in making finance available at a time when financial institutions were hesitant about getting involved in the market. "The initiative has shown that normal bond finance can work at that end of the market," he said.

The company has facilitated about 16 000 loans at an average value of R30 000. There were 12 signatory banks when the initiative was launched, but only the Perm, Standard, Allied, UBS, FNB and Saambou had used the scheme, with the Perm the acknowledged market leader.

# 'Government should scrap rent arrears'

ARG 17/7/93  
Weekend Argus Reporter

(123)

THE government must not only scrap township residents' rent arrears, but also should subsidise service charges or face a boycott of payments.

This should be done to assist people who were unemployed through no fault of their own.

This was said by the regional chairman of the South African National Civics Organisation (Sanco), Mr Lizo Kapa, who added that vacant land in the townships should be given to people to build their own houses.

"The government also should service the land and make it available to the people. The private sector can also be very helpful in providing low-cost housing."

Mr Kapa was commenting weeks after the beleaguered Ikapa Town Council agreed to transfer ownership of thousands of council houses to residents of townships, including Guguletu, Langa, and Nyanga.

Mr Kapa said existing appointed councils should resign to make way for more representative interim structures that would map out the government of greater Cape Town.

Sanco would not take part in the structure as it was not a political organisation, he said.

"We are going to act as a watchdog to see if the process is democratic."

Asked about Sanco's support for the African National Congress, Mr Kapa said his organisation had no alliance with them, but merely threw its weight behind the movement because its policies reflected people's needs.

"Historically, the ANC has been in the forefront of the struggle for the rights of the people. We believe it is the only organisation which articulates the needs of the people."

"The ANC has a Freedom Charter which calls for the provision of houses and education for all," he said.



STimes 18/7/43

## Housing crisis

UP to R100-million needs to be spent on the provision of housing in the next 10 years, National Housing and Public Works Minister Louis Schill said this week.

Mr Schill said South Africa had a shortage of about one-million-thousand houses.

123

# Probe into raising housing funds

GRETA STEYN

INVESTEC Merchant Bank and its partner Fedlife are investigating the feasibility of devising a new capital market instrument to mobilise institutional funds for low-cost housing.

Investec bank director Peter Cahill said at the weekend the merchant bank and Fedlife had had preliminary discussions with the SA Building Industries Federation "to see if we can come up with an instrument that will appeal to institutional investors".

He could not elaborate on how much finance would be raised and which development organisation would channel the funds to end-users.

"The project is still being pinned onto the drawing board," he said. It is understood support from major political players will be a key factor in shaping the venture.

Institutional investors, eager to avoid imposition of prescribed asset requirements once a new government is in place, have indicated their willingness to put

funds into "socially desirable" investments if suitable instruments are found.

Their enthusiasm has sent merchant bankers rushing to the drawing board to come up with new ideas. Leading the pack so far is UAL, which was involved in the first new instrument for low-cost housing, known as Collateralised Housing Investment Paper (Chips).

The merchant bank in the Nedcor fold was also involved in Eskom's new bond-to-finance township electrification. Rand Merchant Bank is also active and helps manage the collateral security backing the Chips initiative.

Although more than R100m was raised through Chips, very little of the finance has been disbursed because of bottlenecks in the housing delivery channels. Development experts said at present the lack of institutional capacity was a greater problem than the availability of finance.



# Hostel conditions to be improved

21 Days 19/7/93

DIRK VAN EEDEN

A NATIONAL hostels co-ordinating committee will be formed jointly by government and the National Housing Forum in an attempt to improve living conditions in hostels.

(123)  
In a joint statement at the weekend, Housing Minister Louis Shill and National Housing Forum chairman Eric Molobi said they had agreed on joint decision-making on all aspects of the national hostel upgrading initiative — to which R325,5m had been granted in the current budget.

The government-sponsored hostels redevelopment programme was initiated in October 1991.

The co-ordinating committee would equally represent government and the National Housing Forum.

However, the parties agreed community participation and decision making were essential.

The committee would be responsible for setting a national policy, guiding and monitoring hostel initiatives and apportioning national funds.

"Ongoing violence on the Reef has brought the dire living conditions in hostels into public focus," the statement said.

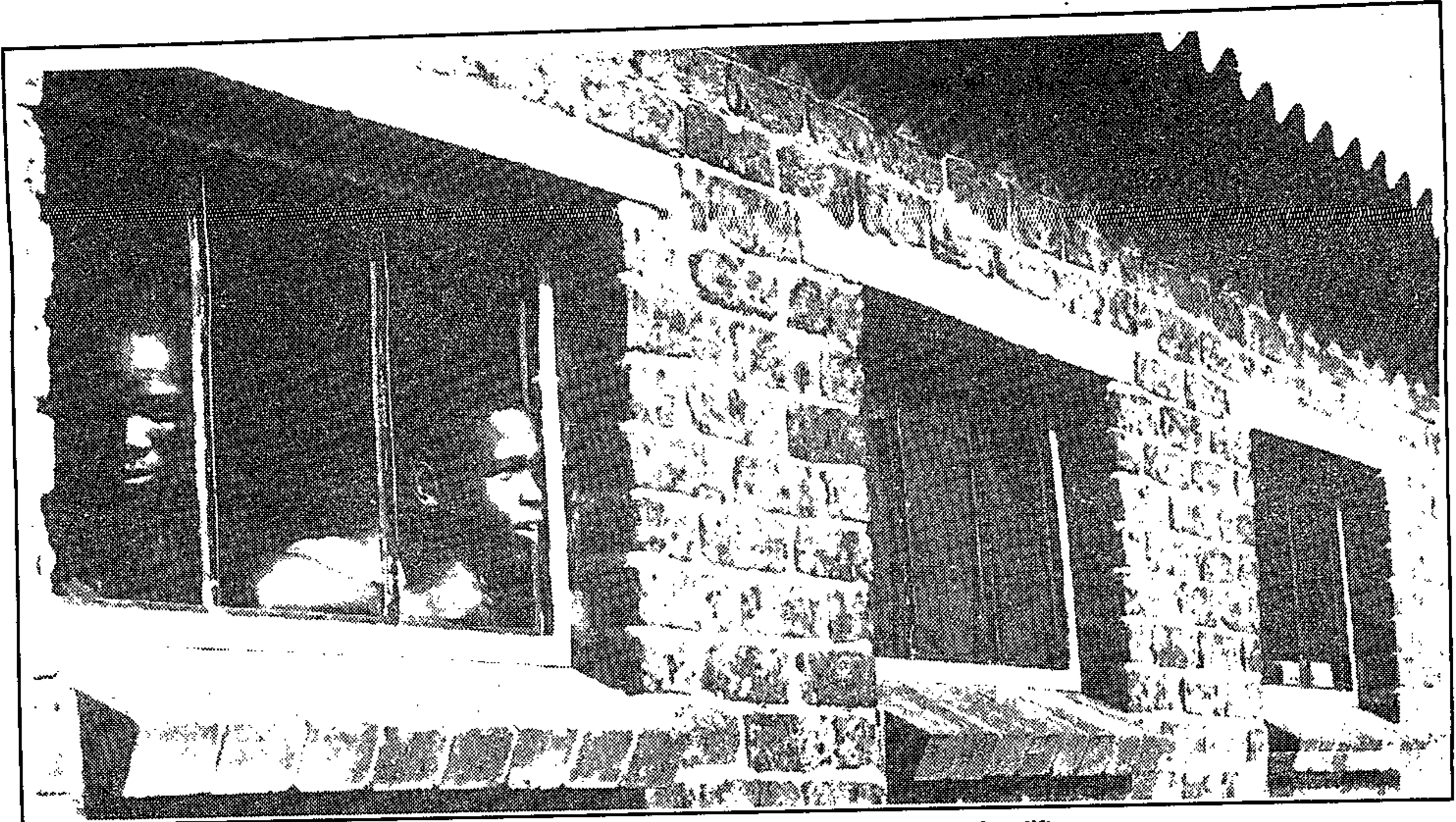
"However, there is broad consensus that the hostel problem predates the eruption of violence and requires a developmental solution that will create normalised and sound living conditions for hostel residents."

Regional committees would be formed to attend to particular problems in different areas.

An emergency intervention programme had been agreed upon to identify and alleviate those conditions that presented an immediate threat to the health and safety of residents of particular hostels until all committees were fully functional.



**FOCUS** *Providing proper shelter for migrant workers initiated*



Hostels on the Reef, regarded as the source of the on-going violence, are soon to get a facelift.

*Sowetan 19/7/93*  
**focus on hostels**

**T**HE CONCISE OXFORD Dictionary describes a hostel as a house of residence for students or other groups. But in South Africa, the term has assumed a totally different meaning altogether.

Hostels, particularly those in black residential areas, have suddenly become ugly objects with many people calling for their upgrading or demolition.

This is because some of these hostels have been transformed into sources of conflict and the flashpoints of a ravaging violence that has left behind a trail of destruction where they are situated.

While hostels have been a part of the housing provision in South Africa since the establishment of gold and diamond mines in the 19th century, industrialisation caused an expansion of the system and this method was later used to provide housing for single black workers.

In a recent study on hostels, the Human Sciences Research Council concludes that the need for hostel type accommodation remains and that there will always be such a demand.

**Hostels to be demolished**

It points out that living in a hostel is perceived by inmates as a cheap, alternative but essential form of accommodation in the urban areas, especially for migrant workers.

Therefore these residents, says the report, do not want the hostels to be demolished.

However, with the scrapping of major apartheid laws in 1986, there came an influx of people from rural into urban areas thus creating a strain on the resources, especially in the hostels.

This influx led to overcrowding, the breakdown of essential services like the ablution system and general living conditions deteriorated. Many hostel residents now live in squalor.

**Dignified living conditions**

For example, while the bed occupancy in all 180 public sector hostels was estimated at 301 794 by June this year, it is believed that the number of people who actually sleep in these hostels is twice that number.

It is against this background that the Government initiated the Hostels Redevelopment Programme in October 1991.

The main emphasis of this programme is to create dignified living conditions by upgrading the hostels for purposes of single and family accommodation.

Negotiations by parties involved in this programme paid dividends at the weekend when it was announced that an agreement had been reached between the Department of National Housing and the National Housing Forum.

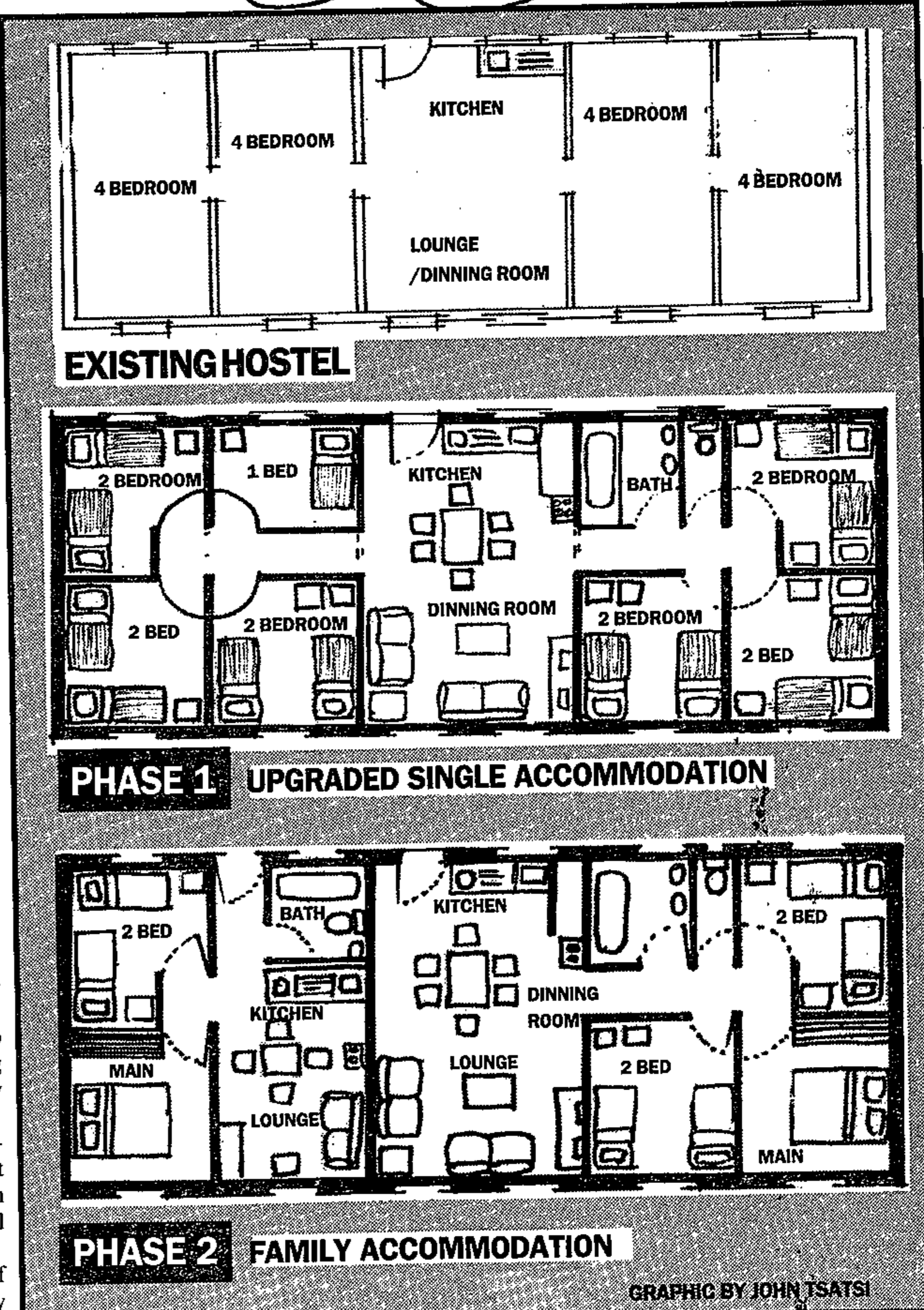
This agreement, which came as a result of protracted negotiations which began in January this year, makes provision for joint decision making on the upgrading of 180 public hostels throughout the country.

It also provides for an Emergency Intervention Programme through which hostels with living conditions so bad as to present a threat to

An 18-member National Hostels Coordinating Committee has been formed to monitor progress on the improvement of these structures and to administer funds allocated for the project. **Lulama**

**Luti** reports:

*123*



the health and safety of residents would be catered for immediately.

The Government has already committed an initial amount of R325,6 million towards this

project — to be known as the National Hostels Upgrading Initiative.

And because of the enormity of the work to be

● **Continued on next page**



**FOCUS** HSRC study says the country will always need hostels for accommodation

# Strain on hostels to be eased in upgrading

*Sawetun* 19/7/93

## Form previous page

undertaken, sources within the Government believe the money could be increased.

Already plans have been approved and re-construction has begun on nine hostels in the Transvaal.

These include the George Goch hostel, MBA hostel next to George Goch, Woluter and Denver — all of which are in Johannesburg together with Duduza on the Far East Rand.

In order to allay fears that existing hostels will not be demolished, architects involved in the programme this week confirmed that all upgrading would take place around existing structures.

In the case where a building was in such a bad state as to require demolition, this would be done after consensus has been reached among all parties concerned — including the hostel residents.

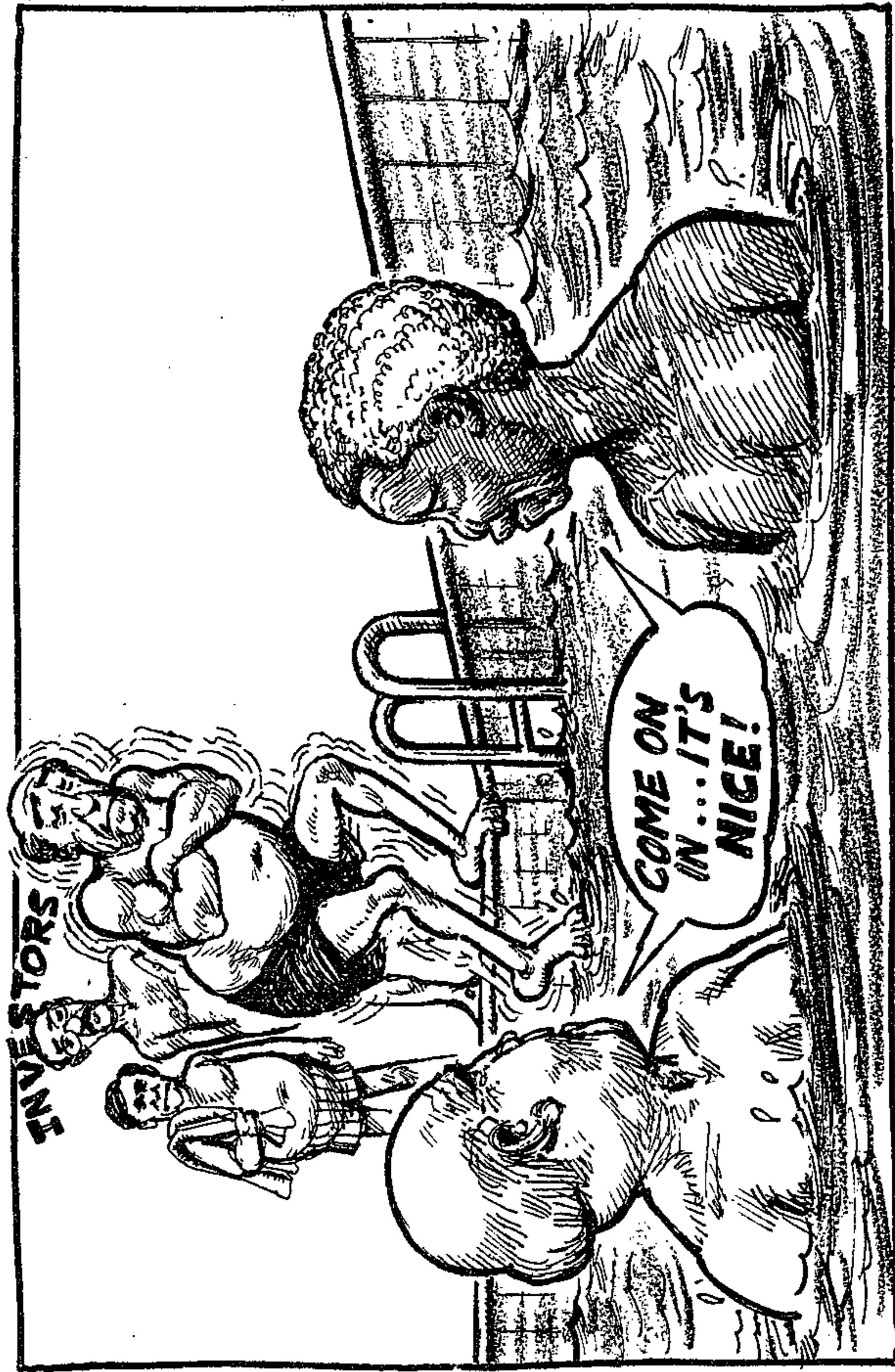
The upgrading project also seeks to come up with long term measures that would facilitate the integration of hostel residents into surrounding communities.

In terms of the agreement announced at the weekend, an 18-member National Hostels Co-ordinating Committee will be established.

This committee will comprise representatives from the Government and the NHF.

It will also be charged with the task of setting up national policy, monitoring progress on the Hostels Upgrading Programme and administering funds allocated for the programme.

"The Government and the NHF are confident that the establishment of the NHCC will lead to further impetus to the process of effectively improving the conditions at hostels owned by the authorities.



*It will also enable hostel residents to take greater responsibility for their own lives and living environment*

"It will also enable hostel residents and their neighbours in the surrounding community to take much greater responsibility for their own lives and living environment," said sources close to the project.

# Investec set to probe capital market funding for housing

(123)

21/11/93

Own Correspondent

JOHANNESBURG. — Investec Merchant Bank and its partner Fedlife are investigating the feasibility of devising a new capital market instrument to mobilise institutional funds for low-cost housing.

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He could not elaborate on how much finance would be raised and which development organisation would channel the funds to end-users.

"The project is still being pinned onto the drawing board," he said. It is understood support from major political players will be a key factor in shaping the venture.

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Their enthusiasm has sent merchant bankers rushing to the drawing board to come up with new ideas. Leading the pack so far is UAL, which was involved in the first new instrument for low-cost housing, known as Collateralised Housing Investment Paper (Chips).

The merchant bank in the Nedcor fold was also involved in Eskom's new bond to finance township electrification. Rand Merchant Bank is also active and helps manage the collateral security backing the Chips initiative.

Although more than R100m was raised through Chips, very little of the finance has been disbursed because of bottlenecks in the housing delivery channels. Development experts said at present the lack of institutional capacity was a greater problem than the availability of finance.



# Hostel conditions under scrutiny

(123)

19/7/93

JOHANNESBURG. — The government and the National Housing Forum have announced the joint establishment of a National Hostels Co-ordinating Committee to oversee the improvement of living conditions at workers' hostels, according to a joint statement at the weekend.

An initial sum of just over R325 million has been allocated in the current budget for the upgrading of hostels.

## Negotiation

Pending the establishment of regional committees, which are to be assisted by local communities, an emergency intervention programme is to deal with problems that pose an immediate threat to the health and safety of hostel residents.

National Housing Minister Mr Louis Shill and Mr Eric Molobi, NHF chair-

man, said in a joint statement their agreement was the culmination of a long process of negotiation.

"The parties are committed to the process of inclusive participation and community decision-making as key components of an effective response to the hostels problem," they said.

"The committee will be constituted on a basis of equal representation."

## Guidance

The responsibilities of the committee included the setting of national policy parameters, the guidance and monitoring of hostel initiatives, and apportioning of national funds.

Moves to establish regional committees would begin as soon as the national committee was constituted, the statement said. — Sapa

# Second homes 'will be less acceptable'

MAGGIE ROWLEY  
Property Editor

RESIDENTIAL property as an investment other than one's own home was likely to become less acceptable in the new South Africa, the managing director of Seeff Trust, Mr Mike Flax, said last night.

Addressing a Seeff Trust investment forum, Mr Flax said

rent controls, protected tenants, increased local taxes such as increased rates and taxes and increased central government taxes such as transfer duties would all contribute to a new government's redistribution of wealth strategy.

The fortunes of commercial property, on the other hand, would be slightly different.

"There will be lots of future growth in commercial properties as new small businesses are set up with international aid, as foreign firms return to South Africa and as the economic upturn takes place and firms need to expand.

"We will see inflation boosting rents and spiralling building costs ensuring that rental rates increase as well.

"Rapid urbanisation and flows into our cities will impact into shortages of rental space," he said.

Mr Flax forecast that the current space surpluses starting to haunt city centres would turn into major shortages.

As soon as this happened there was no doubt that rents would kick upwards and catch up with inflation.

123

CT 20/7/93



# Reconnections discussed

(123)

Staff Reporter

et 20/7/93

THE Bonteheuvel Civic Association's defiance of the city council, by announcing it had reconnected 50 homes whose electricity supplies were cut off, will be discussed at today's executive committee meeting.

Town clerk Mr Keith Nicol said yesterday he did not wish to anticipate

what the committee may decide, especially as the issue may be politically delicate.

He said it was the council's policy to disconnect where the supply was not paid for. If initial steps to disconnect were ineffective, it was possible to "take measures to ensure that the homes stay disconnected".

# New look at finance for low-cost housing

BIDay 28/7/93

**BUILDING** suppliers and contractors involved in low-cost housing should set up their own channels for end-user finance, building material suppliers' representative to the National Housing Forum, Barry Ferguson, said in Johannesburg yesterday. (123)

Speaking at the CSIR's Quantarc Forum, Ferguson said traditional lending institutions were incapable of providing finance for the low-cost housing market.

Banks did not have the necessary culture, or mindset, to change their thinking, he said. Low-income families had limited access to other forms of finance, but if the building industry was to capitalise on the need for housing, it should consider setting up its own financing mechanisms.

The lack of finance at this level was still the most "vexatious" problem the forum was grappling with, he said. But the building industry could come up with creative solutions, such as partnerships with banks.

Ferguson said the forum was in the process of developing policy approaches that could lead to a framework for a national housing strategy.

Once its proposals had been translated into concrete structures, it would lead to a housing boom. "From now on, it is only good news for the building industry."

Although the forum had been criticised for not having built any houses, or not having spent some of the R500m budgeted

DAVIN DU VENAGE

for housing, it was acting as an important "talk shop".

It was not the forum's task to provide housing, but to provide a framework in which other interest groups could function.

The four key areas of concern were: land availability and affordability, rule of law, which would determine a lender's right to take possession of a house in case of a default; the difficulty of end-user finance; and consumer protection.

Ferguson said all the major interests were represented, and would eventually take on responsibility for setting housing policy. This included extra-parliamentary political parties, civics, government and business.

While government held a monopoly over housing provision, its role would soon diminish, he said. With community organisations and the building industry getting directly involved, the R500m would soon be spent.

Ferguson said that during this process the civics had become aware of what was affordable and what was not. In some instances politicians were having to move away from fixed positions, a move that would be traumatic during elections.

Promises of a 50m<sup>2</sup> house for every South African were not realisable, and politicians had come to accept that.



## Progress on housing

(123) W/M 23-29/11/93  
Weekly Mail Reporter

AWAY from the endless squabbles at Kempton Park, progress is being made at other forums charting the country's future, according to the Professional Economic Panel.

In its latest report the PEP, which was formed as a follow-up to last year's Nedcor Old Mutual Scenario, reports some movement on certain key priority areas it had recommended for immediate action.

Chief among these is the housing backlog, on which the PEP had specified two proposals. One of these was the transfer of housing stock in the townships to existing occupations — beginning with Soweto. A task team has been formed which will determine a fair means of allocating title without resorting to conventional legal methods.

FM 23/7/93

# Seeking a balance

Whatever political bargains may be struck at the negotiating table, SA's prospects depend on a single economic issue: how to redress the inequities of the past without damaging our growth potential.

This debate has moved from angry exchanges over nationalisation to arguments about the merits of other mechanisms for redistribution. The controversy relates not to sins of commission — as when traders and householders were removed from their properties under the Group Areas Act and transferred to less profitable and salubrious areas. It relates to sins of omission, when people were denied the opportunity to live and work where they chose and were disadvantaged by a panoply of race laws.

ANC economist Tito Mboweni has proposed a reconstruction levy to make good the property losses inflicted on most South Africans by apartheid. "Unless all South Africans face up to this challenge, this country will remain polarised . . . and dreams of economic growth . . . may never be realised."

The SA Chamber of Business (Sacob) acknowledges "that discriminatory measures of the past have undermined overall respect for that principle (property rights). Corrective measures will be required which will not only redress such injustices but will allow the market to operate in a way that will secure an equitable and efficient outcome.

"Failure to pursue such a course will result in continued opposition both to the principle of property rights and to the market-driven economic system."

These comments come in a submission to the National Negotiating Forum's technical committee on fundamental rights, expressing concern at the lack of urgency in dealing with fundamental economic issues. It points out that, of 24 rights and freedoms considered by the committee, 18 have been decided on. Among the six referred back to the technical committee for debate are property rights and economic activity.

Essentially, the question is at what point a reconstruction levy — or any similar mechanism — threatens property rights.

Mboweni says the idea "is drawn from the experience of Germany after World War 2

## ECONOMY & FINANCE

... The basic principle was that those who were able to keep their properties in part or in whole during the war would contribute money into a fund." All individuals and corporates had to pay a levy amounting to half their 1948-1949 assets, either as a lump sum or in quarterly payments over 30 years. Mboweni suggests that, in SA, the levy could be based on both property and income.

He argues that a reconstruction levy is not

a wealth tax. The latter is "introduced by fiscal authorities at a certain percentage for a specific group of wealthy individuals. Normally this could be a tax for the top 5% of income and asset owners (which) is built into fiscal policy and is continuous.

"This makes it fundamentally different to a reconstruction levy. Another difference is that the levy is not directed at the wealthy top 5% but at all income earners and asset

owners. It is a one-off contribution." The principle of reparation is sound. But, if it is to be implemented it will have to be carefully thought out. A tax, for instance, could only succeed if the people obliged to pay:

- Can afford to, given the already high rates of taxation; and
- See it as worth their while. They could prefer emigration — especially if they don't

123 (123) FW

believe their payments will stabilise the economy.

If the German example were to be followed, it would either erode assets (possibly accumulated over a lifetime) or effectively be a continuous tax.

And the implications are broader. Says Sacob's Raymond Parsons: "Business and investor confidence — needed to secure high levels of growth — will require reassurance on property rights."

If, as Sacob points out, future property rights can only be meaningfully debated once the property violations of the past have been addressed, a solution must be found that does not violate property rights of the future. Sacob argues: "Property relates not merely to a physical object but to a social order sanctioned by the State . . . The creation and execution of plans to produce depend upon a firm expectation about property rights. Trade in its essence is concerned with the exchange of those property rights."

Merton Dagut, who heads the Wits University economics department, suggests a constructive way of transferring resources from the beneficiaries of apartheid to the non-beneficiaries would be a direct tax based on expenditure. This, he says, is a better measure of what people are taking out of the economy. It would favour saving, encouraging risk-bearing and wealth generation, which would provide the resources required

1 23/7/93 (123)

for uprooting poverty.

He proposes a high threshold and progressive taxation thereafter. This would gradually draw more taxpayers into the net as low income earners become economically empowered. Moreover it is a gradual but continual process which will not send shockwaves through an already shocked economy.

Parsons argues that the best way to deal with socio-economic upliftment (another way of describing reparations or reconstruction) is sound economic and development policies. This, he argues, requires a guarantee of property rights.

"If the political negotiators allow this issue to go by default then business confidence in a new constitution and future economic policy will be correspondingly reduced." ■



## Banks respond to Sanco allegations

From GRETA STEYN

JOHANNESBURG. — FNB and NBS yesterday responded to the SA National Civic Organisation (Sanco) singling them out for following "unacceptable" eviction procedures by inviting civics and homeowners to discuss problems.

Sanco on Monday named the two banks specifically as "abusing" the agreement reached between it and the Association of Mortgage Lenders (AML) to foreclose on homeowners on the East Rand and in Alexandra. Sanco president Moses Mayekiso said the actions of "NBS, FNB and others will be met with firm opposition".

NBS home loans GM Trevor Olivier said the bank realised people were battling to meet their loan commitments and was working to arrive at "the least painful" process. He added, however, that it was an inescapable banking principle that money borrowed had to be repaid.

FNB spokesman Andre Latre said the bank remained committed to the agreement and was prepared to discuss cases where it stood accused of acting unjustly.

It is understood a seminar is scheduled for the end of next month to train community advisers, who will be responsible for helping people on all aspects of their bond payments. The banks have committed themselves only to financing the training of the advisers, but not to paying them for their work — a decision which triggered Sanco's action this week.

## BOE lowers mortgage rate

TOM HOOD, Business Editor

AN all-round cut in home-loan rates was signalled today when The Board of Executors announced a drop in mortgage rates from 14,5 to 14 percent from September 1.

Cuts in rates have been expected to follow a steady drop in inflation this year.

The BOE, one of the smallest providers of mortgages, is often the first to lower bond rates.

In the past, banks and building societies have followed within a week.

The BOE is already charging the lowest rate in the market, although its minimum bond is R250 000 and loans are made only on properties worth more than R500 000.

ESS P 14 RACING P 15



123  
20/7/92

# Home loan rate slashed

By MAGGIE ROWLEY  
Deputy Business Editor

THE Board of Executors merchant bank (BOE) yesterday announced their home loan rate would be slashed by 0.5% to 14% effective from September 1 in anticipation of a cut in the bank rate.

Market sources believe a drop in the bank rate leading to interest rate cuts and relief for consumers and home owners is imminent.

BOE general manager Mr David Pettit said they were expecting a cut in the bank rate "sooner rather than later".

ABSA and Standard Bank spokesmen both said the commercial banks have traditionally announced drops in the home loan rate late on Friday afternoons, but they said last night no decision in this regard had yet been taken.

Favourable money supply and inflation data released this week would help pave the way towards interest rate cuts, economists said.

## MARKET OVERVIEW

# Rentals still in a bear squeeze

Reports of a resurgence in letting activity over the past couple of months have come in from landlords and brokers around the country suggesting the commercial end of the property market might be poised for a recovery.

However, analysts say the activity in the second quarter indicates tenants are seeking to negotiate — or renegotiate — leases at favourable rates while rentals remain in a trough.

While some tenants may be negotiating from a position of strength, many simply have their backs to the wall because they either cannot meet their rents or are having to move to more secure locations.

For their part landlords, whose cash flows are under tremendous pressure as a result of the lower rentals being achieved on renewals and higher vacancies, are showing some willingness to meet tenants half way before their leases expire in order to keep them.

"It's a flat trough and any improvement is going to be gradual, not steep," says property economist Erwin Rode. "Most of all, any improvement in rentals is going to be hard-fought."

Rode's first quarter report, published in May, found office rentals were generally holding their own and that reported rent-free periods were lower. Demand was not yet strong enough, though, to make a serious dent in the accumulation of vacant space.

Prime CBD rentals generally fared better with nominal increases being reported for the CBDs of Johannesburg, Pretoria, Durban and Cape Town. Pretoria prime CBD rentals performed surprisingly well, holding firm, even in real terms, since the beginning of 1991.

Office vacancies, as in the last quarter of 1992, tended to be up slightly. Cape Town was the exception; the percentage of vacant space (grades A and B combined) was lower. This despite the fact that, percentage-wise, Cape Town CBD has the highest combined A- and B-grade vacancy factor in the country. Durban tops the A-grade vacancy category because of its off-core glut, while the Johannesburg CBD fares worst in the B-grade slot.

Office cap rates, an indication of investor confidence, showed no movement in Johannesburg, Durban and Cape Town in the first quarter, save for small downward shifts (a good sign) in some decentralised Johannesburg locations. In Pretoria, decentralised nodes saw an upward shift. Cap rates also rose in East London, Port Elizabeth and Bloemfontein.

The performance of the industrial market was poor in most places, though rentals in the Cape Peninsula continued to show good

growth. The trend was accompanied by a drop in average vacancy levels. Vacancies edged up in most other areas, particularly in townships close to perennial unrest areas. Vacancies in Bramley View and Kew, at around 20%, reached their highest level ever.

Besides the Cape Peninsula, the only other industrial rentals which bucked the prevailing negative nominal growth trend of 1992 were the much-punted 5 000 m<sup>2</sup> units in the Central Witwatersrand and Durban and, interestingly, rentals on all unit sizes in the Bloemfontein area.

In general, Rode's findings revealed that retail rentals in the last quarter of 1992 and the first quarter of 1993 have not performed well in nominal and real terms. Two areas, though, that have shown growth in the first quarter are Pretoria and Port Elizabeth (measured in terms of year-on-year percentage increases) while Johannesburg, Cape Town and East London showed little movement. Durban and Bloemfontein showed negative growth.

Similarly, flat rentals for most unit sizes and in most areas have shifted little over the past year. Rentals in Durban showed the best, though very moderate, real growth over the four earlier quarters. More significant was the percentage rise in empty units, most noticeably on Cape Town's Atlantic seaboard.

The downrating of property unit trusts (Puts) by JSE investors continued unabated, even though Put dividend yields are still moving up. (Like any share, if the price goes up the yield will fall and vice versa). This is in contrast to financial and industrial shares where dividend yields have been moving sideways since the middle of 1991. The reason for the investor rejection of Puts is quite simply the poor dividend performance of

these instruments, which, in turn, was the result of low market rental growth. Since no rental growth is yet in sight, it's likely to be some while before they are rerated. ■

## SYNDICATIONS

## Leading by example

The R19m syndication of Motorcity Centre in Strijdompark, Randburg, differs from others in a number of ways. The centre, by Integrated Investment Properties (IIP), opened last Friday.

The first difference is its claim of full disclosure — at a standard required for a JSE listing. It also claims to be the first to conform to requirements of the Public Property Syndication Association, which recently laid down a code of conduct for syndications covering minimum standards of disclosure, promotion and advertising.

The syndication is the eighth commercial property to be brought to the market in the past four years by joint promoters IIP and S&G Property Group, a property investment and consultancy company. IIP director Arnold Berns says IIP's R55m portfolio has a vacancy factor of less than 2%.

The 7 000 m<sup>2</sup> double-storey retail complex with 13 tenants was bought from listed Abcon Properties a few months ago. It is on a 9 000 m<sup>2</sup> site on Hans Strijdom Drive between Randburg's fast-growing northern residential suburbs and the Strijdompark light industrial area.

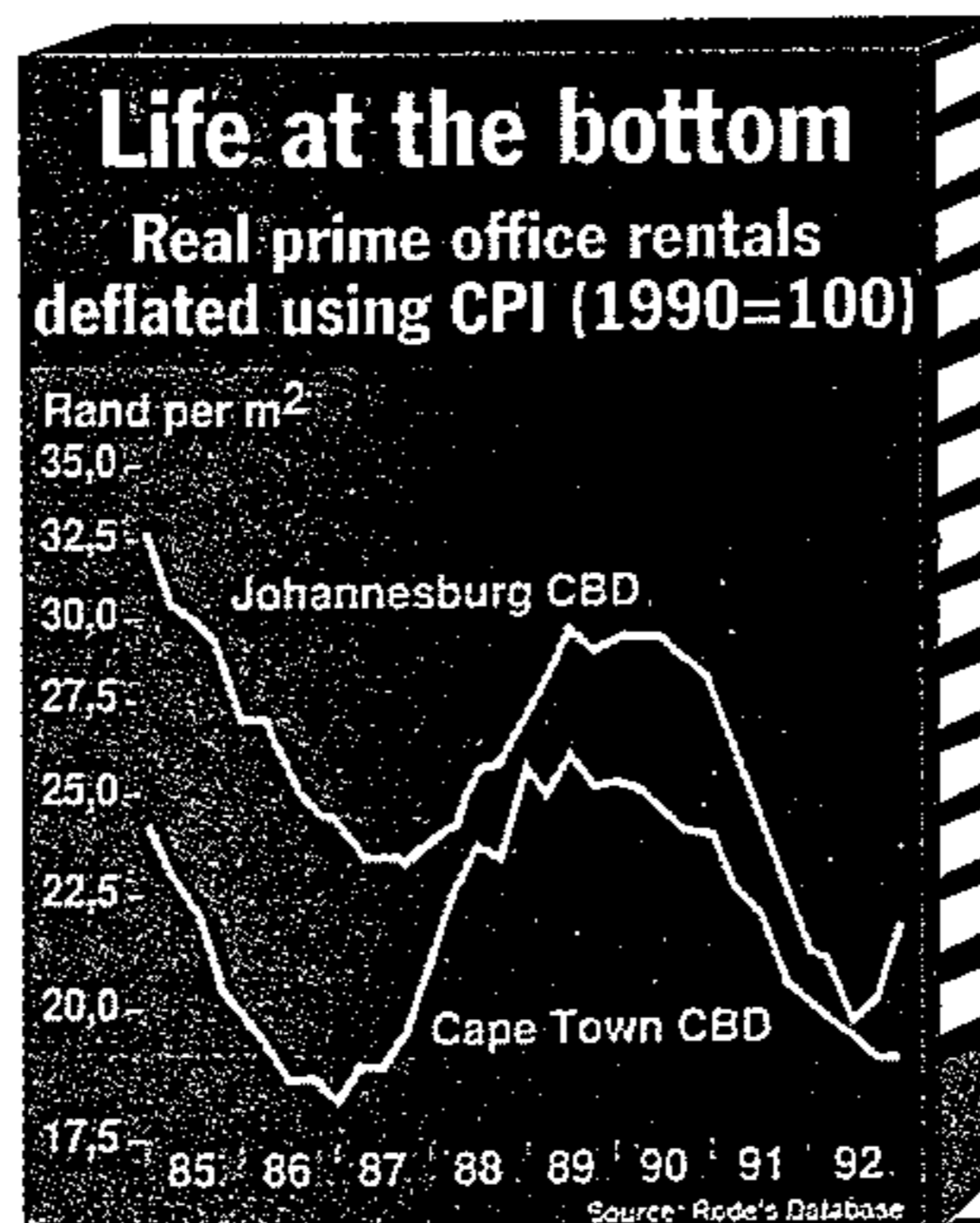
The vendor has guaranteed the first year's income but is so sure the centre will let because of the buoyancy in the motor repair and spares industry that it has undertaken to make good any shortfall in income for five years for five of the 13 tenants.

The tenants comprise an Automobile Association test centre, the Standard Bank, a Zenex petrol station, a fast food outlet and motor service outlets ranging from spares to tyre, windscreen and exhaust system suppliers. National chains such as Speedy Exhaust, Al Barnes Windscreens, Mr Safety Brake and Western Tyre are among them.

The offer comprises 18 480 combined units, each of R1 000 and comprising one ordinary share of one cent (issued at R1) and one unsecured debenture of R999. The minimum investment is R10 000.

Observers say income growth depends on how far below or above market rentals the present rentals are. If below, the forecast initial income return of 9,84% (an initial yield of 10%) has potential for growth.

As for IIP's projected first-year capital gain of 5,83%, they say, though this might





# Builders told to heed township guidelines

Biday 3/8/93  
GAVIN DU VENAGE

THE formal building sector would be prevented from taking part in township reconstruction unless it agreed to stick to guidelines laid down by informal black contractors, a new alliance of builders said yesterday.

A spokesman for the soon-to-be-launched National Black Contractors and Allied Trades Forum said the organisation would sit on the National Housing Forum, National Economic Forum and the Construction Council. (32) (123)

Forum facilitator Tjaart van Staden said the formal sector had to change to a "bottom up" approach in township development if they wanted

to enjoy the profits of reconstruction.

The guidelines were still being worked out, but they would demand a large amount of community participation, he said. They would be based on maximum community participation, redistribution of profits to the community, and transfer of skills.

Recent World Bank estimates put the cost of rebuilding the PWV townships as high as \$10bn. Most of this money had to remain in the community, and not be absorbed by the formal sector, he said.

Black contractors enjoyed legiti-

macy in the townships, especially with the civics, Van Staden said. It would be easy for contractors to exploit these advantages to keep the formal sector out unless the guidelines were met.

Forum committee member Douglas Setuke said black contractors were in danger of being kept out of the national building drive.

Black builders would ensure they controlled the entire industry's involvement, rather than follow the formal sector's lead, he said.

This did not mean the formal sector would be excluded, Setuke said.



# House price increases drift down

123  
03/8/93

By MAGGIE ROWLEY  
Property Editor

THE increase in average house prices slowed in the second quarter of this year after registering fairly strong growth in the previous two quarters, according to the latest ABSA Quarterly Housing Review released today.

The downward pressure on price increases was due in the main to increasing political uncertainty, intensified violence and the generally poorer economic conditions prevailing during this period, says the bank.

Medium-sized house prices increased on average by an annualised 0,4% to R147 750 between the first and second quarters of 1993. The average price of smaller houses rose by an annualised 4,9% and that of larger houses by 5,3% over the same period.

Year-on-year medium sized house prices were up by an average of 8,5%, smaller houses by 9,5% and larger units by 2,5%.

In real terms, medium-sized house prices declined by 2,2% in the second quarter, says ABSA.

Building costs in the first six months were up 12,6% — about 2,5% higher than the overall inflation rate in the first half of 1993 — on the same period last year.

This sustained increase in building costs was reflected in a 21,4% price differential between new and existing houses during the first half of 1993.

Declines in the average price of medium sized houses were recorded in the West Rand (down 6,1%), the East Rand (0,2%) and the Vaal Triangle (6,8%).

However prices in the other regions increased — Western Cape (1,7%), Eastern Cape (2,2%), Johannesburg (1%), Pretoria (1,7%), Durban-Pinetown (5,4%) and OFS and Northern Cape (0,9%).

ABSA points out that a drop of 3% in the home loan rate since the second quarter of 1992 was reflected in a 16% decline in real terms in monthly bond repayments.

"This means housing is considerably more affordable than a year ago, a trend that is supported by the steadily declining ratio between house prices and gross remuneration levels."

The group forecasts that mortgage rates will tend moderately lower over the next 12 months while building costs are expected to harden by 3% to 5% in real terms.

However only a marginal real increase in house prices can be expected this year.



# Shill plans to beat homes backlog

B/Day 3/8/93

GRETA STEYN

HOUSING Minister Louis Shill was working on a new insurance mechanism aimed at mobilising R2bn in private bank credit a year for low-cost housing, he said in an interview yesterday. (123)  
"We believe we have to introduce a form of risk intervention mechanism which will make it possible for banks to re-enter the market on a logical, businesslike basis."  
Shill was reluctant to elaborate, but said the mechanism would not take the form of a loan guarantee fund. "Risk intervention means there has to be a form of insurance

involved. We have got plans... but it will take a few months to complete them."  
He said R7bn-R8bn should ideally be spent each year for the next 10 years to eradicate the backlog and meet growing demands. He hoped the private sector could provide about R2bn of the annual financing need.  
He said public funds should go to finance housing for those who were deprived of the

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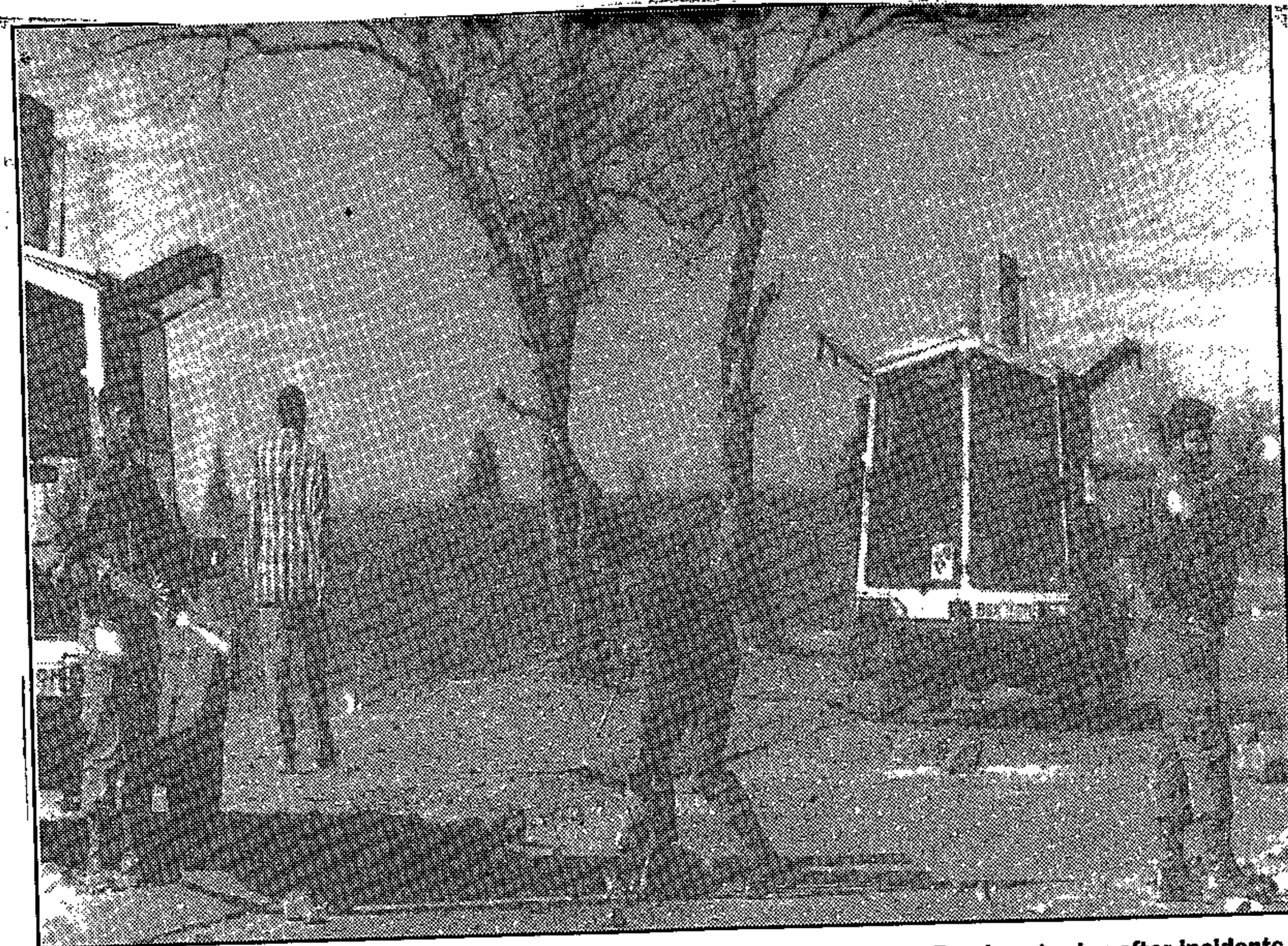
## Shill B/Day 3/8/93

From Page 1

means to pay for themselves, which represented about 60% of the total housing requirement. He wanted to see the public sector contribution eventually more than double to R5bn a year. "Housing should have a higher priority of funding in the Budget. It should be closer to 3% of GDP."  
He did not want to make "unilateral statements" on the joint budget initiative with the national housing forum, but was confident it would produce results.  
Delays were inevitable when people were involved who had to satisfy their constituencies. He was "disappointed" that none of the R500m allocated to the forum had been spent yet, but was confident that co-operation between the forum and government would pay off soon. (123)  
Asked what the minimum value of a low-

cost house should be, he said an investment of R30 000 a house would meet the criteria. The current site-and-service, though not ideal, was better than nothing. A modest four-room house with access to bathroom facilities, potable water, sanitary facilities, an energy source, refuse removal as well as secure tenure should be aimed for.  
He would not say how much of this figure should be subsidised as "the reformulation of the subsidy scheme is in the melting pot".  
On rationalising different government departments' housing spending, he said legislation would hopefully be passed in the short session of Parliament in September to achieve a more efficient structure and do away with all forms of racial bias.





**OVERTIME ... Security forces clear stone barricades in Katlehong on the East Rand yesterday after incidents of violence that rocked the township for three days.** PIC: MBUZENI ZULU

# R325,6m to upgrade hostels

*Sowetan 4/8/93*

By Joshua Raboroko

## ■ JOINT CONTROL NHF and state to

work together on the problem of hostels:

**T**HE NATIONAL HOUSING Forum and the Government are to spend R325,6 million to upgrade hostels in South Africa's black townships.

The parties have agreed with immediate effect to embark on an emergency health and safety intervention programme aimed at dealing with problems of hostels many of which present serious and urgent threats to township residents.

In terms of the agreement the parties have agreed to:

- Build different types of housing both inside and outside the hostels;
- Integrate hostel residents with their surrounding communities and to enable people to take greater control over their own lives and environments;
- Ensure that available funding for hostel development is spread equally across the country;
- Ensure that the accommodation that results from hostel initiative must remain affordable for the original residents; and

● Ensure that hostel residents and others within the community who are living in equally poor conditions must receive equal help from the Government.

At a Press conference in Johannesburg yesterday, NHF co-ordinating communication chairman Mr Matthew Nell said the hostels' representatives and other concerned people would deal with practical guidelines regarding funding of these projects.

All interventions would be based on competent technical assessments of need, he said, adding, there would be full monitoring of the implementation of all programmes. Hostels have been the flashpoint of violence resulting in the death of hundreds of people in the early 1990's, with calls ranging from their immediate demolition to grand proposals for their reconstruction.

The NHF and the Government have agreed on a joint control of the hostels at national and regional levels.

It envisaged inclusiveness of, and broad participation by, all affected parties such as hostel inmates, neighbouring communities and hostel owners.

Nell said that he regarded the agreement as "a breakthrough" for the development of hostels, adding that other projects to be looked into by the forum included housing in the inner cities, informal settlements and land tenure. He believed that through a spirit of negotiation with the Government and other interested parties funding would be obtained and problems solved.

The forum did not have immediate solutions to ending hostel violence, but it was hoped that the signatories to the Peace Accord would look into the problems, he said.

123



# Joint structures for upgrading of hostels

Star 4/8/93  
By Michael Sparks (123)

The Government and the National Housing Forum (NHF) have set up joint structures to control the redevelopment programme of hostels, according to NHF co-ordinating committee chairman Matthew Nell.

At a Johannesburg press conference yesterday, Nell said the lack of tangible results from the hostels initiative was because of the long lead-time.

The NHF is made up of political, labour and employer organisations, as well as development agencies, non-governmental and non-profit organisations.

Nell said much preparatory

work had been done, but the hostel upgrading initiative was far more than just fixing up the buildings, and included repairing relationships between hostel dwellers and the community.

Asked about the effect of violence on the NHF plans, Nell's vice-chairman Khehla Shubane said there was little the NHF could do to reduce the level of violence.

The best they could hope for was for those involved in the peace process to reduce conflict, before the NHF could become involved.

"Our contribution is development, which is a long-term strategy," Shubane said.

# Housing forum wants more clout

THE National Housing Forum was negotiating with government for decision-making power on the spending of the overall housing budget, co-ordinating committee chairman Matthew Nell said yesterday. *B/Day 4/8/93*

He told a housing forum workshop yesterday that the forum wanted to be part of the official structures in much more than just an advisory or "token" way. However, the forum's legal capacity to contract agreements, and its accountability to Parliament, were issues that would have to be dealt with before it could be accommodated officially. *(123)*

Government had the legal resources but lacked the legitimacy to direct state funds.

GRETA STEYN

"That is where the heavy negotiations are taking place," Nell said.

The forum's newsletter has reported that it has proposed to government the setting up of a joint housing board to evaluate proposals for housing projects. The forum chose to work within the existing framework rather than set up a parallel structure to government, which would aggravate the highly fragmented system.

Nell said the interim institutional arrangement, currently being negotiated, would remain in place until there was a sensible alternative.

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## Housing forum *B/Day 4/8/93* From Page 1

The joint budget initiative was one of four key issues receiving attention at present — the others were unilateral restructuring and rationalisation, government spending on hostels and inappropriate disposal of strategic state land. *(123)*

On unilateral restructuring, the vice-chairman of the NHF working group on delivery systems, Eugene Sadie, raised questions on the state's sell-off of its rental housing stock. A discount of R7 500 had been offered from November last year on sales of these houses, of which about 378 000 were still in the market.

Sadie said the discount had caused bankers to fear that holders of bonds on homes

already sold would not pay. The move to offer a discount was being seen as an effort to buy black and coloured votes and there had been little response to the offer.

It was disclosed yesterday that the forum had asked government to stop selling strategic state land. Nell said they had "struggled" to make progress on that score. There was "an enormous amount" of land held and the forum was concerned over the rush to sell off "the crown jewels".

The forum had asked government to halt the sale of land until criteria had been drawn up to ensure the disposal was in line with the reintegration of cities.



## Emergency plan to upgrade hostels

THE national housing forum and government had agreed on an emergency programme to address the health and safety of hostel residents, forum spokesman Ben van der Ross announced yesterday.

Van der Ross said the objective of the programme was to deal with problems relating to the state of township hostels, which in many instances presented a serious threat to residents.

Van der Ross, who is chairman of the hostels working group on the multiparty forum, said the next step was for regional hostel co-ordinating committees and the

national body to develop guidelines within which hostels could apply for funding to improve health and safety facilities.

He said all funding would come from the R325,6m originally allocated by government for hostel redevelopment.

Forum co-ordinating committee chairman Matthew Nell said: "Progress has been substantial, but intangible. The next step is to convert that progress."

Nell said the national housing forum could implement its plans for hostels only if the violence surrounding them abated. — Sapa.

## Hostel safety plan agreed <sup>(123)</sup> 24

JOHANNESBURG. — The National Housing Forum (NHF) and the government have agreed on an emergency programme to address the health and safety of hostel residents, it was announced yesterday.

NHF spokesman Mr Ben van der Ross said the objective was to deal with problems relating to the physical state of township hostels.

According to Mr Van der Ross the next step is for the regional hostel co-ordinating committees and the national body to develop guidelines for hostels to apply for funding to improve facilities. CT 4/8/93

Funding would come from the R325,6 million allocated by the government for the Hostels Redevelopment Programme, he said. — Sapa



# Housing budget talks

Own Correspondent

JOHANNESBURG. — The National Housing Forum was negotiating with the government for decision-making power on the spending of the overall housing budget, co-ordinating committee chairman Mr Matthew Nell said yesterday. (123)CF4/8/93

He told a housing forum workshop that the forum wanted to have more than just an advisory function.

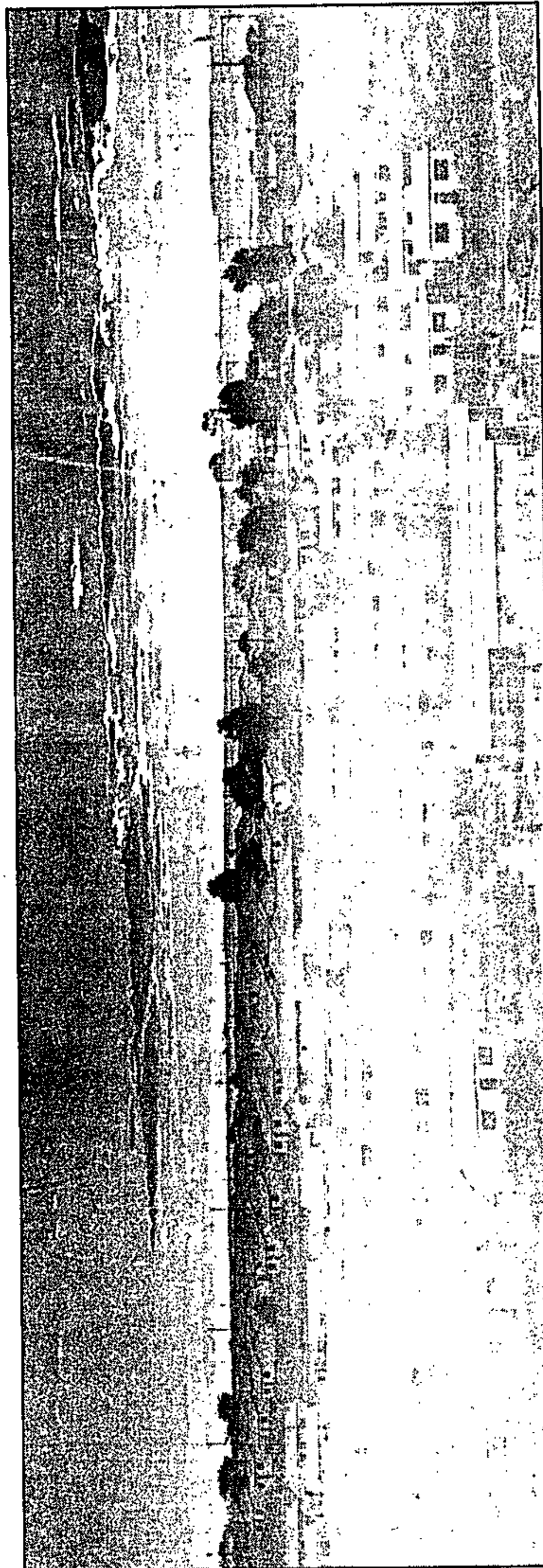
The government had the legal re-

sources but lacked the legitimacy to direct state funds, he said.

The forum's newsletter has reported that it has proposed to government the setting up of a joint housing board to evaluate proposals for housing projects. The forum chose to work within the existing framework rather than set up a parallel structure to government.

It was also disclosed yesterday that the forum had asked the government to stop selling strategic state land.





**T**HE Government's intention is to transfer houses owned by local authorities to the "occupants" of those properties, without further cost to the latter.

In theory, it is to be welcomed because urban black South Africans have been precluded from owning their own homes and forced to be perpetual "tenants".

In practice, the process of transfer of ownership will be fraught with difficulties and, ironically, could result in thousands of township dwellers unwittingly being displaced from their present shelters, and joining the ranks of the homeless.

One of the greatest injustices perpetrated against the majority of South Africans was inflexible control, aimed at limiting the number of black people entering into and residing permanently in urban areas.

The strictly controlled provision of housing was an integral part of this policy. The Government did not build any houses for black South Africans after 1968.

Over the years, access to housing was controlled by a complex series of bureaucratic regulations which provided vast discretionary rule-making powers to officials. Township occupants had an option of four different permits, all of which fell short of offering ownership: site permits, occupation certificates, lodgers permits or residential permits.

The way in which the lease relationship was administered was that a residential permit was issued to the head of the household who became the permit holder. The permit was evidence of a monthly lease agreement which could only be terminated under certain specified conditions.

Notwithstanding the various administrative changes in the hands of the occupants of town-

A new beginning . . . but the transfer of homes from local authorities to private ownership is beset with difficulties, say experts from Lawyers for Human Rights.

# Untying the homes knot

Star 5/8/93

123

ship houses over the years, those living in the houses developed their own perceptions of their "legal position".

Lawyers for Human Rights viewed more than 2,000 people with housing-related problems over the past three years and found the perception by many people that, notwithstanding their lack of legal title, the houses they are living in are owned by the family as a whole.

This is not surprising given that many family members have contributed over the years to the payment of rent and general upkeep of the house.

The problem, however, is

**The transfer of State houses to township residents is easy in theory, but hard in practice, write BRIAN LEVESON and PATRICIA DONALD.**

that because of the shortage of accommodation, single nuclear families often are not the sole occupants of the dwelling. Many extended families and other parties live together under one roof.

Over the past three years, the unit has dealt with cases which illustrate the complexity of existing problems. Some of the typical scenarios:

- Situations where the customary union wife has been evicted from the house after the death of her spouse where, according to customary union law, the eldest male descendant acquires rights to the property. The wife is left with no rights.
- After death of the "head of the household", the siblings fight amongst themselves to have their name placed on top of the resident's permit. If a particular sibling is successful, he/she often then attempts to evict the other siblings.
- A son or daughter marries and the spouse joins him or her in the house, creating conflict and leading to the eviction of

an occupant

- Situations where an occupant of a house leaves for a period of time to find employment elsewhere and upon returning finds he/she has been removed from the permit.
- Situations where the occupants have spilled out into the backyard and have built shacks or added on rooms, and disputes arise about ownership of these shacks or rooms.
- In some cases, LHR has found certain occupants have, through devious means including fraud, connived with the local authorities' "councillors" to entrench themselves in houses.

Clearly a quagmire of convoluted disputes exists and solving the disputes to the satisfaction of all the present occupants is highly unlikely.

However, unless serious attempts are made to find solutions which satisfy the majority of people, which must include alternative accommodation for those evicted, we may witness more conflict and undue hardship.

A variety of parties has come together, originally under the auspices of the Johannesburg Metropolitan Chamber, to plan the transfer of houses in Greater Soweto.

**Rights**

We hope that the judicial officer will take cognisance of complications which arose because of past unjust policies, even if it means taking into account problems that emerged many years ago.

In particular, the manner in which the regulations were applied to women married by customary union should be reassessed.

In the final analysis, once a particular person is designated as the person who should receive transfer of the house, that person cannot be forced to ac-

cept family title and will be entitled to exercise legal rights to evict the other occupants.

In whatever manner the judicial officers proceed, and however wise and fair they attempt to be, the reality is that some people are inevitably going to lose their homes. Caution, sensitivity and lateral thinking will have to abound.

Of particular concern is whether the other local authorities outside Greater Soweto which will also be transferring properties have even considered embarking on similar processes to make the transfer fair and equitable.

It is essential that all the parties involved in the transfer process on a national level consider the issue holistically. The transfer of houses should also be accompanied by a commitment to massive development in the areas which are affected, so as to accommodate displaced persons.

Without this commitment, the transfer process will unwittingly exacerbate homelessness and the injustices of the past will be compounded, rather than redressed. □

● The authors work for the Housing Rights Unit of the Lawyers for Human Rights.

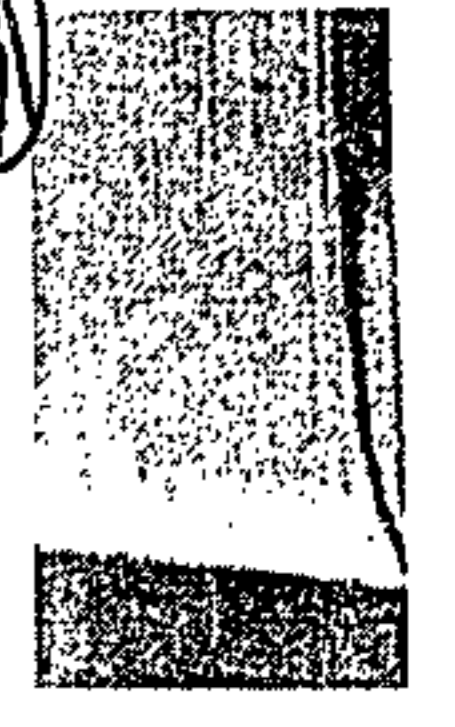
## Fiasco yes, but are you listening, South Africa?

Star 5/8/93

**LARRY DIAMOND** reflects on the lessons South Africa can learn from the Nigerian election fiasco.

northern elements in the NPN That has not happened. The

Africa cannot afford to have Nigeria become another Liberia. The consequences of even large-scale instability in that anchor of west Africa, the world's most populous black continent, are too frightening to





# Good faith? Don't bank on it, Sanco discovers

WM 6-12/8/93

(123)

**I**t is painful when you put your name to a long-term agreement which has great potential to solve problems on the ground — but whose spirit is broken within months because of your partner's bad faith.

For as many as 200 000 families in the townships who obtained mortgage bonds in the 1980s, our agreement with the Association of Mortgage Lenders (AML, a consortium including First National Bank, Absa, Nedcor, Standard, NBS and Saambou) could have made life easier during the present strife.

The agreement established new procedures by which people who fell into arrears could make their way out while still honouring the bond commitment. Had it been implemented properly, the deal would have saved people's houses, and also saved millions in bank foreclosures, eviction and resale costs. It was in all our interests — banks, customers, community groups — that the deals work. Of course, with the economy still sour and political transition still threatened by mysterious elements, we never expected miracles. After all, last week *The Star* property editor reported that a third of all township borrowers are now in arrears.

Cleaning up a mess created by the banks' inappropriate housing finance systems, skyrocketing late 1980s interest rates, fraud, township violence and waves of retrenchments — all factors largely beyond the control of borrowers and communities — is not an easy job. It requires co-operation and a sharing of resources. It requires a good-faith agreement. But that was apparently not the banks' intention. They wanted the agreement only so as to dispense selected clauses to defaulting borrowers to speed eviction procedures.

My office has been inundated by angry reports from our structures in Kallehong, Thokoza, Alexandra, the Western Cape and regional leadership. It became clear that the banks wanted not co-operation, but co-option. One of the key problems was unequal power. The banks bring the resources of huge institutions, lawyers and the heavy hand of the state. As voluntary associations, South African National Civics Organisation (Sanco) branches in townships and rural areas have very little infrastructure and little or no paid staff.

To level the playing field, Sanco requested — and an AML working group delegation initially agreed — that community advisors would be essential in implementing the agreement, would be funded by the banks, and would be accountable to a joint Sanco-AML structure. Earlier this

Thousands of people would still have homes, and the banks would have saved millions, if the Association of Mortgage Lenders had honoured its agreement, writes **Moses Mayekiso**

month, after long delays while information was being collected from the banks about the extent of arrears in different townships, the AML group backed down on this proposal.

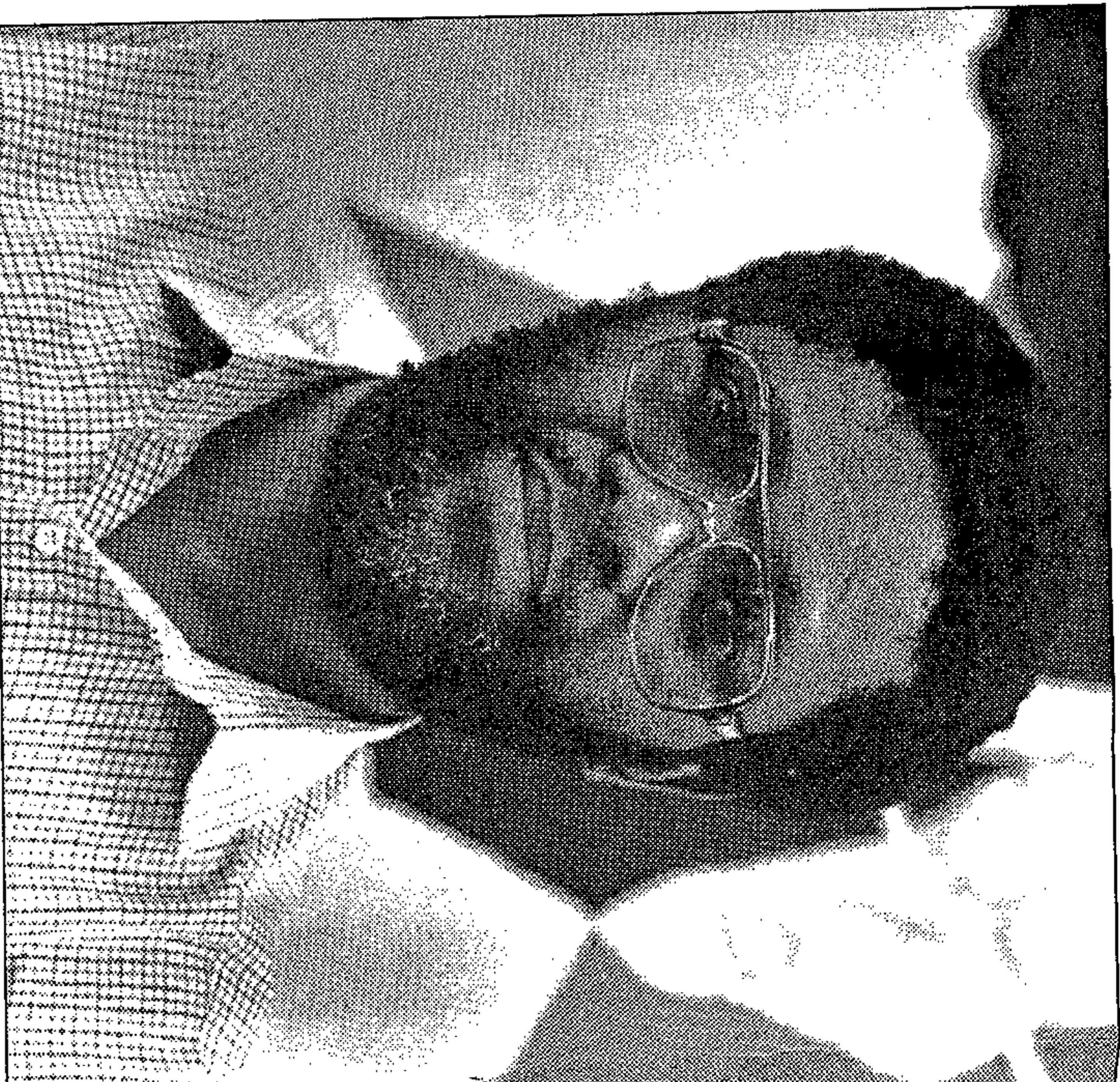
All our pleas to reconsider fell on deaf ears. Given the unequal power relations and the banks' misuse of the agreement for foreclosures, the AML has effectively made it impossible to continue to help the banks clean up the mess they made. (AML's failure will not affect the Sanco-Pern Accord, established separately on the basis of the Perni's traditional support for community-controlled development.)

Our national executive will review the status of the Sanco-AML agreement once regions have reported back in late August. The banks have until then to resume good faith negotiations by committing the resources required to clean up the housing finance mess, and by not implementing the agreement unilaterally, without the promised community advisors.

If they still refuse, as seems likely, what then? There is always a media fuss over "bond boycotts", but that is a red herring, most specialists will say. My point is that it is less important whether bond boycotts or other means will be used to express our dissatisfaction.

The banks' attitude to "unresolved issues" was less than forthcoming. These issues included the opening of bank branches in hot money centres like Panama and the Cayman Islands thereby fuelling capital flight; the failure to provide any direct services within townships; the refusal of bank savings accounts to people not formally employed; extensive violations of the Usury Act; huge landholdings; affirmative action and non-racism within the banks; excessive interest rates, especially on small loans to blacks and the failure to develop a working code of conduct.

As an example of our concerns about broader bank policies, we asked that banks not fund apartheid structures (only the Pern agreed). Having refused to meet us even to discuss the matter, the chief executives of FNB and Standard continue to prop up homeland dictators — with high interest overdraft loans to be



**Moses Mayekiso ... 'The banks merely wanted to speed up evictions'** PHOTO: GUY ADAMS

repaid by the South African taxpayer.

It is true that on a few issues we made some progress. The banks admitted that they practice "redlining" (geographical discrimination regardless of borrower creditworthiness), and that this is not a healthy phenomenon. Alongside concerned municipal authorities, there was talk of a voluntary solution to redlining, based initially on bank commitments to "greenline" areas which did not suffer excessive building decay, and then on reversing redlining in other areas through creative loan programmes. But now we have reason to doubt the banks' sincerity. If inner-city residents and suburbanites near low-income settlements continue to be redlined, then Sanco will redouble our commitment to a new Community Act which would actually ban redlining.

We made some progress, as well, trying to get banks to force building contractors to fix faulty construction problems. The new Housing Consumer Protection Trust estimates that 90 percent of black homebuyers were victims of consumer fraud of one type or another. That fraud can be corrected if banks only use

builders who make provisions for fixing poorly-constructed homes.

But when we raised the biggest problem in our township housing markets, "negative equity" (whereby the borrower owes more than the house is worth) the banks would not even take the meagre steps recommended by the British Building Societies Association.

The banks entered a negotiating process with Sanco a year ago when they realised their systems of debt collection had fallen apart. Since then the banks have made no effort to resume lending in townships, even when Sanco paved the way with an agreement on repayment of bonds. And then they misused the agreement as a blunt foreclosure writ, omitting to tell communities of their rights to community advisors.

We hope this is not indicative of the type of partnerships now being proposed between business and communities. If it is, communities will have to reject greed and deceit and go our own way.

● Moses Mayekiso is chairman of Sanco



By MAGGIE ROWLEY  
Property Editor

THE number of properties in possession and sales in execution have dropped off significantly in the past three months but the percentage of middle income mortgage defaulters is now on the rise.

Banks canvassed said the drop in repossessions was due in part to tighter credit controls since 1991 and decreased interest rates.

However the rise in middle and upper income defaulters in the past six months was a direct result of the economic recession and the increasing number of white collar retrenchments.

Rael Levitt a director of Levco,

which specialises in auctioning sales in execution for financial institutions said there had been a dramatic drop off in sales in execution and consequently bank repossessions since January.

"The number of newspaper advertisements for sales in execution actually present a distorted picture since more than 75% of scheduled sales are cancelled prior to Execution Auction," said Levitt.

The main reason for these, he said,

was prudent and innovative measures by bank officials who were "bending over backwards" to avoid sales in execution and buying in properties.

"There is a perception that banks are quick to repossess properties from defaulting mortgagees where as nothing could be further from the truth.

"The major financial institutions, particularly those who lent into low income areas, have lost millions of rands on foreclosed real estates and

they are doing everything in their power to avoid the massive cost of foreclosing, maintaining and reselling property."

Levitt said several years ago when repossessions were rare, banks and building societies resorted to quick legal steps to recover their debt.

"Today they are using every possible means to avoid such drastic legal action.

"Most institutions remain constantly in contact with defaulting mortgagees and either encourage

# Repossessions drop off due to tighter credit

them to sell their properties privately or devise suitable financial measures to allow them to keep up their monthly repayments.

"Statistics from the Sheriffs' Offices and bank records reveal that these measures are now paying off and thus the financially and socially traumatic levels of repossessions are finally declining."

While refusing to give statistics on Properties in Possession, bank officials said that in the past six months the number of middle and upper in-

come mortgage defaulters had risen substantially.

Mervyn Evans a senior manager with FNB pointed that most of these properties were not bought in by the banks as the owners sold them privately.

"And for those that are bought in there is always a third party ready to buy the property. However in low income areas, particularly those hit by unrest, there are just no buyers," he said.

Bank spokesmen said on average

banks lost R12 000 to R15 000 on lower income home repossessions and more on repossessions of more expensive houses.

Both Fanie Jordaan, AGM home loan division of Standard Bank and Gerald Jordaan, Cape regional manager of Absa Bank, confirmed the increase in middle and upper income defaulters.

While not substantial, the increase had been significant, they said.

"A year ago this was the exception and not the rule but this has definitely changed," said Fanie Jordaan.

He said Standard Bank had increased its bond book by about 58% in the past year and now had an estimated 17,3% of the market.



# AMIL seeks to amend law on rates arrears

CF 6/8/93 (123)

By MAGGIE ROWLEY  
Property Editor

THE Association of Mortgage Lenders (AML) is making submissions to the Law Commission to prevent local authorities claiming more than two years' in rates arrears.

While the problem has existed for some time, the increase in repossessions of homes from defaulting mortgagees in recent years has highlighted the need for the anomalies in the law to be addressed, bank officials said this week.

## Boycotts

Before the banks could take transfer, the local authorities were insisting that the banks paid all outstanding rates ar-

rears and in some areas affected by years of boycotts, such as Khayelitsha and Soweto, up to five years of rates were being demanded by local authorities before rates clearance would be given.

Martin Milburn-Pyle, executive director of the AML, said they had made submissions via Professor Louise Tager, chairman of the Business Practices Committee, to the Law Commission and were awaiting a response.

He said some local authorities had even demanded that the banks pay the arrears on electricity and water accounts.

"This was not acceptable to the banks. "The banks have pointed out that by having to pay lengthy rates arrears it pushes up the cost of buying in houses and ultimately what they have to resell those houses for."

In the submissions to the Law Commission and the Department of Local Government and National Housing, it has been pointed out that there are inequities in the structures of local authorities, and proposing the maximum period of time given for the recovery of charges on houses in repossession or insolvency be no more than two years.

## Inequities

"It has also been proposed that recovery of charges be limited to ownership of property, that is rates, and not occupancy of property, such as electricity and water accounts," he said.

Milburn-Pyle said changes to the law to rectify this imbalance would no doubt put pressure on local authorities to chase arrears accounts.

# Housing scheme stays unchanged

B/Bay 9/8/93

PRETORIA — Government's controversial housing compensation scheme for political office-bearers would be left unchanged, Public Works Minister Louis Shill said at the weekend. (123)

An independent panel was appointed in March to investigate the scheme following opposition party complaints of excessive housing allowances and alleged abuses.

Shill said changing the scheme on the brink of a new political dispensation would be disruptive, inequitable and expensive.

But he recommended that a future government adopt the general principle that paying a market related allowance was preferable to providing housing for senior office bearers.

A report submitted by the panel said allowances — which had doubled to more than R9 000 a month since 1990 — enabled recipients who bought houses "to earn a return on their investment considerably above that generally available".

The rapid increase had followed a change in the calculation of allowances from a market value basis to one based on the equivalent cost to the state of an official house, the report said.

Such an approach was inappropriate for political office bearers and

ADRIAN HADLAND

gave rise to a public belief that enrichment was taking place.

While stating that the current scheme was "generally fair and reasonable", the report pinpointed weaknesses it recommended should receive attention.

The payment by the state of Ministers' rates and municipal services should be discontinued, as this arrangement provided little incentive to economise.

Public Works Department records indicated that water, electricity, sewerage and waste removal bills were "significantly higher" than could be expected for a private house, the report said.

The method of calculating additional allowances for TVs, videos, kitchenware, crockery and glassware was complicated and justification for the payment of special allowances for these items was "dubious", the panel said.

It recommended a total monthly housing allowance of R6 166 for Cabinet Ministers — adjusted for other qualifying office bearers — together with a uniform R1 645 services allowance.

Shill urged a review of the "entire basis and quantum" of remuneration for political and other office bearers.



# Bank group waives fees for homes

CF 13/8/93



123

## Own Correspondent

JOHANNESBURG. — Absa has announced it is to pay bond registration costs and waive valuation fees on all home loans granted by United, Allied, Volkskas and TrustBank.

The move will cost Absa millions and is seen by industry experts as an attempt to staunch the loss of market share it has experienced in the highly competitive home loan sector.

According to Reserve Bank figures, Absa's market share shrank to 39,2% in March 1993 from 41,7% in December.

Standard Bank picked up the major portion of Absa's lost business, increasing its share from 16,5% in December to 17,3% in March, while FNB's rose to 11% (10,5%). Nedcor took a slight knock, with its share falling from 18,2% to 18% and NBS's portion fell to 8,2% (9,1%).

An Absa spokesman said the offer would be in force for an unspecified time.

Standard Bank, FNB and Nedcor have gone this route, but the expenses have proved too prohibitive for them to continue the offer.

# Property value, 'should survive'

■ Will the middle-of-the-road property price hold up in spite of the recession, sanctions and political unease? Here's an optimistic forecast

*(122) MC 14/18/93*  
**TOM HOOD, Business Editor**

PROPERTY value should survive the run-up to the general election next April and beyond, says Scott McRae, chairman of Camdon's Franchise Network.

He points to:

■ The record of the market to date. Values have held up and even continued to increase, except in the higher levels, in spite the worst recession in decades and a diabolical political climate.

■ By far the majority of South Africans are "currency detainees" who are unable to leave the country or realise their assets in such a way as to ensure an equivalent standard of living elsewhere.

■ The "chicken run" is exaggerated and has little impact on the market except to provide stayers with some excellent buys.

■ Business and economic life have to go on. Thus transfers and other reasons bring changing housing needs and more buying and selling.

■ A number of major infrastructural projects generate property demand and inject demand into the economy.

■ The economy is at last picking up.

■ There is political progress. In spite of setbacks, an interim government will shortly be in place and an election date has been set.

■ And economic sanctions by America are about to be lifted following a call by the ANC.



# Low-cost housing 'too expensive'

IT was unlikely the property market would be able to absorb more than 50,000 low-cost houses a year because the weak economy had undermined people's ability to pay mortgage instalments, property economist Erwin Rode said yesterday. *Biday*

This was a long way off the 300 000 units mooted as the answer to SA's housing backlog by the Building Industries Federation of SA (Bifsa). The backlog had been estimated at 1,3-million units. *19/8/93*

Speaking at an Institute of Bankers of SA seminar, Rode said it was technically possible to deliver 300 000 houses every year, but the public would not be able to afford so many formal houses built over such a short period. *(123)*

"Perhaps Bifsa is suggesting that the taxpayer should pay the lion's share of these mortgage instalments. Given that only about 10% of South

## ROBYN CHALMERS

Africans are taxpayers, this may prove a difficult task," he said.

Rode conceded that because the building industry's import propensity was so low, it was one of the few sectors which could argue the need for artificial stimulation via government subsidies.

"Subsidies can artificially increase effective demand, but because of the distorting effect on the housing market, subsidies by the state should be carefully targeted at the very poor.

"It would be more appropriate to subsidise the production of serviced stands rather than houses, allowing the very poor to erect shelters through self-help projects.

Rode said subsidies to the middle-class financed by employers were also bad as they distorted the market by encouraging overconsumption.

He questioned the validity of statis-

tics on the housing backlog, saying that nobody actually knew how big the backlog was.

He said figures of 1,3-million and 1,4-million units had been quoted so often that, like lies repeated often enough, they had become conventional truth.

"There are not masses of people sleeping under bridges or in stations, so most people are somehow housed."

The 1,3-million housing backlog statistic had been calculated by the Urban Foundation in a report to the De Loor committee about four years ago and no comprehensive studies had been conducted since then.

The problem did not lie in housing or shelter, but in quality.

Quality could only be upgraded if effective demand for better housing was generated, which in turn could be done only over many decades through job creation.

# Civics need R30m for advisers

SANCO President Moses Mayekiso yesterday said the civics would require R30m over the next two years to pay community advisers helping to implement the agreement with the Association of Mortgage Lenders. *B/Nay 19/8/93*

Speaking at an Institute of Bankers of SA seminar, he said the association had backed out of paying for the advisers because of their reluctance to foot the entire bill "which could amount to about R30m over two years". It was previously speculated that R60m would be required.

Bond boycotts were again on the cards following the breakdown of the agreement between the association and Sanco.

Mayekiso said Sanco's national executive would review the status of the agreement this weekend. While the organisation was still interested in resuming negotiations, he said numerous problems needed to be ironed out. *(123)*

"If we cannot solve our differences around the table, we will consider other alternatives — one of which is the bond boycott route." This would jeopardise R8bn in bonds granted to 200 000 township home owners in the late 1980s.

"We believe bankers entered a negotiating process with Sanco a year ago when

ROBYN CHALMERS

they realised their own systems of debt collection had fallen apart," he said.

The key issue of dispute between AML and Sanco was the allocation of resources for the training of identified community advisers, which Sanco believed was necessary to inform home owners on defaults and arrears.

Mayekiso said an association working group agreed that banks would fund the advisers, who would be accountable to a joint Sanco-AML structure, but the financial institutions had unexpectedly backed down on this proposal.

Other issues on Sanco's agenda included red-lining, which Mayekiso said had been one of the more constructive areas of discussion between the various groups.

Together with municipal authorities, banks had agreed to "green-line" areas that did not suffer building decay and to use creative loan programmes to reverse red-lining in other areas.

"Since the signing of the agreement, banks have made little or no effort to resume lending in townships, even when Sanco paved the way with an agreement on bond repayments," he said.



## Housing 'needs private finance'

CHARLOTTE MATHEWS

A SENSE of confidence in SA's future, based on an end to violence and boycotts, would encourage the private sector back into financing housing, National Housing and Public Works Minister Louis Shill told Kessel Feinstein's Business Buzz 93 seminar yesterday. *B/Day 20/8/93*

Shill said housing needed private sector capital to finance the shortfall in new housing construction. For the next 10 years 330 000 houses a year had to be built to make up the backlog. This required R7bn-R8bn a year which government could not afford.

"You have to bring the private sector back into housing but you cannot do that unless you can create a sense of confidence," Shill said. *(123)*

He said if the country appeared to be moving towards peace a reasonable premium to cover the risk on mortgages could be established.

"Then there will be no reason why banks should not jump at the chance of providing mortgages and sound new financial mechanisms will be created. There will be insured mortgages," he said.

Insurers and pension funds will be drawn back into housing, he said.

"We hope within months we can do this so that R4bn or R5bn can come from the private sector."

# Shill sees answer to housing crisis

Star 20/8/93

BY JOHN SPIRA

Guaranteed or insured mortgage bonds can and will, in due course, provide the solution to South Africa's housing crisis.

This was the message conveyed to the Kessel Feinstein "Business Buzz" conference in Johannesburg yesterday by Minister of National Housing and Public Works, Louis Shill.

Stressing that the housing programme demanded 1,4 million homes at the rate of 330 000 a year, requiring funds of R7 billion to R8 billion annually, he said such objectives could not be achieved without the help of the private sector.

## Willing

"And the private sector — banks, building societies, insurance companies, pension funds and other financial institutions — would be only too willing to advance funds for housing if they were enabled to do so on an insured mortgage basis."

"We must — and I firmly believe we can — create expectations of reduced levels of violence and a climate in which payment for services provided becomes the norm.

"Against such a background, realistic premiums for mortgage insurance can be established, which premiums could become progressively lower as the levels of unrest declined and confidence revived."

The Minister envisaged that insured mortgages would draw R4 billion to R5 billion from the private sector, leaving the balance of the requirement to be financed from government sources.



# Housing: Private sector help needed

Business Staff

ARG 21/8/93 (123)  
GUARANTEED or insured mortgage bonds will provide the solution to South Africa's housing crisis in due course, the Minister of National Housing and Public Works, Louis Shill, told a conference.

Emphasising that the housing programme demanded 1,4 million homes at the rate of 330 000 a year, requiring funds of R7-8 billion a year, he said such objectives could not be achieved without the private sector.

"And the private sector — banks, building societies, insurance companies, pension funds and other financial institutions — would be only too willing to advance funds for housing if they were enabled to do so on an insured mortgage basis," said Mr Shill.

"We must — and I firmly believe we can — create expectations of reduced levels of violence and a climate in which payment for services provided becomes the norm.

"Against such a background, realistic premiums for mortgage insurance can be established, and these premiums could become progressively lower as the levels of unrest declined and confidence revived."

Mr Shill envisaged that insured mortgages would draw R4-5 billion from the private sector, leaving the balance to be financed from government sources.

● The Public Property Syndication Association (PPSA) has warned investors against the hazards of bonds registered over syndicated properties.

Two examples were properties syndicated by

the Masterbond Group, in Bloemfontein and Port Elizabeth, where gearing by way of bonds had introduced additional risks.

However, PPSA pointed out it was possible to plan a property syndication with bond finance to advantage.



□ ON TARGET: A R30 million contract for the new president's pavilion at Newlands was signed by WP Cricket Association chief Percy Sonn, left, and Ovcon MD Jan Kamensky.

# Houses built on jobs' foundation

SA Times Express 22/8/92

YOU know you have a terrible problem when the more you try to fix it the worse it gets.

Apartheid caused severe distortions by keeping blacks in the homelands at the cost of developing a market in affordable housing.

Huge housing backlogs resulted. Underdevelopment as it manifests in rampant violence is now the major challenge for the Government and, if not countered, could bring about the downfall of the next government.

Plans to counter the backlog have been formulated and finance raised. But the housing crisis gets worse and worse.

Private institutions advanced hundreds of millions of rands of mortgage finance in the 1980s but have retreated in the face of an intractable bond boycott.

Civics association Sanco wants R30-million in salaries in the next two years to help end the R3-billion boycott. But Sanco doesn't have the ability to get the boycotters to pay.

Its power lies in being able to spread the boycott to new areas.

Fewer and fewer houses for low-income earners are being built. Development agencies have all but given up

building low-cost houses. One innovative scheme which has managed to get off the ground is the Independent Development Trust's R7 500 grant for a serviced site. But this scheme has made matters worse in some areas because bond boycotts have erupted next to the serviced sites. Give us the R7 500 and we will pay our bonds again, these boycotters say.

But still the shout is for more finance. Housing Minister Louis Shill called this week for new mechanisms to raise more money. This also won't be spent. To make up the backlog, 300 000 houses a year would have to be built over the next decade at a present cost of R7-billion to R8-billion a year, says Mr Shill.

The ANC, like Mr Shill, believes more money is needed. It wants to raise funds through wealth taxes or reconstruction levies at the risk of further eroding investor confidence.

But SA is not alone. Attempts at non-market housing solutions have failed miserably in other parts of the world.

World Bank staffers, studying housing in former socialist Europe, found that where the state had made housing a right, at best a depressed, inefficient market was created.

Waiting lists of many years were common. Once a flat had been acquired, the occupier was stuck with it. Better jobs may have been available elsewhere, but the housing shortage prevented movement.

But there are successful examples of developing societies which have buoyant housing markets.

South-east Asia, the great success story of our times, puts job creation first. Housing is a priority, but not the priority.

As employment grows so does housing provision. A man who has a job can service a bond. His interest payments can be used to make new

loans, housing more and more people in the process.

This approach has been used by among others, Singapore, which makes smart use of pension fund money to house its people.

But in SA, as popularised by the Nedcor-Old Mutual scenario, housing has been given priority over jobs.

Job creation gets lip service, but it is a telling point that while many development agencies are awash with cash, the two with a job-creation record, the SBDC and Get Ahead, are starved of money.

Perhaps housing provision has appeared to be more easily achievable than job creation.

To provide jobs, uncompetitive vested interests, both business and labour, will have to be tackled. Competition will have to determine prices.

Tax incentives for the big and the powerful will have to favour the small and meek. Small business is, after all, recognised worldwide as the engine of job creation.

Tax breaks which favour capital intensity will have to be extended to encourage labour-intensive production.

The housing problem can be solved, but only once the jobs crisis has been fixed.



# Aid plan for jobs, houses

SI Times (Buss) 22/8/93

By TERRY BETTY

SEVERAL foreign aid agencies are considering providing between R50-million and R100-million for training 1 000 black builders and building 4 000 houses in South Africa.

Building Industries Federation of SA (Bifsa) executive director Ian Robinson — a member of the National Housing Forum (NHF) — says much work has to be done in the next six weeks before the Bifsa-proposed project receives the go-ahead. (SS)

"Bifsa has held discussions with 15 aid agencies and indications are strong that the money will be made available." (23)

If the project gets the go-ahead, about R6-million will be used to train 1 000 people who will build 4 000 houses. (143)

The rest of the money will be used as collateral for the private sector to provide bond finance for the houses.

"The commercial banks have shown an in-

terest. However, as far as possible we would like to channel the loans through community banks because they are structured to lend to the lower-income black community."

Mr Robinson will not say where the houses will be built: "We would hate to raise hopes until the matter has been made final."

A condition of the aid money is that at least 50 businesses capable of operating in their own right must be set up in the housing area.

"So in addition to providing building skills, certain people will be selected for further training in how to run a business, such as building supplier or contractor."

"Basically, the aid agencies are happy to give the money if it means people will be trained and then employed."

# Slow progress with housing funds

Business Day 23/8/93

ROBYN CHALMERS

THE Independent Development Trust Finance Corporation was making slow progress in liberating cash for low cost housing, but had signed a loan agreement with Futurebank and talks with Absa were under way, said MD Frans Pretorius.

The corporation has come under pressure for its inability to use the R120m it has for disbursement for low cost housing.

To date, R60m had been disbursed in the form of Collateralised Housing Investment Paper (Chips) to 14 retail lending agencies, including the Get Ahead Foundation and the National Stockvel Association of SA.

Pretorius said loans were being dispensed at a rate of R10m to R15m a month, but agencies faced a lack of infrastructure which was hindering effective metering out of loans via group credit organs.

Market sources said the problem was twofold: it took between 18 months and two years to establish a group credit organ and the large financial institutions were taking little interest in the corporation.

There were about 18 group credit organ's and the exponential rate of draw-

downs from the corporation was expected to increase. Average loans ranged from R2 500 to R5 000, and the default rate was nil, with arrears at about 10% of the home loan book. (29)

Yet it was unlikely that widespread lending to township and rural dwellers would occur without the banks.

The problem financial institutions faced was the costs of administering loans to people in impoverished areas. (123)

A spokesman said the cost in terms of administration, management time and adaptations of computer systems made the exercise unprofitable for banks.

"IDT-type loans mean banks have to consider the possibility of non-payment, credit and political risks — they are just not geared up in terms of delivery and collection mechanisms."

It was for these reasons that the Standard Bank, the Perm and First National Bank had shied away from the corporation.



## Caltex says it can't be sued by widow

CALTEX OIL South Africa brought an urgent interlocutory application in the Supreme Court yesterday alleging claims of R7.5m against it are invalid because it cannot be directly sued.

The case follows an explosion on a French barge in Cape Town harbour in December last year which resulted in the death of a shipyard worker, Mr Lionel Jones.

Caltex said that under French law any claims should be brought by the insurers of the barge, not the owners of the Barracuda, and Mr Jones' widow. — Sapa

## Shill: 1,4m homes needed

(123)

Own Correspondent

DURBAN. — About 1,4 million housing units are needed for the lower income groups and more than 330 000 houses will have to be provided every year if the backlog is to be eradicated over the next 10 years.

This was announced by National Housing Minister Mr Louis Shill, who visited KwaZulu yesterday for talks with KwaZulu Chief Minister Chief Mangosuthu Buthelezi on housing is-

sues and to acquaint himself with local conditions.

The chief minister was accompanied by other senior KwaZulu officials.

Mr Shill, recently appointed to ministerial rank, is visiting housing areas throughout the country. He will also inspect overall housing needs the better to assess the different requirements of the various regions and population groups.

He said housing was one of the government's top priorities.

## No frills domestic airline hopes to be roaring soon

Own Correspondent

DURBAN. — A new "no frills" domestic airline, Lionair, hopes to introduce half-price daily flights between Durban and Johannesburg before the end of the year — with tickets available at local supermarkets and airports.

At R150 one-way to Johannesburg, the proposed fare is exactly half the price of a normal economy-class ticket on SAA or Flitestar, and also cheaper than Comair's R211 single fare introduced recently.

On the Durban-Cape Town route, single fares will be set at R299 (economy), R200 (standby) or R100 (Z-class).

The Cape Town-based airline group applied for an operating licence yes-

terday. CT 24/8/93

The group says landing slots at Jan Smuts have already been approved. Negotiations are under way with a large supermarket chain to enable passengers to book tickets and alter reservations using a self-service automatic teller machine.

Airline president Mr Neil Robertson said yesterday Lionair hoped to get off the ground in early November, although this could be delayed if Flitestar and SAA lodged objections with the department of transport.

"Both airlines have already stated they welcome the competition from us — and it will be interesting to see whether that welcome extends to not opposing our application."

## Camanongue taken from Unita rebels

SAO TOME. — Angolan government forces have retaken Camanongue in eastern Angola from Unita rebels, according to Angolan state radio.

The radio, monitored on Sao Tome and Principe, said government troops inflicted dozens of casualties on Unita fighters in the weekend battle for Camanongue, 52km from the previously besieged city of Luena.

Camanongue is on the road north from Luena, capital of Moxico province, to Saurimo, capital of Lunda South province, which has also been under rebel siege for several months.

Unita occupied Camanongue last October.

State radio and Unita radio both reported that government and rebel representatives were due to take part in a series of meetings in Harare today to resurrect the peace process. — Sapa

CT 24/8/93

# Hostel management deal

*B/Day* *123*  
A GROUNDBREAKING agreement to restructure hostel management policy has been reached by Impala Platinum Mines and its workers.

The discredited "induna" policy will be scrapped at the company's Wildebeestfontein South mine in Bophuthatswana which houses about 8 500 workers. Industry sources said this could become a trend throughout mines in SA.

Impala and its central workers' council signed the agreement yesterday, granting residents "democratic rights" to take decisions on the running of their hostels.

Impala said the agreement provided for the election of a hostel standing committee — made up of management and resident representatives — which would have "au-

*24/8/93* *123*  
ERICA JANKOWITZ

thority to take responsibility for the hostel budget and all matters of hostel management, such as catering, recreation, room allocation and discipline. This agreement ensures total resident participation."

The NUM welcomed the development, saying it effectively eradicated the induna system "used to run mine hostels for decades". Under this system, company-appointed indunas were given carte blanche to allocate rooms — usually along ethnic lines — and discipline residents.

In terms of the agreement, joint management/resident committees would be established — after the election of

To Page 2

## Hostel deal

*123*  
worker representatives — to:

- establish a hostel management system and structure to encourage residents' participation with management in the decision-making process;
- ensure residents' grievances and views were considered;
- strive for the unity of all residents regardless of ethnic origin, language affiliation, national origin or creed;
- strive for just living conditions;
- enhance residents' social welfare, health and safety;
- provide effective communications between management and residents;
- monitor and ensure residents' adherence to agreements, procedures and rules; and
- manage hostel affairs in an efficient, effective and participative manner with-

*B/Day*  From Page 1

out interfering with mining operations. *24/8/93*  
The agreement allowed for the election of a comprehensive structure of resident representatives from part-time room and block stewards to full- and part-time hostel stewards, each under the authority of an elected committee.

The constitution calls for regular meetings between a seven-man management committee and hostel committee representatives. The labour superintendent would co-chair the committee with an elected resident chairman. The hostel officer would be co-secretary with his resident counterpart.

The agreement included residents' mass meetings and report-back procedures and said: "The hostel committee must approve any publication that management wants to distribute to the workforce."



## Democratic system for mine's hostel inmates

Own Correspondent (123)

**JOHANNESBURG.** — A groundbreaking agreement giving inmates more say in the running of hostels has been reached at Impala Platinum Mines.

The discredited "induna" policy will be scrapped at the company's Wildebeestfontein South mine in Bophuthatswana which houses about 8 500 workers. Industry sources said this could become a trend in South African mines.

Impala and its central workers' council signed the agreement yesterday, granting residents "democratic rights" in the running of their hostels.

CT 24/8/93

# Property vote inquiry

Municipal Reporter (123)

SANDTON has asked the city councils of Cape Town, Johannesburg and Durban to fund a joint investigation into the future of the property vote.

Cape Town last week decided against a property-based franchise, but supported the

continuation of votes for "fictitious" persons — ratepaying companies. **ARC 26/8/93**

Johannesburg and Durban do not have property-based votes.

The executive committee said Cape Town should contribute to the project only if other councils agree.



## Attempt to help home owners

ROBYN CHALMERS

THE private sector and community groups banded together to launch a national housing education campaign yesterday in an attempt to staunch the loss of millions of rands by low-income home owners to unscrupulous estate agents. *B/Say*

The newly formed Housing Consumer Protection Trust launched the education and advice network yesterday with the support of the SA National Civics Organisations (Sanco), the Urban Foundation, Lawyers for Human Rights, the Legal Resources Centre and the Urban Sector Network. *(123)*

Funded by the Estate Agents Board, the campaign will focus on equipping low-income earners to make sound decisions before buying or building their homes, and to protect themselves from exploitation.

Trust advice offices director Brian Leveson said about R10m in deposits had been lost by prospective home owners in the Johannesburg area alone over the past few years.

"We have discovered a number of organisations which beef up home buyers salaries so that banks will grant them a loan, but after a few months they find their homes repossessed and their deposits gone."

Trust chairman Humphrey Khoza said the problem was assuming alarming dimensions. *26/8/93*

Friday, August 27 1993 ★

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# House prices to fall further

128

CT27/8/93

By MAGGIE ROWLEY  
Property Editor

HOUSE prices can be expected to drop further in real terms ahead of the general election next year as violence and uncertainty increase, say property economists.

Mr Erwin Rode of Real Estate Surveys said house prices had already levelled off in nominal terms and no growth could be expected before April next year.

"I think we can take it as a given assumption that violence will escalate, particularly in the Transvaal and Natal.

"While the Western Cape should be less affected, violence elsewhere in the country will rub off on our house prices and an increase in violence here will impact negatively on the residential property market.

## No growth 'till after election'

"We saw this happening with Boipatong, and the Absa housing review in the second quarter indicates a similar reaction to the assassination of Mr Chris Hani."

Mr Llewellyn Lewis of BMI Building Research Strategy said the "paradigm of paralysis" gripping the country had impacted, and would continue to impact, on the housing market, and it would remain a buyers' market until after the election.

"Thereafter I am optimistic that there will be such a feeling of relief that the election is behind us that, with time, confidence will return and result in a more buoyant property market.

"At the moment a lot of people are worried and looking to sell their houses and liquidate their assets for greater mobility.

"As confidence is affecting buyers it is putting pressure on prices, which sellers are having to drop in many instances to achieve a sale."

Mr Rode said the housing market could not recover before the economy improved.

For this there had to be an improvement in South Africa's capital account, which was dependent on improved foreign investor confidence in South Africa, which was unlikely to occur before the elections.

LIB SERVICE

RADIO



y, August 27 1993 ★

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(128)  
CT27/8/93

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How the Independent Development Trust (IDT) is using R2 billion of taxpayers' money to assist in breaking the cycle of poverty in South Africa is again spotlighted by the IDT's communications director **JOLYON NUTTALL.**

## It's enough to give our hearts a timely lift

ARC 28/8/93 (123)

**T**HE master in charge of my son's boarding school would intone the following grace before every meal: "Lift up your hearts".

The response from the boys would be drowned by the thunderous noise of 400 chairs being pulled out in unison.

In South Africa today, those inspiring four words are constantly being drowned out, too.

Yet those of us who work in development frequently come across examples of human endeavour which lift up our hearts.

This week, the IDT's trustees received a report on what is known in development parlance as the consolidation process at more than 100 serviced site projects around the country.

This process can be described as harnessing community energy to create a social fabric around clusters of individual stands and turn them into a neighbourhood.

In their initial format, the stands have no more than a tap and a toilet — but the recipients own them in full and free title.

It's clearly hard work and, yes, there are areas, like parts of the East Rand, where the process is on hold.

But read, as our trustees did, the following snippets from reports made by consolidation facilitators in various parts of South Africa:

Zwelitsha, Ciskei: Excellent spirit in the Executive Committee, and an excellent manager.

All founder members of the Zwelitsha Development Association will receive some training in addition to that already received by Trustees. Good progress in establishing a blockyard and a creche.

**IDT SCORECARD**

93



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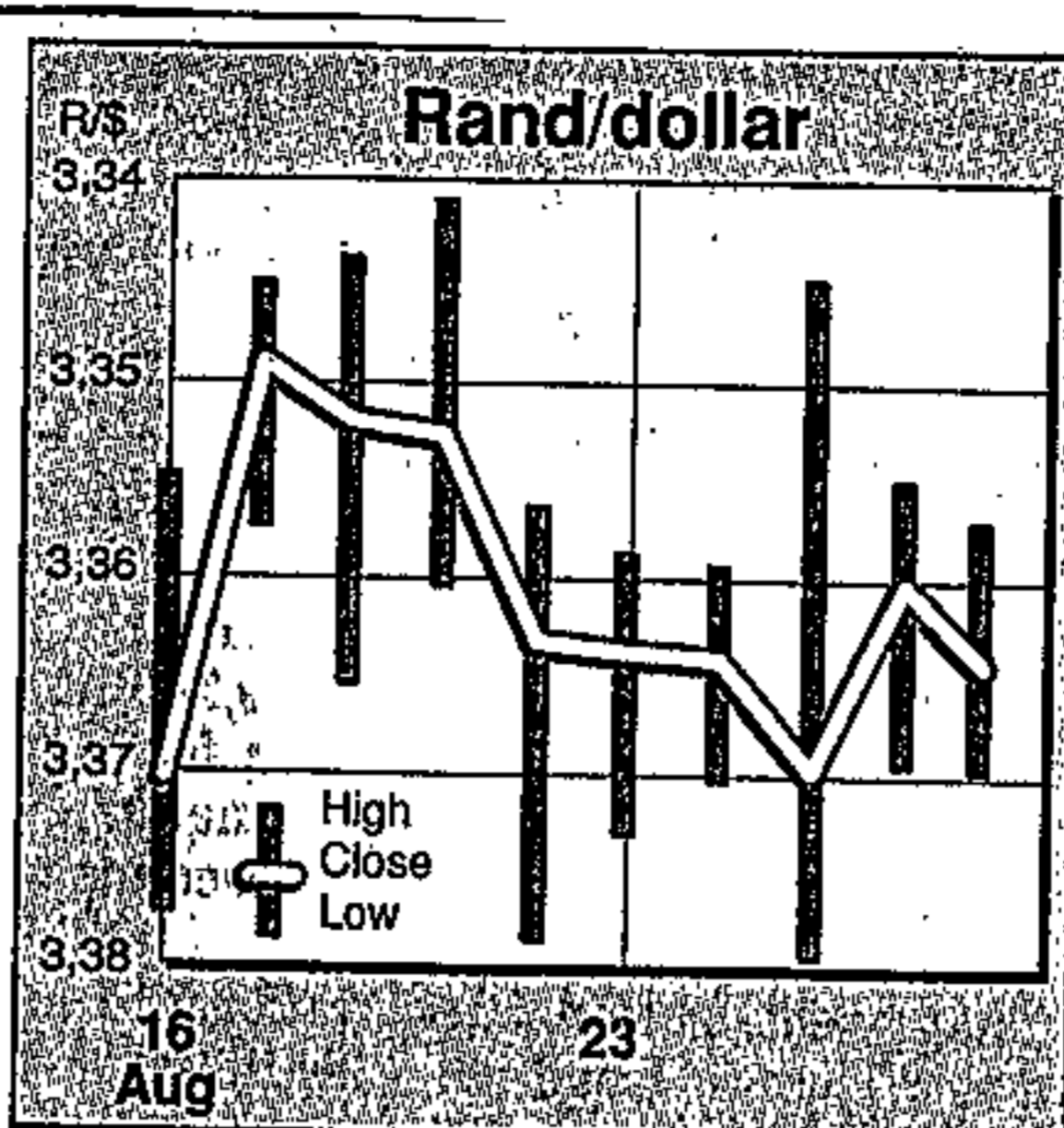
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Graphics: RUBY-GAY MARTIN Source: I-NET

A fall in the dollar from earlier highs on Friday failed to bolster the commercial rand, which closed weaker at R3,3658 to the US currency from R3,3580. Dealers attributed the rand's weakness to month-end demand, saying there was evidence of some Reserve Bank intervention during the day. The financial rand rose to R4,7025 from a previous R4,7200 to the dollar.

## Call for regional housing autonomy

ROBYN CHALMERS

HOUSING Minister Louis Shill will recommend that each regional housing administration in the new SA has maximum autonomy in determining its housing needs during upcoming negotiations with the country's political parties. *Biday*

Shill said at the weekend that after an extensive tour of housing areas, including the six self-governing territories, it had become clear that each of the regions expected to be established by the new constitution had unique needs. *30/8/93*

These included different makeup and size of the population, local housing practices, weather conditions, availability and cost of land, construction costs and progress in urbanisation. *(123)*

Other aspects to be addressed included the degree of informal housing and squatting in each region, availability of private sector finance, political conditions, the emphasis on violence and boycott actions and the degree of resuscitation of local government structures.

Local hostel problems and the applicability and availability of subsidy schemes would also be addressed.

A Housing Department spokesman said while it was possible to provide a serviced

To Page 2

## Housing

*Biday 30/8/93*

From Page 1

stand in Qwa-Qwa for about R1 500, a similar stand in KwaZulu would cost R17 500. *(123)*

Over the past month, Shill has held discussions with the chief ministers, housing ministers, administrators and senior officials of the various housing areas throughout SA. "These have provided adequate inputs for the formation of an opinion in

respect of housing policy," he said.

However, Shill said the degree of devolution of responsibility went hand in hand with local constitutional developments. In particular, these would need to define clearly the obligations and rights of a central government vis-à-vis regional governments, including financial arrangements.

# Legal advice for would-be homeowners

Star 1/9/93

## ■ STAFF REPORTER

Help is finally at hand for people with housing problems with the opening today of a free housing advice service.

The service, named the Housing Consumer Protection Trust (HCPT), will allow prospective homebuyers and anyone else with housing problems to call a national toll-free number and get advice from a panel of legal practitioners.

The HCPT has been established by more than 30 organisations representing community groups, the private sector and other professional service bodies in a bid to "halt the increasing exploitation of low-income would-be homeowners".

It is funded by the Estate Agents' Board (123)

Depending on the nature of the problem, the HCPT's Johannesburg advice office will take calls or refer them to a number of other organisations, such as Lawyers for Human Rights, the Legal Resources Centre or the Estate Agents' Board.

The HCPT's toll-free number is 0800-111-663.



## Bifsa's bid to drop whites-only image

ROBYN CHALMERS

THE executive of the Building Industries Federation SA (Bifsa) has approved a plan to dispel its image as a whites-only organisation serving the needs of big business.

Bifsa executive director Ian Robinson says the federation has to become "more representative and relevant in the new SA".

Reconciling the needs of a large construction group like LTA and those of the Transkei Builders' Association may prove harder to achieve in practice. *Bifsa*

Robinson says "the driving force" behind the plan is the need to encourage greater alliances between the formal and informal sectors. *219193*

Bifsa has hit on a new slogan — Building, the engine for growth — which reflects the industry's position as the largest employer in SA. *(123)*

"The revival of the building industry will go a long way towards boosting SA's macro economy. Every R1m spent in the sector creates 80 new jobs directly and 100 jobs indirectly," says Robinson.

Full details of the plan will be released in a few weeks' time, but Robinson says the organisation will become more involved in numeracy and literacy training and will promote increased training of disadvantaged entrepreneurs.

"The building industry has been in a recession for five years and we believe that for the first time we are beginning to see the tentative signs of an upturn, albeit off a very low base.

"We should have a new housing initiative from the Housing Ministry by the end of this year and there will be greater government emphasis on social infrastructural spending, both of which will help boost the industry," says Robinson.

Should conditions become more buoyant, Robinson says, the industry will face a huge skills shortage, making training and education programmes vital.

Robinson says the recent formation of the Council for Construction in SA — which draws together 10 organisations within the building industry — is a move towards a greater alliance between the industry's formal and informal sectors.

By MAGGIE ROWLEY  
Property Editor

THE National Housing Forum has appointed consultants to research policy options to minimise negative ramifications of the government's unilateral disposal of state rental stock.

At a press briefing during an NHF Western Cape Regional Workshop in Cape Town yesterday, Eugene Sadie, vice chairman of the NHF's working group on housing types and delivery systems said the system, as it stood now, was open to abuse and corruption.

## Forum moves on state housing distribution

"A major problem is identifying who the qualifying tenant should be which the government failed to outline when they made the announcement last year. In some cases the sitting tenant bought the house from the original tenant although the house is still registered in the original tenant's name."

He said at least 25% of cases were in dispute as to who the qualifying tenant was.

"In addition, by creating a whole group of new home owners who had been deprived of home ownership previously, without providing any form of education campaign was creating further problems.

"These new homeowners need to know about their new roles and rights, for example that they are now responsible for the maintenance of these properties."

He said the NHF recognised that through the legacy of apartheid tenants did not have the option to build and hold title to their own homes and had been forced to rent in the "white" group area and as such understood the call by mass based organisations for the free transfer of the state's rental stock.

"However the unilateral disposal by the state of the remaining 370 000 houses as of November 1992 could have an effect on the social, political, economic and administrative fabric of communities.

"The NHF had therefore sponsored research on policy options aimed at minimising the effects of transfer."

Sadie said while the NHF had not called for a moratorium on the transfer of state stock due to the fact that many organisations were involved in the NHF and were aware of the problems, the transfers had not taken off in most areas.



# New body for housing

(123)

CT4/9/93  
By MAGGIE ROWLEY  
Property Editor

A JOINT Housing Board (JHB) comprising government and National Housing Forum representatives is nearing finalisation, paving the way for the non-racial allocation of state housing funds.

Mr Matthew Nel, co-ordinating chairman of the NHF, said during an NHF Western Cape Regional Workshop in Cape Town yesterday that negotiations

with the government's Department of National Housing could be finalised within weeks.

The formation of the JHB, he stressed, represented an interim arrangement for housing and would operate only until a national housing plan was in place or the new government came up with an alternative idea.

Negotiations for the interim arrangement had been started because of the urgent need for housing.

# Private sector funds plummet

B/Say 9/9/93

ROBYN CHALMERS

PRIVATE sector funding of low-cost housing has plummeted by more than half over the past four years because of bottlenecks in government's subsidy systems, violence and a lack of end-user finance.

The effect has been to escalate SA's already exorbitant housing backlog, estimated at around 1,4-million units.

LTA MD Colin Wood said construction companies were debating how to get more involved, but there was little that could be done without a government subsidy plan.

LTA had not been heavily involved in low-cost housing since the late 1980's. "There were a lot more low-cost housing projects on the go about four years ago, and some of the contractors lost money on them."

Grinaker Construction MD Otfrid Bornheimer said the dire need for housing had created major opportunities, but there could be no progress before the National Housing Forum and government had come to an agreement on policy.

The last large sum of money allocated by government was channelled through the Independent Development Trust. It provided R750m in 100 000 R7 500 capital subsidies for site-and-service housing.

An Urban Foundation spokesman said government's housing budget had not decreased dramatically in recent years, but there were problems allocating money at grassroot level. Bank red-lining of townships and other areas had led to a lack of end-user finance. Coupled with the violence and the lack of a formal subsidy structure, the problem had reached "devastating proportions".



## HOUSING

# A capacity to pay

WM 10-16/9/93

## No jobs, no money, no houses



**BEN VAN DER ROSS:** Director of housing.

**WHY** no houses? Three years after the IDT received its founding grant, this is the question posed most frequently to the IDT's director of housing Ben van der Ross.

It flows from the decision by the Trust to direct almost all the funds earmarked for the housing portfolio to ownership of serviced sites by the very poor.

Through an IDT subsidy of R7500 per site, about 110 000 families are acquiring serviced land (running water, toilets, stormwater drainage, road access) — but they themselves are required to erect their dwellings. The scheme has cost R850 million.

The answer to the question is linked inextricably, Van der Ross says, to the issue of affordability — the capacity of the individual or the State to pay for what is being provided. "Housing

provision has to be demand driven. The effective demand, in turn, is determined entirely by end-user affordability. If the country produces jobs, end-users can afford homes. If it does not, individuals have to rely on the State to subsidise their need for shelter.

"The State's capacity to meet the demand unleashed since influx control was abolished in 1986 has been dictated not only by our economic performance but by political priorities."

Van der Ross says the evidence at present suggests that the State is unlikely to provide subsidies substantial enough for poor people to acquire formal housing.

Meanwhile, the Capital Subsidy Scheme has brought some remarkable results from poor communities. Great innovation and determination have been shown in erecting informal dwellings on serviced land at nearly 100 projects around the country.

More than 51 000 stands had been occupied by the beginning of August. At an average of seven people per family, over 350 000 of the very poor were living in security of tenure.

This total is expected to rise to 550 000 by the year end.

### QUOTE

Non-governmental agencies in the 1990's offer a motherlode of experience, waiting for the turn of the political key. — Development writer Paul Bell.

# Giant electricity trusts to improve township services

S.I. Times. 12/19/93

C. M. Metro

123

By CHARLENE SMITH

THE National Electricity Forum is discussing the formation of giant electricity distribution trusts that would link cities and townships, cut costs and improve services.

Local government negotiators are considering a similar system for water.

The scheme would ease the rates burden linked to the integration of cities and townships, ensure wider distribution and allow more efficient and cheaper services.

It would remove electricity from political control and ensure that more consumers had access to it, Dr Ian McRae, chief executive of Eskom, said.

The forum believes the trusts would be better placed than a parastatal to secure foreign funding.

The scheme would minimise threats from the Local Government Negotiating Forum that white areas will have to pay higher rates to help improve services in townships.

The NEF has already made it clear it is unhappy with the constitutional technical committee's second draft on electrification. The draft gives regional governments exclusive powers over electricity.

The linking of cities and townships would create utility distribution corporations that could seek foreign loans.

Once there were better services and access to electricity, consideration should be

given to privatisation, Dr McRae said.

Five models for a electricity strategy are being discussed at the forum. The proposal for distribution trusts is the most favoured.

Dr Bernie Fanaroff of the National Union of Metalworkers of SA — Cosatu's representative on the NEF — said only a few municipalities used electricity to boost funds.

"There are several

thousand tariff structures and it is important that these be equitable and uniform. It is difficult to get subsidisation for a fragmented electrification system."

The NEF expects to reach agreement on an electrification strategy by the end of this year.

Legislation will have to be changed to allow electrical distributors access to consumers. Also, electricity departments would have to be restructured to allow the creation of five or six giant suppliers.



# Low-cost housing market risks highlighted by property sale

BASIL Read's sale of its investment and development properties for R53,4m highlights the risks involved in dealing in the low-cost housing market. *B/Dam*

Basil Read MD Chris Jarvis said the political uncertainty, violence and poor property market had caused the investment and development property sectors to become a burden on the company. *3/9/93*

"We decided to cut our losses and move out of low-cost housing, but we will still remain involved in the construction and related aspects of the housing market as a whole," he said. *(123)*

The sale of the properties to a consortium of investors, which included some of SA's major banks, would leave the organisation with its civil engineering, mining, building and waste recycling subsidiaries.

Basil Read was hard hit by falling building activity and the lack of funding for low-cost housing in the six months to end December, writing off R9,5m on serviced

ROBYN CHALMERS

sites and low income homes.

This contributed to a 16,6% drop in interim turnover to R192,8m (R231,3m previously) and a fivefold fall in operating income to R1,04m (R5,1m).

However, the market reacted favourably to the decision of the French-based Bouygues Group to increase its 25,9% holding in Basil Read to 51%, with the shares rising to close at 60c on Friday from 55c.

Jarvis said the Bouygues decision to increase its holding in Basil Read stemmed from its desire to become more involved in the developing southern African industry.

The extension of Basil Read's international link was expected to enhance its growth and trading prospects over the medium and longer term, Jarvis said, as Bouygues had business operations in more than 80 countries.



**M**ONTHS of wrangling between the National Housing Forum and government has ended with a deal on restructuring central government's control mechanism of the housing budget.

The mechanism — the national housing commission — will be replaced by a national housing board with representatives nominated by the forum, business and government. Hopefully, it will mark the beginning of an era of efficient and equitable state spending on housing.

The replacement of the national housing commission with a more representative structure will finally give the forum the opportunity to prove to impatient constituents that it can deliver.

The impatience has centred on the R500m allocation to the forum from the central government Budget. Attention was drawn to the money, which was lying idle while government and the forum debated its spending, by a march on the forum. Residents of Johannesburg's inner city "Seven Buildings" housing project wanted a small slice of the cake as subsidies.

**P**art of the debate with government was on the desirability of the forum allocating the money. Government's argument was that it would become yet another structure in SA's complex and fragmented housing delivery system.

It was with this problem in mind that Finance Minister Derek Keys turned down the forum's initial request for a R1,2bn allocation in the Budget. Keys said in his Budget speech: "The needs of the people must be met, to the limit of what we can afford, through the national Budget and not around it."

Nevertheless, R200m was allocated from the funds under the control of the National Housing Department, with a promise of more to come if it was needed. Before long, the amount was increased to R500m. And the pressure was on the forum to start spending.

But the forum realised that to start allocating funds was a bad idea,

# Building a new housing strategy — brick by brick

GRETA STEYN

By Day 13/19/93  
123

as separate structures would "inevitably delay the process of rationalisation of existing state capacities, and unnecessarily perpetuate existing approaches and structures". The fact that forum parties failed to agree on how to spend the money made that decision easier.

The forum began emphasising that a way had to be found to accommodate its input in the formal structures. But the impression unfortunately already existed that the money was the forum's to give away.

But how could the forum be accommodated in a politically acceptable way without government losing control over the process?

A forum document describes the problem it faced in "effectively handing back the R500m to government to spend at its discretion. It is likely that this situation will be utilised by government for maximum own benefit and to likely significant disadvantage of the forum and parties in it. Indications are that government is already making contingency plans for such an event and may exploit the situation maximally."

**T**he replacement of the commission nominated by the forum, six by government and six to be jointly decided by government and the forum, is expected to be more active in policy than the national housing commission.

An example of issues to be dealt with in the short term is the commissioner's favourable subsidy treatment of constituents of the House of Representatives and House of Delegates. Should this be scrapped or extended to blacks as well?

The answer is clearly a question of affordability, but there are different views on what the financial constraints are. Housing Minister Louis Shill, under pressure to increase government spending, has emphasised the need to mobilise private capital.

The World Bank noted that even a modest reallocation of banks' mortgage portfolios towards the black community could begin to have an immediate and substantial impact on housing conditions. Shill is working on a new insurance

the National Housing Forum. The scenario for the affordable housing market, drawn up by consultants BMI Building Research Strategy, said there had been "a series of blunders" causing the system to founder and large proportions of the budget to remain unspent. The vast bulk of the money in the interest subsidy scheme, which has been managed on a racial basis, has gone to whites.

Better utilisation of the funds available for the interest subsidy could yield substantially different results: the forum scenario said a subsidy of almost R42m a year could mobilise R624m of private finance.

Why have these schemes not worked? A variety of reasons has been put forward, but the main factor is probably that the vast majority of the population lacks the financial means to purchase a home. Hence forum participants have emphasised the need for state subsidies of up to R5bn a year. Government, stretched to the limit, has been reluctant to commit itself to that figure.

There is little doubt, however, that the private and public sectors can afford to spend more on housing. The forum scenario noted that residential investment as a percentage of GDP was at present about 2,6% (at constant 1992 values) compared with an ideal of about 5%. The World Bank said SA housing investment was the lowest as a percentage of GDP of a group of eight similar economies.

**B**ut just how much more can SA afford to spend? And how should the money be allocated?

SA has some way to go before a long-term housing strategy will be on the table. An example of the kind of debates that will continue came up at the forum's workshop in Johannesburg. Objections were voiced to the IDT site-and-service scheme being built on the East Bank of Alexandra. "People want houses, not shacks," an Alex civic representative said.

The reconstruction of the national housing commission might have concluded one debate. But the wrangling over tough problems will continue as the backlog grows.



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# Cheap housing rates 'among the poorest'

ROBYN CHALMERS

THE quality of low-cost housing in SA is among the poorest of nine countries with similar income, according to previously unpublished data from the World Bank's housing indicators' programme. **B/DAY**

The study compared low-cost housing in Johannesburg to that in Bangkok, Tunis, Istanbul, Amman, Kuala Lumpur and Rio de Janeiro. **13/9/93**

It estimated that about one-third of black households had plot access to water and nearly half were living in structures built of impermanent materials.

The study estimated commuting times to be about one hour each way for blacks living in the PWV area, while housing quality and commuting times among whites were on par with international norms.

The report showed that investment in housing amounted to about 2,6% of the GDP in SA, compared to 8,5% in Malaysia, 7,4% in Tunisia and 3,9% in Thailand.

"Housing investment is low relative to GDP in part because effective demand is low in the white population due to static incomes and population, and poor in the black community because apartheid has squeezed household budgets and quashed incentives to spend voluntarily on housing improvements."

Business Marketing Intelligence head Llewellyn Lewis said it was essential that the black community had access to finance in order to upgrade housing quality, but that financial institutions were unlikely to re-enter the market on a broad scale until the risk of bond boycotts diminished.

New mechanisms needed to be developed, such as greater use of employer deductions on housing, graduated payment mortgages which lower default risk in the early years of mortgage repayment and third-party guarantors.

Pension funds and life insurance companies could also play an increased role in making resources available to low-income housing, which could take the form of secured lending against life insurance or pension equity values to policyholders, said Lewis. **(123)**

"The importance of innovative financing mechanisms lies in the fact that the affordable housing market in the future will be stimulated via subsidies to create initial affordability."

More people would be able to attain sites and there would be increased need for small loans to upgrade housing and to leverage the subsidy allocation for those who could afford more, he noted.

## Water levels drop further

ADRIAN HADLAND

PRETORIA — Water levels at reservoirs and dams continued to drop this week in many parts of the country, the Water Affairs Department said yesterday.

According to the department's weekly summary, dams in the Vaal River area, the eastern Transvaal, the western Transvaal, the upper Orange River region, the eastern Cape and Natal all registered slight weekly decreases in water volumes.

The Vaal Dam is at 19% of its full storage capacity — down from 20% last week — and the Vaal River area has slumped to 39% of capacity compared to 52% in September 1992.

Many other regions also reflected a decline in storage volumes. But western Cape dams retained a healthy average of 82% capacity, while the lower Orange River region registered 100%.

## Armcor happy after discussions with ANC

DIRK VAN EEDEN

PRETORIA — Armcor had held talks with the ANC and was confident about its future, Armcor spokesman Henry Abdoll said at the weekend. **B/DAY**

Armcor was an apolitical organisation and would continue to serve the government of the day, no matter who comprised that government, he said.

Abdoll said ANC president Nelson Mandela was on record as saying SA would continue to need a company committed to research and development of arms and ammunition.

Many products developed by Armcor to provide for the needs of the SADF in the Angolan bush war were recognised by international experts today as the best of their kind. **(123)**

Apart from the internationally acclaimed G5 and G6 cannons, wide interest had been shown in Armcor's mine sweeping equipment. US officials had

said SA landmine equipment is reliable and cheaper than other systems. They were anxious to buy this equipment once remaining sanctions were lifted. **13/9/93**

Abdoll said the cost effectiveness of SA mine-sweeping equipment could make it instrumental in helping rid the world of an estimated 85-million uncleared land mines in 62 countries. It had been estimated that landmines killed or severely injured about 150 people a week.

Many products developed by Armcor were "human friendly", non-weapony items which would help ensure the company's future, Abdoll said.

Technology used in the Mamba, or Iron Dove, armoured vehicles used by the Wits Vaal Peace monitors were developed by Armcor, he said.

# Housing funds control to shift

(123) CT13/9/93

From GRETA STEYN

JOHANNESBURG. — Draft legislation had been prepared for this session of Parliament to provide for more representative control of the national housing budget, sources said at the weekend.

The main control mechanism for all central government spending on housing — the National Housing Commission — is to be replaced by a National Joint Housing Board in terms of the draft legislation. Civics, political organisations, the labour movement and business will take decisions alongside government on how to spend the budgetary allocation on housing.

Housing Minister Louis Shill's office declined to comment, but it is understood the legislation is scheduled to come before Parliament in the second week of this month's session. If passed, a

## Draft bill gives local bodies a say

single, non-racial process for the application of state funds will be established immediately.

The National Housing Board will comprise 18 members — six government, six nominated by the Forum, and six business representatives to be decided jointly by government and the Forum. It is understood a joint committee has been set up to decide on the names.

Further planned restructuring of the institutional framework for the transition period includes the creation of four regional joint housing boards. The boards will take decisions on projects, and

will be supported by the creation of an interim housing secretariat. The secretariat, the administrative arm of the housing boards, will process all applications and make recommendations to the boards. The secretariat will be staffed by experts seconded from the public and private sectors, and non-government organisations.

Principles and points of departure already agreed in the forum will form the basis of decision-making, so application of state housing funds will be brought in line with the consensus on a new housing policy and strategy. It is understood Shill will speak in Parliament on the agreed vision and provide a checklist of principles.

It is expected the new body will be mandated to approve a wide range of projects covering many different approaches. The new management will facilitate phasing in of new approaches and phasing out the old.



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GRETA STEYN

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To Page 2

# Housing budget **Biday** 13/9/93

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It is expected the new body will be mandated to approve a wide range of projects covering many different approaches. The new management will facilitate phasing in of new approaches and phasing out the old.

The forum said in a confidential memorandum on the proposal: "Failure to agree and implement the proposed new structure now will significantly delay the process of re-orientation so urgently required, exacerbating the already critical situation with

From Page 1

regard to erosion of delivery capacity outside government. The proposed structure will immediately create a level playing field where non-government delivery agencies can compete with state delivery agencies for available funds on the same terms and conditions." **(123)**

It is understood the only obstacles that could prevent the legislation from being passed were the nomination of the Joint Housing Board members and the possibility of technical hitches.

The new structure means the R500m allocated to the forum in the budget will be "handed" back to government for joint control.

See Page 6



Steur 14/19/93  
123

# Beware, home sharks on prowl

## NO PLACE LIKE HOME

Low-income consumers, often without adequate education and information on the workings of the housing market, are vulnerable to exploitation. Experts are joining forces to help them.

**ZINGISA MKHUMA** reports.

**L**ow-income families often see prospects of having a home of their own disappear when crooked developers, estate agents and contractors offer a dream house, snatch up a hard-earned deposit and then vanish. So smooth and sleek are these sharks, that as soon as their scam is uncovered, they surface under another name, leaving behind a trail of homeless and miserable families.

According to the Urban Foundation, the housing crisis in South Africa, relating to low-income communities, is well documented. The backlog of some 1.5 million units is reflected in the gross overcrowding of existing houses.

This leads to many low-income families exploring whatever means possible to secure access to housing.

"Such consumers, often without adequate education and information on the workings of the housing market, are highly vulnerable to exploitation.

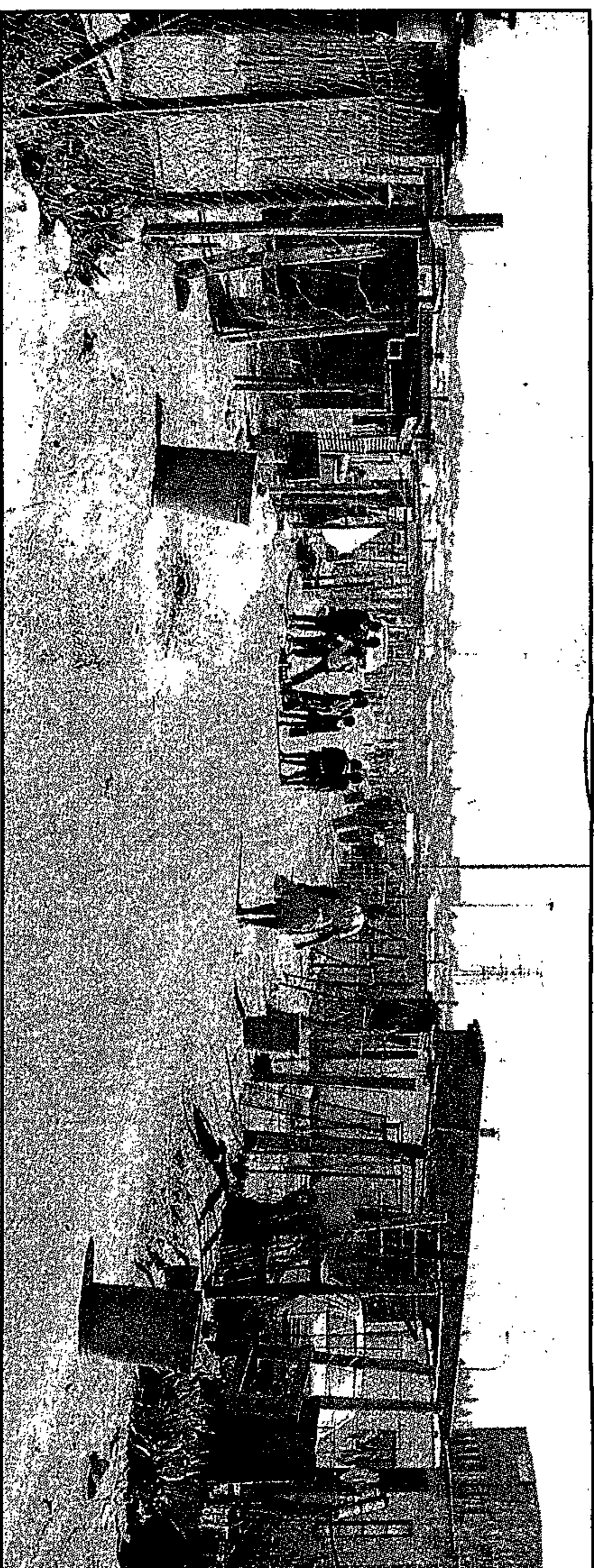
"Savings are being stolen and for many the dream of a home is being shattered," the foundation says in its newsletter, Urban Focus.

Brian Leveson, director of the newly formed Housing Consumer Protection Trust (HCPT), says only one in 10 people who sets out to buy a house gets it.

### Zealous

So far the trust has dealt with 5 000 cases of "disgraceful rip-offs" from which 60 percent of the clients had lost their deposits amounting to R1 000 000, in the Johannesburg area alone, he says.

Some of these clients fell prey to over-zealous salesmen who manipulate salary information so that a man earning R2 000 a month qualifies for a R75 000 bond. When clients fail to



Beware . . . sharks are closing in on the well-documented housing crisis in South Africa, relating to low-income communities.

meet their monthly obligations, houses are repossessed and auctioned.

Others enter into "prejudicial contracts" when they cannot afford a home and lose their deposit to a contractor who insists on keeping it for the "work that he has done".

However, HCPT chairman Humphrey Khoza says that while most suppliers of housing services maintain high ethical standards, there is an extensive body of evidence, showing that many low-income families are exploited by unscrupulous developers, contractors, speculators and financial brokers.

"Such families desperately need homes but often lack the knowledge to make sound decisions. Our message to them is to get advice before

they sign any document or hand over money," says Khoza.

More than 30 organisations representing community groups, the private sector and other professional bodies, have joined forces to educate consumers.

An education campaign and advice network was launched in Johannesburg recently by the HCPT, which comprises among others, the SA National Civics Organisation, the Urban Foundation, Lawyers for Human Rights, the Legal Resources Centre and the Urban Sector Network.

The HCPT is funded by the Estate Agents Boards and the campaign will focus mainly on equipping low-income earners to make sound decisions before buying or building their homes, and how to protect themselves from exploitation.

## HELPFUL HINTS IN THE HOUSING MARKET

- CAUTION:** Potential home-buyers should beware if:
- Developers falsify income information. This could force people into repayments they cannot afford, often leading to loss of the house plus any investment they have made.
  - Developers do not disclose all the costs associated with buying a house.
  - Brokering firms offer to secure bond finance from a financial institution for households that are unlikely to qualify and do not reimburse the fee when the bond is not secured.
  - Developers and contractors demand excessive deposits.
  - Financial institutions release funds on behalf of a household to contractors who have not completed the required work.
  - Attempts are made to sell land not owned by the seller.
  - Signs point to poor quality construction, misrepresentative marketing and sales procedures.
- INQUIRIES:** Consumers seeking advice should telephone toll-free 0800-111-663, Mondays to Fridays between-8 am and 5 pm.

## TOMORROW

Grahamstown schoolgirls are on a rapid learning curve to the 21st century.



# Hopkins gets Sappi award for self-help housing development

123 CT 16/9/93

SELF-HELP housing schemes will help to counter violence in SA, John Hopkins, the House of Representatives Deputy Director of Housing, said last night.

Hopkins received the coveted Sappi Western Cape Housing Person of the Year award, at a function at Cape Town Civic Centre, for his "personal dedication and leadership in the development of self-help housing".

He guides the management of 200 self-help schemes throughout the country. More than 18 000 families have been helped to erect their own homes in the past 10 years.

The award citation said Hopkins' "bold and innovative approach to self-help housing has resulted in many people who had not recognised their abilities realising their dream of acquiring quality and affordable housing.

"In developing skills and encouraging self confidence he has contributed to the development of communities with an improved quality of life."

Hopkins said experience had shown that violence was vitally non-existent in self-help projects, because owners took a pride in the homes they had created.

The philosophy behind the scheme was to provide an affordable, upgradeable shelter.

The projects provided a participants with building skills and they received tuition in home economics, management and budgeting.



**HOUSING PERSON OF THE YEAR ...** John Hopkins, the House of Representatives Deputy Director of Housing (left), last night received the coveted Sappi Western Cape Housing Person of the Year award from Gerald Morkel, the Minister of Budget and Housing.

Star 17/9/93

# Construction industry warned to clean up its act

## PROPERTY EDITOR

The housing sector — and indeed the whole construction industry — is going to have to clean up its act, according to Horst Kleinschmidt, chairman of the central Pretoria branch of the ANC and deputy director of the Kagiso housing trust.

He said this week that com-

panies in the sector which showed a lack of commitment to change, as well as those involved in the exploitation now rife in the low-cost housing sector would be "unacceptable" under a future dispensation. (S)

Addressing property developers, construction industry representatives and civil servants, he also said the shoddy quality of much of the housing

built commercially had already earned private enterprise a bad name in black residential areas.

The ANC's housing policy, he said, would promote job creation and training, with work going to black builders and artisans where possible. (123)

Kleinschmidt also made it clear that it was not ANC policy to extend the government's present "site and service" housing

system, and said it would mobilise massive resources to provide housing that ensured racial, economic and social integration.

The organisation would pay urgent attention to the release of all unused, under-utilised or otherwise available State land, and to the development of retail finance in a manner that brought affordability within reach of far more people.



# What the judges have to say on evictions

# (23) WM 17-23/9/93

In a 31-page memorandum to the negotiating forum, Chief Justice Mick Corbett comments on the draft Bill of Rights, giving the views of the country's judges. Here are extracts from their comments on the eviction and property clauses, which are summarised in the panel below.

On the eviction clause: this clause has the potential of creating great uncertainty. The reference to "his or her home" includes not only owners, but also all tenants and other occupiers. On the basis that the Bill of Rights will have vertical application only, this could well mean that the state would not be able to evict a defaulting tenant, a buyer of state land or a state house or any other unlawful occupier if inter alia it cannot prove that appropriate alternative accommodation is available. It is likely that this clause will be counter-productive. It will inhibit the state in selling or letting properties.

If the Bill of Rights is to have horizontal effect, the consequences of the clause will be even more drastic. It will inhibit the entire property mar-

The country's judges have criticised the draft Bill of Rights clauses on property and eviction. They argue the Bill is not the proper place for such common law reform

ket and may lead to an immediate slump in property values.

We suggest that a Bill of Rights is not the proper instrument with which to reform a very basic part of our common law — the right of an owner (including the state) to evict those who do not have an indefensible right to occupation. If there is an urgent need for special provision in the case of squatters — and we accept there may be such a need — that should be dealt with explicitly and unambiguously.

On section 3 of the property clause: We are of the view that the question of the restoration of rights and the compensation of persons dispossessed of rights in land as a consequence of policies of the past should be dealt with as a specific topic.

In the first place we doubt whether that topic should be dealt with under a clause dealing with property rights, expropriation and compensation in the case of expropriation. Dealing with both subjects in one clause creates the impression that restoration is a factor to be taken into account when dealing with compensation in the case of expropriation, and that no compensation need be paid when the aim of expropriation is restoration.

Moreover, the question of restoring rights and compensating those who have been dispossessed in the past not only merits the introduction of special mechanisms, for example a Land Claims Court, but also necessitates the development of rules of substantive law to deal with the matter.

What for example is the criterion for establishing the identity of lawful claimants? How far back does one go in history? What is the measure of compensation — market value then or now? Who is entitled to the compensation — those dispossessed say 40 years ago, or their descendants, or a tribe or group as such?

We do not consider it correct to leave it to the courts to develop rules of substantive law to deal with these matters when the constitutionality of legislation has to be tested.

## Eviction and property

**WHAT** the draft Bill of Rights says about eviction and property:

**Clause 20 (eviction).** No person shall be removed from his or her home, except by order of a court of law after taking into account factors, which may include the availability of appropriate alternative accommodation and the lawfulness of the occupation.

**Clause 23 (property) 1.** Every person shall have the right to acquire, hold and dispose of rights in property.

**2.** Expropriation of property by the state shall be permissible in the public interest and shall be subject either to agreed compensation or, failing agreement, to compensation to be determined by a court of law as just and equitable, taking into account relevant factors, including the use to which the property is being put, the history of its acquisition, its market value, the value of the owner's investment in it, and the interests of those affected.

**3.** Nothing in this section shall preclude measures aimed at restoring rights in land to or compensating persons who have been dispossessed of rights in land as a consequence of any racially discriminatory policy, where such restoration or compensation is feasible.

HOUSING FM 17/9/93

## IDT changes track <sup>(123)</sup>

After committing R845m to provide 112 000 serviced sites over the past three years, the Independent Development Trust's housing strategy is being refocused to deal with an expected inflow of foreign loan capital and future national budget allocations.

IDT housing director Ben van der Ross says the change is due mainly to the exhaustion of funds for capital subsidies. "The IDT does not have the resources to continue to promote programmes which have the effect of funding substantial provision of physical infrastructure.

"We have concluded that our more modest level of current resources requires that we re-examine the basis on which it can be applied in the best interests of the very poor."

He says the IDT believes its most appropriate future role will be to help bring about an increase in SA's capacity to absorb large-scale funding for housing. This entails support at local level for inclusive processes to develop social compacts for metropolitan planning on issues such as identifying land for low-income housing.

However, Van der Ross says the trust is not prepared to support new projects unless there is provision for sustained funding beyond its initial commitment.

### Trustees disappointed

It is clear that the IDT's trustees were bitterly disappointed by government's unwillingness to sustain funding for the capital subsidy scheme.

Even though the scheme promoted the development of 70 000 of the 112 000 serviced sites approved for finance by the end of its third year of operation last month, this comprised only about 10% of people needing housing. One result has been the creation of pockets of relative privilege within large seas of poverty.

To qualify for the R7 500 subsidy, applicants must earn less than R1 000 a month, have dependants living with them, receive no other subsidy and be over 21. Beneficiaries acquire full title to the site. They provide their own structures according to means and needs.

Some critics argue that people have a right

FM 17/9/93.  
to proper housing and say the IDT should provide houses rather than just sites. But Van der Ross prefers to talk of "needs" rather than "rights" and of using limited resources to at least provide secure tenure for the largest possible number of people.

Providing somewhere to live is the priority; helping people upgrade their living environment is the next step. The IDT calls it a "consolidation process" and it can occur either at community or individual level.

Van der Ross believes SA's housing problem can be tackled in a realistic way over the next 10 years at a cost of about R4bn (at current rand values). But the problems remain daunting and he does not expect a turnaround in the housing backlog before 1995.

He says the IDT will continue to take part in the National Housing Forum, which hopes to reach consensus by the end of the year on the two "critical issues" of end-user finance and State subsidies.

The NHF was formed in 1991 as a step towards co-operation in meeting housing needs. Its main aim is to negotiate a national housing plan to help meet backlogs and future demands. The IDT underwrites the forum's costs.

□ A national joint housing board, comprising government, NHF and business representatives, is expected to replace the National Housing Commission, according to draft legislation before parliament. If the law is passed, the board will provide for joint control of the housing budget. ■



DIGEST

US trade deficit narrows

WASHINGTON. — The US trade deficit in July shrank 14% to \$10.3bn, narrowing because consumers in the US reduced their purchases of overseas goods, the Commerce Department said yesterday. In other government reports, industrial production climbed a third straight month by 0.2% in August, while the number of US jobless filing new weekly claims for unemployment insurance rose slightly by 2 000 to a seasonally adjusted 324 000.

Tokyo's stimulus plan

TOKYO. — Japan yesterday announced an economic stimulus package worth 6.15 trillion yen in an attempt to revive Japan's listless economy by boosting consumption and end the fleeing of consumers by ensuring that windfall exchange profits are passed along. A key part of the package tackles the problem of regulations that hamper business expansion and prevent Japanese consumers from enjoying benefits the stronger yen has given to their global buying power.

Foreign loan clinched

HARARE. — Zimbabwe's tobacco farmers have secured a foreign exchange loan facility worth Z\$288m to import vital inputs for the 1993/94 farming season, a senior industry official said yesterday.

SA nets R10m at trade fair

By AUDREY D'ANGELO Business Editor

ABOUT R10m worth of business was done at the SA trade fair in Singapore at the beginning of this month — and it will probably lead to orders worth at least R100m in the longer term, according to Mario Angelucci, the SA Foreign Trade Organisation's manager of trade fairs and exhibitions. ~~CT 17/9/93~~ Meanwhile, international freight forwarder Renfreight reports that interest is already being shown in the SA Chinese Ex-

hibition (SACEX), to be held in Beijing in March. It is being organised by Times Media Exhibitions. First National Bank is one of the sponsors and the bank's manager of financial institutions, Richard Mooruth, says two-way trade between SA and China is expected to reach R500m this year compared with \$232m last year. Mooruth says this does not take into account the substantial indirect trade through Hong Kong. Derek Holmes, national export strategist at Renfreight — who are freight managers for SACEX

GOVT revenue nears budgeted target

From GRETA STEYN

JOHANNESBURG. — The government's revenue situation improved significantly last month, as fiscal drag and tax payments on public sector salary increases swelled state coffers. The Finance Department said revenue in the first five months of the fiscal year had risen 16.2% from last year, bringing government within striking distance of the budgeted 17.3% increase for the full year.

This is a far cry from the situation in the first month of the fiscal year, when revenue was slightly lower than in April 1992. The government has steadfastly maintained revenue would pick up to acceptable levels, while

economists projected a substantial shortfall for fiscal 1993/94. The department said spending rose 10.6% in the first five months compared with the previous year — not too far away from the budgeted rise of 8.8% for the full year. But economists said the eventual rise in spending would be above budget because of substantial extra allocations for job creation, drought relief and an increase in teachers' salaries. However, despite the extra spending, the government still maintained that the deficit was not likely to exceed the budgeted R25.3bn. Economists said the view depended on a changed definition of the deficit, which was out of line with the Reserve Bank and international practice. The extra spending will be financed from the sale of state as-

sets, instead of from long-term loans — hence the government's view that it does not add to the deficit. But economists, including the Reserve Bank, regard the sale of assets as a one-off source of finance — a "below the line" item alongside loan finance. A breakdown of the revenue position to July (the latest available) showed the increase in the VAT rate was paying dividends, while the fall in the company tax rate was holding back receipts. VAT receipts were up almost 55% from the previous year, while income tax receipts were only 1.3% higher. "The effects of salary increases in the public and other sectors and of fiscal drag will be reflected in the August figures, which are not yet available," Finance said.

— said the organisers had indicated that between 80 and 100 firms were already showing interest.

China was a very big market, with a population of 1.4bn. But it was important for exporters to research the market before going there, and make sure that rival products were not available for half the price. Holmes said it was also important for everyone taking part in the exhibition to work together to promote SA industry as a whole, even though they competed in the domestic market.

Lack of finance hits low-cost housing

JOHANNESBURG

The lack of end-user finance is strangling the development of low-cost housing projects and exacerbating SA's estimated housing backlog of 1.4-million units. Representatives from the private sector, local authorities and civic associations agreed at a National Association of Home Builders meeting yesterday that end-user financing was the key issue in the future of housing in SA.

In addition, the replacement of the national housing commission by a national housing board, already agreed upon in principle, was seen as essential for the formation of a comprehensive housing policy which would release funds through a formalised subsidy mechanism.

Table with 2 columns: Country, Value. Includes US, UK, Aus, etc.



# Housing projects 'strangling'

B/Say 17/9/93

ROBYN CHALMERS

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In addition, the replacement of the national housing commission by a national housing board, already agreed upon in principle, was seen as essential for the formation of a comprehensive housing policy which would release funds through a formalised subsidy mechanism.

New Housing Company Holdings CEO Rob MacGillivray said there was an urgent need for more developments such as Goldev, the low-cost housing project which planned to accommodate 80 000 people south of Johannesburg. (123)

"The national housing commission has made R3,9m available for end-user financing, but this equates to R7 500 a family which will fund a serviced site only. We need the private sector involved if formal housing is going to be built," he said.

Independent Development Trust

Finance Corporation MD Frans Pretorius said there was a danger of Goldev becoming a government funded scheme if the private sector did not participate. He doubted financial institutions would become involved in such schemes.

Banking representatives agreed that civic associations had effectively shot themselves in the foot through their threat, and implementation in certain cases, of bond boycotts and the evolution of a culture of non-payment.

Although financial institutions were looking at mechanisms to extend loans other than mortgages to the black community, the risks involved in lending to this market made it prohibitive, they said.

An Absa spokesman said the breakdown of the agreement between the SA National Civic Organisation and the Association of Mortgage Lenders over payment of bonds, had once again placed a portion of the bank's home loan book at risk.

Johannesburg city councillor Marietta Marx said it was vital that the end user became involved in projects at the start, as it meant communities bought into the process, lessening the risk of non-payment.

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# Far-reaching plan means big boost for black housing

**MICHAEL MORRIS**  
Political Correspondent

BLACK housing is set for a major boost through a far-reaching government plan to bring the private sector back into the field.

Minister of National Housing Louis Shill today announced the broad outline of a risk intervention scheme to cover major money lenders against risks of a political nature, such as violence and boycotts.

More details would be given soon.

"It is intended to get the entire private sector, including banks, the construction industry and the development industry, moving.

"We are talking about a fairly substantial scale," he said. "There is no reason why at least two-thirds of finance for housing should not come from the private sector."

He acknowledged that money lenders did not merely have "cold feet . . . they're freezing", but was confident that the risk intervention "will remove the kind of risks which prevented them from going into this field in the recent past".

This scheme was possible because of the success achieved in creating a single housing department with a non-racial, community-linked approach.

## Bill tabled on housing funds

CAPE TOWN — A Bill to streamline the provision and funding of national housing by replacing own affairs' boards with a single body was tabled yesterday.

The Housing Arrangements Bill stemmed from negotiations between the Local Government and National Housing Department and the National Housing Forum. 24/9/83

It provides for a National Housing Board to replace the National Housing Commission and also existing own affairs' boards if the President determines own affairs' housing matters should be general affairs.

Some housing matters relating to black people are administered as general affairs in terms of Acts which establish funds to channel public money for financing state housing initiatives.

The National Housing Commission, the Development and Housing Board, the Housing Board, the Development Board and the Housing Development Board have been the main public sector institutions supporting provision of housing for various groups.

The Bill also provides for the appointment of Regional Housing Boards to carry out national housing policy.

Own affairs' housing and development funds will exist separately but will be administered by the director-general of Local Government and National Housing, as is the National Housing Fund. — Sapa (23)



# Absa in bond about-turn

at 24/9/93  
Own Correspondent

JOHANNESBURG. — ABSA did an about-turn in the home loans battle yesterday and announced it would no longer carry bond registration costs, valuation fees and bond transfer costs from the end of the month. (23) Standard Bank followed suit, saying it would discontinue its four-month campaign of paying registration and valuation fees.

Last month Absa said it would waive these fees, prompting Standard Bank to continue its campaign, which had been due to end on July 23.

Absa said it did not consider it prudent to maintain its leading market share "at all costs". Marketing development general manager Mr Tienie van der Berg said lack of growth in the residential

property market had led institutions to offer incentives to attract home loan applications. But they had affected the profitability of the loans.

Standard Bank home loans general manager Mr Duncan Reekie said the move did not signal the end of competition. The offer to pay bond costs had been justified, but in the long-term "it would have a negative impact".

THE GOOD TIMES MAIL: 8.30 Money & Slip.  
9.00 News, Weather & 10.10



## Sasria may insure mortgage lenders

ROBYN CHALMERS  
and TIM COHEN

HOUSING Minister Louis Shill's new risk intervention scheme to protect mortgage lenders from defaults in the low-cost housing market could make use of the SA Special Risk Insurance Association (Sasria).

Sasria GM Mike Strydom confirmed that the political risk insurance organisation had held informal talks with Shill, who was looking for advice on methods to guarantee loan amounts.

"Sasria is already involved in this market to an extent in conjunction with the Urban Foundation's home-loan guarantee scheme. The scheme provides insurance for defaults as a result of politically motivated rent boycotts under specific conditions," said Strydom.

Shill declined to disclose details of the Sasria involvement, saying the deal was still being negotiated. But he suggested the scheme could make a big impact on SA's huge housing shortage.

The aim of the financing scheme is to secure much-needed finance for people on low incomes who have been unable to secure home loans from traditional lenders.

The threat of bond boycotts, violence and defaults have made financial institutions reluctant to increase their home loan exposure in the low-cost housing sector, which stands at about R8bn.

The new financing mechanism, expected to take the form of a loan guarantee fund, is aimed at mobilising up to R2bn a year in

□ To Page 2

## Mortgages

credit from banks for low-cost housing.

Industry spokesmen believe that a portion of Sasria's R4bn assets could be used as security against defaults, particularly if politically motivated violence diminishes.

The use of Sasria as a guarantee mechanism was mooted in the De Loor report last year, which suggested that the association's funds be used to insure financial institutions which lend to low-income end users and cover losses from bond boycotts.

National Housing Forum co-ordinating committee chairman Matthew Nel told a news conference on Friday that guarantee mechanisms aimed at boosting end-user finance had been discussed with government, but declined to comment further until he had seen Shill's scheme.

The forum called the conference to protest against Shill's unilateral announcement of an agreement on housing policy, which resulted in the Housing Arrange-

ments Act being legislated last week.

The Act created a national housing board, which Shill said would deal only with policymaking, financing and setting of standards.

Government would follow very carefully the principle of quid pro quo. "Additional benefits will be offered to those people who recognise their responsibility and are in turn prepared to make an effort in meeting obligations," he said.

Lenders faced politically based problems, Shill said. "The banks have to face normal commercial risks. It is up to us to ensure that the risks that go beyond commercial risks are removed.

"I can't give you details at this particular stage. In the fairly near future I believe we will be able to indicate to you that we have been able to set up a structure which brings back the private sector into housing finance in SA."

□ From Page 1



# Loan plan for low-cost housing

CR 27/9/93  
Own Correspondent

JOHANNESBURG. — Housing Minister Mr Louis Shill's new risk intervention scheme to protect mortgage lenders from defaults in the low-cost housing market could make use of the SA Special Risk Insurance Association (Sasria).

Sasria general manager Mr Mike Strydom confirmed that the political risk insurance organisation had held informal talks with Mr Shill, who was looking for advice on methods to guarantee loan amounts.

The aim of the scheme is to secure finance for low-income earners unable to obtain home loans from traditional mortgage lenders.

The new mechanism, expected to take the form of a loan guarantee fund, is aimed at mobilising up to R2bn a year in credit from banks for low-cost housing.

# 3/BUSINESS

## Shill he, shall he take unilateral decisions?

Louis Shill is the latest minister to run into flak for a display showing the government is 'still in charge' reports **Reg Runney**

A ministry spokesman notes that the R2-billion figure was based on an average discount of R2 000, not the maximum R7 500 discount. Hence the cost could be much higher than the R2-billion bandied about in the media.

**A** first welcomed, Housing Minister Louis Shill's capital subsidy extension is now coming under fire for being another unilateral government change. And the figure the state is foregoing in capital repayment on housing it is selling off could be a much higher. Observers suspect the scheme is also a vote-catching exercise in the run-up to the election — as well as another "we're-still-in-charge" display of decision-making.

At a media conference this week, Shill announced an extension of the capital discount on state-financed housing, which he said could cost the state R2-billion.



Housing Minister Louis Shill

National Housing Forum (NHF), and the Local Government Negotiation Forum (LGNF). Neither of these two forums were engaged in respect of Shill's proposals. UF housing executive director Jill Strellitz says it is intended that short-term subsidies and long-term sub-

The discount, already open to those in state-financed housing, is broadened to be available to residential sites and loans, mainly for self-help schemes, and for flats. The reaction to the move highlights once again the need for negotiation of just about any big government decision in the transitional period. As both the African National Congress and the Urban Foundation have noted, the capital discount scheme bypasses national negotiating forums.

The ANC has said it is further evidence of unilateral restructuring by the National Party and negotiating in bad faith. "The announcement, ostensibly about the extension of housing benefits, actually interferes with negotiations in two forums - the

sidy policy will be decided through the NHF, and a national housing board and regional housing boards. "In the light of this we find it surprising that government has chosen to operate in such a unilateral manner."

Strellitz also makes the point that money expended through the capital discount could have been used for new housing rather than shifting ownership patterns in existing housing.

"To use R2-billion to assist individuals currently housed we feel is an injudicious use of state resources. Rather subsidies should be directed at improving the affordability levels of those families that are currently unhoused. By improving these families' affordability levels, the supply for housing is stimulated and the opportunity is created for private sector developers, non-governmental organisations, co-operatives and so on to deliver the housing required." Shill's move is the latest chapter in the saga of the state's generally frus-

trated campaign, which began in 1983, to sell off state housing. The ANC says the substance of the proposal includes a sleight of hand attempt to deal with local authority arrears by capitalising them into a housing subsidy.

"To a significant extent, this is a write-off of money already expended and not, as some of the press has stated, an injection of capital into the housing market. "This measure neither deals with the intractable problems of local government restructuring, nor with the pressing need to introduce housing programmes within a framework of national consensus."

The spokesman for Shill said the local authority arrears referred to were in rentals and unpaid debt — not arrears on service payments, which were the responsibility of the local government. So the discount scheme applied to rents which might be outstanding on a house — not on unpaid service charges.



# focus on Housing

Sowetan 27/9/93

In this article Sanco president **Moses Mayekiso** argues for the simplification of the housing financing scheme and ensuring that people get access to the relevant funds: **123**



**I**T IS COMMON CAUSE that we need much more money pumped into housing.

Specialists, ranging from our own experts to housing ministers and financiers, agree that there are plenty of resources in our country's financial markets, and that we must expand government subsidies dramatically to unlock these resources.

Furthermore, it remains a fundamental principle of the democratic forces that housing is a human right and that people should pay no more than what they can afford for it. To this end, the state-financed housing stock should remain affordable for all time, and hence be protected from speculation. And more community-based development finance agencies — community banks, credit unions, loan funds — must be created and nurtured in the process.

## Divisive options

We are a long way from these goals. Instead, we are faced with the prospect of highly divisive, ineffectual housing finance options and principles, none of which can single-handedly tackle the challenge of blending public money and the resources of banks, insurance companies and pension funds.

Whether this is because of interest-group politicking, stingy free-market principles or simply a failure of imagination, the result could be an unco-ordinated expansion of all sorts of programmes. Already, the efforts of the existing regime and the private sector litter our communities, either as outright failures or as projects that only benefit the upper echelons of the population.

The banks provide us with a good example (with the exception of the Perm, which is sincerely committed to solving problems we point out). The broken negotiations with the banks' Association of Mortgage Lenders (AML) taught us not only that the private sector often views its short-term interests — especially foreclosing on our constituents — over longer-term interests, such as opening the townships to renewed lending.

Our efforts with the AML also taught us that the private sector has a way of dividing our ranks by breaking us into individual families in a free market system, some getting sit-and-service subsidies, some normal bonds and most nothing at all.

## Unilaterally imposed

Even on its own terms, this is a failure. The essential problem with the banks' housing finance system is that it was unilaterally imposed upon more than 150 000 households in black townships in a completely inappropriate way. Most of the R7 billion township bonds were granted when civics were repressed by the

state. These are all the outcome of reliance on a market approach to housing, which divides borrowers by income, which subsidised first time buyers — unless you were a black buyer of a second hand house or member of a co-operative — and relied on a meagre R7 500 capital subsidy for toilet towns in many parts of the country.

But more challenges lie ahead:

We must try to make housing financing as simple and universal as possible and ensure that people get access to funds for a decent housing unit for which they are not forced to pay more than a quarter of their income each month (and a smaller percentage for the very poor).

We must consider ways to prevent speculation, possibly by providing incentives for limited equity housing co-operatives (like the Seven Buildings in Johannesburg) or land trusts. We are arguing that housing and land purchasing co-operatives must be given subsidies and that alternative forms of tenure, eg renting, be provided so that communities have maximum options for housing design and planning.

Other financing issues must be considered, as we attempt to maximise our national financing capacity. These could range from applying prescribed asset requirements to financial institutions, to taxing, capital gains or resale of homes (which is a progressive means of redistributing wealth from rich to poor).

## Concrete strategy

We must ensure that financing schemes allow works' co-operatives, community enterprises and small business to buy building materials on fairer terms. Sanco is developing a concrete strategy in this area at present, which we will soon take forward to communities and small business federations. We must address land financing — perhaps through government-funded land banking — for if this is not pursued seriously, land invasions are likely. Most importantly, we must ensure that subsidies will be sufficient now and in future to make housing a reality. Housing minister Mr Louis Shill argues that R7,8 billion — R5 billion to be provided by the Government — is needed a year to build the 200-300 000 houses needed to solve the crisis within 10 years.

This a reasonable figure, which would not break the budget of the new government. We must quickly sort out the money currently being allocated to ineffectual housing finance agencies, such as apartheid parliamentary bodies, provincial administrations and parastatals. The DBSA is only able to spend half the amount it has available, largely because its interest rates are too high and it still works with BLAs land homelands. The SA Housing Trust charges 19 percent interest for its home loans, as a result of its projects' high failure rate.

The IDT remains a target for restructuring or abandonment, partly because of its commitment to the discredited site-and-service policy and partly because its housing finance subsidy has delivered a small fraction of what was projected (and at interest rates of over 30 percent).

Private sector loan guarantees are either failing or end up subsidising bankers rather than borrowers.

We conclude that most failures in housing finance are the result of:

- Neglecting to build community participation in to the policy and programme design and to consult properly at project level; and

- Downplaying the need to ensure affordable houses, even for the very poor.

This implies that all these sources of finance for housing and infrastructure should be rationalised. Existing tax breaks should be more transparent and not double-funded. We need a more systematic way of combining public subsidies and private, market-related finance, especially workers' pension funds.

All this will be made easier if the constitutional negotiators guarantee all citizens a right to a place to live in peace and dignity, either in the constitution or bill of rights. This would prevent racist landlords, bankers or bureaucrats from engaging in discrimination or groundless evictions. At present, Sanco is consulting internationally on the precise form an anti-discrimination statute should take. We are enthusiastic about the US Community Reinvestment Act, which gives communities more power to challenge banks' unfair practices.

(This is an edited version of an article in the September/October issue of *Work In Progress*.)



# R1,5bn boost for low-cost housing

B/Daily 30/9/93

123

ROBYN CHALMERS

SA's first national housing policy would be focused on the development of the low-cost housing market by channelling R1,5bn remaining in the budget into this sector, according to National Housing Forum participants.

The path was cleared for the formation of a national housing policy last week when Housing Minister Louis Shill tabled the Housing Arrangement Bill in Parliament.

Shill said a policy would have to ensure access to housing for those who could not afford basic accommodation. It would also include methods of achieving increased investment in housing, particularly the low-cost market.

The interim housing policy was being discussed by members of the forum, including representatives from the ANC, Cosatu, Azapo, Development Bank, construction industry, Life Office Association and the Urban Foundation.

Key issues were an increase in the amount of end-user finance being made available to disadvantaged communities, putting the brakes on urban sprawl and the removal of the primacy which had been afforded to private home ownership.

Unnecessary legislation from SA's

14 housing departments was expected to be repealed and replaced with a more streamlined and simplified housing procedure.

The increased availability of end-user finance would be encouraged by a new finance mechanism, under negotiation between government and the forum, and tax relief on bond repayments would be considered.

This could be along the lines of the UK's mortgage interest rate relief at source scheme, where homeowners applying for bonds of up to £30,000 are given tax relief.

Urban sprawl would be reduced by locating land close to Johannesburg's centre for housing development projects and subsidies could be withheld for schemes adding to urban sprawl.

Concepts such as shareblocks, sectional title and sub-division would be mooted in residential areas to encourage the development of large tracts of land held by one or two owners.

The creation of the National Housing Board and regional housing boards to replace the National Housing Commission, expected by the end of October, would speed up the formation of the long awaited housing policy, the forum said.



# Building downturn 'is likely to deepen'

LINDA ENSOR

CAPE TOWN — The building industry recession, which had reached alarming proportions in the first seven months of this year, would probably deepen further in the short-term, the Bureau for Economic Research (BER) at Stellenbosch University said yesterday. <sup>Biday</sup> 5/10/93

A BER survey said the sector was unlikely to register significant growth before 1994. (123)

BER director Ockie Stuart said continued violence before next year's election would not favour the provision of low-cost housing in the townships, while pressure on consumers would result in poor conditions in the residential building sector.

Overall, Stuart concluded, the outlook for investment in residential and non-residential buildings looked "rather bleak". Building plans passed in the seven months to end-July showed a year-on-year decline of 10,8% while building starts of house and non-residential buildings had dropped by 0,5% and 32,6% respectively.

"Research conducted by us points to minimal growth of about 1% in real terms

in fixed investment in residential building during 1994. Fixed investment in non-residential buildings is expected to show a further decline in real terms."

"It would appear as if builders are trapped in the general wait-and-see attitude which currently prevails in SA."

Surveys had highlighted the sluggish conditions in the property market — office rentals were drifting downwards and office vacancies were increasing. Industrial rentals were continuing to fall in real terms, while house prices were increasing slowly, he said.

Stuart noted that the number of houses under construction during the first seven months of this year was about 0,5% down in real terms on the same period last year. The comparable figure for non-residential buildings was a "whopping" 32,6% decline.

As at August building costs (net of VAT) were increasing at a rate of 3,7% on a year-on-year basis, while the January to August increase was 3,8%.

## Housing plan angers Sanco

ERICA JANKOWITZ

THE Development Bank of SA and Independent Development Trust should have consulted the SA National Civic Organisation (Sanco) before presenting their R90bn plan to the World Bank, Sanco president Moses Mayekiso said yesterday.

He repeated the ANC/SACP/Cosatu view that World Bank and IMF loans had "strings attached" in the form of sovereignty violations.

According to Mayekiso, the plan had been devised without consultation and development bank chairman Prof Wiseman Nkuhlu's housing programme "continues to anger communities with its site-and-service projects, which are a poor substitute for real houses". Sanco had called for a moratorium on such schemes 15 months ago, Mayekiso said.

Nkuhlu said the document presented to the bank was an initial draft which represented a call for debate and discussion. He welcomed Mayekiso entering the debate.

Consultation had taken place throughout the process, Nkuhlu said, and further workshops would be held.

Mayekiso said that under the Nkuhlu model residential investment would rise to only 3,7% of GDP, substantially less than the World Bank norm of 5%. The Sanco model would spend less state money, "but in a much wiser manner by leveraging local institutional investor funds, especially pensions".



THE INFORMATION... THE SOURCE OF... THE PLAN WENT WRONG IF... STATE WITNESS.

# R2bn for housing relief

CT 12/10/93 123

**JOHANNESBURG.** — The government has extended its capital subsidy scheme on state-financed houses at a cost of up to R2 billion, which will allow more than a million disadvantaged families to buy homes on favourable terms.

Housing Minister Mr Louis Shill said yesterday the capital discount of up to R7 500 on state-funded homes had been extended to housing built after 1983 and included residential building sites, flats, individual loans and other categories of homeowners who had not re-

paid their state housing debts. Nearly 200 000 properties in the Cape Province — concentrated mostly in the Ikapa, Lindelethu West and Ibhayi areas — will be affected.

Arrear rentals and instalments would be included in the R7 500 subsidy. He said the cost to the state would be taken out of existing housing funds and no new budget would be raised.

Beneficiaries would be able to take transfer of their houses immediately, but would have a reciprocal obligation to pay disadvantaged communities.

monthly instalments on any outstanding amounts, as well as municipal service charges.

The scheme encompassed state houses built before June 30, 1993. Mr Shill said a new scheme to benefit homeowners who had purchased housing after that date would be announced soon.

SA National Civic Organisation (Sanco) president Mr Moses Mayekiso said the proposals went a long way towards promoting home ownership within disadvantaged communities.

However, Mr Mayekiso said the proposals had to be considered against the background of Sanco demands, which included the writing off of service arrears owed by black local authorities, the restoration of disrupted services and affordable interim tariffs for services.

Mr Dawie le Roux, Cape Provincial Administration MEC for land development co-ordination, said yesterday he was "extremely pleased" by the extended terms of purchase.

He added that the action would strengthen the economic

base of black residential areas which would be "a tremendous stabilising factor" in the region.

Mr Neil Ross, chairman of the Cape Town City Council's housing committee, said Mr Shill's announcement "looks like a neat piece of electioneering work on behalf of the NP".

But he added that the announcement did add a bit of equity to the policy until now only allowing the discount scheme for those whose homes had been built before 1983.

— Own Correspondent, Staff Reporters

... AND IF THE PLAN WENT WRONG IF... STATE WITNESS.

... Mr. M. D. ...

# Big boost for housing

Star 12/10/93

■ BY JO-ANNE COLLINGE

More than one million families stand to gain from the Government's decision to extend the R7 500 capital discount scheme on State-funded housing, according to Minister of National Housing Louis Shill.

Until now the discount applied only to housing built up to 1983 and came about largely in response to the civic movement's campaign for the "transfer of houses to the people". With Shill's announcement, all State-financed housing contracted by June 30 1993 will be subject to a discount, as will flats, residential sites and individual loans.

Although the cost to various housing funds "could exceed R2 billion", the measure did not involve any new budgeting, Shill pointed out at a press conference yesterday.

"To further assist households experiencing unemployment and poverty, arrear rentals and instalments may also be included in the amount of R7 500," the Minister said.

## Going again

On taking transfer of their homes, beneficiaries would "as a reciprocal obligation, have to undertake in writing that the monthly instalments on the balance of the selling price, as well as municipal charges for services rendered, will be paid regularly".

Shill insisted that this was not a tit-for-tat measure, but the only way the Government could think of to get local government affairs going again.

South African National Civic Organisation president Moses Mayekiso, seated beside Shill,

said his organisation had not been consulted on the new plan, but believed it would go "some way towards promoting home ownership within disadvantaged communities".

Sanco was prepared to accept the condition that beneficiaries should promise to pay their service charges because the scheme began to address at least one of the basic grievances which caused rent and service boycotts.

The discount will enable many families to own their homes without further payment. Although immediate transfer is technically possible, Shill agreed the matter could become "very complicated", in townships where records were not up to scratch.

Because of this, the Government viewed as vital the civic associations' close involvement in working out practicalities.



# Home ownership scheme Nat ploy to gain votes — Ross

123

ARG 12/10/83

## □ R2-billion plan for low-income housing

**CLIVE SAWYER**  
Municipal Reporter

THE R2 billion scheme to extend home ownership to more than a million low-income people is a transparent National Party vote-catching bid, says city council housing chairman Neil Ross.

The scheme, announced by Minister of Housing Louis Shill, is an extension of a plan announced in November last year to give R7 500 capital discounts on state-financed housing.

The discount will be extended to housing built after 1983, residential building sites, flats, individual loans and to other categories of home owners who have not yet fully repaid housing debts to the state.

Arrear rentals and instalments may be included in the R7 500.

Beneficiaries would be able to take transfer of their houses or flats immediately, Mr Shill said.

They will have to sign undertakings to pay monthly

instalments and municipal charges.

"If the outstanding debt is more than R7 500 it will have to be secured by a mortgage bond," he said.

Mr Shill said the scheme would help make home ownership accessible to all.

Community-based organisations were being asked to support the scheme.

Mr Ross said the scheme was "a transparent attempt by the NP to get votes".

He welcomed the extension of the home ownership but said clarification of key issues was needed.

Among these was the question of arrears.

Arrears were being underwritten by ratepayers and the government should compensate them, said Mr Ross.

The scheme had been announced by the government without discussions with local government.

Mr Ross learnt of the scheme when a copy of Mr Shill's Press release was faxed to him by The Argus.

He said the scheme would not help anyone on the coun-

cil's waiting list.

At present more than 40 000 names are on the list. Many have been waiting for council housing for 10 years.

Mr Ross said extending the scheme to flats raised questions about the implications for the Sectional Title Act. The Act, which lays down procedures for running and financing common areas of flats, was devised for an affluent and well-educated sector.

It was inappropriate for flats in poor communities.

Mr Ross said the council would have to wait for a circular from the government in the hope that questions would be answered.

Land development MEC Dawie le Roux said at least 192 000 properties in the Cape Province would be affected by the scheme — mainly in the Ikapa, Lingeletu West and Ibhayi areas.

"This welcome action will provide ownership and will strengthen the economic base of black residential areas, which is a tremendous stabilising factor," said Mr Le Roux.

# Million houses for low-income people

**T**HE MINISTER OF Housing and Public Works, Mr Louis Shill, yesterday announced an extension of a low-income housing scheme involving about R2 billion.

Speaking at a Press conference at Jan Smuts Airport, Shill announced new measures to enable more than a million families to purchase their own homes, flats or residential building sites on more favourable terms.

The capital discount, to a maximum of R7 500 on the selling price of State-financed family housing units announced in November last year, has been extended to houses built after 1983 as well as to residential building sites, flats, individual loans and to other categories of home owners who have not yet fully repaid their housing debts to the State until June 1993, Shill said.

To further assist households troubled

by unemployment and poverty, arrear rentals and instalments could also be included in the R7 500 capital discount.

Shill said the Government was referring to existing State-owned housing stock. However, if the outstanding debt was more than R7 500 it had to be secured by a mortgage bond.

Beneficiaries would be able to take transfer of their homes immediately, but as a reciprocal obligation buyers had to undertake in writing that the monthly instalments on the balance of the selling price, as well as municipal charges for services rendered, would be paid regularly.

"Proposals will also soon be an-

Sowetan 12/10/93  
■ **BACK PAYMENT** Arrear rentals and

instalments may be included in discount:

(123)

nounced which give details of new guidelines to ensure that rentals of State-financed housing are treated uniformly and on a reasonable basis," Shill said.

Local authorities, provincial- and own-affairs administrations which provide low-cost housing will soon be provided detailed information on the administration of these measures.

South African National Civics Organisation president Mr Moses Mayekiso welcomed the announcement saying the Minister's announcement went some way towards promoting home ownership within disadvantaged communities. — Sapa.



*Urban Foundation critical*

## Cool response to housing plan

Star 13/10/93  
123

■ BY JO-ANNE COLLINGE

The Urban Foundation has poured cold water on the Government's announcement of a capital discount of R7 500 to be made available to all families living in State-funded houses, flats and site-and-service schemes.

"The UF believes that, in principle, subsidies should be directed at stimulating the supply of housing. To use R2 billion to assist individuals currently housed, we feel, is an injudicious use of State resources," UF executive director of housing Jill Strelitz said.

State subsidies should be geared at making decent shelter affordable for families who were currently "unhoused".

"By improving these families' affordability levels, the supply for housing is stimulated and opportunities creat-

**THE USE of R2 billion to assist currently housed people is branded as injudicious**

ed for private sector developers, non-governmental organisations, co-operatives and so on to deliver the housing required," she said.

The result would be not only a reduction in the housing backlog, but job creation and other economic spin-offs.

Even though Minister of National Housing Louis Shill had made it clear that the R2 billion cost of the discount scheme was not a new Budget item, it remained a "write-off of future expected revenue from loan repayments" of those already housed.

"This still constitutes an allocation of State monies and we question if this is the most judicious way to allocate," Strelitz said.

Director-General of Housing Piet van Rooyen has supplied details of the million families who the Government envisages will benefit under the discount scheme.

Close to 500 000 were already eligible for the R7 500 discounts for State-financed housing stock built before 1983, in terms of a policy adopted a year ago. Only 18 000 of those who could have benefited had utilised it so far.

The newly announced discounts apply to State-funded houses, flats and sites made available between 1983 and June this year. Most families who stand to benefit are owners of some 343 500 serviced sites.

# ANC slates new housing subsidy

B/Day 13/10/93

JOHN DLUDLU

THE ANC yesterday criticised government's R2bn housing subsidy scheme, claiming the move represented further evidence of NP's unilateral restructuring.

Housing Minister Louis Shill said on Monday government had extended a capital discount of up to R7 500 each on state-funded houses built after 1983. (123)

This arrangement would include residential building sites, flats, individual loans and other categories of home owners.

An ANC statement said: "The National Housing Department is now straying into the extremely dangerous field of negotiating in bad faith."

It said Shill's announcement was interfering with negotiations in both the National Housing Forum and the Local Government Negotiation Forum. "Neither of these forums were engaged in respect of Minister Shill's proposals."

The proposal was a politically expedient attempt by government to deal with local authority arrears by capitalising them into a housing subsidy, the ANC said. "To a significant extent this is a write-off of money already spent and not a capital injection into the housing market."

Urban Foundation executive director Jill Strelitz said the foundation believed subsidies should be directed at stimulating the supply and improving the affordability of housing to homeless families.

Such subsidies would ease the housing backlog and promote job creation resulting in other spin-offs.

Strelitz said: "To use R2bn to assist individuals currently housed, we feel is an injudicious use of state resources."

She also criticised government's action as unilateral. "The National Housing Forum and National Hous-

ing Department have recently struck a deal regarding interim arrangements for the allocation of the state's housing budget.

"A national housing board and regional housing boards are in the process of being established, through which short- and long-term subsidy policy should be determined. In the light of this we find it surprising that the government has chosen to operate in such a unilateral manner."

However, TPA MEC for housing John Mavuso welcomed the move, saying it would bring home ownership within the reach of many deserving black families in the Transvaal. "It also offers people the opportunity of improving their homes, which, in turn, can lead to the creation of job opportunities."

He said the subsidy would remove one of the underlying causes of the rent boycotts, and would facilitate current local government negotiations and the resumption of regular payment for municipal services.

He said various problems would have to be solved before transfers could take place. Most important of these was the designing of procedures for the identification of people entitled to transfer where local authority records might have been destroyed or where there were disputes. "Complex legal issues also have to be resolved. The TPA is far advanced with this work in close consultation with various local and national negotiating forums."

Large-scale implementation of the concessions would commence soon.

SA National Civic Organisations president Moses Mayekiso earlier welcomed government's proposals but expressed concern that it was informed of the scheme only a day before the Minister's announcement.



## Housing subsidy plan under fire

JOHANNESBURG. —

The Urban Foundation yesterday criticised the announcement by the Minister of Housing, Mr Louis Shill, of the extension of the R7 500 capital subsidy scheme for low-cost housing and sites to June 30 this year (23)

The Urban Foundation's Ms Jill Strelitz said the subsidies did not lead to the delivery of new housing stock as the scheme applied only to existing housing. — Sapa

● Housing gain —

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Fm  
HOUSING 15/10/93  
**Growing the market**

**Housing Minister** Louis Shill's R2bn housing subsidy announcement this week extends for the second time in the past year the State's national housing sales campaign originally launched in 1983. The scheme was designed to assist low-income earners of all population groups, including those in the self-governing territories, to buy State-financed property, built and held by provincial and local authorities (through loans from the National Housing Commission) as well as the "own affairs" departments. (123)

In 1983, rented, free-standing homes built before then were identified for sale. Last November the sales campaign was extended by the application of a maximum discount of R7 500 on the selling price of these homes.

The total number of properties originally earmarked for sale was 746 000, 526 000 of which were in SA and 220 000 in self-governing territories. Of the SA allotment, 337 800 were occupied by blacks, most of which (232 400) were in the Transvaal, followed by the Cape (73 400), Free State (21 200) and Natal (10 700).

This week's announcement affecting 1m properties comprises the balance of unsold stock from the extended 1992 campaign —

Fm 15/10/93

roughly 350 000 homes — plus a further 650 000 housing opportunities (including houses, loans and sites) made available by the addition of six new categories:

- Free-standing houses erected before 1983 for sale (not rental), totalling 122 500 units;
- Homes financed by 90% individual loans approved before 1983, totalling roughly 7 700;
- Houses for sale erected after 1983, including self-build loan schemes (primarily by the own affairs departments) totalling 122 700; (123)
- Homes financed by 90% individual loans approved after 1983, numbering 9 700;
- Serviced sites provided after 1983, numbering 343 400; and
- About 40 000 flats for which a mechanism is being worked out to enable their sale and to overcome technical difficulties presented by constraints in current law.

Discounts granted by government's extended sales benefit scheme vary according to the selling price of the property or the balance of the loan amount and are set at a maximum of R7 500. If the selling price of a property is R10 000, the maximum discount of R7 500 applies and the person is only obliged to pay R2 500. Beneficiaries purchasing property below the R7 500 mark would receive their homes for free.

Administration of the project will be undertaken initially by local authorities, provincial and own affairs administrations.

Though he welcomes the proposals, SA National Civic Organisation (Sanco) president Moses Mayekiso says they have to be considered against the background of Sanco demands, which include the writing off of arrears in respect of services owed by black local authorities, the restoration of disrupted services and affordable interim tariffs for services.

Shill says the R7 500 capital subsidy to categories of homeowners who have not repaid their housing debts to the State will include arrear rentals and instalments. Though beneficiaries would be able to take transfer of their houses immediately, he adds, they would have to pay monthly instalments on outstanding amounts, as well as charges for municipal services rendered henceforth.

The issue of arrears municipal service charges is receiving attention in the Local Government Negotiating Forum in which Sanco and Local Government Minister Tertius Delpert are represented. ■



# Shill hits back at housing critics

ROBYN CHALMERS

HOUSING Minister Louis Shill hit back yesterday at critics of the government's R2bn subsidy scheme on state-funded housing, saying the state's priority was to house as many disadvantaged people as possible.

He told a meeting of the National Association of Home Builders that government would continue to take decisions on housing issues until a national housing board was in place.

"I am not criticising the national housing forum, which is a vital organisation, but if the state had taken the subsidy scheme to the forum it would have been three or four months before a clear decision was taken.

"The state does not take its instructions from the forum, which is not an implementing agency but provides the valuable functions of pulling the diverse players together and initiating discussion," said Shill.

Citing examples of the slow deci-

sion making process embodied within the forum, Shill said there had been a four-week delay in nominations for representatives on the board.

"It is vital that the board is set up as soon as possible on a nonracial, non-geographical basis which has a single housing fund and regional divisions," Shill said. 15/10/93

The fact that "not a single penny" of the R500m allocated to the forum out of the national Budget had been spent bordered on the criminal when the huge housing backlog facing SA was taken into consideration.

The ANC came out strongly against the unilateral nature of the announcement, saying the National Housing Department was "straying into the extremely dangerous field of negotiating in bad faith". (123)

The Urban Foundation said the use

of R2bn to assist individuals currently housed was an injudicious use of state resources. However, Shill said that effectively no funds would be paid out under the scheme and no new budgeting was required.

He agreed that the extension of the subsidy scheme would not benefit those people who had paid their bonds in the past, but said the aim was to increase home ownership among the disadvantaged.

No immediate comment on the subsidy scheme was forthcoming from the forum, whose co-ordinating committee has been discussing the project over the past two days.

DIRK VAN EEDEN reports SA National Civic Organisation president Moses Mayekiso also criticised the scheme yesterday, saying it paid only lip service to Sanco demands that housing transfers to occupants be made free of charge.

# Exploitation of low-income housing sector

123

**Property Perspectives**  
by MAGGIE ROWLEY



EXPLOITATION of the low-income housing sector was reaching completely unacceptable proportions with the number of complaints to the Estate Agents Board soaring 40%, says Hendrik Schepers, head of the Estate Agents Board's claims department. In the board's latest newsletter, Schepers said claims lodged against and paid out by the fidelity fund were now reaching alarming proportions and if they were to continue at the current rate "the fund will soon reach a stage where income is matched by claims".

He said relatively unsophisticated and inexperienced home buyers in the low-income market who had long been denied home ownership had become the target of "unscrupulous racketeers". This newly emergent sector of the home-buying public now accounted for an unprecedented 63% of the number of claimants reimbursed by the fidelity fund — against 44% two years ago. The amount paid to this group had also increased to about 42% of the value of all claims paid by the fund so far this year, he said. In the first six months of this year, 211 claimants

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were paid out a total amount of R2 398 726 of which 132, totalling R985 559, were from low-income home buyers. Evidence, he said, suggested these figures were just the tip of the iceberg with low-income earners being particularly vulnerable due to the exceptional demand for adequate and affordable housing. Board chairman, Andrew Harrison, said the board had a significant role to play in protecting consumers but that few people in the affected areas were aware of the services they were able to offer. It was for this reason that the board in a joint initiative with the newly established Housing Consumer Protection Trust had agreed to fund an intensive consumer awareness campaign in a concerted endeavour to enlighten all sectors of the

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BIDAY 20/10/93

## Shill outlines risk intervention plan

HOUSING Minister Louis Shill says he is talking to the SA Special Risk Insurance Association (Sasria) about setting up a risk intervention scheme to shield banks from defaults in the low cost housing market.

Shill told National Home Builders' Association members that government was considering setting up an organisation to deal with the problem of end-user

finance in the lower end of the housing market. However, the finance mechanism would be discussed thoroughly with all parties, including the National Housing Forum, before any decision was taken.

"We should come to an agreement by the end of the year which will allow mortgage lenders to move once again into low cost housing and make loans without

fear of defaults."

Shill did not elaborate on the mechanism, but industry sources believe some of Sasria's R4bn assets could be used as security against defaults, particularly, they said, if politically motivated violence diminished.

Shill said the risk intervention mechanism would be developed along with a government subsidy which would give disadvantaged people adequate equity to approach the banking fraternity for a mortgage.

"We are holding one-to-one discussions with each and every bank involved in mortgage lending to ascertain the problems associated with lending into black communities. (123)

"We have got to ensure that there is no reason in the future for people being unable to attain mortgage finance," he said.

"We do not wish to create a situation whereby housing for the disadvantaged is the sole responsibility of the state.

"We must motivate the private sector to create an environment which can fit into a future constitution and ensure houses for future generations," Shill said.



**I**N THE simplest of terms, the housing crisis in SA is the failure to supply enough decent, affordable homes. Only about one-sixth of the annually required new houses are being supplied as formal, legally approved structures. The rest of the demand is being accommodated in squatter settlements, backyard shacks and continued overcrowding in houses in the townships and inner city areas.

The crisis is also one of enormous political complexity. Housing is highly visible and symbolic, reflecting socioeconomic well-being or despair. Traditionally, state housing assistance has been a focus of political patronage. Quality of housing has generally been reflected in racial terms. The liberation movements have also highlighted poor houses as a consequence of oppression, and decent housing as one of the fruits of liberation. Not surprisingly, expectations and the level of politicisation around housing are enormous.

**T**he politicisation is mirrored by bureaucratisation. Housing was classed an "own affair" and racially based housing administrations are well entrenched. SA has 14 departments of housing and 26 state and parastatal channels for directing state assistance for housing — each administration with its own agenda.

The consequence of this bureaucracy and diffuse political accountability is a sponge-like structure which absorbs state housing budgets but is incapable of demonstrating what it does with these funds. In 1992/93, notwithstanding the desperate need, the National Housing Department failed to spend almost 50% of its annual budget vote.

On the ground where resources are being directed, conflict and violence are often created rather than reduced. State housing resources are captured by local political actors and warlords and used to strengthen their positions. This crisis is not one which will be solved by the technocrats or the politicians alone. It is crucial that the crisis of political expectations and of technical capa-

(123)  
2010/93

# Building trust is the key to solving SA's housing crisis

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MATTHEW NELL

(123)

city be addressed. This requires those representing the homeless and inadequately housed (mass-based organisations) and those representing suppliers of housing and finance (business, banks and so on) to talk to each other, and to those who regulate the housing sector (government), to find a way forward which is both achievable and acceptable.

It is insufficient merely to produce a national housing policy and plan or even specific initiatives. What SA needs is agreement between the key players on implementable and sustainable plans that can be supported through broad-based consensus.

Opportunities exist to develop such consensus during the transition period. There is a window of opportunity for housing to be pursued as an issue of national reconciliation and reconstruction rather than of party political contestation and patronage. It is within this context that the work of the National Housing Forum has been focused. The forum grew out of a meeting in August 1991. It was understood that a forum structure would create the opportunity to inject legitimate policy options and workable proposals. Members include political, labour and civic organisations, business and housing non-governmental organisations and national development agencies.

**T**he founding agreement, signed at the launch in August 1992, commits members to applying themselves jointly to the negotiation of short-term strategies, medium- and long-term plans and policy frameworks, on a basis that allows maximum participation by the public through their representatives.

The forum has engaged in negotiations among its members and with government. Negotiations with government have focused on hostels and interim arrangements for housing. The hostel agreements has led to the creation of a national hostels co-ordinating committee (on which the forum and government are represented), which oversees the government-sponsored R326m hostels redevelopment programme. Negotiations on agreements to implement interim arrangements for housing have made good progress. These arrangements represent a first step in rationalising the public administration in the housing sector.

The forum has also been engaged in developing a national policy and strategy. The first phase, aimed at identifying the nature of the housing problems and determining the overall choices which must be assessed,

is now complete.

Currently, the forum is engaged in the second, policy development phase. This has three dimensions:

- Overall policy and strategy. This defines overall values, goals and vision for the housing sector, and the broad strategy to achieve these;
- Functional policy and strategy. This develops practical approaches in the areas of land, finance, subsidies, institutional structures and the performance of the housing sector, within the context of macroeconomic and socioeconomic development perspectives; and
- Housing programmes. These establish a set of overall programmes which enable communities, local authorities, developers and so on to respond effectively to critical housing problems and needs.

While many questions remain unanswered, the forum has made real progress on short- and long-term objectives. As importantly, both the constituency-based members and suppliers of housing and housing services in the forum are developing common capacity and understandings of realities around the housing crisis and its potential resolution. Clearly, co-operation is vital.

The announcement by Housing Minister Louis Shill of the extension of government subsidies to yet another category of state-owned rental housing available for sale to occupants is extremely disappointing.

First, this subsidy, which extends a R7 500 discount on houses built between 1983 and 1993, is also extended to write off accrued rental and service charge arrears. The application of housing benefits to write off running cost deficits is not sound public-funding policy. This measure fails to deal with existing difficulties in resolving who is entitled to the properties being disposed of, and what happens to the rights of other family members and tenants in the process. It also fails to resolve basic issues around effective provision and payment of municipal services.

Second, the introduction of yet another subsidy mechanism is a further extension of the confused web of inequitable and mostly inexplicable state subsidies for housing. Government has further complicated these problems of intervening in the housing market on an ad hoc basis, without taking into account the consequences to the value of houses already sold.

Third, not only was the measure developed and announced without consultation, but lack of consultation was justified by the need to provide new housing (which it does not) and the inhibiting slowness of consultation processes.

**T**his needlessly polarises the process between government and outside interests, and wrongly assumes that action and consultation are alternatives. There is sufficient evidence that in housing, action is successful only if it has the support of those for whom it is intended.

It would be tragic if the emerging consensus were to be jeopardised by unilateral initiatives. The country cannot afford to have trust and co-operation sacrificed to short-term, ad hoc imperatives. Even if we believe we already know the solutions, these alone are insufficient. What is important is to secure broad agreement on these "solutions" so that they represent legitimate, implementable plans of action.

□ **Nell chairs the National Housing Forum's co-ordinating committee.**



# Housing 'key to growth in the building industry'

B/Day 20/10/93

Reports by  
ROBYN CHALMERS

MBABANE — In the short term, the establishment of a new housing initiative is the key to meaningful growth in the building industry, says Building Industries Federation of SA (Bifsa) executive director Ian Robinson.

Although this is how Robinson concludes his overview in Bifsa's 1993 annual report, it is a sentiment that echoed throughout the federation's congress this week.

A number of challenges face the industry in getting this initiative off the ground. Foremost among these are the negotiations between the National Housing Forum and National Housing Department, which are close to breaking down.

The seriousness of this development is evident in the fact that President F W de Klerk and the Kempton Park negotiators are willing to step in and mediate. (123)

The second challenge which Robinson points out is that many workers have left the industry as it remains slumped in the most severe recession since the Second World War.

"The worrying signs are already



● ROBINSON

there that we may be facing a skills and other resource shortage in two or three years' time and therefore, the momentum of training in the industry must be accelerated," he notes.

The third challenge is uniting the formal and informal sectors through the formation of alliances in order to access the work and attain the necessary community participation.

Ken Dlamini, marketing manager of Murray & Roberts' housing subsidiary Cordev, told the congress co-operation between the two sectors would succeed only if there was an atmosphere of trust, honesty and credibility, with tokenism, paternalism and corruption certain to destroy the initiative.

Dries Hauptfleisch, head of the Building Management Department at Pretoria University, said affordable housing would provide unsurpassed piggy-back opportunities in all spheres of the construction sector.

"The provision of housing requires virtually no overseas manpower and materials. It has huge social advantages including reduced violence, better health and education environments, and reduced taxes."

LTA group MD Colin Wood warned that there would have to be a partnership between the builders, trade unions and government in order to manage the housing initiative properly.

He noted that the construction of 300 000 houses a year could increase employment by a further 150 000. This presented a huge challenge in terms of skills and management.

● See Page 8

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# Busy times in housing for the Land Investment Trust

123

## PROPERTY EDITOR

The Land Investment Trust (LIT) has funded more than 20 000 of the 70 000 housing stands provided nationally in the past two years.

In the year to end-June, it provided working capital for 15 site-and-service projects, 59 starter housing schemes and six conventional housing projects, as well as for the upgrading of two railway stations and three schools.

Since its inception in 1991, it has supported more than 90 schemes with loans to the value of R91 million, facilitating the provision of housing and community facilities in projects which have strengthened local communities' ability to provide for themselves.

However, says chairman Selwyn MacFarlane, the declining trend in the provision of housing has caused a worrying decrease in the number of applications to the LIT — and it is delivering housing units at only one-third of its real capacity.

The single largest constraining factor is the lack of available end-user finance — from either the public or private sector.

For example, many of the upgrading and greenfields developments handled by the LIT have been funded by the IDT through its capital subsidy scheme.

But, says MacFarlane, the inability of the IDT to provide a further round of capital sub-

sidies has contributed to the LIT being unable to maintain its initial impetus.

Just as critical, he says, is the failure of the Government to develop a capital subsidy policy appropriate to the needs of the majority.

Particularly worrying, he says, has been the continuing reluctance of mortgage lenders to lend to starter housing projects in black townships.

As a result, the LIT has been able to place no new starter housing projects on its books this year.

Turnover on projects carried over from the previous year has been very slow, and the provision of new formal housing units has shown a decline nationwide.



# Manuel warning on election and violence

□ 'Window of opportunity' may be shut for ever

**The Argus Correspondent**  
**JOHANNESBURG.** — Unless the quality of life for the majority improves significantly, the struggle for democracy will be shortlived, says African National Congress economics head Trevor Manuel.

He warned delegates at the International Trade Exhibition (Saitex) that a postponement of the April 27 elections could not be contemplated in a country "ravaged by violence and flush with fire-arms".

A window of opportunity would be shut for ever unless violence ceased and economic policies were agreed to democratically.

"We need to offer foreigners above-average guarantees about the way they will be treated and their right to repatriate capital and dividends to encourage them to invest here, rather than in Eastern Europe."

Work was being done on exchange control and an exchange rate policy. Anti-trust measures

were firmly on the agenda as well as the issue of control, both on boards and management structures. The tariff structure would be revised and several "Jurassic Park-type" investments looked at. Human resource development was a major hurdle.

Mr Manuel also said the Freedom Alliance's actions were likely to cost South Africa R400 million.

Interviewed before his address to delegates at the trade exhibition, Mr Manuel said it was touch and go whether the Transitional Executive Council (TEC) would be in place in November in time to approve the International Monetary Fund's R850 million compensatory and contingency financing facility (CCFF).

Because there was no credible institution to give the go-ahead, R400 million of desperately needed money would "go down the drain".

Should South Africa not finalise its application by December 31, the period over which the effects of the drought on the balance of payments was calculated would shift

forward to June 1994. This would exclude the worst effects of the drought and reduce the loan considerably.

Mr Manuel said that if this happened, the Freedom Alliance would have to take the blame.

Access to the IMF's loan is assuming critical proportions, economists say.

At the centre of concern is the capital account of the balance of payments, which is expected to come under extreme pressure next year because of the repayment schedule of the former R5 billion "standstill" debt.

The Standard Bank notes in its Quarterly Economic Review that the arrangement requires a sizeable up-front "bullet payment" on February 15, amounting to about R1,8 billion at forecast exchange rates, plus another smaller repayment on August 15.

This is in tandem with other scheduled foreign debt maturities in 1994 whose total repayments could amount to more than R6 billion.

# Housing minister takes forum to task over 'false' claims

**MICHAEL MORRIS**  
**Political Correspondent**

**HOUSING** minister Louis Shill has affirmed the government's commitment to consulting the National Housing Forum, but has rejected the idea that the forum's approval is required before he can launch any housing initiatives.

He dismissed as "deliberately false" the forum's reported claims that he had breached agreements and said the accusations were so one-sided it was "iniquitous".

The forum has suspended negotiations with the government, claiming Mr Shill had been "deliberately provocative" and had contravened agreements with it.

It has asked President De Klerk and the negotiating council to intervene in the dispute.

Speaking at a news conference yesterday, Mr Shill said it appeared the forum was attempting to "exceed the limits of our understandings".

"The forum's interpretation of the relationship with my department seems to suggest that the government cannot ever act without prior in-depth consultation

with, or the consent of, the forum."

He said he could not accept this. "I am not saying that we are in charge and everybody must listen to us. The fact is that the Department and Ministry of National Housing remains responsible and accountable for the provision of housing in this country," he said.

However, he believed a "unity of purpose" in housing was essential and he would seek a meeting with forum representatives to end the impasse.

"I do not think there will be a breakdown over this. That would be a tragedy," he said.

The government was committed to enhancing collaboration with the forum through a National Housing Board in which the forum would have a 50 percent stake. It was up to the forum to submit nominees.

Mr Shill added that the formation of structures for consultation on housing was a major achievement, but it simply was not enough.

"The forum has achieved a lot in setting up structures, but the time to start building houses has arrived."

## R9,2bn more needed for housing

MBABANE — Community Banking Project chairman Bob Tucker told the Building Industries Federation of SA congress this week that SA had to spend an additional R9,2bn a year on housing to bring it up to the standards of countries at comparable levels of development.

Comparable countries spent between 5% and 9% of GDP on housing at the bottom of the scale. The SA government last year made available between R6,8bn, or just over 2% of GDP, for low-cost housing. This represented a shortfall of R9,2bn against the norm of 5% of SA's R316bn GDP. *BIDAY 20/10/83*

Looking at the private sector, Tucker said SA's banks had total assets of R274bn, of which R64bn was invested in mortgage loans and only R8bn in the black community. "The entire R8bn is invested in high income Africans, which effectively means banks have invested nothing in the lower segment of the market.

"The situation is exacerbated by the fact that only 10% of African families can afford conventional houses financed by a mortgage." *(123)*

Housing Minister Louis Shill, keynote

speaker at the congress, said SA's comparative underinvestment in housing had contributed to the huge backlog of nearly 1,5-million units.

Outlining initiatives, he said the private sector would be mobilised through the risk intervention finance mechanism to be announced shortly.

Housing needed to be centralised and operated at regional and grassroots levels. A subsidy scheme was close to being finalised, which would concentrate heavily on the poorer end of the market where potential homeowners had no possibility of obtaining a bond.

Shill said it was vital that the housing issue moved beyond committee level and into action.

Relations between the Housing Department and the National Housing Forum had deteriorated to such an extent that negotiations between the two parties could break down within a week.

"The forum warned the Housing Department of all sorts of dire consequences should we go ahead with such announcements, but it is critical that we get housing developments off the ground."



Forum suspends talks with govt

# FW asked to act on Shill housing row

BIDAY 21/10/93

GRETA STEYN

A ROW has erupted between the National Housing Forum and Housing Minister Louis Shill with the forum appealing for "urgent intervention" by President F W de Klerk and the negotiating council to end the crisis (123)

The forum has suspended negotiations with government until the issue is resolved. It has asked for a reconfirmation of government's commitment to key principles — notably no unilateral restructuring.

It accused Shill of being "deliberately provocative" and acting in direct contravention of explicit understandings. These accusations are contained in separate letters to De Klerk and the negotiating council's planning committee. Efforts to resolve differences with Shill had failed after "a series of unilateral actions" and the forum had concluded that it would be futile to continue trying to resolve the problems with Shill and his department.

The forum called on De Klerk, as the ultimate authority in the Cabinet, and the negotiating council at Kempton Park to intervene urgently. "We urgently call on members of the planning committee to take whatever steps deemed necessary to resolve the crisis," it said in its letter to the council. A similar appeal was made to De Klerk, with the forum emphasising the need to elevate the housing issue above party political considerations.

The confidential letters, dated October 15, contained a threat to make the contents public within seven days if the forum's demands were not met.

Forum members said the problems with government began in June when Shill took office. He rejected agreements already

reached and reopened issues that had been settled. The ensuing confrontation had "damaged" the relationship between Shill and the forum.

In a letter to Shill, the forum's members (excluding Saccola, whose participation could not be confirmed in time), spelled out their "concern over the steady deterioration in the relationship between government and the forum".

A major issue of concern was Shill's announcement in May of a new capital subsidy of R7 500 on the disposal of state rental stock, and the decision this month to expand the subsidy dramatically. The forum had not been consulted and had been notified of the announcement extending the subsidy only one hour before the embargo on October 11.

Also of concern was Shill's announcement in Parliament of new policy initiatives, including the introduction of a safety net for the private sector to facilitate housing finance, and a new policy on rental payments in townships. The forum had not been consulted on these issues either and had no information on the department's plans and envisaged time frames.

The forum was also unhappy about Shill's announcement of key elements in its agreement with government to replace the National Housing Commission and SA Housing Advisory Council with new bodies. The forum had asked Shill in vain for a joint announcement to indicate to the nation that the issue of housing had, "in the national interest", been elevated above party political considerations.

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Shill

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The forum also expressed fear that government was again preparing to act unilaterally, despite the failure to reach agreement on interim housing arrangements. It had indications that "state machinery has been mobilised" to finalise project proposals for approval by October 29. "This is despite the inability to reach agreement to create the capacity to translate the broad mutual understanding into detailed project guidelines and an explicit understanding that the R500m set aside will remain intact until implementation of the agreement be-

tween the forum and the National Housing Department."

The forum members who supported the letters included the ANC, the Inkatha Freedom Party, the PAC, the DP, the Association of Mortgage Lenders, Cosatu, the IDT, the Development Bank of SA, the Urban Foundation, the Construction Consortium and the Kagiso Trust.

Although the forum has suspended talks on housing, it will continue implementing the agreement on hostels. (123)

● See Page 3

# Forum route the B/Day 21/10/93 'best way forward'

CAPE TOWN — The main task of the National Housing Forum in the transitional period was to create an enabling environment within which a new government could act assertively and effectively to provide housing, forum chairman Eric Molobi said at the International Union of Housing Finance Institutions world congress yesterday.

He felt that the housing crisis in SA could no longer be adequately quantified and estimates of its extent were no more than subjective guesses. (123)

Molobi suggested that the forum process was the best way to solve the crisis.

He stressed that SA could not afford to continue with the inefficient duplication of state departments and squandering of state resources that had occurred in the past.

International union secretary-general Dale Bottom noted in his speech that market and regulatory forces were forcing a convergence and consolidation of US depository institutions.

This included both commercial banks and savings institutions, he said.

LINDA ENSOR

The very low interest rates which had assisted in restoring the capital bases of depository institutions had also made it very difficult for them to retain retail customer savings investment dollars.

"Outflows of maturing savings certificates into mutual funds (unit trusts) investing directly in bond and equity securities have reached enormous proportions," Bottom said.

"Depository institutions have responded by offering these products themselves, at the risk of further cannibalising their deposit base, rather than see business continue to flow to the brokerage houses."

Large banks such as Citibank and Nationsbank were offering their own, proprietary mutual funds.

However, most community-based institutions had allied themselves with a third party "family of funds" brandname provider of this service in order to achieve short-run market penetration without unmanageable marketing outlays, Bottom said.

To provide a full range of services, US depository institutions had also sought to expand their insurance-related products.



## Shill hits back at housing forum critics

GRETA STEYN

A DEFIANT Louis Shill yesterday accused the National Housing Forum of playing politics and refused to reconfirm government's commitment against unilateral restructuring. **Biday 22/10/93**

The Housing Minister released a letter he had written to the forum in response to its suspension of talks with government. He called on it to apologise or substantiate its allegations that he was motivated by political considerations. He accused the forum of being driven by politics. The forum wanted to assume powers and authority which legitimately belonged to government, Shill said. For all the forum's importance, "it is not yet government".

The key to the forum getting a proper say in housing policy was the setting up of a nonracial national housing board and regional housing boards. It would be represented on these boards, giving it a say through "an orderly and representative statutory body" instead of a "huge amorphous" body. But until these boards had been set up, government wanted to continue discussions with the forum.

The creation of housing boards was being held up by the forum's delay in nominating members. "There clearly are problems in making your board nominations as we have been awaiting them for three weeks," Shill said in his letter. He had had indications that the six nominations would be party political — which he regarded as unfortunate. "Our understandings clearly stipulate the overriding consideration of knowledge of, and ability in, housing matters." The forum's approach demonstrated that it was attaching great importance to political factors. **(123)**

Shill staunchly defended one of the main issues of concern — the dramatic extension of subsidies for the sale of government-owned housing. He had not consulted the forum because of the "urgency" of the situation in certain areas of the country. "We have to consider a wide variety of constituencies," he said, adding that important parties affected did not have representation on the forum. Sources said the move was aimed at "buying" votes in the coloured and Indian communities.

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He vehemently denied suggestions of electioneering, saying he could not wait until after the election to act. He would continue to act in the face of disagreement with the forum, if there was no other way in which concrete action could take place.

Shill was unhappy about the forum's belief that government could not act without prior consultation. "It seems that you still wish to 'engage the state' and hold government accountable to you." The belief that the forum should be consulted about parliamentary speeches was "ridiculous".

The work being done on a new mechanism to mobilise private finance for housing was "sensitive" and could not be shared with the forum at every level. The forum itself was working on initiatives that excluded government. **(123)**

Shill also released agreements reached between the forum and government in an effort to show that the forum had wanted to exceed the boundaries of the understanding. He acknowledged that the forum would be "unhappy" about his decision to release these agreements.

The forum declined to comment, but said a statement would be made soon.

WILSON ZWANE reports that President F W de Klerk yesterday defended Shill, saying his administration would not relinquish power before the installation of a government of national unity.

He said Shill had acted in the interests of

the country and was "on firm ground".

Meanwhile, SA National Civic Organisation (Sanco) president Moses Mayekiso, said Shill's approach was "really one of crude privatisation under the guise of making individual home ownership more accessible to low-income people".

"While Sanco supports the idea that ownership should be made more accessible to people, it nevertheless believes that the privatisation will not address the problems of the homeless, but only the interests of a small number of people. The proposal says nothing about the millions of homeless people, and thus has the potential to be dev- sive. This is more the case if one considers the fact that the proposal discriminates against rural people."

Mayekiso also questioned the timing of the proposal, suggesting that it was an "extremely cynical attempt" to buy (black) votes before the election.

Sanco believed that the scheme was inappropriate and proposed that:

Political organisations, trade unions and civic structures develop a joint position in relation to the question of the state's role in development and the future of state housing stock; and

A national commission of inquiry be set up to legitimate structures, which would look into the logistics of the new scheme.

See Page 3

# Minister hits back at housing forum

Star 22/10/93

BY JO-ANNE COLLINGE

Minister of National Housing Louis Shill has hit back at the National Housing Forum (NHF), saying it is attempting to assume authority which the Government cannot abrogate.

(123)  
Shill's statement, made in Cape Town yesterday, was a response to last week's decision by the NHF to suspend negotiations with the Minister. The forum accused Shill of being "deliberately provocative" by breaching understandings and acting unilaterally.

"The NHF's interpretation of the relationship between my department and the NHF seems to suggest that the Government cannot ever act without prior in-depth consultation with, or the consent of the NHF," the Minister responded.

While he remained

committed to "unity in housing", it was patently impossible to hold sensitive initial planning talks with an "amorphous group" which could not keep things confidential.

In his reply to NHF chairman Eric Molobi, the Minister commented on the forum's delay in nominating its members. "There are clearly problems in making your board nominations, as we have been awaiting them for three weeks."

The NHF last week also appealed to President de Klerk and the multiparty Negotiating Forum to intervene to check the deteriorating relationship between the forum and the Minister.

The actions which have drawn the NHF's ire include Shill's recent announcement of an extended capital discount of R7 500 on State housing schemes.



# Housing kickstart 'vital'

B/Say

22/10/93

ROBYN CHALMERS

THE urgent implementation of housing initiatives was imperative if SA's depressed economy was going to be given a kickstart, Housing Minister Louis Shill said yesterday.

Shill told the International Union of Home Finance Institution's 20th World Congress in Cape Town there was a strong correlation between SA's poor economic growth and its housing policy.

Shill estimated an annual investment of between R6,1bn and R7bn to build 350 000 houses would create up to 1,4-million new jobs. Spinoff industries would also create thousands of jobs.

Housing had at last become a priority, said Shill, but it was still hopelessly underfunded and housing delivery had not been developed to its full potential.

The development of a housing policy had to be based on the premise that individuals were responsible for meeting their own housing needs with financial assistance from the private sector.

"The state should, as far as possible, limit its role to facilitating the housing process by creat-

ing an environment conducive to participation by the private and financial sectors."

Shill listed a number of restraints to activating the home building industry, including the cost of bulk services and the diverse needs of regions, rent and bond boycotts and the lack of end-user finance.

(123)  
The fact that housing had become highly politicised was also an impediment, together with the culture of entitlement, unrealistic expectations and the lack of a reliable and accessible centralised data base on housing.

However, SA had all the necessary resources such as skills, finance and building materials to get the housing initiative under way and the Housing Department had made much headway with its risk intervention mechanism.

The mechanism was aimed at mobilising the private sector and other institutions to move into the housing market.

# Home-ownership policy fails

Star 22/10/93

123

**SUBSIDISED rental accommodation could be the answer to the country's housing crisis.**

■ BY MEG WILSON

The government's policy of promoting mass home-ownership has failed, and there is an urgent need for the public sector to once again provide rental accommodation on a massive scale.

So says Bob Tucker, chairman of the Community Banking Project, who told delegates to the Building Industries Federation congress this week that this would, initially at least, break the logjam in the provision of low-cost housing.

"Whichever way you look at it," he said, "the government's policy of encouraging home ownership has failed."

Quite apart from political factors such as rent boycotts and



**Bob Tucker . . . Breaking the housing log-jam.**

violence, blacks had not "locked into" the mortgage loan system.

After wrestling with the difficulties of providing sufficient low-cost housing to overcome

the current 1,3 million unit backlog, and for the next decade, Tucker said he had concluded that the country must, initially at least, swing to providing "welfare rental accommodation" through the public sector.

Tucker says South Africa needs to spend an additional R9,2 billion a year on housing to bring it up to the standards of countries at comparable levels of development.

Supply-driven credit provision through such bodies as the Housing Trust was always helpful, he said, but could not be sustained and in any case could never be mobilised on a scale large enough to deal with the backlog.

"Non-government credit providers have thus far given less than R100 million to the provision of housing."

Community banking, although effective in catering to the needs of the very poor and the "commercially illiterate", was also limited in scope and unlikely to provide more than R3 billion by

1999.

Despite these difficulties, an urgent start needed to be made on a housing programme. The welfare rental route offered an immediate way out of the current difficulties.

To be affordable, Tucker said, rentals would have to be calculated on an interest rate of four percent, the remaining 10 percent to be provided by the State.

Such a scheme could be mobilised by the injection of R1 billion seed capital a year, which could be used to raise R10 billion a year from the private sector.

In addition, he suggested, the R300 billion worth of assets of the pension and provident funds should be tapped for a greater level of investment in welfare, rental housing and the provision of finance for home ownership.

Housing Minister Louis Shill told delegates his department was now working to establish a new body or institution solely aimed at reducing the risks major investors faced in housing projects.



# Plans afoot to curb housing's rip-offs by development firms

AR 23/10/93

123

## LIBBY PEACOCK

Weekend Argus Reporter

THANDEKA Dhlamini (not her real name) signed a contract to buy a R65 000 house. She paid R4 000 deposit and was told that she would have to pay R350 a month for the next 30 years.

But, when representatives of the development company concerned were approached about where the site was, they could not tell her.

Ms Dhlamini lost her deposit, never got her house and remained one of the seven million South Africans who are in need of houses.

However, help is on the way. This week, the Western Cape information campaign of the newly-formed Housing Consumer Protection Trust (HCPT) was launched to educate and protect particularly low-income consumers entering the home market.

More than 30 organisations, representing community groups, the private sector and other bodies, have joined forces

■ Desperate would-be home-owners from low-income groups are often ripped off by shameless exploiters. Now, the Housing Consumer Protection Trust has been launched to educate and protect particularly low-income consumers.

to form the trust and the initiative is supported by, among others, the South African National Civic Organisation (Sanco), Urban Foundation, Lawyers for Human Rights, the Legal Resources Centre and the Urban Sector Network.

Executive member Zohra Ebrahim said: "The trust was formed to protect people — particularly from low-income groups — when they are buying houses.

"These people have to be protected against unscrupulous people who run off with their money. Consumers also find themselves in contracts that they don't understand."

The Trust has printed thousands of posters in simple language warning people against malpractices.

A radio awareness campaign will be launched on seven radio stations and street theatre also

will be used to inform people.

The bulk of the money to start the trust came from the Estate Agents' Board.

Mr Norman Abraham, HCPT national head of legal advice, said there were about 7 million in need of housing in South Africa.

In Johannesburg, the housing rights unit of Lawyers for Human Rights had opened 5 000 cases after people were ripped off.

Often, there was no site, or no house, or the would-be home-owner paid the builder, who ran off with the money. Only then did people seek advice.

In Johannesburg, a blacklist with 30 names had been drawn up and the intention was to draw up one in Cape Town too.

Mr Abraham cited one example where people were

conned into buying houses for R22 000. The development company had obtained the right to develop a township, but did not have the financial resources to do so. The company did not exist any longer.

In the contracts signed by unsuspecting consumers it was stated that the houses would be built within a "reasonable time" — 100 months.

Deposits were paid by 2 000 buyers who were invited to view the first 100 homes in the development. The rest were never built as the local authority had not granted township development rights.

Buyers lost a total of R1,7 million.

Five offices of the Housing Consumer Protection Trust are being established across the country and the Cape Town branch will be open from November 4 at Block 20a, 3rd floor, Waverley Building, Mowbray.

Consumers can call the trust toll-free on 0800-111-663 for advice.

# Housing forum, Shill to meet over conflict

By MAGGIE ROWLEY  
Property Editor

THE National Housing Forum (NHF) will meet Housing Minister Louis Shill on Tuesday to settle their differences in order to achieve a solution to the country's housing problem.

In an open letter to the minister today, the NHF said that they had noted "his preference" that both the Department of National Housing and the NHF "should fully participate in resolving the enormous housing problems and "confirm that we are entirely committed to settling our current difficulties in order to achieve this".

el3

## Response

The NHF's response follows a press conference called by Shill on Thursday after the forum had suspended negotiations and written to the state president calling on him to urgently intervene to prevent Shill taking further "unilateral" action on the housing front.

A lengthy response from the minister was circulated at the press conference where he accused the NHF of politicking and trying to assume powers and authority which the government "could not abrogate".

He also made public the Record of Understanding on Interim Arrangements for Housing reached between his department and the NHF.

This was welcomed last night by the NHF which said they believed "it was desirable that negotiations around issues of public policy, such as housing, should be public and transparent".

It was in this light that the NHF yesterday also made public its letter to the minister.

The NHF said that the minister had failed in his letter to deal explicitly with five key issues they had raised in their letter.

These were the necessity of public participation, the unacceptability of unilateral restructuring, the necessity

of consensus-based policy making and initiative development, the unacceptability of unilateral disposal of state-owned housing assets and specific issues related to the implementation of the Agreement on Interim Housing Arrangements reached between the NHF and the department — for which enabling legislation was passed in parliament last month.

NHF chairman Eric Molobi said the forum urgently awaited an explicit response to these issues — which will be discussed at the Tuesday meeting.

He said the NHF has always defined itself as a negotiating forum and had explicitly and consistently indicated that in order to best contribute to the resolution of the housing crisis, it should not itself act in an executive or financing role.

"Consequently, at no time now or in the past have the members of the NHF sought to take over the rôle of the government.

"At the same time, the members of the NHF are convinced that it is only by agreeing to broadly supported and practical approaches to housing that progress can be made. This requires a serious commitment to cooperation and negotiation by all the members of the NHF and the government."

## Urgency

The agreement on Interim Arrangements for Housing released yesterday states that while the primary objective of the parties is to effectively increase housing delivery in the short term, the ultimate objective is to reach consensus, as a matter of urgency, on a comprehensive national housing policy, strategy and institutional arrangements for SA to form the basis of a national housing accord.

"It is for this reason that unilateral announcements of changes in policy and practice by the government, as well as the development of housing policy and initiatives which are not broadly supported are undesirable."



# Shill to hold talks on housing crisis

BIDAY 25/10/93

NATIONAL Housing Forum chairman Eric Molobi will meet Housing Minister Louis Shill this week in a bid to resolve the crisis which led to the forum walking out of talks with government.

Reuter reported Molobi said he would meet Shill on Tuesday, but warned "power-sharing has begun in SA". The comment was a response to Shill's charge that the forum was trying to assume power that legitimately belonged to government. (123)

The forum said at the weekend it was "urgently" awaiting Shill's commitment on five key issues. It also reiterated its stand against unilateral announcements by government.

The crisis was sparked after a "series of unilateral actions", according to the forum. The "final straw" for it was the dramatic extension of subsidies on the sale of government-owned houses.

The five issues on which Shill's comment is awaited, are: the necessity of public participation; the unacceptability of unilateral restructuring; the necessity of consensus-based policy-making and initiative development; the unacceptability of unilater-

GRETA STEYN

al disposal of state-owned housing assets; and speedy implementation of agreed interim arrangements.

The forum asked for agreement on a joint team to implement the interim arrangements "as a matter of extreme urgency". It also called for deadlines for the appointment of the nonracial national and regional housing board members, and an agreement to suspend the old system until new arrangements were in place.

The forum denied it had wanted to take over the role of government. It said serious commitment to co-operation and negotiation by the forum and government was needed.

It emphasised an agreement reached between government and the forum that while the primary objective was to increase housing delivery in the short term, the ultimate objective was to reach consensus on national housing policy. "It is for this reason that unilateral announcements of changes in policy and practice by the government, as well as the development of housing policy initiatives which are not broadly supported, are undesirable."

# Subsidy open to millions

25/10/95

Sowetan

23/10/95

123

By Joshua Raboroko

MILLIONS of black South Africans are not aware that they can apply for a Government subsidy to buy State-owned homes in the townships.

The Minister of National Housing, Mr Louis Shill, announced that the Government had decided to extend its capital subsidy on State-owned houses at a cost of up to R2 billion — enabling more than a million disadvantaged families to buy houses on favourable terms.

Shill said the capital discount of up to R7 500 on State-owned houses had been extended to houses built after 1983 and included residential building sites, flats, individuals and other categories of home owners who had not repaid their housing debts to the State.

Beneficiaries would be able to take transfer of their houses immediately but they would have to pay monthly instalments on outstanding amounts, as well as municipal charges, Shill said.

The Government has recognised that every effort must be made to assist in the provision of housing to disadvantaged communities but there must be a reciprocal undertaking by these home owners to pay for services," he said.

The scheme encompassed State houses built before June 30 1993. The Government would announce a new scheme to benefit home owners who had bought houses after that date.

The Minister said new schemes would have to get the black community's full backing.

To further assist households where there was unemployment and poverty, arrear rentals and instalments might also be included in the amount of R7 500, he said.

The discount scheme will enable many families to own their houses without further payment. Although immediate transfer was technically possible, Shill agreed the matter could become "very complicated" in townships where records were not up to date.

Because of this the government wanted the close involvement of civic associations.

The proposal has been welcomed by Transvaal Provincial Administration MEC Mr John Mavuso who said it would bring home ownership within the reach of many black families.

SA National Civics Association president Moses Mayekiso welcomed the Government's proposal but expressed concern that it was informed of the scheme on the day the Minister made the announcement.

The ANC has criticised the proposal saying the move represented further evidence of the National Party's unilateral restructuring.

The Urban Foundation's Jill Strelitz said subsidies should be directed at improving the affordability of housing to homeless families.

National Housing Ministry spokesman Mr Piet du Plessis said information about the R7 500 subsidy could be obtained from offices of local authorities.



Moses Mayekiso ... civics association president.







# House prices plunged after murder of Hani

CT26/10/93

(123)

By MAGGIE ROWLEY  
Property Editor

CAPE Town house prices plunged 8,3% from the first to the second quarter of this year as a result of the Hani assassination — which led to an overall 5% decline in the property market, the latest edition of the CPS Property Price (CPPI) Index shows.

According to CPPI, the assassination wiped out many of the gains in house prices made in the first quarter of the year.

While down from an average price of R200 781 in the first quarter of 1993, the average Cape Town house price in the second quarter of this year of R184 121 was up 4,4% on the corresponding period the previous year.

Houses in the rest of the Western Cape performed slightly better, bringing the average increase in house prices in the second quarter to 11,1% over the corresponding period the previous year.

## HOUSE PRICES PER CITY 2nd Quarter 1992 - 2nd Quarter 1993

Cities	House Prices per Quarter					% change year on year	Quarter to quarter Increase (1/1993 vs 2/1993)
	2/1992	3/1992	4/1992	1/1993	2/1993*		
Sandton	264 214	279 433	276 447	276 649	306 766	+16,9	+10,8
Randburg	205 456	198 461	211 571	212 089	212 204	+3,3	+0,06
Johannesburg	188 652	182 643	187 670	207 408	196 640	+4,2	-8,2
Durban	164 020	182 292	187 429	203 110	212 710	+29,7	+4,7
Cape Town	176 366	177 269	194 457	200 781	184 121	+4,4	-8,3
Pretoria	174 617	176 061	180 797	182 660	186 427	+7,9	+3,2
Edenvale	171 948	180 024	176 318	184 169	191 620	+11,4	+4,0
Roodepoort	165 065	162 469	167 637	174 423	163 614	+5,8	-6,2
Pietermaritzburg	172 169	169 626	167 252	170 623	166 347	-2,2	-1,3
Verwoerdburg	160 244	166 282	167 910	169 221	167 766	+4,7	-0,9
Port Elizabeth	145 612	151 160	164 476	165 745	163 606	+8,8	-7,3
Benoni	193 296	166 435	166 628	167 881	160 671	+4,8	-4,3
Boksburg	139 029	133 164	137 172	156 042	136 754	-1,6	-13,6
Alberton	154 858	156 491	158 542	158 762	158 022	+2,0	+1,8
Vanderbijlpark	127 798	125 705	138 571	145 773	123 734	-3,2	-18,1
Kempton Park	143 595	143 037	145 664	162 310	142 785	-0,6	-6,3
Germiston	129 063	137 912	140 393	142 439	126 034	+5,4	-4,8
Krugersdorp	139 965	132 782	139 023	147 676	126 671	-8,1	-12,9
Vereeniging	128 503	121 973	126 895	134 839	123 267	-2,8	-8,8
Springs	120 831	119 690	128 944	122 012	116 376	-3,7	-4,8
Brakpan	108 237	107 930	113 274	112 869	117 000	+8,1	+3,6
Randfontein	126 116	115 507	130 675	112 411	117 687	-6,7	+4,7

CPPI says house prices in Cape Town were no doubt also negatively affected by the St James' Church massacre but this information will only be available later in the year.

It points out that Durban showed the best growth year-on-year but the rest of the residen-

tial property market, particularly the higher socio-economic suburbs, was hard hit by the happenings in the country during the second quarter of this year.

The Hani assassination also led to a slowdown in the number of sales in the second quarter.

According to CPPI, the Boipatong massacre delayed the increase of house prices for a period of four to eight months and the negative impact of the Hani assassination would be felt until October/November.

While the greater metropolitan areas of Johannesburg, Cape Town

and Durban showed the highest year-on-year change, seven regions — particularly in the unrest-hit East Rand and Vaal Triangle — showed either a decline or a much smaller increase on a year-on-year basis.

For the Western Cape region, including Stellenbosch and Somerset West, house prices rose year-on-year by 11,1% to an average price of R194 556 — which was down significantly on the first quarter's R204 758.

House prices in Durban proper rose a whopping 29,7% increase year-on-year, rising from an average price of R164 020 in the second quarter of 1992 to R212 710 a year later.

However, the Durban regional price increase was more modest at 13,5% with almost 25% of houses sold being below R150 000 and 59,7% below R200 000.

The greater Johannesburg area also showed strong year-on-year gains with average house prices increasing by 15,9% to R236 375 in the second quarter.



Property Editor

27 27/10/93  
123

**Demand picks up for higher income homes**

THE first signs of renewed demand for higher income properties were being seen, according to Andrew Smith, regional director of Pam Golding Properties.

He said during the first three weeks of October, the company had negotiated sales totalling R7,8m in the Atlantic seaboard area alone.

"And in Constantia, our agents chalked up sales of R4,5m for six residential properties ranging in price from R440 000 to R1,3m".

Silverhurst country estate bordering Groot Constantia had also seen a surge in sales with five plots being sold for a total of R1,5m recently.

Interest in higher priced properties was also being seen in other areas.

"In the City Bowl for example, we recently sold a property by public auction for more than R750 000."

He said the latest spate of sales was a good sign that confidence was returning to the market.

"Prices have become more realistic and buyers are moving out of their wait-and-see mode."

Peter Golding, deputy chairman of PGP, said while house prices in this sector remained under certain pressures, the gap between the asking and realised prices was narrowing.

Kenilworth manager for PGP, Peter Ludwig said few sales had been made to black buyers in the southern suburbs since the scrapping of Group Areas legislation.

"Interest from black buyers has been weak, possibly as a result of their not being able to sell properties elsewhere or not having a large enough deposit to be able to qualify for a bond needed to cover southern suburb homes. We are however having fairly strong interest in the rental market from black consumers."



# Families act to halt squatters

28 OCT 1993

□ 'Pre-emptive strike': Swift moves to occupy council homes

(124)

ARL 27/10/93

**DENNIS CRUYWAGEN and  
ROGER FRIEDMAN**  
Staff Reporters

IN what they describe as a pre-emptive strike, dozens of coloured families have moved into city council houses in Hanover Park "to prevent them from being occupied by blacks".

They moved into the pocket of 60 starter houses last night after seeing a "truckload" of black people in the area.

The African National Congress "condemned in the strongest terms" the "illegal" occupation of houses in the Peninsula - dubbed Operation Ngena (come in) - as the Western Cape housing crisis threatened to explode.

Tafelsig continues to simmer, and the crisis has spread to Delft, where houses meant for coloured people, and paid for by the House of Representatives, are being occupied by blacks.

Today Hanover Park residents said they would resist moves to evict them.

"I'll move in again if I'm evicted," said mother-of-five Vanessa Basson.

She added: "This is where we'll build a new life."

Mrs Basson said the houses were completed about three months ago and allocated to Hanover Park residents who declined to move in for various reasons such as that the houses were too small.

She and others, who have been on the city council's housing waiting list for up to 30 years, then moved in.

She said that for the past 10 years she, her husband and their five children had slept in a car.

"We want a house of our own. Why must we allow blacks to move in when we don't have a roof over our head? I'm not prepared to give up my house. Nobody here is going to move out."

Fearing an attempted move-in by blacks, she said new "home-owners" would start a neighbourhood watch as "nobody is going to take over our houses".

Though "their" one-bedroomed house was small, she felt proud today.

"For the first time in my life I have a house of my own. My children were happy."

Her sister, Fozia Davids, said the action was "not a political thing... we want Hanover Park residents to move in".

She added: "We don't want the Africans to move in here as they did in Delft and Tafelsig."

Last night she and other residents saw a vehicle with blacks in the area.

Meanwhile, the "white regime" has been blamed from all quarters for the housing crisis.

But the National Party has refused to accept any blame.

"The NP blames Cape Town's Democratic Party-controlled city council for the inept handling of the whole issue, and its indecisiveness," said Tyger Valley MP Sakkie Pretorius.

To page 4, col 5

## Blacks take over houses built for coloureds

From page 1 (123)  
ARL 27/10/93

"If the DP is not even able to make a success of local matters, as has also happened with the rates issue, how can it even think of governing a country?"

Mr Pretorius added: "The NP has real sympathy for all homeless people and we therefore strive for better housing for everybody, but we unwaveringly support the established land and property rights of all people."

This view was rejected by angry squatters.

"Why do they say apartheid is dead and yet they still implement it by saying the coloured regime builds houses for coloureds?" asked Thabo Bimba, the spokesman for about 60 Delft people seeking houses, at a meeting in Guguletu yesterday.

"Why is the government only cheating blacks? Which coloureds are staying in shacks?"

Mr Bimba said his group expected nothing for nothing and was prepared to pay for accommodation, but it just was not available.

A statement issued yesterday by Western Cape ANC chairman Allan Boesak and his deputy Lerumo Kalako clarified the ANC's position: "This type of action can and has already shown itself to be the cause of racial tensions and misunderstandings."

"We wish to state clearly and categorically that the occupation of houses is not ANC policy, nor has any such action

ever been condoned by the ANC.

"We call on the city council, the regional services council and the Cape provincial administration to take urgent action to address this crisis before it is further exacerbated by unilateral action by the homeless."

"Please stop occupying the houses. This is not a solution to your problems."

Yesterday about 40 people, including Mr Bimba, arrived in Eindhoven, an incomplete sub-economic housing project in Delft, and demanded houses.

(123) ARL 27/10/93  
Another development at yesterday's meeting was the formation of a committee that will try to find solutions for "the problems arising from the illegal occupation of houses in Tafelsig".  
Representatives from the interest groups, including the CPA, the city council and the Regional Peace Committee, will serve on the committee.  
The committee's first meeting is to take place tomorrow morning.  
The peace committee will co-ordinate the activities of the committee, which hopes to find a solution "as soon as possible".

Staff Reporter

THE city council has suspended legal action against people illegally occupying houses in Tafelsig, Mitchell's Plain.

This was decided at a meeting between the city council, the Cape Provincial Administration and other interest groups.

Last week the city council obtained a Supreme Court order in terms of which the squatters had to move out by today.

In a joint statement, the council said legal action was being suspended "in the interest of peace".



# All systems go for interest rates cut

ARG 27/10/93 (123)

## CLAIRE GEBHARDT

END-November is now the forecast for the long-expected all-round cut in interest rates.

And it's all systems go for a Bank rate cut — but the absolute essential is the \$850 million IMF loan.

That's the word from Reserve Bank Governor Chris Stals, who said yesterday the low level of foreign reserves remained worrying.

"We would like to be a little more confident that the IMF application will be in before the end of the year before we talk about a Bank rate cut.

"The reserves showed a bit of an improvement mid-month, but the figures are not looking so good now."

But prospects of getting the loan remained good and everything else was in place for a cut in interest rates.

"We are satisfied with the inflation figures, which are the result of monetary policy 18 months ago.

"The demand for credit is very low and money supply is increasing at such a low rate that inflation could stay low for some time."

Dr Stals said he was aware interest rates were very high and that many people were suffering.

"If we can give relief, we will give it without any delay."

Real interest rates were close to 9 percent, if a 1,5 percent VAT effect was taken into account, he said.

He implied that inflationary expectations remained critically important.

"The Germans reduced short-term interest rates last week and long-term rates went up because the market interpreted this as a dangerous move, and long-term rates are more important for growth."

The lesson, he said, was not to reduce short-term rates if it led to inflationary expectations.

"But more and more people in South Africa are beginning

to think in terms of low inflation."

Economists yesterday interpreted Dr Stals's remarks as bullish and said they were holding out for an end-November "anniversary cut" to coincide with Dr Stals' announcement last year.

Frankel Pollak Vinderine economist Mike Brown said the Reserve Bank would have the October inflation figure to hand at the end of November and it was likely to be favourable.

Meanwhile money market rates were moving "quietly sideways" today, with players growing more and more frustrated over the timing of a Bank rate cut, a dealer said.

"A Bank rate cut has already been discounted, but we're getting tired of waiting for it," he said.

The Reserve Bank indicated the market shortage still higher at R2,933 billion from a previous R2,009 billion, while the 90-day BA rate was quoted in a 11,30-05 percent market range.

# Home owners benefit as banks cut rates

**TOM HOOD, Business Editor**

HOME loan rates were cut today to 15,25 percent from 16 by the country's largest provider of bonds, Absa banking group.

Home owners benefit from December, while new borrowers gain tomorrow, Absa said today. Its four lending institutions are Allied, United, Trust and Volkskas.

Absa, first in the field to cut bond rates after the Reserve Bank lowered the Bank rate from 13 to 12 percent, also joined First National Bank and Boland Bank in dropping overdraft rates.

Standard Bank, the Nedcor group

and First National are all expected to follow with bond rate drops later today.

The four will charge 15,25 percent to their "best risk" customers for overdrafts.

All kinds of borrowings, including credit card and hire purchase, are set to become cheaper as a result of Reserve Bank governor Chris Stals announcing a long-awaited cut in Bank rate — the rate commercial banks pay to the Reserve Bank.

However, savers with cash invested in banks and other institutions will also earn less when deposit rates are inevitably reduced.

It will take the monthly repayment on a 20-year, R100 000 bond from R1 391 to R1 335 — a saving of R672 a year or R56 a month.

The cut will cost the banking group millions, as it is about 40 percent of the country's total home loans book, or about R33 billion in bonds.

The NBS has not made a final decision on its new rate, but assistant general manager Trevor Olivier believes it will come into line with a prime overdraft rate of 15,25 percent.

This, he says, will have a positive impact on the property market and overall economic confidence.

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CT28/10/93



ce ● 'JB' first black IPM president

# Millions for houses in SA

Sowetan, 28/10/93

By Joshua Raboroko

A COMPANY named Shelter Afrique which is linked to the Development Bank of Africa intends to pump millions of rands into South Africa to help alleviate the housing shortage, particularly for low-income groups.

The company's managing director, Mr Ebenezer Oluseyi Lufadefu, said that as soon as a new government was installed in South Africa, they would provide homes for thousands of blacks.

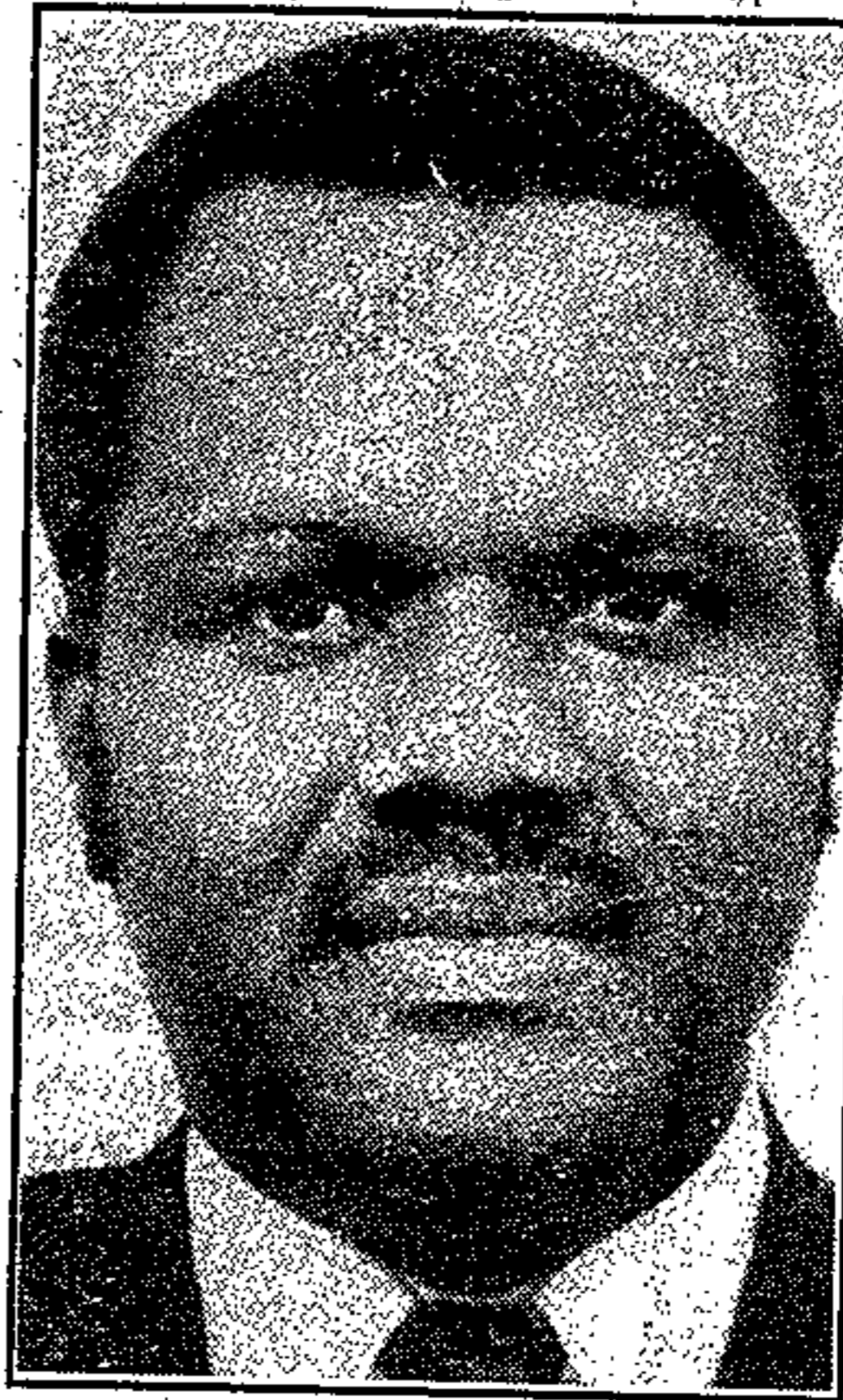
Shelter Afrique, according to Lufadefu, mobilises capital from which loan and equity resources can be made available to national housing development institutions for approved schemes in African countries. (23) (2)

The shortage of homes in South Africa has been estimated at two million units while there are an estimated three million to 10 million people living in informal settlements and backyard shacks, according to the SA Institute of Race Relations.

At a Press conference in Johannesburg after a 10-day visit, the Kenya-based Lufadefu said the Shelter Afrique delegation held discussions with government officials, including the Minister of National Housing, Mr Louis Shill, the National Housing Forum, the African National Congress and the Development Bank of Southern Africa.

After visiting squatter camps in Soweto and Alexandra, they found that low income earners needed help to obtain homes of their own, he said.

"We are quite prepared to give financial assistance for the building of houses



Mr Ebenezer Oluseyi Lufadefu

and the provision of electricity, sewerage, storm water drainage as well as infrastructure," he said.

They would also look at projects such as provision of health services, schools and other recreational facilities.

Shelter Afrique has been active in 29 African countries which include Malawi, Zambia, Botswana, Lesotho, Uganda, Cameroon and Kenya.

Lufadefu said the violence in South Africa had to stop before any projects could be undertaken.

He was confident that a political settlement would be reached in South Africa soon.

# Hostels treasurer on theft charge

Staff Reporter  
SOUTH African Youth  
Hostels Association national treasurer Solomon Gutman has appeared briefly in the Cape Town Magistrate's Court on an allegation of theft of more than R300 000 from the association.

Mr Gutman, 51, a liquidator of Kei Apple Road, Sea Point, who was stylishly dressed in a grey suit, also faces a charge of defrauding the Cape Peninsula branch of R35 000.

Magistrate W. J. Faught extended his bail of R5 000 and postponed the matter to November 5 for plea in the Cape Town Regional Court. **CT 28/10/93**  
D. Michaelson appeared for Mr Gutman and Leon Ackerman for the State.







## POLITICAL LEGITIMACY

# New boy on the block

It might be mere coincidence that the showdown between government and extraparliamentary organisations over who cracks the whip in transitional SA has been narrowed to the National Housing Forum (NHF). If so, it is unfortunate.

The diplomacy and finesse needed to defuse the finer points of the tension which has built up are likely to be missed by a man as politically inexperienced as National Housing Minister Louis Shill. His initial response to what he acknowledges to be a political power play by the NHF smacks of a state of mind out of kilter with the current negotiation process. Certainly it stands in sharp contrast to Finance Minister Derek Keys's handling of even more sensitive issues.

The outcome is entirely predictable. Keys left the private sector with able men to succeed him, Shill did not.

Shill was due to meet NHF chairman Eric Molobi as the *FM* went to press this week. Judging by preliminary statements, a serious head-butting session was on the cards. Shill is apparently determined to make it clear that he is in charge of the housing portfolio and will continue to make the decisions on his own. Referral of issues to the NHF or the heeding of its advice will be at his discretion.

But, in a clear indication of the message he will take to the meeting, Molobi warned this week that "power-sharing has begun in SA."

At issue is how much say the NHF should have in government decision-making. The forum represents a wide range of political parties, development agencies and business organisations, including the Association of Mortgage Lenders. It believes Shill has soured relations between the NHF and government since he took office this year, mainly by taking important decisions unilaterally.

The latest issue of dispute was Shill's recent announcement of an extension of government's R7 500 subsidy for the purchase of State houses. The forum appealed to President F W de Klerk last week to resolve the crisis.

Shill, however, insists that he is accountable for his portfolio and says government "must retain its authority." He says his commitment to deal with the NHF on all matters of importance does not mean he has to seek its prior consent for exploring and developing

initiatives. He will take topics to the negotiating table only when he is satisfied about their feasibility. (123)

In a sarcastic letter to Molobi last week, the Minister criticised what he termed unilateral NHF initiatives and the forum's failure to act on urgent bilateral issues.

At a press briefing in Cape Town, Shill said he hoped the letter — which he released for publication — was not seen as "the arrogance of government," which was "the last thing" he wanted to happen.

"It is simply an attempt to set out the facts." He points out (correctly) that the issues at stake are far from fundamental and have everything to do with politics.

The problem is that the NHF needs to be seen to be playing a meaningful role in decision-making. Manufacturing a crisis helps to bolster its position. Why then did Shill choose to react in a manner that seems to suit the NHF more than it does government?

He says it was necessary to contest the NHF's allegations lest they be taken as correct. That may be so, but a more

telling comment is his disclosure that De Klerk fully supports his response. This seems to indicate De Klerk's growing concern over the relationship between government and the forums.

We suspect that the problem that has occurred is not so much because Shill is politically inexperienced but that his appointment had more to do with a reward for years of material support to the party rather than the appropriate use of business talent. ■



DAVE G. '93

## INVESTMENT CODES

### Outstaying a welcome

Fraternal allies can be pushy.

At a recent Capitol Hill, Washington, symposium on the lifting of sanctions, the ANC had great difficulty explaining the need to separate issues of legislation from those affecting investment codes:

A top ANC man complains: "We agree that labour standards are important and we said there will be a gap between the point at which investment comes in and how it is used. Eventually, we were battling with our

friends in the congressional black caucus who tend to see us as a little colony. But they're well-intentioned."

The point is, he continues, "we now want the cash to start coming in" — in line with the theme of a solidarity conference held by the ANC last year: "from anti-apartheid to pro-democracy."

The ANC expects there to be a substantial difference in the mode of operation between the anti-apartheid movements of Britain compared with those in the US. "In the case of the UK, it's easy — you simply call Mike Terry (head of the British Anti-apartheid Movement). But in the US, a number of groups don't take kindly to suggestions that they convene a loose network. Just when you think matters have been sorted out, some small grouping comes through, bends somebody's ear on the Hill, and you have to start all over again."

The recent intervention by the Rev Leon Sullivan, on the question of socially responsible foreign investment in SA, seems typical of the tenacity of US activists on behalf of the oppressed, even those who may be on the brink of coming to power.

Sullivan, author of the Sullivan Code of conduct which applies to US companies doing business in SA, wants an external "monitoring mechanism" supervised by a panel of Americans and South Africans to police the social responsibility obligations of foreign companies under a new, democratic government in SA.

The idea has not been canvassed with the ANC.

Moreover, Sullivan says that if a new government does not quickly bring in tough enough standards, he will insist on the existing code being aggressively applied — even though its legality is set to fall away (along with the rest of the US's Comprehensive Anti-Apartheid Act) once President Bill Clinton certifies after the election that SA has a nonracial government.

ANC spokesman Carl Niehaus says that the idea of a social responsibility code is "not a bad one, though, of course, it would be for the ANC to determine."

The ANC prefers that such a code be drawn up on "the basis of voluntary agreements with the companies. Obviously we'd prefer to see investments with a social responsibility component in them — concerning things like training."

The ANC has "no problem in principle" with what Sullivan says. "However, it is important for us to optimise investment and we would not like to scare people away."

Cosatu's view, says spokesman Neil Coleman, "is that any investment code needs to be negotiated by the main parties in SA and



# Smaller cut in home rate 'nasty shock'

By MAGGIE ROWLEY  
Property Editor

ET 29/10/93

123

THE commercial banks' failure to drop the home loan rate by a full 1% — in line with the cuts in both the Bank Rate and their prime lending rate — has come as a nasty shock to hard-pressed mortgage holders.

The threequarters of a percent cut which the average bond holder will get represents a break with the past — when the full benefit of interest reductions was passed on to home-owners.

Further shocks of this kind could be in the pipeline if forecasts by bankers that the prime rate will in future be allowed to drop below the bond rate materialises.

## Higher

The managing director of First National Bank, Mr Barry Swart, said last night he thought it highly likely that the face of home loans was set to change "in the medium term" with the bond rate being levied at a higher rate than the prime rate — as was the position in a number of other countries, including the US.

Mr Swart pointed out that the smaller cut in the home loan rate this time around was due in part to rate cuts in the past having been larger than cuts in the prime rate.

● Property market bonanza — Page 12

## Housing forum may resume talks with Shill

ROBYN CHALMERS

A RESUMPTION of negotiations between Housing Minister Louis Shill and the National Housing Forum could be on the cards, says forum chairman Eric Molobi.

He told an Islamic Bank meeting yesterday Shill had contacted the forum recently and the two parties had met on Tuesday for informal talks. "We will meet again on Monday and hope that talks will be fruitful, but we cannot set a date when, or if, we will formally return to the negotiation table." *Bibay*

Talks were suspended by the forum recently after it maintained that Shill had embarked on unilateral actions which culminated in the extension of the capital subsidy scheme on state housing. *29/10/93*

Molobi said a Planact study indicated SA had a shortage of 2,6-million housing units, double the figure normally quoted in the industry.

Estimates of the number of people living in informal settlements and backyard shacks in 1992 ranged between 3,5-million and 10-million, with only 33% of SA's rural population enjoying housing of an acceptable standard.

Planact estimated that up to R278bn tied up in banks and pension or life funds could be harnessed for housing, but the state would have to play an important role in providing housing finance. This could be achieved by means of one-off capital grants for serviced sites and for deposits on housing loans, and payments to cover the non-affordable balance of monthly instalments. *(123)*

"Some economists believe that by reorganising the tax system and imposing a wealth tax, the state could raise an extra R12,5bn a year — this could then go towards targeted housing programmes."

● See Page 10



# 'Urgent need for low-cost housing money'

Own Correspondent

JOHANNESBURG. —

There was an urgent need for more community-based development finance agencies to pump more money into housing, National Housing Forum (NHF) chairman Eric Molobi said at the weekend.

He said housing and finance specialists agreed there were plenty of resources in SA's financial markets for housing, but fragmented and ineffectual housing finance facilities prevented the unlocking of these resources.

"We must consider providing incentives for limited equity housing co-operatives. Housing and land purchasing co-operatives must be given subsidies and alternative forms of tenure, such as renting, so that communities have maximum options," Molobi said in an interview.

Community Banking Project chairman Bob Tucker agreed SA had to consider the option of welfare rental accommodation provided by the public sector, housing co-operatives and the private sector.

Tucker said the functions of the Community Bank, to be established in April next year with a capitalisation of R200m, constituted an important initiative in normalising capital flows, but it had limitations.

"The most optimistic projections indicate that total advances by the community banking movement will not exceed R3bn by 1999, and it is estimated that up to R7bn a year is needed to address SA's housing backlog," he said.

Government's promotion of mass home ownership had failed and it was doubtful that a full-scale housing initiative would get off the ground in the short term, which meant other options had to be considered.

"Finance should be mobilised by a central agency from private sector institutions at market rates and the cost of that finance subsidised off the state expenditure budget," he said.

Tucker said tenants should always have the option to buy their accommodation at full market value, and the welfare rental route was an immediate answer to SA's housing difficulties.

# Housing finance 'needs new routes'

B/Day 11/11/93

ROBYN CHALMERS

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(123)

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# Statement <sup>(123)</sup> due today on <sup>CF 2/11/93</sup> key housing negotiations

By MAGGIE ROWLEY  
Property Editor

THE National Housing Forum (NHF) and Housing Minister Louis Shill met yesterday in a bid to break the two-week old deadlock in negotiations on an interim arrangement for housing.

A statement from the two parties regarding the meeting is expected later today.

The key principles the NHF is seeking government reconfirmation on are public participation, the unacceptability of unilateral restructuring, consensus-based policy making and initiative development, the unacceptability of unilateral disposal of state-owned housing assets and specific issues related to the implementation of the Understandings on Interim Arrangements for Housing including:

- Agreement on a joint implementation team as a matter of extreme urgency; and
- Dealings for the appointment of National and Regional Housing Board members.

The NHF has scheduled a plenary session for today to report back on the meeting.

## Housing backlog

Meanwhile, our Johannesburg correspondent reports that SA's housing backlog could be more than double the 1.3-million units estimated in last year's De Looer report, as the need for rural and overcrowded urban accommodation had not been taken into consideration.

A study released by Planact, which consulted on housing and urbanisation issues, said the backlog could be even greater than 2.6-million units if urban hostel dwellers were calculated in. This could increase estimates to three million.

A breakdown of households needing additional accommodation showed there was a need for 350 000 formal housing units, 1.3 million shacks and 950 000 informal rural units. Hostel estimates of 400 000 were excluded in order to prevent a double count of rural need.

Planact estimated that if four million houses were to be built during the next 10 to 15 years, which was enough to meet the backlog as well as new household formation, R100bn would be needed from a combination of public subsidies and market rate private sector financing.

Planact found that the most urgent need for housing was primarily in urban/peri-urban shack areas and rural informal structures where households earned less than R800 a month.

# Housing backlog may be double 1992 estimate

Biday. 211113

SA's housing backlog could be more than double the 1,3-million units estimated in last year's De Loor report, as the need for rural and overcrowded urban accommodation had not been taken into consideration, a Planact study found.

Planact, which consulted on housing and urbanisation issues, said the backlog could be even greater than 2,6-million units if urban hostel dwellers were calculated in. This could increase estimates to 3-million.

Planact said the data on rural areas provided no detail on farm housing, and the nature of the data collection resulted in an underestimation of numbers of overcrowded formal units and an overestimation of the incomes of households living in the units.

"The Planact analysis might therefore result in an underestimation of the numbers of formally housed households disqualified from access to private sector loan finance," the study reported.

A breakdown of households needing additional accommodation showed there was a need for 350 000 formal housing units, 1,3 million shacks and 950 000 informal rural units. Hostel estimates of 400 000 were excluded in order to prevent a double count of rural need.

The problem of rural housing has been identified as a critical area by the National

ROBYN CHALMERS

Housing Forum. A working group was studying the problem and was consulting rural development organisations. (123)

Planact estimated that if 4-million houses were to be built during the next 10 to 15 years, which was enough to meet the backlog as well as new household formation, R100bn would be needed from a combination of public subsidies and market rate private sector financing.

The Planact study also addressed the wealth of households in rural informal structures and urban and peri-urban shacks, and produced data which conflicted with the De Loor report.

Planact found that the most urgent need for housing was primarily in urban/peri-urban shack areas and rural informal structures where households earned less than R800 a month.

It said the De Loor report tended to locate housing needs across a much broader spectrum of income earners.

"The result is that the De Loor report tends to overestimate the extent of needy households. The Planact estimates of household income are derived from actual survey results whereas the De Loor income profile is drawn from the income projections for the population as a whole."



## Soweto homes face power cut

JOHANNESBURG. — Eskom has begun cutting power to 20 000 Soweto households with unpaid bills, spokesman Mr. Ken Green said yesterday.

Two weeks ago the switchoff to some 23 000 households was delayed after an agreement to extend the deadline to Monday (123)

About 3 000 accounts had since been fully or partially paid, Mr Green said. — Sapa CT3/11/93

# Bond boycotts hit SA Housing Trust

**Own Correspondent**  
JOHANNESBURG. — The SA Housing Trust was badly buffeted by increased arrears as a result of bond boycotts and violence, and posted a net loss of R53,7m (R609'000 profit) for the year ended June 30. MD Mr Wallie Conradie said the shortfall could be at-

tributed mainly to an increase to R70,6m (R7,7m) in provisions against home loan debtors. The poor performance of the government-backed trust, influenced partly by the stagnation of mass housing initiatives, was evident in the steady decline in the number

of home loans approved. The trust granted a mere 500 new home loans during the year, against 9 500 in 1992 and 12 000 in 1991. Mr Conradie said disparate subsidy mechanisms and the continued lack of a clear housing policy were hampering the lending abilities of

Khayaletu Home Loans, which dispenses end-user home loan finance for the trust. Loans worth R625m were granted. However, the trust had reached an agreement with government to make the first-time home owner interest

subsidy available to future clients of Khayaletu Home Loans. This was expected to reduce the interest rate charged on new home loans from 19% to between 15% and 16%. A total of 8 536 site stands were sold for R52m during the year.

CT 3/11/93

(123)



# Unique home loan scheme takes off

CT 3/11/93 (123)

By **MAGGIE ROWLEY**  
Property Editor

**HOUSING** utility company Communicare has developed and implemented a home loan formula which it believes could work for the entire country.

To date 100 home loans had been provided for those earning between R1 000 and R2 500 but there were a further 4 000 people on the waiting list, general manager Johan Nel said.

The system had been made possible by a R7m government loan through the House of Representatives (HoR) on which a fixed interest of 8% was payable.

Communicare currently had sufficient finance to provide a further 235 home loans for buyers but additional government loans were now being sought, he said.

Senior manager Eeuwrick van der Merwe said their home loan scheme was aimed at those who earned too much to qualify for

state rental housing and yet not enough to qualify for private sector financing.

The HoR loan was geared at the coloured community but Communicare added R2m of its own funds to enable it to make loans to other groups.

The formula is based on a sliding scale according to income, which depends on the close co-

operation of the state, the employer, the employee and the developer.

Van der Merwe said employers had to provide a R6 000 deposit for their employees either as an interest-free loan or through the pension or provident fund.

Employers and trade unions agree on who will qualify and employers deduct the monthly bond

repayments to Communicare directly from their pay.

The formula allows those earning the least to pay the lowest interest on their home loan.

For someone earning R1 000, a fixed interest of 8,5% is charged for a three year period and there after adjusted one notch to 10% according to income. The maximum interest charged is 15%.

November 3 1993 13

Van der Merwe said the government loan had to be repaid and it was up to Communicare to ensure borrowers met their commitments. Their only security lay in that employers and trade unions helped vet candidates, he said.

"We also have very good communication channels with our borrowers and our bad debt situation has been negligible."

Borrowers qualified for housing costing R41 500 including the cost of the site and to date 77 had been built in Belhar, 25 in Bishop Lavis and 76 in Ceres.

# Housing Trust loans sharply down

Star 3/11/93

BY MEG WILSON

While the housing backlog grows, so do the problems of delivery — as clearly demonstrated by the fact that the SA Housing Trust granted just 500 new home loans in the year to June, compared with 9500 in the 1992 financial year.

This took its total home loan book, mostly in the hands of subsidiary company Khayaletu Home Loans (KHL) to R625 million at end-June.

The organisation did manage to sell a total of 8500 stands, valued at R52 million, during the year, but has neverthe-

less recorded a net shortfall of R58,7 million, largely due to an increase in provision for doubtful debt on loans already granted, to R70,6 million (R7,6 million).

Net income before provisions was almost R17 million (R8 million) and retained income totalled R38,5 million (R92 million).

Johan Nel, GM assets and financial management, says there were three major reasons for the fall-off in number of loans granted and the decision to increase the debt provision.

These were bond buy-

cotts, affordability constraints, and the higher susceptibility of the group's target market to the general economic decline.

According to MD Willie Conradie, the trust has implemented an affirmative action policy which has seen the proportion of black employees grow from 25 to 30 percent, and nine blacks appointed to management and senior management positions.

Realignment of the board of directors, to make it more representative of the market served and of major stakeholders, is on the

cards.

To improve affordability, the SAHT has reached agreement with government to make the first-time homeowner bond repayment subsidy available on all new loans

The subsidy cuts the effective rate payable on a bond by about 3 or 4 percent, and this would bring the SAHT's top rate, 19 percent, into line with that of the commercial lending institutions.

The total value of loan stock in issue now stands at R584 million (R242 million), of which R224 million (R4 million) is now invested in hedge instruments.



# Housing policy procedures sorted out

Star 3/11/93

BY JO-ANNE COLLINGE

The National Housing Forum (NHF) and Minister of National Housing Louis Shill have agreed on a procedure for setting housing policy.

This agreement is intended to prevent a repetition of the recent public dispute between the two parties.

The procedure was announced jointly by Shill and

NHF chairman Eric Molobi yesterday. (23)

It rests largely on the establishment of the restructured National Housing Board and regional housing boards.

The NHF and Shill have agreed that the forum, government department, board and the Minister will work in a set way to make policy.

In terms of the procedure:

■ The NHF and the department will agree on aspects of

policy which they need to negotiate and set deadlines for reaching agreement.

■ They will attempt to reach consensus and, once the deadline is reached, refer the matter to the National Housing Board.

■ If there is consensus, the department and the NHF will notify the housing board.

■ The National Housing Board will consider the issue and advise the Minister.

# Shill, forum bury hatchet

CF 3/11/93

123

## Own Correspondent

JOHANNESBURG. — The National Housing Minister Mr Louis Shill and the National Housing Forum have buried the hatchet with an agreement that all his decisions will be taken after consultation.

Although Mr Shill stopped short of promising not to engage in unilateral restructuring, he has agreed to a specific set of procedures.

Sources described the agreement as a hard-fought compromise reached because the parties needed each other to deliver to their constituencies.

The forum and Mr Shill reaffirmed their commitment to setting up an interim mechanism to allocate the national housing budget.

A joint statement yesterday explained how the new structure would work.

One reason for the breakdown in communication between Mr Shill and the forum was his view that once the National Housing Board was in place, the forum should be bypassed, as it was "too cumbersome".

However, yesterday's statement committed him to continued negotiations with the forum.

## Housing minister agrees to consult

These negotiations would be the point of departure in the procedures to decide policy, strategy and institutional arrangements.

According to the agreement, the National Housing Department and the forum would have to place all housing policy issues on the table.

The two parties would then attempt to reach consensus, with deadlines set for agreement on each issue. The envisaged National Housing Board would take the issue further.

Sources said the setting of deadlines would put pressure on the forum to reach speedy decisions.

When deadlines expired the issues would be referred to the national board, which would advise the minister on policy.

If there was consensus between the forum and the government, the board would take this into account before giving advice.

The final decision rested with the minister, who would take into account the board's policy advice and the consensus.

In terms of the understandings, the national and regional boards would, from April 1, effectively replace the National Housing Commission, its regional committees, the SA Housing Advisory Council and the tricameral statutory housing bodies and committees.

The national and regional boards will each have up to 18 members. Six will be nominated by the department, six by the forum and six will be appointed by the minister in agreement with the forum.

The minister will nominate the chairmen and the forum the vice-chairmen.

The boards will operate on a consensus basis on key housing issues and policies.

In the absence of consensus, further consultation and attempts to reach consensus will follow.

Failure to reach consensus will enable the chairman, after consulting the vice-chairmen, to make a binding ruling.



## Arrears push Housing Trust to R53m loss

ROBYN CHALMERS

THE SA Housing Trust was badly buffeted by increased arrears as a result of bond boycotts and violence, and posted a net loss of R53,7m (R609 000 profit) for the year ended June 30. *Biday*

MD Wallie Conradie said the shortfall could be attributed mainly to an increase to R70,6m (R7,7m) in provisions against home loan debtors. *3/11/93*

The poor performance of the government-backed trust, influenced partly by the stagnation of mass housing initiatives, was evident in the steady decline in the number of home loans approved.

The trust granted a mere 500 new home loans during the year, against 9 500 in 1992 and 12 000 in 1991. This was attributed to affordability constraints flowing from the recession, higher interest rates and stricter credit criteria. *(123)*

Conradie said disparate subsidy mechanisms and the continued lack of a clear housing policy were hampering the lending abilities of Khayaletu Home Loans, which dispenses end-user home loan finance for the trust.

Loans worth R625m (R632m) were granted to Khayaletu Home Loans and other retail institutions.

However, the trust had reached an agreement with government to make the first-time home owner interest subsidy available to future clients of Khayaletu Home Loans. This was expected to reduce the interest rate charged on new home loans from 19% to between 15% and 16%.

A total of 8 536 site stands were sold for R52m during the year and the trust bought 928ha of land near employment opportunities and white local authority areas.

The trust was upbeat about the future, expecting the level of home loans dispensed to increase to 1 000 a month as housing initiatives took off and Khayaletu Home Loans expanded its product range to cater to all segments of the population.

Conradie said the organisation's affirmative action policy had led to an increase in the number of black employees to 30% of total employees against 25% last year. This included the appointment of nine black managers, or 20% of management.

Shill agrees to consult the forum

# Housing body resumes talks with Minister

BiDay 3/11/93  
123

NATIONAL Housing Minister Louis Shill and the National Housing Forum have buried the hatchet with an agreement that ensures that all Shill's decisions are taken after consultation.

Although Shill stopped short of promising not to engage in unilateral restructuring, he has agreed to a specific set of procedures. Sources described the agreement as a hard-fought compromise reached because the parties needed each other to deliver to their constituents.

The forum and Shill reaffirmed their commitment to setting up an interim mechanism to allocate the national housing budget. In a departure from Shill's reluctance to make joint statements, a joint media release yesterday explained how the new structure would work.

One of the triggers of the breakdown in communication between Shill and the forum was his statement that government would cease negotiations with the forum once the new, representative structure was in place. His view was that once the National Housing Board was in place, the forum as a body should be bypassed as it was "too cumbersome".

However, yesterday's statement committed him to continued negotiations with the forum even after the National Housing Board and regional housing boards were in place. These negotiations would be the point of departure in the procedures to decide policy, strategy and institutional arrangements.

According to the agreement, the National Housing Department and the forum would have to place all housing policy issues on the table. The two parties would

GRETA STEYN

then attempt to reach consensus, with deadlines set for agreement on each individual issue. Further issues could be added to the list. The envisaged National Housing Board would then take the issue further.

Sources said the setting of deadlines would put pressure on the forum to reach speedy decisions, which had proved elusive because of divisions among members.

After the deadlines, the issues would be referred to the national board. It would provide the Minister with policy advice. If consensus existed between the forum and government, the board would take this into account before giving advice. The final decision rested with the Minister, who would take into account the board's policy advice and the consensus.

In terms of the understandings, the national and regional boards would, from April 1, effectively replace the National Housing Commission, its regional committees, the SA Housing Advisory Council and the tricameral statutory housing bodies and committees.

The national and regional boards will each have up to 18 members. Six will be nominated by the department, six by the forum and six will be appointed by the Minister in agreement with the forum. The Minister will nominate the chairmen and the forum the vice-chairmen of the boards.

The boards will operate on a consensus basis on key housing issues and policies. In the absence of consensus, further consultation and attempts to reach consensus will follow. Failure to reach consensus will enable the chairman, after consulting the vice-chairmen, to make a binding ruling.



## Molobi reach compromise

# Housing undertakings

*Sowetan 4/11/93*  
MINISTER of National Housing and Public Works Mr Louis Shill and the chairman of the National Housing Forum, Mr Eric Molobi, yesterday agreed on interim arrangements for housing.

In a statement released yesterday Molobi and Shill said this provided for an overall value framework comprising a national housing goal and comprehensive basic points of departure.

These contain guidelines for the new housing board including criteria for priority projects, financial considerations and interim institutional arrangements on a process of a rationalisation of institutional structures for housing.

The Housing Arrangements Act al-

lows for the formation of the National Housing Board and Regional Housing Boards with effect from April 1, 1994.

The two boards replace the National Housing Commission, its regional committees; the South African Housing Advisory Council, existing tri-cameral statutory housing bodies and committees.

(123)  
The boards will each consist of up to 18 members.

Six members will be nominated by the Department of National Housing, six by the National Housing Forum and the remaining six will be appointed by the Minister for National Housing in agreement with the Forum.

id political turmoil'

# New plan on housing

By Joshua Raboroko

REPRESENTATIVES to the National Housing Board and the regional housing boards will be appointed soon.

This was announced in a joint statement by National Housing Minister Mr Louis Shill and National Housing Forum chairman Mr Eric Molobi this week.

Parliament passed the Housing Arrangements Act on October 15, providing for the establishment of the boards.

The statement said these structures would initially replace the National Housing Commission and its regional committees as well as the South African Housing Advisory Council.

They will replace the existing tricameral statutory housing bodies and committees on April 1, 1994.

Each board will consist of 18 members. Six members will be nominated by the Department of National Housing, six by the National Housing Forum and the remaining six will be appointed by the National Housing Minister in agreement with the forum.

The initial policy framework will deal with matters such as:

- Optimal utilisation of housing funds on a basis of level playing fields;
- Promotion of social, economic and physical integration of cities and rural areas;
- A holistic developmental approach to housing delivery;
- The need for long-term sustainability of any State assistance and interventions, balanced with short-term needs;
- Security of tenure;
- Freedom of choice and access to a wide variety of housing options for all individuals;
- Community involvement and participation; equity, transparency and accountability;
- Maximising nongovernmental involvement, investment and participation in housing delivery;
- End user subsidisation to individuals applying individually or on a collective basis, except in special circumstances;
- No discrimination of any kind;
- Level playing fields between State, parastatal and broader private sector role players in the market; and
- Payment for services received.



## Formation of housing board now 'imperative'

ROBYN CHALMERS

THE future of companies involved in the delivery of homes could be jeopardised by further delays in the formation of the national housing board, government and housing spokesmen said. *BISay 4/11/93*

Tuesday's agreement between the National Housing Forum and government provided a light at the end of the tunnel for housing delivery organisations wrestling with bond boycotts, violence and a lack of finance.

However, industry spokesmen feared it could take up to 18 months before funds for large-scale housing schemes filter through. In the meantime the massive housing backlog — estimated at between 1.4 million and 2.6 million units — will continue to grow. *(123)*

Yesterday's dismal results from the SA Housing Trust highlighted the fact that companies involved in the delivery of homes had been hard hit by the stagnation of government's mass housing initiatives.

Trust acting chairman Meyer Kahn said in the annual review that 1993 had undoubtedly been the most testing in the six-and-a-half years since its inception.

"The total disintegration of the housing market — in particular the lower income segment of the market — has taken its toll equally on institutions involved in the development of residential areas, construction companies and private sector financial institutions."

Turmoil had led to dramatically deteriorated conditions in many black areas, which had been detrimental to housing provision in the lower end of the market, he said.

The New Housing Company also released its annual report recently. It developed 9 500 houses in the year, compared to the 500 delivered by the SA Housing Trust.

However, CE Rod MacGillivray said prospects remained troubling. Future delivery potential would be hampered, if not curtailed, without a broadly based and supported housing policy and recognition of the need for housing subsidies on a massive scale.

In addition, the lack of end-user finance remained a major problem and there was a need for general acceptance of legal relationships to allow for repossession.



# Putting housing in the people's hands

WMS-11/11/93 (123)

Banking 'regulation from below' may provide a solution to South Africa's housing crisis, writes **Careen Engelbrecht**

**'RED-LINING'** — the banks' refusal to lend in areas which are going "grey" — will be one of the most critical problems facing a new government after April next year.

No fundamental reconstruction of apartheid society and no deracialisation of the apartheid cities will be possible without the co-operation of the banks. Inner-city areas are the tip of the iceberg — every township in the country has been red-lined, with catastrophic results in terms of housing delivery.

The housing crisis cannot be solved by the state alone, but the private sector remains reluctant to re-enter a market where it has burnt its fingers.

Justifying their "loan strike", the banks point to the high risks and low profit margins "inherent" in low-income housing.

In response, the Department of National Housing is weighing the introduction of a loan guarantee scheme. If banks refuse to enter the market on this basis, they may be accused of trying to maintain the racial and economic status quo, setting the stage for a showdown between the state and financial institutions.

Coercive measures would, however, be fraught with danger, scaring off foreign investment or incurring the wrath of the International Monetary Fund and the World Bank. The new government would do well

to consider the American experience, and specifically the Community Reinvestment Act (CRA), introduced as a counter to red-lining.

The legislation rests on the principle that banking is a privilege, not a right. The state is required to put a number of supportive mechanisms in place to ensure the viability of the banking system. This is done at public expense, justifying the demand that bank operations should be in the "public interest" — that is, they meet the credit needs of the less well-off, as well as the rich.

The approach to regulation under the CRA is unusual, as it focuses primarily on "regulation from below" by community groups, as against more statist approaches.

The Home Mortgages Disclosure Act requires banks to disclose their lending patterns to the public. This means that banks must publicise the number of loan applications they have received, the number of loans granted, the geographic location of these loans and the race and gender of the recipient.

Where the information shows a pattern of discriminatory lending, community groups have a useful tool with which to mobilise public pressure.

Banks are also regularly assessed by banking regulators, and are awarded a rating which reflects the extent to which they have met their CRA objectives. Evaluation procedures encourage banks to get to know the communities they serve, and to develop and provide appropriate products.

A poor CRA rating counts against a bank when it applies to extend its business and could also result in a community-driven "CRA protest" leading to costly delays and unpleasant publicity.



The grey and the red ... multiracial areas tend to be red-lined

PHOTOGRAPH: GUY ADAMS

As in the US, statist regulation of banks in South Africa is unlikely to be effective. But the existence of strong local community organisations means that there is enormous potential for enhancing banking "regulation from below".

The key hurdle is the lack of information on bank lending patterns. Without it, community organisations cannot marshal public pressure against financial institutions in order to promote reconstructive lending. The publication of CRA ratings could also lead to the creation of a range of secondary incentives effective

in mobilising banking resources. For example, the bulk of local government deposits are currently placed with a single financial institution. The publication of CRA ratings could provide crucial information to back the introduction of linked-deposit programmes, under which local government banking business would go to financial institutions with the best record of developing the local economy or providing housing finance.

Such programmes would not only promote competition between financial institutions at local level, but also spur local economic development initiatives. In a similar vein, unions, pension and provident funds, churches and corporations could be persuaded to transfer their banking business accounts to financial institutions with good CRA ratings.

As a direct result of the CRA legislation, about \$30-billion in loan finance has been made available to low-income communities in the US. With red-lining, these communities would not otherwise have been able to obtain loan finance.

The potential for using CRA as a non-coercive form of regulation in South Africa to promote reconstruction lending is huge. The adoption of CRA-type legislation might also avert conflict between the state, communities and banks around the financing of development.

CRA legislation would also create new avenues for community empowerment, as a useful tool in the battle to extract resources from private business.

**Careen Engelbrecht** is a qualified attorney and acts as a consultant to the South African National Civics Organisation



# Shill: Probe into mortgage indemnity plan

123 CJS/11/93  
By MAGGIE ROWLEY  
Property Editor

IN A move which has "caused great concern" to the National Housing Forum, Minister of Housing Louis Shill announced last night the government had decided to pursue its investigation into the formation of a mortgage indemnity insurance scheme to mobilise private sector housing finance.

Shill said in a statement detailed investigations will be conducted in consultation with community-based organisations such as the National Housing Forum, potential investors and the mortgage lending banks.

He said the concept has met with great interest in financial circles pending further investigation of premiums, elements of the cover offered and other policy conditions.

"A major factor limiting the flow of finance to low income housing is the prevailing political and civil instability.

## Puzzled

"The objective of the proposed scheme is to enable buyers to obtain homes even in difficult times, by equalising the business risk of granting a mortgage loan over a formal house regardless of race, income, geographic location or other economic circum-

stances and thereby encouraging private sector investment in housing."

However NHF chairman Eric Molobi said while they acknowledged the importance of breaking the current mortgage finance log-jam, he said the Minister's statement was "puzzling" on two accounts:

● The Minister had previously announced his involvement in this investigation several times in recent months and his statement did not provide any new information, and

● In negotiations with the NHF, Minister Shill, had, as recently as Monday this week agreed on procedures to settle the list of issues relating to housing policy, strategy and institutional arrangements as well as the deadlines to which both the NHF and the government would bind themselves in order to secure broad-based consensus.

"A meeting has been arranged during next week to settle this bilateral negotiation programme. The NHF is concerned with this apparent move to pre-empt an agreed procedure which is not even a week old. Pre-empting agreed procedures is neither constructive nor helpful in binding a relationship of mutual trust between the NHF and Minister Shill."

Molobi warned that successful resolution of this "highly complex problem should not be undermined by a failure to secure broad-based support for the initiative."



# Housing: ANC announces 'homes for all' campaign

**DENNIS CRUYWAGEN**  
Political Staff

THE African National Congress and its allies today announced a "homes for all campaign" to address the Western Cape housing crisis.

The campaign will get under way tomorrow afternoon when the movement and its allies meet at the Food and Allied Workers' Union hall in Guguletu.

The movement has invited all role

players for discussions in Athlone on Thursday.

Regional ANC secretary Tony Yengeni said the campaign would be non-racial and aimed to get one non-racial waiting list for the Western Cape.

He said the housing shortage in the region was critical and the movement was addressing it not as an election issue but to avoid conflict.

His thoughts were echoed by ANC deputy chairman (Western Cape) Lerumo Kalako who said the movement was concerned about the possible loss of life.

Mr. Kalako also attacked the National Party, accusing it of using the housing crisis to divide communities and of using it to undermine the ANC.

The ANC also attacked the NP for an advertisement in Die Burger last

Friday.

"This crude effort to incite racial tensions by trying to implicate the ANC in the occupation of houses is nothing more than a piece of cheap and transparent party political propaganda."

The ANC said the advertisement was inflammatory and sought to divide communities along racial lines and interests.

● See page 5



## Forum lashes Shill over bond scheme

ROBYN CHALMERS  
and GRETA STEYN

THE battle between Housing Minister Louis Shill and the National Housing Forum looks set to flare again with the forum objecting to an announcement made by Shill last night. **BIDAY 5/11/93**

He said he had decided to pursue the investigation into the establishment of a mortgage indemnity insurance scheme to mobilise private sector housing finance.

"The objective of the proposed scheme is to enable buyers to obtain homes even in difficult times by equalising the business risk of granting a mortgage loan over a formal house regardless of race, income, geographic location or other economic circumstances, and thereby encouraging private sector investment in housing." **(123)**

Forum chairman Eric Molobi said the announcement was "extremely puzzling" given this week's agreement between Shill and the forum. In terms of the agreement, certain procedures had to be followed. The first step was settling the list of issues relating to housing policy strategy and institutional arrangements.

"The forum is concerned about this apparent move to pre-empt an agreed procedure which is not even a week old," Molobi said. The forum was also puzzled that Shill had referred to the mortgage insurance scheme because he had made the announcement "several times over" before.

"Pre-empting agreed procedures is nei-

□ To Page 2

## Shill

**BIDAY 5/11/93**

□ From Page 1

ther constructive nor helpful in building a relationship of mutual trust between the forum and Minister Shill," Molobi said. Shill's announcement would be raised at a meeting next week. **(123)**

Molobi said the forum's concerns should not be construed as not recognising the importance of breaking the mortgage finance logjam. Broad-based support was a prerequisite to solving the problem.

However, Shill emphasised that detailed investigation of the scheme would be conducted in consultation with community-

based organisations such as the forum, potential investors and mortgage lending banks. The decision to move ahead with the scheme was taken after extensive discussions with a broad spectrum of organisations, including the Finance Department, the Registrar of Financial Institutions and mortgage lenders.

He told the SA/Israel Chamber of Commerce AGM in Johannesburg that the scheme would take the form of an insurance-type organisation similar to the SA Special Risks Insurance Association.



# Red tape stifles a nation

By LEN KALANE

**T**HE NEED to have all rented houses in the townships transferred to tenants free of charge was mooted in the 70's - during the height of apartheid. Two decades later the demand is much the same: "Give the houses to the people free of charge; after all, they have long paid up for them through rentals," lobbyist can be heard saying.

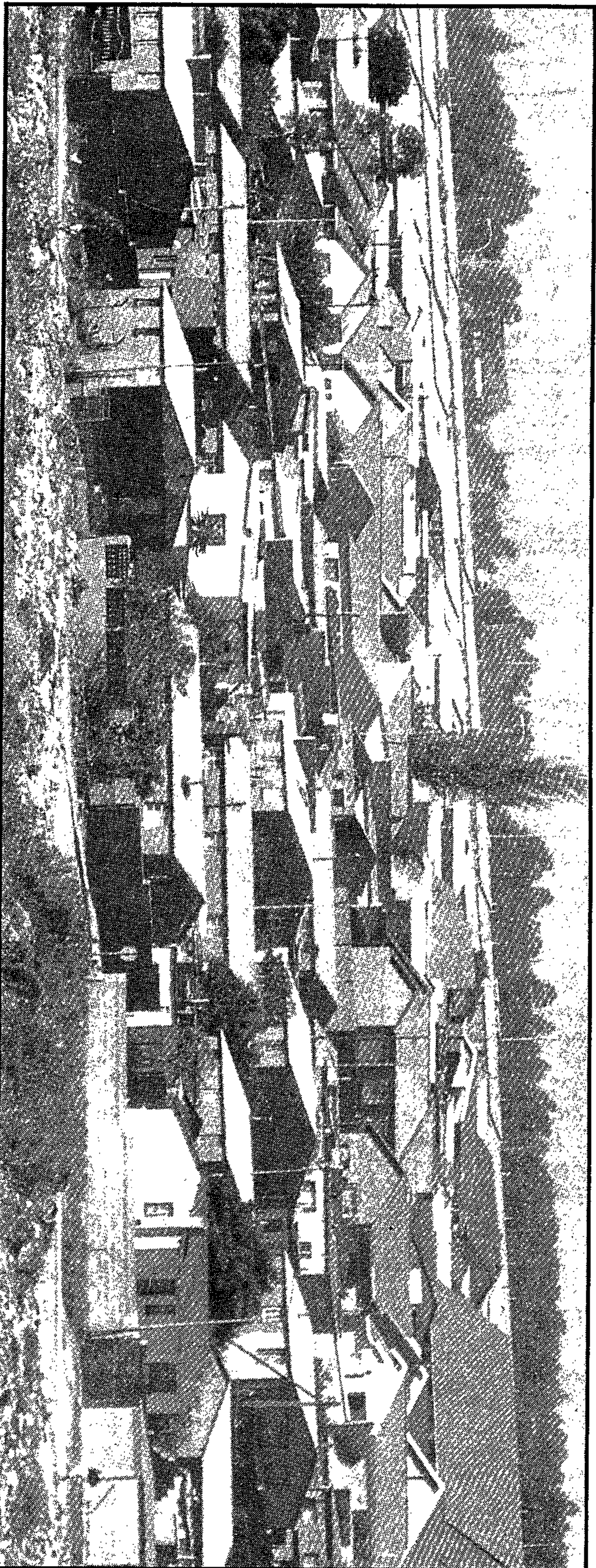
Indeed, the government intends doing so, if its latest pronouncements are anything to go by. It is the mechanism and the logistics involved in effecting this desire, coupled with politics and politicking, that appear to be at issue, thereby forestalling what seems to be the only natural and easy route out: Giving the houses away - FREE!

There have been several players before, but then not until 1991 when the National Housing Forum (NHF) entered the fray.

For the first time, all the major non-governmental players with a stake in the future of housing in SA - civic bodies, construction and building material supply companies, banks, pension funds, insurance and finance houses, mass-based political groups, employers, trade unions and development organisations have come together to form the NHF.

The other player in the opposite (not necessarily opposition) camp, of course, is the government. There have been several ON and OFP meetings between the NHF and Housing and Public Works Minister Louis Shill.

The NHF says in its research document that, except for the White Paper on Urbanisation adopted in 1986, the government has not devised a new urban-



CIPress 7/11/93

**STILL CONTENTIOUS . . . Let us have our houses for free, the government was asked as far back as the 70s. But, decades on, housing remains a sticky issue.**

## Two decades later, we're still waiting for tenure

(123)

nisation policy that takes into account the reforms introduced since (President F W) De Klerk came into power.

According to the NHF report, these constraints happen in the following way:

- Public authorities experience great difficulty in shifting away from old apartheid policies in the absence of new ones;
- There is duplication of functions with regard to planning by various racially created government institutions resulting in de-

lays, confusion and increased costs;

■ There is no direct accountability by the government for meeting the housing backlog and other requirements such as land delivery simply because of the absence of a single ministry of housing or urbanisation with one minister accountable to Parlia-

- There is inconsistency in policy positions across government departments and at different tiers of government; and

■ There is no clear defined roles for the public, private and community-based sectors, reducing the effectiveness of each to deliver to its full capacity.

It is in this vein that the NHF had asked Shill to confirm the government's commitment to the five key issues which the forum believe are essential components to building national consensus around housing and to implement the urgently awaited Interim Housing Arrangements. The five issues, stated in the

NHF's letter to Minister Shill of October 15 1993 are:

- The necessity of public participation. Overriding acknowledgement that a primary factor negatively influencing the housing delivery process has been the lack of effective beneficiary participation in the decision making process is necessary;
- The unacceptability of unilateral restructuring. Government needs to reconfirm its commitment not to embark on processes of restructuring institu-

tions and organisations critical to the way in which the housing sector operates, without such approaches being broadly supported and consistent with agreed policy frameworks and negotiated between the NHF and government;

- The necessity of consensus-based policy making and initiative development. The government needs to reconfirm their commitment to the development of a new National Housing Policy, strategy, and particular ini-

tatives through a process of consultation and negotiation between the Department of National Housing and the NHF.

Any new directions which do not have broad-based support and legitimacy will further confuse and undermine the ability of the low income housing sector to begin to operate effectively;

- The unacceptability of unilateral disposal of state-owned housing assets. Continued introduction and implementation of ad hoc and unilateral measures

for the disposal of these assets outside an agreed policy framework between the Department and the NHF is unacceptable;

- Specific issues related to the Implementation of the Agreement of Interim Housing Arrangements for Housing reached between the NHF and the Department for which enabling legislation was passed in Parliament on September 24;
- Agreement on a joint implementation team as a matter of extreme urgency;
- Deadlines for the appointment of National and Regional Housing Board members; and
- Agreements not to prematurely approve projects or allocate funds to housing projects under the old system.

A series of meetings were underway this week between the NHF and Shill, apparently to sort out some of the above issues.

The NHF said even by conservative estimates, the current housing shortage was enormous and indicated the need to provide 200 000 units each year if we are to overcome the shortage by the year 2010.

On the Witwatersrand alone, tens of thousands of people still live in single-sex hostels for up to 11 months a year - a relic of the apartheid era which now exacts a deadly cost.

The NHF maintains that our cities are generally low density and can accommodate many more families within already developed areas. There is also a good deal of well-located empty land, many willing hands and even, among poor people, there is some ability to pay for housing.

The NHF says there is also an increasing political and social will to do something about the housing crisis in SA. What is lacking is the WAY.



# Repossession of homes abates

Bday 8/11/93

GRETA STEYN

**BANKS'** repossessions of homes have taken a sharp downturn from the peak reached late last year, research shows.

The analysis, by consultants BICG, spans the period July 1992 to June 1993 and is based on bank advertisements in the Government Gazette of house sales in execution. The advertisements show the intention to repossess and are the best indicator of the extent to which people are losing their homes. Advertisements have dropped from 600 a gazette in July 1992 to 400 a year later (123).

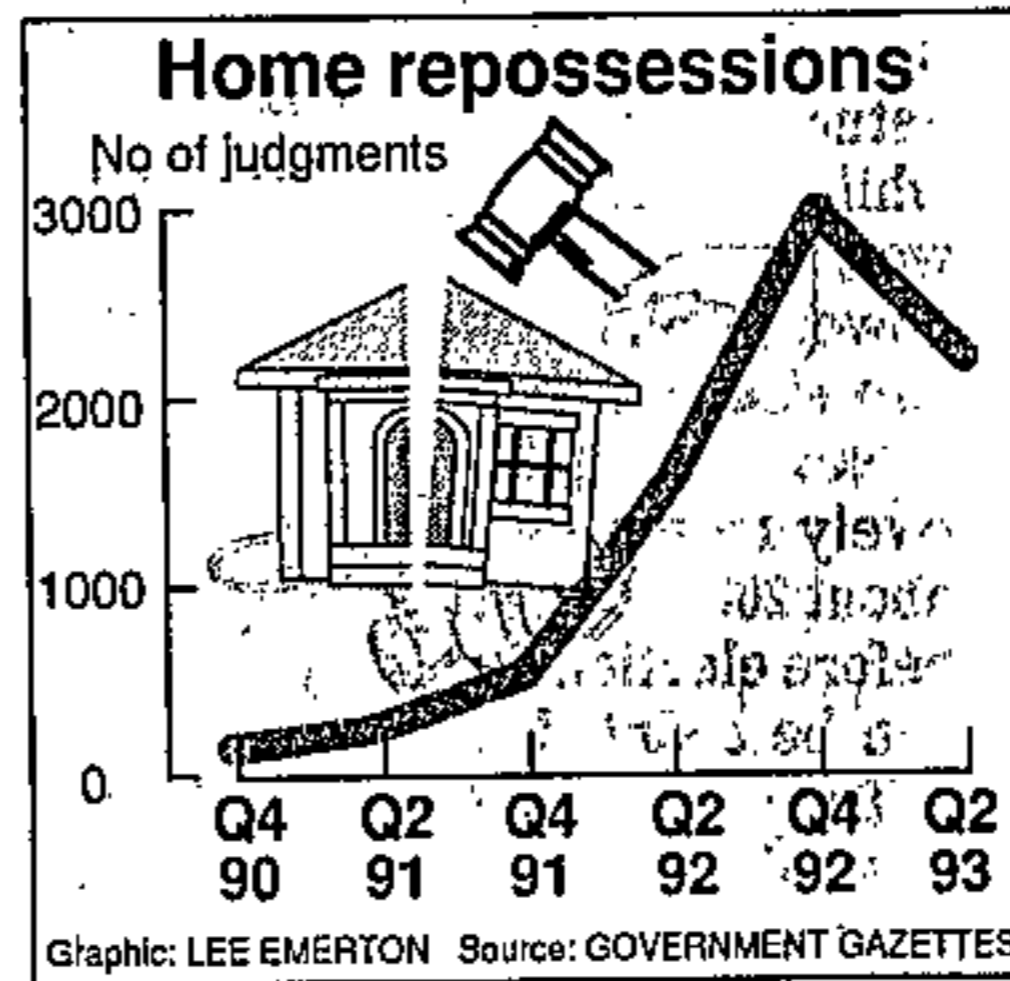
Almost 80% of homes being repossessed are on erven smaller than 1 000m<sup>2</sup>, indicating the bottom end of the market. However, while the rate at which banks want to repossess homes has fallen, the areas affected have spread to "good" suburbs such as Linden and Parkmore in Johannesburg.

NBS home loans GM Trevor Olivier said the bottoming of the economic cycle was an important reason for the slowdown. The property market had also become easier, so that people who needed to sell were able to do so. Banks were taking a softer line on repossessions at the bottom end of the market because of talks with the civics, he said.

The advertisements show the NBS has the third biggest share of homes being repossessed. The Standard has the smallest. Absa and Nedcor, which owns the Perm, have been repossessing the most.

Perm chief Hugh Maclachlan said the bank regarded the market as more stable because retrenchments appeared to have tapered off. "It seems people's ability to pay has started to improve."

An Absa spokesman said falling interest rates were slowing repossessions. He and Maclachlan said banks were going out of their way to keep people in their homes.



# Housing fund may pay deficits

By BARRY STREEK  
Political Staff

123

29/11/93

THE cabinet is considering using national housing funds to pay for the massive deficits in black local authority accounts, the Cape MEC in charge of local government, Mr Pieter Schoeman, has disclosed.

The government had rejected urgent requests for additional funds for the black local authorities, because "it simply cannot afford it", Mr Schoeman wrote in a letter to local authorities.

With widespread service and bond boycotts, particularly in the metropolitan areas, many black local authorities are virtually bankrupt.

But with the national housing crisis, emphasised by the occupation of houses by squatters in Cape Town and Durban, the cabinet decision to consider using housing finance for the debts of local authorities will raise eyebrows.

Mr Schoeman said in his letter, dated October 25, the various provincial administrations had again approached the cabinet about the financial problems in the black local authorities.

## Better administration

They were told additional funds were not available but that "housing funds could possibly be rescheduled for specific black local authorities provided the request was justified".

His letter was sent to Peninsula local authorities and the Regional Services Council in preparation for a meeting last week about the financial position of the black authorities in the area.

Mr Schoeman was out of town yesterday and could not be contacted, but a spokesman for the Cape Provincial Administration, Mr Frikkie Odendaal, said no Cape funds for housing would be re-allocated to the local authorities.

Mr Schoeman's letter referred to the possible use of national housing funds and this was based on comments made earlier by the Minister of National Housing, Mr Louis Shill.

"We are not taking funds from our housing fund to finance local authorities," Mr Odendaal said.

The possible use of national housing funds was an attempt to stimulate better administration and to get residents paying for bonds and services again.



# Banks and councils 'off beam on timber houses'

BISay 10/11/93

Reports by  
ROBYN CHALMERS

THERE was much ignorance on the part of financial institutions and local authorities on the use of alternative methods to bricks, such as timber, in the building of homes at a much lower cost.

This view was expressed by Knysna Town Council building control and law enforcement officer Kobus van Heerden at a recent seminar.

Van Heerden said the cost to people building their own homes with alternative materials could be between 60% and 70% of a normal brick house. But banks, he said, were reluctant to grant mortgage finance on these houses. They often cited risks such as fire, beetle and worm infestation and various other natural elements which were potentially hazardous to a structure.

On the other hand, local authorities often refused to grant permission for the construction of such a house, largely because of insufficient knowledge and because they preferred

plans using brick construction.

"Timber or alternative products can be used in the erection of a house at a lower cost by the owner builder. He is in control of his own labour and can negotiate better prices in respect of materials and work done by subcontractors," said Van Heerden.

He noted that three factors were vital to the success of community involvement in urbanisation projects using alternative methods.

Willingness to communicate without hidden agendas and the employment of common languages and concepts were important.

In addition, skills and information should be shared. There should be a mutual understanding of the importance of each party's value systems and the extent to which each party could influence the project.

The CSIR had become increasingly involved in the evaluation of alterna-

tive materials and products for use in construction. The organisation placed particular emphasis on the need for adaption of norms, standards and regulations to meet the changing circumstances (123)

CSIR building technology division housing programme manager Carl Schlotfeldt said rapid urbanisation and apartheid policies had led to an ever increasing cost of providing basic services such as water and sanitation.

"This in turn has brought about a general acceptance that many of the existing standards are no longer appropriate, cannot be afforded and hence are not sustainable," he said.

The CSIR was involved in the development of affordable, appropriate and relevant standards on a continuing basis through interaction with civic organisations, the National Housing Forum, local authorities and the building industry.

# NP 'will use crisis to win'

123 124  
Staff Reporter

THE National Party would use the housing crisis it had created through apartheid to win votes, top ANC national executive member Mr Carl Niehaus said last night.

07/11/93  
Mr Niehaus was addressing about 300 people at the launch of the ANC Athlone Zone at the Samaj Centre in Gatesville. He lashed out at the National Party and President F.W. de Klerk, saying the party was not doing anything to stop township violence in order to aid their election campaign of fear and lies and was using the housing crisis they created to bolster votes.



# 'New Deal' for SA — ANC

Staff Reporter

THE ANC envisaged labour intensive projects similar to the 1930s' New Deal of American President Theodore Roosevelt in which infrastructure and houses would be built using the unemployed, the ANC's Mr Carl Niehaus said at a Durbanville meeting last night.

While the ANC believed that property rights had to be respected, it was committed to the principle of housing for all.

The ANC would not be daunted by the right nor deterred by people like AWB leader Eugene Terre'Blanche. President F W De Klerk should be courageous and stop right-wing intrigue in

the SADF and the police force.

Co-speaker Mrs Melanie Verwoerd, wife of apartheid architect Dr Hendrik Verwoerd's grandson Mr Wilhelm Verwoerd, said that, unlike the NP, which had created the backlog in housing, the ANC would involve people in housing programmes.

# Electricity tariff to increase by 7%

JOHANNESBURG. — Eskom's national electricity tariff will increase by seven percent from January 1 next year.

This was the lowest annual price increase since 1984, electricity council chairman Dr John Maree said at a news conference yesterday at Eskom's head office in Sandton. The increase was two percent below the expected inflation rate of 1994.

He said this was the eighth consecutive year that Eskom's annual increase was below the national inflation rate.

"The fact that we have the second cheapest electricity in the world is a matter of great satisfaction to us all at Eskom," Dr Maree said.

New Zealand supplies the cheapest electricity in the world and Japan is

the most expensive country.

Eskom's chief executive designate Mr Allen Morgan said service payment boycotts, particularly on the Witwatersrand, since July 1989 had led to debt of R650 million.

However, this debt had had a negligible effect on Eskom's tariff structures — less than one percent.

Referring to the great variety of tariff rates nationally — there were about 1 000 different rates — Mr Morgan said uniform rates needed to be introduced as soon as possible.

"If not nationally then at least we need to introduce uniform rates regionally, as every customer should pay the same rate per electricity unit," Mr Morgan said. — Sapa

● Eskom 'empowers' SA to tune of R5,5bn — Page 11



# R18m township plan creates 500 jobs

Property Editor

A R18M LABOUR intensive contract for the provision of 2 000 serviced sites near Kraaifontein has been awarded to Power Construction in consortium with Haw and Inglis.

This is one of the first four township construction projects so far accredited as labour intensive under the Framework Agreement between Cosatu, Sanco and the civil engineering industry.


The contract at Chris Hani Branch, formerly the Bloekombos squatter camp will create employment for between 450

and 500 workers drawn from the local community.

According to Vaughn Forrester-Jones, Power Construction's project director, this is more than four times the number of workers usually employed on a project of this size.

"Every possible aspect of the contract including road levelling and construction, trenching and pipelaying, kerbing, site clearance and levelling to toilet construction will be done by hand."

The project has been split into two separate contracts.

CT 12/11/93   
The East section, designed by consulting engineers Ninham-Shand and awarded to Power Construction will take nine months to complete.

The West section, designed by Wouter Engelbrecht and awarded to Haw and Inglis will take 12 months.

The contracts for the Cape Provincial Administration will run concurrently and are scheduled to begin late January.

Forrester-Jones said the workforce was already being assembled for a month of intensive training starting on November 15.

# Forum proposes lump sum housing subsidy

By MAGGIE ROWLEY  
Property Editor

THE National Housing Forum has proposed the replacement of all state housing subsidies, including the first time homebuyers, with a system of lump sum subsidies.

The proposals have been put forward to the Department of National Housing as an interim measure to tackle the growing housing crisis and are currently the subject of intense negotiation between the two parties. The actual amount of the lump sum subsidy is forming part of these negotiations, said Matthew Nel who heads up the NHF's co-ordinating committee.

He said the urgency for resolving effective and equitable subsidy measures and promoting sustainable housing provision had been highlighted by the increasing conflict around the country, particularly the Western Cape and Natal between the housed and the homeless.

"The NHF is committed to resolving the plight of the homeless. The resolution of these immediate conflicts, however, must be addressed in a manner which does not further entrench inequitable, unsustainable and ad hoc responses to what is a national crisis."

Nel said at the heart of the conflict is perceived and continued real racial inequality in the level of state assistance

currently provided for housing.

"It is critical that with immediate effect, the interim subsidy arrangement should be applicable on a non-racial basis, irrespective of the current, fragmented, racially based housing administrations.

"The NHF will seek to meet with the affected communities to facilitate an acceptable and sustainable resolution to these conflicts."

There are currently about 12 different state housing subsidies and a system of lump sum subsidies would not only reduce the administrative burden but also allow greater flexibility of housing budgets and could be effectively applied in rental programmes.

"This will allow us to know every year how much we are in for and we will not have the housing allocation eaten up by previous year's commitments as is presently the case."

The NHF believes that an effective state housing subsidy, together with access to home loans remains the key to breaking the current logjam in the provision of housing.

The recently concluded agreement between the NHF and the Department on interim arrangements for housing makes it possible to act in the short term with broad-based consensus so as to support desperately needed assistance for housing projects.

This agreement provides for the

National Housing Board, once established, to consider "as a matter of urgency an equitable level of subsidisation for the interim."

Nel said progress was being made on establishing the board. A procedure for appointments to the board had been agreed on and the NHF had put forward its nominations for both the national and regional boards. A second meeting would be held with the Minister on Monday.

Nel said the agreement on interim arrangements calls for subsidies to be both fiscally and socially sustainable and acceptable and should be done without preempting the outcome of longer term policy negotiations.

It was expected that the fiscal allocation of between R2,5bn and R3bn would be needed to stimulate the production of between 250 000 and 300 000 housing units per year. However the NHF does not support the "socially undesirable" site and service option.

According to Nel, the NHF proposes a lump sum subsidy sufficient to provide for more desirable shelter options at the lowest income level.

"However the proposal is non-prescriptive in terms of housing type."

Regarding first time home buyers interest subsidy, the NHF proposes this be replaced by a lump sum subsidy with this subsidy continuing to apply to mortgage credit provided by the private sector.



# Govt urged to broaden housing subsidy scheme

Monday 12/11/93

**THE** National Housing Forum has asked government to implement a new subsidy mechanism that would remove all racial bias and give access to housing to a broader spectrum of people than at present. (123)

It is understood that the individual subsidies under discussion exceed the IDT's present R7 500 subsidy a housing unit. Although figures could not be released yesterday, it indicated more was at stake than the IDT's site and service subsidy. "The forum does not support the socially undesirable site and service option," sources said. R12 500 a unit appeared likely, while forum members were pushing for R17 000.

The forum said the actual amount was currently "under intense negotiation". A fiscal allocation of R2,5bn-R3bn would be needed to stimulate production of 250 000-300 000 units a year. The forum is pushing for agreement on the subsidy in time for implementation when the National Housing Board comes into operation from April 1.

The forum has proposed lump sum subsidies covering a broader income spectrum and type of housing than at present. Lump sum subsidies, rather than income-graded assistance, was an interim measure that could easily be implemented to tackle the housing crisis, it said.

The forum also proposed that the first time home buyers' subsidy be replaced by a lump sum subsidy which would continue to be applied to private sector mortgage credit. The first-timers' subsidy runs into hundreds of millions of rands.

The urgency for a resolution on effective and fair subsidies had been highlighted by the increasing conflict around the country between those with homes and those without — in areas such as Cato Manor and in the western Cape. "The resolution of these immediate conflicts must be

GRETA STEYN

addressed in a manner which does not further entrench inequitable, unsustainable, and ad hoc responses to what is a national crisis."

The forum would seek to meet the affected communities to facilitate a resolution to these conflicts.

It said at the heart of the conflict was the racial inequality in the level of state housing aid. It was critical that the interim subsidy scheme be applicable immediately on a non-racial basis, regardless of the racially based housing administrations.

Our Durban correspondent reports Housing Minister Louis Shill yesterday said under no circumstances would government allow people to take over houses belonging to others, warning that "if anything we will get tougher on illegal occupation".

Shill met representatives of the Durban City Council, NPA, House of Delegates Housing Minister S V Naicker and community organisations over the Cato Manor crisis in the city hall, while hundreds of protesters toyi-toyed outside.

Shill said none of those illegally occupying the Wiggins homes would be evicted while a development strategy was thrashed out over the next two weeks.

Provided all stakeholders could agree on a "non-political" agency to oversee the provision of low cost housing at Cato Manor government was prepared to donate 95ha of land in Cato Crest and funding of R100m.

Meanwhile, hundreds of Wiggins squatters occupied the House of Delegates' offices in the city to protest against the housing disputes.

Sapa reports a representative technical committee will meet today to discuss the Cape Provincial Administration's offer of alternative sites for squatter families who are occupying houses illegally in the Mitchell's Plain suburb of Tafelsig.

● See Page 8



# Call for lump-sum subsidies

Star 15/11/93

## ■ METRO STAFF

The National Housing Forum is urging the Government to provide lump-sum housing subsidies — substantial enough to secure more than a serviced site — as an interim measure to defuse the housing crisis.

According to a press statement by the NHF, "the actual amount of subsidy to be provided is currently under intense negotiation" between it and the Department of National Housing.

The NHF pointed out that an existing agreement between itself and Government called for subsidies to be fiscally sustainable and socially acceptable.

"The NHF does not support the socially undesirable site-and-service option."

The lump-sum subsidies would replace the present system of income-graded subsidies as an interim measure "which could be easily implemented to tackle the growing housing crisis"

### Conflict

The forum is also insisting that, despite the racial fragmentation of housing administrations, any new subsidy must be applied on a nonracial basis.

One reason for the recent housing conflicts in Cato Manor near Durban and in the Cape Peninsula was the racial

inequality in housing assistance.

"The urgency for resolving effective and equitable subsidy measures and promoting sustainable housing provision is highlighted by the increasing conflict around the country between the housed and the homeless.

"The NHF is committed to resolving the plight of the homeless.

"The resolution of these immediate conflicts, however, must be addressed in a manner which does not further entrench inequitable, unsustainable and ad hoc responses to what is a national crisis," the statement said.

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## State has plan to tax housing bonds

JOHANNESBURG. — Banks may soon be required to pay a 0.5% premium of their mortgage portfolio to cover political risk to mortgage lenders operating in the country's black townships.

Housing minister Mr Louis Shill said he had submitted a proposal to the National Housing Forum (NHF) for a R1-billion institution to cover the political risk faced by lenders operating in the

townships.

The plan, which he called "a form of redistribution", would involve a premium paid by banks of about 0.5% of their entire mortgage portfolio and not just a premium on high-risk loans.

"It is a form of cross-subsidisation, but it would cover the risk to all mortgages and this sort of cover could become necessary in other areas as well," Mr Shill

said in an interview.

He said the plan, to be capitalised by private sector investors in South Africa and abroad, had been approved by the cabinet.

"We have every intention that this company should stand on its own feet. The government's role would be to undertake to cover any losses incurred by the institution," he said.

Mr Shill incurred the wrath of the multi-party NHF through two previous announcements about the risk-protection scheme.

"There will be a private enterprise public company, properly capitalised, and government will be the reinsurer," he said.

Mr Shill said lenders would insure their mortgage portfolios with the pro-

posed institution against political risks such as bond boycotts or regional intimidation.

He said the proposal could release R4-R5bn a year into the lower-value housing market.

He said he had submitted the plan to the NHF and hoped to be able to negotiate details with the forum and with financial institutions. — Reuter

(23) 16/11/93



# Housing shortage 'over in 10 years'

Sowetan 18/11/93

By Joe Thlooe

## ■ MINISTER'S BRIEFING

### Government to start building houses:

**T**HE Government believes that the country's housing needs can be met within 10 years.

"We are ready to start building houses tomorrow if the communities can get their act together," Minister of National Housing Mr Louis Shill said yesterday during a Cabinet briefing of the media at a conference centre on the West Rand.

He said the Government was negotiating in the National Housing Forum for the acceptance of its plans (123)

Shill said that the housing crisis had become a political issue in this country and the homeless were being used as cannon fodder by politicians.

"Once the plan is approved, various communities only need to identify their needs and we can then start building houses," Shill said.

"We will get rid of the housing backlog within 10 years."

The plan outlined by Shill would get rid of the housing shortage, particularly

among the lower income groups.

The plan involves the banks, the Government and community organisations.

A Mortgage Indemnity Insurance Scheme will be put in place to ensure that banks are not reluctant to provide the finance and that the homeowners are not evicted because they cannot pay because of, for example, retrenchments.

The insurance would continue paying the bond for up to a year.

Shill said that the scheme would

eliminate the problem of certain areas being "red-lined", that is, being cut off from housing loans because of the risks there.

"The scheme is meant not just to protect the banks but to ensure security of tenure," Shill said.

He said people applying for smaller loans would get bigger subsidies to ensure that the lower income groups got homes. Shill said that R6 to R10 billion a year for 10 years would be needed and the money could be raised.

# Homeowners face R450 m bill to cover township risk

**BRUCE CAMERON**  
Business Staff

THE government is looking to take R450 million a year out of the pockets of homeowners to give finance houses security against lending for houses in high-risk townships.

A person with a R100 000 bond would pay an extra R500 a year and a R50 000 bond, R250 a year if the proposal is confirmed by the National Housing Forum.

This will come on top of the notice given by banks that interest rates on mortgage bonds could soon move higher than the prime overdraft rate.

Housing Minister Louis Shill announced yesterday that he had submitted a proposal to the forum for a R1 billion institution to cover political risk faced by lenders operating in the townships.

The issue is to be discussed at a council meeting of the South African Association of Mortgage Lenders tomorrow.

Financial institutions were cautious about commenting on the record today, but indicated there was concern about the proposals.

Mr Shill has proposed that banks pay a 0,5 percent premium on their mortgage portfolio to cover the political risk.

According to the Reserve Bank quarterly report, a total of R85,1 billion was outstanding in mortgage bond loans in June.

Spokesmen for the financial institutions said today that they would have no option but to pass on the premium to clients.

One spokesman said the proposal would not resolve the problem.

ARG 16/11/93  
"It will only create a greater climate of entitlement. It can only perpetuate the culture of not paying."

"People will get together with others when they do not want to pay their bonds and declare a bond boycott."

"This is passing the buck to the financial institutions."

"The answer is for all the political leaders to get together and agree that the only way development can take place is for the normal market forces to play a role and that rent and bond boycotts will no longer be tolerated."

"Only then will the financial institutions be willing to get involved in a major way in developing housing in townships."

Chairman of the Mortgage Lenders Association Mike de Blanche was not available for comment.



# Bond lenders insurance plan

HOUSING Minister Louis Shill has submitted a proposal to the National Housing Forum for a R1bn institution to cover political risk to mortgage lenders operating in black townships.

He also said yesterday that up to R800m was available for housing in Cape Town and Durban.

Shill said the insurance plan was "a form of redistribution", involving a premium paid by banks of about 0,5% of their entire mortgage portfolio, not just a premium on high-risk loans.

"It is a form of cross-subsidisation, but it would cover the risk to all mortgages and this sort of cover could become necessary in other areas as well," Shill said.

He said the plan, to be capitalised by private sector investors in SA and abroad, had been approved by the Cabinet but was still subject to negotiations with the forum and financial institutions.

16/11/93  
"It's got to be arm's length. We have every intention that this company should stand on its own feet. Government's role would be to undertake to cover any losses incurred by the institution." (123)

"There will be a private enterprise public company, properly capitalised and government will be the reinsurer."

Shill said lenders would insure their mortgage portfolios with the proposed institution against political risks such as bond boycotts or regional intimidation.

"By taking the insurance on all mortgages we are looking at a very low cost. The premiums will have to be paid by the banks. How they recover that from their borrowers is up to them."

He said the proposal could release R4bn-R5bn a year into the lower-value housing market, where average costs including

□ To Page 2

## Shill

16/11/93  
land would be about R25 000 a unit. "Our broad estimate is that about 70% of the needy could get housing with this support."

Government estimated the housing shortfall among blacks to be between 1,5-million and 2-million units.

Shill also said he would meet Cape Town local authorities and civic leaders today to

□ From Page 1  
seek co-operation for a housing boost of up to R400m. He would meet the Cape Town housing forum, the ANC, the city council and the Cape Provincial Administration.

"If there is a local body that can manage the project, then government can commit substantial sums with immediate effect." He said a similar amount was available for Durban. — Reuter.

# R7bn a year for housing

CT 17/11/93

(123)

By PETER DENNEHY

HOUSING MINISTER Mr Louis Shill announced a R7-billion-a-year housing bonanza yesterday.

This will enable provincial administrations for the first time to build houses, instead of only serviced sites, for black people.

Between R2bn and R3bn will come from the government. There is about R1bn in unspent housing funds, and the rest will come from next year's budget. About R4bn to R5bn should come from the private sector, he said.

In the new scheme, the government will be the guarantor of bond finance. To finance this, financial institutions will have to pay a 0,5% premium on their mortgage portfolios.

The institutions said yesterday these costs will have to be passed

on to bond holders. An extra 0,5% on a R100 000 bond means an extra R41,66 a month. On a R150 000 bond, it comes to an extra R62,50 a month.

Between R400 million and R500m of the scheme, which could be used to build over 15 000 basic houses, will soon be available for the Western Cape.

## Risk

He also took steps to abolish race-based housing waiting lists. After a meeting with interest groups, he appointed a ten-person committee which will liaise with the Western Cape Economic Development Forum (EDF) and the Serviced Land Project (SLP).

Mr Shill warned that people who further occupied homes illegally would not only be on the

bottom of a new non-racial housing waiting list but also ran the risk of getting no help at all.

● Dozens of people demonstrated outside the H F Verwoerd building, where the meeting was held, over supposed "eviction notices" from the iKapa town council. The CPA's Mr Faan Naudé said people were not being evicted, but had been warned they were living on a dump site that was emitting methane gas.

● City housing chairman Mr Neil Ross said the November 18 deadline for the illegal occupiers of 260 Tafelsig houses to agree to partly serviced land may be extended at a meeting tomorrow.

He said a contract had been awarded for another 500 starter houses costing R29 000 each in Mitchells Plain.



# Banks welcome Shill's bond insurance scheme

BIDAY 17/11/93

FINANCIAL institutions have cautiously welcomed Housing Minister Louis Shill's proposed mortgage indemnity insurance scheme, which is intended to generate an extra R5bn for low-cost housing.

The scheme proposes establishing a R1bn insurance company which would protect banks from political risk and encourage their participation in the low-cost housing market.

First National Bank home loan chief manager Andre le Tre said yesterday the scheme was "a move in the right direction. Banks have recognised that normal commercial risks should be accepted, but believe they should not be exposed to political risk. The scheme will work towards removing that risk". How a proposed 0,5% premium on mortgage portfolios would be funded had yet to be negotiated.

Shill said the premium, which would fund the formation of the insurance company, would be paid by the banks, which would have to determine how they would recover the funds from borrowers.

Standard Bank community banking services divisional director Jopie van Honschooten said the fact that political risk had been recognised formally as a serious impediment to lending in the low-cost housing market was laudable. It was vital that the plan was fully supported by all

ROBYN CHALMERS

players, including banks, communities and political parties (123)

Urban Foundation executive director Jill Strelitz said it was imperative that financial institutions bought into the scheme to make it viable and that borrowers were involved in its formulation.

Care would have to be taken to ensure that customers did not believe the state-guaranteed schemes meant the state had taken responsibility for financing housing.

The National Housing Forum met National Housing Department representatives on Monday to begin negotiations on the scheme.

LINDA ENSOR reports from Cape Town that Shill said yesterday lack of a unified structure to channel funds for housing was the greatest single obstacle to overcoming the housing backlog.

He told western Cape community, local authority and housing organisations' representatives that while land and finance were available, communities would have to work together to solve the problem.

There was enough land to develop at maximum construction capacity for the next two to four years. Government was also prepared to buy land if it was not available in areas where it was needed.

● Comment: Page 6

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# Shill under fire over bond levy

CT 18/11/93 (123)

By MAGGIE ROWLEY  
Property Editor

**HOUSING MINISTER**  
Mr Louis Shill's proposed mortgage levy to boost low income housing has met widespread resistance from property economists and the Association of Mortgage Lenders (AML).

Mr Shill announced yesterday that under the proposed scheme, the government would become the guarantor of bond finance and financial institutions would pay a 0,5% premium on their mortgage portfolios to finance this.

Institutions responded by saying that these costs would be passed on to bondholders.

Last night AML president Mr Mike de Blanche said the AML did not believe Mr Shill's proposal addressed the real issues and would not make the much-needed finance available for housing.

Property economists, including Mr Erwin Rode, head of Real Estate Surveys, and Mr

Johan Snyman of Medium Term Forecasting Associates in Stellenbosch, slammed the proposals as "discriminatory against middle- and low-income bondholders and were destined to make housing even less affordable".

Calling for the government to reconsider its proposal and for the financial burden of the scheme to be borne by all taxpayers, Mr Snyman said to argue that only bondholders should pay the tax was "similar to suggesting that only farmers on the borders must pay the cost of defending the country".

"If it is accepted that a risk protection scheme is desirable to stem violence and to provide homes and jobs then it is clear that all taxpayers should foot the bill.

"The proposed levy or tax is regressive which means that middle- and low-income bondholders will be paying a larger portion of their incomes in tax than the wealthy," he said.



(123)  
#123-18/11/93

## Lenders reject plan to tax bonds

**BRUCE CAMERON**  
Business Staff

THE Association of Mortgage Lenders has rejected a scheme to provide guarantees for black housing development from the pockets of homeowners.

Association president Mike de Blanche said after a meeting yesterday he did not believe the scheme proposed by Housing Minister Louis Shill would free the much-needed finance for black housing.

Mr Shill has proposed a 0,5 per cent levy on mortgage bonds to create an insurance fund for financial institutions to take away the risk of building homes in the townships.

The scheme would take about R450 million a year out of the pockets of mortgage bond borrowers.

This would mean an additional R500 a year on a R100 000 bond and R250 on a R50 000 bond.

Mr De Blanche said the association had, for some time, supported the concept of a package of mortgage guarantee insurance to facilitate a flow of finance for affordable housing.

This would protect financiers from extraordinary risks, including broad political risks, and borrowers from risks such as unemployment and construction defects.

Individual banks had made their concerns known to Mr Shill.

But the association did not believe Mr Shill's proposals "in their present form address the real issues in that they will not free up the much-needed finance.

"The document is also vague on a number of key issues and does not provide vital elements of cover for either the lender or borrower."

Mr De Blanche said the association would support appropriate measures that sought to address the realities of the situation.

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31 Day 18/11/93

# Housing in a slump

KATHRYN STRACHAN

THE low-income housing sector continued its downward trend this year, following last year's poor performance, the Urban Foundation said in its annual review.

The review, released yesterday, attributed the continuing poor performance to the lack of mortgage loans and short-term credit, and the perpetuation of inappropriate government subsidy policies (123)

Widespread violence and conflict had also placed serious constraints on those willing to play a positive role in the delivery of housing and had seriously undermined delivery capacity.

The review estimated that 7-million people lived in informal housing.

The foundation was concerned that the acceptance of the informal delivery process should be seen as the start of the housing process rather than the end point to housing provision.

The challenge was to ensure that informal settlements were consolidated over time through physical, social and economic development interventions and integrated into the wider urban environment through incorporation into viable local authority jurisdictions.

It was critical that SA met the development challenge successfully. Failure to do so would result in even greater anger among poor communities and an increasing drain on state and private sector resources.



# Sanco, AML criticise Shill scheme

HOUSING Minister Louis Shill's mortgage indemnity insurance scheme has come under fire from the Association of Mortgage Lenders (AML) and the SA National Civic Organisation.

The AML said yesterday Shill's proposals did not address the real issues and would not free up much-needed finance. They were vague on key issues and did not provide vital elements of cover for either the lender or borrower.

It supported a package of mortgage guarantee insur-

**GRETA STEYN**

ance which protected financiers from extraordinary risks such as political risk. But borrowers should be protected for risks such as unemployment and construction defects.

Sanco, while lauding moves to set up an insurance scheme, voiced criticism that it would apply to "only a tiny fraction" of homeowners facing arrears or defaults. Cover would apply only to defaults "arising from political instabil-

ity including unemployment arising from such".

"We believe that in any rational bond guarantee scheme, the categories of homeowners covered must extend to those who become unemployed or who have other emergency expenses... and to those who are adversely affected by wild fluctuations in interest rates." Sanco president Moses Mayekiso noted the civics and the AML had developed an unemployment bond insurance proposal nearly a year ago which it

hoped Shill would consider.

He also called for the scheme to be used to penalise lenders that failed to make good on developers' defects.

(123)  
Sanco also described the scheme as "half-baked in its lack of detailed figures". It would be impossible to determine whether 0,5% of banks' mortgage portfolios would be a sufficient premium amount. It was not clear what the size of annual insurance payments would be for a given mortgage size.

Sanco opposed limiting the scheme to the formally employed only.

HOUSING SUBSIDIES

Fm 19/11/93

# Forging a national housing policy

Is the National Housing Forum's proposal of an interim, lump sum housing subsidy scheme and the Cabinet's decision to further investigate the possibility of a mortgage indemnity insurance scheme, the first tentative step towards the formulation of a comprehensive national housing policy?

One way of removing the political risk associated with lending in the low income housing market is to offer insurance cover to banks to encourage them back into the market. This would clear the way for developers to deliver low-cost homes through the provision of cash subsidies.

On the face of it, the forum's recommendation that a lump sum subsidy replace all existing subsidy schemes makes good sense. It is also in line with the recommendations of the 1992 De Loor Task Group, according to the Department of National Housing (DNH).

Calls from developers for subsidies to be applied to participants (buyers and renters) in their projects, as well as criticism of the disparities among the existing subsidy schemes, are common complaints.

The forum's difficulty with the existing system is threefold:

□ The issue of racial inequality inherent in the present subsidy system. Essentially, coloureds and Indians through larger House of Representatives and Delegates budgets, are receiving housing assistance of R30 000-R40 000 per individual while blacks, through the DNH, only get around R10 000 per person.

However, the DNH says because these subsidies are undisclosed, forming part of the end-user finance, the benefits are not readily quantifiable and cannot be easily compared; □ Many subsidies provide higher levels of State assistance as incomes increase. The First Time Home Buyers interest subsidy is a case in point. The larger the loan you can afford for a house up to R65 000 in value, the greater the level of State assistance in repay-



Urban Foundation's Mathew Nell ...  
looking for solutions

ing it; and

□ There are many types and differing levels of subsidy being provided by various State bodies. For example, the provinces in effect provide free serviced sites varying in value from R2 500 to R7 500; the Independent Development Trust grants a capital subsidy of R7 500 on each serviced site; the First Time Home Buyers subsidy applies assistance against mortgage finance over a seven-year period; and the sales and rental formula provides assistance of up to R30 000 in value to coloureds, Indians and whites.

Not only do these disparities cause confusion and conflict — as demonstrated in the illegal occupation by blacks of new coloured and Indian houses in Durban and Cape Town — the very concept of serviced sites as against completed shelter is finding less and less favour among the forum and DNH.

While the forum believes total solutions are still far from reach, it feels the pressing need to house 300 000 families annually (200 000 new households and a backlog of 100 000) necessitates an interim arrangement which is both politically acceptable and practically sustainable. As it sees it, 85% of the occupants of the 300 000 homes needed every year would require financial assistance. And of those the bulk earn less than R1 500 a month.

Its answer is to replace all the existing housing subsidy schemes with two lump sum subsidies. The aim would be to assist the widest range of beneficiaries as possible by opening up options in response to real conditions on the ground. Buyers in schemes such as the Seven Buildings Project (an inner city upgrading programme) or in three and four-storey walkups on well-located urban land would then also qualify.

Working within a projected fiscal allocation of R2,5bn to R3bn a year, the forum has proposed two sets of figures for the two

(123) ~~(55)~~  
separate subsidies to the DNH. These are now under "intense" discussion.

The first lump sum subsidy is targeted at the lowest end of the market — that is below a certain monthly income — where end-user credit is generally not available. It should apply to any housing product costing less than a certain amount.

The second lump sum subsidy — to replace the current First Time Home Buyers interest subsidy — though in value somewhat less than the first lump sum one, is intended for people earning in a certain income range above the minimum monthly income stipulated as the qualifying threshold for the first subsidy. This one is intended to continue to assist people to afford private sector funding in the form of mortgage credit.

The matter, however, is far from settled. It is understood that the DNH has "a more flexible capital subsidy scheme" in mind — though others believe it is arguing for lower capital subsidy amounts.

The time frame needed to settle this question, among others, as well as the priority it is given, is being discussed between the forum and the DNH. ■

## HISTORIC SALE

One of Durban's historical landmarks, Alexandra House in Point Road — better known as the notorious Smugglers' Inn — fetched R1m on auction.

The buyer, Durban businessman Anand Naidoo of Anand Properties, says he bought the property speculatively and has no immediate plans for it. Maybe he thinks the Point redevelopment will start soon and his investment will appreciate.



*Squatters' occupation could cost HoD R24-m*

# Housing scheme at risk

Star 25/11/93

## ■ POLITICAL STAFF

**Cape Town** — The House of Delegates could abandon its housing scheme in Wiggins, Cato Manor, and lose R24 million, because it is unable to end the illegal occupation of 799 homes and faces a possible outbreak of disease.

Government sources warned yesterday of the health risk the illegal occupation is posing. There is water to the homes, so the squatters are using the toilets inside the houses even though the sewer lines have not been connected.

Sewage is building up in the pipes and some of the manhole covers have already lifted.

Squatters moved into the houses on November 1 before the legal owners could take occupation.

HoD Housing Minister S V Naicker visited Wiggins yesterday with medical authorities from the



**Louis Shill . . . avoiding appearance of giving in to pressure?**

HoD and Durban City Council.

The bill for damage stood at R7,43 million.

The HoD was waiting for National Housing Minister Louis Shill to come up with R30 million for homes in Chesterville Extension, where the illegal occupants could move.

But it suspected Shill would delay releasing the money until a housing development programme was complete.

HoD sources said that rather than call in the police to remove the squatters, Naicker would prefer to abandon the project, despite R16 million spent on building the houses and R8 million paid for services.

The Department of National Housing had erred by not intervening within the first nine days of the housing crisis in Cato Manor near Durban, Shill said yesterday. (123)

Speaking during an interpellation debate on the illegal occupation of houses by squatters, he said no direct action had been taken at the outset because the occupied homes were the responsibility of the House of Delegates administration.

The area was now surrounded by a large group and any attempt to forcibly evict the squatters would invite a serious racial confrontation.

Shill said his depart-

ment had convened a meeting of all interested parties on November 11 to discuss the crisis.

"We will give it another 10 days. At some stage, force may have to be used."

Shill also disclosed that, despite being invited, the National Housing Forum had refused to attend the November 11 meeting to help resolve the crisis.

Earlier, Mahmoud Rajab (DP Springfield) said the continuing crisis at Cato Manor was being treated with cavalier disrespect by all concerned.

The DP strongly condemned the authorities' failure to act decisively by allowing the chaos and anarchy to continue.

The Government had to accept the blame for its failure to address adequately the escalating demand for black housing. — Sapa.

## Mistakes in housing crisis

CAPE TOWN — The National Housing Department had erred by not intervening within the first nine days of the housing crisis in Cato Manor near Durban, National Housing Minister Louis Shill said yesterday. **BIDA**

Speaking during an interpellation debate on the illegal occupation of houses by squatters, he said no direct action had been taken at the start because the occupied homes were the responsibility of the House of Delegates administration.

Shill said a meeting of all interested parties had been convened on November 11 to discuss the crisis.

A follow up meeting would be held within the next 10 days. **25/11/93**

"We will give it another 10 days. At some stage, force may have to be used," he said. **(123)**

He said the Cato Manor Development Association had not carried out its functions properly and an alternative body was being contemplated. — Sapa



## Boost subsidies for low-cost housing, says consultant

MINIMUM capital subsidies of R15 000 for low-cost housing candidates — double the Independent Development Trust's R7 500 site and service subsidies — are vital to solve the housing crisis, says a leading housing consultant.

Research by the BMI Building Research Strategy Consulting Unit showed that affordability was the main obstacle to providing housing. The housing backlog is estimated

BIBENY 26/11/93  
ROBYN CHALMERS

at 1,4-million to 2,6-million units.

BMI MD Llewellyn Lewis said: "The root of the housing problem is that 89% of the black population earns less than R2 000 a month. They are at best able to afford a R25 000 house, including the R15 000 subsidy.

"No amount of mortgage redemption insurance schemes will address

the problem of affordability, when 90% of the candidates are not even in the queue for a mortgage bond."

Annual subsidies could peak at R5bn a year to solve the housing problem in 10 years (122)

These subsidies should be seen as gifts, said Lewis, which would provide needy households with their equity and the ability to raise loans as home owners.

# Election a boost for property

By MAGGIE ROWLEY  
Property Editor

THE April 27 election is expected to impact positively on both building activity and property values, according to the latest State of the Building Industry survey by the BMI Building Research Strategy Consulting Unit.

Two thirds of the sample of 120 building contractors and homebuilders surveyed were in the Transvaal with the rest split evenly between the Cape and Natal.

The survey found that the majority of respondents indi-

cated that building activity and property values would increase after the election as prospective homeowners were currently uncertain about the future and would be awaiting the outcome of the elections before making major investment decisions.

The expectation is, that stability will return after the election, that confidence will be restored and that more funds will flow into the country and more opportunities will be created.

In particular, the survey found contractors and build-

ers expected an increase in investment in affordable housing which will stimulate overall building activity.

"In spite of some uncertainty regarding the outcome of the elections there is a positive and generally optimistic view of the future," says BMI.

Respondents also expect property values to increase in the longer term and believe it remains the best investment and wealth creator for the majority of people.

Currently there is also an unrealistically wide discrepancy of about 25% between

the price of existing and comparable new housing and building cost increases have been contained below inflation.

"With reduced interest rates affordability has increased and with a return of business confidence, building activity and property values will increase and the gap between the price of existing and new housing will narrow."

The survey found that both building contractors and homebuilders expect the industry to turn between the second and third quarter of next year.

Conditions over the past nine months however were still negative

However the majority of respondents expected conditions for the six months from October this year to March next year and up to October next year to be more positive, although the industry was not expected to show strong growth for the next six to 12 months, says BMI.

Expected growth for the building industry during 1983 improved marginally to 0.17% from 0.10% in the previous sur-

CT 27/11/93

123



# New housing board faces further delays

BIDAY 29/11/93

ROBYN CHALMERS

DIFFERENCES between the National Housing Forum and government over six jointly nominated representatives to a national housing board looks set to further delay the board's formation. (23)

The delay would be a blow to the delivery of much-needed houses, industry sources have warned, and could jeopardise the future of organisations involved in the low-cost housing market.

Government and the housing forum have agreed that six of the board's representatives will be nominated by government and six by the forum, and the remaining six will be agreed on by both parties. The same applies to four regional boards.

Forum co-ordinating committee chairman Matthew Nel said the forum had submitted its six nominations, together with nominations for the six requiring joint agreement.

"The National Housing Department has, in turn, submitted its nominations for the middle six delegates on both the regional and national boards.

"We will meet National Housing Depart-

ment representatives next week for further discussions, but it is impossible to give a date (for agreement)."

However, it is only once consensus has been reached on the joint six that government will submit nominations for its six representatives. The process could take far longer than expected unless there is a breakthrough in negotiations.

The possible delay flies in the face of a recent announcement by Housing Minister Louis Shill and forum chairman Eric Molobi that representatives would be appointed soon as the two parties had agreed on a procedure for setting housing policy.

The formation of the board, originally set for October, is seen as an important kick-start for government's long-awaited housing initiatives.

The board will have statutory status and representatives will serve for two years.

Their responsibilities will be to oversee the basis on which funds set aside in the housing budget are applied and to advise the Housing Minister on relevant issues.

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# A temporary haven in the city

WM 26/11-2/12/93

(123)

Students and workers seeking opportunities in Johannesburg are finding a new kind of accommodation: converted warehouses and office blocks.

**Hannah le Roux reports**

**T**HE award-winning architect chewed the end of his technical pen. Despite having won recognition for his community centres and environmentally friendly office blocks, he was frustrated, like many other architects, by the lack of opportunities to use his skills in dealing with the most pressing issue of all: the provision of affordable, accessible housing.

The phone rang, and it all began to change. The client had an idea, and it made sense. It got round the magnitude of financial hurdles that had blocked dozens of schemes before. It might be controversial, but that was where the architect felt the challenge lay, in dealing humanely with the tricky spatial ordering of things.

The scheme the client and architect conceived involved the conversion of some of the vacant commercial space around the Johannesburg station into residential buildings — similar in concept to the French foyer, or the short stay hotels springing up in California.

The brief came out of a recognition of the trends that are obvious to some entrepreneurs keeping their eyes on the inner city in Johannesburg. People are living there. And many of these people are young and living away from their relatives. They are what British housing theorist John Turner has termed "bridgeheaders" — individuals seeking opportunities in the city before they settle there with a family.

Apart from the thousands of students or workers living in institutionalised residences like hostels or the YMCA, a fair number stay in private institutions. The basic living unit is a bedroom, and serviced rooms like bathrooms and kitchens are shared.

The Douglas Rooms in Troyeville is such a place. Built in the early 1900s, with two double-storied blocks of rooms opening on to open stoeps which overlook narrow gardens, it was designed to accommodate the first wave of migrant workers. In time it became a home for pensioners, some of whom still live there. The current landlady has embarked on a renovation programme to bring the number of bathrooms up to the required standard, and to include the two



People are living here: The Rest Ahead hostel for women in Bree Street PHOTOGRAPH: GUY ADAMS

adjacent houses as communal facilities.

The landlady has defined her tenant profile: she allows singles or married couples to rent the rooms once she has proof of employment and a regular income of around R1 000 per month. She knows that the tenants are trading off the discomfort of shared ablutions with the relative tranquility of suburban living, and pegs her rentals just below those of an inner city bachelor flat.

The owner of the Rest Ahead hostel in Bree Street has a different market in mind. Converted from warehouse space, the accommodation consists of twin bedded cubicles, a communal kitchen, bathrooms and lounges. The tenants are exclusively female, mainly young girls from townships who have come to do courses at the numerous private academies in the city — hairdressing, telephone skills, secretarial courses.

The stern matron who manages the establishment observes that the girls don't stay for long — they meet friends and move into flats in Hillbrow together. Bad for business, but indicative of the role these places have to play in catalysing support systems for newcomers to the city.

Round the taxi ranks at the other end of Bree

Street is another form of private hostel, closer to the no-frills shelters provided by the city council. According to the manager, who says it was started by a Sowetan actress, it functions as a semi-charitable institution. The tenants are mainly male, and they sleep on mattresses laid out each evening in the open spaces of the former warehouse.

What these hostels have in common is an extraordinary profit potential for the landlords. The Douglas Rooms brings in rentals similar to new office space in the suburbs. A similar building, built from scratch, could be paid off by the tenants in about 15 years.

**T**he touchy issue is that of standards. Not only the standards of service provision and minimum room sizes — although these are governed by municipal by-laws, there is abuse — but also the definition of a standard social unit. Because communal living forges relationships between individuals, the potential for these hostels to be perceived as havens for gangs is real. But the positive side of cohabitation — as a support system for, say, single mothers — has been ignored. The National Housing Forum does have a working group dealing with typologies. Their main working document until now covers nearly every conceivable form of residential envelope — detached houses to high rise flats — but the social implications of the various types have not been scrutinised. This may be the result of a process that has largely excluded the understanding good architects have for the relationships between space and social patterns.

The architect of this story has likened his design to train accommodation, by which he implied a certain physical formation. But the description could be taken metaphorically. The transition from out there, away from opportunity or networks, to where we all want to be, requires some vehicle. This could be the place.



# R262m given for housing

123

CT30/11/93

By BARRY STREEK  
Political Staff

MAJOR socio-economic developments were announced yesterday by the government, including R262,6 million for housing, R74,5 million for mainly black Model D schools and R20 million for basic sports facilities in poor communities.

A further R2 million was allocated for training, coaching and participation in the 1995 World Cup rugby tournament, R34 000 for ad hoc grants and R1 million for a proposed Sports Technology Service.

These amounts have been provided in explanatory memorandums on adjustments to the 1993/4

## Major bid to help the needy

financial year, which were tabled in Parliament yesterday by the ministries of National Education, Local Government, National Housing and Public Works and the House of Assembly administration.

Housing aid has a net increase of nearly R209m, which involved R87,6m from the sale of strategic oil reserves, for the upgrading of

hostels and the creation of infrastructure and R175m for housing.

Provision of R2,8 million, carried forward from the 1992/3 financial year, has been requested for the activities of the Local Government National Forum.

An additional amount of R74,5 million for the financing of more Model D schools, which are House of Assembly-controlled schools being allocated for use mainly by black pupils, was provided in the House of Assembly administration budget.

The cabinet has allocated an additional amount of R20 million for the establishment of basic sports facilities "in favour of the poorer struggling communities and the presentation of sports development programmes".

# Billions for housing — that's Shill's prediction

ARGUS/12/93 (123)

□ Target to build 2-million units in the next 10 years

**BRUCE CAMERON**  
Business Staff

**HOUSING** Minister Louis Shill intends to use his proposed political risk insurance scheme to release about R5 billion a year in private sector money to build more than 2 million housing units in the next 10 years.

The controversial scheme, which will see mortgage bondholders faced with a premium on their bonds, could be implemented within weeks.

Mr Shill told parliament yesterday the insurance premium to give finance houses protection against political risk, such as bond boycotts, would probably be levied on all new bondholders of all race groups.

Finance houses have been claiming that they cannot risk investors' money in building homes for low income groups in high political risk areas without government guarantees.

The finance houses and the Mortgage Lenders' Association have voiced some concern about the scheme which they feel could encourage a culture of bond boycotts.

Mr Shill's scheme would overcome the need for government guarantees making home owners carry the risk themselves.

He said that people taking out home loans would have to decide to pay the additional, modest premium or "simply not get houses".

Mr Shill was not available for comment today but his Ministry of Housing spokesman Pieter du Plessis said no details were yet finalised although negotiations with community organisations through the National Housing Forum, the Mortgage Lenders' Association and the finance houses were well advanced.

Details of the scheme could be completed within weeks.

Mr Du Plessis emphasised that no rate had for the premium had yet been fixed. The 0,5 percent premium on mortgage bond interest rates had been used by Mr Shill as a hypothetical example.

The scheme would probably be run in much the same way as the current riot insurance scheme was managed through a private sector company.

There was also a possibility that the insurance would not be compulsory by law but would rather be made conditional on loans by the finance houses for mortgage bonds in much the same way as riot insurance was a condition of a loan.

He said there was also no decision as yet as to whether existing bond holders should be involved although Mr Shill was in favour of keeping the scheme to all new bond holders.

The Argus political staff reported from parliament yesterday that Louis de Waal, Democratic Party MP for North Rand, said the base of the new insurance was too limited, and was therefore unworkable. It was discriminatory as bondholders would have to carry the problem of homelessness that the National Party government had built up over 40 years.

In keeping with the DP's social market policy, Mr De Waal suggested there should be a transparent social re-construction tax to address housing, health and education, plus a state lottery which would be in effect a voluntary tax that taxpayers would be happy to pay.



# Pension funds 'will be used to build houses'

CT2/12/93 (123)

Staff Reporter

UNDER an ANC government pensions and provident funds would be controlled by workers through their unions, former Cosatu secretary-general Mr Jay Naidoo said yesterday.

He told a Cosatu rally of about 400 workers in Bellville that instead of the funds being used to build "big glass buildings" they would be used to build houses.

"People will know what is done with their money, it will be used for job

creation, houses, and clinics," Mr Naidoo said, adding that under an ANC government "VAT will be removed from basic foodstuffs, and personal tax will not be increased".

Political philosophy lecturer Mr Wilhelm Verwoerd urged workers not to forget the past, "when people were treated like dogs because of skin colour."

"It's not enough to just vote ANC, we must begin a reconstruction process," he said.

# Shill defends mortgage insurance

(123) CT2/12/93

THE government was "perfectly happy" with the idea of a mortgage indemnity insurance scheme, funded by a premium on new bonds, to mobilise funds for low-cost housing, the Minister of Housing, Mr Louis Shill, said in Parliament yesterday.

He said that 0,5% and other figures quoted in the press

were part of hypothetical calculations to illustrate how premiums could be charged.

Mr Louis de Waal (DP, North Rand) said the new system would ruin banks who would be forced to write off 20% of all losses before they could submit a claim to the fund.

Mr Lester Fuchs (DP Hillbrow) said levelling taxes on

property owners only was a "robber baron" solution. He wanted to know how many bond foreclosures Mr Shill expected.

In response, the minister said the scheme was aimed at limiting abnormal risks associated with political and social instability, and not at normal commercial risks of financial institutions when

granting mortgage bonds.

The premium was not "in any way" intended as a levy, but served as a premium for SASRIA-type insurance cover, he said.

There was no question of guaranteeing payments on mortgages and encouraging a culture of non-payment. — Sapa



# 'Scrap Vat on low-cost homes'

123  
CT4/13/93

By MAGGIE ROWLEY

VAT on new houses under R70 000 should be scrapped to make housing more affordable at the lower end, says John Rabie, chairman of Rabie Investment Holdings.

In an interview following the AGM yesterday Rabie said if a risk reducing mechanism was put in place to free up private sector financing for low cost housing, they would be the first back into this market.

"But it will be in a different form, more as project managers and consultants. We have the expertise and experience and know the pitfalls," he said.

Rabie said there were signs the market was turning and sales in recent months had improved dramatically. At their Dolphin Beach development, more than R5,5m in sales were completed during November with an average selling price of R500 000 and only seven of the 207 sectional title units now remained to be sold.

And at their San Marina development in Marina Da Gama 15 units had been sold over the past weekend alone.

# Parliament shuts rates loophole

~~123~~  
123

AT 4/12/93

Municipal Reporter

PARLIAMENT has approved an ordinance that closes loopholes in property valuation regulations. The Property Valuation Ordinance of 1993 is due to come into operation on July 1, 1994, but although it has been passed by Parliament it has not yet been signed into law or gazetted.

A row over massive rates hikes which should have followed the Cape Town City Council's recent revaluation of properties was settled in September when the roll was overturned after it was challenged in court by regional DP leader Mr Hennie Bester and others.

## New roll

The new ordinance effectively overrides the grounds on which the roll was rejected.

The Cape Town City Council has two years to draw up a new valuations roll — and it will have to be in line with the new ordinance.

This means that the big rates adjustment so recently averted is likely to come into effect in two years' time.

Mr Bester, who was out of town yesterday, could not be reached for comment. The Southern Suburbs Ratepayers' Association had already expressed concern about the new ordinance before Parliament approved it.

They have been planning to hold a meeting soon to fight the new ordinance, which chairman Mr David Erleigh said was likely to cause hardship if it was not based on ability to pay.

Any new valuations roll the city council draws up is likely to be similar to the recent revaluations, which caused an uproar after huge rates increases were announced and effectively unseated the council's executive committee.





**PEOPLE'S LIVES** *Grappling with the phenomenon of*

# Private company to build 7 000 houses

Sowetan 9/12/93

**By Joshua Raboroko**

THE provision of shelter is a fundamental need that has become increasingly recognised as a human right.

But in South Africa, apartheid and its legacy have seen these needs go unmet.

The current housing shortage is enormous and even conservative estimates indicate the need to provide 200 000 houses each year until the year 2000.

The Government and the private sector have tried hard to help solve the problem in the Vaal Triangle townships of Sebokeng, Boipatong, Bophelong and Sharpeville.

It has been estimated that the housing shortage in these areas is about 80 000 and growing as a result of large-scale urbanisation.

However, a ray of light seems to be shining at the end of the tunnel with the launch of RG and MG Properties (Pty)

that aims to provide homes for 7 000 families on a farm, two kilometres west of Sebokeng Zone 13, near the Johannesburg-Golden Highway.

The company is owned 50-50 percent by two property developers, Mr Lucas Manyama and Mr John Marshall.

They obtained the land from a white farmer who has retired. The area is to be called Boitumelo — meaning happiness.

## Ready for occupation

Stands on Boitumelo cost between R2 500 and R3 000 depending on the size required.

The focus will be to provide low-cost housing.

The first of these stands will be ready for occupation from February.

Loans to acquire the land may be obtained from several employers or financial institutions which have been advised by the company at numerous meetings.

Manyama says Boitumelo is to be created as a result of the shortage of affordable serviced land.

"We were at one stage thinking of cutting the bare minimum services on this development thus making it even more affordable."

The company has been trying to get through all the red tape of township development.

Marshall says it cost the company more than R12 million to acquire the land from the farmer.

The company has acquired more tracts of land near Sasolburg in the Orange Free where "we also intend to put up more homes at this crucial time in our history".

They intend making more land available so that people can build homes in the future.

The administrator of Lekoa Council, Mr CN Combrink, has welcomed the move by the company and said it would probably reduce the housing backlog in the area.

# Big banks support M & R workers' village

GRACELAND, a multimillion-rand low cost workers' village initiated by Murray & Roberts (M & R), was officially launched yesterday with the backing of all the major banks in SA.

The affordable housing project in Germiston's Wadeville caters for employees working within walking or cycling distance of Graceland. The concept was conceived by M & R Engineering CEO Ian Colepeper about 15 months ago.

**ROBYN CHALMERS**

Colepeper said the lack of availability of end-user finance for low cost housing projects had been a concern, but all the major banks had agreed to support the scheme.

The project was developed by M & R Construction subsidiary Bernhardt, Dunstan & Associates (BDA). A BDA spokesman said workers would apply directly to banks for mort-

gages, and would become the owners of their homes.

He said commitments for 500 houses and R7m towards community facilities had been received. A total of 43 houses and apartments, ranging in price between R30 000 and R71 000, had been completed.

Companies in the Wadeville area committed to relocating workers to Graceland include Consol, Hall Longmore, M & R Engineering, National Brands, Otis Elevator and Metallurg. Companies committed to the project will finance community facilities such as a school, train-

ing/maintenance depot, clinic and administration centre, community hall and sporting facilities.

The Department of Education and Training will contribute to the capital cost of the school. (123)

Donations have been received from the British embassy, M & R Foundation, Deloitte Touche and Germiston Rotary.

Project director Jimmy Hughes said BDA had scheduled 30 houses to be built a month, with a final target of 870 homes in the initial phase. The first residents would move into the village in January, he said.



# Housing board constituted

BILDAM 10/12/93

ROBYN CHALMERS  
and GRETA STEYN

THE National Housing Board, which would steer state spending on housing, would be constituted officially on Monday, Housing Minister Louis Shill announced in Parliament yesterday. (123)

Johannesburg city councillor Marietta Marx and ANC housing spokesman Billy Cobbett were among the names agreed on as board representatives.

The formation of the 18-member board ended a long delay — characterised by clashes between Shill and the National Housing Forum, and disagreement on the board's representation.

A statutory body advising government on allocation of the national housing budget, it would be complemented by four 18-member regional boards.

Sources said other board members included Development Bank of Southern Africa divisional manager Pieter Goede,

Institute for Housing president Jay Viljoen, Joop de Loor and Azapo's Sello Rasitaba. De Loor, who was nominated by government, headed a commission of inquiry into SA's housing problem and was understood to be a popular choice.

The forum was believed to have nominated Cosatu, PAC and Inkatha Freedom Party representatives, and former Natal housing MEC and Inkatha member Peter Miller had been mentioned.

There would be three business representatives, with the Association of Mortgage Lenders said to be represented by Jimmy Holloway. The AHI's J P Landman was also mentioned.

Industry analysts see the board as a vital

To Page 2

## Housing

BILDAM 10/12/93

From Page 1

step to kickstarting housing initiatives and speeding up the delivery of houses.

It replaces the National Housing Commission and its regional committees, as well as the SA Housing Advisory Council. In terms of the October 15 Housing Arrangements Act, it will also replace tricameral statutory housing bodies and committees on April 1. (123)

Shill and forum chairman Eric Molobi said recently the national and regional boards would operate on a consensus basis on key housing issues and policies.

The agreed policy framework emphasised the need for housing initiatives to be driven at a local level, with community involvement and participation.

Sapa reports from Cape Town that Shill told Parliament the housing problems in areas like Tafelsig in Mitchell's Plain and

Cato Manor in Durban were exacerbated by political parties.

He was "a bit disturbed" that government was not receiving the necessary co-operation from Cape Town city council. A meeting would be held on December 20. There was "no way" the illegal occupation could be allowed to continue. The "real problem" was the communities' inability to work together, not lack of assistance from the state.

Meanwhile, Cape Town city council was granted a Supreme Court final order to evict 70% of the Tafelsig squatters. A separate application on the remaining 30% would be brought in January as they had not yet been named. However, a spokesman for the squatters said the order would not be obeyed as they were negotiating an agreement with the council.

# Snags standing in way of free houses

**S**OWETO people who have rented houses from the state can expect to be able to take ownership of them for little or no money as soon as policy issues about the transfer have been solved.

The National Housing Forum (NHF) would like all agreements between government and other parties, like the civics, concerning transfer of state owned houses to their tenants, to be transparent, fair and negotiated rather than unilateral.

The NHF's role is to set housing policy with government. It represents 19 non-government parties including the main political parties, labour unions, development agencies, financiers, pension funds, construction interests and commerce and industry.

In November 1992 there were 378 069 houses countrywide owned by the state and rented to tenants. The government and mass organisations have previously agreed that there would be no unilateral disposal of state assets by the government. But urgent disposal of state housing was agreed upon because under apartheid people were denied ownership of property.

The Soweto Accord of September

*CIP/2005 12/12/93*  
1990 began the process of joint disposal based on consultation and consensus with mass-based organisations in Soweto.

A major study by a firm of attorneys identified a number of issues to be resolved if the transfer of housing was to be transparent, effective and fair.

The most important of these issues is entitlement. In many cases, the residents regard the houses as family homes, to which all members of the family are entitled. (123)

It is therefore necessary to create the possibility of a form of transfer which recognises the rights of a number of people to the house.

While these complicated issues are being resolved, there is a moratorium on transfers of houses in Soweto and other black areas.

To address all these problems and speed up the transfer of properties once they have been resolved, the Central Witwatersrand Metropolitan Chamber has resolved to establish a housing bureau with 12 offices.

It is expected that adjudicating officers will be appointed.

■ (This article was made available courtesy of the National Housing Forum)



# Board poised to boost housing

Star 13/12/93

■ BY NORMAN CHANDLER  
PRETORIA BUREAU

Housing reform is to take a major step today when the National Housing Board (NHB) will be formally constituted.

National Housing Minister Louis Shill said in Pretoria on Friday that the urgent need for housing delivery had resulted in the formation of the NHB.

Legislation enabling the establishment of the NHB and its subsidiaries, the regional housing boards, was promulgated earlier this year. In doing so, it eliminated racially based and fragmented structures which had tried to do the job over the years.

"The new boards are widely representative bodies with membership drawn from communities and mass-based corporations,

the business sector, and experts in the field of housing and related matters," Shill said at the weekend. (123)

Six members of the 18-strong NHB have been nominated by the Government, six by the National Housing Forum, and the remaining six by Shill in his official capacity as Minister of National Housing.

Members of regional housing boards must still be appointed.

## Housing funds 'available soon'

ROBYN CHALMERS

FUNDING for housing projects could be made available by the newly formed National Housing Board as early as January next year, National Housing Minister Louis Shill said in Pretoria yesterday.

Shill told the board's inaugural meeting that its task would be to co-ordinate national housing policy and state spending. Four regional boards to execute housing policies should be operational by January.

National Housing Forum chairman Eric Molobi said the board would provide practical solutions to housing problems.

"For the first time in SA's history, a representative body will begin making decisions about state funding for housing projects and for the nonracial allocation of those funds." (123)

It would operate on five key principles — sustainability, a holistic approach to development, freedom of choice, consensus policymaking and commitment to respective responsibilities.

The board would be chaired by Joop de Loor with the ANC's Billy Cobbett as vice-chairman.

Government nominated six board representatives: De Loor, Johannesburg city councillor Marietta Marx, civil engineer N Nathoo, House of Representatives development board vice-chairman Neville Naylor, Transvaal Provincial Administration housing MEC John Mavuso and SA Institute for Housing president Jan Viljoen.

Forum nominations were Cobbett, Azapo's Sello Rasethaba, Cosatu's Leonard Ramatlkane, the Inkatha Freedom Party's Peter Miller, the PAC's Molesi Litheko and Sanco's Mike Makura.

Government and the forum jointly nominated Standard Bank retail markets GM John Holloway, LTA housing division CEO Martin van Zyl, business consultant J P Landman, Development Bank of Southern Africa divisional manager Pieter Goede, architect Piet Moolman, residential development consultant J K. Evenwel and National Black Constructors' and Allied Trades Forum president Linda Nyemba.



## Illegal occupation top of ANC agenda

Political Staff

STOPPING the illegal occupation of houses is one of the items to be discussed when the regional executive committee of the African National Congress meets behind closed doors today.

Other items on the agenda are preparing for the all-race elections on April 27 and the allocation of portfolios.

Regional ANC secretary Lerumo Kalako said the movement had to formulate a policy of how to deal with the violence and disarray in squatter communities.

"The National Party is following a double-edged policy in squatter communities which is meant to destabilise us. They have a very aggressive policy."

As part of its election strategy, he said, the NP was wooing squatter leaders.

If this tactic failed the NP had another plan to exploit the tensions around housing in squatter communities.

"We must combat this strategy."

Violence in the Western Cape will also come under the spotlight today.

"This is one of the major problems confronting us because political opponents are going to use violence to score points off us."

The political heads of four key departments, Information and Publicity, Political Education, Organising and Local Government, are likely to be appointed today.

● See page 10

## R100 000 provided to help uplift basic life skills of street children

SHARKEY ISAACS  
Staff Reporter

THE Cape Provincial Administration has allocated R100 000 for holiday training projects for street children.

MEC for welfare promotion Themba Nyati said the projects were aimed at teaching the children basic life skills, developing their self-esteem and helping them develop a new perception of life.

Provision also will be made for the children's basic needs such as food, clothing, hygiene and shelter during courses.

The money from the Community Services Branch of the CPA was divided among seven shelters for homeless children, according to the number for

which they catered.

Funds were allocated as follows — R18 000 Beth Uriel Project, Salt River (36 children), R17 000 — Streets Project, Khayelitsha (34 children), R15 000 — St Christopher Shelter, Port Elizabeth (30 children), R15 000 Mahanyele Shelter, Kimberley (30 children), R10 000 — Lukhanyiso Shelter, Uitenhage (20 children), R10 000 — St John's Shelter, East London (20 children), R15 000 — Indwe Project, Aliwal North (30 children).

There was a need for special programmes for homeless children to alleviate immediate needs in the short-term, especially during the holiday season, he said.

## New chief for Parks Board

JOHN YELD

Minister Wynand Breytenbach said the appointment would be

## Umzamo project aimed at ending hostels and raising social standards

CLIVE SAWYER  
Municipal Reporter

UMZAMO Development Project, aimed at converting township hostels into family homes, has a good relationship with the SA National Civic Organisation, but is not controlled by it.

Umzamo public relations officer Welcome Zenzile said this in response to a report based on an Institute of Race Relations study on civil organisations involved in housing issues.

The project was a housing and social development organisation initiated by hostel dwellers. Other goals included skills development and job creation.

Sanco was a non-partisan watchdog for the community on all issues affecting their lives, Mr Zenzile said.

Umzamo was a development

agency and was not affiliated to Sanco.

He confirmed there had been tension because some township dwellers thought the agency was Sanco-controlled.

But since meetings had been held to clarify the issue, this tension had eased.

On the relationship between Sanco and political movements, Mr Zenzile said Sanco had agreed to campaign under the banner of the African National Congress in next year's election but this did not signal abandonment of its non-aligned status.

After the election, the relationship would be reassessed and would change, he said.

While the study referred to the Khayelitsha Civic Association, the organisation was in fact the Khayelitsha branch of Sanco and not a civic association in its own right.



# Umbrella organisation for housing

(123) ARG 18/12/93  
HENRI de PLESSIS  
Weekend Argus Reporter

A NEW, streamlined body has been formed to face one of the country's toughest problems — housing.

The new National Housing Board, an umbrella body which will reign over a number of regional housing boards, has been formed, a Ministry of National Housing and Public Works spokesman said.

It is seen as replacing an "own affairs" fragmented system with a unified body. The process is expected to be complete by April 1.

Until the national and regional boards are fully functional, they will run parallel to the existing system.

The aim is to bring all housing administration under one roof and ease planning, while getting input from all organisations involved in housing.

Organisations to be replaced are the National Housing Commission and the South African Housing Advisory Council, as well as statutory tricameral housing bodies and committees.

Speaking at the inaugural meeting of the National Housing Board, Minister of Housing Louis Shill said the De Looer task group's report had raised the issue of institutional structures.

After "a great deal of thought" enabling legislation was promulgated in September to provide for a new system by eliminating racially based, fragmented structures.

In negotiations between the Department of National Housing and the National Housing Forum, an overall value framework, including a housing vision and goals, were agreed.

Decisions by the boards would be taken on a consensus basis, Mr Shill said. A deadlock-breaking mechanism would be put into action if there was no agreement after a second attempt.

Interaction with the broader housing community remained important and negotiations with the National Housing Forum would continue after the establishment of the board.

Mr Shill pointed out that the selection of persons appointed as members of the national housing board was preceded by an invitation to all government and non-government interest groups to submit nominations for consideration.

Of the 18 members appointed by the minister, six were nominated by the government, six by the National Housing Forum and six were agreed between the government and the National Housing Forum.

The underlying principle was that members should be appointed by virtue of their knowledge and expertise in housing and related matters.

■ See page 27

# Shanty towns 'for some time yet'

S Times

By BRIAN SOKUTU

SHANTY towns will remain in South Africa for some time regardless of which party wins next year's election, according to National Housing Forum chairman Eric Molobi. 1912193

Mr Molobi, whose organisation is examining strategies for addressing the country's housing crisis, said that at least 320 homes had to be built each day for two to three years in South Africa. (123)

He blamed the mushrooming of shacks in the townships on the economic recession in rural areas.

"We need ... about R27-billion to properly address housing," he said.

Mr Molobi also wanted the government housing subsidy level to be increased to R12 500 a person.

"The present system of housing does not address the problems of the lower-income groups," he said.

Mr Molobi said he supported the wealth taxes proposed by the ANC.



# More and more homes lost in tougher times

S | Times [Buss] 1912193

By DON ROBERTSON

THE impact of rising unemployment, township violence and the recession on consumer income has led to a sharp increase in the number of injunctions against home owners.

Since the beginning of the year legal action by financial institutions against delinquent home owners has soared, although exact numbers are unknown as banks and building societies refuse to disclose the extent of repossessions. All agree, however, that numbers are increasing.

In a random reading of the Government Gazette — October 8 — notice was given of almost 400 injunctions taken against home owners with dates set down for the sale by auction of the properties.

The Nédcor/Perm group headed the list, followed by Absa, NBS, Standard Bank and First National Bank. The numbers reflect exposure to various sectors of the property market.

Hugh Maclachlan, divisional director of the Perm, says that although the number of injunctions is increasing, only between 25% and 30% of them actually result in homes being repossessed and auctioned. In most instances, home owners manage to find sufficient funds to meet arrears.

Trevor Olivier, general manager of mortgage lending at the NBS, agrees and says that in many instances it has been necessary to take this action to "persuade" occupants to make up the arrears. But with a judgment in hand, it is then possible to evict them if they fail to meet their commitments.

For many years, the Perm has had a bigger exposure to the black housing market than most other institutions and it has been hit by large-scale layoffs — as high as 60% in

some communities.

However, between 90% and 92% of all home owners are fully paid up, which, in the circumstances, is extremely good, says Mr Maclachlan. (58) (123)

According to Mr Olivier, repossessions numbered only a "few dozen" three years ago. Now they have risen to hundreds.

In many instances people in trouble sell their homes before action is taken.

This, he says, benefits financial institutions, as they do not have to repossess the house and are spared holding costs before the home is sold on auction.

Bond boycotts, township violence and instances where home owners refuse to move even after a judgment has been handed down, have had a serious impact on the ability of financial institutions to make loans available to blacks.

"As a result NBS and many others have withdrawn from the provision of funds for mass-housing schemes as we are unable to see what is happening to our security," says Mr Olivier.

"We were among the first to lend money to the black community, but it has backfired on us to some extent as a result of a handful who have let us down."

A spokesman for Absa, which will not disclose the number of homes it has repossessed, says the recession and high level of retrenchments have been the main cause of legal action taken.

There appears to be an equal split between repossessions of white and black homes.



**A** VAILABILITY of finance is not the current problem facing financial institutions involved in housing for the developing SA market. The challenges are to get the money out efficiently and then get it back on time without dispute, and to reduce the cost of doing business by spreading the risk.

Only by meeting these challenges can a critical mass of viable loans be made and this will start normalising a very troubled market.

Mortgage lending in a developing market can take place only where a critical mass of people is employed and can afford housing. No amount of financial engineering will transform the intrinsically unaffordable into the affordable.

A certain segment of the economically active population offers the greatest potential in the affordable housing market. That segment, representing about 43% of the country's economically active population, is concentrated in the income range which can afford a loan ranging from R10 000 to R60 000.

In dealing with this segment of the developing market, banks have recognised several things.

**F**irst, there is a need to reappraise the definition of security. Security is not necessarily nor exclusively bricks and mortar, north-facing and well-furnished. Rather, security is that which is regarded as needing to be preserved and valued. Many "township" structures meet the technical specifications for security but, because of prevailing circumstances in certain areas, the average person would not want to preserve or even value them.

Second, banks recognise that they face a malaise, sometimes referred to as a culture of entitlement, which results in non-payment for housing and services. This malaise is reinforced by unrealistic expectations remaining unfulfilled and often being exploited by political aspirants.

The malaise cannot be counteracted by top-down action: what has some effect is banks working as equals with those in the market — including, not excluding them. Such direct involvement by financial in-

stitutions entails eliminating layers between the bank and the customer.

Third, the principles of sound lending cannot be abandoned — they are as practical and prudent in the segments of the developing market as in any other. One of these is the principle of the borrower having equity in the product financed.

In addition to serving the segment of the developing market which it identifies as potentially profitable, the bank is involved in several housing initiatives.

Through the Association of Mortgage Lenders, the major banks participate in the National Housing Forum. This draws together all parties involved in the housing process, including political groups and civic associations, to build a national accord.

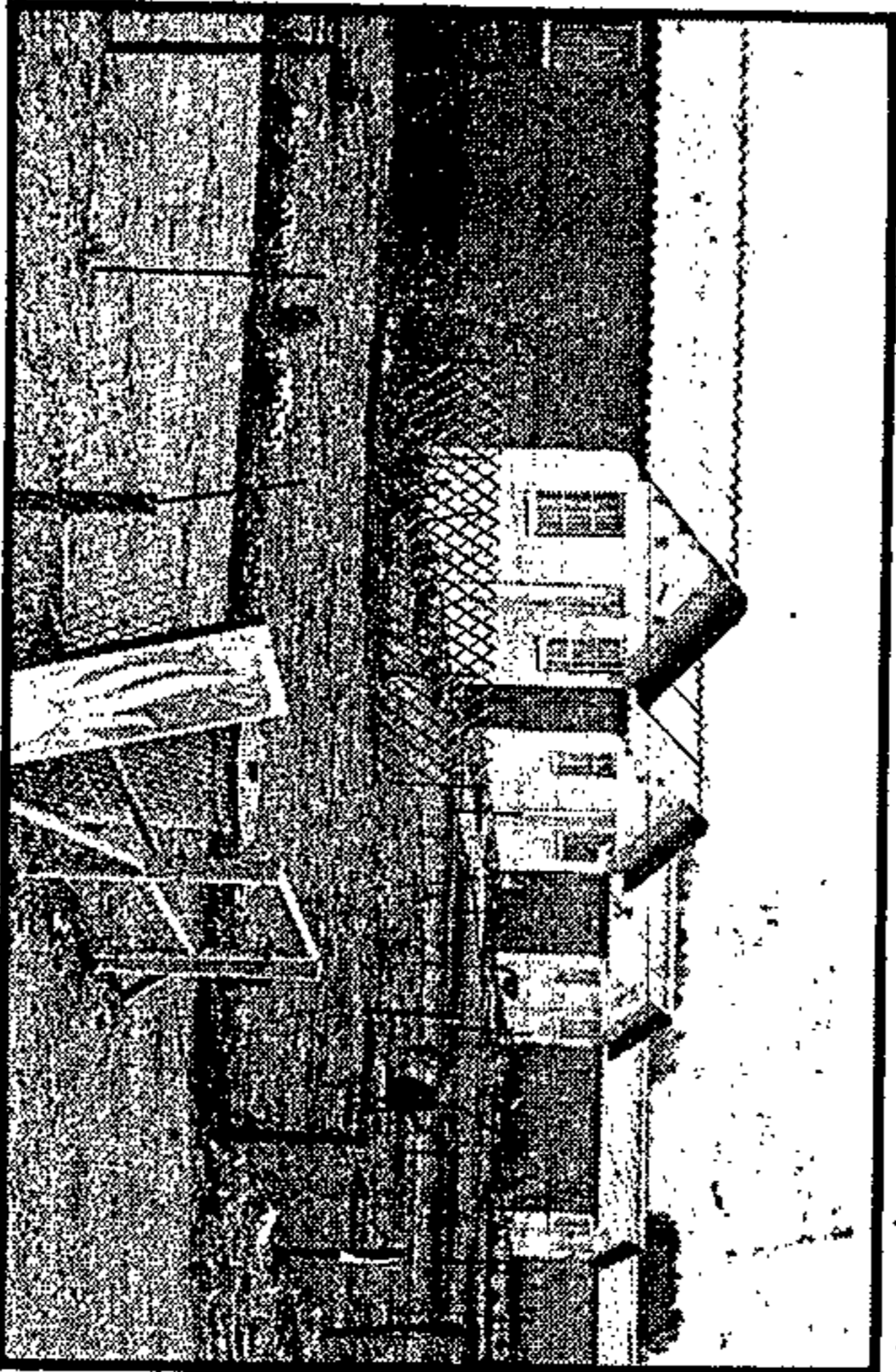
Bilateral discussions between the association and the SA National Civic Organisation have taken place. These were not fireside chats but attempts to reconcile widely divergent views on questions such as the cost of educating future borrowers and regulating the position of defaulters.

Banks are also involved in cooperative approaches to meeting the housing finance challenge, thus spreading risk. Some of the initiatives are the Community Banking Project, supporting the Central Johannesburg Partnership, an inner city initiative, and retail lending in-

# Banks seek those willing and able to repay financing

JOPIE VAN HONSCHOOTEN

Business 24/12/93



Mortgage lending in a developing market can take place only where a critical mass of people is employed and can afford housing.

stitutions financed from various sources.

Financial institutions are also rethinking where and how banks can provide sustainable housing finance to the developing SA market.

They have re-evaluated measures to manage risk, bearing in mind that the range of risk is broader. Banks emphasise the character of borrowers and their capacity to generate the cash flow to repay loans as el-

ments of creditworthiness. Banks are looking at options such as starter housing and affordable shelter.

Where depositors' money cannot be risked, banks are considering supporting non-bank structures with infrastructure and technical help.

Given the complexities of this market, certain product features for the market are essential. They include a cash deposit, instalment insurance against cash flow risk, and

wider tenure options which would allow graduation from rental to ownership.

Housing in SA is politicised; it is inadequate, and those in most need are almost alienated from the institutions which can help provide it. The problems surrounding housing demand collaborative solutions.

The flow of funds into housing finance in the developing market has been less than impressive, superficially because of violence, instability and boycotts. But even if these were removed, enormous problems would remain. Many are not physical but perceptual, the inevitable result of prolonged exclusion from the housing process.

Not least of the problems is the fact that the expectations of banks are at variance with those of the dwellers. The banks' view is that, as custodians of depositors' funds, they will invest where risk is low and manageable and return high.

The developing market's expectations are based on need. This market simply views banks as having access to funds and therefore as a crucial component in meeting housing needs.

Also, having been excluded from home ownership, the newly entitled home owner has scant understanding of obligations. For example, a newly entitled mortgagor accustomed only to a fixed monthly rental, does not easily relate to an increased bond instalment due to rising interest rates nor to the full obligation for maintaining the property.

**T**his lack of understanding particularly affects banks since they, rather than builders and developers, have a sustained relationship with the buyer. The financier tends to become the target of confusion, anger and frustration.

The area of housing finance for the developing market has no straightforward solutions. Given the responsibility of managing depositors' funds, banks are actively and constructively seeking ways of providing housing finance on a sustainable basis to those able and willing to repay.

Van Honschooten is divisional GM, community banking services at Standard Bank.



PEOPLE'S LIVES SA's poorest households are going to be left high and dry

# Yes to informal housing

Sowetan 27/12/93

By Anne Jellema. This article is reproduced by kind permission of *Work In Progress*

## ■ RADICAL RETHINK Reality

demands another look at old taboos (123)

**U**NLESS radically rethought, South Africa's grand new housing policies will end up nourishing the "new middle class" and leave SA's poorest households high and dry (and homeless). But it needn't be that way provided we have the nerve to review a couple of doctrinal taboos.

Households earning less than R800 a month are the people most urgently in need of shelter, people living in shack areas, rural informal dwellings.

Yet it's these households that will benefit least — if at all — from a housing policy designed to deliver conventional homes and loans primarily through formal markets. And that's precisely what the new housing policies being fashioned by the National Housing Forum, ANC government are geared for.

No one can deny the importance of helping salaried workers buy affordable homes and secure mortgage bonds. Success would represent quite an achievement, with pay-offs for the economy in general and not just the new home owners.

But let's not pretend South Africans most in need of homes will be the beneficiaries.

Such an outcome would confirm the gloomy predictions of a "50/50 society" where economic marginalisation denies the poorest 50 percent the benefits of liberal capitalist democracy, reinforcing an "underclass" or "fourth world".

But the "structural forces" said to propel this trend are not — yet — immune to political choice. Policies aimed at redistributing urban resources can prevent this march of marginalisation.

To achieve that, we need more than an effective housing policy. We need a settlement policy that can provide essential services, building materials, credit access and technical support cheaply to as many people as possible which will require urban land reform to provide secure, affordable, serviced land for such settlements.

The housing programme being drafted by the NHF offers a lump sum capital subsidy which, once combined with a mortgage bond, will make basic houses in the R20 000 — R65 000 range affordable to people earning between R1 000 and R3 000 a month.

These loans are a crucial part of the NHF scheme. They enable low income households to invest in a substantial asset that will appreciate in value and provide access to other forms of credit.

But even the NHF working reports admit that households earning under R800 a month are unlikely to be able to afford bond repayments under the scheme.

One can argue that families ineligible for a loan could still get the grant, which they could use to buy a serviced site. Any money left over could be used to build a "self-help" house, or to rent one from a housing association or private landlord. But it's hardly an effective way to address the housing needs of the poorest 40 percent of South Africans.

The programme contains no commitment to provide an adequate supply of cheap serviced sites of rental units. That's left to the market (or the magnanimous foresight of local authorities). Developers are unlikely to embrace this end of the market when houses up to R65 000 will also be eligible for NHF grants.

Under the new housing policies, serviced land for informal settlements may remain scarce, become more costly, and be even more effectively controlled by bureaucrats tasked with ensuring that sites are confined to "appropriate" areas. For all its shortcomings, at least the current dispensation seldom required that people buy a site.

Subsidies will be difficult, if not impossible, to obtain for people who have no choice but to live in unauthorised settlements. Unless serviced sites are provided in adequate numbers at affordable prices, the subsidy programme might end up increasing competition for the current stock of official serviced sites. More sources of division and opportunities for corruption are not what these embattled communities need.

### Self-help processes are the best way to provide more poor people access to more secure and more livable shelter

Without a home loan, capital subsidies will basically become a lump sum payment to certain families. They will improve the position of the head of household (generally, men) in the short term. But does it help alleviate structurally imbedded poverty, or promote the more equitable distribution of social resources in the long term? Not likely.

NHF supporters point to co-operation point to co-operatives and land trusts as options that allow people to pool their money and thus afford better housing.

Hypothetically it's a good idea. But co-ops and trusts work when they are able to contain or shut out market pressures. How compatible are they with a scheme that's geared to promote market forces?

The scheme is then on incentives that can ease financial or legal obstacles facing would-be collectives. Likewise on mechanisms to finance their ongoing administrative costs — usually high enough to make co-ops most viable for middle-income groups. In Zimbabwe, co-ops were heartily promoted in rhetoric — but the lack of practical facilitation meant few ever got off the ground.

Housing is one of the most difficult areas of social spending to target effectively. As affordable urban shelter becomes scarcer, competition grows fiercer. The poorest sections vie with those better-off for access to subsidised projects. This yields black market deals, patronage and cheating — all of which end up sabotaging efforts to impose means tests or restrict resale.

Whether houses are delivered through the State or by a subsidised private sector, the middle classes cream off the benefits. And after a few years, the programmes prove too expensive to be sustained.

There are other, discomfiting questions we need to pose. The "right to housing" has become a politicians' ploy. But just how central a priority is the subsidised purchase of a conventional home for poor households — compared to other needs like subsi-

dised transport, improved basic education, primary health care, free child care for working parents, or an income support "safety net"?

Surveys show that poor households in South Africa are spending a tiny portion of their budget (well under 10 percent) on housing.

Now black communities are being pressured to pay service charges that range from R30 to R80 a household every month. But many poor families are neither willing nor able to increase their total housing and service charge expenditure by more than a few rands a month. The upshot is that conventional home ownership does not aid the survival strategies of the urban proletariat.

Urban and peri-urban workers, especially those engaged in casual and informal jobs, have to stay on the move within and between towns. They also find themselves in varying domestic partnerships and living arrangements. Sinking resources into a house ties people down, both to an area and particular domestic alliances which makes it socially and economically costly for them to move.

One currently under-debated approach deserves particular reflection: support for a self-help of "spontaneous" housing process, combined with a settlement and urban land policy that can enable as many people as possible to gain cheap or free access to serviced, well-situated land; training and materials; small loans to finance the construction of adequate self-help dwellings.

Habitat International has come to embrace assisted self-help processes as the best way to provide more poor people access to more secure and more livable shelter.

It will be controversial to include self-help programmes as a major component of a national housing strategy. They are seen as a fatal concession in the struggle to provide a decent, minimum standard of accommodation.

Many housing activists in Latin America and Asia now argue that it is necessary to accept the need for informal shack housing and inner-city "slum" areas. They recognise that these forms of housing simply provide more shelter more quickly and more cheaply than formal "projects".

Public investment should not try and directly control or replace these "spontaneous" housing processes. Instead, it should try to provide a maximum supply of cheap land and materials, small loans, essential services, and technical back-up and support for self-help upgrading.

Project-by-project approaches need to be slotted into a coherent set of institutional reforms. These would include programmes that can generate continuous investment in the development of land, infrastructure and services.

Latin American activists suggest that preference go to projects that use local labour and local organisations to install or upgrade services that benefit all community members.

As in Mexico, Brazil and Singapore, money would be budgeted and structures established to advise, assist and train community representatives whose task it will be to mobilise and manage participation. Even relatively weak, divided and insecure groups might be able to coalesce around such projects — especially where the gains are collective, rather than individual.

Sowetan  
27/12/93

(123)