

# HOUSING & HOSTELS - GENERAL

1995

~~FOR~~ JANUARY - MAY

NB

PLEASE Follow the System

of ~~the~~ Filing

By Order.

# Who will fill Joe Slovo's giant shoes?

(122) WMM 6-12/1995

**Kader Asmal and Mac Maharaj are being mooted as replacements for ailing Housing Minister Joe Slovo. Drew Forrest reports**

National Housing Summit in October and last month's ANC conference.

Last week, President Nelson Mandela paid him a visit "to cheer him up". ANC secretary general Cyril Ramaphosa has also reportedly been to see him.

**C**ANCER-stricken Housing Minister Joe Slovo has taken a turn for the worse, giving sudden urgency to the question of who will replace him in his vital portfolio.

Slovo was this week confined to his home in Observatory, Johannesburg, where he was still mobile and in daily contact with his staff, said spokesman Stephen Lauder. His retirement was not currently on the cards, he added, but there was "no prognosis" as to when he would return to his office.

A friend, who asked not to be named, said Slovo was very ill. Observers had detected a visible deterioration in his health between the

Because the Housing Ministry is central to the reconstruction and development programme, commentators are unanimous that Slovo's successor will have to be a political heavyweight drawn from ANC ranks.

The ANC faces mounting pressure to deliver on its socio-economic pledges, and failure to do so in the months ahead could damage its showing in local government elections scheduled for October.

To minimise disruption to other key ministries — the new executive has been operational for only nine months — it would be logical to transfer a competent minister from a minor portfolio, the commentators said. Recruitment from provincial government was



**In crisis: Minister Joe Slovo**  
PHOTO: ELLEN ELMENDORP

unlikely because the various MECs had not yet proved themselves.

Two possible replacements are being mooted in political circles: Water Affairs and Forestry Minister Kader

Asmal and Transport Minister Mac Maharaj. Both have grassroots support — Maharaj registered the fourth-highest vote in the national executive committee election at the ANC conference, while Asmal came in 19th.

Constitutional Development Deputy Minister Mahomed Valli Moosa, who was also mentioned, was generally discounted on grounds that the ANC requires him as a counterweight to his National Party minister Roelf Meyer.

Mandela is known to admire Maharaj's strategic cunning, but Asmal has made more impact as a minister, winning accolades for his decisive intervention in water disputes, as well as for his dynamism and consultative approach. Water and Housing are development portfolios and it is significant that Asmal attended the housing summit.

Weighing against him, commentators said, were his 27 years as an academic in Dublin while in exile. "Hous-

ing is a hands-on ministry which requires a lot of wheeling and dealing with diverse constituencies: civics, finance houses, the construction industry," one said. "Slovo has the common touch — Asmal may be too highbrow, too urbane."

In addition, a major overhaul of the Water Act is planned for the coming session of parliament, and Asmal is known to be keen to pilot the legislation through.

Slovo was diagnosed as having bone-marrow cancer shortly after his return from exile four years ago. An oncologist, who asked not to be named, said it was a slow-acting disease which generally resulted in death through infection or renal failure in less than three years.

Friends say the minister has been "in crisis" since he was hospitalised in Cape Town in August after an allergic reaction to new treatment. Last month he suffered another setback, when he broke his shoulder in a fall.

# Slovo will be sorely missed, says party

W/E Argus 7-8/1/95

ALL ~~Argus~~

(123)

#2

JOHANNESBURG. — Housing Minister Joe Slovo was "a loyal member of the party to the end", the South African Communist Party (SACP) said in a statement after he died early yesterday.

The SACP said Mr Slovo had joined the party at the age of 15 and served it with commitment throughout his life.

General secretary Charles Ngakula said Mr Slovo had never been rigid in his beliefs and always had been prepared to revise his views.

"His article 'Has socialism failed?' was a landmark contribution to the renewal of socialist ideas internationally," Mr Ngakula said.

Mr Slovo had brought to the "liberation movement" and the SACP in particular a rigorous intellect, a strong sense of realism and a sharp wit.

"It is a tragedy that these were qualities a wider South

African public was able to appreciate only in the last years of his life."

The SACP's Gauteng branch said in a statement Mr Slovo would be remembered as "a dedicated revolutionary fighter and as a socialist intellectual".

"To the workers and the poor he was a champion of their rights."

"To millions of our people he was an inspiration. To all South Africans he was a shining example of the nonracialism of the struggle."

"His leadership within Umkhonto we Sizwe made an invaluable contribution to the downfall of the apartheid regime. His leading role in the negotiations process helped us to win the democracy we now all share."

That Mr Slovo had worked to the end of his life was "typical of his dedication and discipline".

Deputy President F W de Klerk said yesterday he had re-

spected communist party leader Joe Slovo as an astute negotiator and he would be sorely missed as Housing Minister in the cabinet.

Mr Slovo had played a crucial role in the negotiations which led to the new constitution, the 1994 democracy elections and the establishment of the government of national unity, Mr De Klerk said in a statement.

"In this process he proved himself an astute negotiator and in the government of national unity as a valuable member of the cabinet. His contributions in cabinet have been excellent and will be sorely missed," said Mr De Klerk.

Mr Slovo was a great patriot who avoided the lifestyle of the privileged minority to live by the non-racial ideal of the African National Congress, the Speaker of parliament, Dr Frene Ginwala, said in a statement yesterday.

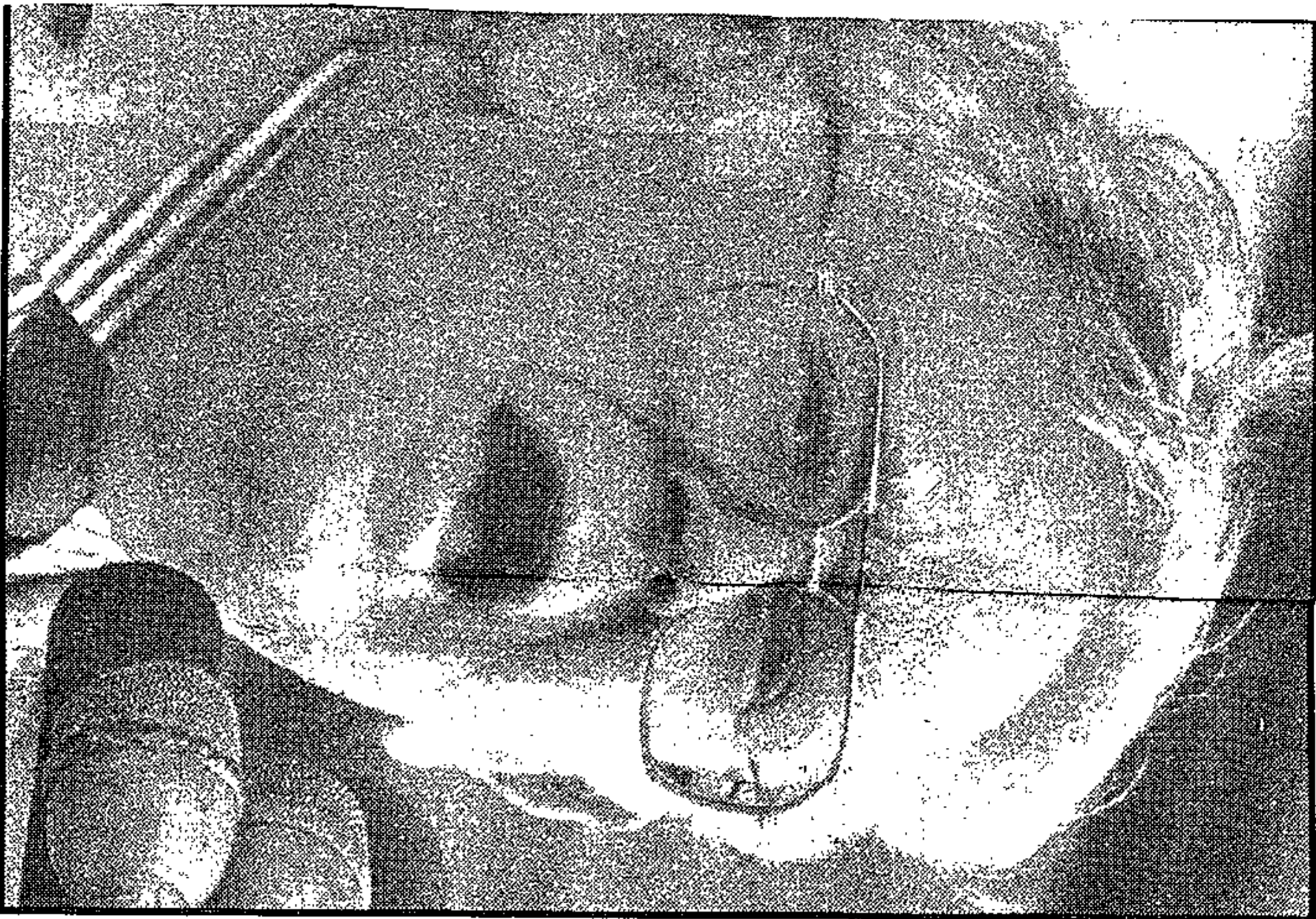
Dr Ginwala said his example had helped to underpin the democratic, nonracial society that the ANC sought to build.

He had served the "liberation movement" in the struggle, in negotiations and in the transformation on which the new government had embarked.

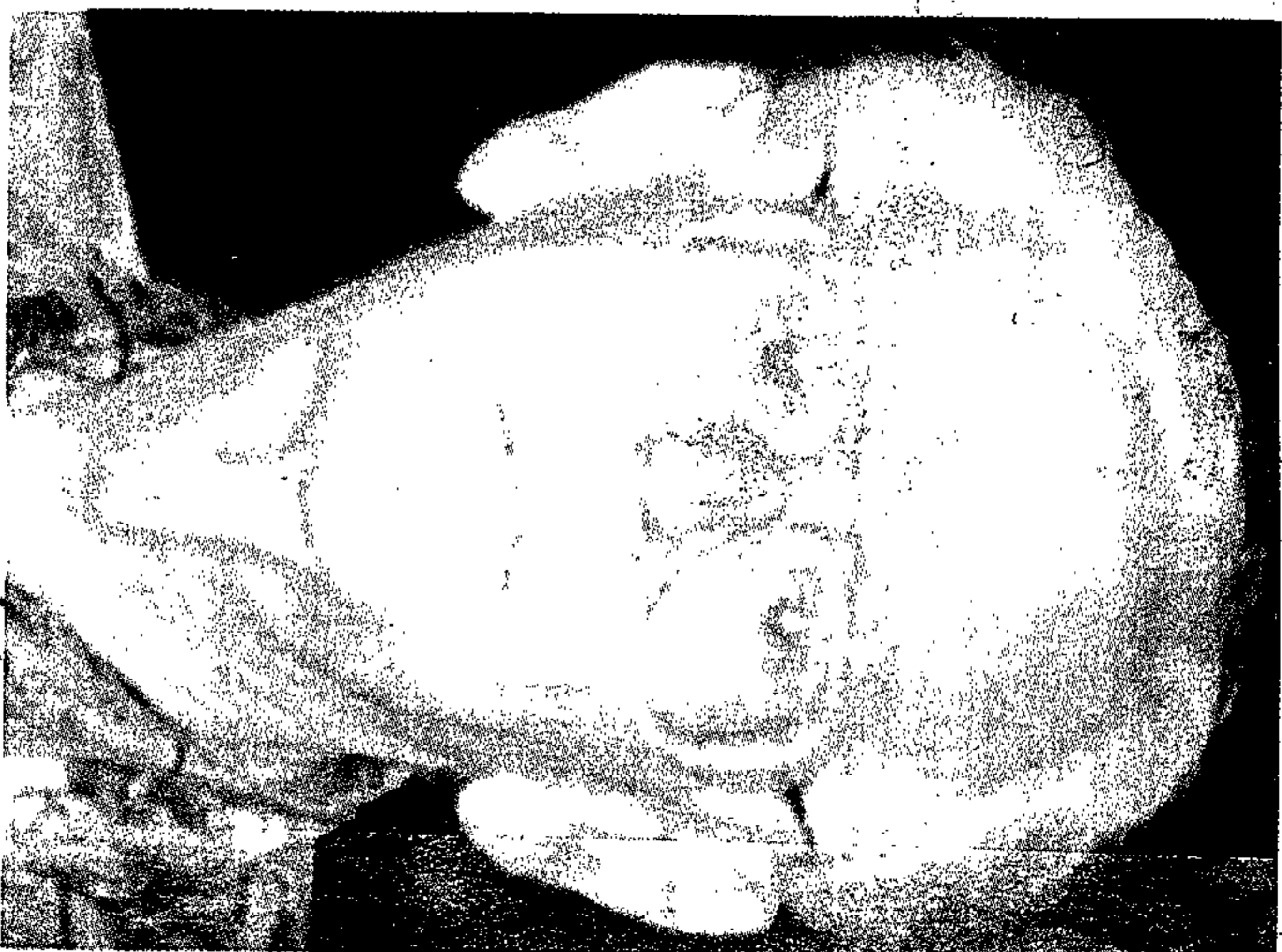
Racial harmony would not have been achieved in South Africa without Mr Slovo's leadership in the fight for social transformation, the Congress of South African Trade Unions (Cosatu) said yesterday.

"Comrade 'JS' as he was affectionately known will always have a special place in the hearts of South Africa's working people. 'He was giant of the South African revolution... a hero and martyr. He forsook a life of privilege for a course of hardship, suffering and constant persecution and vilification by the apartheid regime," the statement said.

Shaun Johnson's column — Page 14.



FIREBRAND: The Joe Slovo of old — a fiery speaker.



RAVAGED: Shortly before his death from cancer.

# Gap left by Slovo filled

CP 8/11/95 (123)  
PRESIDENT Mandela moved quickly to fill the vacuum left by the death of his long-time friend, Housing Minister Joe Slovo, by appointing Deputy Welfare Minister Sankie Nkondo to the key housing post on Friday.

A grieving Mandela made the announcement at a media conference at the Union Buildings in Pretoria less than 24 hours after visiting Slovo for the last time at his Johannesburg home on Thursday night.

Slovo died of bone marrow cancer shortly before 3 am on Friday.

Mandela short-circuited the process of choosing a successor to Slovo by not appointing an acting minister. Nor did he choose any of his Cabinet heavyweights for the crucial housing portfolio.

Mandela said that "in view of the importance of the tasks that Comrade Slovo had to undertake in government, and in view of the urgency to implement the programmes he had set in motion", he had decided to make an immediate appointment.

Nkondo, who failed in her bid to be elected to the position of ANC deputy secretary-general at the ANC's December conference, was born in Sophiatown (now Triomf), Johannesburg, in 1951 and was educated at the University of the North.

She graduated with an arts degree in 1976 and went into exile. She was the ANC's chief representative in Germany and Austria until returning to South Africa as deputy head of the ANC's department of international affairs in October 1993.

She has had an anthology of poetry entitled "Flames of Fury" as well as other poems published.

ANC MP Geraldine Fraser-Moleketi will take up Nkondo's welfare post.

Fraser-Moleketi played a prominent role in the constitutional negotiations process. - Sapa

**NEWS** New minister to consolidate housing policy ● Housing Minister's star rises

# Tough task faces Slovo's successor

123 Sowetan 9/1/95

■ **CRASH COURSE** Slovo often clashed with regional leaders over unrealistic promises:

**By Joe Mdhlela**  
**Political Reporter**

MEMBER of the ANC's national executive committee and Deputy Minister of Welfare Ms Sankie Nkondo takes over Joe Slovo's portfolio as Minister of Housing.

She literally jumps into the late Slovo's shoes in carrying out the onerous task of delivering homes to blacks who either do not have a roof over their head or stay in shacks in all the major cities of the country.

Slovo, of the practical mind, often came into collision with local government regional leadership, especially Gauteng MEC for housing Dan Mofokeng and premier Mr Tokyo Sexwale, for making unre-

alistic promises.

In October Slovo struck a deal with the Association of Mortgage Lenders to have it provide a loaning facility to blacks "in the lower end of the housing market".

This resulted in 50 000 new loans being raised for blacks in the lowest income bracket.

Slovo also managed to produce a White Paper on housing. This is due to be discussed when Parliament sits.

Principally, Slovo managed to have Parliament agree that the country's housing policy be coordinated by his department, avoiding a fragmented housing policy.

Now Nkondo has the task of seeing to the finalisation of the policy.

## Top post for Nkondo

NEWLY appointed Minister of Housing Ms Sankie Nkondo could become the African National Congress's next secretary-general.

A rising star in both the ANC and Government of National Unity, she unsuccessfully made a bid for the deputy secretary-generalship at the organisation's Bloemfontein congress last month.

Until her appointment last Friday, Nkondo was Deputy Minister of Welfare to the housing portfolio.

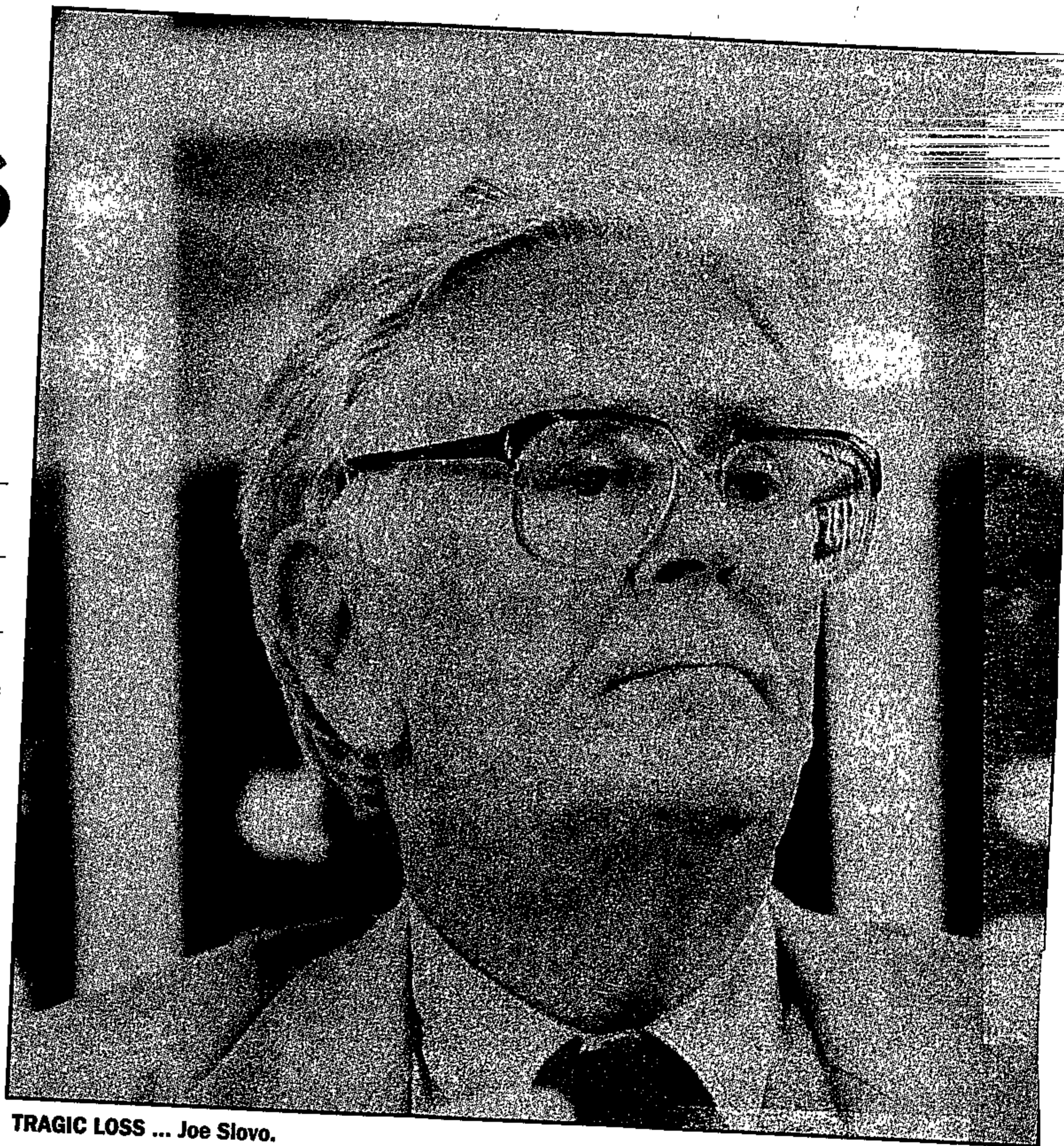
Nkondo was born in Sophiatown on

March 23 1951 and graduated with a BA degree at the University of the North in 1976 before going into exile.

She became the ANC's chief representative in Germany and Austria. On her return in 1993 she became deputy head of the ANC's department of international affairs headed by Mr Thabo Mbeki.

Nkondo's welfare post will be taken up by ANC MP Ms Geraldine Fraser-Moleketi.

Fraser-Moleketi played a prominent role in constitutional negotiations.



TRAGIC LOSS ... Joe Slovo.

# New Housing Minister faces tough tasks

THE biggest tasks facing SA's new Housing Minister Sankie Nkondo were ending the bond repayment boycott in townships, securing a substantial increase in the housing budget and co-ordinating regional housing initiatives, political observers said yesterday. (23) BD 9/1/95

Although she was inheriting a well-ordered department with developed plans, she faced a massive job of implementation.

Nkondo, who yesterday declined interviews until after the funeral of her predecessor Joe Slovo, takes over a department which has just entered into a

TIM COHEN

landmark agreement with the private sector and has published detailed plans in a White Paper.

It is understood that Nkondo was President Nelson Mandela's first choice for the post of Housing Minister and is considered to be a key member of the new generation of ANC leaders.

There was speculation that other senior Cabinet Ministers such as Water Affairs Minister Kader Asmal or Transport Minister Mac Maharaj were in line for the job. Party insiders say Nkondo's standing in

the party and her ability were the major considerations in her appointment. But given ANC attempts to ensure that government reflects the country's population, the fact that she is a black woman was obviously also a factor.

Nkondo will have to try to ensure the housing budget is substantially increased, in line with targets set out in the White Paper which proposes a 5% increase within five years.

Although she will have support, more money will not be handed to her on a plate.

To Page 2

TIM COHEN

FORMER Housing Minister Joe Slovo would be buried at Soweto's Avalon Cemetery on Sunday following a multifaith service at Orlando Stadium, where he would lie in state, ANC secretary-general Cyril Ramaphosa said yesterday.

Cuban president Fidel Castro, who was a confidante of Slovo's, was among more than 300 possible foreign guests, a source said.

The state funeral would take place the day after a private family service, requested by Slovo, at the Johannesburg City Hall where he spent much of his youth at political meetings and where he regularly attended concerts in his later years.

## Minister (23) BD 9/1/95

The housing budget currently makes up only 1% of the national Budget.

One of the new Minister's first tasks will be to appoint a new housing board from a list of nominees already compiled.

An immediate problem to be tackled is the urgent need for an end to the bond boycott, and a priority will be the co-ordination of a publicity campaign aimed

From Page 1

at getting people to start repayments.

Experts say the bond boycott is affecting between 8% and 9% of all housing bonds issued, effectively wiping out the profit margins of the banks and building societies involved.

Slovo repeatedly said government's housing goals would not be achieved if the bond boycott issue was not resolved.

ipe  
ca-  
on  
rn-  
re-  
at-  
be  
pls.  
ing  
ed-  
for  
ap-  
la-  
ply  
ine  
m-  
id.  
ial  
ay-  
ar-  
of  
uc-  
in-  
ase  
os-  
rs."  
ne-  
not  
at  
our  
cal  
ies-  
ing  
ing  
ved  
ave  
000  
ay's  
l to  
58,

# Eastern Cape drive to recruit health workers

(85) BD 9/1/95

NOMAVENDA MATHIANE

THE Eastern Cape government is undertaking a recruitment drive for health professionals, especially doctors, to upgrade the region's health services.

The move follows findings of the Hospital Services Commission established in September last year which visited 34 hospitals as part of an investigation into the province's health services.

The commission found the area's health delivery system had deteriorated to crisis levels with some hospitals and clinics functioning without water and electricity. There were also reports of bodies rotting in ill-equipped morgues.

It recommended efforts to upgrade hospitals be implemented urgently. Sewerage and drainage systems, kitchen and ablution facilities and medicine and drug supplies were to be dealt with immediately.

Eastern Cape health ministry strategic management team manager Dr Sipiwo Stamper said the problem dated back to the apartheid era and government which did not regard health as a priority.

"The conditions and services are in a poor state. In some areas, the infrastructure has collapsed completely from lack of maintenance. In other areas there is no

infrastructure at all," he said.

He said buildings and facilities were not properly maintained because there had been no funds set aside for such expenditure. Other areas had been plagued by a lack of human resources.

Stamper said the situation was worse in rural hospitals.

He said his department was faced with the backlog created by past mismanagement and high expectations of the people.

Hospitals targeted for immediate upgrading were Madwaleni, Tafalofefe, Mount Ayliff, Umtata General, Rietvlei, Bambisa and Canzibe.

The government would lobby central government for more money and approach donor agencies to contribute to solving the province's health problem.

The R1,2bn budget for 1994/95 had to be spread over the former Transkei and Ciskei, the regional health department, Cape Provincial Administration and the Regional Services Council health department.

Stamper said incentives to attract health workers to underprivileged areas were being worked out.

## Eskom, govt meet on electricity arrears

(123) BD 9/1/95

WILSON ZWANE

ESKOM, owed more than R1bn in electricity bills, will meet government representatives this week to continue negotiations on how to deal with the debt.

Eskom retail and customer GM Joe Matsau said the meeting would be attended by representatives of central, provincial and new interim local governments.

He said while negotiations on how to deal with the arrears started in 1989 shortly after the utility had taken over electricity supply from black local authorities, the matter would be given "more attention" now that local authorities were amalgamating.

Several white municipalities have ex-

pressed concern about inheriting debts of defunct black local authorities.

Meanwhile, Matsau said payment levels were much lower in Vosloorus and Katlehong than in the Benoni area. According to figures, 30% of residents of Vosloorus and Katlehong paid their electricity bills and 50%-60% of residents in Benoni (Daveyton and Wattville) paid their accounts.

He said the utility would now cut off defaulters. The process began last year, but was halted over the Christmas season "to enable people to have lights".

G  
Lo  
de  
in  
in  
fiv  
he  
mi  
me  
Fe  
K  
ce  
to  
st  
Pr  
la  
pa  
ra  
F  
K  
A  
B  
T  
o  
m  
S  
fa  
re  
R  
S

# Efficiency priority for new Minister

## Services for Slovo tomorrow

(123) SLOW 10/11/95

■ BY HELEN GRANGE

Judging by her past accomplishments, the new Housing Minister, Sankie Mthembi-Nkondo, will be bringing exacting standards of management and administration to the Housing Department she has inherited.

Mthembi-Nkondo has declined interviews until after the funeral of her predecessor Joe Slovo on Sunday, but a look at her past reveals a woman who focuses strongly on skills and work efficiency.

The biggest tasks under her new ministerial portfolio will be to encourage an end to the bond repayment boycott in townships, securing an increase in the housing budget and co-ordinating regional housing initiatives, according to political observers.

It is understood Mthembi-Nkondo was President Mandela's first choice for Housing Minister.

However, it is believed her closest ally in the Cabinet is Deputy President Thabo Mbeki.

At the ANC's Bloemfontein conference last month, she was heavily backed by the ANC Youth League in her unsuccessful bid for the post of ANC deputy secretary-general.

Born in 1951 in Sophiatown, Johannesburg, she matriculated in Soweto in 1970 — going on to the University of the North where she graduated with a teaching diploma and a BA in education. She also achieved an MA in African literature from the University of Zambia.

Mthembi-Nkondo left South



**Newly sworn in . . . President Mandela is flanked by Minister of Housing Sankie Mthembi-Nkondo (right) and Deputy Minister of Welfare Geraldine Fraser-Moleketi.**

PICTURE: FANI MAHUNTSI

Africa in 1976, and while in exile became the editor of the ANC Women's Section journal.

In 1992 and 1993 she received diplomatic training in various countries including England, France, Belgium and Norway.

Mthembi-Nkondo returned home in October 1993. After last year's election she was elected an MP and appointed Deputy Minister of Welfare and Population Development.

She speaks English, Afrikaans, Dutch, Shangaan, Sotho, Pedi, Xhosa and Zulu

and had an anthology of poems called *Flames of Fury* published in 1990.

ANC insiders say her standing in the party and her ability were the major considerations in her appointment.

■ Sapa reports that Mthembi-Nkondo and new Deputy Minister of Welfare Geraldine Fraser-Moleketi were sworn in in Pretoria yesterday.

At the ceremony at Mahlamba'ndlopfu, his official residence, Mandela said the appointments were effective from January 6.

Memorial services in honour of the late Housing Minister Joe Slovo are to be held throughout Gauteng tomorrow, the ANC announced yesterday.

The main service in Johannesburg, which is expected to be attended by ambassadors, business leaders, members of Parliament, workers and students, will be held at the City Hall from noon to 2 pm.

The service, organised jointly by the ANC alliance and the provincial government, will be accorded the status of an official state memorial service.

In Pretoria, the service will take place at the City Hall between 12.30 and 2 pm. In Sothangue, north of Pretoria, the service will be held at the Community Hall from 6.30 pm.

The Soweto service will be at the Ipelegeng Community Centre in Western Jabavu and starts at 5 pm.

Memorial services on the West Rand start at 6 pm at the following venues: Paul Nel Hall, Bekkersdal; Ramosa Community Hall, Mohlakeng, Ranfontein; and the Khutsong Community Hall, Carletonville.

In Lenasia and Ennerdale, the service will be at the Thembalihle Community Hall at 5.20 pm.

Other services will be held in the townships and towns of the East Rand, Vaal Triangle and Midrand.

"We expect a huge turnout as members of the tripartite alliance gather to pay their last respects to a great revolutionary of our time," said an ANC spokesman.

The SACP branch at Ga-Rankuwa near Pretoria will hold a memorial service at the Lutheran Church in Zone 2, from 6 pm on Thursday. — Staff Reporter.



# Industry's failure to set up warranty scheme stalls low-cost housing

HOPES of an early start to full-scale bank lending on low-cost housing have been dashed by the failure of the building industry to put in place a scheme to guarantee the quality of homes.

The warranty scheme, a key factor in bringing the banks back to the market, was expected to be in place this month. The Building Industries Federation of SA executive director Ian Robinson said yesterday the final phases of the building warranty scheme, designed to protect consumers against poor construction products, could be in place by March.

The warranty scheme is a mechanism agreed to last year by mortgage lenders and the Housing Ministry to facilitate loans to low-income groups. Robinson said a team of consultants was working on the structure and functions of the scheme. Consultants were also investigating other aspects, including the structure of an industry inspectorate and the appointment of a board of directors and CEO.

He and low-cost housing expert Johan de Ridder had separately visited Canada and the UK to familiarise themselves with mortgage-lending schemes operating in

**SELLO MOTLHABAKWE  
and SAMANTHA SHARPE**

those countries. Lessons learned from their schemes would be useful in deploying a local version, Robinson said.

In terms of the scheme, the construction industry would set up a centralised fund into which construction companies would pay about 3% of the construction cost of a house. The fee would be used to insure against defects.

The agreement allowed the industry to accredit and vet a contractor's building

plans and final product.

Robinson said care would be taken not to prejudice emerging contractors. Contractors would be expected to demonstrate their technical capability in terms of quality and standards.

Standard Bank GM Jopie van Honschooten said there was no doubt that before any major flow of funds was made available for low-income lending a building warranty scheme had to be in place.

While most financial institutions had resumed lending in areas that were economically viable, it was not close to the scale

envisaged by government's housing scheme, he said. "The warranty scheme is an essential prerequisite to the lending programme negotiated by government and the Association of Mortgage Lenders, and meaningful lending cannot go ahead without it."

Banks, builders, the homeless and other role players pledged their co-operation in a massive drive to provide homes at the national housing summit in Botshabelo in the Free State on October 27 last year. Banks have promised to provide finance for 50 000 houses in the first year.

# NKONDO IS NEW HOUSING CHIEF

12/1/95

(123)

PRETORIA. — Sankie Nkondo has been appointed Minister of Housing to replace Joe Slovo, who died yesterday, President Mandela told a news conference.

ANC MP Geraldine Frazer-Moleketi will replace Mr Nkondo as deputy social welfare minister and both assume their new responsibilities with immediate effect, Mr Mandela said.

Mr Slovo "peacefully went to sleep for eternity at about 3am on Friday. Thus went to rest a man who had never known any real rest during his adult life," Mr Mandela said, adding it had been a loss to him personally as well as to the nation, the government and ANC, the Communist Party and the rest of the democratic movement.

ARC 7/12/95

"I visited him only yesterday evening and though he was under tremendous strain, we all drew confidence from the calm and brave manner with which he carried himself," said Mr Mandela.

He added that over the past months Mr Slovo had performed extremely well as Housing Minister.

"Despite his ailment, he continued with this task literally to the very last day."

He described Mr Slovo as a human rights lawyer, a political activist, Umkhonto weSizwe commander, skilful negotiator and a thinker and theoretician. He had known Mr Slovo for more than three decades as a close friend, as a fellow student and a fearless colleague in the underground.

The government was consulting the Slovo family about the funeral arrangements. — Reuter

■ See pages 11 and 13

# Power cuts 'illegal' on water bills

CT 12/1/95 (123)  
Municipal Reporter

IT would not be legal to cut off the electricity of a water account defaulter, a spokesman from the City Legal Adviser's Office said yesterday.

This is because water and electricity provision is governed by different by-laws, he explained.

He was commenting on a suggestion that electricity should be cut off as a sanction against those in arrears with their council bills, even if the bill in question is for water.

The suggestion is to be discussed at a City Council exco meeting today.

Another suggestion is that, where a consumer is in arrears on water payments, a surcharge should be added to their electricity account.

There are adverse health implications to cutting off water, so the council is loath to do so.

Yet in order to make it legal to cut someone's electricity off for a water debt, a new by-law would have to be enacted. "That would be a political decision," he said.

# Govt has plan to speed up reconstruction of crisis-hit townships

GOVERNMENT is to launch a comprehensive national campaign, called Operation Self-Reliance, next month to accelerate the reconstruction of crisis-hit townships.

The primary focus will be to accelerate the delivery of housing and basic services and stimulate economic growth. It also aims to end the rent, services and bond boycotts to encourage private investment, and ensure that local government elections take place no later than October 31.

Details are set out in a document drawn up by the Constitutional Development and Provincial Affairs Department. The Hous-

ing, Home Affairs and Finance Departments and Minister without Portfolio Jay Naidoo will also be involved.

The project was to be spearheaded by a steering committee under the chairmanship of Constitutional Development and Provincial Affairs deputy director-general Thozamile Botha.

However, Botha was appointed Eastern Cape director-general this week and a replacement will have to be found.

The document states that to achieve a "climate for sustainable investment and growth", operation self-reliance will have

BD 12/11/95  
WILSON ZWANE

to mobilise state and private sector resources, immediately enhance the administrative capacity of transitional local government, and maximise community participation and responsibility.

"The campaign must move local government from its current state of bankruptcy to a situation in which the local taxes adequately support the provision of essential services."

To help legitimise local authorities, it will focus on introducing proper service

payment systems and mechanisms to assist communities which are too poor to pay. It will target rural areas, where "very few local government structures exist".

Building the institutional and financial capacity for the campaign will include "subprogrammes" such as setting up a fund for training local authority personnel and demarcation boards to delimit wards.

The "national capacity-building programme", administered by the reconstruction and development programme, will provide assistance for upfront costs. Guidelines and criteria for the disburse-

ment of funds will be spelt out soon.

The document says the campaign will be run on a decentralised basis with emphasis on the initiative and responsibility of local structures. Organs of civil society, such as non-governmental organisations, civics and business, can play a "strategic role" in advancing the campaign's objectives.

To deepen understanding of local government and encourage rent and service payments, the campaign will be buttressed by a public relations exercise run by the three tiers of government in conjunction with the SA Communications Service.

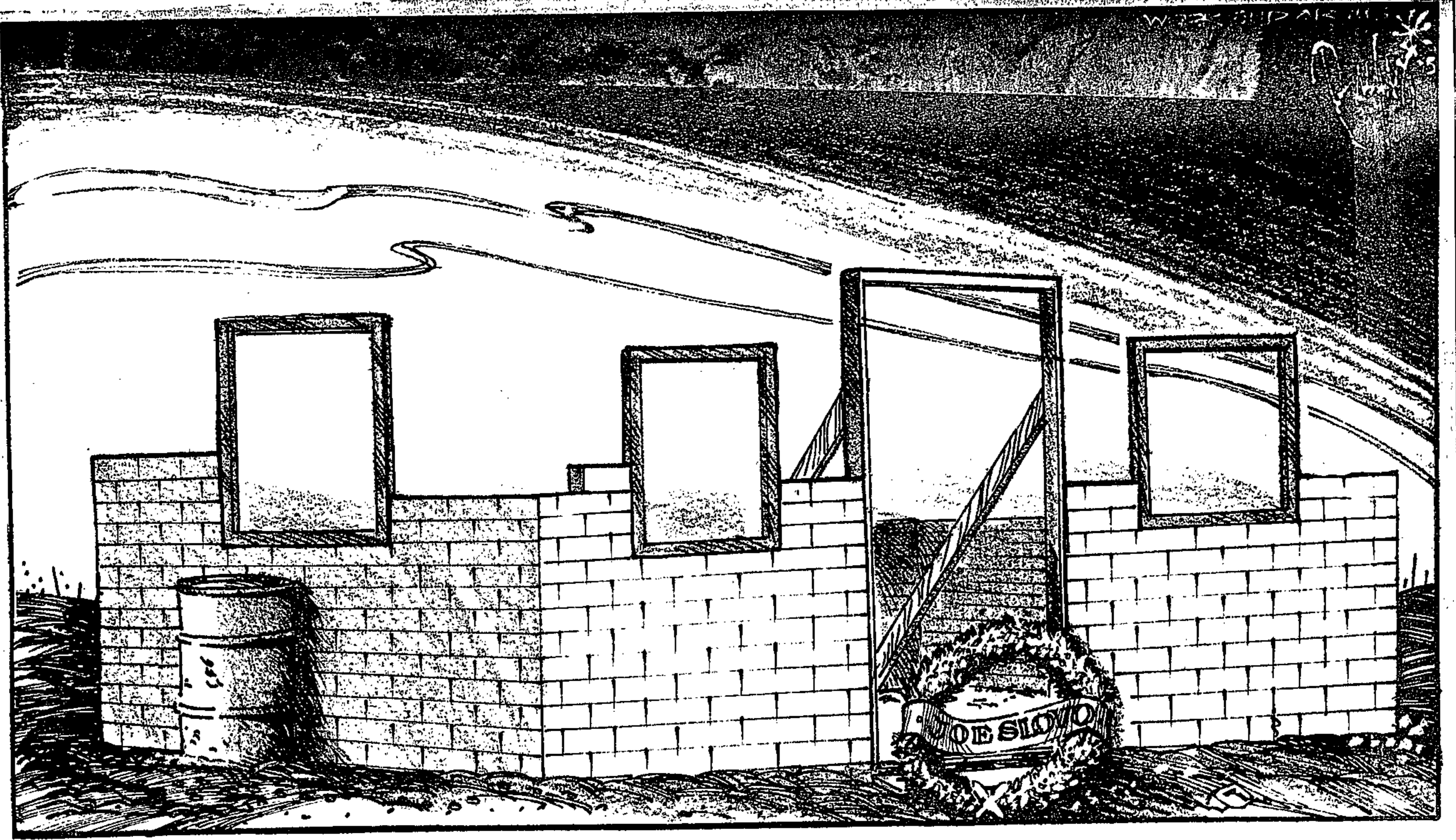
## Power restored in Actonville

JOHANNESBURG

Power was restored to Actonville township yesterday after a march by residents on the offices of the Benoni city council. (123)

This followed clashes between residents and police when police were called in on Wednesday to protect municipal employees cutting power to a block of flats.

The council agreed to restore power pending the outcome of negotiations last night. — Sapa



# Homes for the poor — at R150 a month!

123 ARG 14 1/95

**T**AMBOVILLE has style. Instead of slogans grown dull with overuse, bright murals cover the outer walls of communal toilets in the East Rand settlement which was created four years ago when homeless people invaded Benoni council land.

Not that the people of Tamboville and the surrounding township of Wattville live a sloganless existence. "There shall be housing, security and comfort," runs the motto of the Wattville Concerned Residents Committee, the local "civic".

And by launching the Wattville Housing Association, civic leaders have taken modest but real strides towards realising this goal of comfortable, secure homes for families of limited means.

They have found a kind of middle path through the housing morass — something cheaper than the houses typically built by commercial developers, and something better than the site-and-service solution or any of its close relatives.

In Tamboville 2, just behind the industrial area, there is a neat row of newly completed four-roomed brick homes. Eventually there will be 83 of them, with running water, sewerage and electricity. And the association will have accomplished its first housing project.

Each house cost R22 500. Occupants of homes pay R150 a month to the housing association, plus a small amount for insurance. They will acquire their homes by deed of sale, taking full transfer when 50 percent of the loan has been paid.

For most families it is little short of a miracle that they have a solid home at a price they can afford — and with some safeguards against becoming homeless if their economic situation should change for the worse.

How did Wattville achieve this? Once

From the overheated townships of the East Rand has come a new concept: the Wattville Housing Association has pioneered an alternative route to low-cost housing. **JO-ANNE COLLINGE** reports.

more, it's largely a question of style. "Affordability means very local and very close management," says Mike Schroeder of Planact, a non-governmental organisation which has worked alongside the residents' committee for the past five years.

Necessity also served as a real incentive to find a way to provide affordable, formal housing. The company which held servitude rights on the land of Tamboville 2 was only prepared to waive these rights and allow the people to remain there if real houses — and not mere shacks — were built.

So the civic leadership started talking to the prospective occupants of these "real" houses about the standards they required and the amounts they could afford to pay.

"We didn't know what disposable income people had. So we simply asked them: What should the cost be for the kind of home you want?" Schroeder explains.

The answer that came back was R150 a month. This would provide a return of about 10 percent on the loan made by the housing association to each family.

It was only workable because the association secured a R1,23 million grant from a French funding agency. This was used to set up a revolving fund which provides loans to "top up" the subsidies available from the Independent Development Trust and the State.

The IDT grants ran to R7 500 a family, while the government subsidies range from R5 000 to R15 000, depending on the recipient's income.

One of the conditions of participation in a Wattville Housing Association scheme is that individuals may not simply dispose of their homes on the open market. The asso-

ciation has first option to buy.

The association's organising secretary, Knox Morudu, says that this condition is an attempt to protect people from sinking back into homelessness and to ensure that benefits of the scheme are not diverted to the rich.

"People here are actually struggling to eat and the first thing that they will do to get money is to sell their stand," he reckons. There is no lack of unscrupulous buyers around, says Mr Morudu — people who would like to profit from shack farming or well-heeled entrepreneurs who would like to grab land for development.

On the other hand, how do people keep up their payments to the housing association in a situation of joblessness? Even a housing payment of R150 a month demands some income.

Schroeder acknowledges that this problem has been tough to crack. He says the association has developed some partial solutions.

For instance, the building of the 83 houses has provided skills training and employment for a limited number of people. Construction teams consist of four skilled and four unskilled workers, all from the immediate community, and the unskilled learn a lot on the job. But beyond the project, their work is not guaranteed.

In addition, the civic — which has generally been opposed to backyard shacks — has agreed that each new home can have one backyard shack to generate income from rental.

And finally, families in association homes will always have the option of switching to a serviced site elsewhere in Tamboville. Unlike defaulting mortgage bond owners who may lose everything

through repossession, participants in the housing association scheme may recover the bulk of their payments by negotiating a "buy back" of the property with the association.

■ A phrase rapidly becoming part of new South Africa newspeak is "social housing". It's a concept that has been in use in other parts of the world — but which served no purpose here until political change ushered in the war on poverty.

Social housing is usually (but not necessarily) low-cost housing — with a difference. With a heart, if you like. The projects which qualify for the label are not identical but, according to Planact general manager Graeme Reid and colleague Carlien Engelbrecht, they share key features.

■ There is a concern with standards. This is "decent" housing, acceptable to those who will live in it.

■ There is secure tenure, which may take the form of direct, individual ownership or may equally be a well-managed rental arrangement.

■ Security of tenure is underscored by ensuring that the housing is affordable to those who live in it. Innovative methods — such as sweat equity or self-maintenance — may be used to attain affordability.

■ There are mechanisms to insulate or "delink" the housing from an inflationary market, thus ensuring that it remains affordable to its target consumer group over time. Often homes acquired under social housing schemes cannot be sold on the open market.

■ The housing is usually controlled and managed by the community through a non-profit organisation. Housing co-operatives, where occupants co-own the housing development, or housing associations are familiar forms of organisation.

■ These organisations can often access capital loans where individual members cannot, and can "on lend" to members. In doing this, they can create loan conditions that are a little kinder, that allow just a bit more space for defaulters to recover.

## MEET HOUSING MINISTER SANKI NKONDO

# The woman who will carry on Slovo's Herculean task

By RAY HARTLEY  
Parliamentary Correspondent

NEWLY appointed Housing Minister Sanki Nkondo will have to ride a policy tiger that even her more senior and authoritative predecessor, Joe Slovo, struggled to tame.

But she should not be mistaken for a soft touch, say those who know her. For, as legend has it within the ANC, she can count on the backing of some serious heavyweights, including Deputy President Thabo Mbeki. It was he, the story goes, who backed her in her unsuccessful bid for ANC deputy secretary-general at the organisation's December conference.

Mrs Nkondo's life story tells of a sophisticated politician, moving in the highest diplomatic circles and well-known among ANC exiles.

At the age of two, Mrs Nkondo experienced the hardship of the previous government's housing policy first-hand when her family was forcibly moved from Sophiatown to Soweto.

She studied teaching at the University of the North, where her contemporaries included ANC secretary-general Cyril Ramaphosa and Eastern Transvaal Premier Matthews Phosa.

Having graduated shortly after the Soweto uprising of 1976, she decided against a career in teaching, opting instead to work in a bank. Her politicisation drew her into the ANC and in 1977 she left the country on the instructions of her organisation.

In exile, she worked as a radio journalist for Radio Freedom and in MK before joining the ANC Women's Section.

ST 15/11/95  
She then worked as an ANC administrator in Sweden before joining its mission in Nigeria. In October 1993, she was appointed to represent the organisation in Germany.

Her first task as Housing Minister will be to give provincial housing ministers — who strained Mr Slovo's policy leash to breaking point with schemes often cooked up in the boardrooms of construction firms — a taste of her steel. Not only will this

serve to keep the government's housing strategy, as outlined in Mr Slovo's white paper on track, but it will go a long way toward winning the confidence of the banking and insurance industries where the real housing capital resides.

Mrs Nkondo's diplomatic experience in Germany — a difficult room to work on behalf of the ANC during the sanctions era — could serve her well. But if she is to follow Mr Slovo's example, her diplomacy will have to be laced with the hard cur-

rency of pragmatism. For it was not Mr Slovo's charisma as much as his eye for fiscal and political common ground that got banks back into low-income housing and the civics behind calls for rent and service charges to be paid.

Whether or not Mrs Nkondo will fill Mr Slovo's shoes is possibly an unfair question to ask. After all, it is hard to imagine any politician picking up where he left off.

But she will have to stamp her personality on housing policy quickly or watch it dissolve in a storm of contesting voices.



SOPHISTICATED ... Sanki Nkondo moves in the highest diplomatic circles

rika Sboros

# Developers accused of preying on homeseekers

(123) Show 17/1/95



**P**ele Homes, a Johannesburg housing development company which targeted township residents and closed down overnight late last year, has been accused of conning homeseekers.

Until the end of 1993 the company went under the name Meggastone Property Developers. For most of last year it continued to take deposits for homes under its new name, Pele Homes.

Star Line has established that, although several clients had handed over deposits for homes to both Meggastone and Pele Homes, none had been built. It is believed that to date only a Diepkloof couple, among many clients, have been able to get their R6 000 deposit back from the developers.

The company operated an office in Smal Street and was run by local businessman Martinus Bruce and two Israelis, Meir

Gonen and Eliann Agulnic.

Cynthia and Jacob Nkosi said that before they handed over R6 000 in the middle of last year to Pele Homes, a representative claimed the company owned land in Diepkloof Zone 1. The couple were told their two-bedroomed home would be built on this land.

In August, the Nkosis said they became suspicious when they found the contractors had not even started digging the foundations even though they were due to move into their home at the end of that month.

Their dream finally turned into a nightmare when they learnt from a former Pele Homes sales representative that the developer did not own any land in Diepkloof.

Gonen and Agulnic, however, told Star Line they did own the land and claimed they had letters to prove it. They have failed to pass on any proof of ownership to Star Line.

When Bruce was questioned

by Star Line about the Diepkloof land, he said he could not remember who owned it.

After months of broken promises a post-dated cheque was finally handed to the Nkosis and on December 15 last year the R6 000 deposit was returned to them.

Star Line has been told by a reliable source that many other victims of the now defunct companies were not so lucky and are still trying to get their deposits back.

One such victim is Goodwill Radebe of Vosloorus who paid Meggastone Property Developers a deposit of R11 500 almost 18 months ago.

During December last year Radebe waited at the Smal Street offices for four hours to see Gonen and Agulnic. But he left after he was told no one could see or help him.

Bruce told Star Line that deposits were put into a trust account but he was unable to supply Star Line with details of this

account.

The smooth-talking Gonen soon afterwards pointed out to Star Line that, as a property developer, they were not legally obliged to put deposits into trust accounts.

When Gonen was questioned about the trust account, he admitted to being a director but said he did not have much to do with Pele Homes and could shed no light on the goings-on of the company.

The trio split up and formed new companies.

Bruce now operates yet another property development company in Alberton, A M Bruce Consolidated Homes.

Gonen and Agulnic settled into offices in Craighall Park off Jan Smuts Avenue and are now directors of several other companies.

These include a company called The Jetb Group. This, in turn, includes Scott Properties, Cosmos Travel and Group Consultants.

## Beware of bogus agents

The Estate Agents Board has appealed to home buyers to be careful when dealing with property developers and bogus or unregistered estate agents.

A spokesman, Clive Ashpol, said people should insist that their money be deposited in a trust account and they should demand proof of this.

This warning follows the experience of township residents who handed over deposits for homes to a property developer. They said they later found that the Johannesburg company did not even own the land.

Ashpol admitted that fly-by-night property developers, who were not compelled to place money in a trust account, were a problem and that the board was unable to protect the public against developers.

The board's fidelity fund covers consumers against misappropriation of their money by registered estate agents.

The board and the Housing Consumer Protection Trust intends launching an education campaign aimed at high-density, low-income areas throughout the country. The two bodies have also launched a toll free number service (0800-111-683).

Ashpol advised: "Before handing over money or signing documents, consumers should get advice from their employers, attorneys or someone they can trust."



Conned out of their cash ... Jacob and Cynthia Nkosi at the site on which they believed their home would be built.

## Scratch card company plays open hand

**STAR LINE**  
**June Bearzi**

Do you feel you have had a raw deal or need help to beat the cheats? Then STAR LINE, The Star's hard-hitting consumer service headed by JUNE BEARZI, can help. Send your letters to Star Line, P O Box 1014, Johannesburg, 2000 or telephone all inquiries to (011) 838-2383.

R500 000, four R5 000 prizes, 20 R1 000 prizes, 100 R400 prizes and 875 R100 prizes.

"Whatever prize money is left over each week is put into a prize pool."

Over the last 24 weeks there have been only eight first-prize winners.

Games Africa has five

scratch cards available at most of its outlets, but there are still a few of the previous games cards available at smaller distribution points.

Each card game has 10 million tickets on offer except for Big Game which has only three million tickets up for grabs. Big Game has already pro-

duced one lucky winner of the R100 000 top prize, with another eight winners still to go.

Cash in a Flash has seen two R100 000 winners, with another eight lucky tickets among the millions.

Megabucks has delivered four winners who each took home R250 000, with four more to go.

Cash Explosion to date has seen 14 people get R100 000 each, but there are only another two big prizes left.

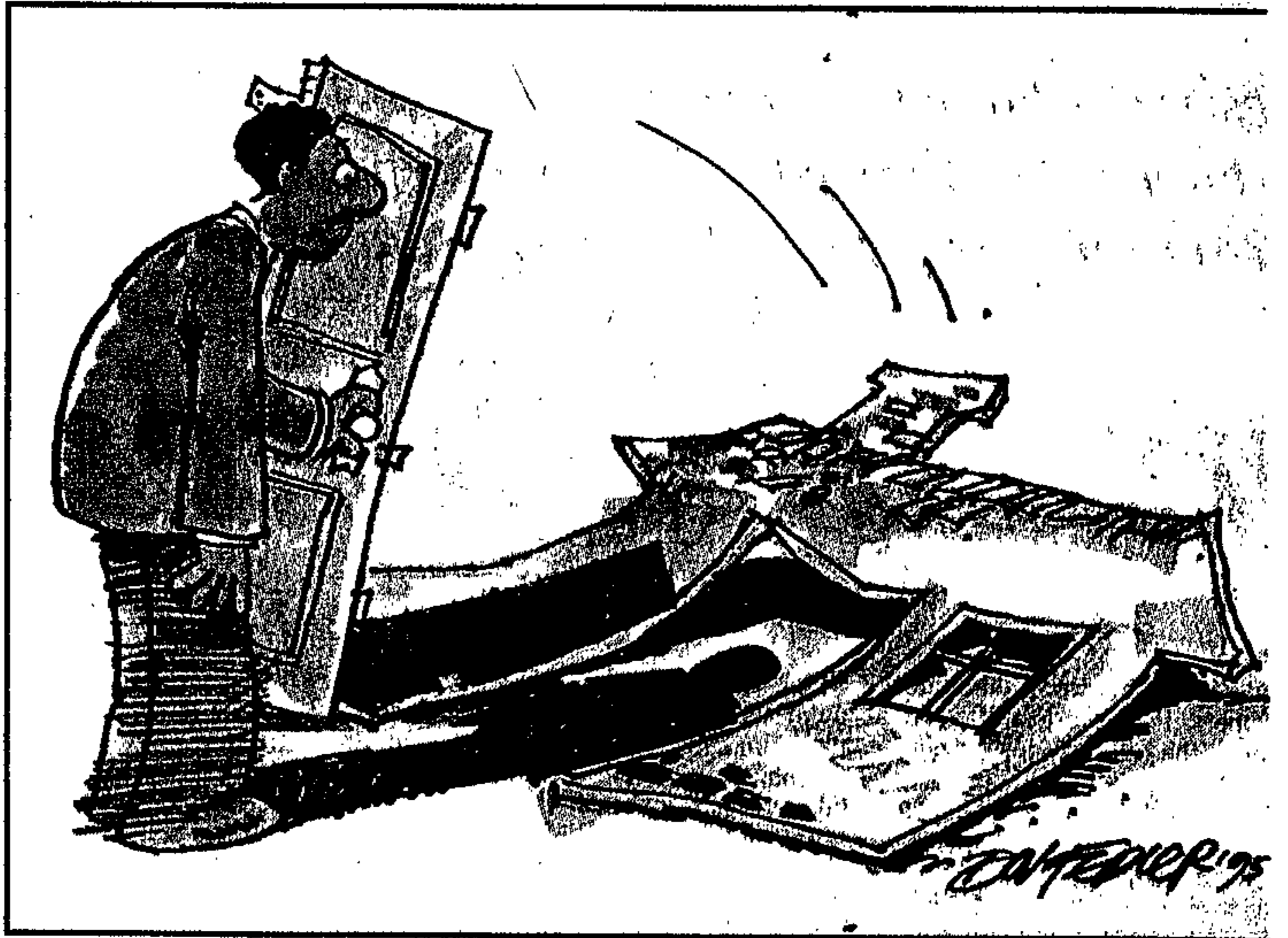
The latest game, Jackpot, has made 18 people each R10 000 richer, with another eight top prizes still to be found.

The next game to hit the streets will be Money Magic, on January 25, with about 10 prizes of R100 000 each.



## LOSING THEIR DEPOSITS

Township residents paid a property developer deposits for homes and later found the company did not even own the land on which their houses were to be built.  
**JOHN MILLER** reports.



## TOMORROW:

Contrary to popular workplace belief, women are now being held responsible for creating their own "glass ceilings".

## Beware

# Govt offers to carry 20% of infrastructure costs in urban renewal

WILSON ZWANE

GOVERNMENT had offered to bear 20% of an estimated R35bn in capital costs for the rehabilitation and extension of urban infrastructure over the next five years, the Ministry responsible for reconstruction and development said yesterday.

However, this would be conditional on community involvement in delivery and financing of the programme and the installation of interim municipal structures.

The programme forms part of government's five-year R850m urban renewal plan which also aims to improve the provision of municipal services.

Crispian Oliver, who is in charge of the RDP's urban renewal strategy, said that the infrastructure funding would be determined by local affordability.

The proposal was being discussed with the Constitutional Development, Housing and Finance Departments, and provincial and local authorities.

Regarding the R850m, to be spent from March, Oliver said R500m had been rolled over from last year. It had not been spent because mechanisms were being established to allocate it.

The extension of municipal services

would run parallel to government's campaign aimed at, among other things, ending rent, services and bond boycotts in townships. The plan included extending services to areas where there were none and improving existing ones.

The five-year programme would be discussed at a meeting to be attended by representatives of SA's 10 major cities and the United Municipal Executive in Pretoria on Thursday. It is believed that input will be incorporated into the final report. The first

draft was completed in November and the final document was expected to be completed by the end of March.

The R35bn figure for infrastructure costs is the government estimate. The World Bank put the amount at R27bn. Oliver said the World Bank had not taken certain matters into account — for instance inner-city development and community facilities such as parks. There was also a need to "leverage" capital markets to deliver the infrastructure. This could be done by opening up bond markets to enable local authorities to raise finance.

Development in violence-hit urban areas such as the East Rand was under way. Seven such projects were in place.

But Oliver said there would be a limited extension of these programmes in the 1995/96 financial year. "Our view is that all provinces should have at least one special integrated programme."

The main concern of the special programmes was job creation. Mechanisms would be set up to develop small and medium-sized businesses involved in housing and urban development by, among other things, providing equity.

# Increased electricity demand 'a good sign'

(123) (55)  
ESKOM generated about 3,5% more electricity last year than in the previous year — another signal of an increase in industrial activity. **BP 18/11/95**

Eskom energy management manager Brian Statham said yesterday most of the increase had gone to the national power supplier's industrial customers.

Econometrix economist Tony Twine said: "Energy consumption is usually a pretty good indicator of the rate of economic activity and it usually follows the same pattern as GDP figures. The fact that most of this increase went to the industrial sector is reassuring. It shows that the economy is back to work."

Another economist said significant decreases in the electricity price index in October and November — listed in the Central Statistical Service (CSS) monthly producer inflation figures — suggested there was a surge in electricity generated in the fourth quarter, for which GDP figures were not yet available.

An Eskom spokesman said that the decreases in the electricity price index reflected an increase in electricity generated, which spread the utility's overheads over a wider field.

Statham said the 3,5% annual increase was particularly heartening as it came off a high base from 1993. In 1993 there was a

**MUNGO SOGGOT**

4,1% jump off a low base from 1992.

He said last year's 300 000 new household connections had accounted for a small portion of the increase.

Meanwhile, Twine said there was further evidence of a pick-up in industrial activity in a 3,4% increase in diesel sales in the nine months to September over the same period the previous year. "Diesel consumption is another excellent industrial activity indicator."

Latest CSS figures showed there had been a 9,8% increase in petrol sales in the same year. But Twine said this rise was less significant as it had come off a low base from 1992 when petrol sales had been hit by a lack of confidence in SA's future.

□ Eskom's national electrification projects manager Jan Engelbrecht said recently the Northern Transvaal, KwaZulu/Natal and Gauteng would be this year's main beneficiaries of Eskom's electrification programme, which aimed to make 300 000 new connections at a cost of about R936m. He said 145 000 of the connections would be made in rural areas.

The utility planned to make 60 500 connections in the Northern Transvaal, 48 000 in KwaZulu/Natal and 46 900 in Gauteng — at a cost of R3 120 a connection.

# Kreodtmappe nightmare

(123)

CT 19/1/95

**Municipal Reporter**  
**A BUREAUCRATIC nightmare is in the offing for developers, architects, builders and homeowners due to a clause in the new laws governing transitional councils.**

The change may lead to even longer delays in the passing of plans and a severe setback to the building industry.

The new law, which means that town planning committees will no longer be able to delegate the approval of certain plans to council employees, comes into effect with the changeover to non-racial councils next month.

Details of the change emerged yesterday at a town planning committee meeting where officials admitted that the clause could lead to problems not only for people who want plans approved but for town planners as well.

Town planning committees throughout the country may be loaded with more work than they can cope with.

Already some developers and many smaller-scale builders are complaining about delays of several months.

A Constantia architect who did not wish to be named said the new delays "are going to be a disaster".

"Getting plans passed timeously in Cape

## New law

## will delay

## house plans

Town has always been a headache and it was a great help when some of the load was passed on to council delegates.

"Developers do not want to see their money tied up awaiting council approval," he said.

Kensington builder Mr Greg Josias said he was "thoroughly disappointed".

He said builders were desperate for work and could not afford to wait even longer periods than they already did for council go-a-heads.

A private builder who did not wish to be named said: "I was hoping things would get better with a new council, not worse".

Town planning committee chairman Mr John Muir said last night that passing an ordinary building plan should be unaffected by the Transition Act, but those in which any special permission was sought

— such as building close to a boundary, or seeking permission to build higher than regulations permit — would be affected.

Already "uncomplicated" applications took about a month to approve.

The committee was told that some Kempton Park negotiators had wanted to make it more difficult for councils to approve major land use changes, such as having low-income housing in high-income areas.

This was the idea behind making councillors more directly responsible for every slightly unusual approval that was passed. Senior surveying and land information official Mr Ian Kirkwood said yesterday that 80% of, for example, applications for subdivision of plots of land were handled by officials, rather than by the town planning committee.

The municipality dealt with nearly 600 such applications each year.

Applications for clearance before transfer of ownership were even more frequent, with council employees processing up to 20 a day.

Mr Kirkwood said town planning agendas and reports would be considerably thicker than they are now — in the region of 300 pages — if written reports were still expected on each item.

City legal adviser Mr Chris Glaum suggested that instead of written reports "you may have officials coming to address you verbally".

CT 20/11/95 (123)

## Danes to help community

PRETORIA. — The Danish National Aid Organisation is to grant R2,7 million for a community water and sanitation project in North-West, Minister of Water Affairs and Forestry Professor Kader Asmal said in a statement here yesterday.

# Limited power for the people

ST(BT) 22/1/95 (123)

HALF of all formal households in the townships have been connected to the electricity grid, according to a study by the University of Cape Town's Energy Development Research Centre.

However, almost all informal and squatter dwellings remain unconnected, the report shows. Most of these households rely on expensive and less convenient energy sources such as wood, coal, paraffin, candles and batteries, depending on climate and access to cheap coal.

Even once households are connected, multiple fuel use remains common, the study found. Depending on what funds are available, two or three fuels can be used at the same time.

The research shows that all households able to afford it use electricity for lighting as it consumes little energy but contributes substantially to better living standards. The most sought-after appliances — almost universal in electrified households — are televisions, radios, and hi-fi's.

By WILLIAM SAUNDERSON-MEYER

Refrigeration, despite the high capital cost, is ranked highly by low-income households. They are the next most common electrical appliances, found in 83% of electrified homes. Then follow irons, used in 79% of households.

Refrigeration allows the bulk purchase of perishable goods, enabling households to extend incomes. It also holds income-generating possibilities, cooling drinks in shebeens and preserving perishables in spazas.

Cooking is arguably the most important energy service sought by households, according to the EDRC, as it consumes the most energy and time.

But stoves are not a priority purchase in newly electrified homes because cooking is often only one of a range of services delivered by the same appliance-energy carrier combination. A coal or paraffin stove, for

example, can be used simultaneously for cooking, water heating and space heating. Hence, in the PWV, for example, almost two-thirds of the electrified households surveyed still cook on coal stoves.

Researcher Anthony Williams says the most important aspect of the research is that it highlights the manner in which decisions about electrification, fuel use and appliance purchases are made.

"The principal end users and managers of household energy are women. Yet we know little about how women make decisions about expenditure priorities, particularly when survival is an issue," Mr Williams says.

Household income and fuel efficiency are not the only important criteria. Social and personal relationships also play a role in decision-making.

"It is thus imperative that women, the principal end-users of domestic energy, be included in a negotiation process to ensure the success of electrification projects."

# Protection for homeowners

(123) CT 23/1/95

Staff Reporter

HOMEOWNERS will soon have long-term protection against shoddy workmanship and jerry-builders under a new compulsory building warranty scheme.

But building costs are expected to increase by up to 5% as contractors seek to pass the cost of complying with the scheme on to the homeowner.

The Building Industries Federation of SA (Bifsa) is underwriting the scheme, which should be ratified by a broad front of industry representatives in the next fortnight and be in operation by March.

Accredited contractors will offer a standard five-year warranty on houses costing between R22 500 and R100 000 for which

## Warranty will cover buildings

there are registered mortgage bonds.

Bifsa's Mr Ian Robinson said the scheme would bring peace of mind to homeowners by giving them recourse for sub-standard work for the first five years, during which period most construction flaws become apparent.

The scheme would also free housing finance, especially in the low-income housing sector, by eliminating the risk borne by

mortgage lenders of a property deteriorating.

Contractors who do not belong to the scheme will be unable to build houses as banks will not be prepared to grant the finance, Mr Robinson said.

To limit the number of claims, all stages of the building process will be monitored by inspectors, who will be established in each region.

Should any faults occur within five years in the foundation works, building structure, roof, drainage, electrical or plumbing systems, the errant contractor can be brought to book.

Should he abscond, dispute the claims or persistently default, the homeowner will be able to seek restitution from the warranty fund, which will be funded by annual contributions from contractors.

# More than one million houses needed

**Sowetan & Radio Metro**

**By Mongadi Mafata**

## Talkback



**Tim Modise**

MORE than a million new houses needed to be built this year to reduce the number of homeless people estimated at seven million.

The Sowetan-Radio Metro Talkback Show listeners heard last night how housing experts Mr Cas Coovadia and Mr Oswald Bristol tackled the housing problem.

Coovadia told listeners that the former Housing Minister Joe Slovo had laid the foundation for a workable plan which committed all key players to the housing situation.

"The housing White Paper is good in theory but a lot depends on the financial sector's willingness to give out loans and also on the will of the people," he said. The six-month-old Commu-

nity Bank, of which he is chief executive officer, had been processing housing loans which amounted to R5 million.

"The bank has opened two branches in the township and potential home owners who have no collateral could qualify if they had established community savings."

Coovadia said if finer details regarding the mortgage insurance scheme and the warranty scheme could be worked out, building would begin.

The mortgage insurance scheme, which is underwritten by the government, would ensure that banks could claim their money if people defaulted on their loan payments. Coovadia explained.

He said the warranty scheme would be established to protect home owners

from shoddy workmanship.

Guayese housing expert Bristol, told listeners that the national housing programme should be integrated with the development of the national human resources to avoid chaos.

"Prospective owners should be involved in a co-operative system like brick making, otherwise there is no sense of value for them."

Bristol pointed out that prefabric housing was not the solution to the country's housing crisis.

Hope, a caller from Berea, told host,

Tim Modise, that there should be an urgent movement to end the red-lining of the inner city because there had been no rent boycotts in the area.

He said once an area was red-lined people encountered a lot of problems when applying for loans.

"People are being tipped-off by greedy flat owners."

**Vusi, Spiritview.**

"I'm optimistic that housing backlog will be addressed this year."

**Cas Coovadia.**

123 Sowetan 25/1/95



**Eskom**

(123)

# put under pressure to meet demand

Economic expansion in South Africa, particularly in the medium-sized industrial sector, was starting to put pressure on Eskom's electricity supply, a top official of the State power utility said yesterday.

"The margin between total capacity and demand is becoming relatively tight," Eskom energy management manager Brian Statham told reporters at a nuclear information conference.

## Reasons

He said the two main reasons for the increase in demand were the programme to bring electricity to deprived areas of the country, and economic growth, particularly at the medium industrial level.

The utility is committed to electrifying 300 000 households a year to 1999 as part of the Government's Reconstruction and Development Programme.

Statham said construction was going ahead at the Majuba power plant in KwaZulu/Natal and Eskom expected to start getting power from the Cahora Bassa hydroelectric dam in Mozambique in 1997.

## Importing

In addition, talks were under way with Zimbabwe and Zambia on importing electricity from Lake Kariba.

He said Eskom still had plants in mothballs, but it took about three years to recommission such plants. — Reuter.

## Demand for electricity is catching up with Eskom

ECONOMIC expansion in SA, particularly in the medium-size industrial sector, was starting to put pressure on Eskom's electricity supply, a top Eskom official said yesterday.

"The margin between total capacity and demand is becoming relatively tight," Eskom energy management manager Brian Statham said.

"We're not in a capacity crisis, but the message that must get through is that Eskom is not in a slack situation. We will keep as close to the margins as possible while maintaining flexibility," he said.

There were two main reasons for the increase in demand, up 3,5% last year on an annual basis and forecast to rise 3,5%-4% this year, he said.

These were the programme to bring electricity to deprived areas of the country, and economic growth, particularly at the medium industrial level.

This reflected "general across-the-board growth in

the economy which is quite exciting", he said.

The utility is committed to electrifying 300 000 households a year to 1999 as part of the government's reconstruction and development programme.

Statham put peak demand at 24 797MW, while Eskom normally had 800MW immediate reserve capacity. Total capacity was around 30 000MW, but this included plant downtime for maintenance and other reasons, he said.

He said construction was going ahead at the big Majuba power plant in Natal which would be fed with coal from the Eastern Transvaal.

The first unit would be on stream in 1996, the second the following year and the third in 1998, each with capacity of 680MW.

Statham said Eskom still had power plants with 6 000MW capacity in mothballs. However, it took about three years to recommission such plants, Statham said. — Reuter.

(123)  
BD 26/1/95

# Housing subsidy payout trickle

(123) Star 27/1/95

■ BY JO-ANNE COLLINGE

Last year's allocation of State housing subsidies has been slow to bear fruit: only 140 out of the initial batch of 64 000 subsidies approved by the Transvaal Housing Board have been paid out.

While a board official insisted there would be a "lift-off" within weeks, a number of developers argue that there are real barriers to rapid delivery.

Hanlie Botha, former secretary to the board and who now holds a similar position on the Gauteng board, said yesterday the scene was set for a dramatic improvement in housing returns.

She expected to pay out subsidies for another 300

homes within days, adding that the delay was caused by the hold-up of transfers.

She said the board was processing thousands of requests by developers to approve individual applicants to whom they intended to sell homes.

It had to check whether each purchaser qualified for the subsidy and that no one got more than one subsidy.

According to Botha, the flood of requests for approval was a sure sign that projects were getting off the ground.

But sources close to the board and a number of developers interviewed by The Star insisted there were real blockages to speedy delivery of housing, including:

■ A battle to get bonds: Dr Alf Levin, of Township Realtors, is developing 2 400 subsidised homes in Protea Glen, Soweto. He said he had already completed 150 homes for which he had claimed some subsidies.

But, he argued, he could have built twice as many if bonds had been available. Most of the big banks were holding fire until the mortgage indemnity scheme was up and running, he said. Housing board sources confirmed this trend.

■ Red tape surrounding township proclamation: Andre Liebenberg of De Kock, Maree and Partners said this had stalled plans to erect about 2 300 starter homes in the Mamelodi area.

■ Consultations with the community: Several developers reported that community participation had slowed the process down considerably. This was compounded by the fact that the new transitional councils came late into the project with new requirements.

■ Changes in the subsidy scheme: The increase in the maximum subsidy payable from R12 500 to R15 000 had made many developers hold back with a view to getting the bigger amount, sources said. Regional boards were still not sure whether the bigger subsidy was payable retrospectively. If it was, developers would have to upgrade the housing units to justify the bigger payout.

# Electricity rights concern local govts

BD 30/1/95

123  
WILSON ZWANE

DURBAN — Denying municipalities electricity distribution rights would be a disaster for local government financing, Institute of Local Government executive director Andrew Boraine said at the weekend.

He told delegates at a local government conference at least R9,5bn of an estimated R22,5bn in local government revenue came from the sale of electricity.

Some delegates expressed concern that Eskom had taken over supplying electricity to several townships around the country. A call was made for relevant players to discuss Eskom's role in future.

Reconstruction and development programme (RDP) ministry official Crispan Olver said preliminary estimates indicated that up to R10bn a year could be sourced from the capital markets to finance urban infrastructure.

Olver suggested mechanisms to facilitate a municipal bond market such as credit pools, in which various authorities combined their debt issues to spread the risk, be considered.

Delegates proposed that an umbrella body be set up to represent local government bodies' interests until the elections. The council would replace existing local government bodies and would have representatives from urban and rural areas.

The delegates resolved that urban areas would each send three representatives to sit on an interim executive which would meet in Pretoria on February 23 to draw up a constitution for the council.

Major urban areas would form an association to communicate with government.

A paper by former Durban city council management committee chairman Peter Mansfield and Greater Pretoria Transitional Metropolitan Council official Donsie Khumalo, adopted as a working document for the national local government association, called for contributions from member municipalities' residents.

It was proposed that the association "protect and promote the interests of local government in major urban areas during the pre-interim phase in co-operation with provincial and other local government associations as part of a national local government alliance".

Local government elections task team co-chairman Khehla Shubane said central government had allocated R42m to the team to fund a campaign to get people to register for October's local government elections. The campaign is to begin on February 12.

# Mass housing attracts outside interest

Property Editor

IT was highly likely South Africa would see an influx of US property developers keen to participate in the country's mass housing programme which is expected to get off the ground this year, says Bob Pennington, president of ERA International Division. (123)

In an interview following last week's ERA conference in Cape Town, Pennington said US developers had had vast experience in the affordable housing market both in the US and in South American countries. ET311195

"While margins will be very low, the economies of scale the mass housing programme would allow would make this very attractive to US developers and I am sure it is only a matter of time before they are here."

Meanwhile international property expert Stefan Swanepoel who has been done international research for the ERA property group in the US, told the conference the number of estate agents and agencies could drop dramatically in future as the property market becomes increasingly sophisticated.

He said in the US, about 110 agents were leaving the industry daily, as the market had become so sophisticated and competitive that one in three agents earned zero dollars last year.

"For this reason the number of agents in the US dropped from 900 000 in 1990 to 700 000 in 1995.

However, he believed the international trends of a dwindling number of agents and agencies would start surfacing in the more sophisticated sector once the market had accommodated the new inflow that was expected to continue for another couple of years.

# Warranty will 'raise house prices by 10%'

By TERRY BETTY

THE draft building warranty scheme has raised the ire of some builders who say it will increase new house prices by 10% and exacerbate the already cumbersome bureaucracy in the industry.

The scheme is supposed to be formalised by April 1.

As it stands, warranties will be provided for on all houses costing between R22 500 and R100 000.

They will cover defects in the foundations, structural shell, roof, plumbing, drainage and electrical systems for five years from the date plans are approved.

The industry will set up a warranty fund, into which home builders will contribute a fixed percentage of the house price.

Building Industries Federation of South Africa executive director Ian Robinson estimates that the contribution will be between 3% and 5% of the cost of the house.

However, George Smit of Durban-based Ilco Homes says in a letter circulated within the industry: "This fee is payable at the plan approval stage. Bearing in mind the long lead time from plan approval to registration of title and hence payments on large developments of approximately 12 months, the interest in-

creases this cost to 5,9%."

He says the increased bureaucracy will add significantly to delays. Considering holding and building cost escalations, Vat and agent commissions, selling prices of homes will increase "by at least 10%".

Mr Smit says houses priced at between R65 000 and R130 000 are highly price sensitive and a 10% increase will reduce sales.

He says most of the large building companies provide their own warranties through insurance, which is far cheaper than the proposed scheme, and serves the same purpose.

A further controversial point is the introduction of another inspectorate function. Currently when a house is built the local authorities and building societies both have inspectors approve the plans and inspect standards during the building phase.

The new scheme proposes the setting up also of a national inspectorate.

Mr Smit complains that duplication of bureaucracy and the creation of another set of building standards and guidelines will add to the already cumbersome delays and costs.

Mr Robinson admits

there may be duplication initially, but says they will eventually rationalise.

He says this is a self-regulatory system and will not be legislated, but bankers have made it a requirement for low income houses requiring bond finance. He says it cannot be allowed not to work, and that if some builders hijack the process, then legislation may be considered to bring the private sector into line.

Mr Robinson has attacked Mr Smith's input to the debate, calling it "belligerent and ill-considered".

Mr Robinson said a large number of "other builders" had given Bifsa great support on the issue.

Mr Smit complains that the construction companies have not yet been involved and have had insufficient time to give feedback.

Peter Allsopp, who represents the National Association of Homebuilders at task group level, stresses that the process has not yet reached its final stage and that workshops are being held countrywide to get feedback from all in the NAHB.

He says rather than look at changing the proposal, the industry intends to finalise it in the most appropriate manner that will best accommodate all interested parties.

**EAST RAND** Vosloorus re

# March on council

(123)  
Sawyer  
6/2/95

**By Mokgadi Pela**

KWATHEMA residents are to march on the Springs Town Council this morning to object to notices advising them to pay for services before February 15 or face the consequences.

The decision was taken at a meeting at the Tornado Combined School on Saturday where residents said it was "rude of the council to send us such notices without prior consultation". Residents expressed alarm at having to pay arrears. "Didn't the government write off the arrears late last year? We should demand an explanation for all this," a resident said.

The march will commence at 9am from the open space in Tornado Section.

In part, the notice reads: "Services will be discontinued unless account is settled before February 15 or satisfactory arrangements are made at arrears office."

Those wishing to pay can do so either at the KwaThema council office or in Springs.

Organiser of the KwaThema Working Group, Mr Kenny Madalane, who also received a notice amounting to R1 180,92 said his organisation would demand a meeting with the council to resolve the matter.

"We do not accept these notices. Springs Town Council has not consulted us and we find it unacceptable that they should deal with us in this manner," he said.

## 'New housing projects need vital green spaces'

The urgent need for urban housing makes it vital for the public to play a greater role in protecting open spaces and recreational areas in the inner cities, says Wildlife Society conservation director Keith Cooper.

He pioneered the Wildlife Society's Metropolitan Open Space System (MOSS) — based on a successful Johannesburg project which saw the establishment of the Braamfontein Spruit — which aims to bring nature back into South Africa's urban areas. MOSS links the city's open spaces into a viable green lung.

These spaces, adds Cooper, usually follow water, and their vision is to keep the rivers' natural vegetation along its banks while promoting urban agriculture — such as vegetable gardening — higher up, where possible. (123)

It is here where residents can play an active role. "We are encouraging the public not to look at this as the responsibility of local authorities, but to adopt these rivers and open spaces themselves by cleaning them up, protecting them, establishing trails," says Cooper.

For this reason, the Wildlife Society has initiated a Friends Scheme in which Friends groups or urban conservancies adopt part of the MOSS network and become responsible for the care and management of specific areas.

Cooper says MOSS should be borne in mind when planning the Reconstruction and Development Programme. Often, when new development is initiated, very little cognisance is given to protecting the greenbelt, he adds.

"There is a tremendous need to provide housing ... but one must not neglect to ensure that the people living in these areas enjoy a better quality of life," says Cooper, adding that green spaces will facilitate this.

The Wildlife Society's vision of Greater Johannesburg is not necessarily one of a city full of pristine parks with manicured lawns and flower beds. Instead, Cooper promotes green areas filled with indigenous fauna and flora.

"We are trying to bring nature and treelines back into the city," he says.

■ For more information, contact the Wildlife Society at (011) 486-3294. — City Reporter.

Star 6/2/95



BO 6/2/95

# Housing no-go areas expected for bank bonds

A COMMITTEE of housing experts drawing up criteria for government's mortgage indemnity scheme is expected to include a proposal for a list of no-go areas for bank lending.

In terms of the scheme, government will provide 100% insurance cover on bank mortgages when banks are unable to repossess houses after defaults on payments. Once the scheme's criteria have been decided, it will unlock bank finance for low-cost housing for the first time.

In October, government pledged to restore the rule of law in volatile townships so lending could resume. However, it has been agreed that certain areas will have to be targeted for reconstruction before lending can safely begin.

Housing spokesman Stephen Laufer said mortgage indemnity cover would at first be made available only to communities that the state deemed fit.

Sources warned that the state could leave itself open to charges of "red-lining" — a practice that placed blanket bans on lending in certain areas and which was a major bone of contention between banks and civic organisations.

Laufer said the scheme's framework would be completed in "a matter of weeks". It would initially apply only in areas where the rule of law applied, and where there was evidence that residents would be inclined to meet their bond commitments, even if they increased. "These are places where government can show people there is a point in paying."

Communities which did not meet the requirements of the scheme, which could include the intention to increase bond re-

MUNGO SOGGOT and SAMANTHA SHARPE

payments and a specified level of infra-structural development, could be excluded. These areas — "targeted reconstruction areas" — would receive help from government to build up infrastructure and community services, and improve security, until bank lending could proceed.

The "targeted reconstruction areas" should be seen as a challenge to every government delivery department, with the intention of raising them to the scheme's qualifying levels, Laufer said.

The mortgage indemnity scheme would guarantee banks against non-commercial risks where, for example, the financial organisations could not repossess a property where the owner had defaulted because of the associated security risk.

Government had pledged a minimum of R50m in the 1995/96 Budget to the scheme, which would reimburse lending institutions for losses of less than R100 000 or the fair market value of the property and the lender's exposure to the land.

Meanwhile, banking sources warned that the demand for housing subsidies was expected to far outstrip the amount of money allocated for the national housing scheme. Subsidy allocations would be left to the provincial housing boards, which were negotiating the allocation "batting order". This would probably boil down to a first come first serve basis, they said.

Laufer said the Housing Department's proportion of the Budget should be increased to 5% from 1% to make more subsidies available.

# Electricity suppliers will require licences

(123) 180 6/2/98

MUNICIPALITIES would have to decide in the next six months how, and by whom, electricity would be distributed in areas under their jurisdiction, the National Electricity Regulator said last week.

Spokesman Johan du Plessis said the nine-member regulatory body, which held its first meeting in Johannesburg last week, did not deny that municipalities had a primary obligation to ensure that areas under their jurisdiction had access to electricity.

However, local government bodies had to be competent to render the service well if they were to be issued with electricity licences. Conditions to be met would be spelt out in new legislation effective from March 1.

The legislation would also require that all bodies generating and distributing electricity have licences. But electricity suppliers would be deemed to have temporary licences for six months after the enactment of the law.

At present, local authorities and Eskom are not obliged to have licences to generate and distribute electricity.

Eskom is currently supplying electricity directly to a number of areas, including Vosloorus, Soweto, Alexandra, Kagiso and Sandton. Interim municipalities would have to decide whether this arrangement should continue or not.

Boksburg transitional local

WILSON ZWANE

council executive committee chairman Sydwell Mofokeng said the local government structure would not take over the supply of electricity to Vosloorus from Eskom for the next two years because of cost factors.

In terms of an agreement between the former Vosloorus town council and Eskom, the utility would have to be reimbursed for upgrading the township's electricity network if it was stopped from supplying directly to residents within five years.

The Boksburg council would "wait to inherit the network from Eskom free of charge".

Eskom spokesman Peter Adams said the utility would not insist that it be allowed to continue supplying certain areas directly if the Electricity Regulator ruled that distribution was a function of local authorities.

Institute of Local Governance and Development executive director Andrew Boraine told a local government conference in Durban last weekend that denying municipalities electricity distribution rights would be disastrous for local government financing. Latest figures indicated that of the R22,5bn local government revenue, R9,5bn came from the sale of electricity. Du Plessis said up to 60% of the total revenue of some local authorities came from the sale of electricity.

# Call for govt to guarantee low-income bonds

Property Editor

IF THE state could be persuaded to give secured bonds in low-cost housing the same status as government stock, adequate funds would readily be obtained both domestically and abroad to significantly address the housing shortage, said Sanlam MD Desmond Smith.

Addressing a long-term assurance conference in Johannesburg yesterday Smith said it would be retrogressive for the government to interfere in the natural evolution of the financial markets.

Any step to force life insurers to invest at sub-economic rates was untenable because it would be a severe blow to the savings industry in South Africa, which in

turn would be detrimental to the longer-term economic growth of South Africa and consequently also the implementation of the RDP.

"In view of the unhappy experience of prescribed assets in the '70s and '80s, a better and more effective alternative for channelling resources to selected borrowers or activities would probably be to rely on specialised institutions. These would involve the private sector in the reconstruction and development projects that were now being planned."

Smith said use could be made of the initiatives already undertaken by the public authorities and/or banking and contractual savings institutions such as the Urban Foundation, the SA Housing Trust,

(123) 2712195  
the Independent Development Trust, the IDC, the Development Bank of Southern Africa, the Small Business Development Corporation and more recently the Industrial Development Unit, the Community Banking Project, the Southern Africa Enterprise Fund and the Get Ahead Foundation.

He said the long-term insurers and retirement funds had shown their commitment to contribute to the rebuilding and development of the country through the establishment of the Investment Development Unit (IDU) by the Life Offices Association.

The IDU acts at the wholesaling end of the flow of investments and therefore looks only at macro projects.

For smaller local projects, money would have to come from retail lenders such as mortgage lenders who in turn could well be borrowing the money from insurers.

The IDU, he said, hoped to become acknowledged as an objective evaluator of macro business opportunities to which investment projects, particularly those involving socio-economically deprived communities would be referred. The IDU could in fact become the main conduit through which contractual savings flow into RDP projects as had occurred with the Eskom Electrification Participation Notes which attracted R1,1bn between May 1993 and October 1994.

"In this regard I cannot however over-emphasise the importance of the fact that

the paper in which to invest in order to finance reconstruction and development is simply not currently available."

Smith also warned that until the exact powers and authority of the different tiers of government — including their borrowing powers and the matter of guarantees by central government — were sorted out, it would be difficult for life insurers to participate in development projects.

Turning to the interim report of the Katz Commission, Smith said the recommendation to limit allowable tax deductions for contributions to retirement funds in absolute terms was also a cause for concern in the light of the negative effect it would have on saving and investment in South Africa.

## Japanese aid to Eskom well spent, says banker

JAPAN's Export/Import Bank's \$300m advance for Eskom's electrification drive had been well spent, deputy governor Akira Nanbara said yesterday.

Speaking after a visit to Ivory Park squatter camp, which was being electrified by Eskom, he said rebuilding the country would require 99% perspiration and a bit of luck. **BD 7/2/95**

The money formed part of the \$500m package of the bank's loans to SA, pledged last year as part of Japan's \$1,3bn aid programme.

Nanbara said another loan to the Development Bank of Southern Africa could be concluded soon.

Nanbara, who was leading a high-level economic mission to SA, held general

**JOHN DLUDLU**

discussions with Minister without Portfolio Jay Naidoo yesterday. "Mr Naidoo told us that government would prefer assistance to small companies as opposed to bigger ones who can make it on their own."

It was unclear how the Development Bank planned to spend the money, but Nanbara said he would be happy if it went towards developing small business.

He said he was impressed by Naidoo and the new government. "They are prudent and disciplined."

He would like to see a more balanced flow in trade between Japan and SA in which SA diversified its exports.

Evictions 'cannot be ruled out'

38  
123

# Govt set to crack down on boycotts

BD 7/2/95

DREW FORREST

GOVERNMENT is gearing up for a crackdown on township rent, service and bond defaulters as part of a multi-pronged offensive against the boycotts affecting the reconstruction and development programme.

Provincial Affairs Deputy Minister Valli Moosa said yesterday there were no indications that the boycotts were easing, despite the creation of nonracial, representative local authorities in all urban areas. The boycotts were long seen as a protest against apartheid councils.

His Ministry was holding discussions with the police and the Justice Department on options for cracking down on defaulters.

"We want to reintroduce law and order in non-payment areas — if people do not pay, there must be consequences," he said. "Evictions cannot be ruled out, although we cannot evict everybody. A trigger-happy approach may be counterproductive and lead to unnecessary conflict."

At the same time talks were under way with the Social Welfare Department to identify township residents who were genuinely unable to pay. They would be the subject of targeted relief, either from local authorities or the Welfare Department.

Moosa also said local government election candidates would be legally required to be up to date with their accounts. A stipulation to this effect would be embodied in the election regulations. "Now that councillors represent everybody, it could upset our whole campaign if residents are able to point fingers at them."

Moosa said that in the year to October, payments in black urban areas had fallen from 33% to 19%, despite an agreement in

the local government negotiating forum providing for the resumption of payments, coupled with the writing off of arrears.

There was no organised boycott campaign, but payment levels had not improved. Government's drive against non-payment, to be given a high profile within weeks, would be linked to service delivery and visible upgrading of services.

Government has warned that development under the RDP will be targeted at areas where the rule of law holds sway. On the housing front, it plans to indemnify financial institutions only where boycotts are not in force.

Government had recently cleared key obstacles to the resumption of payments. "By installing nonracial local government, we have created single tax bases and put the administrative capacity of former white councils at the disposal of whole areas. People like myself who once encouraged boycotts are now serving on transitional local and metropolitan councils."

He said the process leading to democratically elected local authorities had been set in motion. Registration of voters, although uneven, had started countrywide.

He stressed that ending the boycotts was essential for implementation of the RDP, the cost of which could not be borne by central government alone. No local government system could be viable if it depended exclusively on the central state for revenue. "If councils are not spending their own money, they are not directly accountable to voters."

● Comment: Page 14

# Eskom protests 'may result in sabotage'

123 200 100  
 ■ BY JUSTICE MALALA  
 LABOUR REPORTER

The all-white Mineworkers' Union (MWU) has warned that mass action by its 6 000 members at Eskom power stations, which begins with protest marches today, could enter an "uncontrollable" second phase if management does not meet its demands.

Union officials yesterday said emotions within its ranks were running high and there might be industrial sabotage at some power stations if Eskom management did not stop moves to bring about parity in the benefits of all employees.

MWU organising secretary Flip Buys said yesterday the union would stage peaceful protest marches to various power

stations.

The marches would begin at 6.30 am when shifts changed at the power stations and would continue until noon when memoranda detailing the union's grievances would be handed over to managers.

The MWU is protesting against Eskom programmes to scale down housing, transport, water and electricity benefits to effect parity between black and white workers.

The union is also aggrieved at Eskom's affirmative action policy, which it says will affect about 12 000 jobs for whites.

Eskom spokesmen could not be reached for comment yesterday but a source within the organisation said management planned to restart negotiations with the MWU.

SKW 8/2/95

# Govt's plan to act against defaulters

*someban 8/2/95*  
*(123)*

By Joshua Raboroko

■ **TAKING ACTION** A campaign to ensure payment of services planned:

**T**HE GOVERNMENT MIGHT be forced to crack down on defaulters of bond and service payments in the townships because there were no indications that the large-scale non-payment of tariffs was slackening.

Deputy Minister of Provincial Affairs Mr Valli Moosa yesterday said the Government would embark on a campaign to ensure that communities paid up, although he was aware that many faced problems such as unemployment and poverty. He said his ministry was consulting the Social Welfare Department to identify people who were genuinely unable to pay. The Government agreed to scrap service arrears in most cases.

Moosa said, however, there were people who would not get out of the culture of non-payment, despite the Government's earlier warning, adding: "These are the culprits we are gearing to get."

The rent, service and bond boycotts amounted to millions of rands and that seriously affected the multi-million rands Reconstruction and Development Programme as a result of accumulating debts. Moosa did not rule out the possibility that defaulters would be evicted from their homes. His ministry would consult with the police and justice ministries in that regard, he said. The minis-

ter said there were indications that the boycotts were not easing despite the creation of nonracial local transitional authorities that phased out the old fraudulent city and town councils.

● In another development yesterday the South African National Civic Association Gauteng region identified the need to end the boycott of tariffs.

At a Press conference following its general council, Sanco said it would confront the Credit Bureau in an attempt to make it "sensitive" to people's problems and called on the Government to transform the bureau.

# R300m plan for homes in Dist 6

124

ET10/2/95

(124)

## Poor to gain

By PETER DENNEHY

A R300-MILLION plan to construct "working class" homes in District Six from early next year has been drawn up and presented to the government, it was announced yesterday.

At a press conference at the Cape Town Civic Centre, trustees of the Cape Town Community Land Trust said the upgrading of the area was a government Reconstruction and Development Programme (RDP) "Presidential Project" — and that local private sector investment should also be encouraged.

Foreign investors had already shown interest in plans for the new District Six.

Among the developments announced yesterday were that:

- The first bricks of the "working class homes" will be laid when builders return from their annual holiday early next year;

- The type, form and density of the huge housing scheme will be finalised after consulting the community;

- Those dispossessed of their homes during the apartheid era will not be entitled to receive their "own" land back in District Six — but may gain priority on the new housing list or be awarded land else-

where;

- A chief executive officer for the redevelopment will be chosen on Monday. Four are now on a shortlist;

- The trust's draft business plan has already been submitted, in the form of a project proposal, to the national RDP office. In this document R300m is requested — some of it from the private sector; and

- Overseas interest has been expressed in the project, financially or with expertise, from Malaysia, America and Canada.

Meetings have been held with interested overseas parties but trustees will not "mortgage the land to overseas". A technical advisory committee is being set up to advise the trust on

technical aspects of the project, including planning. Tertiary educational institutions have been asked to submit names of committee members.

### Names submitted

Names submitted thus far include those of Mr Fabio Todeschini from UCT, Mr Neil Alperstein from Pentech, Mr Marco Bezzoli from Cape Technikon, and Mr Peter Wakeland from UWC. The advisory committee may replace the Section 21 company envisaged earlier as the body which will deal with technical issues.

Mr Vernon Joshua, chairman of the trust, said a host of decisions have yet to be made by the

trust in consultation with interested and affected parties on such issues as the type, form and density of the housing, its cost, how many storeys it may be, to whom it will be allocated and on what basis, the proportions owned and rented, land use mix and forms of tenure.

One of the trustees, Mr Hassan Khan, confirmed at the press conference yesterday that the target market will be the working class. Workshops organised by the trustees will run parallel to other participation processes initiated by the District Six Civic and other groups.

Selection criteria for who will qualify for the land will be drawn up in conjunction with the community.

Thus far 6 000 letters have come in to the trust, inquiring about the future of District Six, which is a deeply emotional issue for many Capetonians.

The 39ha of available District Six land has not yet been transferred to the trust, but the government has committed it to the trust for redevelopment.

Trustee Mr Siraj Desai explained that the trust intended to apply — probably next month — for exemption for District Six from the Restitution of Land Act insofar as giving back pieces of the 39ha to dispossessed individuals is concerned.

"That does not mean that the individuals will be disadvantaged," he said.



**RIGHTING THE WRONGS ...** Former District Six resident Mr Achmat Abrahams surveys his previously familiar surroundings. Now living in Mandalay, he hopes to return to his birthplace. The Cape Town Community Land Trust announced a plan yesterday which will return many people dispossessed of their land to District Six.

Picture: BENNY GOOL



# Solar power lights the way

ROSS HERBERT

JOHANNESBURG. — One in five South Africans live in areas that will never be economical to provide with conventional electrical power, according to Eskom.

And that fact, along with references to the need for solar power in the RDP, has led suppliers of solar-power equipment to believe South Africa represents the great solar market of the future.

By Eskom's estimates, which critics say are optimistic, 54 percent of South African homes still lack electricity for lights, television or refrigeration.

While electricity is relatively cheap to produce, the cost of running power lines, particularly to distant settlements, can be enormous.

According to David Ligoff, small-customer pricing manager at Eskom, it costs about R35 000 per kilometre to run power lines to communities that don't have power.

That means those furthest from the major cities will have to wait the longest and pay the most for electricity.

However, solar power costs the same whether close or far from the power grid.

ARLT 11/2/95

(123)

(4)

# RDP to get tough on urban reform

123

ST(BT) 12/2/95

**SWEEPING** market-led reforms for urban areas have been proposed by the RDP Ministry, which warns that "an acceptable level of civil responsibility and behaviour" is a prerequisite for RDP funding.

The draft urban infrastructure and investment programme (UIIP), completed in November for the RDP Ministry, quantifies the rent and services boycott at an annual R4-billion.

It says an acceptable level of performance in meeting service charges, rates, rental and instalments to mortgage lenders is also a prerequisite for RDP funding.

The UIIP will be used by the RDP Ministry to implement its programme in the urban areas, the "fulcrum of the country's economic base".

By **KEVIN DAVIE**

Payments to former black local authorities (BLAs), including the former TBVC states, by government total about R1,4-billion a year.

The UIIP says BLAs could collect about R4-billion annually but "current levels of collection are almost negligible".

BLAs collect about R200-million annually compared with the R12-billion which the former white local authorities (WLAs) were budgeted to collect in 1993/4.

The draft report says that a monthly account of R100 for municipal services, including water and electricity, would not be feasible for many BLA households.

"Collection of a substantial proportion of the possible R4-billion thus implies a

payment system sensitive to individual household income.

"The government is planning a campaign (the Masakhane project) which links improvement of services in the BLAs with payment for such services."

Crispian Olver, national development planning director for the RDP Ministry, says government intends tabling its proposals for reconstructing the urban areas in March ahead of an investor's conference in April.

The World Bank, which estimates that a 1% increase in the stock of infrastructure generates a 1% increase in GDP, quantifies the urban infrastructural backlog at R29-billion.

But the RDP Ministry believes the correct estimate is at least R37-billion.

Dr Olver says the role of the RDP is to provide incen-

tives for investment in infrastructure and to ensure redistribution through a one-off, direct subsidy on the capital costs of infrastructure.

Community involvement is emphasised.

The RDP Ministry has set five criteria for areas to receive funding:

An acceptable level of civil responsibility and behaviour.

An acceptable level of performance in meeting service charges, rates and rental payments.

Only local authorities established in terms of Local Government Transition Act (1993) may participate.

Effective exercise of primary local government functions takes place.

Budgets for the amalgamated local authorities are managed in an integrated manner throughout the jurisdiction.

**Business Times**  
**Budget Special**  
**March 19 1995**  
 To advertise contact  
 Helga Gelgor  
 (011) 640-2175

# Sunday Times

# BUSINESS

# RDP to get tough on urban reform

123

ST(BT) 12/2/95

**SWEEPING** market-led reforms for urban areas have been proposed by the RDP Ministry, which warns that "an acceptable level of civil responsibility and behaviour" is a prerequisite for RDP funding.

The draft urban infrastructure and investment programme (UIIP), completed in November for the RDP Ministry, quantifies the rent and services boycott at an annual R4-billion.

It says an acceptable level of performance in meeting service charges, rates, rental and instalments to mortgage lenders is also a prerequisite for RDP funding.

The UIIP will be used by the RDP Ministry to implement its programme in the urban areas, the "fulcrum of the country's economic base".

By **KEVIN DAVIE**

Payments to former black local authorities (BLAs), including the former TBVC states, by government total about R1,4-billion a year.

The UIIP says BLAs could collect about R4-billion annually but "current levels of collection are almost negligible".

BLAs collect about R200-million annually compared with the R12-billion which the former white local authorities (WLAs) were budgeted to collect in 1993/4.

The draft report says that a monthly account of R100 for municipal services, including water and electricity, would not be feasible for many BLA households.

"Collection of a substantial proportion of the possible R4-billion thus implies a

payment system sensitive to individual household income.

"The government is planning a campaign (the Masakhane project) which links improvement of services in the BLAs with payment for such services."

Crispian Olver, national development planning director for the RDP Ministry, says government intends tabling its proposals for reconstructing the urban areas in March ahead of an investor's conference in April.

The World Bank, which estimates that a 1% increase in the stock of infrastructure generates a 1% increase in GDP, quantifies the urban infrastructural backlog at R29-billion.

But the RDP Ministry believes the correct estimate is at least R37-billion.

Dr Olver says the role of the RDP is to provide incen-

tives for investment in infrastructure and to ensure redistribution through a one-off, direct subsidy on the capital costs of infrastructure.

Community involvement is emphasised.

The RDP Ministry has set five criteria for areas to receive funding:

An acceptable level of civil responsibility and behaviour.

An acceptable level of performance in meeting service charges, rates and rental payments.

Only local authorities established in terms of Local Government Transition Act (1993) may participate.

Effective exercise of primary local government functions takes place.

Budgets for the amalgamated local authorities are managed in an integrated manner throughout the jurisdiction.

HOUSING

# Big shoes to fill

(123)  
FM 13/2/95

**New Housing Minister** Sankie Mthembi-Nkondo (43) will probably say very little when she attends her first Cabinet meeting next week. But if she hopes to succeed in what is arguably the most challenging task in government, she must ensure that at subsequent meetings her voice is heard often and loudly.

Filling Joe Slovo's shoes won't be easy for the MP who was serving as Deputy Minister of Welfare. As a relative lightweight in the ANC — certainly compared to Slovo — Nkondo will need to win the staunch backing of President Nelson Mandela and Finance Minister Chris Liebenberg if she hopes to squeeze the fiscus for the sort of funds necessary to tackle the housing crisis.

More broadly, clout within the Cabinet

experience in housing: "Housing is a very complex and technical portfolio. Simply getting to grips with the issues will be difficult enough."

Nkondo's single most important inheritance is housing director-general Billy Cobbett, widely regarded as one of the most dedicated and competent of the new breed of bureaucrats. She will do well to be guided by his expertise.

Van der Ross says coping with the scale of the housing crisis is the major challenge. Once she has accepted it, Nkondo will need to address the remaining disagreements among housing interest groups on the most appropriate responses to areas of need. One example is the level of State subsidy, on which there is still disagreement between central government and some provincial housing MECs.

The Urban Foundation's Mike Oelofse says Nkondo's task should be seen against the background of what was achieved by Slovo and other interest groups such as the National Housing Forum on whose efforts Slovo was able to build. "Her challenge is to hold together the coalition of interest that has resulted in a large degree of consensus. It will be a measure of her ability to do the job."

But even more challenging will be addressing the issues that Slovo was unable to before he died. Oelofse says these include the delivery of land for low-cost housing development. Large tracts have been identified but making them available remains a major problem: Nkondo will need to solve it. A second major challenge is the urgent need to upgrade informal settlements, whether they be squatter com-



Slovo

munities or "formal" shack townships. Says Oelofse: "Questions such as who needs help, and what must be done and how, have not really been addressed adequately. Many organisations such as the Urban Foundation have done considerable work in these areas. The new Minister now needs to bring it all together."

Sceptics are saying that her appointment represents affirmative action, with other senior

Ministers more suited to such an important portfolio. But ANC colleagues believe Nkondo will rise to meet the challenges; they say she has the intellect and strength of character to pick up where Slovo left off. Whether she has the political shrewdness remains to be seen.

Although almost unknown outside the ANC, Nkondo is regarded as a rising star within the party. She stood unsuccessfully for the post of deputy secretary-general (won by Cheryl Carolus) at last month's national conference in Bloemfontein. She was born in Sophiatown (now Triomf) in Johannesburg and studied for a degree in social sciences at the University of the North. Then she went into exile where she served as the ANC's representative in Germany and Austria, before returning to SA in 1993 to become deputy head of the party's foreign affairs department. ■



Nkondo

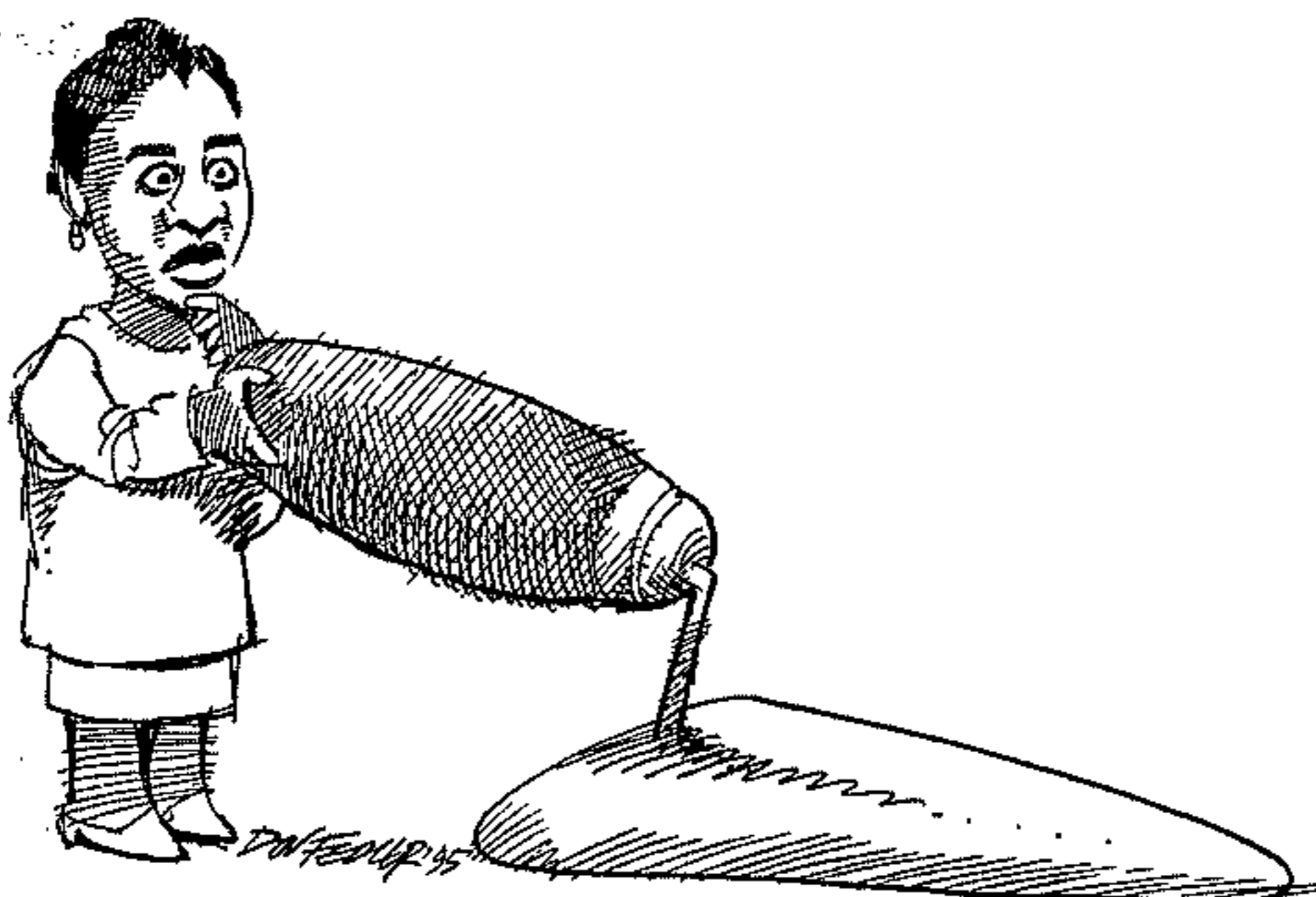


Cobbett

is not assumed at will; it has to be earned at some political risk. There must be a danger that housing will receive less attention, simply because the new Minister, however talented, is so junior in terms of both age and executive experience.

Fortunately, she has a solid foundation on which to work. During his short time in office Slovo managed to consolidate a broad spectrum of divergent views on housing policy and this culminated in the White Paper. (*Property* December 16). Nkondo's immediate challenge will be to preserve that unity of purpose and expand it into the areas that Slovo was unable to address before his death.

Independent Development Trust housing director Ben van der Ross says this will require a turbo boost on the learning curve for someone with little



# New power supply rules

(123)

■ BY PAULA FRAY

SA/13/2/95

Changes to the existing Electricity Act next month will enable tariffs, supply quality and the electrification process to be regulated at a national level, according to National Electricity Regulator (NER) spokesman Johan du Plessis.

The new Act comes into effect on March 1 and all suppliers of electricity — including State departments, regional services councils, local government bodies and Eskom — which currently enjoy exemption, will be required to operate with a licence.

In the six months after the new Act comes into effect, all existing suppliers will be issued a temporary licence but will be obliged to apply for permanent licences within three months.

The licence is a document spelling out total performance requirements and regulations in which to operate.

The Electricity Control Board will now be known as the NER.

# SA may be linked to Congo power grid

123  
BO 13/2/95

MUNGO SOGGOT

SA COULD be linked to a southern African electricity grid which sourced a large portion of its electricity from hydroelectric schemes on the Congo River by 2010, Southern African Development through Electricity (Sadelec) chairman Ian McRae says.

The major obstacles were the lack of an appropriate political body to nurture the scheme, political instability in Zaire and Angola's civil war.

However, links between Malawi and Mozambique's Cahora Bassa hydroelectric scheme — due to feed SA by March 1997 — and stronger links between Zambia and Zaire were feasible in the near future.

Former Eskom CE McRae, who also chairs the National Electricity Regulator, said it was crucial that a proper political structure was set up to focus on developing the grid.

The Southern Africa Development Community should open its doors to Zaire, Kenya and Uganda. Then non-governmental bodies such as Sadelec, set up last year to facilitate and fund electrification projects in the region,

could fill the gap.

He said studies showed Zaire's Congo River could generate up to 100 000MW of electricity.

The river could be used for hydroelectric schemes without disrupting its flow for too long.

Interest groups within Zaire were clearly keen on developing this potential, which could be a major foreign exchange earner.

Zaire's electricity utility — which had Belgian and French technical support — had conducted and was conducting feasibility studies into several schemes.

The strategic need for countries to limit imports to between 10% or 15% of total power should evaporate gradually as the region eased into a tranquil, post-apartheid era.

Although coal would be SA's major power-generation option for decades, it could be cheaper in future to import electricity than to pour money into new power stations, which were a major source of pollutants.

# Defects scheme 'needs lead-in time'

123

CT/4/2/95

By MAGGIE ROWLEY  
Property Editor

NATIONAL Association of Home Builders (NAHB) members have called for a lead-in time for the proposed building defects warranty scheme and for it to be limited to houses costing no more than R65 000.

These were the main problems raised by NAHB members at meetings in Cape Town and Durban in the past week, NAHB executive director Daan Roelvert confirmed last night.

At last week's meeting in Cape Town, members generally agreed there was a need to produce a warranty scheme to protect consumer interests, but rejected certain draft proposals for the National Home Builders' Registration Council and Home Builders' Warranty Fund.

The meeting unanimously agreed that the proposals should be limited to the government home subsidy top limit amount of R65 000 and called for electrical and plumbing works to be excluded from the scheme.

These sentiments were backed by members at the Durban meeting yesterday where the call for a phasing-in period, similar to that given when VAT was introduced, were made.

Roelvert, who is conducting the NAHB roadshows to get feedback for the task group which is to finalise the new scheme, said there was still uncertainty as to what the levy would cost the end user and, as such, pricing of developments being sold off-plan now was extremely difficult.

"If contracts are negotiated before the scheme comes into operation, developers might have to go back to their clients and re-negotiate. Unless there is a lead-in period, there could be complications," he said.

Two more roadshows are to be held — one in Johannesburg tomorrow and the other in Port Elizabeth on Monday.

Problems raised will then be submitted to the exco meeting of the task force on February 22 for solutions to be found, he said.

The scheme was due to come into operation on April 1, but if a lead-in period is granted, this would be set back, said Roelvert.

AY, Thursday, February 16 1995

# Subsidise services for indigent, says Sango

BD 16/2/95

(123)

WILSON ZWANE

THE SA National Civic Organisation (Sanco) has proposed that residents who can pay for rates and services subsidise those who are genuinely unable to pay.

An arrangement in this regard should be worked out between local authorities and communities, the organisation said.

Sanco general secretary Penrose Ntloni suggested that mechanisms be set up for cross-subsidisation such as a community fund, to which a portion of payments from residents who were able to pay would be diverted. This fund would be used to service the debts of those unable to meet their obligations.

He conceded there might be opposition to the proposal from people who would see it as encouraging "irresponsibility and unemployment" among township residents. But the situation was "desperate and calls for desperate" measures.

He stressed, however, that the cases of the "genuinely needy" should be thoroughly checked out by government in conjunction with community-based organisations. The process would not take long because civic organisations had structures such as street, block and area committees.

Sanco suggested government could lessen resistance to the idea of the trust fund by providing certain incentives to people who paid their accounts on time.

Constitutional Development Deputy Minister Valli Moosa said last week talks

were under way with the Social Welfare Department to identify residents who were genuinely unable to pay. These would be the subject of targeted relief, either from local authorities or central government.

Ntloni said Sanco believed residents should be called upon to settle arrears only after the installation of transitional local authorities, visible improvement in services and agreements between municipalities and communities to end the boycotts.

Government's insistence that residents pay arrears accumulated from January last year was creating ill-feeling among people who maintained that there were not legitimate structures to which to pay in January last year and that the services being charged for were not of acceptable standards", he said.

He also urged that efforts be made to formulate national guidelines on how tariffs should be set. This, he said, would ensure uniformity.

Sanco has said the establishment of non-racial local authorities was not in itself sufficient incentive for residents to pay. Visible and efficient service delivery should take place before people would be convinced to pay.

Moosa said his ministry was holding discussions with police and the Justice Department on options for cracking down on rent, service and bond defaulters.

# Queen 'looking forward to SA visit'

LINDA ENSOR

LONDON — Queen Elizabeth and her husband, the Duke of Edinburgh, are looking forward "greatly" to their historic visit to SA next month.

Informed sources said yesterday the visit was ranked equally with the state visits to Russia last year and to China in 1986 in terms of political importance, symbolism and significance.

It is also seen as one of the most important visits to be conducted by the queen during her reign. The "mould-breaking" visits to Russia and China were the first by a British monarch. "Every state visit is important but some visits have greater significance than others," a source said.

The queen would visit SA as Britain's head of state and as head of the Commonwealth which SA had recently rejoined.

The queen visited southern Africa with her parents in 1947 for three-and-a-half months. Her visit from March 19-25

would be the first state visit of her reign and the first by a British monarch and head of the Commonwealth since last year's elections.

Apart from the visit to New Zealand in November to attend the biennial Commonwealth heads of state conference, the SA visit would be the only major royal excursion this year. She might also leave Britain for Second World War victory celebrations.

It was on her 1947 visit that the queen made a radio and television broadcast saying "whether my life be short or long it will be devoted to your service".

The queen's programme in SA was described as interesting and would give her a chance to see the new SA, visit towns and see the progress which had taken place over the past few years.

# New forum to 'manage relationships'

WILSON ZWANE

THE Gauteng government has established a forum to ensure a "healthy working relationship" between itself and transitional local government structures.

The forum — the first of its kind in the country — will hold its inaugural meeting in Johannesburg on February 28. The meeting, to be opened by premier Tokyo Sexwale, will be attended by representatives of the Gauteng cabinet and the heads of the 20 transitional local government structures.

Provincial communications director Chris Vick said yesterday the forum's main objective would be to "manage the relationship between the Gauteng government

and the new transitional local councils". "It will provide a platform for discussion between the province and local government, and is intended to explore areas of common understanding.

"We hope it will facilitate the building of mutually beneficial relations between province and transitional local government structures."

Vick said although the forum was envisaged as a transitional structure "intended to assist the transitional local government structures now in place", it was believed the forum might have a permanent role.

# Agency obstacle for investors

Minister Valli Moosa said last week talks



# Housing subsidy for the poor increased

BD17/2/95 (123)

HOUSING Minister Sankie Mthembi-Nkondo has approved a R2 500 increase in the housing subsidy available to the poorest South Africans — a move which could cost the state an additional R270m a year.

The introduction of a fourth housing subsidy band means families earning less than R800 a month will now receive a subsidy of R15 000 against the R12 500 initially agreed.

Households earning between R801 and R1 500 will now receive a R12 500 subsidy, those earning between R1 501 and R2 500 will get R9 500 and those with an income of between R2 501 and R3 500 will receive R5 000.

The decision to implement the additional subsidy band, first mooted in the White Paper on Housing, was taken at a recent meeting between Mthembi-Nkondo and provincial housing ministers.

Housing Ministry spokesman Stephen Laufer said the validity of the new subsidy was backdated to March 15 1994, the date on which the subsidy scheme, providing for project-linked subsidies, was implemented.

Laufer said projects approved under the previous three subsidy bands could be revised on application to

ROBYN CHALMERS

relevant housing boards.

The additional resources had to be used to improve the housing of applicants within the context of the approved project.

Mthembi-Nkondo and the provincial ministers also agreed that the larger subsidy would be available within the consolidation scheme for households which had previously received only serviced sites.

Two levels of consolidation subsidy would be made available — R7 500 for households earning less than R800 a month and R5 000 for those with incomes between R801 and R1 500.

In a separate development, a delegation from the UN Centre for Human Settlements arrived in SA yesterday to meet national, provincial and local government officials and private sector representatives.

The UN team is to discuss international experiences in the field of housing support. The concept, which includes state subsidies, ensuring access to well located land, basic services and secure tenure, is in operation in several countries with housing conditions similar to SA's.

# New forum for first-time home owners

SEEFF Residential Properties and the Sowetan newspaper have put together a high-level forum aimed at educating potential first-time home owners. (123) BD 17/2/85

The Seeff-Sowetan Property Forum, launched last night, consists of lawyers, accountants and bankers from a range of institutions as well as Seeff Residential Properties professionals. The forum would hold roadshows to answer queries on a variety of issues and the Sowetan would publish a monthly column dedicated to readers' concerns and queries.

Seeff Organisation CEO Lawrence

## ROBYN CHALMERS

Seeff told the forum launch it was vital to stimulate home ownership and promote housing starts if SA was to house the homeless.

He said one route would be to introduce tax relief for homeowners with annual incomes below R50 000.

Seeff said constructing 350 000 homes each year was a mammoth task, and incentives should be provided to private employers which would encourage them to provide homes for their employees. He said there was no finer encouragement

than tax incentives and by allowing an employer a percentage off interest payments, for example, there would be a powerful motivation.

Seeff said employers could receive 100% mortgages from a lending institution, and said employees qualifying for housing subsidies would then be able to repay their employer.

In addition, he suggested that all bond repayments by people earning less than R50 000 a year be made as stop orders against salaries and all insurance and life assurance, conveyancing and transfer costs be included within the bond.

## New subsidy for low earners

Political Correspondent

HOUSEHOLDS earning less than R800 a month are to benefit from a new housing subsidy announced by national Housing Minister Sankie Nkondo.

The new R15 000 subsidy is aimed at helping people unlikely to be able to get housing finance. (123)

It adds a fourth band to government housing subsidies.

The four levels are:

- R5 000 for households with

incomes between R2 501 and R3 500.

- R9 500 for households with incomes between R1 501 and R2 500. AR 17/2/95

- R12 500 for households with incomes between R801 and R1 500.

- R15 000 for households with a combined monthly income of less than R800 a month.

Ms Nkondo said the new subsidy would be backdated to March 15 last year.

New <sup>(123)</sup>  
CT 17/2/95  
housing  
subsidy  
plan

JOHANNESBURG. — A family earning a combined salary of less than R800 a month can now qualify for a housing subsidy of R15 000, Housing Minister Mrs Sankie Mthembi-Nkondo said yesterday.

"The additional resources will further help households which are unlikely to be able to access housing credit of any sort," Mrs Mthembi-Nkondo said.

The validity of the new subsidy will be backdated to March 15, 1994.

She said the decision to implement a fourth subsidy band was taken after a meeting between herself and the nine provincial housing ministers.

The new subsidy amounted to an increase of R2 500 in the one-off assistance already available to most needy South Africans, she said.

Further subsidies were in the pipeline, Mrs Mthembi-Nkondo said.

The housing ministry's office also said a delegation from the UN centre for Human Settlements (UNCHS) arrived in South Africa yesterday as guests of Mrs Mthembi-Nkondo.

They will meet national and provincial ministers, as well as the private sector, to discuss housing problems.

# Govt to backdate housing subsidy for the poor

## STAFF REPORTER

The increased government housing subsidy of R15 000 for families earning under R800 a month will be backdated to March 15 last year, Housing Minister Sankie Mthembu-Nkondo has announced.

When the subsidy scheme was introduced in March, the maximum level of assistance was R12 500. An additional level of subsidy, bringing the grant for the poorest to R15 000, a family was mooted only towards the end of

the year when the Housing White Paper was published.

After a meeting with housing MECs for the nine provinces, Mthembu-Nkondo yesterday swept aside confusion concerning the implementation date for the new subsidy.

She said developers who had already been granted subsidies under the old scheme could apply to provincial housing boards to have the level of subsidy reviewed.

123

Ministry spokesman Stephen Lauffer said that in order to win approval for the increased subsidy, developers would have to show that these new resources would be used to improve the standard of housing provided.

Mthembu-Nkondo and the MECs also agreed that a "consolidation subsidy" would be available to those who received only serviced sites under the old Independent Development Trust scheme.

For families earning less than R800 a month, the consolidation

Stam 17 | 2 | 95

subsidy will be R7 500, for those earning between R801 and R1 500 it will be R5 000.

The intention is to wipe out recent disparities in housing assistance to low-income families.

Those households with a combined monthly income of R800 or less may receive a R15 000 grant; those earning R801 to R1 500 are eligible for R12 500; those earning from R1 501 to R2 500 may receive R9 500; and those with an income between R2 501 and R3 500 will be granted R5 000.

## Moosa to meet Sanco today

WILSON ZWANE

IN A move seen as government's bid to involve the SA National Civic Organisation (Sanco) in its initiatives to end rent boycotts, Deputy Constitutional Development Minister Valli Moosa will meet the civic body today.

Sanco general secretary Penrose Ntlonti said yesterday the talks would centre on mechanisms to encourage township residents to resume rent, services and bond payments, especially government's Masakhane campaign. Government's intended crackdown on non-paying residents was expected to be high on the agenda. (123)

The key objective would be to encourage township residents to end the boycotts. The campaign would be launched by President Nelson Mandela next Friday. BD17/2/95

The Housing and Constitutional Development departments, and the ministry overseeing the reconstruction and development programme would be involved in the campaign.

Ntlonti said his organisation had told Minister without Portfolio Jay Naidoo it was concerned that it had not been given a "thorough briefing" about the campaign.

The organisation supported the campaign in principle, but would not back it unless government made concerted efforts to "make us part of it".

Moosa said his ministry was holding discussions with police and the Justice Department on options for cracking down on defaulters.

● See Page 10

# R2,4 bn RDP funds for housing, health

(123)

ARG 20/2/95

GOVERNMENT minister Jay Naidoo today outlined spending plans for the Reconstruction and Development Programme (RDP) in the next year, including R1,4 billion for housing and almost R1 billion for health.

Mr Naidoo, Minister without Portfolio responsible for the RDP, told reporters the RDP budget for fiscal 1995/96 would include R500 million rolled over from the current fiscal year, R2,4 billion to continue existing projects and R2,6 billion for new projects.

He said R700 million of the housing allocation would be for the installation of bulk services and another R700 million would be for housing subsidies administered by the housing department.

"The RDP is having a series of public hearings in which different departments have to present their proposals and we make an allocation in terms of a more transparent process.

"But the indicative allocation for housing and bulk infrastructure is R1,4 billion," he said.

Mr Naidoo said almost R1 billion would be allocated to the department of health as bridging finance to shift the health care priority from urban-based tertiary care to primary health care.

He said the government expected a further R1 billion to become available for the RDP from foreign aid in fiscal 1995/96.

# Info on housing subsidy procedures awaited

(123) SAN 20/2/95

BY JOVIAL RANTAO

South Africans wishing to take advantage of the Government's housing subsidies offer will know what procedures to follow "in a matter of weeks, not months", says Housing Ministry spokesman Stephen Laufer.

He promised that provincial governments would soon be able to tell communities where and how to apply.

It must be made clear that the subsidies will not mean cash in the hands of prospective house-owners. It will be paid to developers through provincial housing boards, which people can contact for help.

Laufer's statement follows an

announcement of increased subsidies from his ministry.

Housing Minister Sankie Mthembu-Nkondo last week announced a housing subsidy of R15 000 for families earning less than R800 a month, backdated to March 15 last year.

When the subsidy scheme was introduced in March, the maximum level of assistance was R12 500. Raising the subsidy level for the poorest to R15 000 a family was mooted towards the end of the year, when the Housing White Paper was published.

After a meeting with housing MECs from the nine provinces, Nkondo swept aside confusion concerning the implementation date for the new subsidies.

She said developers who had already been granted subsidies under the old scheme could apply to provincial housing boards to have the level of subsidies reviewed.

But Laufer pointed out that in order to win approval for the increased subsidy, developers would have to show that these new resources would be used to improve the standard of housing provided.

Nkondo and the MECs also agreed that a consolidation subsidy would be available to those who received only serviced sites under the old Independent Development Trust scheme.

For families earning less than

R800 a month, the consolidation subsidy will be R7 500, and for those earning between R801 and R1 500 it will be R5 000.

The intention of these announcements is to wipe out recent disparities in housing assistance to low-income families. All households within a given income category are now eligible for equal assistance.

Households with a combined monthly income of R800 or less may receive a R15 000 grant; those earning R801 to R1 500 are eligible for R12 500; those earning from R1 501 to R2 500 may receive R9 500; and those with an income of between R2 501 and R3 500 will be granted R5 000.



# People must pay for services

(123)

Sowetan  
22/2/95

## Sowetan Correspondent

THE Government is expected to announce details today of a major campaign to resuscitate local government and foster a culture of payment for services, bonds and rents.

The campaign, dubbed "Masakhane", is a major element of the management programme for the implementation of the Reconstruction and Development Programme, Minister Without Portfolio Mr Jay Naidoo said yesterday. In a briefing to the parliamentary committee on the RDP, Naidoo said implementation of RDP programmes was being hamstrung by weak local government. Provincial and local government structures would play a major role in the delivery of RDP projects, to which R6 billion would be allocated this year, Naidoo said.

The Masakhane campaign, an inter-departmental initiative, is expected to remedy structural capacity problems facing the RDP, he

said. Details of the campaign are expected to be released by Housing Minister Sankie Nkondo. The key objectives of the campaign are to:

- Resurrect local government;
- Create a climate of efficient delivery of services at local level, allowing for public and private sector involvement;
- Foster a culture of payment for services, bonds and rents, mobilising local activists and organisations;
- Establish Local Economic Development Forums to manage development projects; and
- Initiate "days of action" to clean up townships, fix schools and clinics and effect the participation of the youth in community activities.

Naidoo said the Masakhane campaign should not be interpreted as a "crackdown" on people boycotting rent, bond and service charges, but rather as an initiative to obtain the participation of communities in development projects.

# Campaign to urge end to rent boycott

(123)  
ARG 22/2/95

**CLIVE SAWYER**  
Political Correspondent

A NON-PARTY campaign is to be launched countrywide this week to get people to pay local government rent and for services.

Crippling boycotts for more than a decade have left huge arrears and bleak prospects for financially viable local government after this year's elections.

Called the Masakhane Campaign, it will involve central and provincial governments and community leaders.

President Mandela will announce the campaign on Friday.

Television and newspaper advertisements featuring the Archbishop of Cape Town, Desmond Tutu, endorsing the campaign will appear this weekend.

The Gauteng-based advertising agency handling the campaign has given the government a R297 000 discount, and has persuaded other clients to help the campaign.

One is a motor manufacturer, which is to lend the campaign four large lorries to be used as mobile stages on the campaign trail.

People who decide to resume paying for rents and services will be included in the campaign.

Local authorities, many in financial disarray after years of non-payment for services, will be urged to find ways to make themselves financially viable.

## Pressure mounting on mortgage lenders

**PRESSURE** is mounting for mortgage lenders to extend bond finance for homes to low-income earners before the builders' warranty mechanism is in place, sources have indicated. (123)

There was growing concern in all construction sectors that there had been little progress on government's housing programme despite the approval of 155 000 project-linked subsidies, they said.

In addition, banks were falling behind on an agreement brokered by the Housing Ministry last year whereby financial institutions would finance 50 000 home loans worth R2bn during this year. BD 23/2/95

In return, government promised to implement the builders' warranty mecha-

**ROBYN CHALMERS**

nism and a mortgage indemnity scheme, which would provide a full guarantee on irrecoverable financial losses to banks in the event of defaults.

Financial institutions are reluctant to extend credit until the warranty and indemnity are in place.

The builders' warranty mechanism steering committee, including 12 new members from the emerging construction industry, met yesterday to discuss ways of speeding up the housing delivery process.

Building Industries' Federation of SA (Bifsa) executive director Ian Robinson

To Page 2

## Mortgage (123) BD 23/2/95

said no position on the mortgage lenders would be taken until after a meeting with Housing Minister Sankie Mthembi-Nkondo. Meetings between Mthembi-Nkondo, mortgage lenders, emerging contractors and Bifsa are scheduled for today.

Robinson said an updated version of the

builders' warranty mechanism had been tabled at the meeting and steering committee representatives would seek comment from their constituencies.

The committee would meet again on March 6 to finalise a process and timetable for final acceptance. It was hoped the scheme would be approved by March 31.

From Page 1

## 155 000 housing subsidies approved

(123) TIM COHEN

CAPE TOWN — About 155 000 housing subsidies had been approved, Housing Minister Sankie Mthembi-Nkondo announced yesterday, but she warned the implementation of mass housing would begin only in about three months' time.

Mthembi-Nkondo said in an interview that a national home builders' warranty scheme was essential, indicating that new problems were brewing among township home builders. **BD 23/2/95**

Mthembi-Nkondo, who replaced former Housing Minister Joe Slovo, expressed satisfaction with her predecessor's policy, saying no major changes were likely.

The department remained committed to the aim of building 1-million houses within five years. She was happy with the number of subsidies that had been approved during the current year. But houses would start being built only once the finer details of the mortgage indemnity scheme had been finalised and the home builders' warranty scheme had been agreed to.

Although it is understood that township home builders fear an increase in the price of houses as a result of the warranty scheme, Mthembi-Nkondo stressed the importance of the scheme for consumers. She said the scheme would also ultimately work to the advantage of home builders.

She suggested there could be a new focus on hostels, which she described as the symbols of the old apartheid era and which

To Page 2

## Housing

(123)

**BD 23/2/95**

From Page 1

urgently needed to be addressed.

She took a firm line on land invasions, pleading for greater communication between all parties but indicating that such invasions could not be tolerated.

She also renewed calls for a new relationship between township dwellers and the financial institutions, which would be the major aim of the "Masakhane" campaign to be launched soon.

Asked about her relationship with the provincial housing ministries — a past problem area — Mthembi-Nkondo expressed confidence, saying all the provin-

cial housing ministers had expressed their desire to work collectively.

She said other Cabinet Ministers were very sympathetic to her cause, believing that if housing was provided, ordinary people would feel they were really living in a changed country.

Hence, government was sympathetic to her pleas for a larger slice of the Budget.

The immediate result was Minister without Portfolio's Jay Naidoo's announcement that about R1,4bn would be spent from the RDP allocation for infrastructure and assistance for housing subsidies.

# Fight for provincial housing funds begins

THE battle among provincial governments for their slice of the national housing budget has begun, with KwaZulu/Natal local government and housing minister Peter Miller demanding a quarter of the funds to be made available.

Addressing the KwaZulu/Natal provincial housing board this week, Miller said the province was striving to provide the number of houses commensurate with its population which equalled 25% of the total, and this meant getting 25% of the housing budget.

The Housing Ministry is agitating to increase the housing budget from 1% of the total Budget to at least 5%

(123) ROBYN CHALMERS

within the next five years.

Money allocation is dictated by criteria laid down by the Ministry in consultation with other bodies. It includes provincial populations, household numbers, urbanisation rates, backlog and economic capacity.

Sources said all provinces were lobbying hard for an increased share, but the Northern Transvaal, Free State and Western Cape had yet to establish housing boards through which the funds were siphoned.

KwaZulu/Natal, which received the largest allocation from the housing fund last July, has an estimated

housing backlog of 300 000 units, although more than 1-million existing homes are informal or shacks. Almost half of the population earns less than R800 a month.

Miller said the KwaZulu/Natal government was committed to the national housing strategy.

However, Miller highlighted a number of constraints to resolving KwaZulu/Natal's housing crisis, notably the high cost of municipal services which had to be addressed without delay.

He urged the board to ensure development occurred in areas which had been targeted for land invasion, such as Cato Manor and Matatiele.

sponsibility of the private sector too. Bids supplement rather than supplant services."

Certainly, that has been the US experience. According to The Alliance for Downtown New York president Carl Weisbrod, who is spearheading the recovery of Lower Manhattan, "private sector involvement is a major advancement in public service. It's a win-win for everybody."

Still to be finalised is how the Bids will be financed. The normal route is a self-imposed levy, calculated simply as a percentage of rates paid.

Can one expect to see a return of businesses to the CBD as a result of the Bids? Coovadia thinks it's too early to tell, adding that they are only one mechanism for improvement. He says they should be seen as part of an overall approach to turning a city around — including the restoration of safety, granting of tenure and the creation of more residences to address the problem of homelessness.

LOW-COST HOUSING 1

**A firm foundation**

*FM 24/2/95*

A total of 152 housing projects which have the potential to provide 73 718 new homes at a cost of R317m have been approved by the KwaZulu-Natal housing authorities for the 1994-1995 financial year.

This may look good on paper but the housing construction programme is largely on hold until government passes legislation which will unlock private sector funds for investment in low cost housing.

The legislation is the housing strategy contained in the Housing Policy White Paper being circulated for comment. Crucial elements are the much publicised mortgage indemnity scheme (MIS) and the controversial home builders' warranty scheme. Mortgage lending institutions are holding back on lending on mass housing developments until the MIS, which will protect them from abnormal lending risks such as bond boycotts, is formally in place.

In the interim, provincial Housing Minister Peter Miller says the province is on target to meet its obligations in respect of former Minister Joe Slovo's pledge to build 1m homes in SA in the next five years.

"KwaZulu-Natal has the largest population of all the provinces and consequently the greatest housing need. A quarter of the national population lives in the region, but in order to meet the required 25% of Slovo's target (250 000 homes in five years) the province must get 25% of central government's housing budget allocation. In the past, underfunding has been a serious problem, but recently we have received a fairer allocation from Pretoria."

Miller anticipates that around 30 000 homes will be built in the region during the current financial year. In order to attempt to meet Slovo's objectives, this figure will be increased annually by 50% over the fol-

lowing four years. In the next decade Miller envisages 1m homes being built in the region.

Provincial Housing Board chairman Marius Spies says a total 30 645 project-linked subsidies (worth R236m) have been approved in some 70 schemes for the 1994-1995 financial year. The board's objective is to grant housing subsidies to as many households as possible. But in the interim, all subsidy applications must be project-linked until other subsidy schemes have been agreed.

Spies says the board has approved in principle a further 22 schemes involving 7 199 homes financed by subsidies worth R75m. But these will only proceed once funds become available in the next financial year. It has also created a facilitation fund to enable communities (often the most needy) without the financial and technical resources to prepare and motivate complex housing proposals to the board. This has the potential to fund a further 53 projects involving 35 874 homes.

Subsidies are granted on a sliding scale ranging from R15 000 for households earning less than R800/month to R5 000 for households with incomes ranging between R2 501 and R3 500. Successful applicants are then sold a serviced housing site within one of the approved housing projects. Applicants can then apply for a mortgage bond to raise the balance of funds needed to complete their homes.

Quite distressingly, three provinces, Northern Transvaal, Free State and Western Cape have still to establish housing boards. Of the 180 housing schemes approved nationally, involving 155 788 subsidies, the largest number (49) are in the KwaZulu-Natal region.

LOW-COST HOUSING 2

**Testing the limits**

SA's largest townhouse developer, Richland Property Organisation, is entering the low-cost housing market where success depends on achieving quick, paper-thin

profits. Claiming 40% of the Good Address, Small Home market (Gash), Richland has developed a winning formula in its traditional area of business.

But getting the mix right with low-cost housing could prove harder. It involves social compacts besides fine-tuning price, product, speed of sale and construction.

MD Johan Franck says the company plans to enter the market through Richland's 45% stake in Thebe Housing Projects. Leading housing consultant Johan de Ridder is on the board.

Thebe aims to develop up to 10 000 housing units in greater Johannesburg using land on which it holds options. Its largest planned projects are on the East Rand where there is plenty of available land. Homes of 45m<sup>2</sup> -52m<sup>2</sup> will be sold for between R49 000 and the present subsidy ceiling of R65 000. Considering banks have limited the number of bonds they're prepared to grant in the subsidised home market to 50 000 this year (Gauteng's share could be as low as 20 000), Franck says securing sufficient bond finance could be a problem.

Thebe also plans to build 600 units in Randburg, 500 in Midrand, 4 000 in Springs, 2 000 in Boksburg and 1 000 in Brakpan. It hopes to have its first show village ready in Randburg in May. It will use the project to test its one-day, home finance processing package — though it still has to gain access to Intergov, the Home Affairs and deeds office database used by regional housing boards to prevent multiple subsidy allocations.

Most schemes will have recreational amenities which will be maintained through levies. These include basketball courts, soccer fields, tennis courts, swimming pools, cricket pitches, day clinics, creches, laundries, communal halls offering adult education courses, phone shops, weekend markets to sell communal home crafts and produce, taxi ranks, childrens' playgrounds and community owned and run shops.

In its traditional market, Richland intends to build 4 000 units this year, 800 more than last. Its homes, costing R90 000-R180 000, represent the largest slice of the housing

market. Since 1988, it has built 8 000 homes in joint ventures with firms such as Group Five, Sage, Absa Merchant Bank, NBS Devco and Devprop.

Franck says 1 000 homes will be built in Durban, now an important profit centre for the company due to demand for permanent and holiday homes. A further 800 will be built in Cape Town, 600 in Pretoria and 1 600 around Johannesburg.



Richprop's Franck ... applying his mind

# Slow start to govt housing campaign

123

ET 24/12/95

By **BARRY STREEK,**  
Political Staff

THE government's much vaunted campaign to build one million houses in five years has got off to a slow start — 878 houses so far, including one house in Krugersdorp.

But the new Housing Minister, Ms Sankie Mthembi-Nkondo, said she was confident the target of one million

would be reached. Her office also disclosed that 180 projects involving R1.69 billion and subsidies for 155 788 houses had been approved so far.

This included 12 projects in the Western Cape, with subsidies for 3 445 houses amounting to some R36.5 million.

Ms Mthembi-Nkondo said construction projects under

way, including one in Hout Bay and one in Worcester.

She said her ministry had limited resources with a budget of R1.4bn. "We are pleading with government to reconsider the housing budget."

Her ministry hoped its share would increase to five percent of the national budget within the next five years.

She said one of the points

on which the success of the government would be judged is by its ability to provide houses.

Servco, a new company to help provide services to the new home-owners, would be set up in the next few weeks.

It aims to help those who had developed financial problems by transferring them to more affordable housing.

The National Housing Finance Corporation would deal with those people who were not accommodated by the larger loan institutions.

She said a community bank had been considered, as proposed in the RDP White Paper.

However, it had been decided a facility which provided financing on a broader level would be preferred.

# Pay-up time for townships

123

By ANTHONY JOHNSON  
Political Correspondent

**PRESIDENT Nelson Mandela will today unveil a bold initiative to break the township rent and service boycott that is costing the country over R1 billion a year.**

The Masakhane (Let us build each other) campaign, to be formally launched by the President in an address to Parliament, is also geared to bringing infrastructure and improved services to neglected areas.

The nation-wide campaign will attempt to replace the situation in which two-thirds of township residents no longer pay rent or for services with one in which there is co-operation between the government and communities.

The launch of the campaign comes amid warnings by the minister in charge of the RDP Mr Jay Naidoo that the continuing rent and service boycott could torpedo the RDP.

In his state of the nation address at the opening of Parliament Mr Mandela said it was imperative for South Africans to rid themselves of what he called a "culture of entitlement", which led to the expectation that the government must promptly deliver whatever the people demand.

Housing Minister Ms Sankie Mthembu-Nkondo told a media briefing yesterday that the Masakhane campaign was designed to forge a new co-operative bond — "a partnership" — between the government, civil society and local communities.

The campaign would not only be aimed



**PAY UP PLEASE . . .** Deputy Constitutional and Provincial Affairs Minister Mr Valli Moosa is to lead a campaign to break the R1 billion-a-year township rent and service boycott.

at encouraging payment of rents and services and bond commitments, but also at redressing "backlogs that are more than 40 years old".

She said that the impatience felt by disadvantaged communities for improved housing and infrastructure was legitimate,

but added that it was "a big much" to expect a government to have met most needs after only eight months in office.

Ms Mthembu-Nkondo said that all the government's efforts to provide housing and facilities for disadvantaged communities would only succeed when communities accepted their responsibilities.

"The people out there who have contractual agreements with the banks for bonds must pay them," she said.

ANC chief whip Mr Arnold Stofile told a media briefing after yesterday's weekly caucus that the Masakhane campaign is designed to publicise efforts by the government to address the two-fold legacy of apartheid.

• The non-payment of rent and for services.

• The non-delivery or poor delivery of services in many townships.

The Deputy Minister of Constitutional and Provincial Affairs, Mr Valli Moosa, will take political charge of the campaign.

Mr Stofile said that Masakhane would strive to create a new "culture of co-operation" between township residents and the various levels of the recently deracialised government.

The campaign included plans for dealing with the inability of existing local government structures to deal with requests by township residents for services.

But it was also geared to handling the inability of the current dispensation to deal with rent defaulters, he said.

Mr Stofile said there was currently little incentive for those locked into non-payment to change their ways.

Mr Mandela will participate in a public launch of the countryside campaign at Marconi Beam squatter camp in Milnerton tomorrow.

CT 24/2/95



## State subsidy plan has built 878 houses so far

A TOTAL of 878 state houses have been built in SA since the introduction of the subsidy scheme in March last year.

Half of these — 474 — were in Gauteng, and the balance in the Free State and Northwest, Housing Minister Sankie Mthembu-Nkondo said yesterday.

She stressed that houses were being built in a range of other areas. The department was also involved in other reconstruction and development programme projects in Katorus and Ibhayi, and a serviced land project on the Cape Flats.

"Why it is taking so long? We first had to set up support administrative structures to run the housing process," she said. These included the homebuilders' warranty scheme and the

**DREW FORREST**

national housing finance corporation.

"To address the housing problem will take a generation. We'd rather lose a few months at the beginning to ensure we have a workable system."

Of the 155 000 subsidies allocated so far, a third — 52 000 — had gone to projects in Gauteng, 28 000 to Northwest, 29 000 to Eastern Transvaal, 22 000 to KwaZulu/Natal, 3 300 to Eastern Cape, 3 400 to Western Cape, and 4 000 to the Free State.

She said Germany had pledged DM50 000 towards an agri-village which would provide permanent housing for farm workers whose tenure was not secure.

BD 24/2/95

597,4

(293,5)

640,6

ember

advantage  
nsion and  
to sustain  
d over the  
try critical  
gins.

ected to  
tes could  
would limit



overmber  
ansport, a  
y Carriers  
sition and  
interest in  
acquired  
. All of the  
unded by  
a positive



igitalisation  
ares held.  
holding, to  
of 19 cents

ms of the  
actions will  
e value of

d the cash  
ay to elect  
h dividend

shares out  
al of The  
belisted on

be posted  
o receive a  
is provided  
urrency of  
new share  
on-resident  
15% will be

INCE

fulfill all obligations or tion in the UK and US.

## Govt to launch campaign

BD 24/2/95 WILSON ZWANE (123)

PRESIDENT Nelson Mandela will announce the launch of the Masakhane campaign in Parliament today. The campaign aims, among other things, to end rent, services and bond boycotts.

Pascal Moloi, an official in the Ministry overseeing the reconstruction and development programme, said yesterday the campaign would be launched at an informal settlement in Cape Town.

Later in the day, commercials of the campaign would be flighted on TV. These would be followed by advertisements in print media on Sunday and an appearance of Ministers involved in the campaign on SABC's Agenda programme.

Moloi said the campaign would also be launched in provinces later. It sought to "mobilise state and private sector resources, immediately enhance the administrative capacity of transitional local government and maximise participation and responsibility".

The SA National Civic Organisation has said while it was not opposed to the campaign, it wanted details from the Constitutional Development Ministry before it could "actively" support it.

## NP govt 'planned township violence'

ADRIAN HADLAND

CAPE TOWN — Evidence of a secret state plan to undermine the United Democratic Front in the late 1980s by provoking "black-on-black" violence in the townships was presented to Parliament by Bantu Holomisa yesterday.

The ANC Deputy Environment Minister said documents in his possession indicated the State Security Council had approved the use of hundreds of millions of rands for "dirty trick projects" such as Project Vallex in 1987/88.

The main objective of Project Vallex, according to the documents, was to force the UDF out of communities by the instigation of "colour-against-colour" violence. BD 24/2/95

The operation had been instigated while Deputy President FW de Klerk was a member of the council.

Holomisa said it appeared from the documents there was a cover-up of an amount of \$2,6bn in commissions claimed from the NP government relating to financial deals.

There was also information on gold sales which could involve the fraudulent removal of SA's assets.

The documents also showed De Klerk was fully aware of the transactions.

Holomisa warned two weeks ago he would reveal how the NP was responsible for violence and corruption in the pre-election era.

Addressing Parliament on the presidential opening address yesterday, Holomisa said he held further evidence of clandestine operations and called on government to establish a judicial commission of inquiry into the allegations.

Between 1986 and 1992, the NP government had spent R50m on Operation Anchor and Operation Kampong, Holomisa said.

These operations were aimed at paying large sums of money, through the conduit of military intelligence, to persuade coloured Labour Party MPs to cross the floor to the NP.

Further "dirty tricks projects", going by the names of Pippa, Lion Life, Kalmoes, Lambent and Lactone, had also been initiated for political gain among black and coloured citizens, Holomisa said.

"The documents in my possession detail the use of hundreds of millions of state funds in waging the dirty tricks campaign from 1986 to last year."

The NP said yesterday all state finances during the period were overseen by the Auditor-General's office. Holomisa's evidence was inconclusive, NP spokesman Cobus Dowry said.

If Holomisa possessed any proof of corruption he should give it to the police.

ELECTRICITY

(123) 

### Cash up front

F11 24/2/95

A computerised vending machine which enables consumers to use prepayment electricity meters has started a six-month test run in the Midrand squatter camp, Ivory Park. The self-service terminal, a joint project involving Eskom, First National Bank and Spescom, may ultimately change the way all consumers pay for electricity.

Eskom project leader Etienne Bramley says the power utility is exploring ways of enabling residents to buy electricity credits outside office hours. In time, Eskom hopes to sell tokens through bank automated teller machines (ATMs) and from retailers' check-out points.

The Ivory Park terminal was designed and built by FNB's technology innovations group headed by Gerry Cassidy. It is a cash machine for residents who do not necessarily have bank cards and is operated by touching graphics on a screen.

Cassidy says the graphics should overcome language barriers or technological ignorance.

The terminal prints out a 20-digit numeric token for cash. Ivory Park uses an electricity credit transfer technology developed by Spescom called Cashpower 2000, which was recently merged with Siemens' prepayment business.

The printed code contains the identification number of the customer's prepayment meter and the amount of electricity bought. Residents gain access to electricity by keying the code into the meter in their homes.



Light relief ... after-hours electricity

Spescom's prepayment system is one of five Eskom has installed in various areas. Bramley says Eskom is introducing a common vending system. Because of the number of systems currently used, residents are limited to buying tokens at their local Eskom office.

This problem is being solved by the utility which is developing technology for its centres to accept payment for any of the electricity credit systems in use.

Bramley says once electricity tokens are available at cash machines, ATMs and supermarket tills, prepayment meters will probably be used in most areas as they eliminate the need for meter readers. ■

Address non-payment of service charges

# Encouraging payment of services

123

sowetan  
24/2/95

■ **DOING ALL** Mandela in campaign to  
eradicate culture of non-payment

**By Vuyo Bavuma**  
Political Reporter

**P**RESIDENT Nelson Mandela is to launch a high-powered campaign in a Milnerton, Western Cape, squatter camp tomorrow to promote the payment of service charges and normalise local government structures.

The campaign, to be called the Masakhane campaign, will be part of a broad strategy to prepare for the effective implementation of reconstruction and development programmes.

Mandela is expected to lay a brick to mark the start of the campaign at a ceremony to be held at the Marconi Beam squatter camp in Milnerton.

The campaign is the Government's sec-

ond strategy within a month to address problems relating to non-payment of rent and service charges in the townships.

It will involve a network of street committees and non-governmental organisations to ensure maximum participation.

To show its commitment to end the culture of nonpayment, the Government has set up a Technical Interdepartmental Forum to investigate the indigence problem in the townships.

The committee is investigating possibilities of providing assistance to struggling families to offset the problem.

On January 20, the Government, major political parties and local government stakeholders signed an undertaking to encourage payment of rent and service charges.

Masakhane will also focus on means of collecting payments from residents.

## POLITICS

# Subsidy leads to 876 houses

(123)  
star 24/2/95

■ BY ESTHER WAUGH  
POLITICAL CORRESPONDENT

Cape Town — A total of 876 houses have been built throughout South Africa under the aegis of the Government's new housing subsidy scheme.

In Gauteng, 474 homes were built as a result of the scheme.

Minister of Housing Sankie Mthembu-Nkondo said yesterday a further 155 000 housing subsidies had been issued, and that these houses would be built in the near future.

She said that in addition to inheriting a severe housing backlog from the previous government, one of the delays in providing houses had been conflict between white and black building industries.

The deep division within this industry was "very unpleasant and very worrying".

She added that racial overtones in these divisions were particularly apparent.

Another cause for concern was the lack of a uniform body in the black building industry.

Builders would register themselves, as such, in terms of the Building Warranty Scheme, and the Government would ask the bigger building companies, which were mostly white-owned, to utilise smaller black firms.

Nkondo said the Government's target of building 1 million houses before 1999 still stood, and that the Government's housing policy would be a success if only 70 percent of that target was reached.

The minister said she would be urging the Government to increase the housing budget from 1,4 percent of the total Budget to 5 percent by the end of 1999.

# Mandela launches campaign to end rent, services boycott

ARC 25/2/95 (123)

**CLIVE SAWYER**

Weekend Argus  
Political Correspondent

THE first week of the parliamentary year has been closed with a strong call from President Mandela for people to begin paying for services.

Announcing the Masakhane campaign, aimed at persuading people to pay for local government services, Mr Mandela said there was an urgent task to instil a culture of payment.

"Non-payment today hurts those who have nothing and who are waiting for houses, electricity and sewerage.

"It hurts neighbours who must carry an unfair burden.

"Whatever is withheld is kept out of our investment programmes for housing and services," said Mr Mandela.

He was replying to the week-long debate on his opening speech to parliament.

He described the debate as

"excellent, exciting and eventful".

It was during the debate on Tuesday that Inkatha Freedom Party members of the national assembly and senate walked out, announcing a boycott pending a party decision on whether to continue in parliament.

Mr Mandela said the government would work with communities to ensure a sense of urgency in socio-economic programmes.

On crime, he said the word was often too narrowly defined.

"There is a kind of crime much less visible, but whose existence is well-known.

"White-collar crime and theft committed in businesses cost the country enormous resources, and they needed to be combated with equal vigour."

Mr Mandela said reference to the government's commitment to stamp out anarchy and lawlessness did not mean

union-bashing and suppressing people's rights.

"Let us make it clear once more, our recognition of the right to protest and to strike is unshakeable."

These rights were guaranteed by the constitution.

"What we shall deal with firmly — and this is no idle threat — is the breaking of the law through acts of vandalism, taking of hostages, blockades of roads and damage to property."

Mr Mandela said it was understandable the issue of corruption had loomed large in the debate.

The government was determined to forestall corruption, but insisted on due process.

He hit out at those who criticised the notion of the Truth and Reconciliation Commission: "It is an insult to the memory of victims of gross violations of human rights and their relatives."

ROBERT BRAND

CAPE TOWN — President Mandela yesterday

ended a week's debate on his opening address to Parliament with an impassioned appeal to rent and service charge boycotters to start paying up. The plea was made during his closing speech, in which he launched the Government's Masakhane campaign, aimed at breaking rent and service charge boycotts and resurrecting local government.

# Mandela in pay up plea to rent defaulters

Mandela said the October local government elections would remove the last vestiges of apartheid in government.

"The process of democratisation is irreversible. The time has come to accept in our hearts and minds that with freedom comes responsibility." Operation Masakhane — the word means

"Let us build one another" — was meant to engender a new environment of participation and partnership between communities and local governments.

From the Government's side, this meant providing improved services and infrastructure. From the communities side, it meant taking re-

sponsibility for projects which were meant to serve them, Mandela said.

"The urgent task is to instil everywhere a culture of payment for services rendered."

The non-payment for housing and services, which still continued in some areas, was no longer the result of or-

ganised boycotts with a political purpose, Mandela said. "Non-payment today hurts those who have nothing and who are waiting for houses, electricity and sewerage. It hurts neighbours who must carry an unfair burden."

The Government was committed to putting "massive resources" into socio-economic uplift-

ment, but it would not be able to continue doing so if money did not come back into the system through payment for these services, Mandela said. Families which were struggling financially needed to "reprioritise family budgets, just as the Government is having to reprioritise to bring a better life for all South Africans."

(123)

QAW 25/3/95

"We must pay in the spirit of Masakhane, so that we can build together," Mandela said. While reaffirming the Government's belief in the right to strike and protest peacefully, Mandela repeated his warning that the Government intended clamping down on "anarchy and lawlessness" in mass action. The Government's commitment in

this regard should not be interpreted as "union-bashing and suppressing people's rights."

"Let us make it clear once more that our recognition of the right to strike and to protest is unshakable. What we shall deal with firmly — and this is no idle threat — is the breaking of the law through acts of vandalism, taking of hostages, road blockades and damage to property," Mandela said.

# Mandela says it's time to cough up

6T 26/2/95

(123)

By RAY HARTLEY: Parliamentary Correspondent  
**PRESIDENT Nelson Mandela yesterday launched an ambitious project to restore the rule of law in townships by rebuilding infrastructure and persuading residents to pay for services.**

Launching the "Masakhane" campaign — "let's build together" — at the Marconi Beam squatter camp near Milnerton yesterday, Mr Mandela warned the campaign would fail unless communities paid rent and service charges.

"We must all pay or the investment (in townships) will dry up," he said.

Earlier this week Masakhane chairman and Deputy Provincial Affairs Minister Mohammed Valli Moosa warned that local authorities were facing a financial and administrative crisis.

"If non-payment levels do not change, then all the agreements, all the strategies for housing, will not develop. This is a campaign about establishing civil obedience and the rule of law," he said.

More than half of those living in old black local authority areas did not even receive bills for rents and services, he said. One of the campaign's main tasks would be to make payment "possible, easy and hassle-free" by providing accessible payment points and proper billing.

He said the percentage of residents paying for services had increased from 19 percent in May 1994 to 33,1 percent in December of the same year. "It is a sign that the new SA has made some impact."

But, in keeping with Masakhane's "persuasion first" approach, Mr Moosa said evictions would do nothing to help restore a culture of payment.

He said such measures would be resorted to only once a culture of payment had taken hold, and even then only as a last resort.

A fleet of trucks donated by a private company and an advertising campaign undertaken free by an advertising agency would inform people of the campaign.

Chris Ncobo — who once organised rent boycotts as a Soweto community leader in the 80s — has been appointed Masakhane manager.

Addressing Parliament on Friday, Mr Mandela committed government to "ensuring efficient and frugal use of resources and providing services."

"The disregard for a community's assets — its schools and clinics and parks — must be consigned to history."

"We understand that many people are struggling financially. But we need to reprioritise our family budgets, just as the government is having to reprioritise."



A NEW START ... Nelson Mandela launches Masakhane

## The Masakhane Campaign

● **What is the campaign about?**

Government revenue for the provision of water, electricity, sewerage and houses has been seriously reduced by the refusal of millions of people to pay for household services. The campaign is an attempt to reverse this "culture of entitlement" and revive local government revenue collection. Masakhane is an Nguni word which means "let us build each other".

● **Why have people not been paying rent and services?**

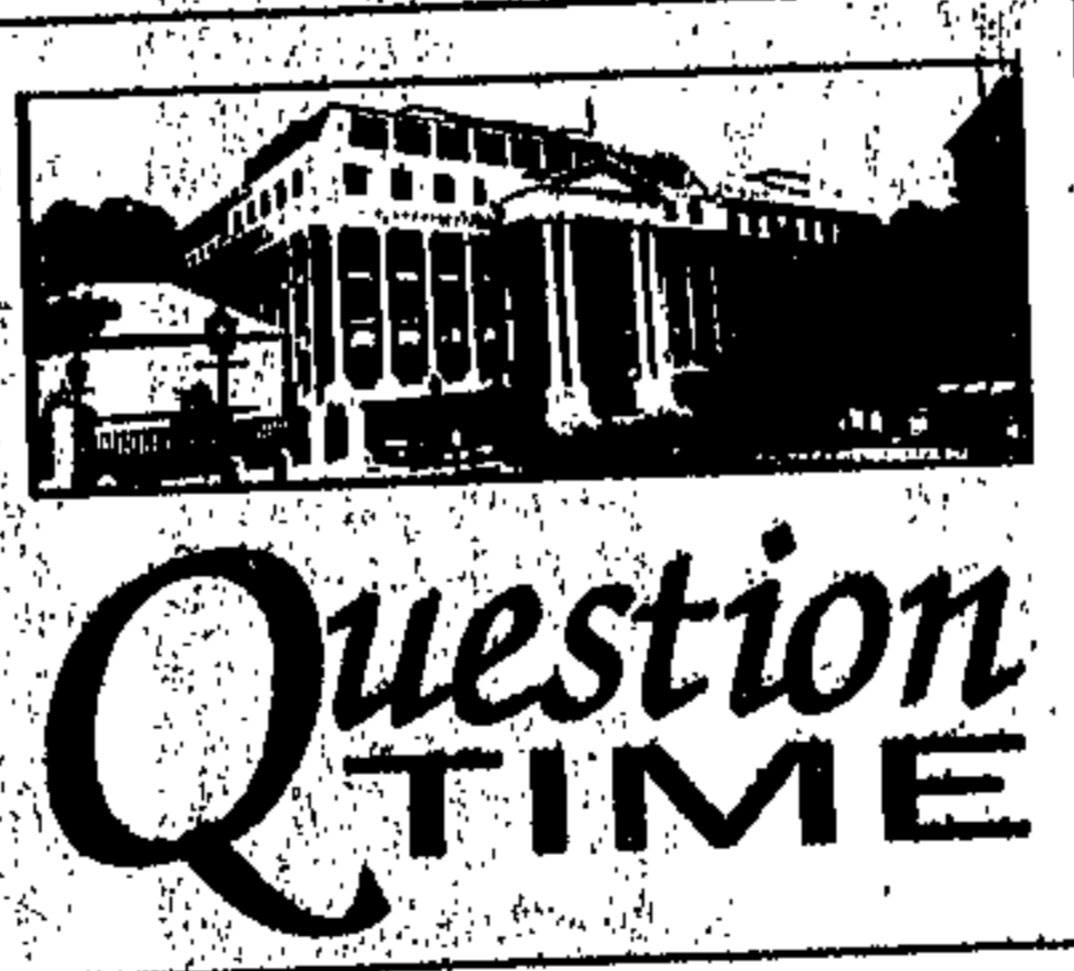
In the 1980s, ANC-aligned organisations called for boycotts to undermine undemocratically elected local authorities and to protest against the poor quality of township services. The campaign was so successful that it led to the breakdown of local authority structures in many townships. When civic organisations called off the boycott with the arrival of democracy, their calls went largely unheeded.

● **Why does government think people will pay now?**

A television advertisement featuring Archbishop Desmond Tutu cites the provision of free health care for those under six years old and pregnant women, and school feeding schemes, as evidence that democracy is bringing about a change in the quality of life. Government believes that these services, future RDP projects and the fact that South Africa is now a democracy have created a climate where people will be more willing to pay.

● **What will happen to those who do not pay?**

Masakhane chairman Mohammed Valli Moosa said this week that punitive mea-



asures such as evictions and arrests for non-payment would not be on the cards until the tide had turned in favour of payment. In the meantime, campaigners would try to persuade people to pay.

● **What about people who can't afford to pay?**

Ultimately, those who cannot afford their housing bonds will be moved to housing that is within their means. An organisation called ServCo under the auspices of the housing ministry is to be established to shift people into accommodation that they can afford.

● **Where will payments be made?**

A side-effect of the township rent boycott campaign was the collapse of the administrative infrastructure needed for the issuing of bills and the collection of payments. In more than 50 percent of townships, no proper billing system currently exists. The Masakhane campaign aims to rebuild basic administration and re-introduce proper billing.





**CAMPAIGN LAUNCHED ...** President Nelson Mandela at Marconi Beam settlement near Milnerton at the weekend where he launched a campaign to encourage people to pay for services. Picture : CLIVE SMITH

## 'We have to pay for what we use'

**PRESIDENT** Nelson Mandela chose an informal housing development near Cape Town on Saturday to lay the first symbolic brick of a campaign to end the rent and services boycott and stimulate public involvement in the government's housing programme.

"We all have a responsibility to pay for what we use," Mr Mandela said at the launching ceremony at Marconi Beam settlement near Milnerton. "The Masakhane campaign is an important part of the reconstruction and development programme. Everybody must support it."

Marconi Beam mayor Mr Rod Hulley said the campaign would only succeed with

the support of all South Africans.

Earlier, Mr Mandela was mobbed by excited residents as he went on a short walk on the fringe of the shack settlement.

"We do not want you to stay in houses like this, we want you to have decent houses," he told the crowd.

Urban planner Mr Alistair Rendall said the campaign — Zulu for "let us build each other" — had come at an opportune time for the 5 000-strong Marconi Beam population.

Bulk services including sewerage, roads, water pipes and electric cabling were being installed for about 1 200 households on community trust land that qualified for R15 000 housing subsidies.

CT 27/2/95 (123) ~~123~~  
He said residents had been boycotting services after failing to secure land security from the local municipality.

"We've basically been trying to implement the RDP," development plan co-ordinator Mr Lesley Viljoen said.

The ministries responsible for the campaign were represented by RDP minister Mr Jay Naidoo, housing minister Ms Sankie Nkondo and deputy provincial affairs minister Mr Mohammed Valli Moosa.

Also present were Western Cape Premier Mr Hennis Kriel, his colleague from Northern Cape, Mr Manne Dipico, and Mr Mathews Phosa from the Eastern Transvaal. — Sapa

## ANC 'unable to deliver'

CT 27/2/95 (123)

JOHANNESBURG. — Gauteng Housing Minister Mr Dan Mofokeng's accusation that the NP was responsible for the current housing fiasco was a "cop-out" and indicated the ANC's inability to deliver a better life for all, the NP said yesterday.

The NP said the houses in Lenasia Extension 13 currently being occupied by squatters had been empty for more than a year; it queried why Mr Mofokeng was only now allocating the houses.

Mr Mofokeng seemed to forget it was the ANC that had torpedoed the NP government's 1993 plan to inject R1 billion into housing. — Sapa

# Bill may hold up housing

THE Development Facilitation Bill, intended to cut bureaucratic delays in releasing land for development, might become operational only by mid-year, affecting plans to speed up government's housing programme.

The White Paper on Housing says short-term intervention to speed up delivery of land is essential for the launch of the housing programme. "Under these circumstances, the proposed Development Facilitation Act was drafted as a bridging measure in the short term."

A Land Affairs Department spokesman said the deadline for submissions on the Bill had been extended from October 28 after requests from interested parties. Comments on the Bill were being collated and amendments made where necessary. The spokesman doubted that the legislation would be passed by Parliament before

ROBYN CHALMERS

the middle of the year (123)

Other forms of legislation, such as the Land Administration Act, could go some way towards filling the gap left by the Development Facilitation Bill, he said.

The Bill was intended to provide a single piece of legislation to bypass bottlenecks in town planning and bond registration.

Housing Ministry spokesman Stephen Laufer said the delay in passing the Bill would not slow down the housing programme, but that the fast-tracking approach would come into play later than originally envisaged. BD 27/2/95

The housing programme was beset by more pressing problems. Consensus had yet to be reached on the crucial builders' warranty mechanism and a mortgage indemnity scheme had yet to be approved.

# Plan for a million houses in 5 years 'still stands'

ARLT 28/2/95

**CLIVE SAWYER**  
Political Correspondent

THE government remains committed to building a million houses in the next five years, says housing director-general Billy Cobbett.

"Hopefully, at the time of the budget we will send a signal confirming this."

Mr Cobbett briefed the national assembly select committee on housing today — the closing day for comment on the housing white paper.

Since the election of the government of national unity, 150 000 housing subsidies had been approved, the most in South African history.

"The bad news is that a lot of projects are faltering because of a lack of end-user finance," he said.

This was not the fault of banks, but was caused by a series of factors the government hoped to overcome.

A body to be called Servcom was to be set up to liaise with people in default to banks.

Servcom would help people negotiate individual settlements with banks.

Another option was to find "more appropriately sized" accommodation for people unable to afford bonds on their houses.

Mr Cobbett said the government wanted the construction industry to insure itself against

bad building practices.

This meant the establishment of a building warranty scheme, to which builders and contractors would have to be accredited.

But there was some resistance to the scheme as builders in the "emerging sector" — black builders — saw the warranty mechanism as a threat.

Meetings were to be held to attempt agreement on the scheme.

The government aimed to introduce subsidy schemes for individuals in the next four weeks.

While this would be an administrative nightmare, it was

an essential part of housing policy.

Mr Cobbett said the government was considering direct or indirect state intervention to establish "building support centres".

Similar to centres established elsewhere in the world, these would provide everything "from advice, to doors, to window frames".

Mr Cobbett warned that a dramatic increase in the price of building materials was a threat to delivery of houses.

He said the National Housing Board would be reconstituted.

Details about changes to the board would be disclosed within two weeks.

# 'Shortcomings' in housing plan

From JO-ANNÉ COLLINGE

**JOHANNESBURG.** — The National Housing Forum has warned that the plan outlined in the Housing White Paper for ending service boycotts, restoring civil order and stabilising the climate for investment in housing could backfire on the government.

The paper proposes that areas where infrastructure and services have sharply deteriorated should be declared "prioritised reconstruction areas" for intense public investment.

It also proposes that the government effectively block private investment in such areas — by refusing to indemnify investors — until residents begin to pay for services, the local authority becomes effective and order prevails.

NHF chairpersons Ishmael Mkhabela and Matthew Nell warned yesterday that the strategy was risky.

Such categorisation "could unfairly stigmatise communities as 'no go' areas", Mkhabela pointed out.

Or it could encourage communities to emphasise their underdevelopment in an effort to secure state funding. This could actually undermine efforts by community organisations to uplift their neighbourhoods.

Nell questioned whether the authorities appreciated what a sustained programme of public investment was necessary to improve services and public administration to the point that communities could act as normal consumers of municipal services.

The NHF, which represents a range

of political parties, the construction industry, development agencies, financiers, and labour and civic movements, made its position on the White Paper known just as the period for written comment was due to expire.

Declaring itself "highly supportive" of the general thrust of the White Paper, the NHF insists there are aspects which need more attention or reformulation.

It has urged that the final White Paper set out a process for applying housing policy in special cases — such as hostels, farms, the inner city and existing informal settlements.

The NHF is also concerned about possible market distortions that could result from public sector bodies acting as housing developers.

Nell stressed the view that where the state became involved in direct delivery of housing, it should compete on even terms with private enterprise and should not be allowed to utilise "hidden subsidies".

If the state sector worked from a position of advantage, it would simply "inhibit other agencies" from participating in the low-cost market and would end up shouldering more and more of the burden, Nell argued.

The forum has also highlighted the fact that the White Paper has glossed over the question of state-assisted rental housing. This gap must be filled if South Africans are to enjoy a full range of housing options, the NHF insists.

(123) CT 28/2/75

# SA needs 'clarity' on housing policy

SOUTH Africa now desperately needed clarity on the country's national housing policy, the National Housing Forum said yesterday.

The NHF, which was publicly announcing its submissions on the Government's housing White Paper, said while it was "highly supportive" of the "solid and progressive document", several areas needed greater emphasis.

The forum said the white paper should include more groups in its section to deal with special case housing.

123  
cawetan  
28/2/95

In addition, general policy in this respect should be translated into programmes.

The White Paper should give greater emphasis and clarity to the role of women in the housing process and also ensure that public sector projects did not undermine private sector efforts, it said.

The NHF urged that the policies proposed in the White Paper be subjected to thorough public debate and then speedily finalised to form the basis of South Africa's national housing policy. — Sapa.

# NEWS

*Rethink needed, says Forum*

## 'Housing plan could backfire' (123)

Star 28/2/95

■ BY JO-ANNE COLLINGE

The National Housing Forum (NHF) has warned that the plan outlined in the Housing White Paper for ending service boycotts, restoring civil order and generally stabilising the climate for investment in housing could backfire on the Government.

The White Paper proposes that areas where infrastructure and services have sharply deteriorated should be declared "prioritised reconstruction areas" for intense public investment.

It also proposes that the Government effectively block private investment in such areas — by refusing to indemnify investors — until residents begin to pay for services and the local authority becomes effective.

NHF chairpersons Ishmael Mkhabela and Matthew Neil warned yesterday that the strategy was risky.

On the one hand, such ca-

tegorisation "could unfairly stigmatise communities as 'no go' areas," Mkhabela said. Or it could encourage communities to emphasise their underdevelopment in an effort to secure State funding. This could undermine efforts by community organisations to uplift their neighbourhoods.

The NHF — which represents a range of political parties, the construction industry, development agencies, financiers, and labour and civic movements — made its position on the White Paper known just as the period for comment was due to expire.

Declaring itself "highly supportive" of the general thrust of the paper, the NHF insists that there are aspects which need more attention or reformulation.

It has urged that the final White Paper set out a process for applying housing policy in cases such as hostels, farms, the inner city and existing informal settlements.

istei  
e w  
TURE

W  
e reti  
ly Col  
Sapa

Fer  
rol  
"T

W  
The  
hand  
and

# Call for rethink on housing issues

BD 28/2/95

ROBYN CHALMERS (123)

THE National Housing Forum yesterday called for urgent public debate on the Housing White Paper, saying crucial issues had not been adequately dealt with.

The forum expressed its overall satisfaction with the White Paper, but said certain issues had to be reconsidered, such as rental housing, special case housing, stabilising the housing environment and the prevention of market distortions.

The forum's comments were included in a formal submission on the White Paper. Housing Ministry spokesman Stephen Laufer said the submission was one of 22 received, with eight more expected before the deadline this evening.

The detailed nature of the submissions meant it would take a number of weeks before the White Paper was submitted to Parliament, but the Ministry would continue implementing structures such as the mortgage indemnity scheme, he said.

The forum said rental housing had been a subject of unresolved debate, which was evident in the lack of attention it received in the White Paper. A commitment to pur-

sue the issue had to be explicitly stated.

On special case housing, it said the section on hostels was superficial, while informal settlements, inner-city housing, rural housing and farm worker housing had not been identified in policy terms. Particular guidelines or programmes had to be developed for dealing with these cases.

Concern was expressed over the proposed policy of housing support, whereby government would provide financial assistance and advice on housing developments. The forum feared housing support could distort the market, and suggested the private sector be allowed to compete with the public sector, particularly in procuring building materials at affordable prices.

In a separate development, the forum said it would be restructured to focus on monitoring housing policy and lobbying government rather than playing a proactive role. The terms of reference of its joint technical committees would be transferred to the National Housing Board.



torate: Human Resource Development at the head office of the Department will monitor this process very closely.

- (iii) The National Economic Forum's Job Creation Projects are monitored by the project leaders of the Development Bank of Southern Africa as well as by the training advisers of the Department of Labour.
- (iv) The Department of Public Works has now been entrusted with job creation within the context of the public works programme.

I have gone to some length in answering this question, particularly to provide most of our people with an idea of the services available. They must go to these labour centres to gain access to these services. It seems as if, historically, speaking, most of these centres were used by the White component of our society. Now I would like to appeal to Black people to start using these centres as well.

**The PRESIDENT OF THE SENATE:** Order! Before I call on her to answer the next question, I would like to welcome the Minister of Housing, Minister Mthembu-Nkondo. I would like to congratulate her on assuming a very challenging and interesting portfolio.

*Handwritten:* Mthembu-Nkondo 28/2/95 (123)

**Informal settlements in the Republic: creation of formal housing**

\*7. Sen W F MNISI asked the Minister of Housing:

- (1) Whether her Department has made any assessment in respect of the number of people living in informal settlements in the Republic; if not, why not; if so, (a) what were the findings and (b) in respect of what date is this information furnished;
- (2) whether her Department has developed any plans to eliminate the need for informal settlements; if not, why not; if so, over what period is it anticipated that sufficient formal housing will be created

for all those who need it?

**The MINISTER OF HOUSING:**

- (1) The Department of Housing, did not make an assessment of the number of people living in informal settlements in the Republic in the last number of months.

However, information received from the various provincial administrations indicate that a total number of 6 947 958 persons resided in informal settlements on 31 December 1994. Unfortunately, it was not possible to obtain any figures from the North-West Provincial Administration and the above-mentioned figure therefore excludes the figures of that Province.

**Table:**

Northern Transvaal	270 000
Western Cape	247 604
Orange Free State	122 733
Northern Cape	18 080
Gauteng	2 542 573
KwaZulu-Natal	2 112 500
Eastern Cape	1 371 500
Eastern Transvaal	262 968
North-West	not available
<b>Total</b>	<b>6 947 958</b>

- (2) The White Paper on the new Housing Policy and Strategy for South Africa was published in the Government Gazette on 23 December 1994. The White Paper very clearly elucidates Government's plans for delivering housing to the poor and homeless for the foreseeable future. Eight so-called strategic thrusts are proposed in the White Paper as a holistic policy and strategy in order to resolve the critical housing shortage. The question and problem with regard to informal settlements is therefore not viewed in isolation, but rather as part of the overall housing shortage which will be addressed in a comprehensive and integrated manner. The upgrading of unacceptable informal

residential areas, to bring the standard of services, infrastructure and other community facilities in line with national norms and standards is therefore viewed as part and parcel of the overall housing policy and strategy.

In terms of the White Paper on Reconstruction and Development, Government has set a target for the country to provide one million homes within five years. This figure should be viewed against the fact that there is currently an estimated backlog of 1,5 million houses, while new family formation still increases year by year.

The availability of funds from the central fiscus in the coming years, the willingness of the private sector to enter the low cost housing market and the willingness of communities to fulfil their responsibilities will obviously play a determine role in the provision of housing in future, but Government believes that the policy and strategy proposed in the Housing White Paper will lead to wiping out the entire housing backlog within 10 to 15 years.

*Business interrupted in accordance with Rule 199(3) of the Standing Rules for the Senate.*

**Police persons on the beat: funds available**

\*8. Sen Dr R RABINOWITZ asked the Minister for Safety and Security:

Whether he intends making more funds available to increase the number of police persons on the beat in (a) Johannesburg, (b) Durban and (c) any other cities; if not, why not; if so, (i) when and (ii) what amount in each case?

S17E

**The MINISTER FOR SAFETY AND SECURITY:**

- (a), (b) and (c) No, due to insufficient funds. However, the SA Police Service is in the process of reprioritising funds and in order to alleviate this situation, the re-deployment of personnel to communities which are under-served, will be addressed.
- (i) Not applicable.
- (ii) Not applicable.

**SANDEF: murder in Impendle**

\*9. Sen P POWELL asked the Minister of Defence:

- (1) Whether any departmental action has been taken against members of the South African National Defence Force allegedly involved in the murder of the Inkatha Freedom Party Regional Secretary for Hlanganani, Thulani Ernest Ndlovu in Impendle on or about 26 November 1994; if not, why not; if so (a) what action and (b) what was the outcome of such action;
- (2) whether the SANDF has a policy relating to the continued employment of members found guilty of human rights abuses; if not, why not; if so, what measures are taken against members guilty of such abuses;
- (3) whether he will make a statement on Government policy in this regard? S18E

**The MINISTER OF DEFENCE:**

- (1) This matter is still *sub judice* and therefore no departmental action has been taken against members of the SA National Defence Force.
- (2) Yes. The continued service of any member found guilty of an offence, including human rights violations, comes under review. The nature and severity of the offence determines the future of the member.
- (3) The President, in his opening address to Parliament on Friday, 17 February 1995, made the Government's policy on corruption and misconduct in society abundantly clear. I can only reiterate the President's sentiments and give the hon. Senator my assurance that members who abuse human rights will be dealt with most severely.

**MK members dismissed: still on SANDF payroll**

\*10. Sen Dr G W KOORNHOF asked the Minister of Defence:

- (1) Whether any members of uMkhonto weSizwe who had been dismissed from the South African National Defence Force

# Banks warn of delay in funding housing

123 BD 11/3/95  
Reports by  
ROBYN CHALMERS

BANKS have signalled that they would stay out of the low cost mortgage market for as long as it takes to get a scheme in place guaranteeing the quality of the product.

That was the word from the Council of Southern African Banks (Cosab), in reaction to calls from members of the construction industry for mortgage lenders to extend credit before the builders' warranty mechanism was in place.

The mechanism has been delayed by two months as the construction industry has struggled to reach consensus on the scheme.

Cosab CE Piet Liebenberg said banking industry members held a highly productive meeting with Housing Minister Sankie Mthembu-Nkondo last week aimed at speeding up the housing delivery process.

Housing Ministry spokesman Stephen Laufer said one of the main issues addressed was the need for unity within the construction sector in order to get the mechanism off the ground.

Association of Mortgage Lenders negotiating team member Jopie van Honschooten said it would be irresponsible for the banking community to begin lending into the low cost housing market until the mechanism was in place, as the protection of consumers was at stake.

"It is vital that the warranty mechanism be seen as a scheme which will protect the consumer should they acquire a defective product," he said.

Van Honschooten said defects in newly constructed houses had, over the past few years, caused major problems for consumers and resulted in the implementation of bond repayment boycotts in certain instances.

He said there were two areas of risk which the banks could not manage — political and product risk.

The indemnity scheme would cover political risk in the event that the bank was prevented from following the due process of law in realising its security while the warranty mechanism would take care of product risk.

Liebenberg said that while mortgage lenders had agreed last year with government to finance 50 000 home loans worth R2bn over a year, it was on condition that the indemnity scheme and warranty mechanism were in place.

"We do not consider that we are falling behind in our obligation to finance the home loans, as the clock will start ticking only once the two schemes are implemented," he said.

# Public invited to play role in housing policy

THE National Housing Forum has invited the public to participate more fully in formulating housing policy following the announcement this week that the forum would be restructured.

Many of the forum's functions will be taken over by the National Housing Board, whose duties will include formulating policy proposals as well as advising the Housing Ministry on policy.

A document outlining the functions of the restructured forum said its overall emphasis would be on monitoring housing policy developments and facilitating the public's ability to respond and lobby its points of view.

The forum's role would encompass three areas — lobbying government on policy, communication and capacity building, policy monitoring and focused responses.

On capacity building, the document said it would help members, their constituencies and the broader public to participate in the housing process by communicating information on recent events.

This would be done through workshops and briefings, newsletters and articles, as well as by developing the capacity of individuals and organisations to operate in the housing policy-making environment.

"The aim of the communication and participation function is to increase the ability of individuals, communities and organisa-

tions to achieve their objectives by being skilled and able to obtain information, manage resources, negotiate and communicate effectively," it said.

The forum would continue to have 19 members, but would pursue "emerging stakeholders" to ascertain to what extent they could become involved in the forum.

"In keeping with the forum's support for civil society's participation in the National Housing Board, the forum will organise meetings for consumers and suppliers on request," it said.

Referring to its role in relation to the National Housing Board, the document said the forum would be responsible for establishing the basis of representation for housing suppliers and consumers on the board, while the Housing Department would establish the basis of representation for housing regulators.

Operating structures would decrease significantly and the joint technical committee's terms of reference would be transferred to the board, while the chairman's teams would be disbanded.

The co-ordinating committee would, however, continue to exist.

There would be meetings two or three times a year, and on an ad hoc basis if necessary. In addition, the plenary group would remain, and ad hoc committees would be established.

## R10m for first phase of Masakhane campaign

(123)

ROBYN CHALMERS

BD 1/3/95

GOVERNMENT has budgeted R10m for the first six months of its nationwide advertising strategy to promote the Masakhane campaign, Housing Ministry spokesman Stephen Laufer said yesterday.

However, Laufer said the campaign could run for up to 18 months in a bid to create a culture of payment for rents, bonds and services among township residents.

Government did not believe that a culture of payment would be engendered in SA within six months, and it would soon start strategising to implement the campaign for a further six months.

Laufer said revenue losses as a result of non-payment amounted to more than R5,5bn and could endanger the reconstruction and development programme.

Government believed a hard-hitting campaign extending to grassroots levels was necessary. It was particularly important "as there are no existing local authorities in the townships to mobilise the campaign".

Government's communication campaign aimed to engender and strengthen a spirit of individual responsibility towards the community and the nation.

## '250 000' in informal W Cape settlements'

Political Correspondent

THERE are nearly a quarter of a million people living in informal settlements in the Western Cape, out of a national total of 6,9 million.

Housing Minister Sankie Nkondo disclosed this in the senate yesterday in reply to questions by William Mnisi (DP).

There were 2,1 million people in informal settlements in Kwazulu-Natal and 2,5 million in Gauteng.

Upgrading of unacceptable informal settlements was part of overall housing policy, she said.

The national backlog of housing was 1,5 million.

Factors influencing the success of meeting housing needs included the availability of funds from central government and the willingness of communities to fulfil responsibilities to pay for services.

Meanwhile, Labour Minister Tito Mboweni has disclosed official unemployment figures. About 29 percent, or 3,6 million South Africans, were jobless, he told the senate.

Of these, 37 percent or three million were African, 23,4 percent coloured, 16,3 percent Asian and 8,4 percent white.

Half of the unemployed were younger than 30, and 98 percent had no post-school qualifications.

About 400 000 pupils left school at the end of 1994.

Only three-to-four percent would be accommodated in the formal sector.

# Low-cost housing: Call for private sector

(123)

By MAGGIE ROWLEY  
Property Editor

THE private sector needs to actively support initiatives to create an alternative loan finance structure for affordable housing, which will at the same time provide a real rate of return to funding institutions.

So says Bart Dorrestein, deputy chairman and MD of Stocks & Stocks, in an interview following an address to the Cape branch of the Master Builders' and Allied Trades

Association in Cape Town yesterday. He said as things currently stand, particularly in view of the planned Builders' Defects Warranty Scheme, existing financial institutions would only be able to reach between 20% to 30% of the market.

The balance of between 70% and 80% would be restricted to utilising subsidies under the current format, which would enable them to acquire a serviced site with maybe a little left over for a top structure. "There would not be sufficient funds to

build more than a shack and we believe this will not only exacerbate the massive unemployment situation, but also the prevailing sociological problems of violence and the destruction of family life, which should be the cornerstone of society."

What was required was an alternative finance structure or mechanism whereby the poorest of the poor could access finance for housing structures at an "attractive interest rate below the prevailing bond rate". The Minister of Housing, Sankie Mthebi-

Nkondo, he said, had alluded to such a finance structure under the proposed National Housing Finance Corporation.

"We believe such a mechanism can be created and that by the private sector taking a proactive role in this regard, it can avoid a possible implementation by the government of a prescribed asset requirement latter down the line."

However, any alternative finance structure would have to be based on the clear premise that the life office, pension fund

and banking structure of the country was "never put at risk".

Dorrestein said that private sector companies embarking on mass housing projects should be prepared to commit a percentage of their turnover to these projects, to assist in creating employment opportunities adjacent to the new communities.

"The mass creation of housing will have a ripple effect in creating demand for products in allied and other industries such as

furniture and other household consumables.

"We are not talking about handouts, but rather the creation of large industrial concerns on a joint venture basis, with new communities provided with gainful employment adjacent to the residential areas and to provide a real return on this investment. This will not only eradicate the 'dead' costs of transport for these communities, but through the joint ventures will promote employment with productivity incentives."

involvement

CT 2/3/95

## 7m living in shacks

ET 2/3/95

THE government estimates that almost seven million people are living in informal settlements.

Housing Minister Ms Sankie Nkondo said in response to a Senate question that the official estimate of 6 947 958 people in shack settlements was based on provincial figures (123)

The figures exclude the North West Province, for which figures were unavailable, she said — Reuter

# From boycott leader to boycott buster

(123) WM 3-9/3/95

An activist who campaigned for rent boycotts during the apartheid years now uses the same tactics to persuade people to pay for services, reports **Gaye Davis**

**A**s a young activist, Chris Ngcobo used to go door to door persuading Soweto residents to boycott rent and service payments. That was in the late 1980s, when the name of the game was to make the townships ungovernable.

In a classic new-South African paradigm, Ngcobo, now 33, is responsible for inducing people to start paying. As manager of the government's most ambitious project yet — the Masakhane (Let us Build Together) Campaign — he'll be dealing with the self-same street committees he helped set up to enforce the boycott which saw the collapse of black local authorities.

"When they offered me the job I laughed," he said. "It took a lot of persuasion."

"But I believe in the new government and believe I have a duty to ensure people play their part. I'm quite good at persuading people. When I give the message to people I'm honest. I say there hasn't been enough delivery, but there are signs at least of a commitment on the part of government, and we've never had that before."

One of 15 children, Ngcobo grew



On the 'cough up' trail: Chris Ngcobo now persuades people to pay their rent

up in a three-roomed Soweto house, becoming active in the civic at 16. He jokes how the last time he was anywhere near parliament it was as an Azanian Students' Organisation leader, with his "shoulder against the gate" during a protest. He went on to graduate from Wits University with a BA in African politics and industrial sociology, and was outreach manager at the Urban Foundation's

urban strategy and policy unit. His brief — like the campaign itself — is much broader than simply urging people to cough up. Launched by President Nelson Mandela at the Marconi Beam squatter settlement near Milnerton last Saturday, the campaign has to do with changing not only the mindset of defaulters, but also of local authorities.

A multi-pronged initiative involving purpose-built speakers' platforms,

Ngcobo will be hitting the campaign trail in April on the wave of a R10-million media blitz, including a series of TV adverts starring Archbishop Desmond Tutu.

He'll be liaising with community organisations, burial societies, street committees and women's and church groups, helping to plug the communication gap the government concedes exists between itself and residents and unblocking problems affecting delivery.

"The tactics we used to destroy apartheid are the tactics we should use again," said Ngcobo. "There's a feeling among both black and white people that Big Brother in Pretoria will come and help them. That time is over."

"My friends ask me why they should start paying when the sewage still runs in their streets. I say to them this government is committed to helping people but needs their support if it is to be able to lay new sewerage pipes capable of dealing with the numbers."

"They say they've heard about the things government is doing, but see no change around them. I make them a promise — I say, you know I can't do it from those days, you know I can't make things work."

"But we also need to ensure that streets are actually cleaned when someone is paid to do it. The campaign needs to be directed at government officials. In some areas, it's not a question of needing more funds, but of making better use of those

■ TO PAGE 8

P.T.O.



*Local authorities told to jack up billing systems*

# Citizens urged to pay up

■ BY PAULA FRAY

The Masakhane campaign — calling on South Africans to pay for what they use — would not be successful unless local authorities were effective, says Institute for Local Governance and Development executive director Andrew Boraine.

Boraine was speaking to The Star during a telephone interview on the role of local authorities in Campaign Masakhane.

## Responsibility

Masakhane — Nguni for "let us build each other" — was launched this weekend by President Nelson Mandela who urged communities to invest in their futures.

"We all have a responsibility

## CAMPAIGN Masakhane will not work unless local authorities become more effective.

to pay for what we use," said Mandela.

However, Boraine noted that before people could be called on to pay, local authorities had to address their systems of payment.

This included sending out accurate accounts from up-to-date municipal records. It would, he said, demand a proper billing system — something which a large number of former black local authorities did not have.

In areas where meters had broken down, authorities would have to ensure a flat rate was legally promulgated.

Once bills were sent out, their delivery had to be ensured, he added, and then there had to be a well-thought-out follow-up and default procedure to deal with people who continued not to pay.

"It is my view that if the local governments are not the backbone of the campaign, it will be a failure," said Boraine.

Their second role, he added, would be to ensure that there were visible improvements in services by restoring existing services which had broken down, and then upgrading and extending these services to in-

formal settlements.

Boraine said this would need money and a shifting of existing resources to the areas which needed them most.

"Improving the standards of maintenance is the short-term goal. The long-term goal is to equalise services," said Boraine.

Politicians could call on people to pay, he said, but only local authorities could provide the correct conditions for payments.

## Preparations

"Campaign Masakhane cannot succeed unless local authorities are effective. This, and preparations for the local government elections, are the only things they should be talking about," Boraine added.

(123) STAR 3/3/95

## HOUSING

# The thin end of the wedge

(123) FM 3/3/95

**Randburg** is leading the way in providing socio-economically integrated housing. But a proposal to introduce high-density housing units into the suburb of Olivedale could undermine its efforts and rock the foundations of SA's residential property market.

At the heart of the issue is a developer's proposal to provide "affordable" housing units in the form of three-storey flatlets which will sell at about R100 000 in an area where most houses fetch from R200 000 upwards. Olivedale residents fear, with some justification, the introduction of high-density living to their suburb will lower the value of their properties and create the potential for slums to develop.

Officials admit there's not much residents can do to block the proposal as developers appear to be taking advantage of confusion in local government and the pressing need to make up the backlog in housing to steamroller housing initiatives through.

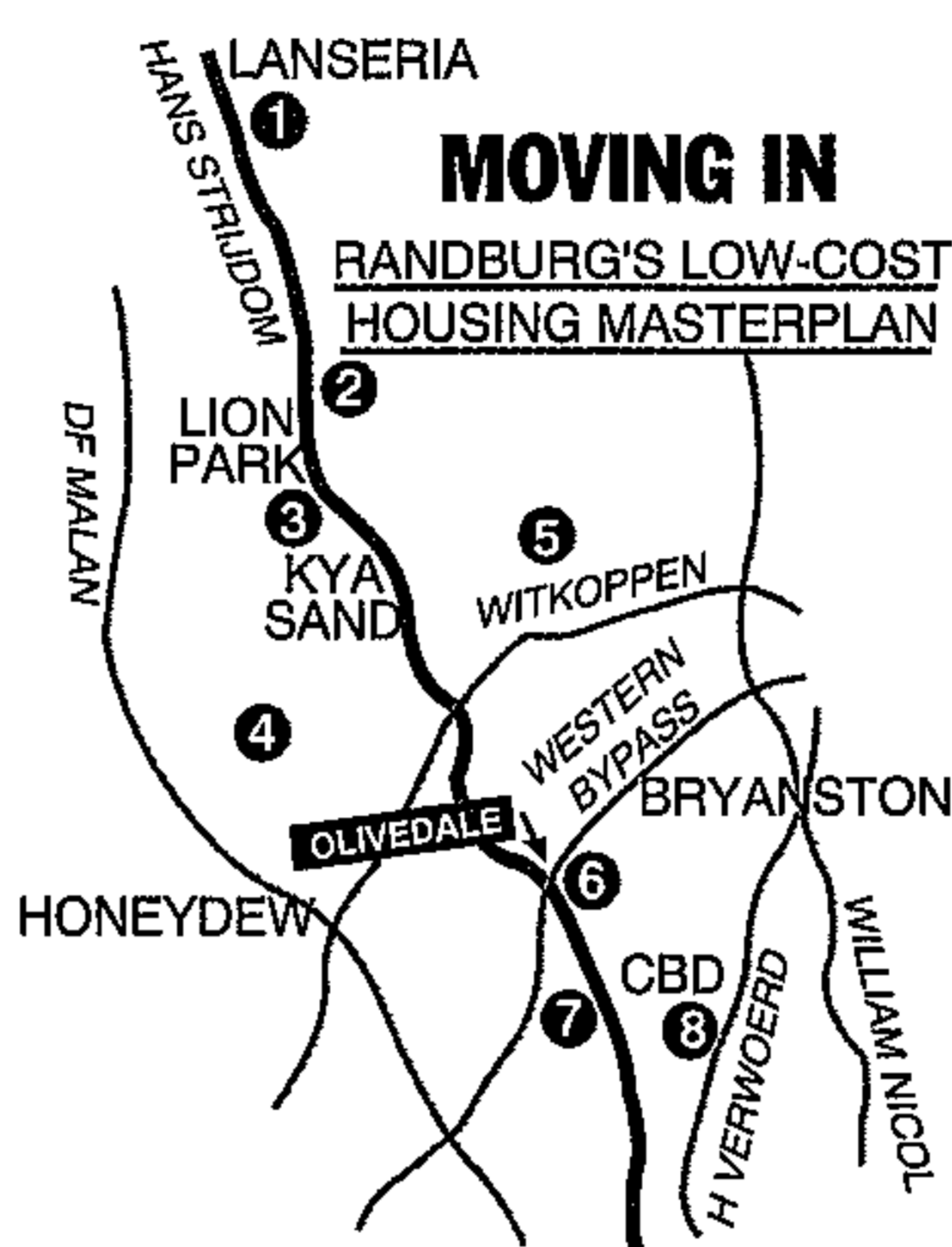
There is a perception that the new super local authority, the Transitional Metropolitan Council (TMC), is in the position to bend the will of individual local authorities and ratepayers to its own dictates. This has implications for planning decisions which affect residential areas countrywide.

The privately-owned Olivedale plot, on which the high-density housing development is planned, was initially erroneously included on a list of eight sites in the Randburg area identified for low-cost housing (see map). The sites are: 1. parts of Lindley Farm north of Lanseria; 2. Nietgedacht, opposite the Lion Park; 3. Cosmo City, opposite Kya Sand; 4. Van Zyl Sand property; 5. Bloubosrand Extension One; 6. Velskoen Drive-In; 7. Mintek land; and 8. parts of the CBD (northern Ferndale).

Town planner Marius van der Merwe, who acts for the landowner, Adampol Pty, seized on the erroneous inclusion to apply for permission to raise the density of the proposed development.

Olivedale residents have generally welcomed the orderly introduction of low-cost housing and many have been involved in the committees which helped develop the strategic planning process. The proposal would probably not have generated such heated reaction had it not threatened to drive a wedge of high-density housing units through an upper middle class suburb.

Having made the application Van der Merwe doesn't feel obliged to placate residents angered by his proposals. Randburg assistant chief town planner Mike Kirby says: "The feedback from the TMC is that it favours any kind of low-cost housing. Another developer has told Van der Merwe to ignore the residents as the TMC is bound



to approve his proposal."

Urban Dynamics town planner Peter Vorster hints at government support for the proposal: "There are RDP housing subsidies available," he says.

State support for the Olivedale scheme could have repercussions for both the State and the developer if residents sue for compensation for the depreciation in their property values. Randburg Planning Forum chairman Ian Rose-Innes says provided a claim for compensation is lodged within six months, there is a good chance of it being awarded in cases where developments devalue neighbouring properties. The interim constitution apparently provides for compensation in cases where bureaucratic decisions affect property values.

A property economist who consults for the Gauteng administration and does not want to be named says building low-cost houses in existing middle class suburbs "must depreciate the value of the surrounding dwellings." He adds: "If this happens nationally, everyone will be in the same boat. There will be an initial shock or drop in prices before the market stabilises."

The Olivedale site almost borders the prestigious Bryanston Ext Three suburb to the east. It threatens the lifestyle of people in adjoining areas. Says Ward 13 Ratepayers' Association representative Ruth Fleming: "We are not against affordable housing. We don't want another black township with a taxi rank and informal traders in the middle of our suburb. Black residents are with us as that is what they escaped from."

Van der Merwe says he wants to build three- to four-storey blocks of 1 000 one- and two-bedroomed units priced from

R110 000 in a parklike setting with a medieval theme. The plan will allow for taxi ranks and a small shopping and informal market area.

The application is for rezoning from 20 to 40 units a hectare. Kirby says that with the requested 0,6 floor area ratio, more than 2 000 units of 70 m<sup>2</sup> can be built. Van der Merwe first considered units of about R80 000. Fleming says the last residents' meeting at Olivedale Library heard the intended range was R100 000-R300 000.

KJA National Projects is building clusters next door to sell at R220 000-R395 000. ■

## HOUSING WHITE PAPER

**Adding the detail**

**Responses from** at least two important quarters only narrowly made the Tuesday deadline set by the Department of Housing for comment on the Housing White Paper.

While generally supportive of the paper, both the National Housing Forum (NHF) and the SA Property Owners' Association (Sapoa) have called for the expansion of a number of principles and the reformulation of others.

Both criticise the White Paper, released in December (see *Property*, December 16), for its lack of attention to rental housing, which NHF joint chairmen Matthew Nell and Ishmael Mkhabela say reflects the unresolved debate surrounding the issue.

But like special case housing — such as hostels, informal settlements and rural,

**MOMENTOUS SALE**

**Transnet Pension Fund** has bought the Momentum East & South Towers in Pretoria from the Absa Pension Fund for R40,5m. Laetitia Steynberg of brokers Herbert Penny says the selling terms include a six-year headlease from the seller at a 10,6% yield. The Momentum block is "substantially let." Tenants include Absa, the Society of Advocates, ICL and Price Forbes.

Absa Bank Properties GM Mike Joubert says the sale is part of an ongoing review of buildings in the Absa Pension and Life Fund property portfolio.

The Absa Pension Fund portfolio is valued at about R300m. The Absa Bank Properties portfolio, which is entirely separate, is now valued at R954m.

RENT BOYCOTT

(123)  
FM 3/3/95  
**Whistling in the wind**

The Government of National Unity will spend R10m on a publicity campaign over the next six months in an effort to prove that carrots rather than sticks are the best way to restore civil obedience and the rule of law in the townships.

The Masakhane initiative, launched at the weekend by President Nelson Mandela, is partly an attempt to "restore legitimacy and dignity to local structures."

But its real aim is far more challenging. To succeed, Masakhane (an Nguni word meaning let us build each other) must reverse the ANC's strategy during the apartheid years of making black townships ungovernable, mainly through a reign of terror by street committees dominated by radical young comrades.

Masakhane must convince millions of township dwellers whose disposable income has been boosted in recent years by boycotting rent and service payments, that civil society demands that they start paying their way even if it means forfeiting a new TV or lounge suite.

It must convince them that police are their servants and not their enemy, and that the townships are their homes that must be upgraded and cared for, and not ghetto prisons from which they can escape in the wake of majority rule.

The campaign's underlying premise is that people will respond better to sweet talk and promises of a better life than to threats of tough action if they don't co-operate.

But the soft approach will take time and, with local authority elections only seven months away, cynics could argue that gov-

## CURRENT AFFAIRS

ernment is whistling in the wind.

But according to Constitutional Affairs Deputy Minister Mohammed Valli Moosa, political head of Masakhane, payment of rents and service charges increased from an historically low average of 19% of township residents in May last year to 33% in December, arrears accumulated after the scrapping of all outstanding rent and service debts in January 1994 totalled R810m by the end of the year. They will not be written off, says Moosa, but recovered in some unspecified way.

However, threats, deadlines and force are not on the cards at this stage. The ideal is rather to build a co-operative effort at community level. Government hopes the campaign will be bolstered by drafting in former Soweto street committee leader Chris Ngcobo as campaign manager, and Anglican Archbishop Desmond Tutu as the spokesman for the publicity effort.

There's no doubt that Masakhane is an important initiative. Moosa points out that if the level of nonpayment of rents and service charges does not decrease rapidly, key government strategies in, for example, housing, will be severely threatened.

He says last year's debt write-off and call

taken at some stage against defaulters who persist in nonpayments, once there has been a significant reversal of the current pattern on nonpayment.

He concedes that the campaign will not be easy to implement. "It's one thing to tell people not to pay rents and service charges, but another to try to get them to part with their money." Moosa says Masakhane cannot be expected to produce results "in a month or two" and will need a positive approach by all concerned, including the media, if it is to succeed.

At a media briefing last week he appealed for a "sense of patriotism" to assist in the campaign's success.

Ngcobo says the tactics used in the townships to destroy apartheid must now be used to restore confidence. ■



**Valli Moosa . . . spearheading government's appeal for a new patriotism**

for the resumption of payments had limited success because it failed to identify the real reasons for the nonpayment. Masakhane, on the other hand, will take all the elements into consideration and will stress the need to upgrade and extend services in the townships so that residents feel they have something worth paying for.

The campaign will also aim to educate people on the advantages of payment to them as individuals and as a community. Moosa says government is deliberately not considering evictions or service suspensions at this stage simply because such strategies have been shown to be unsuccessful. However, action will have to be

*Multilingual archbishop in ad campaign to boost services payment*

# Tutu boosts 'Masakhane' effort

■ BY MICHAEL SPARKS

The familiar, striking purple robe stands out against Cape Town's blue sea, sky and the mountain.

Then TV viewers hear Archbishop Desmond Tutu, speaking impeccably in Afrikaans, encouraging people to join the Government's Masakhane campaign.

There is some irony in Tutu's patriotic call filling the living rooms of millions of white viewers, some of whom previously regarded him as a dangerous enemy of the apartheid state.

He is one of several public figures who will appear in a TV advertising campaign designed to get South Africans to pay for services.

What came as a surprise to many was his excellent use of Afrikaans. Yet this linguist is at home in several other languages, and he will also be heard in English, South Sotho and Zulu in other versions of the TV advert.

According to Tutu's spokesman John Allen, the archbishop learnt his Afrikaans in the western Transvaal. He was born in Klerksdorp and also spent some of his formative years in Ventersdorp, where his father was a teacher.

Allen said Tutu is fluent in at least six of the country's official languages, including Tswana and Xhosa.

This multilingual ability led to the language adviser to the advertising agency teasing Tutu for his pronunciation of "mama", saying he was pronouncing it the Xhosa way during the Zulu advert.



**Contemplating the future . . . Archbishop Desmond Tutu seen on Robben Island during filming for the advertisements to boost the Masakhane campaign to encourage payment for services.**

SHOW 6/3/95

123

Allen said Tutu's language ability made a huge difference during his crisis ministry in strife-torn townships, where he could speak fluently to all sides.

Tutu filmed the advert on Robben Island and he is shown wandering on the shores of the island, discussing the history of the island, which was designed by Sir Herbert Baker.

The campaign was devised by a leading advertising agency in support of the upliftment programme launched by President Mandela.

Masakhane is an Nguni word meaning "let us build each other".

Other figures who will feature

in the campaign include Moses Mayekiso, who played a significant role in the call for the services boycott in the 1980s. Mayekiso, former head of the SA National Civic Organisation and the National Union of Metalworkers of South Africa, is now a member of Parliament.

NEWS 'Resist interference' in provincial affairs • Gift for the president

# 'Govt can't afford free housing'

Sowetan 7/3/95 (123)

**P**ROSPERIVE HOMEOWNERS will have to pay for low-cost houses because the Government cannot afford free housing, according to National Housing Forum co-chairman Mr Eric Molobi.

Molobi was addressing the Press in Johannesburg yesterday on the first day of a two-day seminar on housing and urban development organised by the French Embassy and the Paris-based Agency for Technical, Industrial and

## ■ INNOVATIVE PLAN Possibility

### of increasing subsidies discussed:

Economic Cooperation.

Together with French delegates, including deputy Social Housing Minister Evelyne Ratte, Molobi emphasised the necessity of a partnership between the private and public sectors.

They said it was also important to

look at housing within the context of creating jobs for people to afford those houses. "The State can't provide free housing," Molobi said. "The promise of free housing is an impossible one." Ratte and two directors from the French ministry of Public Works, Transportation

and Tourism said they were willing to offer expertise and their own experience of the private and public sector relationship.

Molobi said local insurance companies, through the Industrial Development Unit, would help the Government-initiated National Housing Finance Corporation, a body established to provide financial assistance.

The NHFC and Government, he added, were presently discussing the possibility of increasing housing subsidi-

ties from R12 500 to R15 000. Molobi said the renting of units to tenants earning below R1 500 a month was important.

But the "African mindset" was problematic because many blacks preferred houses to flats. On the buying of houses, Molobi said an innovative scheme was to have tenants attaining ownership of houses over time.

The seminar in Johannesburg ends today and will be held in Cape Town on Thursday and Friday. — Sapa.

# Mandela

# France to give tips on housing

(123) SAN 7/3/95

## ■ STAFF REPORTER

France's Deputy Minister for Social Housing, Evelyn Ratte, is in South Africa with a team of development experts to swap strategies on public housing, urban servicing and land development.

This week a range of French and South African groups will examine the French government's approach to urban development.

Ratte made it clear that her government did not intend "to open a line of credit for housing" to South Africa, largely because it regarded housing as an intensely political matter to be resolved domestically.

She said official co-operation would remain at the level of sharing expertise and providing training opportunities. But non-governmental French institutions might

well become involved in financial agreements on housing, she added.

National Housing Forum co-chairman Eric Molobi said the question of state-owned rental accommodation would be discussed.

He said an innovative scheme which rented homes to the lowest income groups, allowing for conversion to ownership later, was also being examined by the forum.

## Housing delivery could be delayed

ROBYN CHALMERS

AN INTERIM scheme to replace the builders' warranty mechanism is unlikely to evolve before the end of this month.

Sources said the mechanism's steering committee, which met last night, had agreed to discuss the interim scheme in the nine provinces this month. The amount of consultation required could further delay the mass delivery envisaged in government's low-cost housing programme.

The Housing Ministry and construction industry last week presented the interim scheme to banks in a bid to kickstart the housing programme. (123)

The committee decided not to divulge details of the interim scheme as it was likely to change during the course of this month. However, one source said the scheme would run along the same lines as the warranty mechanism, but would focus more closely on the practicalities of implementation. All stakeholders were committed to finding a workable solution to the deadlock on the mechanism. BD7B/AS

The mass housing programme would remain stalled without an agreement on the mechanism or an interim replacement as banks would not extend credit to low-income earners without it.

In accordance with an agreement forged last year between mortgage lenders and government, the state also has to implement a mortgage indemnity scheme to protect banks in the event of a breakdown of law and order resulting in defaults.

# France to help SA with low-cost housing plans

(123) BD 7/3/95  
THE French government has sent a high level delegation led by Deputy Housing Minister Evelyne Ratte to assist the low-cost housing programme.

Ratte said yesterday while the French government did not envisage opening a credit line to SA, it was considering setting up training schemes.

She said it was imperative the private sector became integrally involved in the funding of the housing programme and an effective method of mobilising such funding was essential.

Housing Forum chairman Eric Molobi said a number of principles embodied in the national housing finance corporation were garnered on a visit to France last year.

He said the corporation should be set up by the middle of this year, and although it would be capitalised by the state, it would play an important role in mobilising private sector finance.

However, he said the builders warranty mechanism and mortgage indemnity scheme had to be in place before mass funding from financial institutions was forthcoming.

Molobi said another issue under negotiation was government's approach to the provision of rental accommodation.

In its formal submission on the White

ROBYN CHALMERS

paper submitted last week, the forum criticised the lack of attention government had given to the rental housing issue.

"Irrespective of its confusing nature, this matter must be addressed with urgency if the range of housing options is to be available to South Africans," it said.

Ratte said an important component of France's housing programme was Habitations à Loyers Modérés (HLM) or a low rental housing scheme. HLM was the principal manager of social housing with 1 000 organisations of which 250 were public agencies subordinated to local authorities and 360 were limited liability joint stock companies.

France had a relative balance between home owners and tenants, with 54% of the total population owning homes and the remainder renting from social housing schemes and the private sector.

A number of symposiums, organised by the National Housing Forum and the French Embassy's commercial forum, have been organised in Johannesburg and Cape Town. The symposiums kicked off yesterday, focusing on French expertise in the field of urban development and addressing the topics of urban planning, housing and urban facilities.



# Housing to get a bigger slice

CT 7/3/95

123

BY MAGGIE ROWLEY

A GREATER slice of the national budget is expected to be announced for housing on March 15, says Housing Minister Ms Sankie Mthembu-Nkondo.

The Housing Ministry has been pushing for the housing allocation to be increased to five percent of national budget over the next five years, and Ms Nkondo expects the first move in this direction to be announced on Budget day.

"The government is sympathetic to our needs and we are confident there will be a response to our appeal. There is no way we can begin to accomplish what we have to on a R1,4 billion allocation."

While only 878 houses had been built by the department in the past year, the entire housing budget, as well as roll-over funds from the previous year, had been allocated to projects at provincial and local authority level.

"Expectations are high and we cannot afford any further delays. We have a target of a million houses to build in only a few years and we dare not be held up by exaggerated anxieties. Technical committees, including the banks, are sitting now and we are hoping agreement can be reached by all stakeholders very shortly."

An issue of great importance, she said, was ensuring a lid was kept on building prices so that spiralling costs did not derail the housing initiative.

While there had been a commitment at the Botshabelo Housing Summit from industry, there were indications that building prices were already moving up.

"We will attempt to do this through negotiations with the construction and building materials supply industry. If negotiations prove unsuccessful we will have to look at other measures, possibly legislation but that takes a long

time. It all depends on the response we get."

Ms Nkondo said government was aware that a large proportion of building costs comprised the labour component and that the shortage of skilled labour could contribute to upward pressure on prices.

"We need to ensure there is adequate training particularly for newcomers to the industry so that they can become skilled and empowered. We need to set up institutions that cater for these needs and this is being addressed at central government level.

"Training is essential if we are to achieve our objective of creating a unified building sector and to move beyond the problems we are currently experiencing."

Ms Nkondo said they were working hard on the Builders Defects Warranty Scheme and National Housing Finance Corporation.

**TUESDAY**  
MARCH 7, 1995 ★

**BRIEFS**

**Homes must be paid for – gov't (123)**

JOHANNESBURG: The government cannot afford to supply free housing and prospective owners will have to pay for low-cost houses, National Housing Forum co-chairman Mr Eric Molobi said here yesterday at a seminar on housing and urban development organised by the French embassy.

Mr Molobi and French delegates emphasised the need for a partnership between the private and public sectors.

It was also important to look at housing within the context of creating jobs for people to afford homes, Mr Molobi said. — Sapa

CT 7/3/95

# Banks ready for housing scheme

THE banking industry is to appoint a top-level banking executive to drive the accord reached last year with the Housing Ministry to build 50 000 low-cost homes at a cost of R2bn.

Council of Southern African Bankers (Cosab) CE Piet Liebenberg said negotiations with the executive were still under way and he could not be named. But he expected the appointment to be announced within weeks.

Liebenberg said the banks had fulfilled all the requirements stipulated in the accord, and were now geared to implement it as soon as the other participants were in a position to meet their undertakings.

The accord could fuel the economy and create thousands of jobs, he said. It was essential to implement it as soon as possible.

The mortgage indemnity scheme, a cushion created by government should banks be unable to dispose of property due to a breakdown of law and order in a particular area, was being established.

The major obstacle to implemen-

ROBYN CHALMERS

tation was the builders' warranty mechanism. Mortgage lenders would meet this week to discuss an interim scheme put forward by the construction industry and government.

He said banks were burdened with up to 16 000 repossessed properties, and bond boycotts had cost the industry millions of rands, making it crucial for the mechanism to be in place before credit was extended to low-income earners.

He did not expect mass housing delivery to begin much before next year, but said construction would start by the middle of this year.

In terms of the accord, mortgage lenders will extend credit only to people earning at least R1 500 a month, which is about 30% of the population.

Liebenberg said providing homes for the remaining 70% was the function of government and SA as a whole, and responsibility could not be placed on one business sector.

He credited government with mak-

ing headway in creating a culture of bond repayments through its Masakhane campaign and repeated statements by President Nelson Mandela and other leaders. (123)

Cosab communications GM Martin Milburn-Pyle said a code of conduct for mortgage lenders, stipulated in the accord, had been agreed on.

A service company, Servcon, to assist and educate consumers with home ownership would be registered within a week and banks had agreed to submit data on lending patterns to Cosab once the accord was formally in place. B09/3/95

Milburn-Pyle said banks were geared up to implement a savings scheme linked to the credit assessment process after the implementation of the accord.

The scheme stipulated that mortgage loan applicants had to have a savings record of at least nine months, but he said banks were flexible and would take factors such as rent payments and employment records into account.

# State set to spend more on housing

CT(BE)

(123)

By MAGGIE ROWLEY

CAPE PROPERTY EDITOR

Housing is expected to gain a bigger slice of state financing when the national Budget is announced on March 15, says Housing Minister Sankie Mthembu-Nkondo.

The housing ministry has been pushing for its allocation to be increased to 5 percent of the national budget over the next five years, and Mthembu-Nkondo expects the Budget to contain the first move in this direction.

"The government is sympathetic to our needs, and we are confident that there will be a response to our appeal. There is no way in which we can begin to accomplish what we have to on an allocation of R1,4 billion."

She said that while the department had built only 878 houses in the past year, the entire housing budget as well as roll-over funds from the previous year had been allocated to projects at provincial and local level.

"And we are hoping that all the

structures will be in place within a few weeks, so that they can begin the delivery process immediately.

"Expectations are high, and we cannot afford any further delays. We have to build a million houses in only a few years, and we dare not be held up by exaggerated anxieties. Technical committees are sitting, and we hope stakeholders can reach agreement very shortly."

It was very important to ensure that a lid was kept on building prices so that spiralling costs did not derail the housing initiative.

# Mortgages could threaten banks

A TREND towards increased mortgage lending by SA banks — mortgage finance grew 18,5% to R17,3bn in the year to December — could threaten the industry's profitability and increase its risk exposure, the Reserve Bank's bank supervision department warned in its annual report.

Banks Registrar Christo Wiese said the banking sector, whose average after-tax return on assets fell from 1% to 0,9% in 1994, could take a knock from the low yields produced by providing home loans.

"Since mortgage loans traditionally earn a lower yield than other products, these loans could negatively effect the profitability of the sector."

Low mortgage yields could, however, be offset by the greater potential for bad debts recovered when the security was realised, and increased income from the cross-selling of products, he said. *BD 10/3/95*

Wiese said he was also concerned about the overdues on mortgage loans, which soared to 46% in the year to December, while specific bad debt provisions for mortgages had grown a marginal 0,8% during the same period.

While the surge in overdues could be attributed in part to technical reasons, an increase in interest rates had

SAMANTHA SHARPE

been expected by banks in 1994.

"In the light thereof, it is of some concern that specific provisions have not increased in line with the increase in overdues," he said.

Wiese warned the large percentage of the major banks' assets made up by mortgage loans — about 32% — was far from ideal in an environment of rising interest rates.

A strong mortgage loan presence in the banks' assets would make it difficult for them to take advantage of changes in interest rates, which usually forced banks to restructure their books, he said.

"Although banks could restructure their books by using instruments such as swaps, the cost thereof might not warrant the benefit, or the market might not have the depth to enable effective restructuring."

He said mortgage finance was not the only source of credit risk threatening the local banking industry.

The number of large exposures granted to banks had risen 19,7% to 110% of capital and reserves.

"The guidelines of the European Economic Community recommended that those large exposures granted that exceed 15% of capital should not exceed, in total, 800% of capital and reserves," Wiese warned.

---

## 'Services can be contracted out'

**MUNICIPAL REPORTER**

CT 10/3/95

(123)

SOUTH AFRICAN municipalities could contract out service provision while retaining ownership of assets and determining tariffs, representatives of French multi-nationals said yesterday.

According to Mr J C Ambert, Southern Africa director of Lyonnaise des Eaux, there were a range of options between totally public ownership and operation, and complete privatisation.

---

# SA will not go cap in hand - Naidoo

Star 10/3/95

The Government, says Minister without Portfolio Jay Naidoo, is taking a "hopeful picture" to the summit.

Its report indeed spells out in heartbreaking detail the grim picture of poverty inherited by the democratic Government — but the Government also details its goals to eradicate poverty within a defined timetable.

The Government says its report "is an indication to the world and to the people of South Africa of the Government's commitment to move beyond apartheid and social integration to people-centred, people-driven, sustainable human development".

Naidoo points out that South Africa is part of the developing world, and as such is not ask-

**FOR the first time, statistics — now also incorporating the former homelands — reveal the extent and distribution of South Africans' poverty. Political Correspondent Esther Waugh looks at the Government's report to the United Nations Social Development Summit taking place in Copenhagen**

ing for charity. Instead, it wants "coherent and co-ordinated" development.

"Given world history, it is clear that the industrialised nations have an obligation to those which are still developing. However, the developing nations cannot simply sit back and expect to be helped," the report states.

This is a principle South Africa has realised, with the

Reconstruction and Development Programme being an attempt "to pull ourselves up by our own bootstraps".

Spelling out its vision of social development, the Government says a commitment is required from recipient countries "to democracy, open and transparent government, an end to corruption and nepotism, on-budget funding of all ongoing maintenance, major

investment in human resource development, improved efficiency, proper financial systems and avoidance of show-piece projects".

But, South Africa will, on the other hand, caution industrialised countries at the summit not to pressure recipient countries for high cost capital projects or arms purchases.

They should rather ensure skill and technology transfers in all projects and the channeling of aid into programmes determined as priorities by the recipient governments.

Although the report details the most comprehensive statistics ever released by a South African government, Naidoo says more figures were needed for the Government's "attack on poverty".

He says the Government is

committed to obtain the best possible statistics on poverty levels in order to ensure that the correct resources are made available.

These statistics will provide the basis for the division of Government resources and will allow for more systematic planning.

Furthermore, these figures will allow for more accurate monitoring and evaluation of programmes combating poverty.

But, the Government still needs to measure aspects of South Africans' lives which have never been measured before.

Sadly, the real statistics can provide a picture more grim than the one presented in the report, says Naidoo.

## From the report:

■ Government consumption expenditure is more than 20 percent of the Gross Domestic Product and interest repayments are more than 17% of the Budget.

■ The population has been estimated between 40 million and 43.5 million. The average population growth rate is at 2.26% per year while the estimated total fertility rate is 3.7%. Children under the age of 15 comprise more than 37% of the population.

■ Although South Africa is working towards the elimination of all forms of racial discrimination, the effects of past policies which advantaged whites above other race groups make it imperative that statistics continue to be collected and comparisons continue to be made along racial lines in order to monitor change and the success of efforts at social integration.

■ An estimated 76,1% of the population is classified as African, 12,8% as White, 8,5% as Coloured and 2,6% as Indian.

■ At least 48% of the population lives in urban areas.

■ The average per capita disposable income for whites is almost R8 000, R3 000 for Indians, R2 000 for Coloureds and R1 000 for Afri-

cans. Within all race groups, women-headed households are significantly poorer than the average household.

Figures indicate that the mean total household income for women-headed households was R1 141 a month, compared to R2 089 for all households. Only 17% of all woman-headed households are single-person households.

■ The poverty gap — the size of income transfer required to bring the income of those with incomes below the poverty line up to

the poverty line — amounted to R18 billion in 1993.

■ The majority of African households in urban households have access to piped water on their property but rural households rely on public taps, boreholes and rivers. Sanitation coverage is unsatisfactory, especially among Africans in semi-urban and rural areas. Sixteen percent have no access to sanitation, 7% to bucket or chemical toilets, 43% to pit latrines and 34% to flush toilets.

■ South Africa produces

more than 50% of the electricity in Africa but only about 30% of the population has access to electricity. Wood accounts for more than 75 percent of fuel consumed in rural areas and 40% in peri-urban areas. It is estimated that 10-million tons of fuel wood are used in rural areas.

■ In 1993, 17% of the population was served by only 2% of the country's telephone lines. In general there is less than one telephone line per 100 people among

Africans.

■ In 1993, 12,5 million were illiterate.

■ The infant mortality rate in 1991 was 49 per 1 000 live births. The official figure for Africans for 1994 is 52 per 1 000 live births.

The reported rate of teenage pregnancy is 330 per 1 000 women under the age of 19 years.

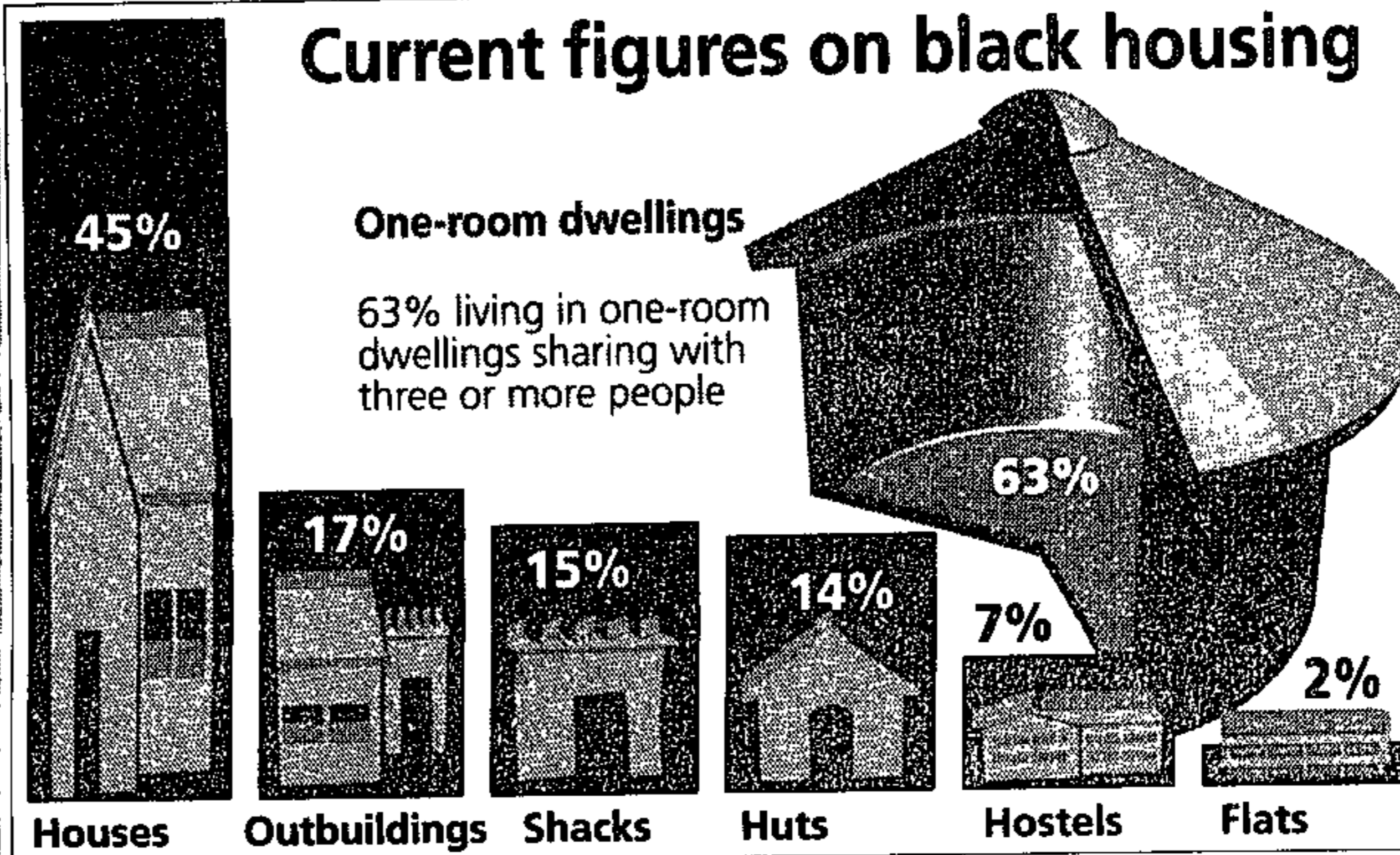
Forty percent of applications for abortion were successful in 1991 and approximately 71% of all legal abortions were performed on white women. An estimated 200 000 to 300 000 illegal abortions occurred each year.

■ An estimated 2,3-million South Africans suffer from malnutrition and an estimated 40 percent of this number are between six months and five years of age.

■ There is one doctor for every 700 people in metropolitan areas, one for every 1 900 in non-metropolitan areas, and in the former homelands there are between 10 000 and 30 000 people per doctor.

■ In 1993 the labour force numbered 14,8-million. Approximately 45% of the labour force is female.

South Africa's labour force is relatively young and has a low overall skill level. About 50% of the labour force has medium or high-level skills.



GRAPHIC: FRANCOIS SMI

# Services arrears at R810m

SERVICE payments in black townships have risen to 33% in recent months but residents' accumulated arrears now stand at R810m. (123)

At least half the arrears have accumulated since the arrears write-off recommended in January last year in terms of an agreement in the local government negotiating forum. BD 10/3/95

A Provincial Affairs Department spokesman said the improvement in payments might reflect the desire of some township residents to lift politically inspired boycotts with the advent of a new government. Latest countrywide payment figures — 33% on December 31 — were about the same as in November 1993. Immediately after the election they had

DREW FORREST

dipped to 19%, he said.

However, provinces had in some cases not provided figures for populous areas where payment levels were likely to be poor. No figures were available for Transkei or Ciskei, where "no one was paying". The Western Cape had supplied no information on Ikapa, Lingeletu West and Mfuleni. In Northwest, figures were not available for Garankuwa and Winterveld.

Much of the R1,8bn in arrears accumulated before the election was written off in terms of the January 1994 agreement.

In Gauteng's 41 black townships, further arrears of R349m were accumulated be-

□ To Page 2

## Arrears

(123) BD 10/3/95

□ From Page 1

tween January and November last year. During the same period, Free State's 73 townships built up arrears of R78m.

Eastern Cape was worst affected. The average payment in 61 black townships was 18%; in 20 of these, it was less than 10%. Next worst hit was Northwest, with an average payment in black and coloured areas of 20,7%, followed by Gauteng (28,7%) and Free State (28,8%).

The figures underlined a clear correlation between high levels of political organisation and non-payment. In KwaZulu/Natal's 17 black towns formerly in

"white" Natal the overall payment level was 33,6%. However, in black towns formerly under the KwaZulu government, the average payment level was 93% and residents' arrears were a mere R57 000.

In Gazankulu and Venda, now part of Northern Transvaal, average payments were 93% and 52,6% respectively. Payment levels were also high in the nine black towns in the province outside the former homelands — 82%.

The settlement with the poorest payment record in the country was Crossroads — which has a long history of political mobilisation — where no one was paying.



## Racial tension warning

**MICHAEL MORRIS**  
Political Correspondent

DISCONTENT over the distribution of rates income to poor areas in post apartheid towns and cities could be expressed through racial tension (123)

This warning was given yesterday by Murphy Morobe, chairman of the government's fiscal and finance commission.

He was speaking at a conference on local government finance in Somerset West. *ARC 11/3/95*

Mr Morobe said: "Rate distribution to areas of greater need can often undermine incentives to produce and deliver. Some areas could see this as a punitive tax on their productivity and it could act as a disincentive."

"Such disaffection can easily express itself through racial tension."

Mr Morobe also stressed that Operation Masakhane — the project aimed at getting people to pay for services — should do more than merely tackle the township debt problem.

The campaign "must be more than a pious call on people to pay, but should educate them".

## Warning on 'costly' rental housing plan

BD 13/3/95 (123)  
ROBYN CHALMERS

THE Housing Ministry is seriously considering strategies to boost rental accommodation in SA, but housing experts have cautioned that it could be an expensive route to go.

Housing Ministry spokesman Stephen Laufer said the issue of rental accommodation clearly needed further attention, along with special case housing such as hostels, inner city housing and informal settlements. In its recent formal submission on the Housing White Paper, the National Housing Forum was critical of the lack of attention the rental housing option received in the White Paper.

Irrespective of its confusing nature, the forum said the matter had to be addressed with urgency if the range of housing options was to be made available to all South Africans.

The Housing Ministry is investigating subsidies for collective social and rental housing, directed at institutions supplying such housing rather than individual beneficiaries, the forum said.

A Ministry spokesman said subsidies would go towards subsidising the capital cost of new housing units built or existing homes acquired by approved institutions. Institutions would be subject to restrictions to prevent subsidies being used for private gain, and would be encouraged to self-manage the housing stock they either bought or constructed.

However, housing experts said the Ministry was likely to encounter a number of problems in promoting rental stock as it was an expensive option.

The experts said rents charged to cover the cost of building or buying units was likely to be out of the reach of SA's poor.

In addition, government would have to provide ongoing subsidies rather than the one-off lump sum distributed under the project-linked and individual subsidies.

This could increase administration costs incurred by provincial housing boards.

## BACKGROUND & ANALYSIS

# Sankie lays foundations for construction boom

Fulfilling the ANC's aim of erecting 1 million houses within five years demands maximum co-operation between all industry stakeholders

By Maggie Rowley

CARE PROPERTY EDITOR

Sankie Mthembu-Nkondo, successor to Joe Slovo as housing minister, is a woman with steely determination — a useful trait for one faced with the onerous task of housing the nation.

Since taking up the post in early January, the former deputy welfare minister has moved quickly to get to grips with the portfolio and ensure no further unnecessary housing delays.

Having come through the ranks of the ANC's international affairs department, her appointment as housing minister, one of the most crucial Cabinet posts, did not seem an obvious choice.

Many stakeholders in the industry were quite frankly surprised, if not a little perplexed.

However, many doubters have recently expressed admiration at Mthembu-Nkondo's commitment to turning the government's vision of housing one million people within five years into a reality.

Industry players as diverse as Ian Robinson, executive director of the Building Industries Federation and Connie Petersen, executive director of the South African Black Construction Assistance Programme, find her "impressive" and have confidence in her ability to deliver.

Her handling of provincial housing ministers has also won her bonus points and there are no signs — at least so far —

of the strains evident when Slovo was at the helm.

While working within the framework of the housing white paper inherited from Slovo, Mthembu-Nkondo has used her own initiative, including announcing an increase in the capital subsidy allocation for the poorest of the poor.

One thing she is adamant about is that further delays in finalising the structures to get the RDP housing programme off the ground cannot be afforded.

"Everyone is saying, where are the houses? We dare not be held up by exaggerated anxieties. And in many cases I think they are exaggerated. People are seeing problems before the scheme is even implemented rather than giving it a chance to work."

"We are trying to make all the stakeholders compatible. The big and the junior contractors are going to benefit from the housing programme but above all, consumers have to have the confidence that they are going to receive a product of a good standard. That is why it is so important to get the builders' defects warranty scheme in place, hopefully within the next two weeks."

"What we are saying is, let's have an honest, transparent way of dealing with each other and that includes all stakeholders. The banks must have their bonds paid, the consumers must have an adequate acceptable standard product, and those who produce that product should feel confident that they are trusted. Not all builders are involved in shady work. It is a few people but they

are actually endangering the whole industry."

The warranty scheme will be the building industry's commitment to honesty and transparency and will in turn pave the way for the financial institutions to come to the party.

The consumers' commitment in turn is being solicited through Project Masekhane and here Mthembu-Nkondo is determined that the sceptics will be forced to eat their words. "We will convince our people that it is necessary to respond in a positive way. And they will."

On services payments, she says those who did not resume payment for services after the October moratorium have only themselves to blame.

"We can't keep on writing off debts. At some stage it has to stop and October was that cut-off date. We are telling people that debt incurred since then has to be paid. They owe and they know they owe."

"And to enable the process of payment we are trying to see that government structures are set up quickly."

To fulfil the ANC's ambition of erecting one million houses within five years, with only four of those left to run, will require 685 houses to be built each day, 365 days a year. A daunting prospect, particularly in view of the fact that little more than the daily requirement was erected in the past year.

### THE HOT SEAT



**TOUGH PORTFOLIO** Yet the new housing minister's determination and initiative have won admiration from unexpected quarters

But the prospect of not achieving this is even more daunting. "If we don't, the backlog which has accumulated in recent decades will have been compounded and the chances of addressing the housing issue effectively will have escaped us forever," says Mthembu-Nkondo.

"We have to deliver. And it is going to take a determined effort from everyone. Among other things, we are going to have to address training needs and to look at all options including mobilising communities in self-help projects."

It was for this reason, she said, that

prioritised areas for development could be justified. "Those communities which are ready to take up their projects and run them in a convincing manner with proper accounting should not be held back by those which are not."

Mthembu-Nkondo said training for newcomers in the building industry was receiving priority attention from central government.

"We will have to set up institutions that will cater especially for these needs, needs that larger operators perhaps don't have. This is necessary not only to provide adequate skills to meet housing needs, but also to produce one sector of builders within the country."

"The industry needs to start thinking and talking in terms of one sector and not a variety of sectors based on different criteria which, at the end

of the day, threatens to come down to racial issues which we cannot afford."

Mthembu-Nkondo is confident that the appeal to government for a larger slice of the national Budget to enable the department to achieve what it needs to has not fallen on deaf ears and will be reflected in tomorrow's Budget. While the 5 percent of the national Budget requested is too much to hope for this time round, she is confident of this coming through within five years.

Housing and the reconstruction and development of South Africa are issues

very close to her heart. Born in Sophiatown in 1951, her family was forcibly removed to Meadowlands in Soweto under the Group Areas Act. After matriculating she enrolled for a BA degree at the University of the North and completed a post-graduate teaching diploma before going into exile after the 1976 uprising.

In the more than 16 years that Mthembu-Nkondo was in exile, she lived in a number of countries, working for the ANC's Radio Freedom, organising literacy programmes in the movement's camps, and serving on the national executive committee of the ANC's women's section. She was also heavily involved in the ANC's department of international affairs, run in exile by Deputy President Thabo Mbeki. Among the posts she held was that of chief representative of the organisation in Germany.

When in Zambia prior to this posting, she enrolled to do a masters degree in literature, for which she has a deep love.

"However, I did the theory part of my MA and passed that but could not find a supervisor for my thesis as it was a South African theme, on black consciousness and its implications on South African poetry. I don't know if I will ever have time to complete the degree but I might turn my research into a booklet. It is not like it is lost."

A published poet, Mthembu-Nkondo says she no longer has time to write except for "the odd note".

She believes all individuals need an opportunity to grow. "Even the most efficient of people start from one point, develop and come to the middle point and then end at the highest point."

"What I am trying to say here is that we have gone through the exercise of drawing up policy."

"We now need to implement that policy, and we are at the initial stages of doing so. It will only be after some time that we will be able to review our policy but we need to start somewhere."

"We have started initiating the prospect of getting the warranty scheme set up and it will hopefully be in place in a couple of weeks. There are currently six technical committees working on the technical gritty of the National Housing Finance Corporation and it is going to be set up this year, hopefully by mid-year and it is going to function. We should shortly know the officials who will be running it."

**'We are going to have to address training needs and mobilise communities in self-help projects.'**

"In addition, the entire past year's budget allocation has been channelled to approved products at provincial level. The structures within the provinces for liaison with central government over the implementation of policy now need to be put in place so that these subsidies can be transformed into housing."

Mthembu-Nkondo adds: "And we will need the understanding of the onlookers to realise that there are stages in the whole process and when we talk of one million homes it needs to be understood in relation to the process itself."

"When there is a very heavy flood, builders find it difficult to continue with their building. But when the sun shines they can get on and complete the job. "In short we are saying there are conditions we can control and there are those we can't. The one thing we need more than anything else to ensure success is a stable environment."

# Provincial moves may undermine housing plan

(123) BD 14/3/95

GOVERNMENT's national housing programme, agreed on by a range of stakeholders at Botshabelo last year, is in danger of being undermined as a result of moves afoot at the provincial level.

The problem encountered last year by former Housing Minister Joe Slovo with the Gauteng scheme, which involved building four-roomed houses, has not disappeared.

This was evident in a White Paper on Housing published recently by Free State housing minister Vax Mayekiso. The Free State's approach to housing is similar to that of the Gauteng provincial government which caused such controversy when it was made public.

Despite agreeing to the national housing approach of incremental or progressive delivery in October last year, both provinces argue that the provision of site-and-service schemes is not enough to enhance standards of living.

The Free State scheme envisages structures of no less than 40m<sup>2</sup> divided into rooms while the Gauteng approach is slightly more conservative in stipulating a minimum size of 25m<sup>2</sup> on 250m<sup>2</sup> stands.

Although the Eastern Cape provincial government has kept a comparatively low profile on the issue,



## ROBYN CHALMERS

ple falling into this category will be unable to access much more credit than the R15 000 subsidy many are entitled to.

The majority of this sector of the population falls outside the accord reached between government and the banks last year to extend mortgage loans to low-income earners. They have no steady job, no credit record and therefore little chance of securing bonds through formal means. Incrementalism is the only way out of the housing quagmire for the people in this sector.

Under this policy, they will have access to permanent structures on a progressive basis with secure tenure, water, sanitary facilities, electricity and waste disposal. It is not a "toilet in the veld" policy; it means people will be able to build onto their existing structures once they have the means to do so.

Gauteng housing minister Dan Mofokeng and Mayekiso, among others, are saying this is not good enough, and they do have a point. The ultimate goal is to provide quality housing for all SA's people, but there has to be a realistic approach to this.

### MOFOKENG

there are indications that it is looking to go a similar route.

After widespread consultation, Slovo realised that fiscal constraints and the extent of the housing crisis were such that mass housing could be delivered to scale only if smaller structures were built. More than 40% of SA's population earn less than R800 a month and the 16-million peo-

First is the matter of finance.

Mayekiso and Mofokeng are set on creating credit institutions to provide the financial needs of potential home owners. These institutions have to be capitalised in such a way that money can be lent at low interest rates. The life offices appear to have lost interest in funding proposed credit institutions, preferring to link up with mortgage lenders in a more secure venture which will see the introduction of fixed instalment mortgage loans.

Perhaps Mayekiso and Mofokeng have managed to secure foreign investment. If they have done so, the Housing Ministry is unlikely to object as long as provincial housing schemes fall within the broad guidelines of the Housing White Paper.

The second point is as important but politically more sensitive. Serviced sites around SA are being invaded by squatters intent on jumping the queue and securing their homes. From Lenasia to Matielale, Zandspruit to Cato Manor, the problem is growing and has the potential to undermine the housing programme.

Squatters, mostly in the 40% category earning less than R800 a month, are becoming increasingly impatient at having to wait for their homes. Well-intentioned promises of formal houses at a provincial level can only

fuel this problem.

Construction groups, many already committed and working on housing programmes under the 150 000 project-linked approved subsidies, are becoming increasingly uneasy about their investments. They fear that political manoeuvring at provincial level could jeopardise the millions of rands they have put up for these projects, given that subsidies are collected only on completion of schemes.

It has taken more than 15 years to develop the present national housing policy and although it has faults, it is the most comprehensive and realistic solution that has been offered to SA's housing crisis.

The Housing Ministry stresses that the policy is not written in stone and is flexible enough to accommodate different viewpoints on housing delivery as long as they fall within the broad national guidelines.

The national White Paper on Housing states that the nature of housing and its constitutional positioning means consensus on the broad national approach between national and the provincial governments is essential if the housing programme is to succeed. Therefore, the provincial governments must be kept to the promises they made at Botshabelo last October.

## LETTERS

# Housing budget slice set to soar'

BD 14/3/95  
THE Housing Ministry's slice of the Budget could hit R3bn tomorrow if government acceded to its request for a 5% budgetary allocation by 1999, an analyst said yesterday.

A R3bn allocation would increase its share of the 1995/96 Budget, to be announced tomorrow, to 2% compared with the 1% received the previous year.

Another analyst believed housing would receive 1,5% or R2,3bn of the total Budget this year. Analysts said the increased amount of funding was expected, with government regarding housing, along with education and health, as priorities.

A Ministry spokesman declined to place an exact figure on the negotiated sum, but said considerably more was needed than the R1,4bn housing received in new allocations last year.

Rollovers from previous years had swelled the national housing budget, allowing the Ministry to siphon more than R2,2bn to provinces last year for subsidies.

According to the draft Housing White Paper, government's goal of increasing housing's share of the Budget to 5% by 1999

(123)  
**ROBYN CHALMERS**

was essential if delivery was to be boosted to 350 000 a year within that time frame.

This level of delivery would have to be achieved and sustained if the ANC was to reach its target of providing 1-million homes in four years.

Analysts said fiscal implications of the initial capitalisation cost of establishing the National Housing Finance Corporation and the cost of setting up the defect warranty scheme still had to be determined.

They said the mortgage indemnity scheme was another project where the potential cost was difficult to determine, but government had a 12-month window period before payment requests could roll in. The scheme was proposed by government last year in a bid to entice mortgage lenders back into the low-cost housing market. It provided a cushion for banks should they be denied access to certain areas because of a breakdown of law and order, or be unable to dispose of properties in such areas.

● See Page 14

## R900m in the red

(123)  
STRINGENT action was needed to reverse the township services boycott which was estimated to have cost the company about R900 million, Eskom said yesterday.

"The services boycott is a fundamental problem," a company spokesman, who declined to be named, said.

"We don't know how we're going to get around it but sooner or later we'll have to take a firm stand."

He said meetings between Eskom, local government bodies and the Government were being held, but no solution appeared to be forthcoming.

Observers say the rent and services boycotts in traditionally black areas, introduced in protest against apartheid, now threatened to derail the Reconstruction and Development Programme. — Sapa

Sowetan 15/3/95 217

## CIGARETTES and ALCOHOL

# Smokers have to cough up an extra 17c a pack

TYRONE SEALE  
Political Staff

FROM today smokers will have to cough up about 17c more for a pack of 20s as the government gives effect to arguments from the health lobby.

Elsewhere on the "sin tax" front, drinkers are likely to be dispirited about having to pay about 2c more for a 340ml can or dumpy of beer — not including sorghum — and about 5c more for a bottle of whisky, brandy or gin.

With immediate effect, the excise duty on cigarettes has been raised by 8,44c for 10, resulting in an estimated retail price increased of six percent.

ARG 15/3/95 (122) (122)  
Higher excise duty on cigarettes and cigarette tobacco is expected to add about R200 million to state coffers.

The budget review said in the case of tobacco products, the health community had demanded an increase in excise duty to 50 percent of the retail price, which was the levy in many other countries.

"After consultation with all interested groups and taking into account industry-specific limitations and market conditions, the government has opted for a phased approach, as announced in the 1994 budget, and as also reflected in this budget. Future budgets will have to deal with the remainder of this issue."

# Boost for house subsidy plan

Political Correspondent

ARG 15/3/95 (123)  
THE 79,9 percent increase in the housing budget will grease the wheels of a planned subsidy scheme.

While the housing budget provides for expenditure of R1,554 billion, of this R1,520 billion is tied up in current and capital transfers to housing support.

The total amount of R2,924 billion for housing includes R1,404 billion from the Reconstruction and Development Programme fund.

The RDP funds will be allocated to the nine provinces to finance housing projects, according to criteria to be decided by the government function committee for housing.

A further R185 million from the RDP vote is to be allocated to special residential urban renewal projects.

The government's aim is to be able to supply thousands of people with housing subsidies.

A scheme will encourage banks to give credit to people with good savings records to make up the difference and enable them to build houses.

A sticking point so far has been to secure agreement from the construction industry to a building warranty scheme.

The housing budget announced today is seen as a signal to the industry that the government is committed to its goal of a million houses in five years.

Reliable sources indicated that two percent of the budget would be just right for current housing goals, because the infrastructure does not as yet exist to cope with faster growth.

## 80% INCREASE IN ALLOCATION

# Boost to housings welcomed

Housing received a much-needed boost in this year's Budget — getting 2,3% of total government expenditure.

Although this will be unable to satisfy the demand for houses, it is hoped it will help generate private sector financing. Property Editor **MAGGIE ROWLEY** reports.

**T**HE 80% increase for housing in the Budget to a total of more than R2,9bn — well ahead of expectations — has been welcomed by both the Minister of Housing and the housing industry.

The direct component of the housing allocation — R1,55 million — is R100,4m lower than the last financial year, but this has been more than offset by a R1,4bn allocation from the Reconstruction and Development Programme.

Also, a further R185m from the RDP has been allocated to special residential urban renewal projects.

Much of this money is expected to be committed to housing subsidies, which are expected to help generate private financing

from banks.

The total allocation of 2,3% of the national Budget was well ahead of general expectations of two percent, and represents a significant movement towards the targeted five percent of the total budget within the next five years.

Housing Minister Ms Sankie Mthembi-Nkondo said this demonstrated the government's commitment to the targets set for housing, and would send a positive signal to the private sector, communities and individuals seeking access to housing.

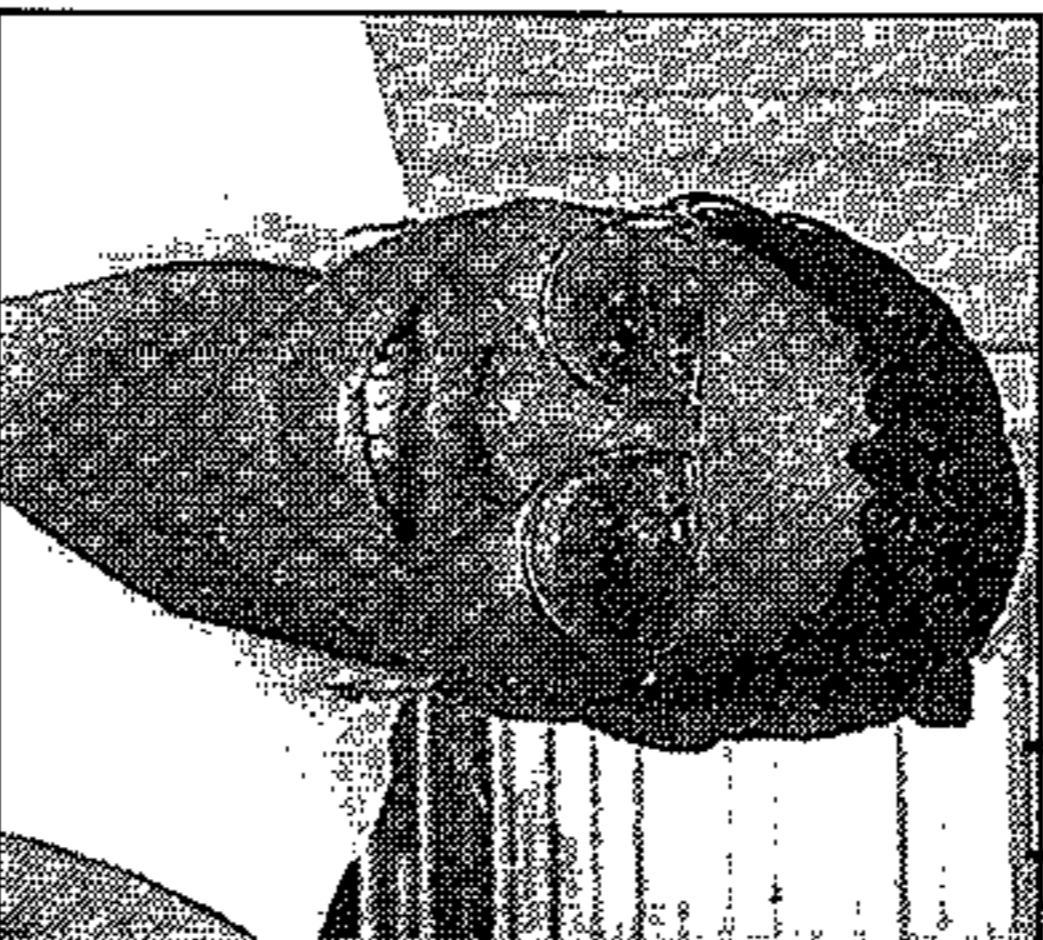
"Their response to this signal as details of policy implementation are finalised within the next few weeks will be decisive in determining success," she added.

Mr Ian Robinson, vice president of the Council for Construction in South Africa, said the increased allocation was to be welcomed, but on its own would not solve the housing problem.

"The Department of Housing need to tell us how much will be spent in administration costs, which in the past have eaten away a hefty chunk of the allocation.

"If every cent of this money went into houses it would allow 100 000 units of R30 000 each, which will clearly not address the housing needs — illustrating the need to use this money to leverage private sector financing."

Banks have committed themselves to 50 000 affordable housing loans this year, once the Builders Defects Warranty Scheme is in place. An interim warranty scheme, which has the support of the banks, is expected to be implemented within a few weeks.



**Housing Minister Ms Sankie Mthembi-Nkondo**

Mr Robinson said the government also needed to urgently address the issue of training in the industry to meet the demand for skilled labour and management in the housing delivery process.

He said the reduction in the deficit would encourage investment by the construction industry.

~~(44)~~  
(123) CT 16/3/95





**HOME BUYERS PROTECTED** Cocosa vice-president Ian Robinson, president Linda Nyembe and government representative Johan de Ridder field questions at yesterday's workshop on the builders' warranty scheme

PHOTO: THYS DJUJAART

# Boost for housing warranty scheme

Banks, contractors and the government agree on a measure that will allow mortgage lending under protection from May 1

By THABO LESHILO

STAFF WRITER

The banking industry has endorsed an interim measure which will allow mortgage lending under the proposed Defects' Warranty Scheme even before builders are fully accredited.

Pieter Marais, Absa assistant general manager for emerging markets, confirmed this yesterday.

The arrangement will take effect on May 1. It has been adopted because the government and the construction sector will not get the National Home Builders Registration Council and Home Builders Warranty Fund in motion by April 1, as the banks had initially required.

The compromise by the banks, contractors and the government is aimed at protecting the public against shoddy workmanship until

the full warranty scheme is established. However, Marais warned that the banks reserved the right to withdraw from the deal if insufficient progress were made in setting up the final scheme.

## Progress needed

Said Marais: "We want to see progress in establishing effective mechanisms to protect consumers."

The Council for Construction in SA (Cocosa) said it might take about nine months before the full scheme was established.

Johan de Ridder, the government's representative on the steering committee charged with establishing the scheme, said yesterday the interim measure required that a standard industry warranty be introduced for all newly built homes sold by accredit-

ed builders.

Secondly, an accreditation structure would be set up under the auspices of Cocosa in conjunction with the standard warranty.

Builders would be required to ensure that designs and construction complied with minimum standards laid down by the body.

They would also be required to issue a warranty to every home buyer.

Thirdly, the agreement required that the body issue minimum construction guidelines to accredited builders, who would undertake to comply to them.

De Ridder was addressing a workshop organised by Cocosa in Johannesburg to explain the warranty scheme and the interim arrangement.

Cocosa president Linda Nyembe denied that black builders were opposed to the warranty scheme.

"We need the scheme, because it will enhance the image of black builders," he said.

CT16/3/95

(123)

# Coup for Housing Ministry

(123)  
THE Housing Ministry scored a significant coup in yesterday's Budget when Finance Minister Chris Liebenberg allocated more than R2,9bn to housing — the biggest percentage increase given to any department.

Analysts said the 80% hike over last year placed housing firmly at the top of government's agenda and moved the Ministry closer to its target of receiving 5% of the Budget by 1999. It stood at 1% last year and now rises to 1,9% of total spending.

The direct budgetary allocation for housing of R1,5bn was swelled by an additional R1,4bn chunk from the reconstruction and development fund.

Housing Minister Sankie Mthembu-Nkondo applauded the allocation, saying it would boost housing and demonstrated government's commitment to RDP housing targets. The increase sent a positive signal to the private sector, communities and those seeking access to housing. Their response would be decisive in determining the success of the housing programme over the next few weeks as policy implementation details were being finalised.

ROBYN CHALMERS

A welcome addition to the housing budget was a capital provision for infrastructure, which she said would allow government to assist local authorities in ensuring adequate services to subsidised housing.

Building Industries Federation of SA executive director Ian Robinson said the allocation was higher than expected, but cautioned that funds had to be spent wisely. "An amount of R3bn means 100 000 homes of R30 000 could theoretically be built, and while this is a significant improvement ... it is still not enough."

He said the construction industry would run into bottlenecks due to the lack of skilled labour. He urged government to provide funding for training.

JH Isaacs MD Colin Wright said the increased allocation would provide a stimulus for the construction industry. However, this could create capacity constraints which could result in a further escalation of building costs which were already 3% above the inflation rate.

SD 16/2/95

# Call on govt home subsidies

(123) BD 17/3/95

ROBYN CHALMERS

HOUSING experts have called on government to apportion a significant percentage of its R2,9bn housing budget to the lowest end of the market.

While applauding the 80% hike in funds for housing announced this week by Finance Minister Chris Liebenberg in his Budget speech, stakeholders said the money had to be spent wisely.

National Housing Forum co-ordinating committee chairman Matthew Nel said the increased allocation sent a positive signal to the housing market which moved the Housing Ministry closer to its target of receiving 5% of the Budget by 1999.

He said ways of spending the increased allocation would have to be closely examined, and one of the important areas to address was the provision of subsidies for the poor.

The Housing Ministry estimates that about 40% of SA's population, amounting to an estimated 16-million people, earn less than R800 a month and many live in abysmal conditions.

This segment of the population falls out-

side the accord reached between government and mortgage lenders last year to provide mortgage loans for 50 000 homes valued at R2bn.

Experts said many had no jobs and no history of employment, making them ineligible to qualify for credit from the formal banking sector. They were totally reliant on government funding for shelter.

Building Industries Federation of SA executive director Ian Robinson said it was imperative that these people received the lions' share of the housing allocation.

This could be done by providing rental accommodation and raising the existing R15 000 subsidy to R20 000, for example, so SA's poor could be given basic shelter.

It was stipulated in the Budget that more than R1,4bn of the housing allocation would go to the provinces to finance housing projects, largely in the form of subsidies, but there was only a limited indication of how the remaining money — R1,55bn — would be spent.

*'To be repaid in rents'*

# R5-m spent on fixing up Govt houses

■ BY ESTHER WAUGH  
POLITICAL CORRESPONDENT

Cape Town — The Government has spent almost R5-million on repairing and furnishing 44 houses for ministers and deputy ministers — but promises to get the money back in rents.

Public Works Minister Jeff Radebe said yesterday the sums spent since January last year were "value for money and not extravagant".

Radebe noted that for the first time ever in the country's political history, ministers and their deputies were paying rent for their accommodation. He said the expenditure would in due course be recouped through these rentals.

The rental paid by the ministers and deputy ministers ranged from R3 000 to R4 715. The minister said the Melamet Committee on the remuneration of politicians had recommended that free housing be provided only for the president and the two deputy presidents.

Radebe explained that the R4 782 314,03 was spent on necessary repairs as well as furnishing the official residences, some of which had been unfur-

nished.

On the costs involved in the repairs and furnishing of the 44 houses, Radebe said most of the houses were previously not used as ministerial houses: "They were empty shells and had to be furnished and/or altered," he said.

"For example, Walmer Estate was completed in late 1989 and was earmarked for use by the then ministers' council of the house of representatives.

"Due to political complications, the intended occupants never moved in and the estate was left vacant until the second half of 1994 when the present political office-bearers moved in. The houses were unfurnished, hence the expenditure," he said.

■ In reply to a question from Democratic Party MP Ken Andrew Radebe said R229 002,83 was spent on curtaining for official residences.

The "political complications" the minister referred to were largely the hostility of coloureds living in the Cape Town suburb and opposed to the tricameral parliament. They did not want houses of representatives ministers living in their midst.

123  
17/3/95

URBAN DEVELOPMENT FM

**Savoir-faire**

(123) 17/3/15

**SA and France** have decided to extend areas of technical co-operation in the fields of social housing, construction and urban development. This follows a series of workshops in SA last week in which a high-level delegation of French public sector, semi-State and private sector organisations led by French Deputy Minister of Housing Evelyn Ratte, held talks on these topics.

Department of Housing Director-General Billy Cobbett and Ratte will sign a Memorandum of Understanding in France next month.

In low-cost housing and construction, the French contribution will consist of technical assistance in the setting up of the National Housing Finance Corp and the training of executives necessary for its management.

France could also help create a system of quality control related to building and in particular to the builders' defect warranty scheme.

Workshops on urban planning have created a strong desire for co-operation on the part of local authorities. The latter could take the form of exchanges of experience and training with French counterparts and those in Reunion.

French organisations are already active in the development of urban services such as electrical, water and recycling. An agreement was signed this Tuesday between Caisse Francaise de Developement CFD and the Development Bank of SA to finance projects. ■

# NEWS

## 1-m rural people to get clean water – Mandela

123

SAW 17/3/95

Plans are under way to bring clean water to 1-million people in rural communities, President Mandela said yesterday.

He was opening the Moretele water scheme near Hammanskraal, north of Pretoria.

Mandela said the provision of basic services such as clean water with the co-operation of different sectors of the community was the essence of reconstruction and development.

The Moretele scheme is the first of 12 presidential projects chosen for the Government's community water supply and sanitation programme.

It entails the laying of 1 000km

of pipeline which will carry water to 150 000 people in the Moretele region of North-West province.

Mandela congratulated the Moretele community for their commitment to pay for the services they would receive through the scheme.

He urged the thousands who attended the ceremony to register for the November local government elections.

"Make sure you can vote so that your local government is elected by you and not somebody else," he said.

Fully representative local structures would give communi-

ties the opportunity to take their fate into their own hands.

Water Affairs Minister Kader Asmal said the scheme would cost R57-million and the first water would be available by September this year. The project is due to be completed by September next year.

Minister without Portfolio Jay Naidoo said more than 12-million people in South Africa still did not have access to clean drinking water, and 21-million were without adequate sanitation.

The Reconstruction and Development Programme was aimed at putting an end to this "disgusting figure". — Sapa.

## R57m water project launched

BO 17/3/95  
LOUISE COOK

(123)

GOVERNMENT realised the needs of rural communities, but expected people to pay for scarce resources, President Nelson Mandela said yesterday at the launch of the R57m Moretela water project.

The project would provide drinking water to 150 000 people at Hammanskraal north of Pretoria. It was the first of 12 presidential lead projects which would cost R282m over four years and provide drinking water to 12-million people.

Minister without Portfolio Jay Naidoo said communities had to demonstrate a sense of responsibility.

In the short term, the reconstruction and development programme aimed to provide all households with a water supply of 20l-30l a person a day within 200m of their homes. A safe sanitation facility or toilet for each site was also envisioned.

Medium-term goals included the provision of an on-site supply of 50l-60l a person a day and better on-site ablution facilities.

Water Affairs and Forestry Minister Kader Asmal said government had agreed to 12 water supply projects, but patience was needed in implementing the community water supply and sanitation programme.

# Water for 1-m people

123

somehow  
11/3/95

## ■ MAKING MOVE Mandela opens first of 12 presidential water projects:

**P**LANS are under way to bring clean water to one million people in rural communities, President Nelson Mandela said yesterday.

Speaking at the opening of the Moretele water scheme near Hammanskraal, north of Pretoria, Mandela said the provision of basic services such as clean water, with the cooperation of different sectors of the community, was the essence of reconstruction and development.

The Moretele scheme is the first of 12 presidential projects chosen for the Government's community water supply and sanitation programme.

Water Affairs Minister Mr Kader Asmal said the scheme would cost R57 million and the first supply of water would be available by September this

year. The project is due to be completed by September 1996.

It entails the laying of 1 000km of pipeline which will carry water to 150 000 people in the Moretele in North-West.

Mandela congratulated the Moretele community for their commitment to pay for the services they will receive through the scheme. This was an example other communities should follow, he said.

Asmal emphasised that communities had to make at least a minimum payment for the operating and maintenance costs of their water schemes.

Minister Without Portfolio Mr Jay Naidoo said more than 12 million people in South Africa still did not have access to clean drinking water, and 21 million were without adequate sanitation. — Sapa.



# Sankie takes up the

# challenge

(123) Star 18/3/95

**HOUSING Minister Sankie Mthembu-Nkondo believes the ANC's promise to deliver housing and break the back of rent boycotts is the difference between the Union Buildings and Shell House.**

Or, put more bluntly, the difference between power and playing second fiddle in governance.

She believes the party's future rides on its pledge to build 1-million houses in five years as the chorus of demands for it to deliver the goods it promised before last year's election grows more vociferous by the day.

So far it has seemed unfeasible, and there has been little physical evidence of it becoming a reality. Moreover, with a local government election looming, the issue is likely to be exploited by the opposition.

But Mthembu-Nkondo believes it can be done.

In the Budget announced this week, the Government increased its spending on low-cost housing by a whopping 79,9% over last year. A total of R2,92-billion has been allocated for housing, which, with associated services, now accounts for 2,7% of total central government spending, (as against 1,1% last year).

In another development which will assist the ANC-led Government in delivering its promise, the banking industry has conditionally accepted an interim builders warranty mechanism, a guarantee against shoddy work by contractors.

These developments mean that the money to subsidise low-cost housing is ready for distribution, the banks are ready to finance low-cost houses, and real delivery could get under way by the beginning of May.

Both the Government and the banks have been blaming build-

**WHEN Minister Sankie Mthembu-Nkondo took up the housing portfolio, she knew Joe Slovo would be a hard act to follow. She took office and immediately faced a chorus of voices demanding the goods promised before last year's election.**

**NEWTON KANHHEMA writes that although she is well aware of the many hurdles she faces, she remains positive and says the pre-election promise of 1-million houses in five years can be achieved.**

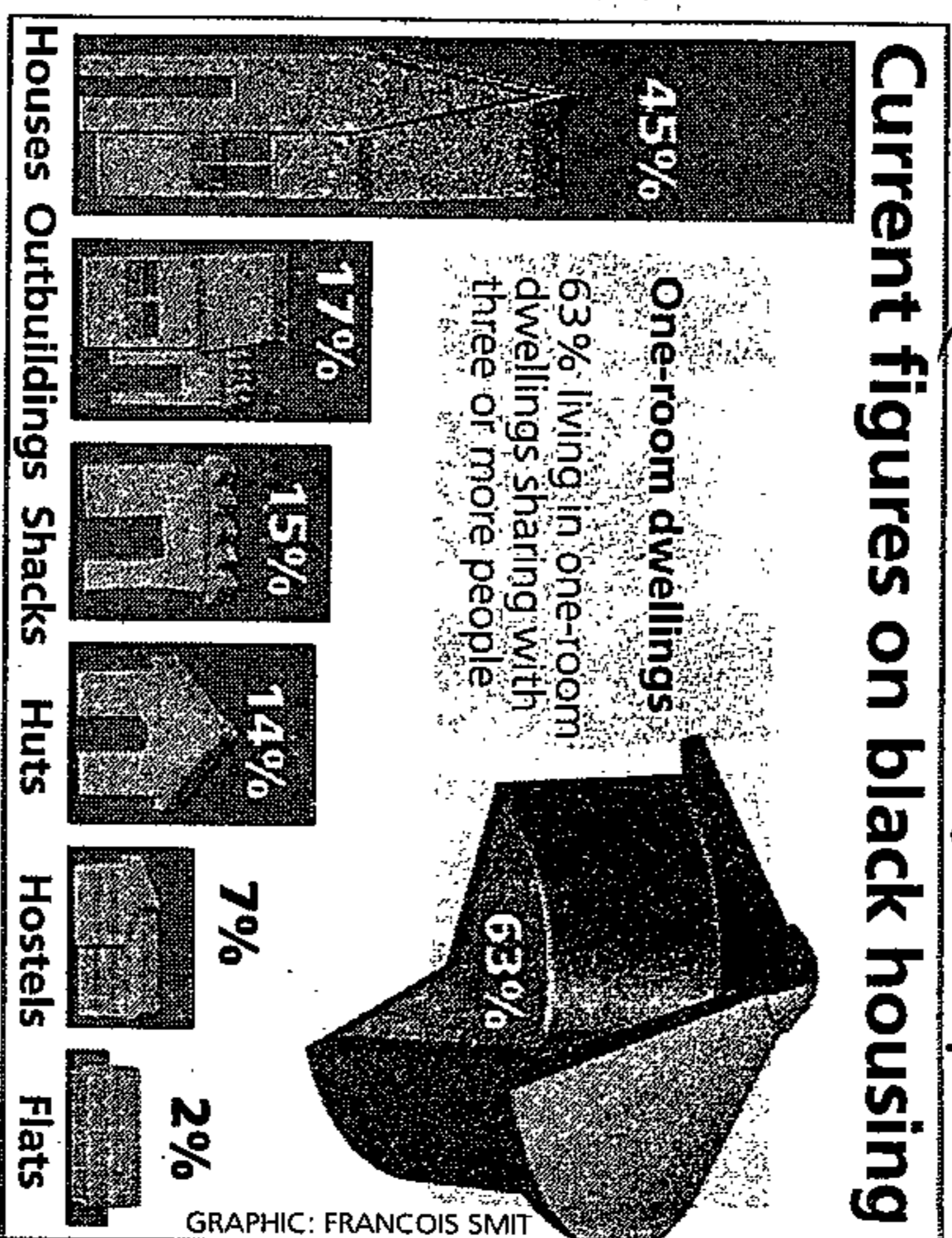
ing contractors for the delay in delivery because they have not "got their act together".

"The defects warranty scheme will be the building industry's commitment to honesty and transparency and will in turn pave the way for the financial institutions to come to the party," said Mthembu-Nkondo.

The Government has asked contractors to guarantee homeowners that the houses they build will stand for at least the next century.

An agreement on this had, until this week, been a major problem but the interim agreement will go a long way towards solving the problem.

The original mechanism will probably take the best part of a year to implement, and the inter-



im agreement between the Government, the formal construction sector and the emerging building industry makes provision for the standard warranty all accredited builders have to issue, basic minimum construction guidelines, and accreditation for builders.

### Habitable

In the light of the added guarantees, banks have in principle agreed to extend 50 000 loans to potential home-owners each year.

Mthembu-Nkondo said the warranty would ensure builders' products were technically sound and habitable and that the builders had the technical expertise to deliver a quality product.

She said she understood that the small, emerging, building contractors and the established

ones could not come to an agreement because the established contractors were not prepared to guarantee work done by "semi-skilled builders".

However, representatives of small and big contractors this week denied that there was conflict between them.

"There are no squabbles between us. We are holding roadshows, consulting all our members," said the president of the Council for Construction in South Africa, Linda Nyembe.

Building Industries Federation of South Africa executive director Ian Robinson said: "There are problems with both the big and the small contractors and the whole exercise is complex. There is no conflict but the scheme is complicated."

"We need time to come up with a final solution. In the meantime we have found an interim solution in order to avoid a further delay to the beginning of the delivery of houses."

He said the interim solution would be finalised by April 4 and the banks could start financing the 50 000 bonds by May 1.

But before the delivery of the houses can even be contemplated, Mthembu-Nkondo has to reverse a bad habit which has taken root in the townships: the rent boycott.

Many people in the townships have not paid their rent for more than a decade and to persuade them that the time has come for them to pay is a mammoth task.

"The boycotts should be history now. They were part of a strategy to liberate our people."

"Now we are going back to our people through the Masakhane campaign telling them to pay up. We have a legitimate government and we want to get on with our work to fulfil our promises."

Masakhane, which means "let's build each other" was launched by President Mandela recently. The campaign emphasises the importance of collective responsibility.

Areas where the culture of non-payment has not been sufficiently stemmed would be overlooked in favour of those where residents were paying for services rendered, the minister said.

South African communities, she believes, in particular those in townships, should take the question of local government seriously.

"The success of our programmes will be determined by their response to Masakhane. We will find it difficult to progress if we don't get a good response," she said.



**IT'S ENOUGH:** Housing Minister Sankie Mthembu-Nkondo is calling on the community to pay for services rendered so that the Government can get on with its work. PHOTOGRAPH: TILMANN

# Poll 'may hit rate

123

ratepayers star 18/3/95

## R20-m lost in cellular phone fraud

ELSA SEMMELINK

CELLULAR phone service providers have lost at least R20-million through fraudulent subscriber identity module (SIM) cards since mobile telephones were introduced to South Africa last year.

Police also suspect con-men are likely to exploit unsuspecting foreigners expected in South Africa for the Rugby World Cup '95 tournament.

Detective-Sergeant Manuel Philippe of John Vorster Square said this week: "An astronomical amount, believed to be in the region of R20-million, has been lost so far."

"In most instances, false identification documents are used to obtain air time, but this is by no means the only method used to defraud service providers."

A WeekendStar survey of private investigators, dealers and service providers revealed that inadequate control systems were largely to blame.

### At risk

Dr Steve Burgess, the chairman of the South African Cellular Service Providers' Association, said: "Service providers are in the unenviable position of running the risk. They are therefore always open to fraud."

He explained that the two networks, Vodacom and Mobile Telephone Network (MTN), provide lines and put mobile phones into operation, whereas the 17 service provider companies supply telephones and SIM cards and issue accounts to subscribers.

"A buyer purchases a mobile phone from a service provider which has to link the subscriber to one of the two networks in the country. The buyer pays the service provider a fee for being linked to the system and then obtains a SIM card with a computer chip with which to operate the system."

"A buyer inserts the SIM card into the phone,

CHARMEELA BHAGOWAT

RATEPAYERS and residents could end up footing the bill for additional local government election costs if their local authorities mismanaged their budgets and resources, a government financial expert said yesterday.

But, he said, the cost to residents would be minimal if transitional local authorities and provincial administrations heeded President Mandela's call for frugality and sound financial management.

Deon Burger, co-chairman of the Local Government Elections Task Group's financial task team, said prudent spending by local authorities would save taxpayers millions of rands — even though urban local authorities would have to foot at least 25% of their election bills.

Burger said that in most urban areas, local authorities had the necessary infrastructure, personnel and equipment to avoid heavy costs in addition to the approximately R400-million contributed by central government for the poll.

Apart from R49-million allocated in this week's Budget for national voter education and communication programmes, a further R348-million has been set aside through provincial budgets for "predetermined conditional grants" to fund the actual election. This money, however, will have to be motivated for before use.

### Prudent spending

"One would expect that, given the utilisation of existing resources and the contribution by central government, local authorities should be able to find the extra money needed from their existing budgets," said Burger. "With prudent spending there should be no need for drastic increases in rates and other services charges to cover the cost of the election."

Mandela's call for careful spending was emphasised by the task group's co-chairman, Dr Frederik Van Zyl Slabbert, at a local government summit this week, when he said there was "no open chequebook for the elections".

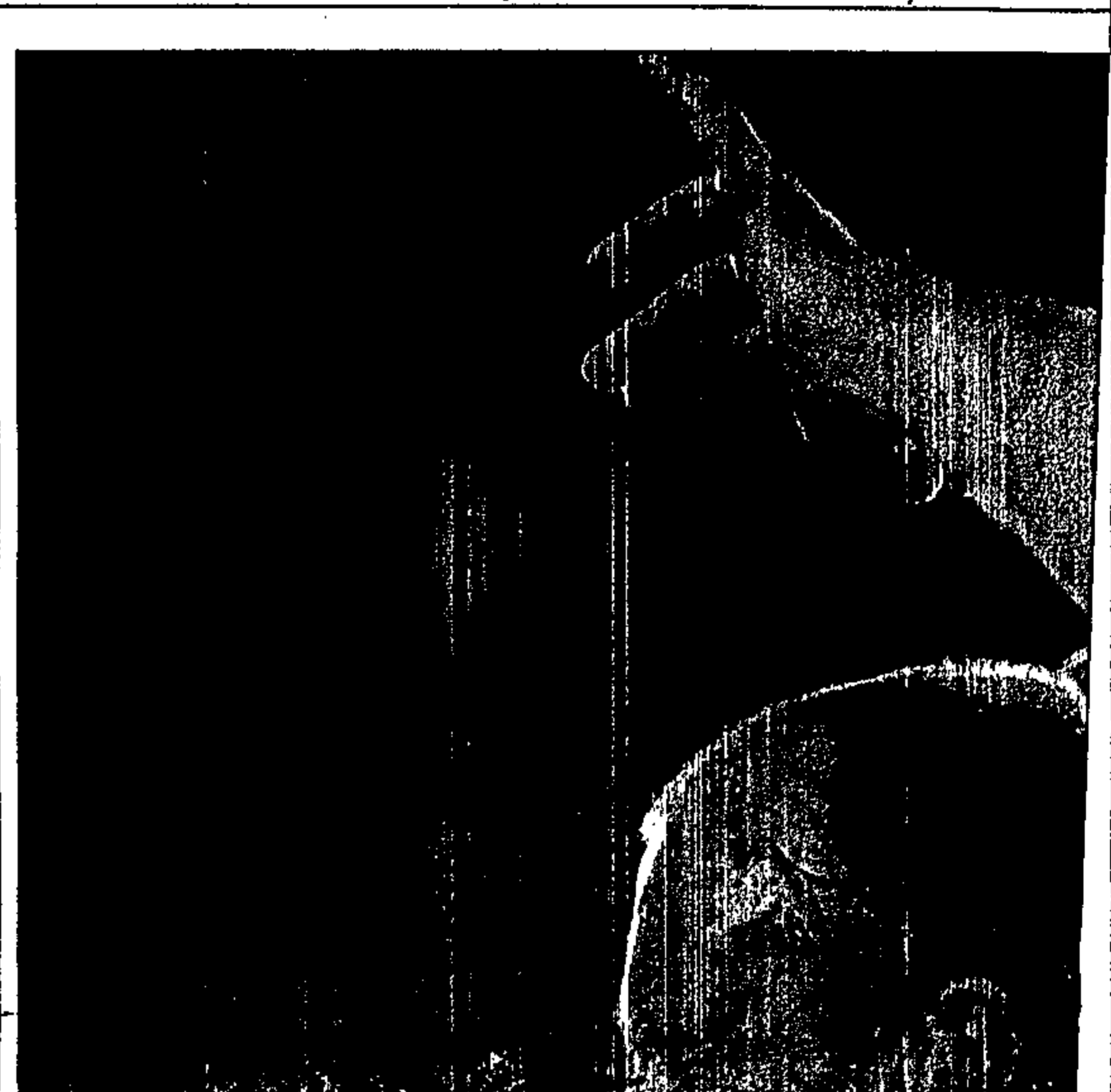
In addition, the co-chairman of the task group's financial task team, Deon du Plooy, said spending sprees by transitional local authorities would not be accepted.

He said local authorities which wanted to access the money contributed by central government would have to submit thorough motivations to their provincial administrations, who would then release the money after approval from the Government.

Burger yesterday said the task team had arrived at the national budget by working out the national average cost of registering and ensuring that a person voted in the election, and multiplying this figure by the potential number of voters.

The number of people — about 23-million — who voted in last year's election was used as a guideline.

Burger added that because the task team had been forced to draft a budget in time for the Cabinet's approval, the process was done from the top.



FROM PAGE 1

## Local election

123 18/3/95

Originally pencilled in for October 31, the new November 1 date for the poll does not give the election organisers much leeway.

On top of bolstering the low registration rate, myriad other details need to be sorted out before the election.

After the registration deadline, voters rolls will have to be compiled and advertised publicly to allow for objections.

This has to be followed by the demarcation of wards, and the compilation of voters rolls for each ward and each polling station.

The task group is looking at a maximum of 2 500 voters per station to avoid the chaos during last year's election.

"What we now have to do is put the horse back in front of the cart, and that is why transitional local structures will have to submit well-motivated requests for the financial assistance they need," said Burger.

Nevertheless, central government has committed itself to covering only 75% of the election costs incurred in urban areas, offering rural areas without resources up to 100% of their costs.

The average estimated cost per voter in the urban areas was worked out at about R10,50, said Burger. In rural areas with little resources and no infrastructure, the figure is slightly higher at about R19.

the palm of hi  
PHOTOGR

## drun

South Africa  
thusiastic: "He  
very special p  
has given abc  
College, which  
so far."

One fan wi

## Nearly R5m spent on ministers' houses

Weekend Argus Political Staff

ALMOST R5 million has been spent on repairing and furnishing 44 homes for ministers and deputy ministers.

Public Works Minister Jeff Radebe said on Thursday that the money spent since January last year, was "value for money and not extravagant".

Explaining the expenditure, he said the R4 782 314,03 was spent on necessary repairs as well as furnishing houses, some of which were unfurnished.

Mr Radebe also noted that ministers and deputy ministers paid rent for the first time for their accommodation and said the expenditure would be recouped through these rentals in due course.

Mr Radebe said the Melamet committee on the remuneration of politicians provided for free housing only be provided for

the president and the two deputy presidents.

The rental paid by the ministers and deputy ministers ranged from R3 000 to R4 715. The cabinet had resolved last June that the monthly rental would be capped by one-twelfth of 17 percent of the annual salary of the political office-bearer, the latter reduced by R20 000.

Turning to the cost involved in the repairs and furnishing of the 44 houses, Mr Radebe said most of the houses involved were not used as ministerial houses.

"They were empty shells and had to be furnished and/or altered.

"For example, Walmer Estate was completed in late 1989 and was earmarked for use by the then Ministers' Council of the House of Representatives."

"They stood empty and were never furnished. (123) ARG 18/3/95

*Water is South Africa's most scarce and most precious resource. But in others the poor have effectively subsidised the rich through inequitable tariff schemes. That is set to change, Water Affairs and Forestry Minister KADER ASMAL told Environment Reporter JOHN YELD in a wide-ranging interview on the eve of National Water Week which starts today.*

123

ARL 20/3/95

# Water changes loom

**T**HE "labyrinth" issue of water tariffs and water subsidies in South Africa is being investigated by two committees set up by the Department of Water Affairs and Forestry.

"South Africa is very highly subsidised, and it's an eye-opener to see who gets subsidies and under what conditions," Professor Kader Asmal said.

For example, Kimberley had not paid for any of its water prior to 1970, and at present paid only for water from augmentation schemes developed after that date, he pointed out.

Like most other democratic countries, South Africa had to treat water as an economic commodity and it had to be properly valued, Professor Asmal said.

"The more water you use, the more you must pay for it — that must be the rule, whatever contribution you might be making to the gross national product, because it is a very scarce commodity."

People had an "uncanny" response to rational water tariffs, Professor Asmal said — "they start saving water!"

Resource economics was being taken seriously by his department, and an economist had been seconded from the Development Bank of Southern Africa.

Professor Asmal revealed that South Africa was to sign the southern African development community treaty on the co-operative management of the region's common water resources.

This had been decided by the cabinet earlier this year.

Water management had to be developed in relation to units defined by basins (catchments) — "because the basins don't recognise political boundaries," Professor Asmal said.

"For example, the Orange River goes through five provinces and three countries.

"And what we have to appreciate is that planning decisions for economic development and other development must take water resources into account."

South Africa already had bilateral agreements about water resources with Lesotho and Swaziland, and a tentative agreement with Mozambique.

Signing the development community treaty would mean multilateral arrangements with the southern African countries, Professor Asmal said.

Referring to wetlands, he said these threatened ecosystems were at the heart of South Africa's water resources, and existing laws conserving these areas had to be applied.

Wetlands were adequately defined in legislation so as to be able to protect them.

Professor Asmal declined to comment on the issue of possible dune mining at Lake St Lucia, saying it was not the responsibility of his department.

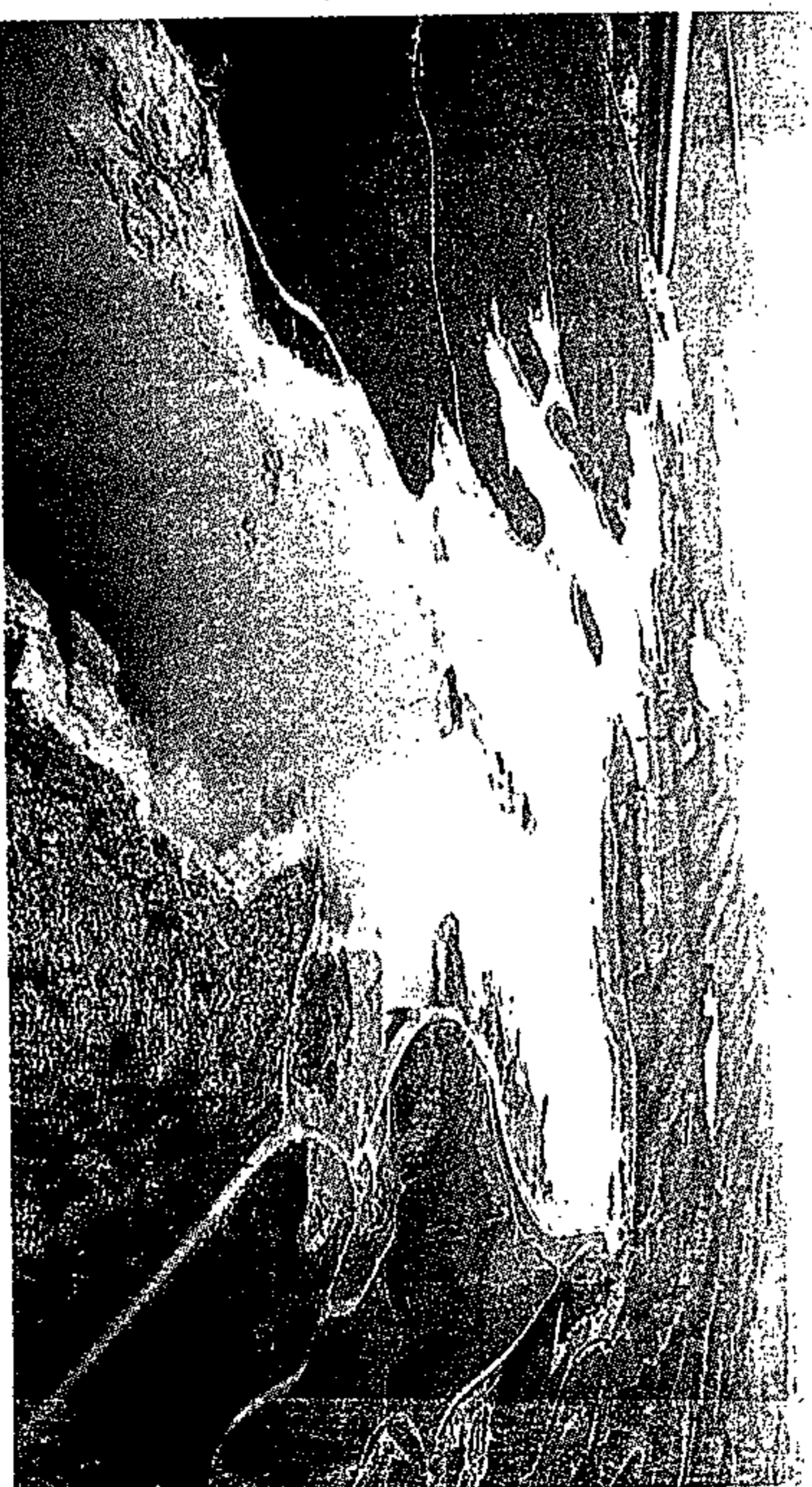
But St Lucia was "one of the jewels of South Africa", he said — "and you cherish jewels, you don't despoil them."

"I must say though that, even before having gone there, I believed St Lucia was one of the world's great protected areas."

"But I never realised until I saw that you can't chisel away at one part or another and hope to maintain the integrity of possibly one of the most beautiful places in the world."

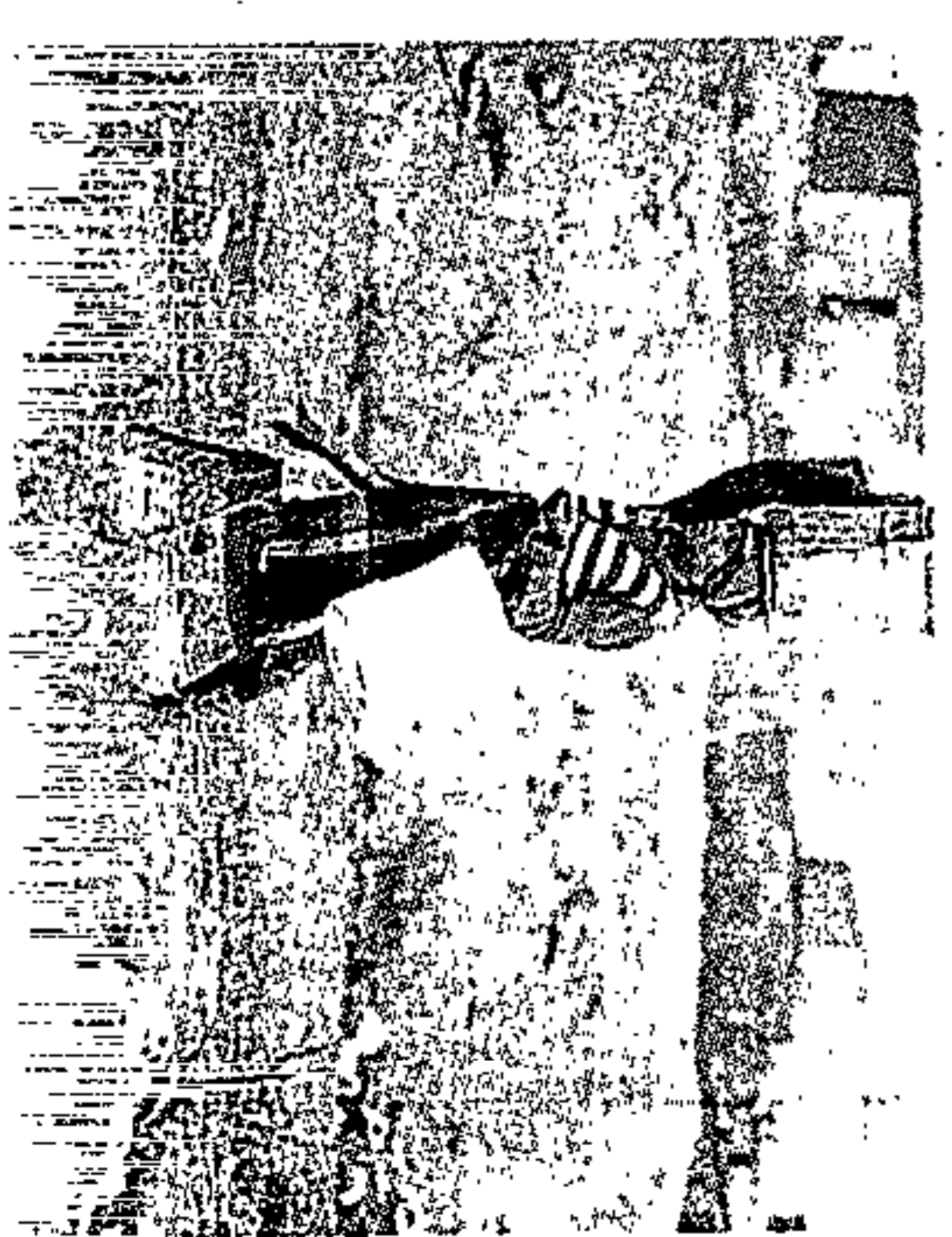
"And it's not just the beauty itself — it's the fact that St Lucia is one of the few remaining systems that merge light, water, sand and vegetation, and we ought to be privileged to have this extraordinary ecosystem."

Other points made by Professor Asmal in the interview appear in the special Water Week supplement, in all editions of The Argus today.



## HAVES AND HAVE-NOTS:

South Africa boasts numerous inter-catchment water transfer schemes and dams — like this Kogelberg Dam on the Palmiet River — which supply top-quality drinking water to most urban areas. But for millions of South Africans — including this shack dweller carrying her container on her head — getting water involves a daily, time-consuming trek, and there's no guaranteeing the quantity or quality that will be available.



&  
YOUR  
EARTH

# Building centres 'can meet housing backlog'

DURBAN — SA could spend R4,6m on 10 Indian-style building centres to facilitate low-cost housing construction throughout the country, Indian quasi-government Housing and Urban Development Corporation (Hudco) chairman and MD KK Bhatnagar said at the weekend.

The centres — two in Gauteng and one each in the other eight provinces — would train local communities in masonry, carpentry, plumbing, contracting and building, while facilitating self-built housing.

Bhatnagar said Housing director-general Billy Cobbett had been "very impressed" by the work Hudco had done in meeting the Indian housing backlog through its building centres. He said the same could be possible in SA.

Each centre required imported equipment and machinery worth R100 000, and R300 000 of infrastructure.

Bhatnagar said each centre could train 400 con-

**NICOLA JENVEY**  
struction workers and build 500 low-cost houses a year. Depending on the construction activity undertaken, additional training groups could be associated.

"Methods used on low-cost housing projects, increased the proportion of labour to total costs, thus reducing the material costs and contributing to employment and income generation," Bhatnagar said.

The programme should be completed three months after government arranged the land and had water and electricity on site.

Decentralised building centres identified cost-effective housing methods in different regions by recognising which local materials could be used.

Production centres for the essential building components were also created through each centre.

Centres would include office buildings, training rooms, stores, stock yards, curing tanks, display facilities and parking areas.

mers  
Sun-  
10THA

ake at a  
in botto  
Ken O

BD 20/3/95

Water is South Africa's scarcest natural resource. But in many areas it has been provided free, while in others the poor have subsidised the rich through inequitable tariff schemes. That is set to change, Water Affairs and Forestry Minister Kader Asmal told our Cape Town correspondent in an interview on the eve of National Water Week.

Plans outlined for protecting our life-sustaining but carelessly used asset

# 'More you use, the more you must pay'

123  
Span

Cape Town — The "labyrinth" issue of water tariffs and water subsidies in South Africa is being investigated by two committees set up specially by the Department of Water Affairs and Forestry.

"South Africa is very highly subsidised, and it's an eye-opener to see who gets subsidies and under what conditions," the Minister, Professor Kader Asmal said.

For example, Kimberley had not paid for any of its water

prior to 1970, and at present paid only for water from augmentation schemes developed after that date, he pointed out.

Like most other democratic countries, South Africa had to treat water as an economic commodity and it had to be properly valued, Professor Asmal said.

"The more water you use, the more you must pay for it — that must be the rule because it is a very scarce commodity." People had an "uncanny" re-

sponse to rational water tariffs, Professor Asmal said — "they start saving water".

Resource economics was being taken seriously by his department, and an economist had been seconded from the Development Bank of Southern Africa.

Professor Asmal revealed that South Africa was to sign the Southern African Development Community treaty on the cooperative management of the region's common water resources.

This had been decided by the Cabinet earlier this year.

Water management had to be developed in relation to units defined by basins (catchments) — "because the basins don't recognise political boundaries", Professor Asmal said.

"For example, the Orange River goes through five provinces and three countries."

South Africa already had bilateral agreements about water resources with Lesotho and

Swaziland, and a tentative agreement with Mozambique.

Signing the development community treaty would mean multilateral arrangements with the southern African countries, Professor Asmal said.

Referring to wetlands, the minister said these threatened ecosystems were at the heart of South Africa's water resources, and existing laws conserving these areas had to be applied. Wetlands were adequately de-

veloped in legislation to protect them.

Professor Asmal declined to comment on the issue of possible dune mining at Lake St Lucia, saying it was not the responsibility of his department.

But St Lucia was "one of the jewels of South Africa", he said — "and you cherish jewels, you don't despoil them."

"I must say though that, even before having gone there, I believed St Lucia was one of the

world's great protected areas.

"But I never realised until I saw it that you can't chisel away at one part or another and hope to maintain the integrity of possibly one of the most beautiful places in the world."

"And it's not just the beauty itself — it's the fact that St Lucia is one of the few remaining systems that merge light, water, sand and vegetation, and we ought to be very privileged to have this extraordinary ecosystem."

(123) Star 2/13/95

## Rural people-potential must not be ignored

"Water remains in critically short supply in most areas of South Africa," says Stewarts & Lloyds marketing manager, Pieter Lötter.

"The reasons for this are many, but one fundamental reason is that most attempts to address the problem have been techno-centric. These attempts did not take full cognisance of the human potential in the rural areas. Operation and maintenance costs were also generally not borne by the users, resulting in the loss of control at local level."

There is a need for a wide range of appropriate, affordable technology in the rural water-supply field. This, he says, is borne out by experience

that indicates that water-supply systems must be affordable and user-managed if they are to be sustainable.

"The range of technical options available should include windmills, handpumps, engine-driven pumps, electrically driven pumps and solar-powered pumps," says Lötter. He adds that the provision of handpumps is still of great importance. S&L is stepping up supplies in anticipation of demand and will have these available at affordable prices.

Stewarts & Lloyds has

been providing equipment to supply water in southern Africa for a century, "and we have decided to become actively involved in the reconstruction and development of the water supply sector, with particular emphasis on sustainable rural water supply."

A range of locally manufactured and imported borehole handpumps is available. The latter conform to UNDP-World Bank and UNICEF specifications. "These pumps", says Lötter, "have been proved extensively throughout the develop-

ing world and are an extremely cost-effective water supply option."

Lötter says South Africa must place the ownership and management of these rural water-supply systems in the hands of the users. Community-level management systems will play an important role in achieving this objective.

"S & L has developed and equipped a mobile unit to travel to the most isolated rural communities to demonstrate the operation and maintenance of pumps and other related products.

"We believe we have developed the correct approach to assisting rural communities with their equipment and training needs."

# Private sector has the answer

While water and sanitation have been identified as key factors in the RDP, the availability of water and sanitation in urban areas — including the traditionally privileged white areas — cannot be taken for granted.

The problems of providing adequate water and sanitation services have been exacerbated in the past by lack of infrastructure, poor management, politicisation and a natural scarcity of water.

While the scarcity issue can be tackled to a limited extent by planning and controls, the other three factors are more easily addressed. It is in these areas that Water and Sanitation Services South Africa, a company formerly known as Aqua-Gold Services, believes it has a vital role to play. A subsidiary of Lyonnaise Water Southern Africa which, in turn, is a 50/50 venture by French company Lyonnaise des Eaux and Group 5/Everite, Water and Sanitation Services was established as a subsidiary of the Goldstein Group in 1986.

Its major operations include water and sewerage treatment plants in Queenstown, Stutterheim, Sundumbili and Esikhawini. It is now operating at 36 sites and has regional offices in Pinetown, Nelspruit and Queenstown, with its head office in Sandton.

Traditionally, water

and sanitation services in South Africa have fallen under the control of municipalities.

While services to white areas were satisfactory, services to black areas were very poor. The infrastructure in black townships — where there were services — was inadequate and poorly maintained. And because of the perceived illegitimacy of black local authorities, payment for services was affected.

Water and Sanitation Services sees private sector involvement in the supply of services as vital. Not only does the issue of supply become depoliticised but, says managing director Willem Munting, the objective of reducing the cost of water and sewage services can be realised by effective management as well as providing the incentive to residents not to waste water and at the same time encouraging them to understand the benefits of paying for services, thus to contribute to recovery costs in order for a service to remain viable.

Operating under the concept of delegated management, the authority (the municipality) delegates the responsibility of operating and managing a municipal service to a private company while retaining the ownership of assets, the monitoring and control of the services and tariff control.

Star 21/3/95



# Getting the message of water across

**Cape Town** — Water conservation is an urgent necessity in South Africa — but is the message getting through to ordinary people?

"No, not yet," says University of Cape Town environmental scientist Guy Preston, who specialises in research about the country's water use and water conservation measures.

## Major impact

But Water Affairs and Forestry Minister Kader Asmal and his new-look ministry are set to make a major impact, Dr Preston believes.

"Ultimately, what really matters is that people change their attitudes and behaviour, by installing water conservation devices and not wasting water on their gardens and so on," he said.

"Unfortunately, by and large, they haven't started changing yet, and the person I'm looking to for leadership is Professor Asmal.

## Refreshing

"He's shown a willingness to stand up and confront irresponsible bureaucratic behaviour, and his management of his department is the single most refreshing change I've seen in the change-over from the old structures of government.

"We haven't had a minister of water affairs worthy of the title before."

The Department of Water Affairs was "streets ahead" of most other government departments in showing a genuine commitment to change and a new understanding, Dr Preston said.

"For example, these issues of the social costs of water and resource economics are really difficult, but at least the department is aware of them now and is starting to incorporate them into its policies."

□ □ □

While some South Africans enjoy the cleanest, best-quality drinking water in the world, nearly a third of their



**Professor Kader Asmal . . . 'first man worthy of the title of Minister of Water Affairs'.**

compatriots have either no water supply at all or only a "totally unsatisfactory" supply, says Water Affairs and Forestry Minister Kader Asmal.

There was now a greater appreciation of the importance of water at virtually all levels of government.

"We know that, outside Gauteng, people's first priority is water — this is shown in all the opinion polls and surveys we've carried out," Professor Asmal said.

The water affairs minister, who described himself as a "water nut — the quality and taste of water are very important to me", said

there were really two South Africas.

The first enjoyed access to the best drinking water in the world, while the second either had no water supply or a totally unsatisfactory supply.

"And so, therefore, we're trying to integrate and make South Africa whole, and there is an appreciation of water.

"Now that appreciation must be translated into the allocation of resources, and that means making unpopular choices."

Such choices included restricting the location of industries to areas with adequate water supplies and

possible restrictions on the type of crops that could be grown.

"The planting of trees in commercial afforestation is licensed, but we don't license the planting of crops that consume more water.

"For example, maize is planted in areas where it takes a disproportionate amount of water — much more than trees do — and where it's not economical, but it's totally unregulated.

"We may have to consider that, but that would be an unpopular thing to say"

Water was central to land use and had to be considered when developing land

use policies, Professor Asmal said.

"And I'll be quite frank about it — if agriculture accounts for 60% of water use, then we'll have to tackle the question of how we irrigate fields — whether irrigation is consistent with conservation principles, and especially since there are communities without water near farming areas."

The Government's water conservation campaign would probably have to be underpinned by law, Professor Asmal said. "We'll have to deal with the wasteful use of water." — Own Correspondent.

STAN 21/3/95 (123)

*If we are to reach our goal of water for everyone ...*

# Team effort needed

Community involvement is the theme for National Water Week, which runs from March 20 to 26 and incorporates World Water Day on March 22.

We are all affected by the supply of water — an essential factor in health, industry, recreation, ecology. Not only is it essential that all people have a sufficient supply of water but the quality of water available must meet cer-

tain standards.

In May, the Minister of Water Affairs and Forestry, Kadar Asmal said the immediate aim of the Department of Water Affairs was the establishment of "a national water and sanitation programme which will assist in all households securing a clean, safe water supply of 20 to 30 litres a person a day, within a

200m reach and adequate and safe sanitation facilities."

The long-term goal was for every South African to have accessible water and sanitation.

## Dream

In a country plagued by drought, irregular rainfall and an inequitable distribution of natural water, this might seem an almost impossible

dream. But if the dream is to be fulfilled it means all users (ranging from those living in rural villages or urban homes to those in agriculture, industry and mining) and all suppliers will have to work together.

With South Africa's steadily growing population (31-million in 1991 and increasing by about 3% a year) and an ever-increasing industrial de-

mand, the challenge may seem daunting.

And not only does the demand for water grow but, with a burgeoning population and rapid industrialisation, the pollution threat increases.

## Succeed

This effects not only our rivers and dams but also the groundwater supply. It is estimated that

more than 12 million people are without access to clean, safe water and about 21 million are without hygienic sanitation.

If the Department of Waters Affairs and Forestry is to succeed in its goal of supplying all South Africans with water and sanitation, cooperation, dedication and inspiration are going to be called for from all concerned.

123 Show 21/3/95

# Pay up and register, Soweto rally is urged <sup>(123)</sup>

BD 22/3/95

THEO RAWANA

THOUSANDS of Soweto residents packed the Orlando Stadium yesterday to hear national, provincial and local leaders calling on them to start paying rent, register to vote and help fight crime.

Minister without Portfolio Jay Naidoo, Provincial Affairs Deputy Minister Valli Moosa, Gauteng safety and security minister Jessie Duarte and Greater Johannesburg mayor Isaac Mogase used the 10th anniversary of the Soweto Civic Association to exhort the community to embark on programmes that would facilitate the delivery of the reconstruction and development programme (RDP).

Naidoo told the rally that with the RDP having taken off well at national and provincial levels, the responsibility now lay with the local government and the community to join hands.

He said the new order had brought about not only the right to vote, but also the right to free water, schools and clinics.

Programmes such as Operation Masakhane — which sought to accelerate the principles of the RDP — were about fighting crime and structuring the local govern-

ment to work towards meeting the needs of the people. Masakhane meant people working with government to transform hospitals, the police and government.

"Let us co-ordinate the Masakhane campaign. Let the street committees work with the police to eradicate crime in Soweto," Naidoo said.

Mogase said in line with the rally's theme of "From Resistance to Development", residents should go and register.

Moosa, who set the tone for residents by registering at the table set up for that purpose at the rally, said residents should vote to ensure the "right kind of council", which would deliver services, was chosen. "It is up to you to see that we win the elections," he said.

Duarte called on the residents to help government stop the crime wave gripping the area. Cries by residents that the police were useless should come to an end.

"They are your policemen. Let us see the residents getting into a partnership with the police."

# INVESTMENTS LIMITED

(Reg. No. 68/05871/06)

MARICED RAI ANCE SHERTS

## Housing: 'Joint action needed'

(123) CT22/3/95  
SPECIAL CORRESPONDENT

JOHANNESBURG: Housing Minister Ms Sankie Mthembu-Nkondo made an impassioned plea to the private sector and South Africa's township residents to join hands and contribute to the upliftment of local communities.

In an address to a South African National Civics Organisation fundraising dinner on Monday night, Ms Mthembu-Nkondo said business could commit significant financial management resources to needy communities and township residents could help by ending the long-standing rent and services boycott.

'SOME FOR ALL, NOT ALL FOR SOME'

123

CT 23/3/95

# Wealthy to pay more for water

**THE** government, committed to improving the water supply to South Africa's poorest communities despite increasingly scarce resources, has launched a major conservation campaign: **ANTHONY JOHNSON** reports

**H**istorically privileged groups are being asked to pay more and use less water as part of a massive water conservation campaign launched by the government yesterday.

The far-reaching initiative was linked to the announcement of the first review ever of the country's water law, which Water Affairs Minister Prof Kader Asmal warned would "strike at the citadel of power and wealth in South Africa".

Yesterday, World Water Day, the government also announced an increase in water tariffs of 10% on average from next month.

Deputy Director of Water Affairs Mr Rudie du Randt said agricultural water tariffs would go up by 10% in the Western Cape but those for home and industrial usage "could be less in some circumstances."

The conservation campaign will also declare war on wastage. Unaccounted-for water from leaks, unmetered usage and wastage amounts to more than the water sold in Johannesburg, Durban and Cape Town combined.

Prof Asmal told a media conference yesterday: "The objective of the campaign will be to reduce the usage of water by those privileged enough to have it, so that there is enough to go around for all."

He said the motto of the campaign would be: "Some for all, not all for some," adding that South Africans would have to say, along with Gandhi, "There is enough for the needy but not the greedy."

The minister said that since 12 to 16 million South Africans were without adequate access to even the most basic domestic water supply, there would have to be a "total review" of the nation's water law in the next 12 months.

The constitution required that equity and equality be introduced in the water provision system.

The Water Research Commission had launched an urgent investigation into "the use of the proceeds of the higher tariffs for luxury use to subsidise the provision of water to indigent communities".

A 30-page document entitled *You and your water rights* issued by the Department of Water Affairs, emphasised that constitutional provisions dealing with the right to life, and equality would also affect future water policy.

## Inequalities

The document noted that the single largest cause of disease and death among the poor, particularly infants, was water and sanitation related.

It added: "There are clearly de facto inequalities in the area of water supply and where this is contributed to by law, changes will have to be made."

Prof Asmal, who invited all South Africans to participate in a review of the laws governing the management of the water system, said: "Our system of water allocation is based on the practical requirements of the last century."

● See Page 5



**CONSERVATIONIST:** Water Affairs Minister Professor Kader Asmal tackles the water crisis

## City may tow in icebergs

CAPE TOWN could still see icebergs being towed to the city from the Antarctic Circle to help relieve the Western Cape's water crisis.

This emerged at the launch of the national water conservation campaign yesterday when Water Affairs Minister Professor Kader Asmal said that all water-saving schemes that had been previously ditched were once again up for review.

"Everything that was rejected in the past must be brought back on the table and what was declined in the past must be considered once again," he said.

The director-general of Water Affairs, Mr Tinus Erasmus, said that "in a decade or so" the dragging of icebergs to South Africa's coastal cities could become "a serious consideration".

Other new sources of water included desalination, re-use, and transfers from catchment areas.

# Govt tips on saving water

## **POLITICAL CORRESPONDENT**

THE planting of indigenous vegetation heads the government's 10-point list of tips for conserving water.

The Department of Water Affairs guidelines — which form part of the national water conservation campaign launched yesterday — note that indigenous plants are adapted to the country's climate and can survive without being watered daily.

Other tips include repairing broken

water pipes or taps, showering instead of a bathing, covering swimming pools in winter and washing cars using a bucket and sponge rather than a hosepipe.

Water Affairs Minister Prof Kader Asmal said there were three key messages when it came to water as the nation's life-giver:

- We must make every drop count.
- Water is an indivisible national asset.
- Basic water supply and sanitation are everybody's entitlement and responsibility.

(123) CT23/3/95

## Olympic levy W Cape?

### MUNICIPAL REPORTER

PROVINCIAL adviser to the government has said regional legislation may have to be drawn up to impose an extra levy on rates or income tax to pay for the Olympic Games.

Donald Craythorne drew up a paper for former Olympic Bid chairman Mr Raymond Ack-

er. Craythorne said among the proposals that could be negotiated is a "piggy-back rate levy on all rates and RSC levies" or a special rate.

He said the existing system of income tax levy in the Western Cape.

...the head lease and will occupy 2 000m<sup>2</sup>, managing director Mr Richard Colledge confirmed yesterday.

## Rates to stay 'for at least three to five years'

### MUNICIPAL REPORTER

PROPERTY rates would not be phased out for at least the next three to five years, Mr Andrew Boraine, an executive member of the Institute for Local Government, said yesterday.

He was commenting on a report from Durban that property rates could be on the way out.

Mr Boraine said existing sources of finance had to be normalised in the short-term. This meant the property rates system should be spread to the entire city.

He said the existing system should be updated and made more efficient. For example, Cape

The new complex, to be known as The Park, will be built in two phases.

Building on the first phase, which comprises 7 000m<sup>2</sup> of lettable space on five levels and 157 underground parking bays, has a potential location for Cape

The site was once earmarked as a potential location for Cape

The new complex, to be known as The Park, will be built in two phases.

Building on the first phase, which comprises 7 000m<sup>2</sup> of lettable space on five levels and 157 underground parking bays, has a potential location for Cape

The site was once earmarked as a potential location for Cape

The new complex, to be known as The Park, will be built in two phases.

Building on the first phase, which comprises 7 000m<sup>2</sup> of lettable space on five levels and 157 underground parking bays, has a potential location for Cape

The site was once earmarked as a potential location for Cape

## French love us, but not our hotels

### SPECIAL CORRESPONDENT

PARIS: Record numbers of French tourists are visiting South Africa and returning with high praise for the friendliness they received, but are disappointed with some hotel and restaurant standards.

There is also a serious language barrier — but this handicap is overcome, the tourists say, by "the wonderful generosity from everybody at every level".

But there was widespread disappointment over hotels, except for those in the luxury class.

A frequent refrain was: "The country's hotel and restaurant sectors are in general below European standards."

"Service is poor and the welcome is no great shakes. Counter clerk staff look on French franc banknotes as Mickey Mouse money — they just want American dollars or traveller's cheques. They don't really take French tourists seriously."

Certain hotels in small towns were criticised for lack of amenities, shabby furniture and an unacceptable noise level from bars.

Often reservations went astray.

Restaurants were criticised for their curious habit of dim lighting, making it difficult to see what one was eating. Steaks were often far too large and tough. Salads were little more than lettuce leaves.

But all agreed: "Everybody was so nice and friendly that it did not matter."

An official at the Satour office here said that 26 000 French tourists and businessmen visited South Africa in 1994, a giant leap from the average 16 000 who went annually during the apartheid era.

### March on

## Shell House

BD 23/3/95  
GAVIN STAFFORD

INKATHA Freedom Party supporters could converge on the ANC's Shell House headquarters on Tuesday if Zulu traditional leaders decide today to go ahead with a commemorative march on the first anniversary of a shooting incident in which scores of people were killed last year.

Head of Zulu traditional leaders in Gauteng Prince Ngilawana Mthembu said at a news conference yesterday gatherings would be held in many parts of the country on Tuesday to mark the anniversary.

IFP MP Themba Khoza, who is to assist the traditional leaders, said yesterday he would be acting on behalf of government to ensure the event was "dignified and trouble free".

Possibilities of a stayaway and that the march may be cancelled, or that only a delegation of traditional leaders go to Shell House to lay wreaths in honour of those killed, would be on the traditional leaders meeting's agenda.

Comment Page 12

# Water scheme tariffs set to rise on increased costs

(123)

BD 23/3/95

CAPE TOWN — Government water scheme tariffs would soon rise because of increases in operating and maintenance costs, Water Affairs and Forestry Minister Kader Asmal said yesterday at the launch of a national conservation campaign and the National Water Law Review.

Sapa reports he said the overall effect of the new tariffs on consumer tariffs for potable water, however, would be relatively small because raw water costs normally made up less than a fifth of the total tariff.

The increases for water supplied for domestic industrial use in urban areas reflected increases in operating and maintenance costs only, except where additional capital works had come into operation.

One exception was the Vaal River tariff, which would increase by 1,6c/m<sup>3</sup> on April 21 because of an increased levy for the Lesotho Highlands Water Scheme. A further increase of 4c/m<sup>3</sup> would be introduced on October 1, increasing the levy component of the tariff to 22c/m<sup>3</sup>.

Irrigation water tariffs would increase 10%, except for certain designated socio-economic schemes where increases would be limited to 5%.

The decision to implement only marginal increases was taken because of the effects of drought on the agricultural economy, Asmal said.

Water tariffs from schemes in rural areas would be made individually because of the disparity in tariff policies in different areas in the past.

EDWARD WEST reports that Asmal said current water laws were 40 years old. Water had in the past been allocated on a racial basis, and these laws needed to be reviewed. Water management would become far more difficult because of the demands of the growing population and economy.

A discussion document released yesterday aimed at drawing public comment on water rights said SA's water law was written largely in the interests of commercial agriculture and industry and no consideration was given to existing unwritten customs of the majority of the population regarding water rights.

Confusion regarding the interpretation of water laws and the greed of some riparian owners was leading to contempt for the law and large scale theft and illegal use of water from public streams, which was difficult to control.

Water law, contained primarily in the Water Act of 1956, was also scattered in 33 other Acts and urgently needed to be rationalised. The laws were difficult to understand and difficult to put into practice, while the rights of citizens or public authorities to use water were even more confusing, the document said.

At least a third of SA's population did not have access to adequate water supplies. Asmal said SA simply did not have enough water to go around.

Demand had already exceeded supply in many catchment areas and the quest for new water sources had become "desperately serious".

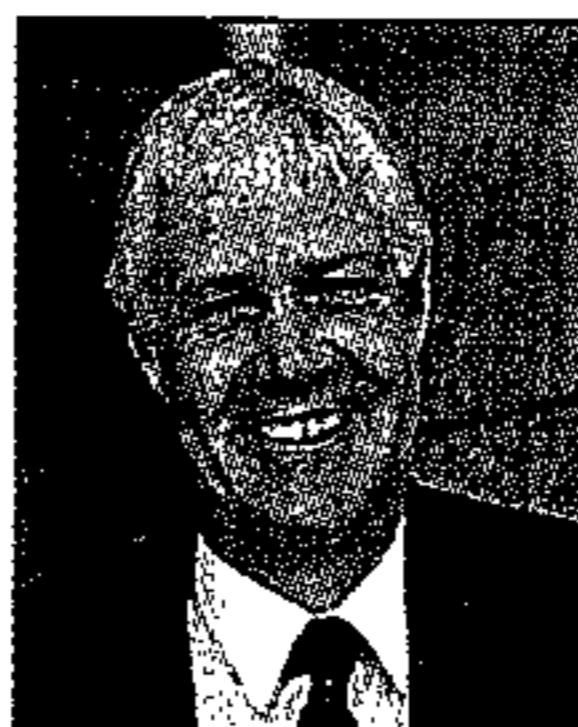
Asmal and KwaZulu/Natal premier Frank Mdlalose have agreed in principle to proceed with plans to build a dam on the Umvoti River for water supply to the North Coast. The R180m, 33-million cubic metre reservoir near Glennmill, scheduled for completion by the end of 1998, would serve the Stanger/Grootville area's industrial and domestic needs and enable 2 000ha of new farm irrigation in the Mapumulu district, a government statement said yesterday.



Last year, the department had a total of R2,6bn available — R1,6bn from the Budget vote and R1bn in carryover funds for projects started under the previous government. These relate mostly to first home buyer subsidy schemes, administered by the Houses of Delegates, Representatives and Assembly and taken over by the provinces last year.

Confusion arises because, in the table on consolidated national and provincial budgets in the *Budget Review*, a figure of R4,2bn appears against housing and related services. The balance of the R4,2bn probably includes a roughly R400m allotment to the Department of Land Affairs for land redistribution and release purposes and about R350m for extended municipal services, both of which relate to housing.

These last two funds will not be under the direct control of Housing but will be available through the Urban Investment Planning Team. This was created in December, under Housing's Johan Wallis who reports to RDP urban development officer Chippy Olver.



Wallis

DoH economics chief director Frik Barnard says a business plan will be devised with the provinces, to help the RDP Ministry decide how much of the R1,4bn will be spent on subsidies and how much on infrastructure. The money is primarily intended, however, as a means of leveraging finance for infrastructure from local authorities and regional services councils charged with providing infrastructure.

Only where the lack of infrastructure constitutes a bottleneck in the housing process, will money be used for that purpose, says Barnard. Last year, a number of subsidy projects were held up because communities could not afford to repay loans for infrastructure.

Barnard says at least R882m, of the R1,5bn vote, will be available for new subsidies this year, plus whatever portion comes from the RDP R1,4bn amount — a total of R2,3bn for new subsidies. (This compares with R2,2bn for subsidies last year, much of which went on projects carried over.) The remainder will go on:

- Ongoing projects of R132m for first-time home buyers scheme projects;
- A loan of R455m, repayable in September by the now defunct National Housing Commission;
- Some R1,4m to fund the urban in-

PROPERTY

- vestment planning team;
- R50m for the Mortgage Indemnity Scheme;
- R200m for the National Housing Finance Corporation; and
- R20m which government will put up for the establishment of the National Urban Reconstruction & Housing Agency to match the seed contribution of international financier George Soros.

Barnard says of the total undetermined amount of money available for subsidies, money will have to be allocated for new subsidy projects commenced last year, which will run for a period of up to three years. The only limit imposed on provincial board subsidy allocations is that they must not commit more than 70% of their annual allocations on such extended projects.

To put the housing and related services figure into perspective, it represents 2,7% of the national budget, compared with the 5% ideally allocated in developing countries. Subsidies available last year and this year don't address new housing needs, let alone the backlog, says one housing expert.

However, the building materials and construction industries cannot cope with more activity this year and the amount is described as sensible by another expert, given the capacity to meet the demands on it.

Increased demand for both services is coming from property sectors other than low cost housing. Additional demand would result in higher building costs. ■

LOW-COST HOUSING  
**Budget concerns**

(123)  
FM 24/3/95

**Government**, through an 80% increase in funds to housing, has expressed its confidence in the ability of the Department of Housing (DoH) to deliver. The total available will amount to R2,9bn (up from R1,6bn last year).

This consists of R1,5bn through the Housing vote and R1,4bn for housing and infrastructure, from the Reconstruction & Development Ministry.

In addition, R486,5m is carried over from last year, for eight presidential projects and there is a new provision of R185m for more presidential projects. This totals R3,6bn.

# Water price rise will hardly affect consumers

## ■ STAFF REPORTER

The Government's latest increase in the cost of raw water sold to Rand Water for purification will not affect consumers' pockets directly.

Clearing up confusion over two recent water price increases — one in the cost of the Government's tariff for raw (unprocessed) water sold to Rand Water, and the other for water subsequently processed by Rand

Water and then sold to bulk consumers — a Rand Water spokesman said the Government's increase was already included in Rand Water's rise.

Only Rand Water's final 8%

increase to bulk consumers could eventually filter down to householders. If the entire 8% was passed on, the additional cost to an average householder would be less than R3 a month, he said.

(123) (S)

# Soon water will be for everyone

(123) CP 26/3/95

**A**S FAR as current water distribution and usage goes, only 12 percent is used for domestic and municipal purposes. The rest goes to farming, industry and mining.

What this distribution pattern also means is that between 12 to 16 million people have no access to even the most basic domestic supply.

In terms of development, particularly in the rural areas, the supply of water forms the foundation for the Reconstruction and Development Programme. Without radically altering the current water distribution plan there is little chance of the RDP being successful.

"The call of the new government and of the people is for fairness and equity. This is the demand of the constitution and the basis of the review we are undertaking," said Asmal.

"I know we are touching one of the sources of power and wealth in the country as we look at water rights – but both from a technical and a moral point of view this must be done."

A fundamental review of the current water application policy is being explored.

For the first time in South African history the water law issue is being taken to the public, both in urban and rural areas, to get as broad a representation and input as possible.

The first phase of the South African Water Law Review will ensure that the widest cross-section of South African society uses the opportunity to comment on the law and say what was important to their communities.

Workshops are being planned throughout the country with a particular focus on rural



**PROFESSOR KADER ASMAL ... "The call of the new government and of the people is for fairness and equity."**

**BETWEEN** eighty and ninety percent of water resources are used by farmers and the business sector. This will all change if current minister of Water Affairs and Forestry Professor Kader Asmal introduces sweeping changes. Political correspondent RAFIG ROHAN reports.

and poor communities.

The next phase will see a monitoring team – set up by the minister – going through the public responses. The team will consist of water experts and community representatives and will recommend to the minister what the principles in the new legal water structure should be.

The final phase will see the government making a decision and

the actual drafting of new legislation. A second monitoring team will be set up by experts to consider public response to the draft legislation.

Why is there a need to change the existing water law? The Department gives the following reasons:

■ The water law no longer reflects societal needs – rural people and nature conservation are

not sufficiently protected.

■ The law is outdated – our system of water allocation is based on ancient systems and requirements of the last century.

■ Principles of water law were derived from European countries where the climate, culture and hydrology are different from South Africa.

■ The price and value of water is not reflected in the current law; and

■ Very little consideration was given in the past to customs and unwritten laws of rural communities.

A revamped and more representative water law guarantees the 12 to 16 million people without this basic right will have their plight addressed.

# Boom may endanger govt's housing plan

(123) (2)  
BUILDING and construction industry statistics indicate that the sector will enter a boom period next year, fuelling fears that materials costs will soar and undermine government's housing programme.

Figures released by the Central Statistical Service, Stellenbosch-based Bureau of Economic Research and the BMI Building Research Strategy Consulting Unit show that the building and construction industry has moved out of the recession.

Growth forecasts range from 7,5% to 12%. **BD 27/3/95**

The JSE's building, construction and allied index soared during April last year to touch 8 162 in May, based largely on premature expectations of a building boom last year.

Analysts said the index levelled off between June and October last year as it became clear that the RDP would not get off the ground, but began to move upwards following the signing of a Housing Accord at Botshabelo in late October.

The index recently began to gain ground again, a move analysts attributed to improved expectations that the RDP and particularly the housing programme would gain momentum from the middle of this year.

However, the real boom was expected next year and could lead to growth levels of up to 20%. Analysts

ROBYN CHALMERS

said this would place severe strain on the capacity of the sector, which is emerging from a four-year recession.

Industry analysts and spokesmen, including Murray & Roberts CE Andre van der Colff, have warned that a serious skills shortage is likely to be experienced by next year.

Van der Colff said at the weekend a lot of money would have to be spent on training and a recruitment drive would have to be undertaken to meet the expected increased demand.

The Housing Ministry has expressed concern that building costs could rise well above inflation once the RDP got going, and has urged suppliers to form a compact to keep price increases reasonable.

Building Industries Federation of SA executive director Ian Robinson said while building material suppliers had agreed to the compact, it could be rendered ineffectual as labour unions had not been included.

"If the compact is to be effective, we must have an urgent commitment from the unions that labour cost increases will be linked to productivity," he said.

Robinson said there were already indications that the price of certain building materials were rising above the inflation rate.

(2) Yes. Steps to systematically eliminate the establishment backlog were already included in the Departmental Financial Management Plan for 1994/95, which aimed at eliminating the backlog within five (5) years. Due to Treasury under provision for the 1995/96 financial year, this could not be accomplished and consequently negotiations will recommence to eliminate the backlog.

Staff of subsidiary of SAA at Jan Smuts Airport on strike

86. Mr J T ALBERTYN asked the Minister for Public Enterprises:†

(1) Whether the staff of a subsidiary of the South African Airways which handles luggage at the Jan Smuts Airport and whose name has been furnished to her Department for the purpose of her reply, were recently on strike or are striking at present; if so, (a) what caused the strike,

(b) how long did the strike last or has it been lasting and (c) what are the estimated costs in this respect to (i) airlines and (ii) passengers;

(2) whether any steps have been or are being taken to end the strike; if not, why not; if so, (a) what steps and (b) by whom?

N148E

The MINISTER FOR PUBLIC ENTERPRISES:

(1) Yes.

(a) Labour dispute.

(b) Six hours.

(c) (i) and (ii) Not possible to calculate.

(2) Yes.

(a) Agreement was reached.

(b) SA Airways Management and Trade Union.

*HANSAARD 28/3/95*

### INTERPELLATIONS

The sign \* indicates a translation. The sign † used subsequently in the same interpellation, indicates the original language.

#### Zulu-imbizo: funding

1. Dr B E NZIMANDE asked the Minister for Provincial Affairs and Constitutional Development:

(1) Whether the Zulu imbizo held on 12 March 1995 was wholly or partly funded by the provincial government of KwaZulu-Natal; if not, how was this meeting financed; if so, what total amount was spent on the said imbizo;

(2) whether the KwaZulu-Natal Executive Council approved the funding of this meeting; if not, what is the position in this regard; if so, from which budget vote was it funded?

N272E.INT

The MINISTER FOR PROVINCIAL AFFAIRS AND CONSTITUTIONAL DEVELOPMENT: Mr Speaker, to enable me to reply to the question, the Director-General of the Department of Constitutional Development approached Prof Nxumalo, the Director-General of the Province of KwaZulu-Natal. Prof Nxumalo indicated in writing that the imbizo was wholly funded by a private donation. He also supplied me with a copy of a press statement made by Mr T Memela, the public relations officer of the Office of the Premier of KwaZulu-Natal, in which he stated that he had been informed by the Premier that no Government funds had been paid for the imbizo held in Umlazi on 12 March. According to this statement, during the week prior to the imbizo an account was opened into which private donations were paid and all expenses relating to the imbizo were therefore to be paid from private funds. Mr Memela also stated that the previous statement he had made, to the effect that the provincial government had funded the imbizo, was the result of a misunderstanding, and should be ignored.

My response is therefore the following regarding the first part of the question: No, according to the information at my disposal, which was obtained from the province concerned, the imbizo was financed by private donations. Prof Nxu-

malo did not convey any information regarding the total amount that was spent on the said imbizo. The second part of the question falls away. *HANSAARD 29/3/95*

Dr B E NZIMANDE: Mr Speaker, the answer that the hon the Minister has been given to table here is totally unsatisfactory. [Interjections.]

In fact, there is a possibility of a cover-up. Why do I say this? Firstly, in a statement issued to *The Daily News* by Mr Memela, spokesperson of the KwaZulu-Natal premier, immediately after the imbizo, he said that R20 228 was spent on refreshments and hiring a tent, chairs and toilets. He said that the money was made available "by the government of KwaZulu-Natal through a Vote on public functions". Later, on 16 March, Mr Memela retracted this statement by saying:

I have been informed by the premier that no government funds paid for the so-called imbizo. An account was opened during the week previous to the imbizo into which private donations were paid.

That is what he said.

Immediately two questions arise. Firstly, why did Mr Memela make the earlier statement in which he quoted an exact amount and gave details of the account from which this came? This is a very strange kind of misunderstanding, which he claims it is. Secondly, can a public official like a premier convene a meeting in his official capacity which is then funded from private sources? Is this not a basis for corruption?

A further question also arises as to how those private monies were disbursed from the special account that Mr Memela is talking about. Is it acceptable for a government to open special accounts with funds from unknown private sources and then to have it disbursed by public officials? That is the question.

We are very suspicious of this answer. When Inkathagate first hit the news, it was denied. Later it was proved that the apartheid government did indeed secretly fund the IFP through slush funds. Now we have the same situation here. In the light of this we call upon the Minister to ask the Public Protector as well as the Auditor-General actually to investigate the fund-

# Institutions create home loans bank

SAMANTHA SHARPE

THREE life offices — Southern, Metropolitan and Norwich Life — have banded together with the Eskom Pension Fund, Nedcor and the Independent Development Trust to create a new home loans bank, the Credit and Savings Help Bank (Cash Bank).

Cash Bank CE Christine Glover said the R64m bank, which was granted a provisional banking licence this month, would target the low-income home loans market through home loans provision to employer groups. Cash Bank would be offering fixed rates for loans for periods of up to five years. This translated to a range from 19.5% for smaller employers to 23% for larger employers. **BD 28/3/95**  
Traditional banks have yet to offer

fixed-rate lending for low-income housing, with the issue still under debate.

The bank's creation flowed from the formation of the Group Credit Company two years ago, which offered home loan advances to employees against a cession of their provident fund benefits. **(123)**

Glover said trading operations would begin on April 1, with the bank providing a fully fledged deposit-taking service. While focusing primarily on home loans, with security for the loans backed by employee retirement funds, general purpose loans would also be made available.

To Page 2

## Bank

**BD 28/3/95**

**(123)**

From Page 1

She said Cash Bank would be tapping a market that was still beyond the strict credit criteria of the larger financial institutions, and could offer financing flexibility impossible for the larger banks.

Theta Securities, which was responsible for the bank's financial structuring, said the innovative financial model could unlock millions for low-income housing and give the reconstruction and development programme "a massive shot in the arm".

Theta MD Leon Kirkinis said that while the use of retirement fund benefits to

finance low-cost housing was enjoying increased acceptance among employers and institutional investors, employers and employees had to beware of schemes which liquidated pension fund investments. "It is usually in the interests of fund investors that accumulated contributions underpin a loan rather than provide an instant cash injection into a housing scheme."

He said the bank's structuring would ensure that fund members who did not enjoy housing loans did not cross-subsidise members who did.

# The last hurdle for RDP housing

(123) (CT) (ER) 2/13/95

With the government-funded Mortgage Indemnity Scheme (MIS) due to be finalised shortly, the only real obstacle in the way of the RDP housing programme is the proposed Builders Defects Warranty Scheme.

The Budget made a provision of R50 million for the MIS, which is aimed at reducing the risks of lending money in the low-income housing market, where banks have pledged to provide 50 000 home loans this year.

However, a further condition is attached to protect consumers (and at the end of the day, the banks), namely, that builders stand by their products for a certain period and that a fund is implemented to cover defaulting builders.

In recent years, defects in newly constructed houses have caused problems for consumers and, in certain instances, have resulted in bond boycotts.

In most cases, the builders have left the site and the banks, which have provided the long-

term finance, have suffered.

It is not surprising, therefore, that the government and the banks have called on the building industry to come to the party.

The industry's response has come through the umbrella body the Council for Construction in South Africa.

The steering committee's proposed scheme, for which they are presently trying to get grassroots support, includes the establishment of a National Home Builders Registration Council, backed up with a Home Builders Warranty Fund.

The intricacies of putting together such a scheme are immense.

The UK, for one, has had a scheme in place for 60 years and it is still being fine-tuned.

The banks have consequently agreed to an interim scheme to

## PROPERTY PERSPECTIVES



By MAGGIE ROWLEY

### Builders search for an acceptable scheme to protect both the consumer and the bank

get input for an interim scheme and a commitment to working towards a final scheme.

If last week's roadshow to drum up support in Cape Town, and the earlier meeting in Durban, are anything to go by, it would appear that there is a very rocky road ahead for the council.

Further setbacks to the RDP housing programme cannot be ruled out.

The interim scheme, which will involve registration of builders, does not include a defects warranty fund nor a major bureaucracy, which are the major bones of contention for critics of the final proposed scheme.

While most builders at the Cape Town meeting were in favour, at least in principle, of an

interim scheme, that is where about half of those present — mainly the established contractors — would like it to end.

They were eventually persuaded to work towards a final product but not without reserving their right to "abort the process at any time".

This was in spite of warnings from the chair that this could leave the Western Cape out in the cold without mortgage loans being granted in the region. Alternatively, they were warned, they could face legislation.

The issues of contention — raising the blood pressure of a fair number of builders and threatening to derail the housing initiative — revolve mostly around what builders perceive to be an unacceptably large new bureaucracy, which will cost the industry about R150 million a year by the turn of the century.

The end result of this new bureaucracy, they argue, will be to significantly push up the cost of housing to the end user.

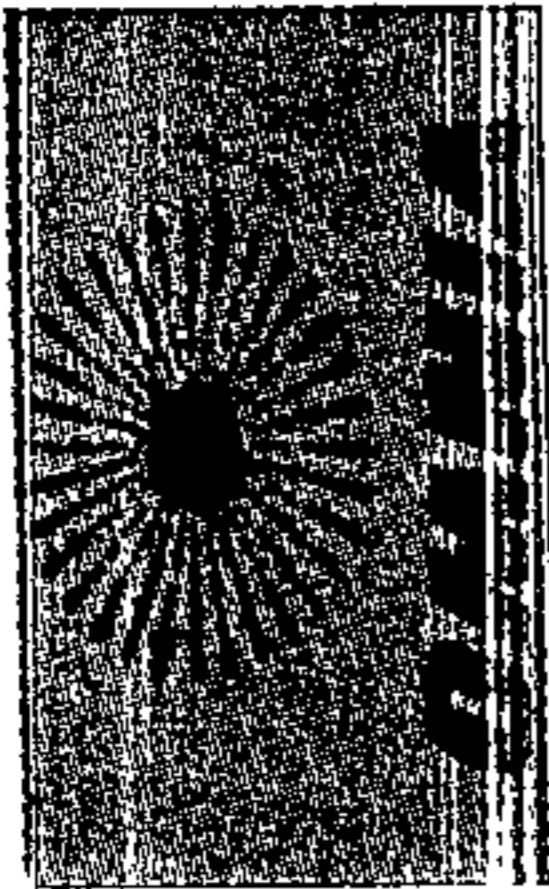
**New electricity payment system:** Plessey

(123)

Tellumat said it has introduced a new automatic vending machine which uses pre-payment electricity meters that would enable consumers to buy electricity any time by swiping their cards through the machine, inserting coins and pressing the button.

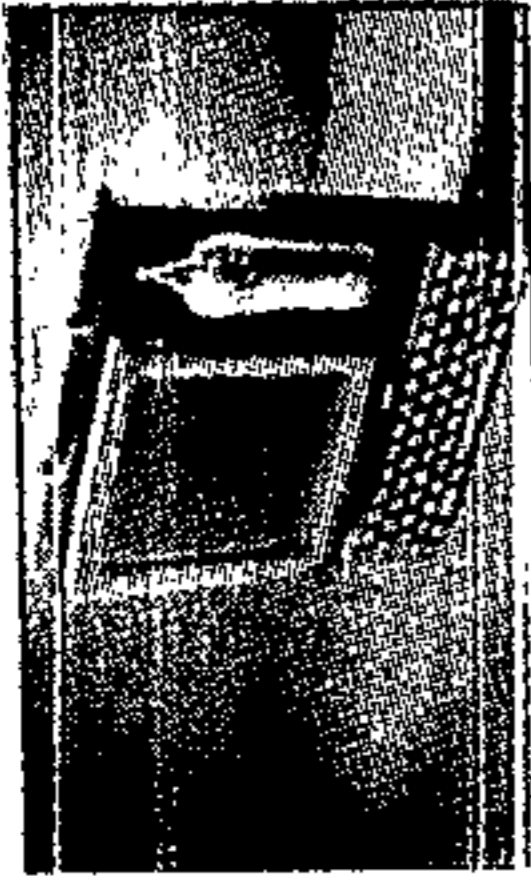
CT(BR)30/3/95





### FIZZLING NEWS

OMNIA HOLDINGS REPORTS 6,3 PERCENT DECLINE IN PROFIT



### BRAVE NEW WORLD INNOVATION

PHILIPS AND OLIVETTI EXPLORE FUTURISTIC OFFICE EQUIPMENT



### SHRINKING RAND FORUM

WHY THE UNIT WILL SLIDE DESPITE ALL THE OPTIMISM

# Boycotts leave Eskom R923m poorer

ET(BR) 30/3/95

(123)

Sentiment in the townships is changing, but non-payment of electricity bills has left Eskom with huge problem debts

By DEREK TOMMEY

The non-payment philosophy in the townships has left Eskom with problem debts amounting to R923 million, says John Maree, chairman of the Electricity Council. These debts would have been higher but Eskom had taken over about R360 million worth of assets which it had been able to offset against them. The debts have not been written off but full provision has been

with the lowering of standards. That's not our experience. In fact the four blacks on our management board are immensely competent people. They are doing their job and making an immense contribution to Eskom." Maree has good news about Eskom's progress in 1994: it is now ranked among the world's five biggest generators of electric power. He said Eskom was continuing to reduce the cost of electricity in real terms and was forging ahead with electrification. It brought power to 254 383 houses last year and plans to wire another 300 000

houses this year. Maree said that Eskom's commitment in 1991 to reduce the price of electricity in real terms by 20 per cent between 1992 and 1996 would be met. The company has committed itself to cutting prices in real terms by a further 15 per cent between 1994 and 2000.

"We have managed to maintain relentless downward pressure on our costs and to balance this with unparalleled investment in national electrification while strengthening

ing our balance sheet."

Eskom was providing electricity services to an additional 1 000 houses every day, he said.

The electrification programme was costing about R1 billion a year.

Chief executive Allen Morgan reported that revenue rose by 11,8 per cent to R15,4 billion as a result of a net tariff increase of 7,6 per cent and an increase in sales volume of 3,9 per cent. Operating expenditure rose

by 10,7 per cent to R9,96 billion after including a net provision for arrears debts of R201 million.

Net income amounted to R2,27 billion which was 37,8 per cent more than in 1993. Net income on a current value basis amounted to R407 million compared with R14 million in 1993.

This had resulted in a real return on assets of 4,3 per cent (4,1 per cent).

Accumulated reserves increased to R16 billion.

Eskom had virtually completed its local fundraising but could tap the American market later this year if rates there improved, he said.



John Maree

## Water talks to continue

MDUDUZI KA HARVEY (123)

CENTRAL government was not happy about a proposal that water affairs in KwaZulu/Natal be transferred to the province but negotiations with provincial leaders would continue, a spokesman for Water Affairs and Forestry Minister Kadar Asmal said yesterday.

Themba Khumalo said KwaZulu/Natal premier Frank Mdlalose was told, at a meeting between Asmal, Mdlalose and members of his cabinet to discuss water management earlier this month, that this area could not be regionalised. No province could claim to own certain rivers as they ran through different provinces.

Khumalo was speaking after the Inkatha Freedom Party tabled a proposal in the legislature on Tuesday that the province wrest control of central government control over land, water and forestry.

Khumalo said Mdlalose was told that in terms of the new constitution water could not be made a provincial matter. Water management was a Ministerial duty.

Khumalo said his department had been surprised that the matter had been raised in the KwaZulu/Natal legislature as a future meeting was still in the pipeline.

Inkatha's proposal also called for land affairs to fall under the province to deal with the issue of evictions, land invasions and landlessness of disadvantaged people.

Land Affairs spokesman Helmut Schlenter said a trust had control of the land and that at a full Cabinet meeting last year it was decided that the trust would be revised.

## Municipality water leaking away

(123) Sapa 30/3/98

Some municipalities lost more than 30% of their water due to leakages, dripping taps, overflowing reservoirs and un-metered consumption, the auditor-general said in his general affairs report yesterday.

Such wastage was a matter of particular public interest and the Water Research Commission was developing procedures to deal with unaccounted water, Henri Kluever said. — Sapa.

■ The salaries of SABC and Telkom management were "highly confidential" and would not be made public, Post, Telecommunications and Broadcasting Minister Dr Pallo Jordan said yesterday in reply to questions from the DP's Kobus Jordaan. — Sapa.

■ Indemnity had been granted to 126 people since 1990 — 22 of these since the presidential inauguration in May — Justice Minister Dullah Omar said in response to a question from Danie Schutte (NP) yesterday. — Sapa.

■ The Gauteng registration rate for the local government elections has risen from about 5% at the end of February to about 19%, according to provincial government figures, with just under 1-million people having registered to date. — City Reporter.

■ The schools feeding scheme was operated by the Government of National Unity and not the ANC. Therefore, accusations over non-delivery should be levelled at it,

Health Minister Dr Nkosazana Zuma said yesterday.

Sharply critical of NP members who suggested problems in the presidential school feeding project were the party's fault, she said: "The ANC does not accept lectures from people who over the years have starved kids and not allowed them to go to school." — Sapa.

■ The Department of Education had disregarded advice and gone ahead with a "fruitless" R205 000 advertising campaign to get pupils to pay exam fees in 1993, Auditor-General Henri Kluever said yesterday.

Just days after the adverts appeared, fees had been cancelled, resulting in a loss of nearly R26-million. — Sapa.

# Warranty could raise house prices 2%

THE builders' warranty mechanism could raise the price of low-cost houses by 2%, considerably less than the 10% originally estimated by the construction industry, says Deloitte & Touche consultant David Porteous.

A financial model prepared by the accounting firm found that R900 for a R45 000 house would be contributed to the mechanism by home builders and ultimately consumers.

The 2% contribution was made up of fees paid for plan approvals, to be undertaken by a national home builders' registration council, and an insurance levy to be paid into a home builders' warranty fund.

The construction industry had feared that the levy could amount to between 3% and 5% of the sale price

ROBYN CHALMERS

of a house, but Porteous estimated that it could be as low as 1,5% during the first year.

Further, this levy would decrease progressively, and could amount to around 1,3% by the year 1999/2000 when the warranty scheme was expected to be fully operational.

The model estimated that payments would increase marginally to 2,33% during the scheme's second year of operation, but would also move progressively downwards to amount to 2,08% by the turn of the century.

The infrastructure required to monitor the mechanism would cost R28,6m during the first year of opera-

tion, rising to R95,4m by the year 2000. Porteous said this was based on the assumption that 52 500 houses would be built in the first year and approximately 363 500 by the turn of the century. (123) (52)

Housing Ministry spokesman Johan de Ridder estimated that the comprehensive mechanism would take about a year to implement. An interim scheme was being negotiated between government, banks and builders to temporarily replace the full-blown scheme, and this should be finalised by the end of this month.

Absa credit assistant GM Pieter Marais said the warranty scheme was designed to give consumers peace of mind when it came to buying a house.

# Beyond Highlands

FM 31/3/95

(B) 123

**Seven years** — that's all the time that's been bought for drought-ridden Gauteng by the development of the R14bn Lesotho Highlands Water Project.

Now urgent investigations have begun into major schemes to supplement the project. With the first water only due to be pumped to the province in 1998, water experts say the Lesotho project will barely cater for the province's needs until 2005.

Department of Water Affairs & Forestry officials say it is of the "utmost im-

1,2bn m<sup>3</sup> of water a year and involving a larger storage dam and three transfer options: through the Kraai River to the lower Orange (Gariiep Dam); the Tugela option (delivery to the Tugela system and transferring the water across the Drakensberg to the Sterkfontein Dam); and the Tsoelike option, delivering the water through the Lesotho project. Any of these options could cost up to R15bn.

Study project manager Johan van Rooyen highlights the importance of the Vaal River



portance" to secure further water supplies for SA's industrial heartland.

One of the options is to extend the Highlands Project by a number of dams, tunnels and pumping schemes at a cost estimate of R5,2bn (1994 prices).

Results of a R30m pre-feasibility study involving three consortiums of consulting engineers will be ready by July. Commissioned by Water Affairs, the study is investigating other potential source catchments: the Tugela, the Orange and the Mzimvubu in the Eastern Cape.

Schemes under consideration are:

□ Three large new dams in the southern tributaries of the Tugela (the Mooi, Bushmans and Little Tugela rivers), including a 125 m high dam, using spare capacity in the Drakensberg pump storage scheme to transfer about 470m m<sup>3</sup> of additional water (at a cost of about R2,6bn) a year to the Vaal system;

□ A large dam (140 m-150 m high) on the Buffalo River, with other dams on the Sundays and Tugela rivers which would yield about 650m m<sup>3</sup> a year at a cost of about R5,7bn;

□ A choice of two options to transfer water from the Orange River across the Free State: the R4,7bn Caledon Cascades Scheme, using a series of 20 weirs to be built on the Caledon to reverse the flow of the river; and the R5,3bn Goedemoed option, using 466 km of canals and 31 km of tunnels; and

□ The Mzimvubu scheme, providing up to

augmentation planning study: "Apart from Gauteng, where water demand is growing at about 6% a year, Eastern Transvaal's power stations, the Free State gold fields, the North-West Province gold fields and the Northern Cape agricultural holdings all depend on the Vaal system for their water supplies. While we are looking at various options to cut down and save on water use, this would not make any major impact and we, therefore, urgently have to investigate alternative sources which can start delivering by 2005/2006."

He notes that there are large potential benefits for the source catchments, as the projects offer the opportunity for joint development which will supply water needs in those areas. To ensure that these benefits and other consequences are identified, the department has embarked on a major public involvement programme, through the study teams, down to grassroots levels.

Decisions are expected relatively quickly. After receiving the pre-feasibility studies, Water Affairs is likely to appoint consultants to start full feasibility studies by the second half of this year.

SANKIE MTHEMBI-NKONDO (123)

## **The gentle feminist**

FM 31/3/95  
When new Housing Minister Sankie Mthembu-Nkondo (44) sits in Cabinet meetings — one of three women there — and hears one of her 25 male colleagues talk about the pivotal role women can play in the RDP's grass roots self-help schemes, she wonders how much more women can be expected to bear.

In rural areas, she muses, they are the bearers of water, carriers of wood, providers of meals and so on. In cities, economic need demands that they also earn wages. Now they must start producing bricks — and without any support structures such as crèches?

While her ministerial predecessor, the late Joe Slovo, focused on the hardships of the homeless, Mthembu-Nkondo will specifically address the needs of women. Her aim is to change the general male attitude in SA towards women.

"ANC men are more enlightened than most," she believes, "but not all. Our society must be normalised. It's time men participate in the home and accept the important decision-making role women can play in government."

Not that her concern for the homeless, and for squatters in particular, is any less

than was Slovo's. But she brings new ideas to the challenge.

There are, for example, the considerable, unspent resources of the Welfare Department, of which she was previously Deputy Minister. Maybe social workers could effectively be used in the Masakhane ("let's build together") township reconstruction drive — for example, to find alternative accommodation for those unable to afford normal housing.

Gentle and sincere in manner, Mthembu-Nkondo is a serious and deliberate thinker. She does not change gears quickly once she delves into a subject — unless a topic arises which could reflect poorly on government.



**Mthembu-Nkondo** . . . investing housing delivery with insight and imagination

That is perhaps explained by her experience in diplomacy. Having obtained a BA in education from the University of the North, she went into exile in 1977 and remained there until 1993.

During that time, she worked for the ANC's international affairs department. She was chief of its Bonn mission from 1989 until 1993. That last year she was appointed deputy head of the department. By then, she had already been on the ANC's national executive committee for three years.

Divorced, with a daughter of 11, she spends her limited leisure time enjoying music "of all sorts" or writing.

Poet and fiction writer, she yearns to produce a sequel to her European contest-winning short story on the evolution of a woman from liberation struggle to power politics.

She denies the woman mentioned is her. The story, she says, was more universal. ■

WATER

**Parched policy**

**Minister of Water Affairs & Forestry Kader Asmal** is nothing if not enthusiastic about his job. Waxing lyrical, he last week sketched out a scenario that partly foresaw a drought-stricken, parched future — yet at the same time promised everyone the earth, or at least the waters thereon.

The portfolio over which he presides is bedevilled by laws governing water use. In a new publication by his department called *You and Your Water Rights*, he argues for the consolidation of at least 34 existing Acts in one water law, and asks for public

submissions on how this is to be done.

He describes water as “one of the basic ingredients of life, without which no form of life would exist.” This is undoubtedly true, if obvious, but where Asmal has broken new ground is in his use of the constitution as a guarantor that all shall have water to drink, flush and irrigate.

Indeed, he uses the chapter on fundamental rights in the interim constitution of 1993 to define the issues and the basis on which submissions are to be framed.

The constitution says, for example, that “every person shall have the right to respect for and protection of his or her dignity.” Asmal reflects that “it is not possible for dignity to be maintained amid grinding poverty, of which the lack of basic services

contributing factor”.

Other rights are cited and attached to water rights. The overwhelming pressure of the argument is that “there are clearly *de facto* inequalities in the area of water supply and where this is contributed to by law, changes will have to be made.” In short, the inheritance of colonial and apartheid law must be overcome to ensure universal water supply and water-borne sewerage.

No civilised country can allow its citizens to die of thirst or the gross diseases of poverty — at the very least, attempts to alleviate destitution are fully justified and within the prerogative of the State. Asmal’s argument, however, is fairly crudely based on accusations of “us versus them.” This is apparent in his frank comments at a media conference, that his intentions amount to striking at “the citadel of power and wealth in SA.” The “rich” — as he defines them — must be penalised for their use of water.

Thus, in announcing a 10% hike in irrigation water tariffs, Asmal excluded certain “designated socio-economic schemes” where the rise would be limited to 5%. There are other exceptions, but the intention appears to be to penalise industry and, possibly, garden lovers so that “there is enough for the needy but not the greedy.” This is price control *plus* selective rationing and if implemented with severity — as Asmal apparently intends — would most likely have the effect of driving marginal concerns to bankruptcy, destroying jobs and revenue for any social programmes.

Asmal’s contention that water has in the past been allocated on racial grounds is absurd. While it is uncontested that major irrigation schemes and water for industry have diverted water from its traditional courses in SA (mostly into the hot air), these schemes have benefited the poor in that they enable food to be grown and work to be created. In the absence of evidence that anyone anywhere in SA is actually dying of thirst, Asmal’s economic views are strictly Marxist in that they posit a finite quantity of resources which needs to be redistributed on purely social grounds.

Land Affairs Minister Derek Hanekom’s concurrent attack on drought relief — which he says has encouraged maize growing in inappropriate areas, and inefficient farming generally — is at odds with Asmal’s vision, though it may have a hidden political agenda related to land redistribution. The point is that SA is nothing if not marked by wholesale population movements in response to economic signals. A loading of city costs for water would thus penalise the poor as well.

If anything, water usage in industry needs subsidy; that is where its long-term productivity is most marked. The constitution also guarantees the right “freely to engage in economic activity.” And as for suburban consumers, surely the constitutional right to dignity and a clean environment includes growing roses? ■

# Eagle eyes watch Franschhoek housing

ARG 1/3/95

**KAREN STANDER**  
Weekend Argus Reporter

A CONTROVERSIAL low and middle-income housing project in the picturesque Winelands town of Franschhoek is likely to get the go-ahead, but this does not mean the charm of the town will be destroyed.

Residents are determined to ensure the houses conform to its style and have vowed to keep an eagle-eye on developments in the town, where all plans have to be passed by a council-appointed aesthetics committee.

Town Clerk Meyer Siebrits said many of those who objected to the project referred to a "squatter community" on council commonage.

There was even speculation that the "influx" of squatters was intended to swell the number of people who would vote for the African National Congress in the local government election.

Asked to comment, ANC Western Cape media officer Brent Simons said the ANC supported the provision of housing but was not in favour of large numbers of squatters, or any other group, being moved into an area.

In fact, the development was for formal housing, said Mr Siebrits. It consisted of 60 plots between 180 and 312 sq m. Semi-detached houses built on them would be sold for R75 000 to R100 000.

He said the council had approved the development in principle and advertised for objections. About 300 people objected and the developers would be given an opportunity to respond. A final decision was expected at this month's council meeting.

Mr Siebrits said some objectors felt

their property values would be affected and others were concerned about increased traffic and available drinking water.

Like all new developments, the project would fall under the jurisdiction of the town's aesthetics committee and would be strictly controlled.

The committee consisted of councillors, architects and residents and were guided by the town-planning scheme.

Attorney David Jacobs, representing a group of residents opposed to the project, said the group had accepted there was no way to stop the development.

"And, we must face it, there is a need for housing," he said.

They would confine themselves to ensuring the development was controlled, there was strict adherence to aesthetic standards and no temporary structures would be allowed.

If these guidelines were followed, the group would be satisfied, he said.

Mr Jacobs said he did not believe the development would have a strong influence on property values.

Asked about the squatter rumour, Mr Jacobs laughed. He admitted he had heard the story, but ascribed it to malice.

Jean Turban, acting-chairwoman of the Franschhoek Ratepayers' Association, was still not satisfied. It was simply poor zoning to situate low-cost housing in the middle of high-priced properties, she said.

She said the ratepayers' association had not yet decided whether to appeal to Western Cape Premier Hruska Kriel if the council gave the project the final go-ahead.

## Housing backlog near 1,5m

**CLIVE SAWYER**  
Weekend Argus Political Correspondent

(123)  
ARG 1/4/95

SOUTH Africa's urban housing backlog is close to the 1.5 million mark.

But to date, fewer than 200 000 housing subsidies have been provided.

The Western Cape has an urban housing backlog of 1.1 million, the fourth highest in South Africa.

According to figures disclosed in the senate by Minister of Housing Sankie Nkondo, the worst backlog was in Gauteng, with a backlog of 566 853 units.

Second highest was Kwazulu/Natal

(303 632) followed by the Eastern Cape (150 543).

Replying to a question in the national assembly by Jac Rabie, Ms Nkondo confirmed that the housing subsidy for individuals earning less than R800 a month was increased to R15 000.

This increase would result in additional spending of R173 million in the next financial year, but no subsidies for individuals in terms of the new scheme had been approved yet because the scheme came into effect only on March 15.

But projects already approved could be revised on application to one of the provincial housing boards.



(ii) The Department is made aware of the misappropriation of funds through rumours and articles in the media. To date there has been alleged misappropriation of approximately R6,9 million. Investigations in this regard are still being carried out.

(b) When the Department is made aware of the misappropriation of funds the following steps are taken:

- \* An investigation is done at the organisation(s) by officials of the Department at Provincial level.
- \* The services of External Auditors are contracted if necessary to investigate the financial documents of the organisation(s).
- \* If there is an indication of misappropriation of funds or that crime has been committed the South African Police Services are requested to investigate the matter.
- \* Funds are suspended if necessary.
- \* If the investigation by the official(s) indicate that misappropriation of funds has taken place through ignorance then remedial actions are done to correct the problem.

Extent of housing backlog in each of the provinces

30. Sen S D FISHER asked the Minister of Housing:

(123) HANSAID

- (a) (i) what is the extent of the housing backlog in each of the provinces and (ii) in respect of what date is this information furnished and (b) (i) how many subsidies were available as at the latest specified date for which information is available and (ii) how will such subsidies be distributed amongst the provinces?

21/3/95 S64E

The MINISTER OF HOUSING:

- (a) (i) The backlog in respect of housing units in urban areas in the various provinces are estimated at:
- |                    |                  |
|--------------------|------------------|
| Western Cape       | 171 542          |
| Eastern Cape       | 150 543          |
| Northern Cape      | 23 456           |
| Free State         | 77 306           |
| KwaZulu-Natal      | 303 632          |
| North-West         | 86 911           |
| Gauteng            | 566 853          |
| Eastern Transvaal  | 23 987           |
| Northern Transvaal | 55 091           |
|                    | <u>1 459 321</u> |

(ii) 31 December 1994

- (b) Available information as on 28 February 1995:

Western Cape	4 551
Gauteng	78 185
North-West	28 740
Eastern Transvaal	29 092
Northern Transvaal	12 007
KwaZulu-Natal	37 446
Free State	4 000
Eastern Cape	3 367
Northern Cape	508
	<u>197 896</u>

Bruwer, Sen A A B—  
Agriculture, 7

De Ville, Sen Adv J R—  
Justice, 1, 99

# Foreign firms keen on housing

Business Day Reporter

FOREIGN companies are eager to get involved in the potentially lucrative field of low-cost housing in SA.

Three approaches for SA partners are included in this week's list of joint venture offers, made through the Trade Department's investment centre. All offer different types of technology.

There is also an inquiry from an Italian civil engineering company looking for partners in construction projects ranging from roads to nuclear power plants.

The offers are: *BD 3/4/95*

□ **BRITAIN:** A British company wishes to form a joint venture with an SA company for the supply of low-cost, durable, speedily manufactured and erected housing units, made from pre-fabricated foam glass panels using local resources.

The foreign investor will provide a foamed glass manufacturing unit. Bricks, made on site, will be provided by the local partner. Local expertise will also be used for site plans and design work.

□ **JAPAN:** The Japanese company wishes to enter a joint venture with a suitable local company to build low-cost, single-storey houses using a highly technological PVC extrusion. The houses can be completed within five days and are maintenance free, with a life expectancy of 70-80 years.

□ **UNITED STATES:** The US company wishes to establish a joint venture with a suitable SA partner interested in developing affordable houses, schools and other buildings, using fly ash-based wall board panels. The wall board panel is cost effective, fire retardant, possesses high sound transmission coefficients and is high in insulation value.

The foreign partner is willing to contribute a fully automated turnkey plant, know-how, training, technical support, and cash equity.

The SA partner should be a highly experienced developer and have the ability to procure low-cost housing contracts.

□ **ITALY:** An Italian civil engineering company wishes to form a joint venture with a suitable SA company for the construction of roads, railways, tunnels, metal structures, special foundations, dams, nuclear and thermoelectric power plants, special works in reinforced concrete and industrial plants.

For further information, contact Pheko Weeto at (012) 310-9800 or Helen Dawson at (012) 310-9789 at the Trade & Industry Department's Industrial Development and Investment Centre, fax: (012) 322-4523.

Banks to negotiate with occupants

# Critical talks on housing repossessions

BD 3/4/95

(123)

GOVERNMENT and the banking industry are negotiating the restructuring of more than R1,1bn in debt related to 16 000 repossessed properties and non-performing loans.

Banking and government sources said at the weekend that the talks, which should be finalised within weeks, were a crucial part of government's efforts to end the bond boycotts. Negotiations were at a sensitive stage, revolving around moves to sell repossessed properties to their occupants at predetermined prices. It was feared that if prices were too low this could spark another round of boycotts by those who had been paying their mortgages.

In addition, the mortgage indemnity scheme, which was expected to kick in within weeks, would cover some of the repossessed properties and could make government liable for significant payouts.

Housing Ministry spokesman Stephen Läufer said the discussions were part of the accord negotiated between banks and government last year in a bid to draw the banks into the low-cost housing market.

In terms of the accord, each individual property held by the banks would be assessed in terms of the risk cover provided by the indemnity scheme.

Association of Mortgage Lenders president Johan Myburgh said the banks had about 11 000 repossessed properties and 5 000 non-performing loans.

"Mortgage lenders have a lot of capital locked up in these houses and we are looking at ways of releasing it.

"We have been unable to access the majority of these properties due to a breakdown of law and order in township areas."

ROBYN CHALMERS

Myburgh said the banks were prepared to negotiate with people occupying the repossessed properties to take them over at the an as yet unspecified price.

Banks would be flexible with disadvantaged occupants, and negotiations could lead to occupants paying lower mortgage instalments, which would increase over time.

Should occupants be unable to pay for the houses, the "right-sizing" principle contained in the indemnity scheme would be used — they would be moved to more affordable housing.

This would be done by newly created service company Servcon. Servcon would also use "right sizing" to help people under threat of eviction.

Sources said government was being called on to provide a cash incentive for defaulters to assist with their relocation, but the Housing Ministry would not be drawn on the details of this.

Myburgh said the indemnity scheme would be used only as a last resort if banks and government were unable to negotiate bond repayments or relocation with occupants. The indemnity scheme meant government would protect banks from non-commercial risks where they could not repossess properties because of a breakdown of law and order in a particular area.

However, Housing Ministry spokesmen stressed that the scheme would only cover those areas the state deemed fit, so communities which refused to return to a state of law and order would not receive mortgage loans.

*Urban use to be reduced by 20%*

## Households will face water curbs from May

(123) Star 3/4/93

### ■ STAFF REPORTER

Households will bear the brunt of urban water restrictions to be imposed by Water Affairs and Forestry Minister Professor Kader Asmal from May 1.

The restrictions, a result of the low water level in the Vaal Dam, will affect all areas drawing water from the Vaal River system, Asmal said last week.

Asmal said a 20% restriction would be imposed on all urban water use.

This would be made up of a 30% savings on domestic use and 10% on industrial use.

"The intention is to target mainly garden irrigation as well as leakage and wasteful practices, but not to curtail industrial production at the cost of water

supply," Asmal said.

It would be left to the water boards to achieve these savings through specific measures yet to be announced.

"Savings measures may include a ban on hosepipes and the introduction of sliding scales where people will pay a reasonable amount for basic water use but more for excessive water use," he said.

Restrictions on water drawn for irrigation purposes started at the weekend, marking the beginning of the irrigation water year.

"Supplies are limited, demand is rising and recurrent droughts are a feature of our climate. Water conservation should become a way of life for all of us," Asmal said.

He added that the restriction

showed the importance of the recently announced National Water Conservation Campaign.

Farmers might have to face a 40% water restriction, but no formal decision had yet been made on this proposal.

Apart from Gauteng, other areas including Standerton, Kimberley and the Free State Goldfields would also be affected as they draw water from the dams in the main stream of the Vaal River.

The restrictions would also apply to users from pipelines that serve Eskom power stations on the Highveld region of the Eastern Transvaal.

The situation at the Vaal River would be closely monitored and reviewed in September, Asmal said.

# Housing backlog (123) persists

*Sowetan*  
**Sowetan 3/4/95  
Correspondent**

SOUTH Africa's urban housing backlog is close to the 1,5 million mark but to date less than 200 000 housing subsidies have been provided.

According to figures disclosed in the Senate by Minister of Housing Mrs Sankie Nkondo, the worst backlog is in Gauteng, with a backlog of 566 853.

Second highest was in Kwazulu-Natal with 303 632, followed by the Eastern Cape with 150 543.

The Western Cape has an urban housing backlog of 171 542, the fourth highest in the country.

Replying to a question in the National Assembly by Mr Jac Rabie, Nkondo confirmed that the housing subsidy for individuals earning less than R800 a month had been increased to R15 000.

This increase would result in additional spending of R173 million in the next financial year. The new subsidy scheme came into effect on March 15.

No subsidies for individuals in terms of the new scheme had been approved yet, because of the short lapse of time since the announcement.

But projects already approved could be revised on application to one of the provincial housing boards.

The criterion would be that the additional resources would have to be used to improve the housing of the applicants in the context of the project.

# Water cuts to start May 1

123

By Mkgadi Pela

AREAS dependent on the Vaal Dam for water supply will soon experience restrictions, despite recent showers.

According to a statement issued by Water Affairs and Forestry Minister Mr Kader Asmal, the cuts follow very low rainfall during the past summer and the extremely dry years of 1991 to 1993.

Domestic users will be restricted to consuming 30 percent less, industrial users to 10 percent less and irrigation to

General operations manager of the Rand Water Board Mr Attie van Rensburg said the recent rains appeared to have missed the Vaal Dam catchment area, thereby necessitating restrictions. Despite the rain, the Vaal Dam was still only 15.3 percent full.

The statement went on to say the Vaal River did not only cover the Gauteng. The restrictions will be in force throughout the supply area. All towns that draw water from the dams in the main stream of the Vaal River or from the Vaal Dam itself, as far upstream as Standerton and Kimberley, will be affected.

40 percent less.

He said water restrictions for irrigation purposes were instituted from April 1, while cuts for urban and industrial use will commence on May 1.

Asmal said the restrictions demonstrated the importance of the recently announced National Water Conservation Campaign.

"Supplies are limited, demand is rising and recurrent droughts are a feature of our climate. Water conservation should become a way of life for us."

*sowetan 3/4/95*

**The MINISTER FOR SAFETY AND SECURITY:**

Comment: Statistics are only available until November 1994.

(a) (i) 789 284

The above-mentioned statistics include:

- Murder
- Public violence
- Rape
- Assault with intent to do grievous bodily harm
- Housebreaking
- Robbery
- Damage to property
- Culpable homicide
- Attempted murder
- Common assault

(ii) 62 354

(b) Violent crimes 418 644 (52,00%)  
Armed robberies 16 169 (26,00%)

(c) With reference to this part of the question I wish to inform the hon member that due to the fact that the information systems which are utilised in order to provide the answers are limited to a few specific regions, it is unfortunately not possible to provide answers of such a wide scope without following a procedure whereby a request is sent by fax to the various Regional Commissioners requesting them to provide Head Office with the relevant information. The Regional Commissioner will then forward the request to the District Commissioners who will in turn forward the request to the Station Commanders. Once the information has been obtained by the Station Commanders, often by means of physically perusing the necessary case dockets, which places a large burden upon the resources of the station if one takes into account both the manpower and man-hours which will have to be utilised, then the process is repeated back to Head Office. Once the information has been received at Head Office, it is then correlated and analysed so that an answer can be drawn up.

The cost in manpower alone is indeed great, without taking into account logistical costs and the time involved, which

could well run into months, especially when case dockets have to be perused and the required information extracted. The effect of removing many police officials from their basic task of crime prevention in order to obtain the information cannot, unfortunately, be measured. Should a member request information in respect of a specific area, then I wish to assure hon members that every effort will be made to obtain the relevant information. I am sure that members will have understanding for the fact that questions of such a wide scope place an extremely heavy burden on the already limited resources of the South African Police Service, as well as the practical problems faced in this regard, and that they will support me in this regard.

**System of bar-coding into stock-taking in government stores**

103. Mr M F CASSIM asked the Minister of Finance:

Whether it is the intention to introduce a system of bar-coding in respect of stock-taking in government stores; if not, why not; if so, what procedures will be followed?

N196E

**The MINISTER OF FINANCE:**

Yes, the bar-coding system has been accepted by the Treasury and is already being tested with great success by a number of departments. Considerable time and manpower is saved as a result during stocktaking.

The procedure involves the training of personnel before departments are requested to make use of the bar-coding system and supplied with equipment. Equipment will be purchased in terms of a contract arranged by the State Tender Board.

**Shortage of housing units in provinces**

114. Mr M J ELLIS asked the Minister of Housing:

(a) What is the current shortage of housing units in each of the provinces, (b) what means were used to establish this figure and (c) in respect of what date is this information furnished?

(123)

N205E

Hansard 4/4/95

**The MINISTER OF HOUSING:**

(a) The urban housing shortage in South Africa is estimated at 1,5 million units. The estimate is currently only available for urban areas since it is still uncertain what can be regarded as acceptable housing stock for rural areas. The shortage by province is estimated as follows:

Province	Shortage
Eastern Cape	149 397
Eastern Transvaal	24 286
KwaZulu-Natal	300 423
North West	85 912
Northern Cape	23 533
Northern Transvaal	54 326
Free State	77 221
Gauteng	561 873
Western Cape	171 505
Total	1 448 476

(b) The calculations for determining the housing shortage are contained in the Appendix (Division of Building Technology—CSIR, 1994). Information from the Development Bank of Southern Africa, the South African Advertising Research Foundation and the CSIR were used in the calculations.

The number of households per province is determined by dividing the total population per province by the average household size in that province. The housing shortage is calculated by subtracting the number of acceptable housing structures from the number of households in each province. The shortage is determined by calculating the shortage for two groups, namely Whites, Coloureds and Asians as one group and Blacks as another. If the shortage is calculated using only total figures, housing that are occupied by higher income groups, will be erroneously regarded as available to lower income groups, with a consequent understatement of the shortage.

(c) The latest available information is for 1993. When the 1994 October Household Survey information of the Central Statistical services is available estimates could be updated.

**Estimated housing shortage in South Africa during 1993**

Province	Population		
	White/Coloured/Asian	Black	Total
Eastern Cape	722 349	1 398 728	2 121 077
Eastern Transvaal	263 503	542 813	806 316
KwaZulu-Natal	1 506 364	1 793 645	3 300 009
North West	259 062	654 506	913 568
Northern Cape	322 966	214 142	537 108
Northern Transvaal	102 834	354 469	457 303
Free State	403 093	1 215 766	1 618 859
Gauteng	2 555 301	4 771 932	7 327 233
Western Cape	2 564 446	652 774	3 217 220
Total	8 699 918	11 598 775	20 298 693

Household size (South African Research Foundation, Amps Survey 1994)

Province	Household size
Eastern Cape	4,01
Eastern Transvaal	5,3
KwaZulu-Natal	180 137
North West	263 911
Northern Cape	444 048
Northern Transvaal	65 711
Free State	102 418
Gauteng	168 129
Western Cape	375 652
Total	338 424

Formal urban housing stock (division of building technology: CSIR)

Province	White/Coloured/Asian	Black	Total
Eastern Cape	177 085	117 565	294 650
Eastern Transvaal	75 444	78 131	153 575
KwaZulu-Natal	440 075	38 001	478 076
North West	84 034	37 580	121 614
Northern Cape	73 469	23 942	97 411
Northern Transvaal	36 023	12 555	48 578
Free State	168 540	152 168	320 708
Gauteng	945 536	338 491	1 284 027
Western Cape	553 225	37 947	591 172
Total	2 553 431	836 380	3 389 811

Urban housing shortage			
Eastern Cape	3 052	146 346	149 398
Eastern Tvl	0	24 287	24 287
KwaZulu-Natal	0	300 423	300 423
North West	0	85 912	85 912
Northern			
Cape	7 071	16 462	23 533
Northern Tvl	0	54 326	54 326
Free State	0	77 222	77 222
Gauteng	0	561 874	561 874
Western Cape	86 288	85 218	171 506
Total	96 411	1 352 068	1 448 479

Officers of SAPS fined for overtaking on blind corner

119. Mr G O M DOIDGE asked the Minister for Safety and Security:

- (1) Whether, with reference to certain information and names submitted to the South African Police Service for the purpose of his reply, certain officers of the SAPS were on official duty at the time they were fined R500,00 each for overtaking on a blind corner on a barrier line recently; if so, what are the relevant details; if not,
- (2) whether they were travelling in official vehicles at the time of the offence; if so, (a) on whose authority, (b) why, (c) for what purpose were they using such vehicles and (d) what action will be taken against them as a result;
- (3) whether the captain of the SAPS involved in the incident abused his position when he produced his appointment card to prove his rank; if not, why not; if so, what are the relevant details;
- (4) whether the said captain made a statement to the traffic officials that they "would be dealt with accordingly" when travelling in the former Transkei; if so, with what intent;
- (5) whether he will make a statement on the conduct of the police officers involved in this incident?

N210E

The MINISTER FOR SAFETY AND SECURITY:

- (1) Yes. Two of the three police officials (a captain and a lieutenant) were on official duty. No record of the third person, a constable, could be found and it is suspected that he supplied the traffic officers with false particulars.

The captain was travelling from Durban to Umtata, after having executed a warrant on a suspect in connection with numerous vehicle theft cases.

The lieutenant was on his way from Umzimkulu to Umtata where he had gone to fetch an accused in a culpable homicide case (Umtata CR: 168/10/94).

- (2) Not applicable.
- (3) Not applicable.
- (4) Not applicable.
- (5) No.

Salary/fringe benefits/allowances of chairperson/deputy chairperson of Financial and Fiscal Commission

128. Dr T G ALANT asked the Minister of Finance:

Whether he will furnish particulars of the (a) salary, (b) fringe benefits and (c) other allowances received annually by the (i) chairperson and (ii) deputy chairperson of the Financial and Fiscal Commission; if not, why not; if so, (aa) what are the relevant details and (bb) in respect of what date are these particulars furnished?

The MINISTER OF FINANCE:

N222E

Yes, the Minister of Finance is able to furnish particulars of the salary, fringe benefits and other allowances received by the Chairperson and Deputy Chairperson of the Financial and Fiscal Commission:

Remuneration	Chairperson	Deputy Chairperson
(a) Basic Salary	R201 696,00	
(b) Fringe Benefits	R151 987,00	
- Bonus	- R15 636,00	
- Motor Allowance	- R79 356,00	

- Housing

Subsidy

- R 7 344,00

- Pension

- R44 373,00

- Medical Aid

- R 5 278,00

- Group Scheme

- R

(UNISA)

(c) Other

None

Allowances

None

TOTAL

R353 683,00

(bb) Time Frame

1 October 1994 to 30 September 1995

1994/95 (dependent on changes to UNISA remuneration adjustments which may occur)

R348 834,00

Note:

The Deputy Chairperson (Prof Melck) has been seconded to the Commission from UNISA. His existing remuneration package has been carried over for the duration of the secondment.

Misappropriation of funds: charges laid

135. Mr A J LEON asked the Minister for Safety and Security:

Whether any charges have been laid against any members or employees of a certain foundation, the name of which has been furnished to the South African Police Service for the purpose of his reply, following allegations of the misappropriation of funds; if so, (a) against whom, (b) when, (c) who laid the charges and (d) what action has been taken against the said members or employees?

N256E

The MINISTER FOR SAFETY AND SECURITY:

- (a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) Not applicable.

SAPS: vehicles involved in accidents/persons kills  
141. Ms M E TURROK asked the Minister for Safety and Security:

- (1) (a) With reference to his reply to Question No 34 on 16 March 1995, what is the breakdown, in terms of classes of vehicles, of motor vehicles in use by the South African Police Service which were involved in motor accidents in 1993 and (b) how many of those persons killed in such accidents involving police vehicles were (i) pedestrians, (ii) (aa) drivers of, and (bb) passengers in, police vehicles and (iii) (aa) drivers of, and (bb) passengers in, other vehicles;
- (2) whether any investigations have been conducted into any such accidents in which persons were killed; if not, why not; if so, (a) what were the findings and (b) what action was taken as a result in each case?

N264E

The MINISTER FOR SAFETY AND SECURITY:

- (1) and (2) Information regarding Questions 1 and 2 is available on request from the various District Commissioners where police vehicle accidents have occurred.

In order to obtain the necessary information, 9 851 case dockets countrywide must be located and perused.

Due to the magnitude of this time-consuming task and the high financial and manpower resources which would have to be utilised in order to provide the answer, the desired information can, unfortunately, not be supplied.



## QUESTIONS

†Indicates translated version.

For written reply:

## Deficit before borrowing/total actual expenditure

27. Dr F P JACOBSZ asked the Minister of Finance:

What was the (a) deficit before borrowing, (b) total actual expenditure and (c) deficit before borrowing as a percentage of gross domestic product in each of the latest specified three financial years for which figures are available?  
N17E

## The MINISTER OF FINANCE:

Note: These figures are presented on the same basis of the 1995/96 Budget to ensure comparability. Actual national collections in preceding years were adjusted by own revenue collections of the former Own Affairs Administrations, revenue diversions and standing allocations to the former self-governing territories and TBVC states, as well as certain taxes, formerly collected by the self-governing territories and TBVC states, to be collected nationally from 1995/96 onwards. The relevant amounts were treated as transfer payments on the expenditure side.

	(a) Deficit before borrowing Rm	(b) Total actual expenditure Rm	(c) Deficit as percent- age of GDP
1992/93	27 502,7	111 580,1	7,9%
1993/94	23 794,9	122 054,5	6,0%*
1994/95	28 453,9	140 004,9	6,4%

\* Amounts to 9,8% of GDP if transfer payments to Government Pension Funds and the Gold and Foreign Exchange Contingency Reserve Account of R14,84 billion are included.

## Shortage of housing units in urban areas

31. Mr J A RABIE asked the Minister of Housing:

(a) What was the estimated shortage of housing units in urban areas as at 31 December 1994, (b) how many housing units were provided in each province in 1994 by (i) the State, (ii) local authorities and (iii) the private sector

and (c) when is it estimated that this shortage will be eliminated?  
N48E

## The MINISTER OF HOUSING:

(a) 1,5 million housing units

(b) (i) Northern Transvaal : 0  
Eastern Transvaal : 193 (does not include KwaNdebele)

KwaZulu-Natal : 5 794  
Gauteng : 1 379  
Western Cape : 194  
Northern Cape : 1 068  
Eastern Cape : 351  
Free State : 60  
North West : not available

(ii) Northern Transvaal : 339  
Eastern Transvaal : 309 (does not include KwaNdebele)

KwaZulu-Natal : 0  
Gauteng : 1 139  
Western Cape : 4 189  
Northern Cape : 0  
Eastern Cape : 1 013  
Free State : 0  
North West : not available

● (iii) Northern Transvaal : 632  
Eastern Transvaal : 2 389  
KwaZulu-Natal : 6 269  
Gauteng : 13 256  
Western Cape : 12 609  
Northern Cape : 346  
Eastern Cape : 2 419  
Free State : 2 810  
North West : 960

● Excluding former TBVC states.

(c) It is envisaged that it will take at least ten years to eliminate the backlog.

Over and above the abovementioned housing units, the following number of serviced erven were also provided:

(i) State : ±75 000; and  
(ii) Local authorities : ±53 000.  
(Information in respect of North West Province not available.)

## QUESTIONS

‡Indicates translated version.

For written reply:

(123)

Housing units built/damaged in each Province

8. Sen J SELFE asked the Minister of Housing:

- (1) How many housing units were built in each province with funding from her Department in 1994;
- (2) whether any control measures are in place to ensure that housing built with State funds is built to predetermined safety and quality standards; if not, why not; if so, what measures;
- (3) whether any of these units have been damaged or destroyed by (a) weather conditions and/or (b) other causes; if so, (i) how many in each case and (ii) what is the estimated costs of the damage in each case;
- (4) whether any action has been or is to be taken as a result of these incidents; if not, why not; if so, what action;
- (5) whether she will make a statement on the matter? S3E

The MINISTER OF HOUSING:

EASTERN CAPE

- (1) 1 364.
- (2) Yes, written specifications and inspections by building inspectors ensure quality control as projects progress.
- (3) No.
- (4) Falls away.

NORTHERN CAPE

- (1) 1 068.
- (2) Yes, supervision by technical staff of the provincial administration.
- (3) No.
- (4) Falls away.

GAUTENG

- (1) 1 648.

- (2) Yes, inspections by technical staff of the provincial administration are carried out in terms of the National Building Regulations and Building Standards (Act 103 of 1977).
- (3) Yes.

(a) (i) 6

(ii) R30 000.

(b) (i) 350 (damaged by squatters and vandalism)

(ii) R400 000.

- (4) Yes, arrangements have been made with a security firm to make guards available.

NORTHERN TRANSVAAL

(1) Nil.

- (2) Yes, National Building Regulations and Building Standards are being applied to housing units under construction.
- (3) Falls away.
- (4) Falls away.

WESTERN CAPE

(1) 4 383.

- (2) Yes, control measures applied when assessing project based subsidy applications by the Regional Housing Board include SABS 0400 (National Building Regulations), SABS 082 (Timber Prefabricated Buildings) and a requirement by the applicants that buildings to be erected comply with any specific Local Authority regulations applicable to the locality where the buildings are to be built. In addition to the above, recommendations of the Department of Mineral and Energy Affairs related to Energy Efficient Buildings (EEBD) are also considered. In conclusion continuous monitoring of projects under construction is undertaken by works inspectors.
- (3) Yes.

(a) (i) 450

(ii) R911 000.

- (4) Yes, action was taken against the developer Messrs Delft Construction but the

company was liquidated before any repair work started. Due to the fact that the company did not have sufficient assets to meet the claim for damages, no funds were released by the liquidator to pay for repairs. Retention moneys have been withheld (R68 000,00) to pay for retention work on the houses. An amount of R186 188,01 of the repair costs has been paid by the relevant insurance company.

**FREE STATE**

(1) 498.

(2) Yes, technical staff visit projects regularly to do quality control.

(3) Yes (wind damage).

(a) (i) 21

(ii) R138 550.

(4) Yes, damage restored by developer.

Information in respect of North West, Eastern Transvaal and KwaZulu-Natal not available.

(5) No.

Amount budgeted for education/allocated to each specified province

20. Sen W F MNISI asked the Minister of Education:

(a) What amount was (i) budgeted for education and (ii) allocated to each specified province in respect of the 1995-96 financial year and (b) what criteria were used to determine these amounts? \$50E

**The MINISTER OF EDUCATION:**

(a) (i) R31 809 840 000

(ii) Allocation for College and School Education (Private Ordinary School Education included) for 1995/96 according to provinces:

Province	Allocation <sup>1</sup> for 1995/96 (R'000)
Eastern Cape	4 499 703
Northern Cape	691 320
Western Cape	3 117 061
KwaZulu-Natal	5 373 990
Free State	1 964 931
Eastern Transvaal	1 772 703

<sup>1</sup> Do not include carry through amounts in respect of the improvement in the conditions of service for 1994/95 for non-educators.

Northern Transvaal	3 613 433
North West	1 899 210
Gauteng	4 547 094
<b>TOTAL</b>	<b>27 479 445</b>

(b) The attached document provides the procedure followed to determine the allocations to the provinces.

**DETERMINING THE 1995/96 BUDGET FOR PROVINCIAL EDUCATION DEPARTMENTS:**

1. The establishment of a new education system with nine provincial education departments which will assume responsibility for the provision of education on 1 April 1995 (or as soon as possible thereafter) has necessitated the division of funds available for CS Education for 1995/96 between these provinces.

2. All the necessary information, e.g. the values of the cost units for the different expenditure categories, the projected number of pupils/students and the growth rates of pupils/students for the different education sectors in the nine provinces was not readily available in order to apportion the amount allocated for 1995/96 for CS education accurately amongst the provinces. A method whereby subsidy information for the 14 existing education departments was utilised in order to determine allocations to the provincial education departments for 1995/96 was therefore used. This method could be considered as a transitional algorithm which will only apply for 1995/96. For the 1996/97 budget year it should be possible to base the provincial allocations on reliable information as regards the specific cost and growth patterns which have been established within the different provinces.

3. The method of division of the funds for 1995/96 was based on two extreme scenarios:

(a) *Scenario 1*  
Figure 1 describes an allocation scenario whereby the existing unequal division of funds to the 14 existing relinquishing departments (as re-

flected by the a-values) has been converted to the provincial education departments by means of a conversion matrix as depicted in Figure 3. This matrix gives the relative distribution of pupils/students in the CS education sectors (excluding private ordinary schools) over provinces for the 14 education departments. This scenario for the division of funds between the provinces represents a "no redress" situation. The relative funding levels of the provinces show that the Western Cape is still 58% better funded than the average provincial funding while Northern Transvaal and Eastern Cape are funded 25% below average.

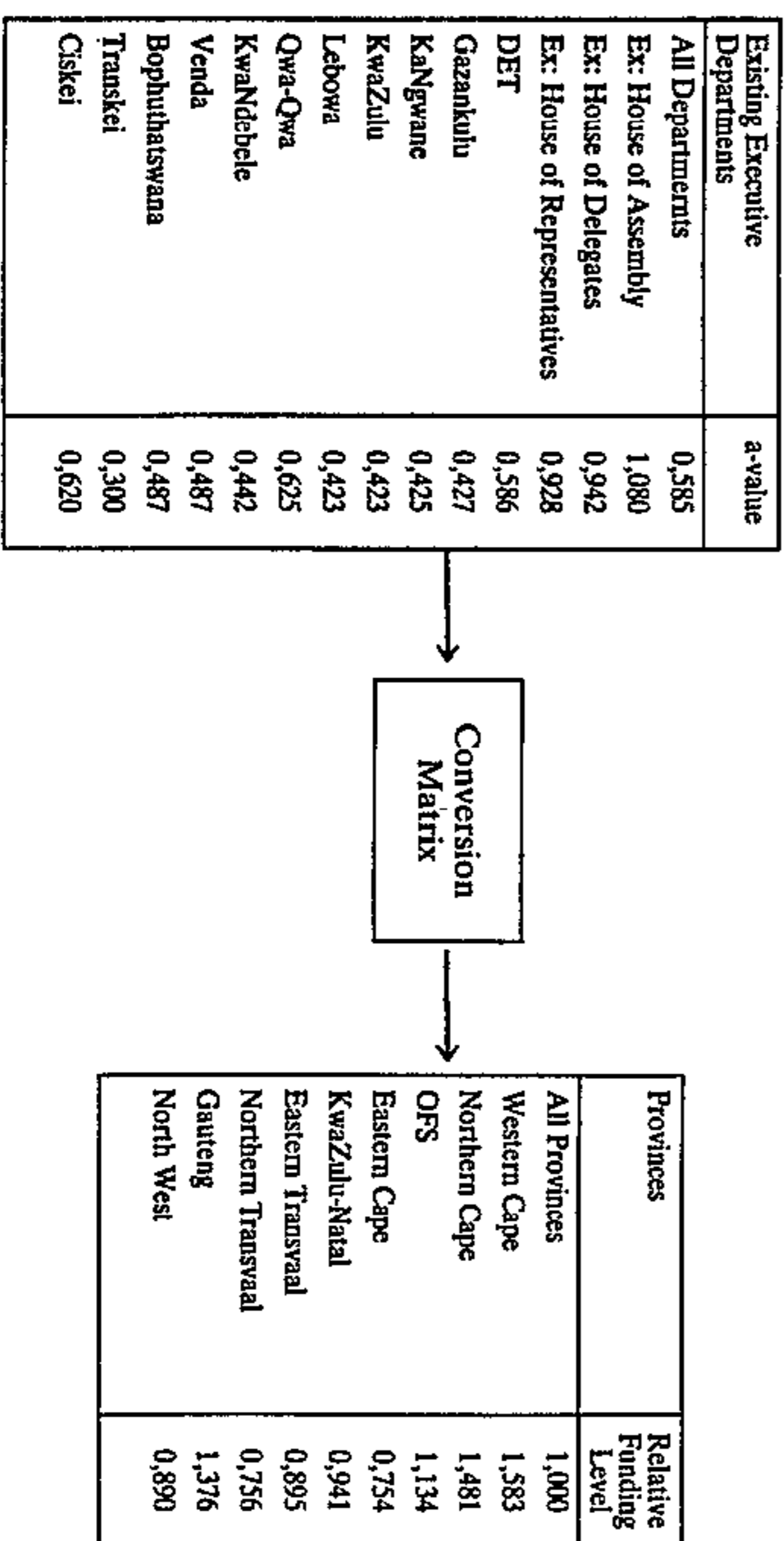
(b) *Scenario 2*  
This scenario, set out in Figure 2, represents the ideal in terms of equity in the provision of education to the 14 relinquishing departments (i.e. equal a-values). When converted this scenario naturally leads to equity in the provision of education in the nine provinces (all relative

funding levels equal, 1,00). In practice this scenario is untenable since it would mean in practice that the Western Cape, for example, would have to scale down its education provision by about 37% while the Eastern Cape and Northern Transvaal could expand their operations by 33%. A substantial down scaling of education expenditure in any department has a severe destabilising effect. The cost-effective utilisation of substantial additional funds where the necessary infrastructure is not available in a department, however, is just as problematic. The allocation of funds according to Scenario 2 for 1995/96 is therefore not feasible.

4. After substantial consultation and investigation the allocation scenario outlined in Figure 4 was decided on by the Minister of Education. This scenario represents a first step towards equity in the provision of education by the provinces. The implementation of this scenario will pave the way for the phasing in of equity over the next five years.

FIGURE 1

**SCENARIO 1: DE FACTO INEQUALITIES**



# Homes backlog growing

ROBYN CHALMERS

ANALYSTS believe SA's housing backlog is larger than official statistics and will continue to rise until 1998 because the delivery of homes will be outstripped by population growth. *BD 4/4/95*

Housing Minister Sankie Mthembi-Nkondo said last week there was a backlog of 1,45-million houses throughout SA, with Gauteng registering the largest shortage at 566 853 homes. *(123)*

BMI building research unit head Llewellyn Lewis believed the 1,45-million urban backlog was closer to 1,55-million units, which had grown from an estimated 1,2-million shortage in 1992.

Government's target of delivering 1-million homes within five years would be outstripped by SA's population growth, particularly as fewer than 35 000 units had been constructed last year.

Lewis estimated that almost 240 000 houses needed to be built each year just to keep up with population growth.

For the first three years of the reconstruction and development programme, no inroads would be made into eliminating the backlog.

He said the urban housing shortage could reach more than 1,6-million units by

the end of 1997, by which stage the national housing programme should be delivering enough units to address both the backlog and population growth.

A study by Planact, which consults on housing and urbanisation, pointed out that government estimates did not include urban hostel dwellers or rural and farm-worker housing.

The Planact study estimated that once these were included, the total backlog could increase to between 3-million and 3,4-million units.

Analysts said there could be no doubt, however, that government was beefing up its homebuilding programme significantly.

Newhco CE Rod MacGillivray described the approval of 155 000 project-linked subsidies to date as impressive, although he warned that it could take up to two years for the first houses to come on stream.

"It takes between 14 months and two years before such projects are delivered. Factors such as township proclamation, planning approvals, tendering and site servicing have to be taken into account," he said.

*Civics, NGOs to be included in negotiations soon*

# Govt and banks in talks to end bond boycott

**■ BY JOVIAL RANTAO**

Negotiations between the Government and the banking sector to end the bond boycott, which has accumulated more than R1-billion in debts, could determine the success of the Government's housing policy.

Government and banking industry officials told The Star yesterday that negotiations, which started six months ago, would be concluded in a few weeks' time. Civic and non-governmental organisations would then be included in the second phase of negotiations.

But the SA National Civic Organisation yesterday warned that the ANC could run into problems in the local elections if

the Government and the banks struck an unfair deal.

The Government and the banks have, in terms of the Housing Accord initiated by late housing minister Joe Slovo, been involved in negotiations to help the banks earn some capital on the 11 000 repossessed houses and 5 000 unserviced township home loans.

The Star understands the banks will be willing to lend money to people in the lower ranks of the housing market only when agreement has been reached on how the non-performing loans can be serviced.

Although the Housing Ministry and the Association of Mortgage Lenders (AML) would not disclose details of the proposals, The Star understands they in-

clude moves to sell repossessed properties to their occupants.

Housing Ministry spokesman Stephen Lauer said: "Because negotiations are at a sensitive stage, details of the package being structured cannot be disclosed yet. We're working with the banks to find a way to deal with the problem. We will give the people (in the repossessed houses) several options, which are a subject of discussion."

He said an agreement would give a crucial boost to private investment and the general economic growth of the country, adding that people living in the repossessed houses would be involved in the discussions once an agreement had been reached. AML president Johan Myburgh said his organisation had held

*(123) Star 4/4/95*

initial negotiations with the Government to get its support on whatever action was to be taken by the banks. "In this first phase of negotiations we want to see what the Government is prepared to do. We want them to put the rand value on the table. We will also present our contributions. Only when we're satisfied will we include the occupants."

He said AML would separate people with genuine financial problems from those who had not paid for political reasons.

Myburgh said banks would be willing to negotiate a deal with occupants of the repossessed houses, through which they could take over the properties at lower prices, which would then be increased steadily.

**NEWS** Better facilities in the pipeline

# R92-m for upgrading

■ **TOWNSHIPS, CBD** Set to benefit

from the provision of essential services:

By Joshua Raboroko

**T**HE GREATER Johannesburg Transitional Metropolitan Council has approved R92 million for the provision of essential services in black townships and the city centre.

The services include provision of water, health-care, sanitation, road repairs, street lighting, transfer of houses and the creation of jobs.

GJTMC's executive committee chairman Colin Matjila told a Press conference in Johannesburg yesterday it was hoped the money would bring "emergency relief" within three months to areas where the need for basic municipal services was critical.

The townships include Soweto, Diepmeadow, Dobsonville, Alexandra, and the Johannesburg central business district. He said a "clean-up" operation in areas where in the past solid waste removal services ranged from inadequate to non-existent would be effected. These included

informal settlements.

Matjila said health-care services included mobile clinics, medical aids, immunisation and growth monitoring of children, family planning and nutritional advice.

The repair programme focused on upgrading and providing water, sanitation, roads and stormwater drainage.

Another initiative would focus on the transfer of houses. In Soweto, Diepmeadow, Dobsonville the programme involved 65 000 rented houses and 15 000 homes in Johannesburg and Roodepoort.

The transfer of housing in Alexandra was investigated and restoration of basic services was underway in the township's hostels.

A uniform and equitable rates base would be introduced in the areas and residents would be urged to pay for services.

The Johannesburg CBD, as the hub of economic activity in the country, would be upgraded by the provision of security, public conveniences, taxi ranks and cleaning of public spaces.

*Sowetan 5/4/95*

(123)

Residents to get access to housing loans again

# End to bond boycotts in sight

(123)  
Sowetan  
5/4/95

By Joshua Raboroko

**D**ISCUSSIONS are at an advanced stage between the Government and financial institutions to finalise an accord to end bond boycotts. The boycotts have cost the banks more than R1,1 billion.

The accord is expected to be signed within a few weeks, *Sowetan* was told. President of the Association of Mortgage Lenders Mr Johan Myburgh said the banks had 11 000 repossessed houses and 5 000 unserviced sites in the townships, which had been granted on loans.

He said: "Mortgage lenders have a lot of capital locked up in these houses and we are looking at ways of releas-

## ■ CAPITAL DRAIN Mortgage non-payments have cost banks R1,1 billion:

ing it. "We have been unable to access the majority of these properties due to a breakdown of law and order in townships."

The banks, he said, were prepared to negotiate take-overs, at a price still to be announced, with people occupying the repossessed houses.

Banks will consider disadvantaged people — a move that may lead to their paying lower instalments.

Spokesman for the housing ministry Mr Stephen Laufer said this was

part of the accord negotiated between banks and the Government last year.

In terms of the accord, initiated by late Housing Minister Mr Joe Slovo, each individual property held by banks would be assessed in terms of the risk cover provided by the indemnity scheme.

The scheme means that Government will protect banks from non-commercial risks in areas where they cannot repossess properties because of the possible outbreak of violence.

# Hitch holding up US housing funds

BD 6/4/95

ROBYN CHALMERS

THE Housing Ministry's National Housing Finance Corporation stands to receive substantial funding from the US government to facilitate SA's low-cost housing programme, but delays in setting up the corporation are impeding the process. (123)

There are indications that the corporation, aimed at promoting and facilitating mobilisation of all types of housing credit, will be fully operational next year at the earliest.

US ambassador Princeton Lyman said this week that the US government was poised to extend its housing guarantee programme to government entities, including the National Housing Finance Corporation.

The guarantee programme was initiated last year, when the US Agency for International Development (USAid) joined Nedcor and First National Bank in an operation to raise about R800m to finance black home ownership.

Lyman said USAid secured about \$75m in guaranteed loans for Nedcor and FNB, which in turn matched these funds two-for-one.

This had created a mortgage pool of more than R800m which would be directed to housing for South Africans earning between R1 500 and R2 500 a month.

Lyman said the programme was growing at such a pace that the US government's original commitment, which spanned three years of housing guarantees for the private sector, had been condensed into one year.

"Our housing guarantee programme in SA has so far been directed to the private sector," he said.

"But as the SA government establishes mechanisms which can utilise these resources, such as the proposed National Housing Finance Corporation, we stand ready to extend the programme to government entities."

Government and industry sources said the National Housing Finance Corporation was in the process of being implemented, but a new CE and other staff members still had to be appointed.

One source stressed that the corporation was a longer-term intervention to facilitate the ongoing mobilisation of credit to the lower end of the housing market, and it took time to set up the necessary infrastructure and channels to achieve this.

The source said lending to the lower end of the market would start this year without the corporation being in place.

However, banks would enter the market only once the mortgage indemnity scheme and interim builders warranty mechanism were in place. These were expected to be operational by the end of this month.

Sources said the banks and government were planning a countrywide advertising and marketing campaign to promote the low-cost housing programme.



## Policy problems halt rural housing project

BD 7/4/95 LOUISE COOK (123)

THE building of accommodation for farm workers had come to a halt and R50m in state subsidies would have to remain untouched until the Agriculture and Housing departments had thrashed out a new policy, sources said yesterday.

Agriculture Department financial assistance director Koos Smit said farmers' applications for housing subsidies could not be processed because new guidelines on ownership and responsibility for managing the subsidy scheme had to be finalised. The subsidy scheme was given R50m for the 1995/96 financial year, — down from R72m last year.

Talks between the two departments, the Rural Foundation and agricultural unions had led to a recommendation that the Housing Ministry take over running the subsidy scheme from the Agriculture Department. The department was awaiting a final decision.

It had also been suggested that ownership of the newly built houses on farms should go to farm workers instead of farmers. However, farmers were unlikely to agree to this.

Smit said a more realistic solution would be for farmers and workers to draw up leases to ensure security for workers.

Meanwhile, the Northern Cape Agriculture Union has called for the scheme to be upgraded. Union GM Johan van Rensburg

□ To Page 2

## Rural housing

(123)

BD 7/4/95

□ From Page 1

said the union rejected proposals that workers should own the dwellings because it was impractical. The union would make recommendations to the National Housing Forum about adjustments to the housing scheme, he said.

The co-ordinator of the joint technical committee of the Housing Department and the National Housing Forum, Diet von

Broembsen, said a rural housing scheme was still being developed. The question was who really benefited from state subsidies when farmers built on and improved their properties.

The subsidy scheme had to be restructured to benefit the worker. Restructuring the National Housing Forum had delayed the process.

# Housing Trust to get R100m loan

BD 7/4/95 (123)

THE Development Bank of Southern Africa is to grant a R100m bridging loan to the ailing SA Housing Trust in a bid to boost the delivery of homes at the lowest end of the housing market.

Development Bank operations GM De Villiers Botha said the bank had agreed in principle to provide the loan. A detailed proposal would be handed to the bank's board this month to be ratified formally.

The bank and the trust had agreed that the loan should be used to build homes on serviced sites held by the trust for the lowest end of the housing market, he said. The bank required the ministries responsible for Housing, Finance and the reconstruction and development programme to underwrite the loan, and there had been an agreement in principle on this issue.

Late last year, the bank launched an investigation of the trust to ensure it had the institutional capacity to make loans available to low-income earners and to service them, Botha said. "Should the loan be approved formally, it will be the first time the bank has moved into the long-term mortgage market, but we believe it is imperative to facilitate the construction of homes for SA's poor."

A cloud has been hanging over the trust's future. As the largest financier of housing for low-income families, it had been hit hard by the decade-long bond boycott and had been plagued by defects in houses for which it provided finance.

## ROBYN CHALMERS

The trust's report last year said on an average loan of R15 000, the non-payment of monthly instalments by about 14 000 boycotting clients deprived at least 22 200 homeless families of accommodation.

This also affected the bottom line, with the trust posting net losses of R62,2m (R53,7m) for the 1994 financial year. The trust's end-user finance subsidiary, Khayalethu Home Loans, saw monthly collections deteriorate to 50% against 60% during the 1993 year.

Accrued interest on accounts more than doubled to R111m at year-end from R53m previously, which meant the trust had to provide R66,8m against long-term mortgage bonds.

Trust MD Wallie Conradie said the future of the organisation depended on the resolution of the bond boycott and the success of the Housing Ministry's Masakhane advertising campaign. However, the trust received a boost last year with former Barclays Bank MD Chris Ball's appointment as executive director. Sources said this restored some of the credibility it lost as an old government-funded organisation. Sources were not convinced that Ball would remain long at the trust, speculating that he could be called on to head government's national housing finance corporation once it was established. Ball was not available for comment yesterday.

# US mission criticises Naidoo

(123)

CT(BR) 7/4/95

BY FRANCOISE BOTHA

STAFF WRITER

A delegation of Atlanta investors has criticised Jay Naidoo, the minister in charge of reconstruction and development, for being uncertain about which building materials to use in constructing low-cost housing.

Naidoo told potential investors from Atlanta that the government was looking at cheap housing models for the RDP housing project.

"Given that the vast majority of our raw materials are exported, an opportunity exists for local beneficiation programmes. We are looking at projects that will allow for co-operation and joint-venture agreements," he said.

## Serious

Atlanta delegates were unhappy with his response:

"It looks pretty serious that the government wants to build houses but doesn't even know where it's going to get the raw materials from. Part of the job creation programme should be the use and development of natural resources," one said.

Models had been presented by the CSIR and American housing company Fanny May that would make use of "abundant natural resources", but Naidoo had given no details about plans for beneficiation programmes.

Delegate Sam Barber commented that "job creation should be the top priority, rather than the provision of services, because people need the money to pay for the services".

He added that it was unrealistic to expect white taxpayers to continue to "foot the bill".



REALISTIC IDEALIST . . . Water Affairs Minister Kader Asmal believes that water must be evenly shared Picture: TERRY SHEAN

# Kader Asmal: Making love not war over water

123  
ST 9/4/95

will have to announce sanctions against certain people in terms of expulsions, suspensions, fines. And, of course, the law must take its course."

**K**ADER Asmal was born in Stanger, Natal, on October 8 1934. He remembers a conventional upbringing in a large, argumentative family — "the nearest equivalent I can think of is a Jewish family in the Bronx".

He describes his father as a failed shopkeeper "because during the war he gave too much credit to

white housewives whose husbands wore the orange flash on their shoulders.

"I remember the local white attorney said, 'you must send them a final notice, you must bankrupt them'. But my father was so angry, he said, 'they are fighting your war and you want to send them to Carey Street!'

"So we were a poor family. All he could do was give us the opportunity to go to school — you came first you got half-a-crown, you came second you got two shillings, you came third you got a kick in the backside."

He traces his awakening in politics to an encounter

with Chief Albert Luthuli, former president of the ANC and "a towering figure", who was banished to the Stanger area.

But he also remembers, at 13, proposing a motion in the local Muslim Cricket Club, that it throw open its doors to everybody.

By the age of 18 he was reading Harold Laski's *The Grammar of Politics* and the complete works of Winston Churchill "in my Angophile period".

Asmal became a teacher, taking his BA through Unisa, and set off for Britain in 1959 to study for a law degree at the London School of Economics.

It was the beginning of an exile lasting almost 35 years, 27 of which he spent in Dublin, lecturing at Trinity College in human rights, labour and international law and ending up as Dean of Arts.

**I**N 1963 he helped establish the British and the Irish anti-apartheid movements. He was called to the Bar in London and Dublin.

"People forget that I couldn't come home for years, for a start, because I had a white spouse. I married an English girl, Louise Parkinson. But I was also

part of the resistance, part of the underground.

"My wife found it hard when we first arrived back. She was the first secretary of the AAM in London, and in 1990 most of the features of the society she had been fighting against were still in place.

"The country was much worse than when I left it, because of the Group Areas Act. Nowhere, except perhaps in the Jewish ghettos of Nazi Europe, have people been so physically, spatially, geographically, separated. It's still an appalling problem that will take more than a generation to deal with."

Asmal describes himself as a liberal and a humanist. His religion, he says, is a private matter "but there is a vast spiritual motivation to everything I do."

This kind of passion led him, he says, to change the whole policy direction of his department within two days of taking office.

"Community water, conservation, equity — those are the objectives. I don't use buzz words like transparency, but I want to involve the public.

"We didn't publish our white paper in the Government Gazette. We launched a vast conservation campaign in a pamphlet called *You and Your Water Rights* and distributed 13 000 copies countrywide.

"We put up ideas. For the first time we suggested that the environment itself should be given a share of water. Should the law lay down how much? At present, 50 percent of water is used by farming, 12 percent by domestic users, four percent by mining.

**D**O we have too many swimming pools? I don't want to make a judgment. But we are one of the few countries in the world that uses tap water for swimming pools. You must draw conclusions from that. Nor do we regulate the use of wasteful sprinklers.

"If people want pools they must pay for the water. We must consider recycling, desalination, better use of storm water, even the tank in the garden with the pipe from the roof.

"Trees use water, but afforestation makes money, provides jobs, and is at least regulated by licence. Sugar cane uses twice as much water. We need to preserve our food production. But we're a drought-ridden country and cannot possibly give permanent relief every time there's a scarcity."

His idealism, he insists, is tempered with realism.

"I want a world, as the author Gabriel Garcia Marquez said, where the poor are happy. It does not mean people must accept deprivation, but that the effects of deprivation are remedied.

... sal or ul p a live for jde ain's aited ned Site. i work e (pro- nange

## 'Good news' from housing official

#123 LINDA ENSOR

LONDON — A dramatic announcement setting out government's housing targets for the next few years is to be made by Housing Minister Sankie Mthembi-Nkondo during her budget vote next month.

Housing director-general Billie Cobbett said yesterday at a Homeless International conference on the government's housing policies that the policy speeches in the National Assembly on May 16 and in the Senate on May 18 would review progress made so far and identify obstacles which had been removed to get housing delivery under way.

"I think it will be one of the biggest good news packages in the SA housing sector," Cobbett said.

However, those expecting to hear that large numbers of houses had already been built would be disappointed — housing delivery had been held back deliberately while the policy and institutional framework were put in place.

This framework would lay the foundation for government to deliver the 1-million units promised during the lifespan of the government of national unity to 1999.

Cobbett expected housing construction to begin seriously in May/June, when most of the obstacles which had been holding up delivery would have been removed.

# Low income home loans available soon

□ 'Normalised lending in five years'

(123) (S)  
ARG 11/4/95

**JOSEPH ARANES**  
Municipal Staff

FROM early in June banks and financial institutions will start lending money to accredited mortgage lenders at the lower end of the housing market.

In terms of the October 1994 Botshabelo housing agreement signed between the Housing Ministry and the Association of Mortgage Lenders, financial institutions agreed to lend money for low income housing on condition the state guaranteed repayment.

A Mortgage Indemnity Fund was formed which signalled the return of major banks to the lower end of the housing market.

The fund will administer the Mortgage Indemnity Scheme.

(MIS) and will indemnify an accredited mortgage lender on a defaulted loan when it has been proven beyond doubt that the State has failed in its duty to maintain the due process of the law.

The role and function of the fund are in line with the objectives of the white paper on housing to normalise the lending environment and to mobilise credit for low-income housing.

Fund chairman Johan de Ridder said: "With the MIS, government puts its money into the belief that it can lead South Africa to a normalised lending situation within five years.

"The full commercial risk on mortgage lending will however be carried by the participating lenders and financial cover to all mortgage lenders will be provided by the beginning of June."

# Spend your penny, save the world

Waterless loo on market

AR 11/4/98

123



**JENNY VALL**  
Staff Reporter

WITH every flush of the loo we wash away 11 litres of water.

Everyone flushes about five times a day and there are about two million people using waterborne sewerage in the greater Cape Town area.

That's 110 million litres of clean, expensively purified water going round the bend every day.

Clearly, with predictions of water crises looming, we'll have to look at alternatives.

A new concept on the market is the Enviro Loo composting sanitation system, developed by a biochemist, which uses no water, is hygienic, environmentally friendly, uses no chemicals and has minimal operational and maintenance costs.

Diane Salters of Simon's Town has installed one at her house on a trial basis.

The lavatory is a closed system, she says, and works by separating liquid and solid waste. Ambient heat and adequate ventilation, through two ventilation pipes, converts the waste to a dried compost-like matter. A wind funnel attached to the ventilation pipes aids aeration.

The dried compost, which would be removed once every 18 months for a family of six to eight, can be used to grow vegetables or in the garden. It is

taken out of the access hole, which has a bolted down cover.

The good news is that unlike pit latrines, there are no smells. "Smells get drawn down and out. Because it's well aerated, it shouldn't smell at all," says Diane.

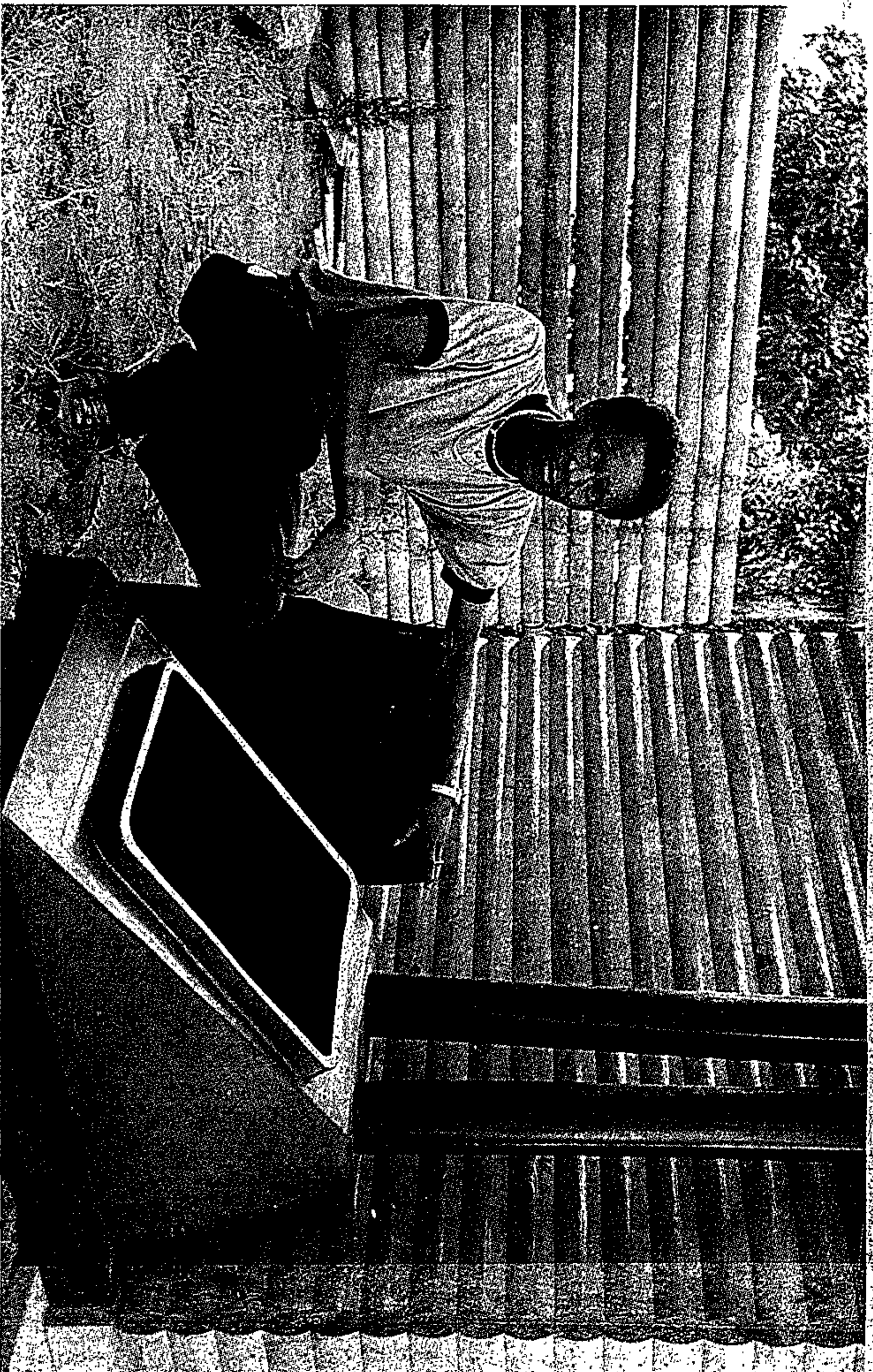
And because it's a closed system (it's a moulded black bin made from recycled plastic), there is no fear of leakage as with pit latrines, which have been found to be responsible for widespread contamination of valuable groundwater resources.

The toilet can easily be built into a house but a portion of the unit, including the aeration pipes, must be outside. A 1,4-metre deep pit is needed for the unit.

The Enviro Loo costs about R2 300. Other sanitation systems, such as pit latrines and the bucket system, are expensive to maintain, says Diane. A small packet of compost activator used when the toilet is set up is all that's needed for the Enviro Loo.

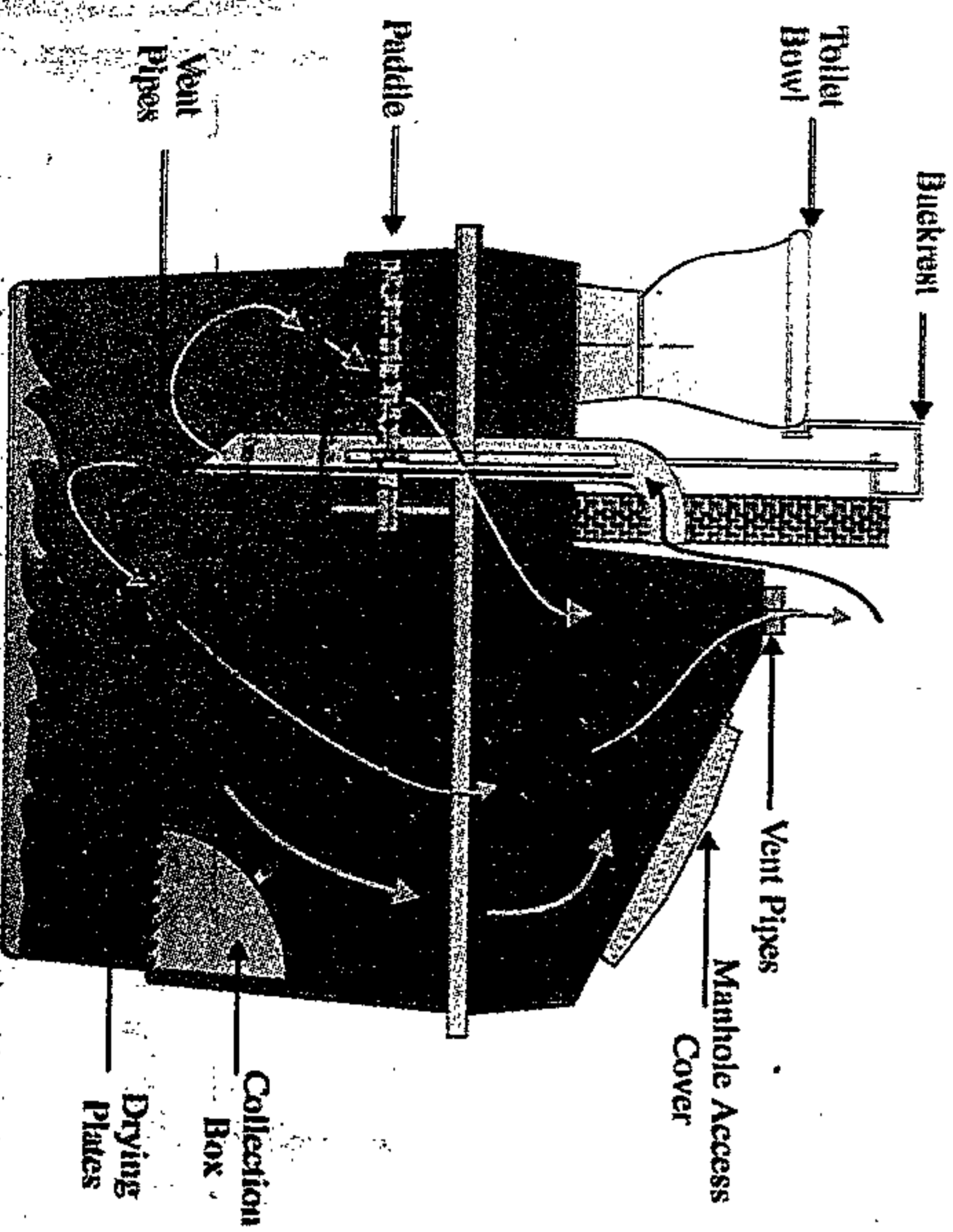
But bear in mind that if there is waterborne sewage in an area, you are bound by law to use it. And until legislation is modified to take account of the environment, it may be difficult to get a permit for a waterless toilet.

It is, however, ideally suited for new developments, squatter camps, remote and rural areas, holiday cottages and trails.



**FRIENDLY LOO:** Part of the environmentally friendly toilet. Armstrong Siyo lifts the lid to the access hole used for clearing the compost.

Picture: JENNY VALL, The Argus.



**NO WATER:** Waste falls into the bin on to drying plates. An efficient ventilation system means that air flows into the container and through the waste. As the waste decomposes, dried matter falls from the grid onto drying plates and towards the collection box. Because of the low pressure in the container, no odours escape through the toilet pan.

# Housing plan 'within weeks'

ROBYN CHALMERS

(23)  
GOVERNMENT would join forces with the provinces to launch a wide-ranging housing campaign which included investing significant public funds in needy areas, Gauteng housing minister Dan Mofokeng said yesterday.

Speaking at a Smart Centre Club and Allied Bank function, Mofokeng said the campaign, expected to be launched within weeks, would be aimed at mobilising housing credit and the resumption of payment for goods and services.

The campaign would run alongside government's Masakhane campaign aimed at putting an end to bond boycotts, and would encourage private sector investment. *BD 12/4/95*

This follows an allocation of R185m in this year's national budget which would go towards residential urban renewal projects.

A government spokesman said an urban investment planning team was being established to prepare an urban investment policy for war-torn and run-down areas.

Part of the campaign would be run in conjunction with the banking sector. Housing Ministry spokesman Stephen Laufer said the Ministry was working closely with banks on a broad information package to ensure that communities understood their options.

Facilitating the speedy release and servicing of land was a further priority, and this would be boosted when the Development Facilitation Bill was officially sanctioned by Parliament this year.

Mofokeng said the Gauteng housing department was committed to achieving the national target of building 1-million homes over five

years. The provincial housing board had approved 77 000 applications for subsidised housing amounting to R818m.

Housing experts said this week the launch of the mortgage indemnity fund last Friday was the strongest signal yet that the Housing Ministry's national housing programme could get under way within six weeks.

Government has been struggling to implement the accord reached last year with banks to facilitate lending into the lower end of the market, but a number of components look set to be in place by the end of May.

These include an interim builders' warranty mechanism, under negotiation between banks, government and builders, the indemnity scheme and Servcon, a service company to assist consumers with home ownership.

Mortgage indemnity fund spokesman David Porteous said financial cover to all accredited mortgage lenders under the scheme should be provided from early June.

Porteous said the fund, chaired by consultant Johan de Ridder, would administer the mortgage indemnity scheme.

It would indemnify an accredited mortgage lender on a defaulted loan should there be a breakdown of law and order in a particular area, he said.

The Housing Ministry has stressed that the scheme would not be used to bail out defaulting home owners.



This series of pictures shows what was achieved in the Cape Town suburb of Grassy Park. **1** What started off as two-roomed starter homes, built by the owners on a self-help basis eight years ago for less than R10 000 including the serviced site, are now fetching R100 000 on the open market. **2** The family moves in, with access to a building advice bureau. **3** The family starts building extensions. **4** The same houses eight years later

# 'Self-help projects are as suited to Sandton as they are to Kwa Mashu'

(123)  
CT(Be)12/4/95

By using their own labour, communities will acquire skills not only to build their own homes, but also to sell on the market

By Maggie Rowley

PROPERTY EDITOR

Self-help projects provide the most viable solution to housing the country's homeless and can halve the cost of construction, says John Hopkins, the development manager for Condev Cape, the residential development arm of Murray & Roberts.

Hopkins, a former deputy director of housing for the Cape, has received awards from the construction industry for pioneering self-help projects, initiated while he was working for the former House of Representatives. Frustrated by the delays in housing delivery at provincial level, he switched to the private sector this year to head Condev's newly established community development operations. Condev is participating in the Western Cape's first reconstruction and development project, the R1,5 billion housing and industrial development at Marconi Beam in Milnerton.

Hopkins hopes the Marconi Beam development will become a blueprint for the country's mass housing delivery programme.

Hopkins has had first-hand experience of what can be achieved with self-help projects, having built his own house in Cape Town and a timber frame double-storey holiday home at Britannia Bay on the West Coast. The 130 square metre home cost him R400 a square metre to construct and, with the plot included, he spent close to R90 000 against a market value of about R200 000.

"The beauty of self-help projects is that they can be tailored to individual affordability levels and are as suitable in Sandton or Constantia as they are in Khayelisha or Kwa Mashu."

## These projects could halve the costs of construction and provide the most viable solution to the country's housing crisis'

The Marconi Beam development will include 2 500 housing units, of which 1 000 will comprise the affordable housing component, costing less than R30 000. The remaining 1 500 houses will cost between R30 000 and R120 000.

Earthworks began last week and servicing of the 60 hectare site earmarked for housing was expected to be completed by September, when construction will start.

The project is a joint public and private sector initiative. The land is privately owned, but the social housing component is to fall under the government's capital subsidy scheme.

In terms of the initiative, there is an element of cross-subsidisation of the affordable residential sector by the commercial industrial sector to allow as much of the capital subsidy to be translated into a top structure.

Hopkins says that even with cross-subsidisation from commercial even, the cost of bringing serviced sites on stream will not leave much for top structures.

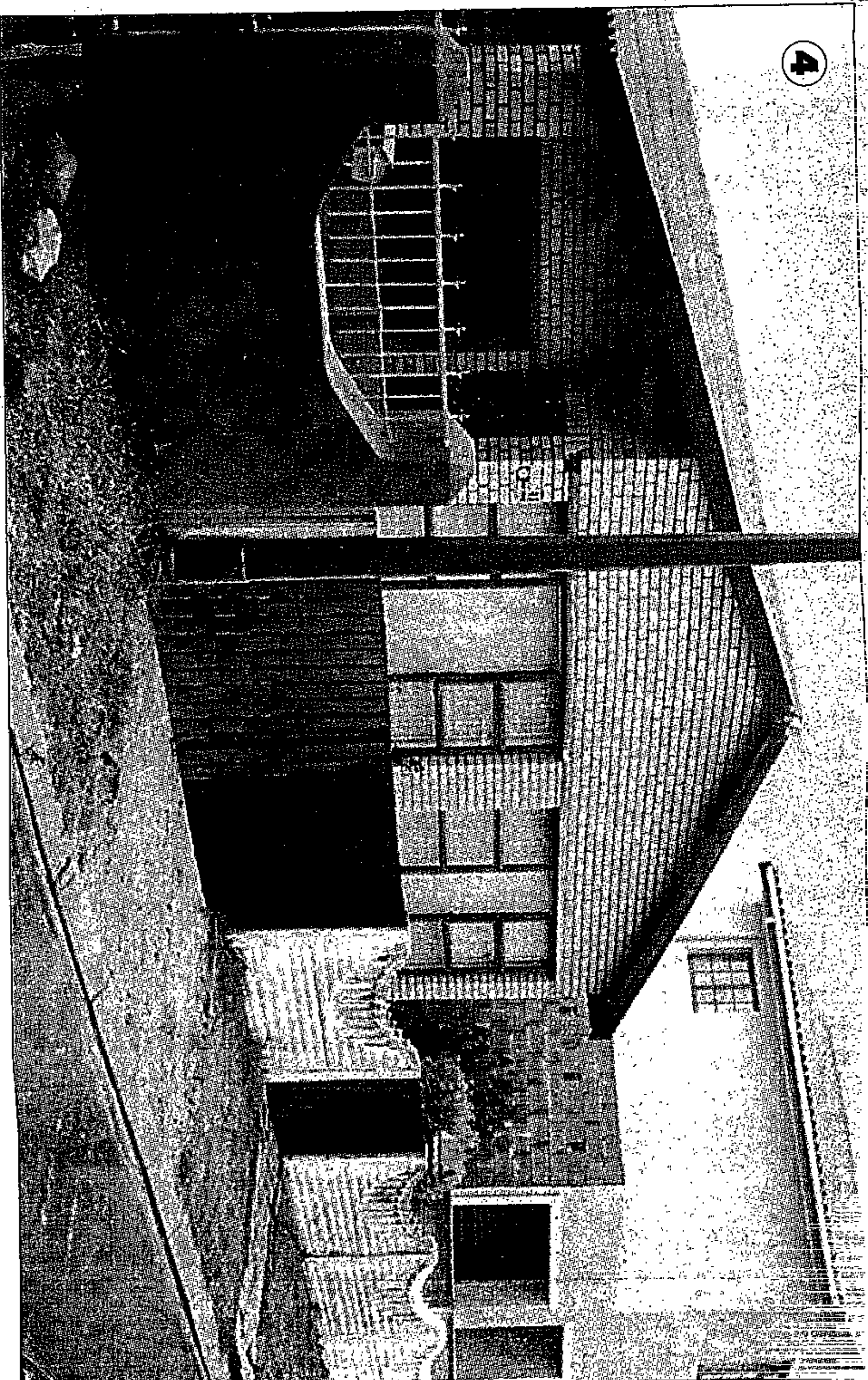
"By building units on a self-help basis with support services, it will allow for a much larger top structure which can be added to."

"For this reason, the first step in the social component will be a resource centre. The centre will provide the community with training in construction methods and in manufacturing their own materials. It will also provide support in the form of advice and feedback. Later, the centre can be used as a community facility.

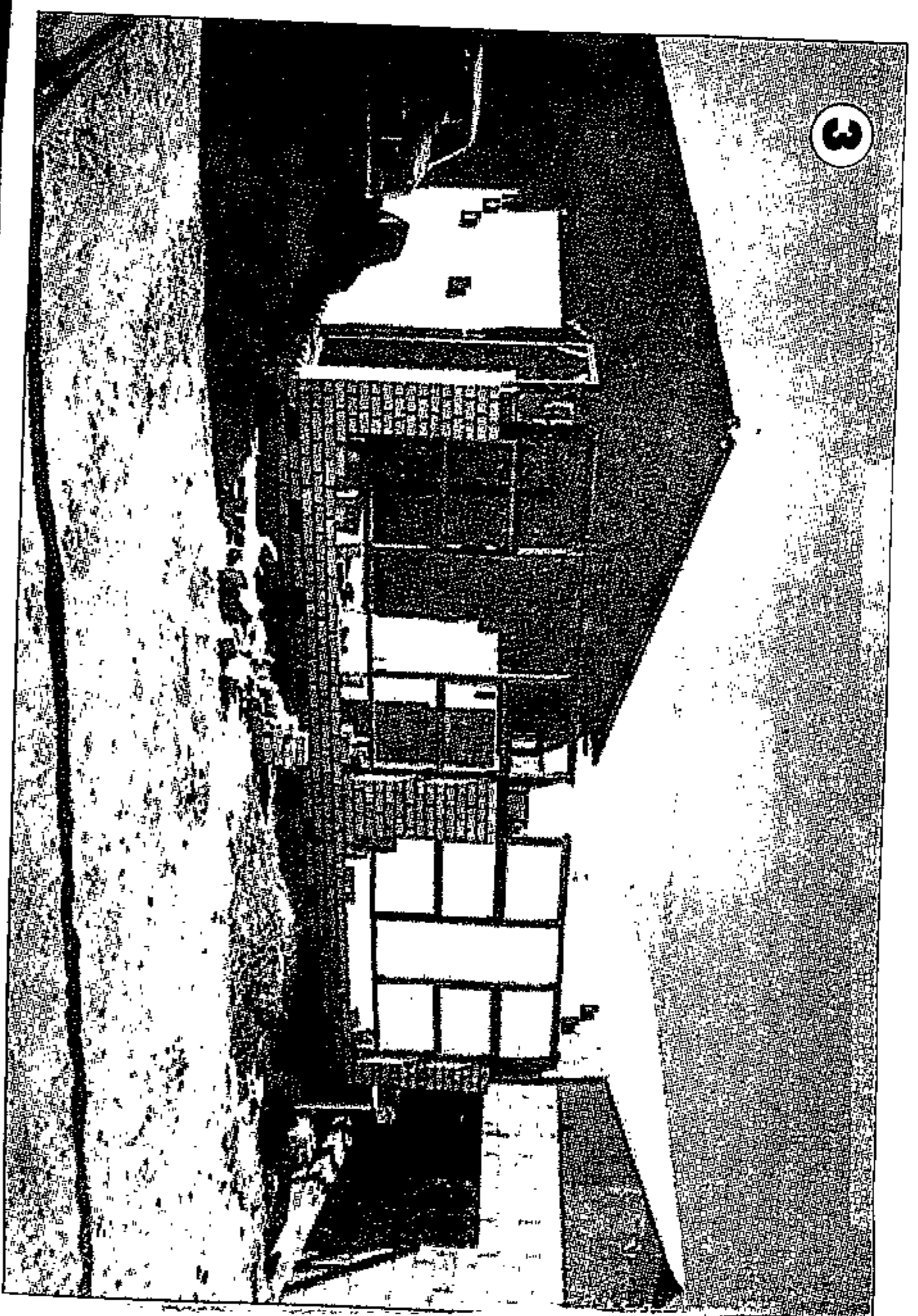
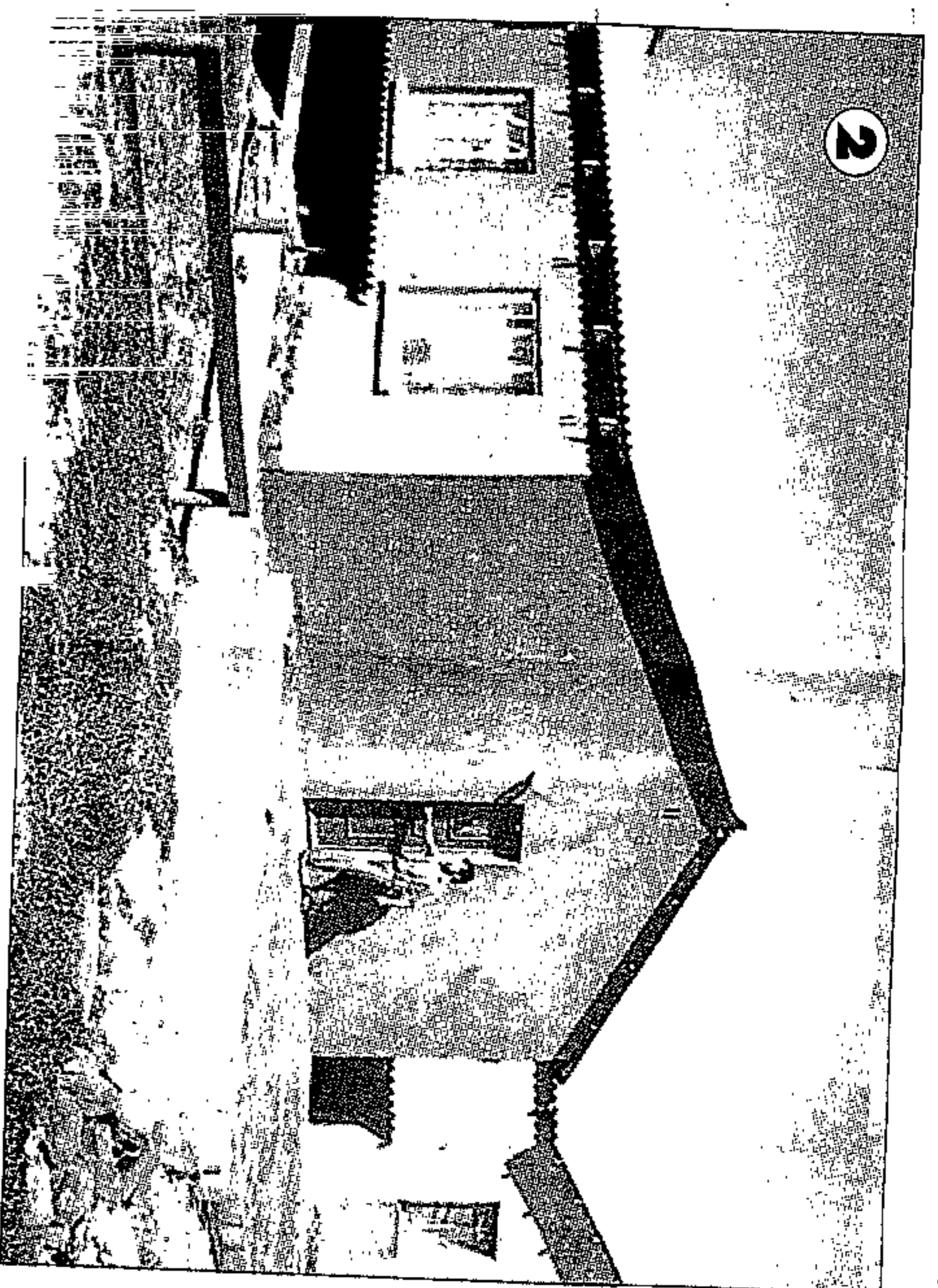
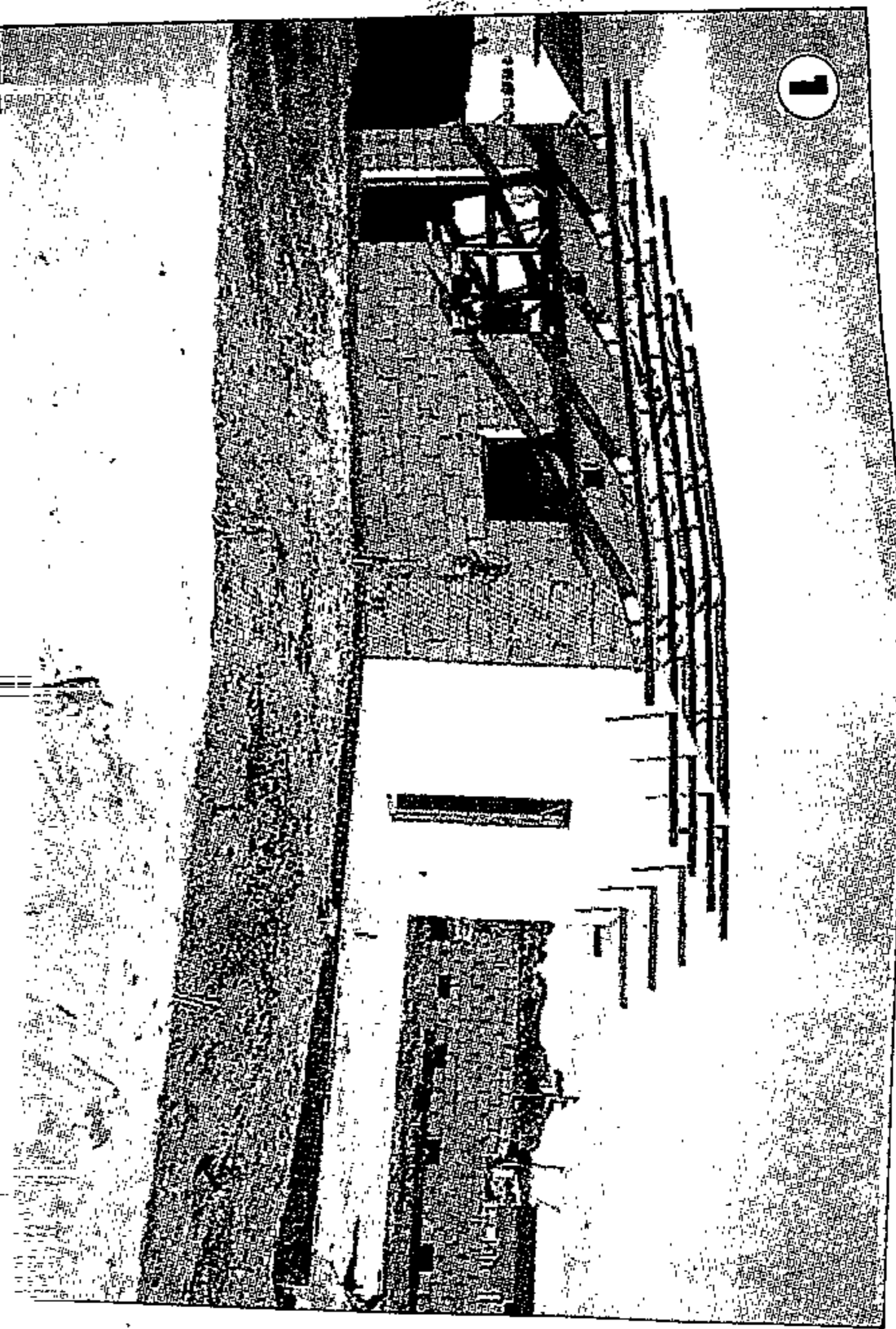
"It is expected that the community will build their homes incrementally, according to their needs and in terms of what they can afford," Hopkins said.

"By using their own labour, these communities can develop skills which they can use not only to construct their own homes, but, at a later date, sell these skills on the open market.

"We are talking about sustainable development and believe that this project will become a blueprint for housing in the reconstruction and development programme throughout the country."



**ANATOMY OF AFFORDABLE HOUSING: HOW A SPARTAN DWELLING CAN BE TRANSFORMED BY THE OWNERS**



of houses'

# End of the housing blues?

(123) Sowetan 12/4/95  
**By Ismail Lagardien**  
Political Correspondent

THE long wait for the delivery of housing is about to end.

While the delivery of houses over the past year has plodded along at snail's pace, a major announcement by the Housing Minister Sankie Nkondo is anticipated within weeks.

This was reported yesterday from London where Nkondo and the director-general of housing, Mr Billy Cobbett, are meeting with officials from the European Union on housing matters.

"I think it will be one of the biggest good news packages in the South African housing sector," Cobbett said.

Nkondo's Press secretary, Mr Stephen Laufer, confirmed yesterday "good news is on the way". He said Nkondo would make the announcement during her budget speech in late May.

Cobbett said the construction of new houses could start in May or June.

Laufer also confirmed that 197 000 housing subsidies had been approved over the past year.

Meanwhile in Cape Town, official figures released by the Department of Housing indicate a slow trickle in the delivery of housing units, with Northern Transvaal being hit the worst.

According to official figures, less than 10 000 housing units were built in six provinces during 1994, the vast majority of them in the National Party-controlled Western Cape.

While no figures were provided by the department for North-West, Eastern Transvaal and KwaZulu-Natal provinces, the figures for the rest of the country are: Western Cape 4 383, Gauteng 1 648, Eastern Cape 1 364, Northern Cape 1 068 and Free State 498.

# Low-cost scheme for building houses

By Isaac Moledi

A BRITISH company will present its plans detailing a low-cost scheme for building houses during a trade show in South Africa next month.

About 30 British companies have been organised by Sheffield and Rotherham Chamber of Commerce and Industry with the support of the United Kingdom Department of Trade and Industry, to take part in the show from May 13 to 24.

Michael Dyson Associates, a leading UK consultancy in concrete housing, will be detailing the project which makes maximum use of unskilled labour.

The system can be used by contractors and developers under licence and is suitable for large companies wishing to

provide housing for their labour force.

Members of the mission who intend to invest in this country include prominent suppliers of engineering materials, including a major provider of turnkey projects for the glass, steel, foundry, sugar, cement, petrochemical and aluminium industry.

An innovative new master-alloy that enhances key engineering properties of the castings, particularly wear-resistance will also be introduced.

The master-alloy offers opportunities for more cost-effective use of cast and wrought ferrous products in heavy-duty applications. Among other technologies to be introduced are precision-mounted points used for aggressive fettling in foundries and the more delicate finishing operations in tool rooms and investment casting facilities.

(123)  
Sawetan  
12/4/95

# Housing plan for Mercedes workers

BO 13/4/95  
123  
122

ROBYN CHALMERS

DAIMLER Benz, the parent company of Mercedes Benz SA, will provide R27m to leverage credit for the construction of 1 000 low-cost homes for its employees which will be situated within walking distance of their work.

Mercedes Benz communications manager Shane Hegarty said yesterday a section 21 company called Siyakha had been set up after consultation with workers and the National Union of Metalworkers of SA.

Siyakha would facilitate the construction of 1 000 homes at about R54 000 each in four locations — Johannesburg, Pinetown, Pretoria and East London.

"The houses will be concentrated mainly in East London where our manufacturing concern is located and we expect about 900 of the employee homes will be built in this area," he said.

Daimler Benz would place the R27m with a financial institution and government's project-linked and individual subsidy would also be utilised where possible.

The remainder of the funding would come from financial institutions, so should workers leave their employment at Mercedes Benz, their obligation would be with a bank as opposed to the company.

Mercedes Benz had been looking at methods of ensuring workers did not have to travel long distances to get to work, which inevitably cost them a

significant percentage of their monthly income.

"The purpose of the venture is to accommodate our workers in housing they can afford with pleasant surroundings, which will cut down on the high cost of transportation."

Construction on the houses was expected to begin in June this year, and Hegarty estimated the first houses would be ready by August or September. Several building companies would be used to construct the homes, and a housing consultant had been appointed to oversee the process.

This is the second such scheme instituted by a major organisation in SA. During 1993, Murray & Roberts embarked on a similar development called Graceland.

M&R engineering CE Ian Colepeper said workers could spend up to 20% of their salaries getting to and from work. In spite of SA's sophistication in terms of technology and infrastructure, the country still had very immature transport systems.

Graceland provided accommodation for workers close to work in the form of 800 homes ranging from R35 000 to R85 000.

Hegarty said Mercedes Benz had been looking into this sort of accommodation for a number of years, beginning when the company set up a housing, education and social responsibility fund.

AFFORDABLE HOUSING

**Lessons from the Cape**

FM 14/4/95

**Low-cost** housing developer Newhco faces two threats in Cape Town. One is a rise in unit costs forced on it by resistance to higher density development. The other is a flood of 1 200 Gash (Good address, small home) simplexes on to the Cape Town market in the past six months — with more similar projects about to come on stream.

The effect can be seen on the nonprofit organisation's pilot projects.

Two Gash schemes by other companies have been withdrawn from the market and sales of new units costing R200 000 or less are generally sluggish.

In contrast, the city's second-hand residential property market achieved a five-year sales record in February.

Newhco says affordability is not the problem causing sluggish sales in two infill developments, one in Rondebosch East, the other in Woodstock. It says the difficulty is in selling units before building to less sophisticated buyers.

Newhco is now selling units in middle-income areas at prices on a par with those in upmarket areas. Prices for its one-, two- and three-bedroomed duplexes are R100 000-R165 000 in what it says is middle-income Rondebosch East.

Richprop Property Organisation, for instance, is selling units in more upmarket areas such as Claremont at R121 000-R142 000.

Newhco argues its target market is government employees and second-time buyers, primarily from Athlone and Crawford. It puts their incomes at R4 000-R6 000.

And it says its pricing, at R2 000/m<sup>2</sup> including Vat and all costs, is in line with other developments in Cape Town. "Where ours is different from all other developments is that each unit has a private garden and back yard," according to Newhco operations manager Richard Arden.

But buyers are unappreciative.

In the first phase of the 106-unit development, there are only 15 firm buyers for 26 units.

In its first development on Devon Road in Woodstock last year, the company took four months to sell six units. These were priced between R74 000-R88 000.

No-one has signed up in its third development, on Dublin Road in Woodstock, though construction has started on nine units in a 31-duplex scheme.

Newhco admits its original pricing in Rondebosch East, intended to start at R80 000, was thwarted by existing residents of the established, low-density suburb.

An additional cost was incurred by the emphasis on design. Gapp Architects of Victoria & Alfred Waterfront fame were employed. Consultants' fees were also higher than expected because of the four-month consultation process before sub-

mission of plans.

If Newhco is to succeed with another 11 developments in Cape Town, it is going to have to offer a product which is cut to the bone, developed quickly and sells fast.

Newhco's past successes in higher density or infill housing in Jeppestown, Johannesburg, are because it kept prices around R65 000 for three-storey walk-ups.

SA's Gash king, Richprop MD Johan Franck, who is operating in Cape Town's traditionally white suburbs, is looking at Newhco's progress with interest — and not without sympathy. He also plans to enter the affordable housing market.

To date, he has built Gash developments in Johannesburg, Durban and Cape Town. In the Cape, he is also affected by the surfeit of Gash units. Of the 1 200 units that came on stream since October, 600 have been his.

At Milner Gardens in Claremont, for instance, only 41 units out of a total 48 have sold in a two-month marketing exercise. This is what Gash developers describe as sluggish.

"In normal circumstances, we would have sold out all our units in two or three weeks, as has been our experience in Bloubastrand with 80 units. In good areas, sales are quicker. At Harbour Island, it took one morning to sell 60 units, in Hermanus a weekend for 138 units," he says.

Prices in these developments were as low as R118 000.

Richprop's approach, as distinct from Newhco's, will be to offer units at a much lower price. Two-bedroomed units of 42 m<sup>2</sup> and three-bedroomed units at 61 m<sup>2</sup> will sell for R65 000 and R79 000 respectively.

"We'll have to work off a low spec, which means people will have to upgrade their units over a number of years," Franck says. His first project will be in a formerly coloured area in the southern suburbs,

where average monthly incomes are R1 600 or less. Richprop wants to target the higher earners of around R2 500 in this area to buy his units at R65 000, which at this price would qualify for the R5 000 government subsidy.

The company will start building a 500-unit, mixed-use development — where people live above their work space — in the second half of the year. Buyers are plentiful at this price, says Franck. ■

INVESTMENT

**Pioneering moves**

**Since January**, Old Mutual Properties has bought R70m worth of property in Gauteng and the Western Cape, in areas it has not previously explored. Most of its purchases have been close to existing formal and informally settled black communities. And the company plans to develop the industrial component, which will provide employment to people living in adjacent areas.

This is a departure from previous institutional initiatives in townships, which have been retail-orientated. National investment manager Tommy Osborne says: "There are obvious risks in investing where we have not traditionally gone, but we believe they are now growth opportunities."

Previously, the closest OMP has come to this type of investment was the purchase of industrial land at Marconi Beam in Milner-ton, in the Cape, close to the informal shack-dwelling community.

From Cullinan Holdings, which is looking for more liquidity by disposing of its property, the company has bought R30m worth of land parcels in Gauteng: 52 ha in Clayville, 101 ha in Olifantsfontein and 42 ha in Boksburg North.

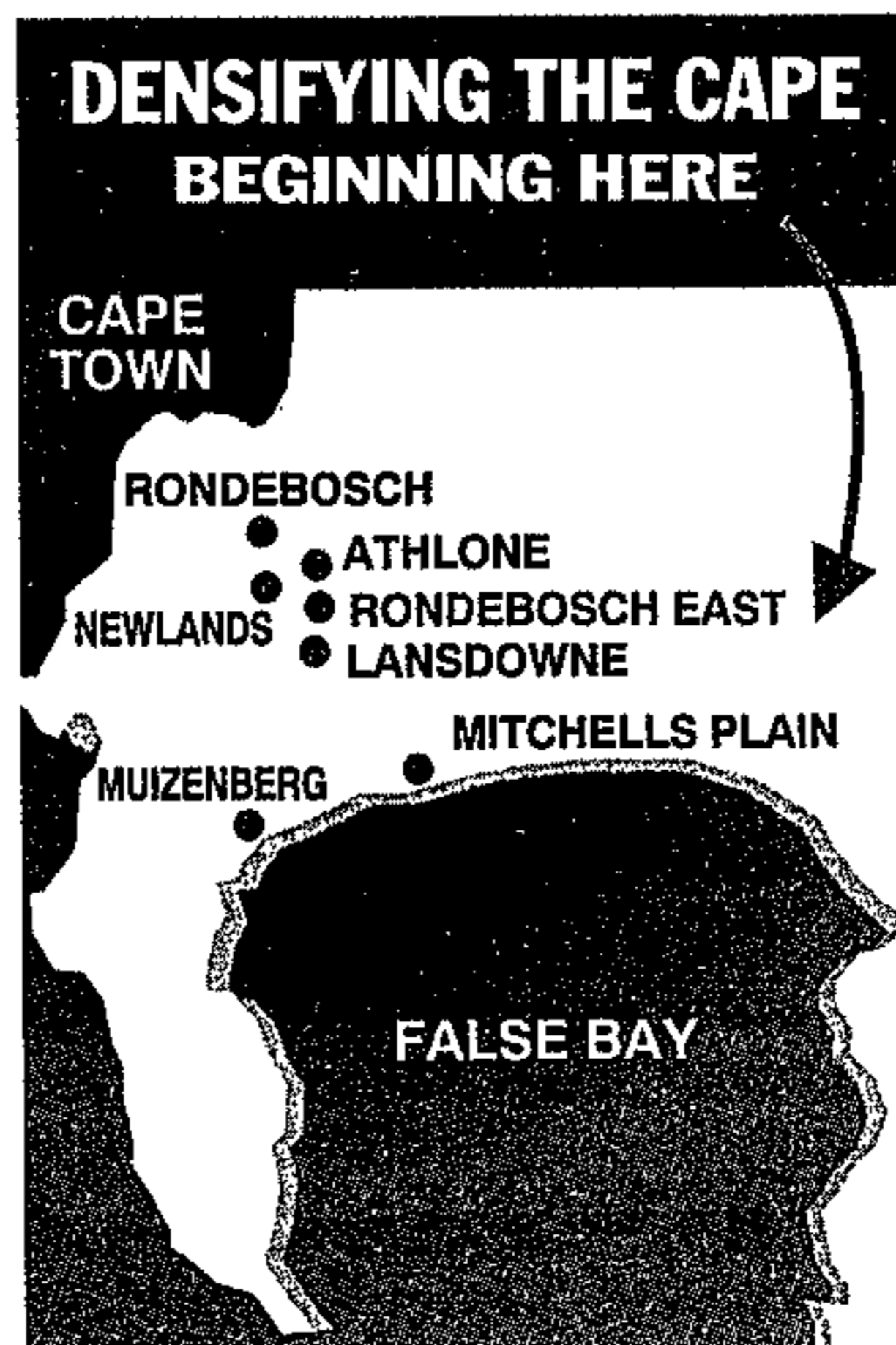
The Clayville and Olifantsfontein sites are next to one another and located immediately east of Midrand and north of Tembisa. Part of this land is zoned industrial; use of the balance is still being decided. The Boksburg land is situated in the industrial township of Anderbolt.

Osborne says a further investment of R5,6m was made in the prime industrial node of Jet Park, on the East Rand, where two sites comprising 75 000 m<sup>2</sup> were purchased. This brings OMP's undeveloped land holdings in Jet Park to 340 000 m<sup>2</sup>.

In the Western Cape, the society has bought an 11 000 m<sup>2</sup> shopping centre in Mitchells Plain from OK Bazaars Pension Fund for R29,5m.

OK Bazaars is the major tenant, occupying 70% of the lettable area.

And in Khayelitsha, it has bought a 41 000 m<sup>2</sup> site for R5m. Situated in a more formal residential settlement in the township, on Lansdowne Road and Washington Square, it is zoned for commercial and retail use. OMP says it has options to buy further vacant land in the area and is investigating development opportunities. ■



## PROPERTY MARKETS

# Foreign pressure helps push prices

**Commercial** property brokers are reporting record turnovers in leasing and sales and a sharp rise in office rentals over the past six months. In Rosebank and Sandton, rentals of R43/m<sup>2</sup> gross are now being achieved — a level previously unimaginable.

As medium and small businesses become more active, an increasing number of small deals is boosting the market. And pressure is coming from foreign companies — either as reinvestors, new entrants or expanding operations — seeking new office accommodation, retail outlets and factories.

A delegation of 80 Dutch property investors, ranging from private individuals to large institutions, visited recently and some are now negotiating with Seeff Commercial. Last month, a new deal between Seeff and a Taiwanese electronic distributor was struck; the company bought a R4m warehouse in Strijdom Park, Randburg. An Australian operation is looking for 40 outlets to retail luxury items, while companies such as McDonalds are seeking nationwide food outlets.

MD Colin Blacher says Sandton, Rosebank, Rivonia, Woodmead and Epsom Downs are the most popular rental markets for foreigners. Foreign merchant banks Citibank and Dutch ABN Amro will be in Sandton, among others.

Seeff has appointed a developer to provide a "turnkey" service to more specialised investment among locals and foreigners in sectional title offices and industrial units. This means the company will package the financing and develop and manage the project. It will also find tenants if necessary, sometimes with the foreign company.

Australian, Norwegian, Belgian and German companies have expressed interest in the rising trend towards commercial property ownership as the market turns in favour of landlords and rentals rise rapidly.

Broker RMS Syfrets says most of the interest from European companies it is serving continues to be in warehousing/distribution centres.

Golf estates, though undermarketed internationally, have attracted interest. Ten percent of JCI's R40m of sales in eight months at its Dainfern Golf Estate and Country Club has been to foreigners.

Allen Usher, who,

together with Noel Stamper, turned around Dainfern's sales performance, has entered a joint venture with a European company GRI Europe — a leading specialist in golf estate marketing — to form Golf Resorts International. GRI Europe has opened offices in Salzburg and Frankfurt to market a R200m SA portfolio. The first sales have already been made, says Usher.

Usher is harnessing overseas development interest in 400 golf courses — of which less than 5% have a residential component. This is a growing niche market and Usher says joint venture plans are on the drawing board.

Foreign interest in residential property is most pronounced in Cape Town. Since April last year, it has accounted for about 10% of Pam Golding Properties' turnover in the city. February and March have been record sales months for this group in the Western Cape, at R72,7m and just under R80m respectively.

Demand among foreigners — mostly Europeans — is usually in two bands: the first in the R1m plus market — where most are comfortable at R1,5m. Several sales, however, went past this barrier last month, indicating greater confidence. The other band is between R250 000 and R600 000.

Demand for open space — "a nice-sized property on a large tract of land" — is often met in St James, the Boland, Llandudno, Hout Bay and Constantia and in the southern suburbs generally. Upcountry buyers, looking for a holiday pad, dominate the Clifton and Camps Bay markets.

Seeff Residential Properties, which is also having record sales months in the Western Cape — as well as in Gauteng — says it has begun to sell to buyers from Taiwan and Hong Kong in the northern suburbs of Cape Town, typically in Dur-

banville and Welgemoed, at prices ranging from R250 000 to R400 000.

Astute buyers would look to winter to buy in Cape Town. Nolan says foreigners tend to visit Cape Town between February and April and that is when sales volumes are highest.

In Gauteng, Far Easterners and north and central Africans, are the main foreign buyers. To capitalise on the trend, Seeff will market property in Hong Kong at the end of the month through international associate Hamptons of London.

This growing international interest and a surge in outside competition will be discussed at the SA Property Owners' Association first international convention, to be held at Sun City on June 28-30. Says association executive director Brian Kirchmann: "Competition could encourage our members to look to other countries." He believes the convention will offer unprecedented networking opportunities. ■

## URBAN RENEWAL

### May summit

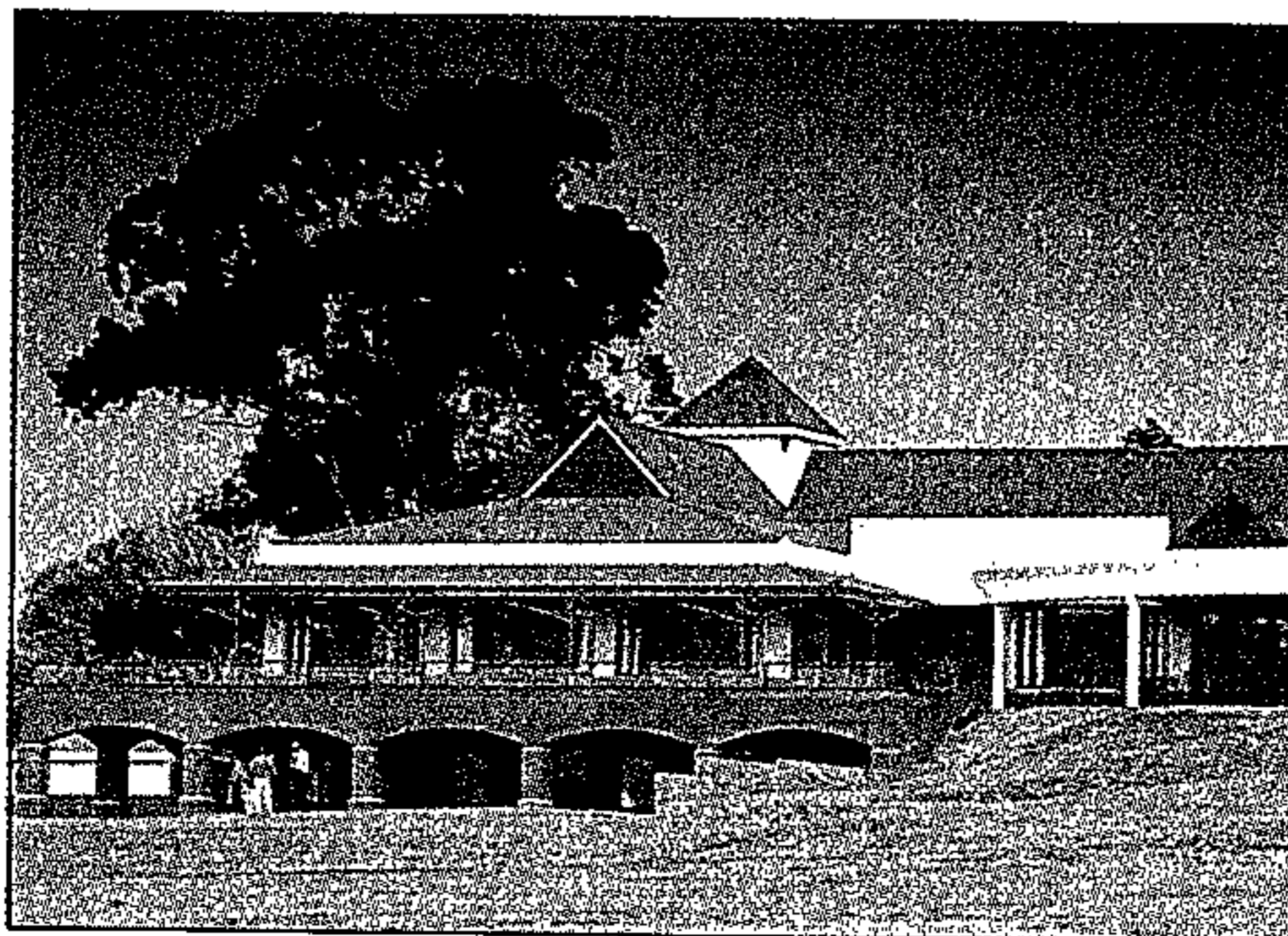
**An inner city urban renewal strategy for Johannesburg will be debated at a summit on May 12.** The process is engaging all inner-city stakeholders, including the Gauteng government, the Greater Johannesburg Transitional Metropolitan Council, civic organisations and business.

Councillor Lindsay Bremner says the aim of the summit is to view past policy and plans from the province and councils, in the light of current audits and evaluations, and formulate an integrated policy. The strategy of the Metropolitan Council, she says, "will encompass transport, social services, residential and economic development."

Neil Fraser, executive director of the Central Johannesburg Partnership, an organisation representing business, communities and the council, says that the number of apartments in the inner-city has not increased since 1973.

He suggests an investigation into the use of basic accommodation like stripped-down dormitories.

Fraser says conservative estimates of the number of Johannesburg CBD's homeless are about 6 000. An area being considered for development to ease this problem lies east of the Carlton Hotel between Hillbrow and the southern motorway. Bremner says it would pre-empt negotiations to say whether the Transitional Metropolitan Council would focus on upgrading buildings or building new homes. ■



Allen Usher, who, **Dainfern Golf & Country Club** . . . a growing niche market in SA

BY ANITA ALLEN  
SCIENCE WRITER

Clean and secure cities lie at the heart of Local Agenda 21, a global action plan for long-term human happiness which is now being implemented in South Africa.

The plan stems from a protocol signed by 103 heads of state at the Rio Earth Summit in 1992.

The aim of Local Agenda 21 is sustainable development under the credo: think globally, but act locally — first at national government level then at local government level and ultimately at individual level.

Since 1992, South Africa has adjusted its national policies in line with Local Agenda 21 and is now embarking on the next phase — local implementation.

(123)

## Global plan for human wellbeing

The strength of Local Agenda 21 is that it is not based on elitist green perspectives only, instead there is a strong focus on human well-being.

The official launch of Local Agenda 21 in South Africa, and Africa, took place at a two-day seminar in Midrand last week.

It was a joint venture by the Department of Environmental Affairs and Tourism and the International Council for Local Environmental Initiatives.

STW 17/4/95  
Deputy Minister of Environment Affairs and Tourism Bantu Holomisa gave the keynote address and stressed the need to give people a sense of ownership of their environment.

In his opening address, director-general of the department Dr Colin Cameron said: "It will serve little purpose if we manage to cope with the ozone problem while people suffer from the consequences of urban decay and rural destruction."

The International Council for Local Environmental Initiatives is working with 21 selected municipalities worldwide to design, test and evaluate its plans over the next three years. Johannesburg, Durban and Cape Town are part of this programme.



# Housing: Gauteng, Natal favoured

STW 18/4/95

BY JOVIAL RANTAO

Gauteng and KwaZulu-Natal are to receive the biggest slice of the R1,8-billion 1995/96 national housing budget, the Housing Ministry announced yesterday.

Gauteng will receive R437,4-million and KwaZulu-Natal R351-million. The Eastern Cape will receive the third biggest allocation, R273,6-million.

Housing Ministry spokesman Stephen Laufer said: "The criteria

for the allocation of funds, as agreed by provincial housing MECs and the national ministry, were a combination of demography, income profile, housing backlog and performance with regard to housing delivery."

Yesterday's announcement followed an agreement reached by Housing Minister Sankie Mthembu-Nkondo and the MECs for housing from the nine provinces.

Housing received a

combined R2,92-billion allocation in the national Budget announced last month.

Other provinces have been allocated as follows:

■ Eastern Transvaal R95,4-million.

■ North-West R126-million.

■ Northern Cape R32,4-million.

■ Northern Transvaal R154,8-million.

■ Western Cape R205,2-million.

■ Free State R124,2-million.

(123) (125) (127)

# R1,8bn for housing in the provinces

(123)

CT 18/4/95

PRETORIA: A housing allocation of R1,8 billion from the current budget to South Africa's nine provinces was announced by the housing ministry yesterday.

The announcement came after Housing Minister Ms Sankie Mthembu-Nkondó and provincial housing ministers reached agreement on the allocation of budget funds earmarked for housing.

The biggest share will go to Gauteng, which is to get R437 million, followed by kwaZulu/Natal with R351m.

The Western Cape will get R205m, the Eastern Cape R273m, the Northern Transvaal R154m, the North West R126m, the Free State R108m, the Eastern Transvaal R95m and the Northern Cape R32m.

The statement said criteria for the allocation of the funds were based on demography, income

profile, housing backlog and performance with regard to the delivery of housing. The provinces could draw the funds in monthly installments.

Of the total of R2,92bn allocated for housing in the budget, about R2,8bn was for capital expenditure, the statement said.

Of this amount, R700m was reserved for spending on infrastructure. This will be allocated to the provinces once spending criteria had been developed.

About R292m has been set aside for spending at the national level.

This includes R220m for the National Housing Finance Corporation, R50m for the Housing Support Centres, R10m for the National Housing Education Programme and R5m for the National Housing and Services Information system.

— Sapa

# Housing budget allocated

(123)

ROBYN CHALMERS

HOUSING Minister Sankie Mthembi-Nkondo has apportioned her Ministry's R2,92bn budget, announcing funding for provinces and infrastructural mechanisms to boost the housing programme.

Gauteng would receive a significant slice of the R1,8bn to be allocated to the provinces, while R220m would be available as seed capital for the National Housing Finance Corporation, she said at the weekend. Gauteng would receive R437,4m — almost a quarter of the funds available for low-cost housing — and KwaZulu/Natal R351m (19,5%). The previous year the largest portion — 21,6% — was allocated to KwaZulu/Natal while Gauteng received 17,4%.

Housing analysts said KwaZulu/Natal had been lobbying for 25% of the housing budget. Its housing backlog of 300 000 units

was one of SA's largest. More than a million homes in the province were shacks.

A Housing Ministry spokesman said a combination of criteria used to determine the allocation of funds, including demography, income profile, housing backlog and delivery performance, had led to the change in the two provinces' fortunes.

The allocations had been agreed upon after lengthy negotiations between the housing ministers of the nine provinces.

The Eastern Cape received R273,6m, Western Cape R205,2m, Northern Transvaal R154,8m, Northwest R126m, the Free State R124,2m, Eastern Transvaal R95,4m and Northern Cape R32,4m.

Mthembi-Nkondo said the funds could be

BD 18/4/95 To Page 2

## Housing (123)

BD 18/4/95 From Page 1

drawn by the provinces in monthly tranches. Provincial housing boards would allocate the monies to subsidy programmes. In Western Cape, which had not yet established a housing board, the Cape Province regional housing board would fulfil the necessary functions.

Mthembi-Nkondo said R2,79bn of the R2,92bn available for housing had been allocated for capital expenditure; R700m of this would go towards infrastructure via the provinces once spending criteria had been developed; R291m had been ear-

marked for use at national level.

Seed capital of R220m for the National Housing Finance Corporation, which would mobilise wholesale finance for housing at the lowest end of the market, would be allocated from the R291m.

Further allocations included R50m for housing support centres being set up around SA by the Ministry, R10m would go towards the national housing education programme and R5m for the national housing and servicing information system.

# Provincial ministers set to clash with govt over funds for housing

FURTHER clashes are looming between several provincial housing ministers and government over the funds allocated to them by the Housing Ministry last week, industry sources say.

The dissatisfaction revolves around the ways in which provinces may spend these funds and the amounts allocated.

Several provincial housing ministers have criticised the incremental approach adopted at national level and are agitating to go ahead with their own policies. In addition, some provincial ministers, including those of KwaZulu/Natal and the Free

State, said the funds they received were insufficient to address the housing crises in their provinces.

NICOLA JENVEY reports from Durban that KwaZulu/Natal housing and local government minister Peter Miller said he would apply for further funding, since the R351m allocated last week was "not enough" to meet the province's needs. He was "disappointed" with the allocation, which decreased from 22% of the national housing budget last year to 19.5% this year, but he accepted the amount on the assurance that any province performing "satis-

factorily" in providing housing would receive additional funding.

Housing Ministry spokesman Stephen Laufer said the allocations had been agreed upon by all provinces last week. National norms and standards for housing had also been set to ensure there were no distortions in housing development.

The Housing Ministry allocated R1,8bn in funding for subsidy programmes to the provinces last week. Industry sources said a few provincial housing ministers were

determined to break away from the ministry's incremental approach and were hoping to secure funding from the private sector to achieve this.

Free State housing minister Vax Mayekiso said on Monday the national housing programme was unworkable. His province was committed to building structures no smaller than 40m<sup>2</sup>. He regarded the national guidelines on minimum sizes as too low and said Free State's R124m housing allocation was too little to address the province's 185,000-house backlog.

Gauteng premier Tokyo Sexwale

clashed with former Housing Minister Joe Slovo last year over Gauteng's scheme to build 150,000 low-cost homes a year. Gauteng housing minister Dan Mofokeng has recently toed the national line, saying his province was committed to making a substantial contribution to building 1-million homes over five years. However, Gauteng was talking to international organisations about investing in housing in the province.

Sources said Eastern Cape housing and local government minister Max Mamease was also unhappy with the national housing policy.

20% of funds already committed

123

# Housing Dept hamstrung by NP projects

BD 20/4/95

ROBYN CHALMERS

THE Housing Ministry has had to allocate more than 20% of its current R2,92bn budget to housing projects and loans which previous housing ministries committed government to.

The legacy of apartheid will continue to affect the Housing Ministry for at least five more years as long-running schemes initiated by the NP are phased out.

The Ministry's housing funding acting director Dawie Strauss said yesterday more than R132m had been allocated to carry-over projects this year. These included the first-time home buyers' subsidy schemes — previously administered by the House of Assembly, House of Delegates and House of Representatives — and the state-assisted home-owners' savings schemes.

Strauss said a further R455m would go on interest on and capital redemption of private loans taken out by the now defunct national housing commission from unnamed foreign companies. The amount of funding and number of projects which previous own affairs departments committed government to had yet to be ascertained, and these contractual obligations would come to light only within six weeks. "We have asked the nine provincial governments to furnish us with figures on the amount of funding previous administrations committed to housing for black communities as soon as possible," he said.

Housing Ministry economics chief director Frikk Barnard said the own affairs departments were asked not to commit new funds to housing schemes after June 30 1993, but some failed to comply. The departments were not compelled to adhere to

the request and new funds had been committed, but the extent of the commitments was not yet clear.

The draft Housing White Paper released last year criticised past spending patterns for housing, saying one of the main reasons for SA's urban housing backlog was the poorly focused use of funds. "Statutory housing funds have been used for diverse purposes such as funding for bulk infrastructure, community facilities, interest rate and rental subsidies, which has resulted in diluted, dispersed and an inadequate impact of state expenditure," it said.

The commitments made to these poorly researched and often discriminatory projects under the old dispensation hampered former Housing Minister Joe Slovo when he came into office. Slovo said last year that he had "something of a nasty surprise waiting" on this score as previous ministries had "committed many millions of rands to housing projects".

The Housing Ministry allocated a total of R2,2bn to provinces last year for project-linked subsidy schemes, but Strauss said more than R1,4bn went on schemes which were carried over. This affected the funding allocation made to provinces by Housing Minister Sankie Mthembu-Nkondo last week, as emphasis was placed on the performance of provincial governments in spending the funds they received.

The performance of provinces in spending their allocations was influenced by the amount of carry-over projects they inherited, but this scenario would diminish significantly this year.

**BUSINESS**

**ELECTRICITY**

(123) ~~123~~

**Power broker** FM 21/4/95

A drive to entice large international investors to finance an integrated sub-continental electricity infrastructure is under way under the auspices of the Southern African Development through Electricity (Sad-Elec).

Chaired by Eskom former CE Ian McRae, Sad-Elec is a nongovernmental organisation registered in Botswana.

With eastern Europe already clamouring for infrastructural investment, the organisation's chances of financial help appear limited given the scepticism with which projects in Africa are regarded.

But Sad-Elec Johannesburg-based planning GM Judi Koncz insists it will continue

to seek investors in feasible infrastructural and market development projects.

Discussions are taking place with potential investors regarding transmission lines and power generation plants in Malawi, Mozambique, Zambia and even Ghana.

"Though we work closely with the 11-country Southern African Development Community (SADC), Zaire, Kenya and Uganda must also form part of our regional focus. But one can foresee this extending across the continent," she says.

Already Egypt is considering importing power from Zaire for re-export to Europe. And studies show the export potential of Zaire's 100 000 MW hydro resource through Morocco or Algeria to Spain and then into Europe, she adds.

A proposed transmission line between Malawi and Mozambique (about 90 km) is one of Sad-Elec's priorities; other linkages

being considered are between Zambia and Malawi (about 300 km) and Zambia and Tanzania (600 km). "We are looking at financing options for some of these. Because of long lead times, we are also engaged in dialogue with potential investors for expansion of generation on the Zambezi as well as in Zambia."

Sad-Elec helps to promote the development of markets for electricity.

"The SADC's achievement of forging a regional identity should not be underestimated. In the global context, this is a real asset which should be used as a foundation on which to build."

Sad-Elec's board of trustees includes regional power sector experts from Botswana, Mozambique, SA and Tanzania, along with international developmental specialists from Norway, Malaysia, the US, Australia and African Development Bank. ■

**AVIATION**

**FEATURE**

# Masa Khane hears truth

(123) Star 22/4/98

**PEOPLE in the townships are slowly coming to grips with the idea that a partnership with the Government, by heeding its call to pay for services, will improve their lot considerably,** reports TEFO MOTHIBELI.

**THE Masakhane campaign — a government initiative to reverse the culture of rent, bond and service boycotts — is starting to take root in the townships, according to organisers.**

Although no updated statistics have yet been received from local authorities, it is believed there has been a "tremendous improvement" in payments since the start of the campaign. "People have taken note of the campaign. Their attitudes are gradually being changed through advertisements in the media," says Victor Holmes, Masakhane campaign office manager. Masakhane means "let's build the nation together".

## Seeing changes

Apart from a reported increase, from 20 to 62% in electricity payments in Soweto, Heidelberg's Ratanda and Zamdela townships are also said to be among areas where payments have improved considerably.

National campaign manager Chris Ngcobo says results could best be witnessed in the North-West province, where people were beginning to see changes in their lives.

It is also believed that good results have been achieved in Bekkersdal, and a breakthrough agreement is on the cards in the East Rand township of Katle-



**CHRIS NGCOBO:** The Masakhane national manager is happy with the way the campaign has caught on in some townships throughout the country, and is confident that all areas will soon follow suit.

PHOTOGRAPH: TJ LEMON

## Public awareness campaign paying dividends

Ngcobo says campaign officers would embark on a countrywide effort to spread the Masakhane gospel, beginning this weekend in Cape Town. Township churches, burial societies, culture clubs, the broader civic movement and political organisations

would all be involved in the process. Should the need arise, President Mandela's support would be solicited for "hard areas" such as the Vaal Triangle townships, Ngcobo adds. Those people who are able to pay, but refuse to do so, will be prosecuted, he warns.

Ngcobo says the Government had made more than R350-million available to local authorities to help them improve the quality of services.

While Masakhane was a drive to get the people to pay for services, it was also aimed at making sure that local authorities did this effectively. However, conservative local authorities, which were not pro-ducts of the ongoing democratisation of local government structures, would not qualify for loans. "We see Masakhane as a process to create some form of re-

sponsibility in the individual and on the part of the Government. This is a partnership between the Government and the people to improve the prevailing conditions in the townships," he says.

Ngcobo, who is one of the people who played a pivotal role in introducing the non-payment campaign against "apartheid-created structures" in Soweto, now strongly believes the resumption of payments is imperative before any significant change can be effected. "Inasmuch as it is important for people to realise that it is time to resume paying for services they receive, it is equally essential that the culture of non-delivery on the part of local authorities be eradicated."

## Clear distinction

He says the new democratic councils were faced with the daunting task of "making sure that necessary facilities such as pay-points and meters are in place, for people not to turn around and say they are prepared to pay but do not know where to make their payments, as is the case in some areas at the moment". What does SANCO suggest be done with defaulters? "We are of the view that a clear distinction must be made here. People should not be evicted on the basis that they can't pay because of their (adverse) economic situation.

"The suspense payment system (where the unemployed declare their position with the authorities, and have their due payments suspended and paid off once they become employed) should be applied," he says.

# New look at housing strategy

(123)

B0 25/4/95

SOMEWHERE between the politics of housing and the deliberations over housing policy, the real objective of putting people into adequate shelter as speedily as possible has been forgotten.

The ideas of parliamentarian Moses Mayekiso and the CSIR's Tobie de Vos are an exception to this trend. Their proposal, however, is embedded in a lengthy RDP "wish list" which meanders between principles, guidelines and positive recommendations, through a 67-page policy document (see footnote). Yet what they say is significant and merits clarification.

Mayekiso and De Vos propose scrapping the present differential grants (according to income) for serviced sites and "starter" top structures. They favour an "equitable benefit", ie a standard minimally serviced state-owned site to which households with monthly incomes under R1 500 would be entitled. The latter would enjoy perpetual tenancy (effectively a 99-year leasehold) over the land, but could if they so wished sell the improvements on the properties.

Depending on affordability, the households qualifying for this benefit could also purchase the sites from the state, at prices equal to the costs of development, on a freehold basis.

The authors recommend that superstructures be delivered incrementally through continuous upgrading of informal top units into formal accommodation over time. They stress the need for state support to facilitate the upgrading, a process which would be constrained by household affordability.

The authors argue that their strategy could end the housing backlog within five rather than 30 years (the time frame they calculate for the current subsidy) and, instead of the exorbitant costs of R12 500 and R15 000 grants across the board, at a sustainable cost to the fiscus.

They say there are 800 000 unused serviced sites immediately available at virtually no extra government cost, which would reduce total backlog (accounting for existing and new annual

needs) from 4-million to 3,2-million; the balance of the sites could be delivered to end the backlog within five years.

They juxtapose this with 100 000 homes planned during 1994/1995, through the current government subsidy or grant, and the expectation that the annual 300 000 target for housing starts will only happen at the end of 1999.

To achieve these goals they recommend that each poor household's subsidy fall to R8 000 on average: ie a total annual cost of R5,12bn, which is within government's target of 5% of total budget. If implemented the



□ MOSES MAYEKISO

Mayekiso/De Vos blueprint could result in rapid and cost-effective delivery.

The formal building industry cannot deliver the 1-million sites and starter units targeted by the RDP over the next five years — even if it could, this number fails far short of the total (urban and rural) shortage, estimated by the authors on the basis of compelling evidence, at 4-million units.

Immediately providing 800 000 sites could create time to plan and implement structures for delivering 640 000 sites annually until end-1999 — minimum levels of servicing and infrastructure installation through the most technically efficient methods make it possible to deliver R8 000 sites at this rate.

By contrast with the demands

## □ PAUL HENDLER

which the authors' proposal would make on the fiscus, the current R15 000 grant for each of 3,2-million households would push expenditure to R10,5bn a year, and a R12 500 grant to R8bn, ie more than 5% of budget. Bulk infrastructure and additional grants would increase this figure significantly. The significance of the Mayekiso/De Vos proposal, therefore, is that it points to a route for expeditious delivery as well as a means for stretching the limited state housing budget across as many poor households as possible.

However, Mayekiso and De Vos do not consider costing the following wish list items in which their proposal is embedded, funding which might negate the cost savings achieved on subsidising households:

- Facilitate self-help building (though additional subsidies);
- Sustain emergent small and medium-scale building enterprises;
- Provide a R50 monthly electricity subsidy;
- Write off arrear payments; and
- Assist communities with planning, skills and materials.

After the writing off of arrears last December new arrears have accumulated to R400m, the electricity subsidy for 4-million households adds R0,20bn and new bulk infrastructure could cost R2,80bn a year (according to the 1991 De Loor report).

At the very least, Mayekiso and De Vos have underestimated costs by R700m a year; steadily accumulating arrears could increase to R1,2bn by year-end. When one takes into account the as yet uncostered other benefits on the wish list, it is clear that implementing their proposal will cost more than 5% of budget.

The proposal neglects to examine other, extra-budgetary sources of funding. One source might be the privatisation of a portion of state-owned land.

The vision of welding private market and public sector mechanisms into an effective housing strategy is often ob-

scured by a tendency to view policy options as either free housing markets or state provided accommodation. Mayekiso and De Vos's proposal moves beyond this false dichotomy.

A further obstacle to the formulation of a pragmatic state housing policy is the lack of data acceptable to all major stakeholders in the housing arena as objective knowledge. The title information that has been gathered does not enjoy acceptance by all parties.

For instance, a Free Market Foundation valuation of privatisable assets in KwaZulu/Natal (1986) suggests that strategic selling of only 10% of state land and municipal property assets into a booming property market, could yield as much as R1bn for this province alone. However, the reliability of this information is questioned by many stakeholders because its source is an advocacy organisation rather than an independent policy think-tank.

The objective of policy is surely to get as many of the homeless into adequate and suitable accommodation as soon as possible. As a matter of urgency the debate about housing needs to be re-opened, unblinkered by ideological preconceptions which view the state meeting its targets and the private sector making a profit, as mutually exclusive options.

The ability of formal and informal housing entrepreneurs to adjust to conditions placed by the Mayekiso/De Vos proposals is high. An audit of the housing situation and the disbursements from government urgently needs to be undertaken.

An objective and realistic market valuation of privatisable state (including municipal) land and properties, should indicate how much extra revenue can be raised for housing through selected, strategic privatisation of fixed assets.

□ Hendler is director of corporate housing policy at Bernhardt, Dunstan and Associates.

□ "Revolution in the Provision of Homes: A People's Strategy"; booklet submitted to Botshabelo Summit, October 27 1994.



# 'Evidence of housing delivery'

(123) Sowetan  
25/4/95

■ **A YEAR LATER** 196 000 housing subsidies approved by RDP fund:

**T**HE building of more than 196 000 homes is in the pipeline and a surge in the building industry could be expected in the next year, Minister Without Portfolio Mr Jay Naidoo said in Pretoria yesterday.

He told a Press briefing at the Union Buildings the Government would by April next year "very definitely show evidence of housing delivery".

Releasing a report on progress in the Reconstruction and Development Programme after one year, Naidoo said 196 000 housing subsidies had been approved so far from the RDP's R1.5 billion housing fund.

"This means 196 000 homes are in the process of being planned or being put into place through the provincial housing boards."

Naidoo emphasised that new housing projects had to go together with the provision of infrastructure such as electricity, sanitation, roads and schools.

Linked to this "holistic programme" was the need to provide some guarantee to banks on the repayment of loans by lower-income groups. The mortgage indemnity scheme was a key element in this regard.

"Another important building block is the Government's Masakhane cam-



Jay Naidoo

paign which aims to ensure that communities pay for the bonds and services they receive."

Naidoo said a problem for communities in the past had been inferior workmanship by builders. A warranty scheme to guarantee against this had been set up.

"Those elements of the housing programme are now in place and this year you are going to see a kickstart in the economy relating to a surge in the construction industry."

Naidoo's announcement is expected to help alleviate the housing problem. — *Sapa and Sowetan Reporter.*

# RDP housing scheme expected to be 'in full swing in about a year'

THE mass housing programme would be in full swing in about a year's time following time lags in approving projects, Minister without Portfolio Jay Naidoo said in Pretoria yesterday.

At the 12-month review of the reconstruction and development programme (RDP), he said close to 200 000 housing subsidies had been approved and would be pushed through in conjunction with the Masakhane campaign. The campaign was crucial in ensuring that bond applicants honoured their obligations. However, the lack of representative local government

structures was hampering the recovery of service payments.

Reuter reports Naidoo said basic structures were in place to deliver the RDP, but fundamental change would take longer than the five years originally expected.

"The planning process has largely been completed. Now that the basic structures are in place the time for delivery has started," he said.

He acknowledged that before the ANC came into government "we all had a certain degree of naivety. We are now looking at the reality of turning the ship around."

## SELLO MOTLHABAKWE

The reality is that achieving fundamental change will take longer than five years."

Details of a five-year income plan to boost the RDP would be released in July.

Finance Minister Chris Liebenberg said government had shown "political courage" in handling the RDP. "When you deal with a situation where the needs are so much more vast than the funds available you need a lot of discipline. . . Africa has a terrible history of half-built roads and bridges. It took political courage to rather

go slow than rush in and spend money."

Naidoo said R972,8m had been spent on a free health care programme in the past two financial years. A clinic-building programme had set a target of building or upgrading 172 clinics by next April.

About 378 171 homes had been electrified, exceeding the Ministry's initial estimates. Other projects included a primary school nutrition scheme, which was providing a snack every day to 5-million children in 12 800 schools; an urban renewal project; and rural water provision.

A Ministry source said the presidential

lead projects had to be implemented in such a way that duplication and funding of parallel structures was avoided. It often took three months for projects to take off because the Ministry had to examine business plans presented by delivery agencies. It also had to scrutinise the inventory of structures and programmes approved by the old government.

The existence of multiple delivery structures of the old government meant projects could be duplicated if no proper checks on past and proposed projects were carried out.

# SA may face tax on energy consumption

PRETORIA — South Africans could face tax on domestic energy consumption and a road fuel duty as government tries to combat air pollution, which contributes to global warming, Environment Affairs Minister Dawie de Villiers says. *ED 25/4/95*

At the International Geosphere Biosphere Programme conference on global environmental change, which began yesterday, De Villiers said SA was the biggest producer of greenhouse gases in Africa. "With the extra requirements of the reconstruction and development programme, production will in the short term

**STEPHANE BOTHMA**

increase rather than decrease."

A tax or duty on domestic energy consumption, a road fuel tax and an energy saving trust could be used in a local climate change action plan to finance the basic energy needs of the less privileged.

Release of greenhouse gases should be included in integrated environmental management parameters. Overstepping limits "should lead to taxation or penalties". A road fuel duty could lead to faster development of electrical transport and

*(22)* *(123)* *(5)*  
better use of other options for private transport and deliveries in urban areas to cut down on pollution.

Burning waste and agricultural residue should not be unrestricted. Although fire was an indispensable tool in veld management, unseasonal and unauthorised veld burning should be curtailed and penalties considered for transgressors.

An information programme should be launched to help local trade, industry and the public sector adopt efficient energy-saving technologies.

The conference continues today.

# No curbs, but use it sparingly

star 26/7/95

BY JANINE SIMON

Despite an earlier announcement, there will be no household water restrictions from Monday, only an impassioned call for water conservation.

The Department of Water Affairs and Forestry wants to sensitise urban residents to water issues and how to reduce consumption.

The department announced last month that it was to impose a 20% restriction on urban water use from May 1, due to the low levels of dams in the Vaal River system.

But bulk supplier Rand Water, with the support of local authorities and the department, has decided not to slap immediate restrictions on end-users, but to educate them on how and why they should be saving water.

If the campaign, which started this week with full-page advertisements in local newspapers, shows no results within two months, stricter controls will be imposed, said Rand Water communications manager Mandy Maepa.

The Vaal Dam is only 16% full and Sterkfontein is at 69%.

"We have to ensure there is enough water for the industrial heart of the country until the next rains," Maepa said.

The 20% restriction is to be achieved by a 30% domestic and 10% industrial saving.

Here's how households can do their bit:

- Read your meter and monitor your account. A reasonable amount is 200 litres per person per day, or 30 kilolitres per family of five per month.
- Avoid deep baths and long showers.
- Use a bucket, not a hose, to wash your car.
- Put tissues in a waste bin — don't flush 11 litres of potable water to get rid of them.
- Water your garden early or late, not at midday when evaporation is highest.
- Don't let taps drip.

chrome-bearing steels."

It is expected that full annual production targets at the new plant may include 256 000 t of No 1 coil (185 500 t nickel-bearing austenitic steel and 70 500 t ferritic steels), 120 000 t of cold-rolled product (84 000 t austenitic and 36 000 t ferritic), 20 000 t of slabs, 18 000 t of plate and about 56 000 t of 3CR12 high-chrome steel products. Exports from the enlarged plant — the world's largest single-site stainless steel plant, which would make SA the sixth largest global producer — should reach 35-50 countries.

Apart from its global target, Columbus aims to increase its sales to the local market from a current 45 000 t a year to about 100 000 t.

During the construction phase of the project, more than 6 000 jobs were created, with an additional 12 000 jobs in the local engineering and maintenance sectors. At full production, the plant will consume about 180 000 t of ferrochrome a year, securing 400 jobs at a chrome mine. In addition, its enormous use of electricity will ensure jobs at power stations and coal mines. At Middelburg Ferrochrome, which supplies Columbus with chrome, a further 500 jobs will be safe.

By adding value to previously unbeneficiated materials like ferrochrome, coal and nickel, creating jobs and earning valuable forex, Columbus is in the position to provide a valuable injection into the SA economy for decades to come. ■

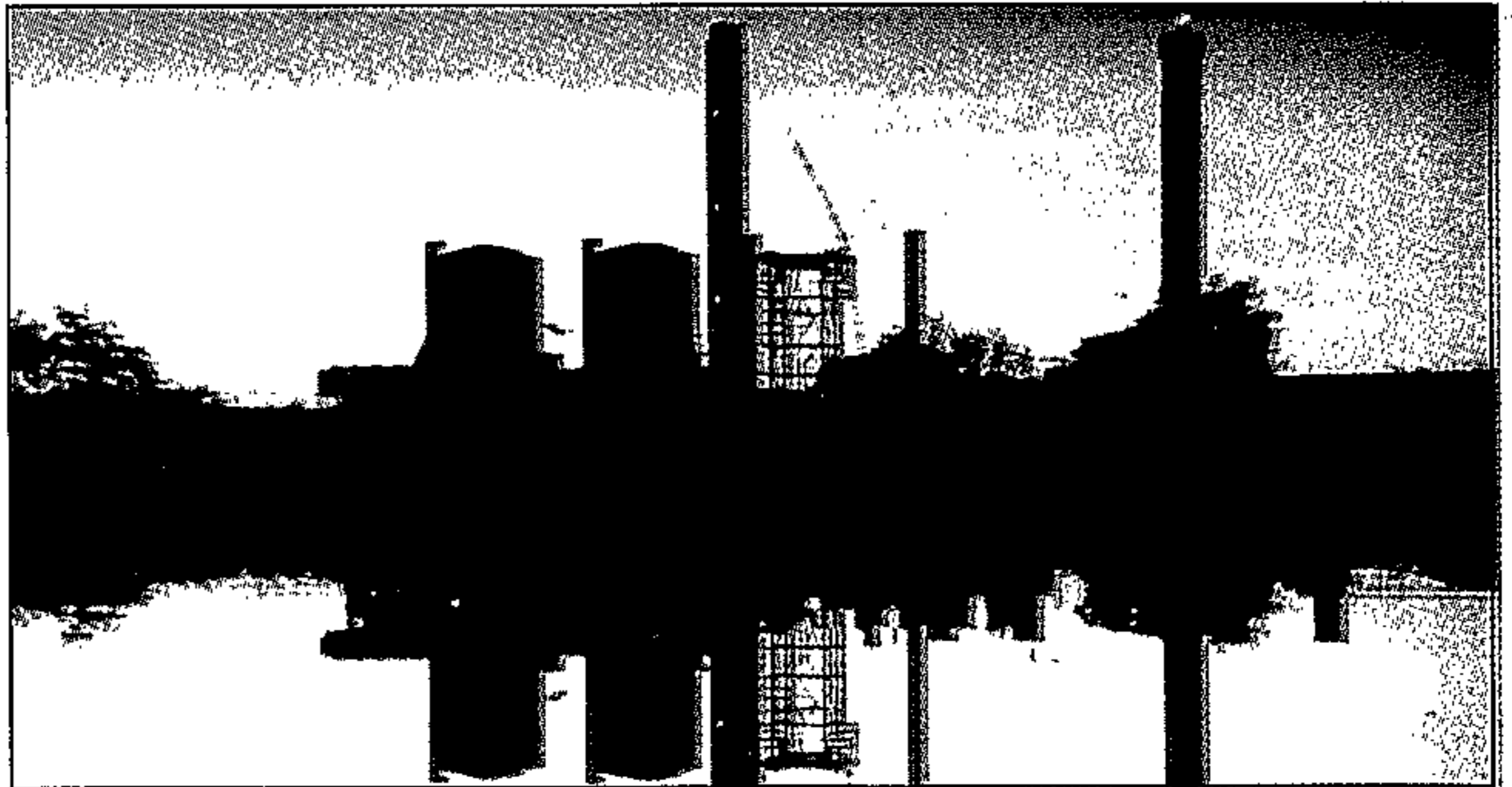
## Teething problems

FM 28/4/95

■ Commissioning of the Majuba power station is back on track

**Eskom's Majuba** power station has been in limbo for a number of years. But the first of its three-pack, 676 MW generating units is to be commissioned next year. Units two and three will follow in 1997 and 1998, respectively. The total capital investment is R4,8bn.

Says Brian Statham, Eskom's energy management manager: "Generating units 4, 5 and 6 are also going ahead but the commissioning dates have not yet been finalised. I expect a decision will be taken by the middle of the year. Until then, the issue is subject to review and will depend on the strength of the economy, as well as the power-intensive Alusaf aluminium plant at Richards Bay coming on stream. Another factor which might have an impact on the decision is the availability of 950 MW of Cahora Bassa power as from 1997."



Electric power . . . Eskom is bringing additional capacity to account

Statham says HCB, the company responsible for Cahora Bassa, is understood to be issuing international tenders worth about R500m this year for refurbishment work.

Majuba's chequered history includes a postponement of the first unit's commissioning from 1992 to 1996. This delay was caused by a combination of two factors — Eskom was sitting on a generating surplus of about 15 000 MW in the midst of what was then a severe recession, coupled with grave political uncertainties. In addition, Majuba had a lot of trouble obtaining the coal reserves needed to sustain its projected 40-50-year life cycle.

"In view of the air pollution problem on the Highveld it was decided to move the power station further south, but this, unfortunately, also meant that we were moving away from the high-quality coal seams. And when Rand Coal found that, due to geological problems at the Majuba colliery, they would not be able to supply us with sufficient, good-quality thermal coal, we had a real problem. The priority was to suspend operations until we could find an alternative coal supply," says Statham.

Since then, Rand Coal has been taken over by Trans-Natal and in April last year the decision was taken to rail in coal from the Ingwe mine at Ogies in the Eastern Transvaal. "This coal is of good quality and is much easier to mine than was the case at the (now closed) Majuba colliery. The result was that, rather than adding costs, this solution will deliver coal to the power station at prices comparable with those originally envisaged for the project," he says.

Even the R100m cost of an 18 km rail link being constructed from Palmford on the main railway line to the power station is being factored into the settlement arrange-

ments with the mining house, says Statham.

It seems as if Eskom has come up with an appropriate solution to a problem which, at one stage, seemed to threaten the Majuba project. ■

## Power to the people

■ Eskom's plans for households

will have spin-off benefits (58)

*FM 28/4/95 (123)*  
Eskom hopes to electrify 1,75m homes by the turn of the century as part of its contribution to the RDP target of 2,5m by 2000. The balance of connections (about 800 000) will be done by the rest of the distribution industry — mainly local authorities.

What makes Eskom's huge effort possible is that it is sitting with surplus installed generating capacity. There was a 24 798 MW peak electricity demand in 1994 against Eskom's installed generating capacity of 39 746 MW.

Apart from Eskom's mothballed capacity, additional power should come on stream when 1 400 MW flows into the grid from Mozambique's Cahora Bassa hydro plant in 1997. The Majuba power station, with a potential capacity of more than 3 000 MW, is also to be recommissioned within the next few years.

Eskom, with its 23 power stations, generates 97% of all electricity in SA and more than 50% of that consumed in Africa. Its 25 000 km transmission network is part of an asset base of R44,4bn. This statutory body generated a R1,6bn surplus in 1993.

Even though Eskom can easily meet its installation targets, the programme does

Vaal River and Vaal Dam. So the Vaal and Sterkfontein dams will have to meet Gauteng's water needs in the meantime.

The massive, four-phase LHWP, one of the largest tunnelling and civil engineering projects in the world, should provide sufficient additional water for SA's economic heartland for the next 30 years. Consumers, now served through the Rand Water Board with Department of Water

Affairs water from the Vaal and Sterkfontein dams, have already started paying for the project through the imposition of an 18c/m<sup>3</sup> levy on end users.

The one-year delay in the completion of the 45 km transfer tunnel will add about R500m to the project's cost. The tunnel must now be fully clad with concrete because of rock conditions.

Water Affairs managing engineer Willie Croucamp says: "The 18c/m<sup>3</sup> levy instituted in 1988 is just the beginning of the eventual payment by future water consumers for the full costs, including finance charges, of the phased Lesotho project. A large percentage of the cost is currently being funded by loans from the World Bank, which provided US\$110m, the Development Bank of Southern Africa, export credit finance and other sources."

Phase 1 (A), now being completed at a cost of about R6,3bn excluding finance charges, includes the building of the Katse Dam on the Malibamatso River; the 45 km transfer tunnel to the Muela tailpond dam for the 72 MW hydro-electric station that will generate power in Lesotho; and a 36 km delivery tunnel from Muela Dam to the Ash River.

"The R1,4bn Katse Dam is now 44% complete. About 1m m<sup>3</sup> of the dam's projected 2,3m m<sup>3</sup> of concrete has already been poured. Water storage should begin by September — even though no water will flow in to SA before January 1998," says Croucamp. Local companies Group 5 and Concor share a 35% portion of the construction contract.

In terms of their enabling treaty, the SA and Lesotho governments are jointly committed to complete phases 1 (A) and 1 (B) of the project. SA, through its Trans-Caledon Tunnel Authority, guarantees full repayment of the loans entered into by Lesotho's Highlands Development Authority. SA will receive water and Lesotho



Lesotho Highlands Water Project . . . plagued by problems

hydro-power. Construction of Lesotho's Muela hydro-station is expected to begin this year with completion scheduled for mid-1998.

With most of the underground work on the delivery tunnel linking the Muela Dam and the Ash River in SA completed, it is now basically the completion of the Katse Dam, the concrete lining of the transfer tunnel in Lesotho and the building of the Muela Dam and hydro-power station that stands between Gauteng and its first water from Lesotho.

Meanwhile, LTA and Group 5 Construction, which in November were awarded the R230m contract to upgrade access roads to the site of the proposed 958 m m<sup>3</sup> Mohale Dam, have about 32 months to complete their work. Mohale Dam, together with a 30 km interconnecting tunnel to the Katse Dam, a small weir on the Matsoku River and a 6,4 km transfer tunnel from there to the Katse Dam, will form part of Phase 1 (B) of the project and should be completed by 2003.

Croucamp says consulting services for the main contracts for Phase 1 (B) are now being procured. Contracts for construction should commence by 1997-1998.

"The total water capacity of Phase 1 will be 30 m<sup>3</sup>/sec — but actual delivery, as defined in the treaty, was based on Gauteng's demand," says Croucamp. ■

**Water, precious water**

■ It'll be some years before

Lesotho water reaches Gauteng

*FM 28/4/95*  
The massive Katse Dam — the highest in Africa at 185 m and the most prominent feature of Phase 1 (A) of the multibillion-rand Lesotho Highlands Water Project (LHWP) — will be completed by the end of '96.

But consumers will have to wait until 1998 for the first Lesotho water to flow into the Vaal system. The problem is Katse is linked to SA by two tunnels and a year's delay in completing the 45 km transfer tunnel in Lesotho is holding up things.

Katse is linked, through the two tunnels, to the Ash River near Clarens and from there through the upper Wilge River to the

## Feared price hikes a threat to housing

(123)

A PREDICTED 18% rise in building costs this year would severely hamper government's bid to build 1-million low-cost homes in five years, analysts and industry spokesmen said this week. **BD 28/4/95**

Recent surveys by the Central Statistical Service (CSS) and Stellenbosch University's Bureau for Economic Research (BER) show the building sector has emerged from a five-year recession and costs are moving rapidly upwards.

The BER survey found tendering competition among contractors and sub-contractors dropped last year and building costs rose an average 10,8%. This followed

ROBYN CHALMERS

average increases of 2,9% in 1992 and 5,2% in 1993. Building costs had started to stabilise at higher levels, and increases of up to 18% this year were possible.

CSS figures showed that prospects for the construction industry improved to such an extent that work in hand at the end of last year amounted to R10,3bn — a 9% improvement over September 1994.

The residential property market in particular had taken off, with CSS figures showing a 92% hike in building plans ap-

□ To Page 2

## Housing

(123)

□ From Page 1

proved during this January over January last year.

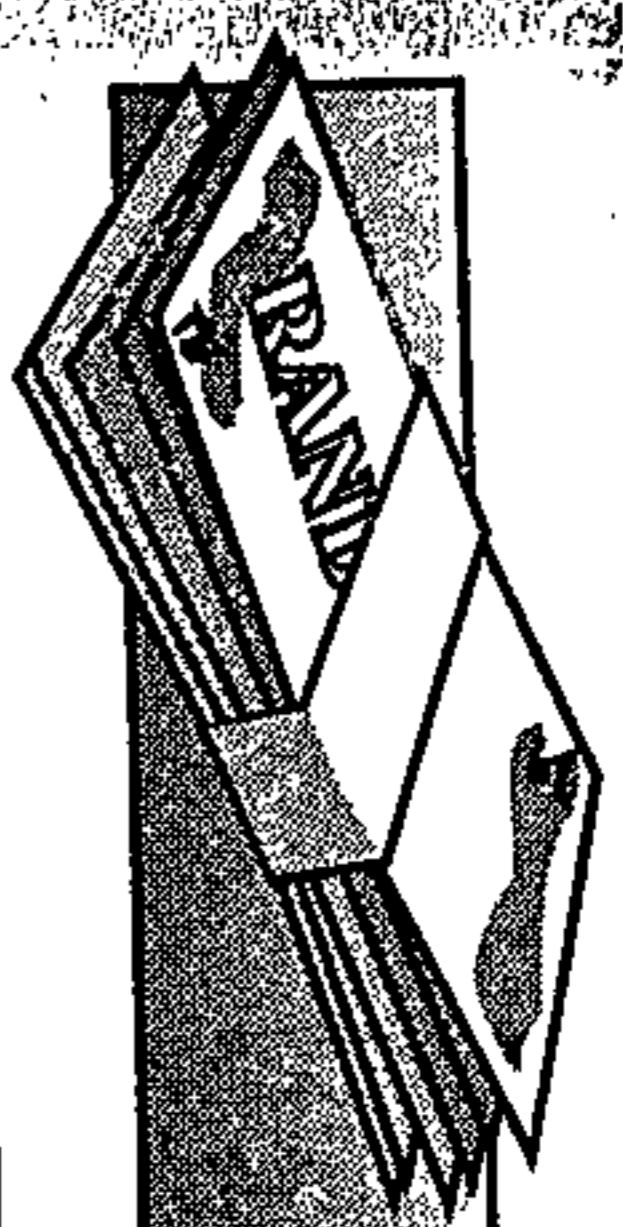
Last year, Housing Director-General Billy Cobbett called on building material manufacturers to enter into a compact to keep building cost rises reasonable, and major manufacturers agreed that rises would be in line with inflation.

Cobbett said that should prices begin to spiral, it would threaten government's housing programme and force the implementation of price controls.

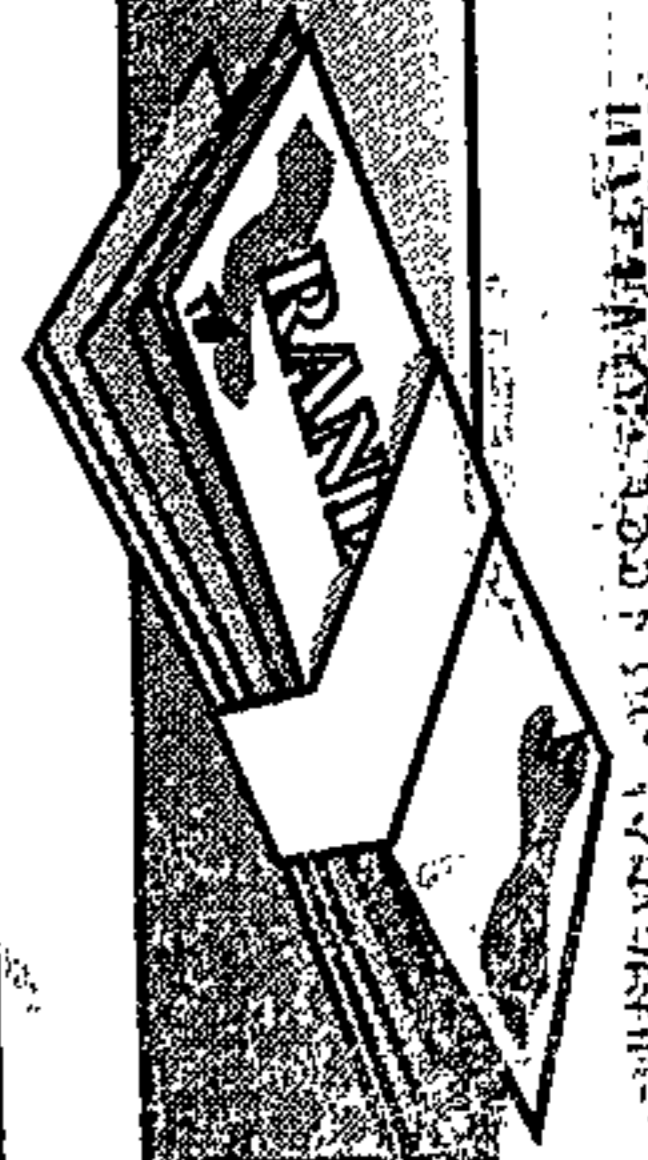
However, analysts said this week there

**BD 28/4/95** were indications that manufacturers were breaking out of the compact because of rising prices on international markets, increased labour costs and efforts to recoup losses incurred over the past five years.

Building Industries' Federation of SA executive director Ian Robinson said labour costs were a major concern to manufacturers, and the compact could be rendered ineffectual as labour unions had not been included. "If the compact is to be effective, we must have an urgent commitment from the unions that labour cost increases will be linked to productivity."



# Focus on Business



# Township housings concerns

By Mzimkulu Malunga

**B**ANKS HAVE DENIED any discriminatory practices when it comes to lending money for houses in the townships.

This follows accusations in the press that banks have set certain limits on the value of loans which may be granted to someone living in a township irrespective of whether the person is able to repay the loan. While banks agree that there is a very little activity by banks in the

**LOAN PROBLEM** Banks deny loan limits despite past losses.

townships at the moment, bankers deny that there are racial motives behind the inactivity.

"We do not single out an area and say we are not operating there, but if there have been problems in the past in relation to non-payment or problems in reselling the house, such things can influence the bank's decision," says Standard Bank's Topie van

Honschooten, who is also the chairman of the working group coordinating the implementation of the Housing Accord.

In terms of the accord which was signed in the Free State township of Botshabelo last year, it was agreed that all discriminatory practices such as redlining certain areas should stop. The government also agreed to the establishment of a fund from which

banks can claim if they are unable to repossess a house or sell it after repossessing it.

However, the accord has yet to be implemented and in the meantime it seems that old considerations still prevail. It is hoped that the implementation process for the Housing Accord will take shape in June this year.

Van Honschooten says banks are cautious when it comes to lending in the townships because of the large sums of money they have lost in the past.

It is estimated that the banking industry lost in the region of about R700 million as a result of defaulting or inability to resell

repossessed houses.

He sees the implementation of the Housing Accord, coupled with job creation and economic growth, as likely to bring about a lasting solution.

Abisa Bank's assistant general manager, Lee Bartlett, says there is no normal housing market in the townships at the moment which makes it difficult for banks to risk depositors' money. He also denies that there is any policy to refuse township people housing loans simply because they live in a black area.

123  
Soweto Journal  
28/4/95



## QUESTIONS

†Indicates translated version.

For written reply: *Hansard*

*2/5/95*  
Regional housing boards established/projects approved

(123)

32. Mr J A RABIE asked the Minister of Housing:†

(1) Whether with reference to the reply to Question No 4 standing over from 14 September 1994 and replied to on 19 October 1994, regional housing boards have been established in all the provinces; if so, what are the relevant details; if not, (a) in which provinces have such boards not yet been established and (b) when is it anticipated that these boards will be established;

(2) whether further projects have since been approved besides the 56 referred to in the reply; if so, (a) in which provinces, (b) in respect of how many units in each of these provinces and (c) what are the respective subsidy categories;

(3) how many housing units were constructed from 1 October 1994 up to the latest specified date for which figures are available?

N49E

## The MINISTER OF HOUSING:

(1) No.

(a) Western Cape.

(b) At this stage a date for the establishment of a provincial housing board in the Western Cape has not yet been determined. The Regional Housing Board for the Cape Province however, continues to perform the functions of a regional housing board in terms of the provisions of section 8(1)(a) and (b) of the Housing Amendment Act, 1994 (Act 8 of 1994).

(2) (a) and (b)

Province	Number of projects approved	Number of units approved
Gauteng	27	23 945
Northern Transvaal	11	11 489
Eastern Transvaal	19	21 222
North West	24	24 786
Eastern Cape	10	6 061
Free State	3	605
Western Cape	16	4 212
Cape Northern	3	508
Cape	92	37 446
KwaZulu-Natal	205	130 274

(c) 112 077 units @ R12 500  
12 508 units @ R 9 500  
5 689 units @ R 5 000  
130 274

(3) Gauteng 788  
Northern Transvaal 0  
North West 0  
Eastern Cape 109  
Free State 362  
Western Cape 1 750  
Northern Cape 725

Information in respect of Eastern Transvaal and KwaZulu-Natal not available.

## Parliamentary Counsellor: remuneration/access to office facilities

46. Mr A J LEON asked the President of the Republic:

Whether, with reference to the reply to Question No 1 on 14 September 1994, the Parliamentary Counsellor assigned to his Office (a) receives any remuneration, (b) has access to (i) office, (ii) transport and (iii) other facilities and (c) is provided with any staff and/or other administrative assistance; if so, (i) what are the relevant details in respect of the said Counsellor and (ii) (aa) by what specified authority and (bb) from what budget are each of these services being provided?

N58E

## Winnie proposes 200 homes a month

FORMER deputy minister Winnie Mandela's Co-ordinated Anti-poverty Programmes would be able to build 200 houses a month in Phola Park squatter camp, near Thokoza on the East Rand, if the Gauteng government approved its tender, said a programme proposal which was released yesterday.

It said the tender would be submitted to housing minister Dan Mofokeng in the next week.

Gauteng's housing board has been considering the proposal to build

4 320 low-cost houses in Phola Park. Its reaction has been favourable.

The programme's plan is for three- or four-bedroom houses with kitchen, lounge, inside toilet and bathroom. The houses would be 46m<sup>2</sup> or 60m<sup>2</sup> in area. All would have electricity, it said. (123) 002/5/95

The project, the programme said, had the potential to create 700 jobs. Local men and women would be trained to make bricks.

There would be no big-company involvement. — Sapa.

'COMMUNITIES MUST TAKE THE INITIATIVE'

# RDP for those who pay

(123)

CT 3/5/95

**COMMUNITIES** which help themselves and co-operate to stamp out crime will be first in line for RDP funding, promises President Mandela.

**C**OMMUNITIES which paid for services and co-operated with the police to ensure stability would be favoured in RDP funding, President Nelson Mandela said yesterday.

Mr Mandela's Tuynhuys office said that it did not make economic sense to pour money for socio-economic development into areas racked by debilitating strife.

During his address to Parliament, Mr Mandela said he wished to emphasise that those communities that worked together to ensure services were paid for would be "seriously considered" for priority public investments.

In addition, those that worked with the security forces to "stamp out crime" would be assisted.

"Atlantis and Uitenhage are good examples of how all sectors of the community can co-operate to ensure that these investments are utilised to bring about local economic growth," he said.

Mr Mandela also stated that projects which had been successfully launched in some areas — such as Marconi Beam in Milnerton — were primarily a result of communities themselves taking the initiative.

The President said an upcoming cabinet bosberaad would identify in detail how national reconciliation and political stability could lay a firm foundation for accelerating socio-economic change.

He told Parliament that the government would do everything in its power to ensure that development projects were speedily implemented and that allocated funds were not repeatedly carried over in the Budget.

Mr Mandela said the government would use the coming year to improve its capacity to efficiently deliver on programmes to the needy, and stressed that government administration had to undergo a "change in mindset".

He acknowledged that the delivery of the fruits of democracy to the poor was slow and urged his government to move from "paperwork to field work". There was reason for the disadvantaged to feel disappointed at the slow change away from apartheid, he said.

"In many cases, funds have been made available, but they are not being utilised with sufficient speed."

Mr Mandela said the need to deliver on election promises would require "a movement away from pre-occupation with paper work to field work."

"We must critically consider whether the pace of our legislative work reflects the requirements of the historic mission we face."

"Without undercutting the laudable consultative process or the desire to do everything to perfection, we should ensure that the task of setting the framework for transformation is undertaken with greater expediency," he said.

## Investment

The President said he expected an acceleration in the pace of reformist legislation during the second year of democracy. He said his government's insistence on broadly negotiated planning and expenditure had affected the recruitment of new foreign investment and the government's fight against crime.

"We need to streamline the administrative machinery for processing investors and ensure that they are not sent from pillar to post in the bureaucratic maze," he said.

Mandela also reaffirmed the commitment of his coalition government to sustainable economic growth.

"It goes without saying that our commitment to fiscal discipline will require constant monitoring and an unbending will."

"This has to be combined with a resolution to shift priorities towards greater social spending," he said.

Mr Mandela said the government would continue to set standards for state spending, but said the civil service should make every effort to ensure that money allocated to poverty relief was not carried over. — Political Correspondent, Reuter

## Mkhabela new chairman of housing board

THE new National Housing Board, which advises government on housing policy, will be chaired by National Housing Forum plenary vice-chairman Ishmael Mkhabela. Housing Ministry director-general Billy Cobbett said at last night's Interbou Trust housing competition award ceremony that housing consultant Matthew Nel would be vice-chairman of the new board. *BD 4/5/95*

Other members of the 18-strong board included Newhco's Taffy Adler, Building Industries Federation of SA executive director Ian Robinson and Sanco's Sandi-Mgidlana.

# Major housing deal on the cards for SA

CLIVE SAWYER  
Political Correspondent

ARG 5/5/95 (123)  
joint project which Mr Mbeki has advocated during his tour.

KUALA LUMPUR. — Talks are under way about a major low-cost housing project in South Africa, to be built using Malaysian expertise and funding from either Australia or the United States.

Discussions about the project have been held with various parties during Deputy President Thabo Mbeki's visits to Malaysia and Australia.

Malaysian Deputy Prime Minister Anwar Ibrahim told a luncheon here in honour of Mr Mbeki that the project in South Africa would be done "with the help of other friendly countries".

Informed sources later indicated that a question-mark hung over whether American funding would be used because of legal bars on the use of US funds where third-party countries would have control over how they were spent.

Another key unresolved point is a Malaysian proposal that funding be channeled by Malaysian rather than South African banks.

If the project goes ahead, it will be typical of the kind of

The Malaysian government has taken bold steps over 20 years to end its housing shortage. The government has forced the private sector to co-operate by requiring that 30 percent of all developments include housing for low-income people.

The Malaysian deputy secretary-general of housing, Way Abu Bakar Wan Tek, said his government catered for three categories — low-income earners, defined as earning less than R1 000 a month, poor (R700 a month) and very poor (R300 a month).

The poorest group was given R3 000 a month to repair and expand their dwellings.

For those categorised as poor, there were two methods of assistance. Those with land were given long-term soft loans to build houses. Those without land were given land to settle on a "kibbutz-style" basis.

For people in the low-income group, the government provided subsidies, or prompted the private sector to cross-subsidise low-income housing by its 30 percent requirement.

FLATS AND TOWNHOUSES

123 FMS 16/95

# Where the demand is

A recent survey among black and white contractors, by the BMI Building Research Strategy Consulting Unit, sheds light on expected demand for new homes. Respondents believe only 25% of white homebuyers will buy units valued at more than R150 000. The bulk of the demand — about 60% of the white market — they say, will be for homes costing R65 000-R100 000, and three quarters of it is for homes below R150 000.

Confirmation of this pattern of demand comes from a 145% increase, in January 1995 over the previous January, in the value of building plans passed for flats and townhouses. Central Statistical Service reports a rise from R96,7m to R236,4m. In contrast, value of ordinary home plans passed increased by only 55%, from R239,5m to R372,9m.

BMI figures are corroborated also by the latest Amps 1994 demographic survey by the SA Advertising Research Foundation. The breakdown of national household income statistics (see table) compares very closely to the estimate of expected demand by the respondents in the survey.

BMI MD Llewellyn Lewis says this data shows that only about 15% of the total and 49% of the white market can afford homes valued at R65 000-R100 000.

He estimates that about 75% of the total market, and about 95% of the black market, require homes valued at R65 000 and less. Purchases in this lower end are largely assisted by government subsidies.

Property economist Erwin Rode suggests one reason house buyers are going down-market is the loss of tax benefits associated with housing subsidies provided by employers. The phasing out of tax benefits began about 10 years ago and has led many employers to offer employees taxable cash instead of taxable subsidies.

Rode has frequently pointed out how the housing market was skewed by the wide incidence of employer subsidisation.

Rode and Seeff Residential MD Bearnard O'Riain agree there is a need for lower-cost homes and suggest it is being met by the construction of Gash units. These are mostly flats. Like Lewis, they say higher interest rates and rising building costs are also responsible for the trend.

Rode queries one of BMI's conclusions that about 72% of new house buyers will be first-time home buyers who are "unlikely to look for a home in the price range above R150 000."

He says, at most, 7%-15% of the market is in rented accommodation and would qualify as first-home buyers. This includes youngsters living at home.

Both query another BMI conclusion: that "there is a serious imbalance between the supply of housing and effective demand and that housing has been priced out of the reach of the majority of white buyers and, of course, buyers of other population groups as well."

Seeff says its sales of homes between R65 000 and R400 000 are evenly spread. Seeff has, however, found that in the R65 000-R100 000 bracket there is much movement among whites from traditional flatlands such as Berea and Yeoville, to

one knows the need in rural areas, if only because the Housing Department's responsibilities were only recently extended to it.

To date, government has dealt only with legal impediments to rural development. The intractable demographic and economic problems have yet to be tackled. Until they are, few if any RDP-backed houses are likely to be built there.

Rural, in this context, means either the former homelands or commercial farms in the once-white SA. They present different challenges to those trying to improve the lot of the poor.

Investigations have shown that homeland residents — mostly old people and children — do not place a high priority on having well-constructed houses. What they want most, says Tanya Abrahamse Lamola of the RDP office, is safe, reliable water and some government support for farming efforts.

But even if the Water Affairs Department can provide a rural community with water, the settlement has to be large enough for reticulation to make economic sense. And its members, Water Affairs Minister Kader Asmal has made clear, must be able to pay for it.

Few homeland communities meet both requirements.

The problems facing provision of rural housing are even more acute, says Housing Department director of urbanisation management Diet von Broembsen.

First, only project applications, as distinct from one-off houses, qualify for the subsidy. That makes good sense from a building cost point of view. But Von Broembsen says: "There is no question of creating large new housing projects in the rural areas or of resettlement." The plan, it seems, is to devise different housing subsidy policies and rules for rural beneficiaries that will enable the money (up to R15 000 for those with monthly incomes of less than R800) to be spent on improving services (roads, water and sanitation) within the settlements they already occupy.

That may prove an unwise decision. Many rural settlements are small and widely dispersed. That is why they lack the schools and clinics, to say nothing of economic activity, that would make them socially feasible.

Whatever decisions are taken, projects will have to be conceived and implemented by local government. But, as Lamola and Von Broembsen observe, local government barely exists in rural areas; there is virtually no institutional capacity to deliver.

Finally, there is the question of land tenure. Government's housing subsidy is available only for freehold land — a rare

DEMAND FOR HOMES					
Price range	Type of solution	% of demand		Cum %	
		According to respondents	According to national demographics		
>R65 000 and <R100 000	Gash	57,0	48	57,0	
>R100 000 and <R150 000	Townhouse	17,2	23	74,2	
>R150 000 and <R175 000	Cluster	12,6	12	86,8	
>R175 000 and <R200 000	Standard/Sash	6,6	8	93,4	
>R200 000	Luxury/Sash	6,6	9	100,0	
TOTAL		100			

Gash (Good address, small home) Sash (Same address, smaller home) SOURCE: BMI

Gash units in Johannesburg's suburbs.

While some of BMI's findings are debatable, the perception among contractors of affordability levels is a useful indicator of reduced expectations among middle class people. Rode sees this as a positive development: the lowering of housing standards among the white population will free resources to meet demand elsewhere. ■

## RURAL HOUSING

### Problems on the ground

Housing Minister Sankie Mthembi-Nkondo believes the RDP target of building 1m houses by 1999 will be met. Even if her optimism proves justified, there will still be a huge housing need at the turn of the century as the inherited backlog of 1,5m is thought to be growing by 200 000 a year.

And that's only in cities and towns. No-

# Minister announces names of housing board members <sup>123</sup>

**HOUSING** minister Sanki Mthembu-Nkondo said yesterday that the new National Housing Board, with representatives from the regulators, suppliers and consumers of housing, reflected the housing process in SA.

Mthembu-Nkondo officially announced the members of the restructured board yesterday after months of speculation.

The board, to be chaired by National Housing Forum vice-chairman Ishmael Mkhabela, is the primary advisory body to the Minister and administers the national housing fund. **BD 5/5/95**

She said the restructuring of the board was a result of changes in the field of housing since the elections last year.

Mthembu-Nkondo said the outgoing board, chaired by Joop de Loor, had "skillfully charted housing through a time of significant transition".

The original housing board was set up by former housing minister Louis Shill towards the end of 1993 and consisted of 18

## ROBYN CHALMERS

representatives from government, business and the public service.

However, housing analysts said the Shill-appointed board was highly controversial and the government had pledged to restructure it after last year's elections.

Mthembu-Nkondo said deputy chairman of the new board was housing consultant Matthew Nell.

Other members included Construction and Allied Workers Union general secretary Matthew Oliphant, South African Homeless People's Federation executive member Rose Molokoane and Planact project manager Mpumi Nxamala-Nhlapo.

Big business was represented on the board in the form of Barlows executive director Andre Lamprecht, Standard Bank divisional director Jopie van Honschooten and Building Industries Federation of SA executive director Ian Robinson.

# Chiluba overrules Zamex's suspension

**ZAMBIAN** Express Airways (Zamex) yesterday resumed scheduled services between Zambia and SA after Zambian President Frederick Chiluba overruled a decision by his transport ministry to suspend the airline's operations. **BD 5/5/95**

Zamex, a local independent airline controlled by Zambian business interests and affiliated to the SA regional carrier SA Express, ceased operations on Tuesday after its licence was revoked by Zambian

## STEPHANE BOTHMA

Transport and Communications Minister William Harrington.

Harrington earlier this week first cancelled Zamex's permission to operate its Livingstone-Johannesburg route before suspending all its operations from Zambia — claiming it failed to honour an agreement to employ Zambian nationals and had not registered its aircraft with IATA.

# Housing board will cater for shift in focus

(123)

ROBYN CHALMERS

THE restructuring of the National Housing Forum to focus on monitoring housing policy and lobbying government was well under way following last week's appointment of members to the new National Housing Board, a spokesman said at the weekend.

The forum spokesman said many of the National Housing Forum's functions would be taken over by the new board, whose duties would include formulating policy proposals as well as advising the Housing Ministry on housing policy.

A document outlining the functions of the restructured forum said its overall emphasis would be on monitoring housing policy developments and facilitating the public's ability to respond to and lobby its points of view.

The forum's new role would encompass three areas — lobbying government on policy, communication and capacity building, monitoring policy and focused responses.

It would continue to have 19 members, but would pursue "emerging stakeholders" to ascertain to what extent they could become involved in the forum.

"In keeping with the forum's support for civil society's participation in the National Housing Board, the forum will organise meetings for consumers and suppliers on request."

Referring to its role in relation to the board, the forum would be responsible for establishing the basis of representation for housing suppliers and consumers on the board, while the Housing Ministry would establish the basis of representation for housing regulators.

The new board's chairman, Ishmael Mkhabela, said proposals for members to the board had been forwarded to the Housing Ministry.

The forum's operating structures would decrease significantly, and the joint technical committee's terms of reference would be transferred to the board, while the chairman's teams would be disbanded. The co-ordinating committee would, however, continue to exist.



# 'Partnership key to housing plan success'

CT(BR) 9/6/95 (123)

By MAGGIE ROWLEY

PROPERTY EDITOR

A true partnership between the government, the private sector and local communities was a fundamental requirement for turning the housing initiative into a success, said Clive Tasker, managing director of Portland Cement.

Delivering the keynote address at the National Association of Home Builders' convention in Sun City yesterday, Tasker called on the government to take the lead in creating a public environment that was conducive to attracting the required private investment both from financial institutions and domestic households to ensure the success of the housing initiative.

He also called on the government to follow a broad economic framework focusing on a higher rate of economic growth, an increase in the level of employment, the containment of inflation and a further reduction in the size of the deficit to bring it in line with International Monetary Fund guidelines.

Tasker said the government should, moreover, encourage a culture of saving through the implementation of policy instruments that would increase the level of disposable income and redirect savings towards mortgage lending institutions.

For the housing initiative to succeed, the government also needed to eliminate the remnants of the old housing framework and to streamline the bureaucratic system, he said.

In addition, it was essential for the government to create clear guidelines to ensure the utmost level of policy co-ordination and, at least, a minimum level of uniformity in legislation and regulations, Tasker added.

# Housing moving into high gear - minister

BY MAGGIE ROWLEY

PROPERTY EDITOR

CT(BR) 9/5/95 (123)

Housing is ready to move into high gear with 197 000 subsidies now approved, said Sankie Mthembu-Nkondo, the housing minister.

Opening the National Association of Home Builders' annual convention at Sun City, she said the increased housing budget had been a clear signal from the government that it was serious about getting the housing initiative going.

Urging builders to recognise the opportunities arising out of the subsidy system, she said it was now time for them to come to the party and start building on a scale unprecedented in the country's history.

It had been agreed that in the reorientation of the country's housing economy, all parties involved in the task of housing the nation should bear some of the pain, she said.

For the construction industry it had been painful to accept the Builders Defects Warranty Scheme designed to cover defects in housing.

This had been insisted on by the government together with the banks because of the history of shoddy work in low-cost housing in recent years, which had contributed to bond boycotts by consumers and in turn led to the banks boycotting the townships.

"We are saying all this must end. We are saying the time has come for the kind of consumer protection in South Africa which home buyers take for granted in many other countries across the globe."

Mthembu-Nkondo said the positive response countrywide to the Masakhane campaign to restore a culture of payment was proof of a growing spirit of reconstruction.

"In Soweto electricity payments rose from 20 percent to 65 percent within four months, in Tembisa, the people have organised rubbish removal, in Durban 900 000 hostel dwellers have vowed to start paying rents again and across the country payments are up as a sign of growing civic responsibility," she said.



Swedish National Housing Board director-general Gosta Blucher, left, at the International Conference on Planning Legislation in Africa held in Johannesburg yesterday. Also present were, from right, Gauteng local government and housing minister Dan Mofokeng, conference co-ordinator Jaya Appalaraju and Gauteng housing deputy director-general Enos Ngutshane.

Picture: ROBERT BOTHA

## 'Flexible housing subsidies needed to tackle backlog'

ROBYN CHALMERS

SUN CITY — Gauteng housing minister Dan Mofokeng yesterday called on government to allow greater flexibility in the use of subsidy funds to house SA's homeless.

Mofokeng told the National Association of Home Builders conference that while the province accepted the national concept of using savings to mobilise housing credit, other methods also had to be examined. "We should not be giving consumers handouts, but should be allowed to come up with other ways of using subsidies to leverage credit."

Changing the subsidy provision from own resources at provincial and local level was one method and would assist local authorities in dealing with specific conditions. He also called on government to review its policy towards charging VAT on subsidies.

The lack of end-user finance was one of the biggest constraints facing all provinces in implementing their housing programmes. As a result, Mofokeng said the Gauteng government was considering the institution of a fair lending mechanism linked to provincial banking. "This is considered necessary to ensure the equitable distribution of credit within society to support a sustainable housing delivery system and nurture small and medium-sized businesses."

Northern Transvaal housing minister John Dombo said the province's housing profile was

mainly composed of communal rural settlements and a definition of acceptable housing should be made. "If, for example, it is decided that rural rondavels are not an acceptable form of housing, then most of rural Northern Transvaal will be deemed unhoused."

The province was aiming to build more than 11 000 low-cost homes this year in a bid to make inroads into the 47 000 urban backlog.

Sapa reports Mofokeng told the International Conference on Planning Legislation, Housing and the Environment in Africa, held in Johannesburg yesterday, that international input was critical to the success of Gauteng's housing programme of 100 000 homes a year.

His ministry faced a range of problems, among them funding a 500 000 housing backlog.

Government had inherited separate racial structures. "Our major task is now to reorient these structures, to reorient them to serve the people and to restructure them so that there is efficient and effective delivery."

Resources had to be focused on poorer areas and urban areas needed to be revamped to serve both communities and business. Delegates from 14 African, European and Caribbean countries are attending the conference.

## Housing planned for all Cobbett

80 9/5/95  
ROBYN CHALMERS (123)

SUN CITY — The Housing Ministry was working on drawing SA's 20-million poor into the housing process, director-general Billy Cobbett said yesterday.

At a National Association of Home Builders conference, Cobbett said government had been criticised for catering largely to the top end of the housing market. One of the reasons for this focus was that government believed the wealthier segment of SA's population would kick-start the housing process.

Most of the mechanisms needed to begin housing delivery were in place, allowing

government to look at intervening in the housing market for the poorest of the poor. Cobbett dismissed speculation that the project-linked subsidy, with a maximum limit of R15 000, would be increased to cater for the poor.

"We may have to redesign the application of the subsidy... but the quantum will not be altered," he said.

Government would rather promote the role of savings in mobilising household

To Page 2

## Housing 80 9/5/95

(123)

From Page 1

credit, making this a central feature of housing credit.

"These moves represent a major opportunity for the private sector and communities, and government believes they should match the state in its endeavours."

The soon-to-be-launched national housing finance corporation would play a major part in funding housing for the poor.

Housing Minister Sankie Mthembu-Nkondo said the housing drive was ready to move into high gear, with the builders' warranty mechanism approved, a new

National Housing Board appointed and 197 000 subsidies approved.

The bigger Budget allocation was a clear signal that things had to get moving. "It is a sign that the demand for housing is being met by government with a growing willingness to finance housing. Now it is the turn of the home builders to come to the party and start building," she said.

The challenge was to find ways to strengthen emerging contractors without neglecting the interests of the consumer.

# Nedcor's share of home loans falls

BD 9/5/95

(123)

SAMANTHA SHARPE

**BANKING** group Nedcor was unable to match the other major SA banks — Standard, Absa and First National — in terms of increasing or maintaining its share of home loans and total advances, latest Reserve Bank DI900 figures for February show.

The figures, which measure the market share of all SA banks in terms of their assets and liabilities, showed a fall in Nedcor's share of total advances to 15,9% in February from 16% in January and a decline in its share of the home loans market to 18,8% from 18,9%.

The group's share of total assets, however, was unchanged at 16,4% between January and February.

Banking analysts said the latest statistics confirmed a trend of declining market share in terms of Nedcor's share of most categories of advances in the past year.

This was surprising given the high rating the banking group's share price enjoyed relative to the rest of the sector.

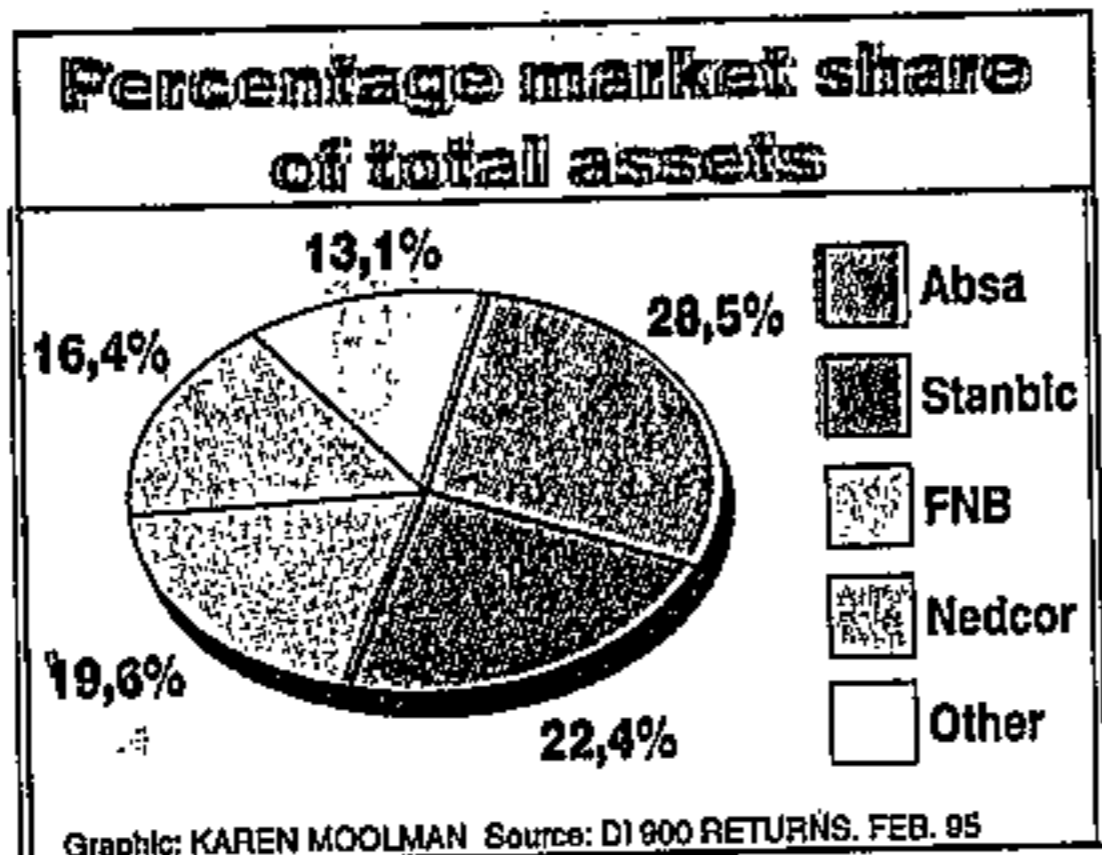
The analysts said that during the 1994 financial year Nedcor had focused its attention on maintaining its client base and enhancing its distribution strategies. This had been the primary cause for its shrinking market share.

Nedcor executive director Mike Leeming said Nedcor was concerned about the strong rise in consumer credit currently characterising the banking industry, and it was distancing itself from business areas which involved substantial increases in consumer credit extension.

Leeming said the group's recent foray into the retail market through its smart card project with Edgars and other members of the SA Breweries group had targeted a selective client base and was relatively small compared with the increases in consumer credit among other players.

First National Bank showed an increase in its total assets market share, with a rise to 19,6% from 19,3%, while the Standard Bank group grew its total assets market share to 22,4% from 22,3% in January.

Absa showed a marginal decline in its share of total assets to 28,5% from 28,7%. But Absa group executive Frans du Toit described the February figure as a temporary blip.



## Policy for storing of maize reserves needed

SA NEEDED a "meaningful" policy for storing strategic maize reserves because of the country's erratic production, Maize Board GM Peter Cownie said at the weekend.

He told the Fertiliser Society of SA's AGM in Johannesburg that there was no official policy for the holding of central strategic reserves as a safeguard against a poor crop in the following year.

"However, one of the dangers of a large strategic reserve is that it can be used to keep domestic prices at unacceptably low levels for the producer," said Cownie. **BD 9/5/95**

The storage option was also mooted by National Maize Producers' Organisation (Nampo) chairman Cerneels Claassen last week when he said Nampo had "put a plan on the table" to store maize at the beginning of this season, but it had been rejected.

SA faces a shortage of about 1-million tons of white maize after a bumper crop last year. Millers have put prices up by about 20% after having to import maize at R700/ton.

**LOUISE COOK**

In terms of the new maize marketing scheme which started this month after single-channel marketing was scrapped, the Maize Board was no longer in a position to keep prices below the price of imported maize when SA faced shortages, said Cownie.

Low prices were "desirable from a national viewpoint to ensure maize products remain affordable, particularly in the inland of the country", he said.

"It is also desirable from an industry viewpoint as maize products can lose significant market share to other starch products if prices become too high."

Cownie said SA currently enjoyed a steady market for maize for human consumption. But increased demand from population growth had largely been cancelled out by a drop in maize consumption.

Cownie said that in terms of the new marketing system, the Maize Board would accept maize from any farmer unable to find a commercial buyer and pay a floor price.

## Branding may be legislated

**NICOLA JENVEY**

DURBAN — The Livestock Brands Act may be reviewed and branding may become compulsory as a measure to combat the R80m-a-year stock theft problem, Agriculture Deputy Minister Thoko Msane said.

Addressing the National Stock Theft conference yesterday Msane said owners benefited from branding as it proved possession, the SA Police Service (SAPS) could easily trace stolen animals, the pounds could trace owners and the consumer benefited through savings in a more efficient livestock industry.

SAPS deputy national commissioner Zolisa Lavisa said the number of cattle stolen had increased from 24 986 in 1990 to 46 138 last year — less than half were recovered.

The theft of sheep and goats had increased to 125 884 from 80 802 over the same period. Only 25 525 were recovered last year.

Should the law change, farmers would have six months to register a brand and unidentified stock could not be sold.

## Benefits in regional power

**CAPE TOWN** — The electrical grid system being discussed for southern Africa had the potential to supply the whole continent and even export hydro-power through Egypt to Europe, according to a report by energy researchers at the Institute of Futures Research at the University of Stellenbosch. **BD 9/5/95**

Regional co-operation in the commercial energy sector offered mutual benefits to southern African countries, they said. Although SA had 82% of sub-Saharan Africa's generating capacity of 48 646MW, its capacity for its own needs would be fully utilised by 2000.

After that, SA would need to secure 1 000MW to 1 500MW additional capacity each year. Either coal or nuclear power stations would have to be built, involving major financial commitments.

Both options would involve adverse environmental effects. SA was already among the 15 countries with the world's worst atmospheric pollution from industrial sources, the researchers said.

Countries in southern Africa had the

potential to supply SA's future requirements at lower cost and with less environmental risk. Zaire had the largest resource for electricity generation in Africa, with a total potential of 100 000MW.

Its current output was 3 533MW, or 3,5% of potential capacity. Export capacity could generate significant foreign exchange. In addition, grid interconnections offered technical advantages such as maintaining lower reserve requirements for any given level of reliability, which would in turn allow a reduction in costs.

Two initiatives examining electricity co-operation were under way.

Regional co-operation in the commercial energy sector would minimise the costs of energy supply, reduce environmental effects, raise regional trade levels, provide foreign exchange and add momentum to the long-term vision of full economic integration among Southern African Development Community countries.

**EDWARD WEST**

# Low-cost housing loan rates slammed

CT(BR)10/5/95 (123)  
said.

By MAGGIE ROWLEY

PROPERTY EDITOR

Mortgage lending at fixed loan interest rates of 22,5 percent or more being proposed by financing institutions for low-cost housing would make housing unaffordable to about 70 percent of low-income families, Chris Ball, the executive chairman of the South African Housing Trust, warned yesterday.

Speaking at an annual convention of the Association of Home Builders in Sun City yesterday, Ball said that if finance was offered at rates of more than 20 percent, very few households would be able to afford to buy housing despite generous subsidies.

This, he argued, would not represent success in housing policy and ways had to be found to make housing more affordable for at least 50 percent of low-income earners.

Ball identified three ways of providing lower-cost loans: retail savings, widely used in other countries, should be applied to low-cost housing; employer allowances or subsidies should be used to reduce the cost of borrowing; or money raised from various sources by the National Housing Finance Corporation could be used.

The housing trust, he said, was formulating a starter home loan product which would allow low-income earners who qualified for subsidies to get into core housing through a R10 000 loan for as little as R110 a month for the first year.

Annual increments for the next five years would be R21 a month, he said.

After five years, the repayments would peak at R215 a month and the loan would be converted from a stepped loan to a fixed loan, he

Repayments on this basis for someone earning R800 a month would initially represent 13 percent of their monthly income, rising to 15 percent of monthly income by the fifth year if it increased in line with inflation.

"Product concepts such as this are attempts to stretch around the high lending charges to get more families into housing, and need to be examined carefully and applied appropriately," Ball said.

"We are comforted to find that similarly structured products have been well-used elsewhere."

Despite the problems, Ball said he expects the long-awaited explosion of activity in the housing sector to begin in July.

He said the National Housing Policy frameworks and processes were in place.

Chris Hock, the managing director of Rural Finance Facility, also said that formal financial institutions could serve the lower end of housing market.

He said the facility saw incremental housing — the gradual, private investment in existing housing stock, mostly by the property owner — as an important part of the housing strategy.

Better access to housing finance for low-income households increased their control over the housing process as clients of financial institutions, rather than as beneficiaries of the state.

Low income, he added, was the key constraint to access to housing finance.

Hock said that, excluding farm and domestic workers, South Africa had 5 million formally employed people — and about 1 million mortgage bonds.

## Electrification of rural areas 'a priority'

Deputy Business Editor

A LACK of development in South Africa's rural areas could frustrate attempts to raise living standards in the cities, Public Enterprises Minister Stella Sigcau said today.

She was addressing the opening session of a two-day meeting of managing directors of electricity utilities in Africa and the Indian Ocean.

Ms Sigcau said unless rural areas were developed, cities would become congested and urban development plans would be difficult to implement.

"Electrification of the rural areas must be a priority."

Without electricity, other RDP projects could not be viable.

(123)

ARLT 10/5/95



# New mortgage package to be aimed at poorest

(123)

BD 10/5/95

ROBYN CHALMERS

SUN CITY — The SA Housing Trust was ready to introduce a new mortgage package aimed at the lowest end of the market, executive chairman Chris Ball said yesterday.

Addressing the National Association of Home Builders conference, Ball said the proposed product made use of housing subsidies. It was an inflation-linked scheme focused on a low entry instalment which could amount to R110 a month over 20 years.

Banks were discussing interest rates of 22,5% and 20% for fixed and variable rate lending. If finance was offered at rates in excess of 20%, "only 25% to 30% of households using subsidies will be able to afford to purchase housing", he said.

The trust aimed to get more low-income households into low-cost housing on a sustainable basis by providing them with loans.

To do this, they needed a product with a low entry instalment which increased over its term with inflation, or as a proportion of inflation.

Taking a R10 000 loan over 20 years as an example, Ball said a borrower's initial monthly instalment would be R110, peaking at R215 in year five.

It would then become a fixed loan with annual increments of R21 a month.

"Wages in SA have tended to increase at inflation plus 2%. The buyer is protected and the lending institution is unaffected if it has refinanced the contract on a long-term basis," he said.

The product could be structured as a purchase or rental contract.

Ball said community housing associations should be introduced so as to reduce loan losses and operating costs, and in this way decrease

finance costs.

Housing Ministry consultant Johan de Ridder told the conference the interim builders warranty mechanism would be implemented in early June following the inclusion of a development programme for emerging contractors.

He said mortgage lenders, government and emerging contractors had all agreed to the interim arrangements.

The Building Industries Federation of SA, representing formal contractors, was expected to rubber stamp the proposals in two weeks.

Emerging contractors had come to the party only after it was agreed that a programme would be designed to eradicate barriers blocking the entry of small builders.

De Ridder said that from June 5, a standard warranty agreement between builders and home buyers — part of the interim scheme — would be a prerequisite for the extension of end-user finance. Standard home building guidelines would also be introduced.

The national home builders registration council — also part of the scheme — would be set up in June. From the beginning of August, contractors applying for end-user finance would have to prove they had applied to be registered on the council.

De Ridder said the council's board would have to submit recommendations on the establishment of a back-up mechanism to council members by the end of September.

The interim mechanism had deficiencies but it was imperative to get it up and running so government's low-cost housing programme could begin.

mix 7-17

# Housing programme to start 'within weeks'

(123)

SUN, CITY — Delegates at this week's National Association of Home Builders conference were told the long-awaited national housing programme would be implemented within weeks.

Speakers representing government and business were confident all the mechanisms negotiated over the past year would soon be in place. These included the National Housing Finance Corporation, the builders' warranty mechanism and the mortgage indemnity scheme, while the new National Housing Board and the Masakhane Campaign were already operating.

Housing Minister Sankie Nkondo said the approval of 197 000 subsidies across SA was testimony to the fact that housing was ready to move into top gear. She said while not everybody would live in a palace, construction was under way in every province with thousands of houses in the pipeline.

"The challenge for all of us is to find solutions which strengthen our push for the empowerment of emerging contractors while ensuring that we do not impact negatively on the interests of the consumer."

While welcoming the progress on the housing programme, Pretoria Portland Cement divisional MD Clive Tasker said government still had a number of issues to address.

Tasker said there was an urgent need for government to eliminate the remnants of the old housing framework and then streamline the bureaucratic system.

The fragmented system of homeland and own affairs departments had brought about a significant degree of overlap, duplication and

ROBYN CHALMERS

confusion within and without housing institutions resulting in inefficiency and wastage.

He said the collapse of local government structures throughout SA was a contributing factor, making the success of the November elections imperative. *BD 10/5/95*

Moreover, government should come up with clear and concise guidelines on the relationship between central government, the provinces and the various local authorities in the field of housing to ensure policy co-ordination.

"It is essential that there is at least a minimum level of uniformity in legislation and regulations when dealing with the various national, regional and local authorities."

He said there remained a stark contrast between the resource and skills base of the predominantly white-owned formal construction sector and the relatively disadvantaged, less formal black-owned sector.

"Government tender procedures and procurement policies will increasingly be aimed at narrowing this gap and the housing subsidy policy will be geared in favour of emerging entrepreneurs," he said.

National Home Builders' Association president Victor Booth said other challenges facing the housing process included the expected shortage of building materials and the growing trend towards land invasion.

Booth said government had to address the issue of rural housing and how communities could become actively involved in projects.

# 'RDP housing could counter rates rise'

CT(BR) 11/5/95

(123)

By ROY COKAYNE

PRETORIA BUSINESS EDITOR

It was imperative that the reconstruction and development programme came on stream this year to counter the negative effects of expected interest rates rises, which could stifle new developments in the housing market from next year.

However, there was a window of opportunity of roughly a year before this happened, Johan Snyman of Medium Term Forecasting Associates told the National Association of Home Builders and Urban Developers

conference yesterday.

Snyman said the effective price of a house was the monthly mortgage instalment — and the most important factor influencing this instalment was the level of mortgage rates.

Two reasons to support this assertion were the fact that people usually bought houses with long-term credit and the expenditure on a mortgage instalment usually constituted between 25 and 30 percent of a homeowner's monthly budget, he said.

If interest rates rose, the homeowner felt it in the pocket almost immediately. This argument

implied that cyclical interest rate factors were of prime importance to the wellbeing of the housing industry, he said.

Snyman said it appeared that the housing authorities were pinning their hopes on the RDP, the National Mortgage Indemnity Scheme, the Builders' Warranty Scheme and the Masakhane "Let us build together" campaign to ensure housing delivery.

Together with private sector finance — the banks have promised to make funds available for 50 000 small loans — the affordable housing segment should be revitalised during coming years, he said.

# Code of conduct to set mortgage loan criteria

BD 11/5/95

32 (123) 22

ROBYN CHALMERS

LENDING criteria for mortgage loans extended to low-income earners would be non-discriminatory and transparent following the recent consensus reached on a banking code of conduct, Standard Bank divisional GM Jopie von Honschoten said yesterday.

Housing sources said the code meant redlining would become a thing of the past as banks could no longer grant mortgage loans based solely on the geographic area in which the property was located.

Von Honschoten said major mortgage lenders had committed to the code to ensure they operated within a normal business environment on a nonracial and non-discriminatory basis.

The code dictated that mortgage lenders would provide education on mortgage finance and related issues as well as disclose all the relevant fees, interest rates, charges and the other conditions relating to a loan.

He said in cases of bona fide economic hardship, lenders would provide counseling, financial advice and where possible a rearrangement of repayments.

This related in part to negotiations between government and banks on the estimated 16 000 repossessed properties and non-performing loans of mortgage lenders.

Von Honschoten said the banking sector had set up a fully resourced service company, called Servcon, to interact with occupants of these properties and attempt to break the logjam on bond payments.

"The objective, together with state support, would be to normalise the occupants' position or where there is no affordability, help the occupant in a rightsizing arrangement (whereby a smaller, more affordable home was found)," he said.

Affordability had become a politically sensitive issue with prospective homeowners, and mortgage lenders had agreed on certain criteria as a result.

Rather than stipulate a percentage of income, traditionally a 25% ratio was applied to work out the instalment and thus the loan size, the lender's disposable income after housing expenses would, he said, be the determining factor.

Lenders would also place a limit on the total credit obligations of the applicant, so credit commitments should not exceed 35% of monthly income.

Applicants would be required to put down a minimum deposit of 5% out of their own savings.

Von Honschoten said banks would work with applicants who had not yet accumulated any savings to allow the deposit to build up over a period of between nine and 12 months.

In a bid to guard against the impact of interest rate increases, he said banks were well advanced in their investigation on the feasibility of fixed rate instalment loans to low-income borrowers.

# Getting water to the people

Star 11/15/95

123

■ BY ANITA ALLEN  
SCIENCE WRITER

"Leave it to the professionals" gains new meaning in the supply of water and sanitation with the establishment of a joint venture partnership between a local company and the world's largest water and sanitation supply group.

Group Five and the French company Lyonnaise des Eaux yesterday announced the formation of a new company, Lyonnaise Water Southern Africa (LWSA). Water Sanitation Services South Africa (WSSA), originally part of the Group Five company, becomes a subsidiary of LWSA.

Taking advantage of a gap in the local market, the new partnership offers the option of using the private sector to supply public services.

This would mean

LWSA's operating, maintaining and upgrading supply and sanitation, and arranging private sector finance, with the local authority retaining ownership of assets and control of quality standards and tariff settings.

## Making history

In 1992, WSSA made SA history by signing the first long-term contract between a private company and a local authority. In the first three years of its 25-year contract with Queenstown, services have not only been upgraded and extended to disadvantaged communities, but a 20% reduction in costs has been achieved.

A key factor in the new partnership's success in meeting the challenge of community water supply would be what the company calls "delegated

water management contracts". Under this system, local people are consulted and then employed and developed to run the process, with the partnership supplying the training, technology and injection of capital.

"The major advantage of delegated management is that the private sector can offer municipalities management and operation of water and sanitation systems, customer management and financing assistance," says Jean Claude Ambert, executive director of LWSA.

One of largest projects the international company has been involved in is the upgrading of services in Buenos Aires.

In two years, the consortium in which Lyonnaise des Eaux has a 30% share has achieved a 90% recovery of customer payments, and a 27% reduction in costs.

# TV, radio, press to help home-buyers with advice

CT12/5/95 (123)

## **SPECIAL CORRESPONDENT**

**JOHANNESBURG:** The Housing Ministry, with help from the private sector, has launched a multimedia initiative to help prospective home-owners with advice on buying a house.

The project, a joint venture between the ministry, Barlows and the SABC, includes television programmes, radio broadcasts, newspaper articles and a toll-free number offering advice to prospective home-buyers.

More than R2 million had been invested in the housing programme, Future Foundations, to

promote first-time home-ownership, SABC spokesman Mr Johan Venter said at the launch yesterday.

The television programme, to be screened in 26 episodes, is due to start on NNTV and CCV on May 17. A radio version will also be broadcast on 10 radio stations, and major newspapers will publish information.

A toll-free number will be introduced in the next few weeks.

Speaking at the launch, Housing Minister Ms Sankie Mthembi-Nkondo said the series would help people to make informed decisions about housing.

# Education drive on housing

ROBYN CHALMERS

THE Housing Ministry has teamed up with big business and the media to launch a wide-ranging information campaign to educate prospective home owners on housing issues.

Announcing the venture yesterday, Housing Minister Sankie Mthembu-Nkondo said the Future Foundation's initiative would include a comprehensive television, radio and print campaign.

Mthembu-Nkondo said the campaign would help prospective home buyers to make informed decisions on housing, which was central to a tolerable and dignified life.

She said the decision to finance the campaign spoke of the private sector's involvement in an area which would transform the lives of millions of people.

The venture was sponsored by Barlows to the tune of more than R2m, and was aimed at 5-million adults nationally.

An educational television series to be broadcast on NNTV and CCV, would

spearhead the programme, which would be adapted for broadcast on nine radio stations. A print media campaign would be undertaken in major newspapers.

Barlows operations director Russell Chambers said construction of 1-million houses by 1999 was a formidable challenge, but sound policies were being put in place to achieve this target.

"Ultimately, success depends on high levels of co-operation between many diverse players and this is why this campaign is such a worthwhile project.

"Because the shortage of

housing is one of SA's most pressing concerns, we believe that by sponsoring this education project we will be helping to stabilise and grow the housing environment," he said.

Chambers said Barlows viewed investing in the campaign as going some way towards delivering on pledges made at the signing of the Housing Accord in Botshabelo last year.

Topics to be featured in the series included responsible citizenship, the house as an investment, individual subsidies and their use by prospective home owners and bank financing and its application to the community.

BP 12/5/95

## LOW COST HOUSING

### Competition results

AM 12/5/95  
Three winners were announced last week, out of 26 entrants for Interbou Trust's first low-cost housing competition.

Emphasis was on the design of a housing project, in a rural or urban context, rather than on cost-cutting building products or systems. Hence the title of the competition: *From Concept to Construction*.

Homes had to cater to households with incomes of R800-R3 500 a month, which makes them eligible for government subsidies.

The schemes were judged on a number of criteria:

- Underlying strategy;

- Processes of consultation;
- Proposed financial arrangements;
- Involvement of the community for whom the project is designed; and
- Reasoning behind the urban and architectural design.

There were three joint winners.

One was an organisation called Foundation for Education with Production. It worked in collaboration with a firm of architects and designers — Albonico & Sack Architects & Urban Designers.

It submitted a plan for an urban, residential densification scheme in Bertrams, Johannesburg. Parts of this project are already under construction.

The second is a site and service development taking place in south Pinetown, Natal. It is the work of the Built Environment Support Group of the University of Natal and local civics. The third, by Builders Management Services, is an urban project in Putfontein, near Daveyton.

Sponsors of the competition included Building Industries Federation of SA and Fedsure.

Department of Housing director-general Billy Cobbett awarded the prizes of R13 000 each.

If the competition is repeated it should be broadened to include categories for products and systems which result in significant cost savings. They deserve attention individually. Similarly, many showhouses are being built for as little as R7 000, minus serviced site costs. They also need to be judged separately. ■

(123)



**'People's houses' from VW (123)**

GERMAN car manufacturer Volkswagen yesterday said it would start producing and selling low-cost, prefabricated houses in South Africa from June, tapping a market in the housing shortage.

The houses - made of 7 cm thick plastic and containing two rooms, a living room, kitchen and bathroom - would first be offered to VW workers in Uitenhage and later on the open market.

The houses will cost about R30 000 and can be erected in three days.

CP 14/5/95

# Volkswagen to sell houses (123)

CT 15/5/95

FRANKFURT: Automaker Volkswagen AG said at the weekend it would start producing and selling low-cost, prefabricated houses in South Africa from June.

A VW spokesman said the houses — made of 7cm-thick plastic and containing two rooms, a living room, kitchen and bathroom — would initially be offered to VW workers in Uitenhage.

**'People's house' from VW:** Volkswagen has built the first prototype of a "people's house", ultimately destined for the overseas market, in the eastern Cape. Made from polystyrene-like material, the modular two-bedroom home will be ready soon and will sell here for about R20 000. See Background & Analysis (123)

CF (BR) 15/5/95

# Volkswagen to make beetle-proof houses

B015/5/95 (123)

JOSE Lopez de Arriortua, one of the senior directors of Volkswagen AG's main board, promises to be back in SA in June to keep a date on a building site. The Mexican-born Lopez will be here to build the first of the motor company's prefabricated houses for employees.

He and Volkswagen SA MD Heinrich Holtmann will put up the first house and he adds, with the flamboyance of a committed marketing man, that the pair of them will live in two of those houses.

The job, according to Lopez, should take the two men three days. That is the esti-

Business Day Reporter

mate of how long it will take a homeowner and a couple of his neighbours to erect the fully-modular home using equipment no more complicated than a few hammers and screwdrivers.

Once the first house has been put up, the idea is to start building a village of 500 houses in August for employees of VW's Uitenhage plant. Exports are next.

Lopez is reluctant to talk about technical details, so he will not say what the houses will be made of except that it is a

chemical with secret ingredients. Shades of Coca-Cola's syrup or the seven secret herbs Colonel Sanders dunks his fried chicken in.

The walls and, it seems, the roof will be made of the secret chemical which VW will buy in SA. Lopez's secretiveness has, perhaps, less to do with an uncharacteristic reluctance to tell everything than the fact that VW is still busy securing patents for the chemical.

He says the construction material has good sound, heat and cold insulation prop-

□ To Page 2

## Volkswagen (123)

B015/5/95

□ From Page 1

erties. And, with unashamed hyperbole, he compares the feeling of spaciousness inside the house to that inside St Peter's in Rome. The implication is more mundane. Because of the insulating properties of the construction material, there should be no need for ceilings.

Price is still debatable, but Lopez believes the cost of a 50m<sup>2</sup> modular house with two bedrooms, a kitchen, bathroom and living room could be cut from its present R20 000 to as little as R13 000. But, and here is the rub, this could depend on Volkswagen using its massive purchasing power to source materials in the cheapest markets. In other words, SA suppliers had better be price-competitive or the materials purchase contracts will go elsewhere.

Once the Uitenhage village is under way,

VW plans to initiate exports of completely knocked down house kits to Brazil, Mexico and Zimbabwe.

Again, SA will benefit only if it is price competitive. If not, VW's other plants will make the housing kits.

The project gives new meaning to the expression mobile home. Foundations are apparently not necessary. The house can be erected on a base anchored to the ground and be disassembled and moved.

Has Volkswagen rethought the concept of the people's house as it did with the people's car? Lopez exudes that confidence. He believes demand could grow exponentially and, in almost the same breath, points to the exponential growth in car sales in Brazil where VW makes cars ordinary people can easily afford.

Johannesburg

Hostel dwellers, most of whom live in quite ghastly circumstances, reel that, despite assurances, they are often overlooked when the issue of better housing is discussed. Mandla Mthembu reports on the grim and griny conditions at a hostel in Mamelodi

# Look at us, we live like animals

(123) Star 15/5/95

Not a scene from a movie ... many of our fellow citizens in Gauteng live in conditions so harrowing they would surely drive most of us to suicide



Hostel dwellers in most areas stay in terrible conditions which pose a health hazard. This has led inmates, like those at the Mamelodi hostel (Ward 14) whom The Star visited this week, to refuse to pay rent until their accommodation is upgraded.

The Gauteng Ministry of Housing spokesman, Thabang Mabonyang, said the upgrading of hostels was among the "first priorities" in the Reconstruction and Development Programme.

He said the ministry had already begun to renovate hostels on the East Rand through the Katorrus (Kathehong, Tokoza, Vosloorus) project, and would be moving to other areas soon.

But while this is official policy, Mamelodi hostel dwellers are not impressed and continue to live in squalor.

As we drove in at about 5.30pm, we were greeted by the sight of rubbish heaps scattered in the yard. Overflowing sewage made it difficult to walk through the area. We picked our way carefully through the mess and entered the run-down building.

Toilets were in a filthy state with many of the bowls broken. Pipes were blocked and the stench was suffocating.

The hostel, which has 14 blocks and 6 700 beds, houses more than 9 000 people, with many sleeping on the floor.

Most rooms had posters of prominent ANC leaders, contrary to the perception that all hostels are IFP strongholds. However, the chairman of the hostel, April Kotlolo, attributed the peaceful atmosphere to the "good relations we have with the few IFP supporters".

The dingy rooms were overcrowded, offering no privacy. An inmate said on occasions he found it difficult to sleep as others would be playing music throughout the night.

Very few rooms had windowpanes, and pieces of cardboard had been placed to keep out the chilly wind. The paint on the walls was flaking and the floors were covered in dirt. Dusty

clothing hung from ceilings, boxes and suitcases were packed in corners.

Some hostel dwellers, who had just returned from work, were cooking in the communal kitchen, where the heat from huge stoves was close to unbearable. Inmates said they were forced to stay in the area until their food was cooked, as it could be stolen.

"If you leave to fetch salt from a room, you would find the meat missing when you come back," said one.

Since they do not have a dining hall, hostel dwellers eat in their rooms. Others gather in groups outside, drinking traditional beer while warming themselves against braziers.

Kotlolo said hostels in their present form could no longer be tolerated.

"Look at us, we live like animals," he lamented, but believed that a multimillion project to renovate the hostels could not be carried out because of a shortage of funds.

He indicated hostel dwellers were frustrated by the lack of assistance from official quarters, such as the Mamelodi Civic Association and the Gauteng Housing Ministry.

Kotlolo, who comes from Denilton and had been staying in the hostels since 1984, said the plans were to provide single and family units. "It would be nice for hostel dwellers to be able to have their families with them," he pointed out.

In addition, a school, clinic, shops, cinema, bars, laundry, open parking, hall and sporting facilities are planned.

The director and architect of the proposed project, Molomo Development and Designing, Peter Mankgane, said the project would only succeed if the hostels were privatised.

"The Government seem reluctant to address the needs of hostel dwellers," he said.

With the many hostels needing attention, it seems the grim conditions at Mamelodi will take a long time to improve.

# Campaign to inform new home buyers

■ CITY REPORTER

27 Nov 15/15/95  
The Housing Ministry, with help from the private sector, has launched a multimedia initiative to help prospective homeowners who need advice on how to buy a house.

The project, a joint venture between the Housing Ministry, Barlow and the SABC, includes television programmes, radio broadcasts, newspaper articles and a toll-free number offering advice to prospective home buyers.

More than R2-million has been invested in the housing programme, Future Foundations, to promote first-time home-ownership, SABC spokesman Johan Venter said at the recent launch.

The television programme, to be screened in 26 episodes, is due to start on NNTV and CCV on Wednesday.

A radio version will also be broadcast on 10 radio stations, and major newspapers will carry printed information.

The toll-free number would be introduced in the next few weeks, said Venter.

Housing Minister Sankie Mthembu-Nkondo said at the launch the series would help people make informed decisions about housing.

# 'Cheap deal' for Eskom

JOHN CAVILL

LONDON — The \$100m international five-year revolving credit signed by Eskom and eight banks on Friday would set a benchmark for other SA borrowers, said a spokesman for JP Morgan, senior lead manager for the syndicated loan.

Priced at 0.875 percentage points over LIBOR (London Inter-Bank Offered Rate for six months dollars), currently 6.125% or funds drawn during the first three years and LIBOR plus 1.125% percentage points for the last two, the facility was a "cheap and flexible deal" for Eskom. Even though the credit had not been guaranteed by the government, Eskom had been able to raise the credit 1.5 percentage points cheaper than the \$750m loan issued by the Republic of SA in December.

The Industrial Development Bank was reported to be in the market for a three-year syndicated loan at a similar rate of 0.875% percentage points over LIBOR. Commenting on criticism that the five-year term of the credit was "not right" for SA because it took the lenders past the date of President Nelson Mandela's retirement, the spokesman said the banks had taken account of the political factors.

"But we also looked at business we were lending to. This was a client-driven deal. A one-year facility would have been inappropriate for a business like Eskom."

# R100m boost for SA Housing Trust

ROBYN CHALMERS

THE struggling SA Housing Trust has been given a new lease on life with the approval of a R100m loan from the Development Bank of Southern Africa to be used for housing at the lowest end of the market.

The trust is the largest financier of low-cost housing in SA and has been hard hit by bond boycotts over the past decade, posting a net loss of R63m for the year to June 1994. Development Bank northern region GM Solly Nortje said recently the loan had been approved on a 12-year basis in consultation with government, but the money would be transferred only after government had approved certain conditions.

The bank required the ministries responsible for Housing, Finance and the reconstruction and development programme to underwrite the loan. There had been agreement in principle on this issue. **BD 15/5/95**  
Government's back-up was needed

as the trust was a public finance company with a range of nominal voting shareholders, but with the state as provider of its equity funds and to be guarantor of the trust's loans. Nortje stressed that the loan did not indicate the bank was entering into a new field as a secondary financier of housing, but it was the first time the bank had moved into the long-term mortgage market. Operations GM De Villiers Botha said the loan had been approved on the understanding that the trust would use the funds to build homes on serviced sites held by the trust for the lowest end of the housing market.

Botha said the bank had launched an investigation of the trust late last year to ensure it had the institutional capacity to make loans to low-income earners and to service them. Trust executive chairman Chris Ball said last week that the trust had

the largest capacity in SA to make housing loans available to low-income households. It also had a development division with significant capacity as well as 6 000ha of land to be used for housing.

Ball said the biggest challenge was financing low-income households, as there was not yet a proven market for financing in this segment. There had been a number of failures when organisations had attempted to address the market, including the trust. Ball said more than 28 000 houses, with a gross loan value of R700m, had been financed through trust subsidiary Khayalethu Home Loans.

Substantial provisions had been made against the loan assets. This was mainly because of the nationwide boycott of payments. He said the net loss for the current financial year would be greater than the previous year unless there was a change in payment patterns in May and June.



One of Masakhane's aims is to improve the quality of life for all South Africans



Garbage removal is one of the services that people have to pay for.

# Masakhane, the call to cooperate

*(123) souetan 16/5/95*

**By Musa Zondi**

ARCHBISHOP Desmond Tutu wearing his purple robe sweeps into the large room, smiles and says: "Now is the time to start paying."

"Masakhane. Let us build our country together," he says.

The advertisement is for Masakhane, which has as its aim to encourage people to pay for services and to help rebuild disadvantaged communities and societies.

Why should people now pay? During the years of struggle — which may not be over yet — a weapon used with devastating effect was the refusal to pay for services. The aim was to make the country ungovernable.

Now that a democratic Government is in office people should cooperate to make the country governable again and improve the quality of life.

Masakhane — let us build together — aims at:

- Speeding up the delivery of basic services and housing;
- Stimulating economic development in both urban and rural areas;
- Promoting the resumption of payments for rent, services and bond instalments;
- Creating favourable conditions for large-scale investment in housing and services infrastructure, as well as in economic development; and
- Promoting conditions conducive to effective and sustainable local governance.

The campaign hopes to achieve this by:

- Mobilising state, private sector and community resources;
- Enhancing the administrative ca-



**Archbishop Desmond Tutu**

capacity of transitional local, district and metro councils;

- Maximising community participation and responsibility;
- Integrating RDP and Government projects;
- Democratising local authorities; and
- A coordinated communication strategy at national, provincial and local levels to keep the nation informed of the progress made and to persuade people to participate and to meet their obligations.

**Main issues**

The issues that the campaign attempts to address are:

- Local government finance services
- The Reconstruction and Development Programme largely depends on what happens at local level. It is with this in mind that local areas are being given a priority — to rehabilitate infrastructure, systems and facilities essential for the effective rendering of services. This priority also extends to those areas that did not have services before, such as

informal settlements and rural areas.

● A stable housing environment

Through the partnership of business, government and individuals, the campaign will lend support to the creation of a suitable housing environment. The campaign will also try to motivate those with an interest in housing to enter into partnerships that will accelerate an improvement in housing and help to stabilise living conditions in communities where houses are deteriorating.

● Local economic development

This is of critical importance to the survival of the whole concept. Without money most of these grand schemes will not work. Local economic development strategies are to be developed to encourage private, public and community investment in local areas. This will be done by supporting specific development and economic activities aimed at creating partnerships between local authorities, communities and the private sector.

● Building legitimacy

The campaign will support the local elections in November and the building of proper structures in rural areas to enhance the delivery of services to these areas. An example of this is the Moretele Water Project which was unveiled in March and which will supply 150 000 people with clean water.

● Communication and community education

Spreading the message as Archbishop Tutu is doing. This also involves advertising in both print and electronic media and mobilising the community.

For more on Masakhane, watch NNTV at 9 tonight. The programme is repeated every Wednesday lunchtime on CCV-TV.



# Plan for ET 17/5/95 mass (123) housing

**BARRY STREEK**

THE government's long-awaited housing plans are to be launched on Monday, June 5, Housing Minister Ms Sankie Mthembi-Nkondo announced yesterday.

New housing incentives and subsidies, bank loans for people earning R3 500 or less a month and housing support centres were among the plans, she said in the debate on her vote in the National Assembly.

She also revealed a new plan in government strategy to shift subsidies to individual households away from development firms.

## Co-operatives

Ms Mthembi-Nkondo said all housing waiting lists would be scrapped and subsidies would be given on a first-come, first-served basis each quarter.

However, there would be subsidies to allow for the formation of housing co-operatives and associations which offered rental accommodation.

She said that from June 5, people earning R3 500 or less a month would be able to apply for subsidies individually. "Individual subsidies will make access to housing easier for many people."

Banks would also start lending money to people who earned less than R3 500 a month, from June 5. These loans would be made available on a commercial basis in conjunction with the subsidies.

"As part of the subsidy and loan scheme, the banks are to introduce a housing savings scheme on June 5 that will allow eligible clients to save for a minimum of nine months towards the goal of amassing enough money for a deposit on a house.

"A new company, called Servcon Housing Solutions, a joint venture between ourselves and the lenders, will be offering once-off, equitable solutions of the 30 000 houses that have been formally repossessed or are in default," Ms Mthembi-Nkondo said.

● See Page 20

# New subsidy scheme for houses

ARG 17/5/95

(123)

## Political Staff

THE government's mass housing initiative will begin in earnest on June 5 with the introduction of a revised state subsidy scheme, says Housing Minister Sankie Mthembu-Nkondo.

The initiative is backed by an 80 percent increase in the national housing budget from R1,6 billion to R2,9 billion.

Acknowledging that the housing provision programme "has indeed been slow in the first year", Ms Mthembu-Nkondo said the government now had its policies in place to "transform the way South Africa is housed".

Among the measures announced by the minister in her introduction to the housing budget in the National Assembly were a revision of the state subsidy scheme and steps to remove bureaucratic and legal red tape standing between prospective homeowners and new houses.

State subsidies of up to R15 000 will now be made available to individual households earning less than R3 500 a month.

In the past, only approved housing

projects qualified for subsidies.

There will be no more waiting lists and subsidies will be made available four times a year.

Other measures to speed up housing provision include the implementation of the agreement between the government and the Association of Mortgage Lenders for banks to lend in the lower end of the market.

The agreement with the banks also comes into effect on June 5.

Ms Mthembu-Nkondo said the new subsidy scheme provided "a significant range of choices".

As many as 200 300 subsidies had already been made available and a "consolidation" subsidy would allow a person who had state assistance to secure a serviced site to build a structure.

A system of institutional subsidies would allow the formation of housing co-operatives and associations.

This would eventually make rental accommodation available.

But the minister warned that even with an increased housing budget "it is nowhere near large enough to satisfy demand all at once".

# Govt mass housing plan kicks off soon

Robyn Chalmers

BD 17/5/95

(123)

CAPE TOWN — Government's long-awaited mass housing programme will kick off on June 5 with a new set of subsidies, creation of housing support centres and innovative loan schemes forged with banks.

Presenting her budget speech to the National Assembly yesterday, Housing Minister Sankie Mthembu-Nkondo said solutions to the housing crisis would centre on an alliance between government, the private sector and individuals.

Mthembu-Nkondo said from June 5, banks would implement the record of understanding forged last year with government when they began lending to people earning below R3 500 a month.

Loans as small as R10 000 repayable over up to 20 years would be available across SA, provided cover was available in terms of the mortgage indemnity scheme. A nine-month savings scheme would be introduced for those who could not afford the minimum 5% deposit.

Mthembu-Nkondo said a solution to the sensitive issue of the estimated 32 000 repossessed properties and non-performing loans held by banks and the SA Housing Trust had been found in the newly-formed Servcon Housing Solutions — a joint venture between government and lenders.

Servcon would offer a once-off deal to willing occupants, allowing them to restructure their loan.

She said individual, consolidation

and institutional subsidies would be introduced to complement the existing project-linked subsidies.

Individual subsidies would be extended to eligible applicants earning R3 500 a month or less. Consolidation subsidies would enable those who had received a serviced site from government to build a small top structure.

Institutional subsidies would allow creation of housing co-operatives and housing associations and also provision of rental accommodation.

Mthembu-Nkondo said subsidies would be issued four times a year on a first come, first served basis.

To increase what the subsidy could buy, a housing support centre programme would provide advice, finance, training, job opportunities and reasonably priced building materials to the most disadvantaged communities. The nine provincial governments had established task teams to plan and implement this system.

The Development Facilitation Bill should soon be approved to release land rapidly for housing, she said.

She was confident that subsidy measures for rural communities would be announced soon.

The Housing Ministry had made good progress on the rationalisation of a number of housing institutions left behind by the former homelands, and a final proposal on the National Housing Finance Corporation would be presented to the Cabinet within two months, she said.

● See Page 16

big effect on the construction sector, forcing it to become more competitive as tens of thousands of people will now have the ability to test the market. Small builders could flourish if they get their pricing and methods right, opening up a long neglected market for the end-user.

The danger, of course, is that building material prices will soar. It is becoming increasingly obvious that firms are looking to recoup losses made during the five-year recession from which they are only now emerging.

Housing support centres are government's answer to the problem, with more than R50m already set aside for their establishment around SA. They are designed mainly to assist people building their own structures on serviced sites and to supply small-scale builders with bridging finance and wholesale building materials. But, though this will cause an outcry among materials suppliers, it will also serve to keep them on their toes and force them to minimise price increases.

**S**o where to now? The programme described will serve between 80% and 85% of the population — the section of the low-cost housing market able to access credit. The other question is housing those sections unable to do so.

"Incremental" housing constructed on serviced sites is part of the answer. But government is seeking to make credit available to them too. The Housing Ministry is looking in part to the Housing Finance Corporation — expected to be launched in November — to change the way money works in the housing sector. The corporation is working on ways to address the fundamental premise that money is more expensive for the poor than it is for the rich.

The Ministry is also studying housing delivery mechanisms in India for some of the answers, having recently sent a 32-person delegation to the country, but there remain more obstacles than solutions to the issue. Slovo's legacy lives on in the many building blocks he forged during that first year. Mthembu-Nkondo's task is to continue the process he began to get to grips with the challenge of housing the poor.

# Housing delivery plan still fraught with obstacles

(123)

ROBYN CHALMERS in Cape Town BD 17HS/45

khane campaign, and if these are met with a lukewarm response, the country can kiss its housing campaign goodbye.

On the other hand, should these be successful, we are in for a boom period. The importance of the indemnity scheme must not be overlooked in the euphoria which may follow — it is a vital tool in the hands of government which goes beyond housing as it will pinpoint the real trouble spots in SA. On June 5 mortgage lending will begin only in those areas in which the indemnity scheme's board considers that law and order has been restored.

Banks will have to give detailed information on their lending patterns to government, ensuring that lending criteria are non-discriminatory and fair. On the same date, banks will be empowered to recommend individual subsidies for prospective home owners.

The decision to link subsidies to a prior minimum nine-month savings period is an important one which has not been looked upon kindly by a range of interest groups — notably a number of provincial housing ministers. They, along with others, believe it is a discriminatory tactic, but the Ministry argues that it will in all likelihood amount to an automatic form of queue regulation and reduce the burden on the banking sector.

The individual subsidy will have a



□ MTHEMBU-NKONDO

held by the trust which tended to lend on a project-linked basis. Should an entire project funded by the trust, such as Palm Springs, decide to continue boycotting, the strategy could founder in the short term. The Housing Ministry is hoping, however, that the Masakhane campaign will help overcome this sort of situation.

Indeed, the individual subsidies, Servcon and the mortgage indemnity scheme form the core of the Masa-

dent that this will occur by November, but a large dose of scepticism on this score would not be misplaced.

Arguably, the biggest breakthrough to date has been with the banks, and major concessions have been made by both government and the banking sector to achieve this.

The decade-long bond boycott left banks holding 18 000 repossessed properties and non-performing loans valued at more than R1,1bn. They were a thorny point for both parties, and one which could have stopped the housing process in its tracks if not resolved.

The solution, which will also apply to the SA Housing Trust's estimated 16 000 repossessed properties, gives occupiers three options — start paying on a graduated basis, move to a cheaper house with assistance from government or get out. It was only by making the first two options available that government could implement the third without mass uprising in the communities.

The newly created Servcon will be used to implement this strategy, and its staff members will have to visit each of the 32 000 properties identified. Their brief is to keep as many people as possible in their homes, or to assist in finding alternative accommodation for them without having to go for evictions.

The banks' properties will probably be easier to deal with than those

**L**ATE Housing Minister Joe Slovo took up office exactly a year ago yesterday, and if his Ministry's performance is to be judged on the number of houses delivered, it has been less than impressive.

The rate of delivery during this period declined to historic lows, but to judge the Housing Ministry solely on the delivery of homes would be missing the point.

The Ministry's stated aim in the first year was to create the appropriate legal, institutional and financial framework for mass housing delivery. On the eve of the Ministry's "big push" on the delivery front, therefore, there are other factors which need to be taken into consideration.

We must ask whether SA will have a housing policy 10 or even 50 years down the line. Will the banking industry be actively involved in financing low-cost homes? Will there be a secondary market for housing? Have non-traditional lenders taken on a new role? And are consumers living in well-constructed houses? All these questions relate to the sustainability of the housing process.

Yesterday, Housing Minister San-kie Mthembu-Nkondo laid before the House of Assembly a framework for the mass delivery of homes to begin on June 5. It included the interim builders' warranty mechanism, individual subsidies, the launch of service company Servcon and the implementation of the mortgage indemnity scheme.

**T**he framework is clearly incomplete. The National Housing Finance Corporation, which is mobilising wholesale funds for low-cost housing, is some way from completion. A new National Housing Act has yet to be forged and the interminable builders' warranty mechanism has not yet been finalised.

The interim warranty scheme has a number of shortcomings, not least of which is the lack of a back-up fund as a final resource for home buyers who have acquired faulty structures. The full scheme must be finalised soon if home buyers (and lenders) are to be protected from unscrupulous builders. The construction industry, banks and government appear confi-

Initiative backed by 80% increase in State's budget allocation

# Mass housing start-up

Star (123) 17/5/95

# UP

23) Star 17/5/95

**NEW individual subsidy scheme will allow thousands more to buy their own property**

BY PATRICK BULGER  
POLITICAL CORRESPONDENT

Cape Town — The Government's mass housing initiative will start in earnest on June 5 with the introduction of a revised State subsidy scheme, Housing Minister Sankie Mthembu-Nkondo told Parliament yesterday.

The initiative is backed by an 80% increase in the national housing budget — from R1,6-billion to R2,9-billion.

Acknowledging that the housing provision programme "has indeed been slow in the first year", Mthembu-Nkondo said the Government now had its policies in place to "transform the way SA is housed".

Among measures announced in her introduction to the housing budget in the National Assembly were a revision of the state subsidy scheme and steps designed to remove bureaucratic and legal red tape standing between prospective home-owners and houses.

State subsidies of up to R15 000 will now be made available to individual households earning less than R3 500 a month. In the past, only approved housing projects qualified for subsidies.

There will also be no more waiting lists, and subsidies will become available four times a year.

Other measures to speed up housing provision include the implementation of the agreement between the Government and the Association of Mortgage Lenders for banks to lend in the lower end of the market.

This will in effect eliminate "red-lining" in terms of which banks refused to finance houses in "high-risk" areas.

The agreement with the banks also comes into effect on June 5 and includes the introduction of a housing savings scheme to allow clients to save for up to nine months to amass a deposit for a house.

Mthembu-Nkondo said the new subsidy scheme provided "a significant range of choices". As many as 200 300 subsidies had already been made available and a "consolidation" subsidy will allow people who have received State assistance to secure a serviced site to build a structure.

A system of institutional subsidies will allow the formation of housing co-operatives and associations. This will eventually make rental accommodation available.

"Individual subsidies will make access to housing significantly easier for many people. Just as in the established and more expensive suburbs, home seekers with lower incomes will be able to go out and find a house or a plot and builder, apply for a subsidy and rapidly be on the road to a home."

► To Page 3

## Mass housing start-up

(123) Star 17/5/95

◀ From Page 1

Loans as small as R10 000 will be made available.

However, the Minister warned that even with an increased housing budget "it is nowhere near large enough to satisfy demand all at once".

"Housing is a long-term undertaking for our country. It is going to take us many years to deal with the backlog. This is not just a matter of financial resources but also of technical skills and materials.

"My promise is that we

will expedite, we will approve as many subsidies as is humanly possible each year."

She said the Government needed time "to sort out the mess" it had inherited.

"Toilets in veld"

"We have very deliberately said that we would rather accept an other month or two of slippage if it allows us to get the framework for the future right."

"We were determined to discuss our policies widely and to reach a workable consensus for the future."

She identified the release of suitable land for housing as a key issue.

The Development Facilitation Bill introduced last year was being re-drafted and the Prevention of Illegal Squatting Act, clauses of which are now considered unconstitutional, was being reconsidered to help speed up land release.

The Minister will also present a final proposal on a housing finance corporation to the Cabinet within the next two months.

# Homes for the poor

(123) *source*  
17/5/95

**By Ismail Lagardien and Joshua Raboroko**

**T**HE GOVERNMENT yesterday announced its first major step to alleviate the housing crisis through a programme of subsidies and loan schemes for lower income groups.

The plan, which comes into effect on June 5, also includes steps to resolve the bond boycott problem and has been welcomed by housing associations and potential home buyers.

Minister of Housing Mrs Sankie Mthembu-Nkondo told Parliament the Government is determined to build legal, institutional and financial infrastructures before actual houses can be built.

Opening the housing budget debate Mthembu-Nkondo said: "We now have the policies in place which will allow us to do precisely that."

From June 5 prospective home owners who earn less than R3 500 a

month can go to banks and other financial institutions to apply for subsidies. The subsidies will be granted on a first come, first serve basis. There will be no waiting lists and grants will be made four times a year.

Loans as small as R10 000 will be made available "on a strictly commercial basis" in conjunction with subsidies and repayable over 20 years, provided that the Mortgage Indemnity Scheme is available.

The MIS is a system which allows banks to repossess the properties of bond defaulters in accordance with normal civil law procedures.

In terms of the new deal the Government will compensate the banks for a limited period of three years to avoid the repossession of houses.

"This means that red lining is dead," Nkondo said yesterday. Access to credit will also be improved.

Banks are to introduce a housing savings scheme which will allow eligible clients to save for a minimum of nine months towards money for a

deposit on a house.

"By doing so, people on tight incomes will be able to demonstrate their willingness and ability to set a certain amount each month for housing — an amount which will later become their mortgage repayments.

Housing support centres are also to be established for people who cannot afford loan repayments.

Chairman of the National Housing Board Mr Ishmael Mkhabela said the announcement was a move in the right direction. He was optimistic that even the lowest earners would benefit from the scheme, which he said would reduce the housing backlog and help needy people and alleviate the squatter problem countrywide.

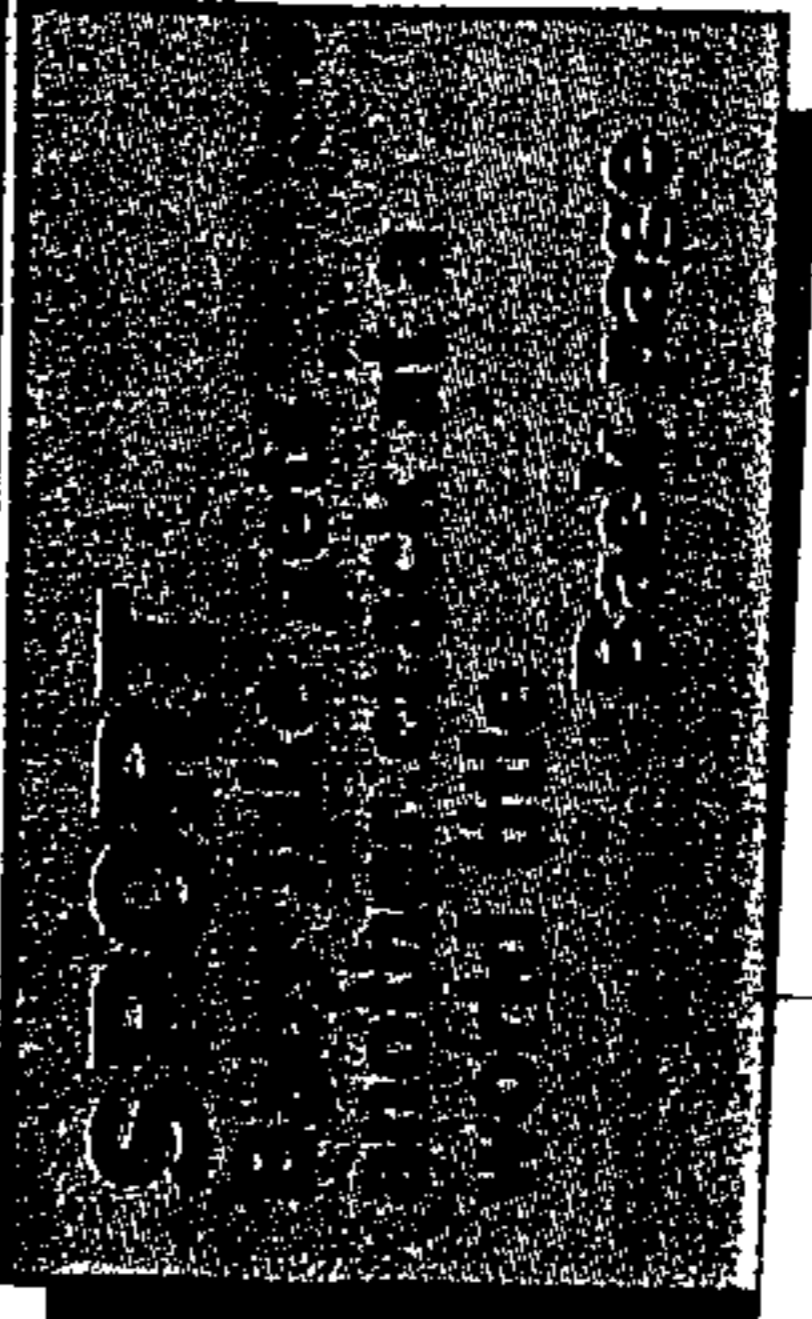
A potential home buyer, Mr Moses Mpiiswa, said the scheme did not explain how the unemployed, disabled and aged would benefit.

Association of Mortgage Lenders' spokesman Mr Japie van Honschooten said his organisation welcomed the plan.



**She delivered  
the good  
news . . .**

Minister of Housing Mrs Sankie Mthembu-Nkondo ... 'policies now in place.'



## Govt owed over R13bn in outstanding loans

MORE than R13 billion is owed to the government on a variety of loans for housing, infrastructure and other community facilities.

(123) ET 18/5/95  
Freedom Front MP Dr Willie Botha said this figure had been given yesterday in evidence before the Joint Standing Committee on Public Accounts.

The government should "spell out how this liability will be spread among provinces and local authorities so that timely steps can be taken to handle the problem", Dr Botha said. — Political Staff

# Housing loan areas known by next month

Robyn Chalmers

60 18/5/95  
(123)  
AREAS in SA where banks would extend finance for low cost homes would be identified by the mortgage indemnity fund by June 5, Housing Ministry sources said yesterday.

A number of smaller developers yesterday expressed confusion about where banks would begin lending.

This followed the Housing Ministry's announcement that its mass housing programme kicked off on June 5.

In her speech to the National As-

sembly this week, Housing Minister Sanki Mthembu-Nkondo said banks would make loans as small as R10 000 available in areas covered by the indemnity scheme.

A Ministry source said an investigation was under way by members of the mortgage indemnity fund to identify areas around the country where law and order was either being upheld or had been restored.

Mortgage loans would not be available in areas where there was an absence of law and order, but there would be a continuous review.

This would be undertaken by the board of the mortgage indemnity fund with its members to be appointed by a number of ministries.

The fund, established last month under the chairmanship of housing consultant Johan de Ridder, would also administer the mortgage indemnity scheme.

The mortgage scheme would indemnify accredited mortgage lenders on defaulted loans when it had been proven beyond doubt that the state had failed in its duty to maintain the due process of law.



## Pay-dodging still hits Eskom

Non-payment of electricity accounts was still one of the most significant financial threats facing Eskom, the corporation's chairman Johan Maree said yesterday.

Non-payment was expected to decrease gradually, and cutting off service to individual non-paying customers was starting to have the desired effect, he said.

It was clear that in the

thrust to achieve a normal society, non-payment had to be addressed by everyone involved.

Maree said Eskom was giving attention to both the advisability of privatising and ways of doing so. There was no doubt the corporation would attract a great deal of local and international investor interest if there were a decision to privatise. —

(123) Sapa  
STAR 18/6/95

**NEWS** Government promises tendering system review

# Nafcoc calls for pre-'94 tax write-off

*Sowetan 18/5/95*

*(123)*

■ **TRANSFER LAND** Nafcoc chief

urges member donation to the RDP:

**By Mzimkulu Malunga**

**B**LACK BUSINESS IN Gauteng wants all taxes owed to the Government before April 27 1994 to be written off.

Addressing the 25th annual general meeting of National African Federated Chamber of Commerce yesterday, the organisation's president Mr Mashudu Ramano called on the Government to write off all rental arrears and taxes owed before last year's elections.

Ramano also called for the transfer of all land and premises owned by previous black local authorities and currently occupied by black business people for more than 10 years.

He called on his black business colleagues to each donate R100 a year to an RDP fund that would support schools in the rural areas of Gauteng.

"While we demand certain things from the Government, we should also bear in mind that we too have an obligation," he said.

Nafcoc's Gauteng chief emphasised the need for the Government to review the tendering system in the province. He also lashed out at the "liberal Press", which accused black business of waiting for handouts from the Government.

"We want access and transparency in the awarding of government tenders," he said, adding that many big businesses had lobbied hard for more than three years for their contracts with the Government to be renewed.

Ramano also announced that negotiations were in progress with a major financial institution to access finance for black business ventures.

## Junior chamber

He said that through a joint venture between Nafcoc and Shell Live Wire Programme, the organisation's junior chamber would be established.

Addressing the same conference, Gauteng MEC for economic planning and finance Mr Jabu Moleketi echoed Ramano's call for black business not to sit back and wait for Government aid.

He told about 300 delegates that the Government wanted to create an environment in which the economy could grow and create jobs. He also assured the delegates that the tendering system in the province was being reviewed.

The meeting was also addressed by the Danish ambassador to South Africa Alf Johnson, who promised that his country would facilitate joint ventures between black-owned businesses and Danish business people.

## Finding ways to pay

FMT 19/5/95

**Problems** with payments for serviced sites are delaying their allocation.

There are roughly 200 000 serviced sites available countrywide, developed by a number of agencies such as the Independent Development Trust (IDT), the former four provincial administrations, the former National Housing Commission (now superseded by the National Housing Board) and development boards.

And, as a result of previous government commitments, more serviced sites are being produced. In the Cape Flats, for example, a serviced land project, initiated by the Cape Provincial Administration two years ago, will produce 40 000 serviced sites over the next three years.

But delivery has been delayed because, in some communities, there have been bitter disputes about the allocation of the sites.

Gauteng Provincial Housing Board chairman Martin van Zyl proposed to the National Association of Home Builders & Urban Developers conference in Sun City last week that sites be allocated to those who can afford to pay up to R200 a month.

He said that given a R7 500 loan — the average cost of an IDT site — a 20-year repayment period and an 18% interest rate, monthly repayments would amount to only about R115. He pointed out that many renters of backyard shelter pay more for their premises without ownership benefits.

He also suggested bending the present subsidy rule which decrees subsidies must go to the serviced site and the house. He said that in some instances the entire subsidy should be devoted to the purchase of a house. And the cost of the serviced site should be funded by a loan to be extended by a local authority.

This could be funded in the market at

market-related rates. Until three years ago, local authorities were able to raise money in this way but the refusal of central government to continue providing implicit guarantees put a stop to the practice.

Given its huge debt burden, it seems unlikely that central government would be prepared to extend its liabilities.

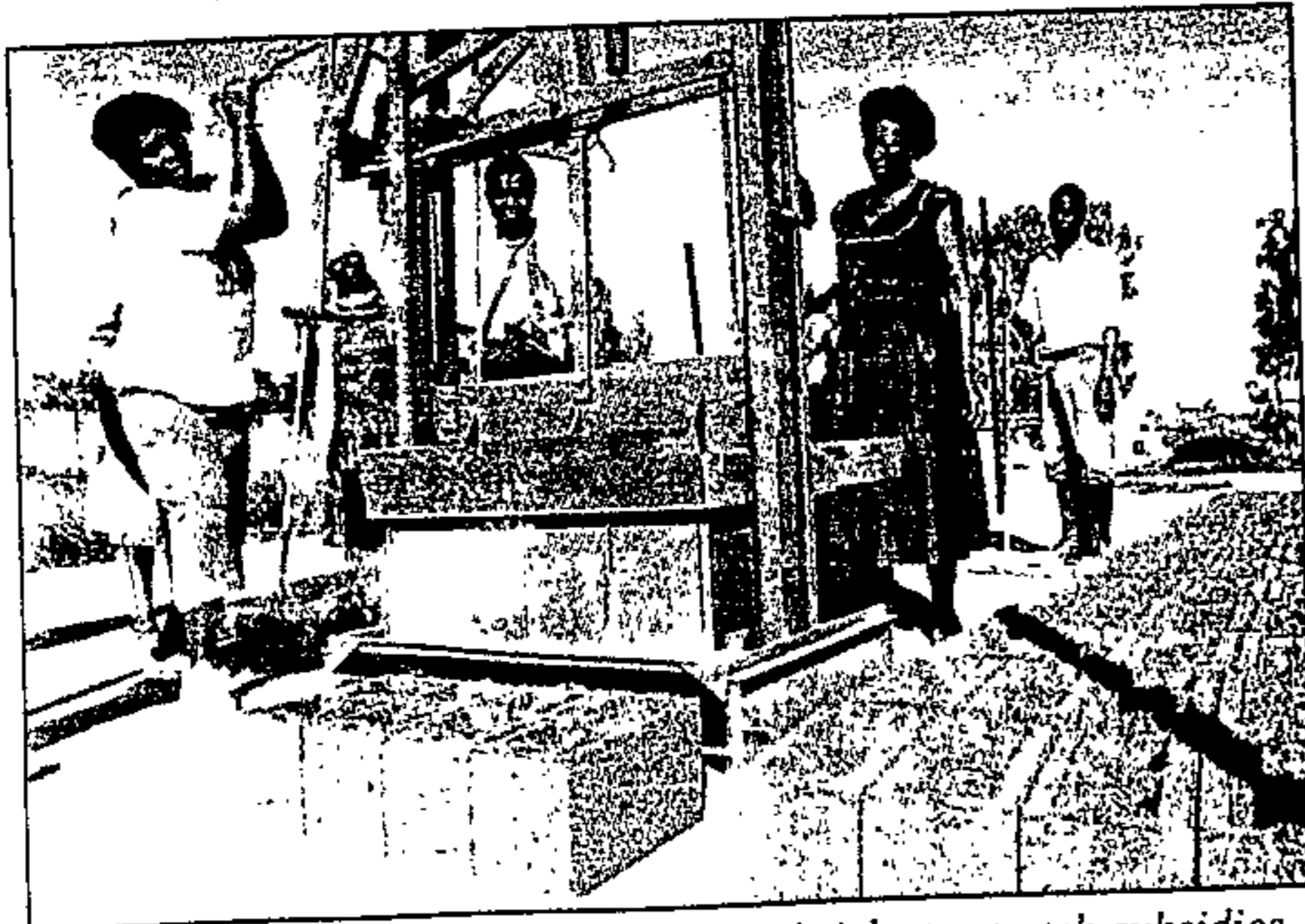
Certainly, departure from the present subsidy rule would solve an embarrassing political problem. Fear of a backlash on the ground against 16 m<sup>2</sup> homes with toilets has been one of the biggest deterrents to delivery to date.

If the subsidy rule could be bent, housing MECs who have promised minimum house sizes of around 40 m<sup>2</sup> might be able to deliver on their promises.

For the building industry, the sooner provincial housing MECs find a way out of the impasse the sooner they can get on with the job.

Housing director-general Billy Cobbett told conference delegates that government will not increase subsidies. He said the only way government can meet the needs of low-income earners is to encourage self-help schemes and innovation.

In a self-help scheme at Oukasie outside of Brits, SA Homeless People's Federation members are building a 62 m<sup>2</sup> house for R10 200. This proves that, within the subsidy limit, houses larger than those promised by the MECs can be produced. ■



**Oukasie ladies** ... making their own bricks to stretch subsidies

**NEWS FEATURE** *MIS will not cushion persistent defaulters or those who want a free ride*

# Greater choice for

# low earners

*Sowetan 19/5/95*

(123)

**Sowetan Correspondent**

**FIRST COME** *People can choose*

*the area they want to live in:*

**H**OUSING MINISTER Sankie Mthembi-Nkondo yesterday provided further details of the comprehensive subsidy and loans package to be launched on June 5 this year.

Speaking in her budget debate in the Senate, she said South Africans with a household income below R3 500 would have a greater choice in future.

Individual subsidies meant people could choose the area in which they wanted to live. They could look for homes that suited their pockets and needs. In an interview, Mthembi-Nkondo said people should shop around for the best deal.

"Make sure you are getting value for your subsidy. Make sure you don't sign anything until you have checked it out and got advice."

Subsidies with loans from the banks would help people who could afford regular monthly mortgage repayments, said the minister.

But the major thrust of the Government's programme would be directed at the poorest South Africans — those earning R800 or less, including the unemployed.

"A system of building support centres will provide reasonably priced building materials and free technical advice for those who cannot afford home loans."

Subsidies would also be available for housing cooperatives. This is a system popular in other countries, where a group of families build together, making the best use of the available subsidies and loans.

There would also be institutional subsidies which allow churches and other groups to erect rental accommodation.

Subsidies range from R15 000 for households earning R800 or less a month to R5 000 for households with an income of between R2 501 and R3 500.

For households earning between R801 and R1 500, the subsidy is R12 500; for those earning R1 501 to R2 500 it will be R9 500. Anybody within these income levels who has not had state housing assistance before will qualify.

But the minister sounded a note of caution. She said although the Gov-

ernment had increased the housing budget by 80 percent this year, not everyone would get help immediately.

"Housing is a long-term process," she said. "We will be building for generations, creating jobs and homes. There will be no waiting lists in future. Subsidies will be made available four times a year on a first come, first served basis."

Referring to "myths" which had crept into some of the reporting on the Mortgage Indemnity Scheme (MIS) she stressed that it was not an invitation to tenants to default on their mortgage bonds.

"The programme we have agreed on with the banks has a clear message: There will be no free ride anymore," said Mthembi-Nkondo. The Government, the banks, and the South African Housing Trust were determined to resolve the problem of more than 30 000 houses whose tenants had not kept up their payments.

Many of these houses had been reposessed but could not be accessed because of a breakdown of the rule of



**Sankie Mthembi-Nkondo Housing Minister**

law. "The message of Masakhane is clear in all of this," said Mthembi-Nkondo. "The Government and the private sector will respond to those communities and individuals showing goodwill. There will be help for those organising to help themselves."

"Paying for housing and services means we can spend more on new housing and better services."

**NEWS** Eskom report reveals public

# Power debt at R293-m

**■ REDUCED TARRIFF** Eskom 'on

track' to fulfil its RDP promise:

**A**RRERS IN payments for electricity countrywide total R923 million. This figure, for December last year, is contained in Eskom's annual report which was tabled in Parliament this week.

Eskom chief executive Allen Morgan said efforts were being made in cooperation with all levels of Government and civic leaders to get people to pay.

At the end of last year, there was an improvement in payments in some areas, including Soweto.

"There is a growing realisation that the country cannot afford to provide services if customers are not paying for these."

He said Eskom was on track to fulfil a 1991 promise to customers to reduce the price of electricity by 20 percent in real terms by 1996.

Eskom was confident of meeting its reconstruction and development programme commitment of reducing the

price of electricity by 15 percent between this year and 2 000.

Mr Morgan said Eskom had achieved commendable financial results with revenue for the past financial year having increased by 11,8 percent to R15 417 million.

This was caused by a net tariff increase of 7,6 percent and a 3,9 percent increase in sales.

The increase in sales was caused by an upswing in the business cycle. Operating spending was R9 963 million, an increase of 10,7 percent.

Costs included decommissioning fossil-fired power stations (R192 million), management rationalisation and early retirement (R110 million) and medical aid post-retirement benefits of R51 million.

Net income was R2 268 million, a 37,8 percent increase over 1993.

Accumulated reserves were R16 005 million, Morgan said.

— *Sowetan Correspondent.*

(123)

Sowetan 19/5/95

# There shall be houses for all

WM 19-25/5/95 (123)

The government's brave new housing loan scheme will bring houses within the reach of the poor, writes **Gaye Davis**

**A** YEAR to the day after Joe Slovo first walked into the Ministry of Housing to give it the shake-up of its life, his successor, Sankie Mthembu-Nkondo, could this week announce a June 5 start for government's mass housing programme.

Unveiling new subsidy and loan and savings schemes, giving people earning R3 500 and less a foothold, and plans for housing support centres offering advice and cheap building materials, Nkondo paid tribute to the man whose first act as housing minister was to tell his director-general he wanted him to go.

Nkondo's deputy director-general, Neville Karsten, remembers the day well — he and his colleagues were reeling with shock at the announcement that "a communist, someone seen as Public Enemy Number One", was taking over.

"One expected to meet an ogre, yet found a quiet, gentlemanly person who was very forthright, knew exactly where he was going and what he wanted to do and who spelled out his policies in such a way that one could completely identify with him," Karsten said this week.

Of all the ministries, housing has perhaps had the smoothest transition. One reason for this is the work that preceded the April 27 elections — painstaking and often painful consultations with stakeholders brought together in the National Housing Forum.

Slovo's arrival aroused fears that the work done in devising a housing policy based on free-market principles would be washed away by command economy enthusiasms — but he quickly allayed them.

Said Karsten: "He accepted the work that had already been done, so we could build on it. We had a broad framework in place but at that stage



**A brick in time: Under the government's new scheme, housing support centres will provide free advice and cheap building materials**

PHOTOGRAPH: STEVE HILTON-BARBER

it was a very shaky skeleton — we had to clothe it in flesh. We had a good basis on which to start — all we needed was the strategic thinking."

Slovo gave it. His incumbent director general, Louis Koch, took early retirement and former National Housing Forum powerhouse Billy Cobbett came in.

"The same day, Joe addressed the entire department. He told us what had happened and spoke about the need to work together. In this way, he was able to cement relations between the old officials and the new," Karsten said. "Without him, we would not be where we are today." And without the pre-election years of negotiations with the National Housing Forum, the new ministry may well have found itself obstructed, sabotaged or generally debilitated by foot-dragging old-guard bureaucrats.

Refining the "shaky skeleton" of

a legal, institutional and financial framework to get delivery going was the first priority of the new ministry. It meant the actual rate of delivery dropping to historic lows while all the pieces were put into place — but also means a new policy that is sustainable.

From June 5, Nkondo announced this week, banks will start lending to individuals earning less than R3 500 in terms of the record of understanding forged with government last year.

**C**onsolidation subsidies, for people who have already had state assistance in the form of a serviced site, will be available for building "small but solid" structures.

And a new system of institutional subsidies will be introduced, allowing people to form housing co-operatives and associations — and opening the way for cheap rental accommodation.

Bank loans will be offered across the country, but only where cover is available in terms of the Mortgage Indemnity Scheme (MIS) — in other words, areas where due process of law can be applied. Loans will be granted on a strictly commercial basis, and could be as small as R10 000, repayable over 20 years.

Those unable to afford the five per cent deposit will be able to save money towards it over a minimum of nine months — and there will be subsidies to match the deposit they have saved for.

To meet the ministry's part of its bargain with the banks — it undertook to solve the problem of houses formally repossessed, but which lending agencies cannot get access to — Nkondo announced the creation of Servcon Housing Solutions.

A joint venture by the department of housing and lenders, it will offer people living in the estimated 30 000

repossessed but still occupied homes a chance to reschedule their loans and resume payment or — if this is unaffordable — help find cheaper accommodation.

But Nkondo warned that although housing got the largest budget increase of any department, it was still "nowhere near large enough to satisfy demand all at once", while the backlog would take years to deal with.

Communities across the country should accept that "nothing will move, nothing, if we do not take responsibility for ourselves" by paying for housing and services, and the repair and protection of community assets.

"This is what Masakhane is all about," she said. "A strategic alliance where government, the private sector and individuals within their communities pool resources to transform and uplift South Africa."

It was an unfortunate fact of life that most South Africans — those sidelined in the past by both government and the private sector — would never be able to afford housing on credit. But they are the focal point of the new policy.

"Let us be quite frank. The maximum subsidy of R15 000 will seldom, if ever, buy outright the kind of house people imagine when they turn to daydreaming. But it will do something South Africa has never seen before. It will provide the poorest people in our country with a tangible and workable housing opportunity.

"It will provide them with security, services and a structure. It will give them water, waste water disposal, solid walls and a roof ... It is our task to ensure that people who have little to add to the subsidy can maximise the advantages to be gained from what little they have — whether it be their own labour, minimal savings or other skills."

Housing support centres would be set up in each province to provide, over time, advice, finance, training, jobs and cheaper building materials to the poorest of the poor.

But ultimately, said Nkondo, only South Africa's people could decide "whether we are to get to work building or not" — by organising within their communities and paying for housing and services, "because a rand withheld is one rand less for new housing or upgraded services".

regulators, suppliers and buyers of housing — will better reflect the crucial process she is steering.

The articulate Mkhabela, former vice-chairman of the National Housing Forum, says the board is the main advisory body to the Minister and administers the national housing fund. "We also listen to the concerns of other parties and sift what's not working from what is."

Mkhabela, a schoolteacher turned professional community organiser, makes the pithy observation that "the housing delivery process is not like baking bread — it takes a little longer." Still,

Mthembu-Nkondo has said the approval of almost 200 000 subsidies is testimony that housing is in top gear.

Though soft-spoken and with a philosophy grounded in theology, Mkhabela is, by all accounts, firm and incisive. His deputy, housing consultant Matthew Nel, says: "Ish operates with a commitment to expediting and getting things done — but from a background in community mobilisation. He has an incredible ability to reach decisions without others feeling unreasonably pressured into untenable decision-making. He also has great charm."

Soweto-born Mkhabela read geography and biblical studies at the University of the North; he has also studied sociology and communications. He started teaching in 1977 and later became an organiser for Sached. He was detained in mid-1978 and subsequently banned. "This gave me time to promote social processes because no institution would take me on."

He then became involved, through the Witwatersrand Council of Churches, in the plight of people forcibly removed from their land and other victims of injustice. In 1991, he founded and is still executive director of the Interfaith Community Development Association.

Mkhabela also happens to have been the founding chairman of the radical Azanian People's Organisation. "I stepped down in 1985 to concentrate on community work. I found party politics conventional and ritualistic — and ultimately limiting."

Mkhabela is married and has three daughters. He enjoys sport and reading — including "a fair dose of theology." ■



**Mkhabela**

ISHMAEL MKHABELA (123)

**House proud** PM 19/5/95

**Housing Minister** Sanki Mthembu-Nkondo has swept away one of the last vestiges of her pre-election predecessor Louis Shill's reign with the formation of a restructured National Housing Board. She says the board — chaired by Ishmael Mkhabela (44) and which has representatives from the

QUESTION PERIOD (1994)

## State builds 16 028 houses

(123)

CT 23/5/95

THE state and local authorities built 16 028 houses and provided 128 000 serviced sites in 1994, Minister of Housing Ms Sankie Nkondo said in written reply to Mr Mike Ellis (DP) yesterday.

About R1,3 billion had been spent to accommodate an estimated 80 000 people, she said.

Political Staff, Own Correspondent and Sapa



## QUESTIONS

†Indicates translated version.

For written reply: *Hansard 23/5/95*

**Number of State-funded/State-assisted housing units built**

136. Mr M J ELLIS asked the Minister of Housing:

(a) How many State-funded or State-assisted housing units were built and (ii) persons who were previously without formal housing were provided with such housing, and (b) what total amount was spent on housing, in 1994? N248E

**The MINISTER OF HOUSING:**

(a) (i) State : 9 039 housing units;  
Local authorities : 6 989 housing units.

In 1994 a total number of 75 000 serviced sites were provided by the State and 53 000 by local authorities.

(ii) The exact number of persons is not available, but if the total number of housing units which were provided during 1994 is multiplied by 5, which is an estimation of the size of an average household, 80 000 persons were provided with housing.

(b) R1 300 213 354.

**Provisions made in the 1995-96 budget for transporting of pupils to and from their schools**

164. Dr T J KING asked the Minister of Education:†

(1) Whether any provision has been made in the 1995-96 budget for the provision of transport for pupils to and from their schools in urban and rural areas; if not, why not; if so, what amount has been voted for this purpose in respect of each of the provinces;

(2) whether he will make a statement on the matter? N310E

**The MINISTER OF EDUCATION:**

(1) No. This matter is the responsibility of the provincial departments of education. However, the Heads of Education Departments Committee appointed a sub-committee to investigate the current provision of transport for pupils to and from their schools in the provinces.

(2) No.

**Advisers/consultants appointed to advise Ministers/Department**

172. Mr M J ELLIS asked the Minister of Housing:

(1) Whether she has appointed any (a) advisers and/or (b) consultants to advise her of her Department; if so, (i) what (aa) is the name and (bb) are the qualifications of each such adviser and/or consultant, (ii) for what (aa) purpose and (bb) period was each appointed and (iii) what remuneration package and/or other fee is being paid in respect of each;

(2) whether any fringe benefits are payable to any such advisers and/or consultants; if so, what are the relevant details of each case;

(3) whether any advisers and/or consultants are advising or assisting her or her Department at no cost to the State; if so, (a) what (i) is the name and (ii) are the qualifications of each such adviser and/or consultant and (b) what function is each performing within her Department;

(4) whether any (a) organisation, (b) bodies and/or (c) persons are paying the costs of the advisers and/or consultants referred to in paragraph (3); if not, what is the position in this regard; if so, what are their names? N354E

**The MINISTER OF HOUSING:**

(1) (a) No.

(b) Yes.

(i) (aa) Dr C Thornhill.

(bb) Professor in Public Administration.

...ceptors are ...cies around northern Germany handed over. — Sapa-Reuter.

# American housing aid for S Africa in jeopardy

APR 23/5/95 (123)

## The Argus Foreign Service

WASHINGTON. — The United States government's R740 million housing insurance guarantee programme for South Africa is in danger of being scrapped this week in congress where the Republican Party majority is pushing through substantial cuts in foreign aid.

The housing insurances guarantees (HIG) — which underwrite private sector housing loans for blacks and could indirectly fund tens of thousands of housing units — have been dropped from the house of representatives foreign assistance legislation which has already been approved by the international relations committee.

The South African funding has been cut with similar programmes around the world. But the Clinton administration is battling to have the South African HIG programme reinstated when the foreign assis-

tance bill is debated in the full house this week.

Some official sources said they were hopeful the Republicans would reinstate the South African programme but this was far from certain.

The United States government runs three housing insurance guarantee programmes in South Africa — a R277,5 million private sector programme, a basic shelter programme costing the same amount and a R171 million municipal housing programme.

The housing insurance money "leverages" greater amounts. In the case of the private sector programme, South African housing finance companies are matching the American money in the ratio of two-to-one.

This programme is expected to finance at least 22 500 housing units averaging R37 000 a unit. At the same rate, all three

programmes would fund 50 000 homes.

Housing insurance seems to be the first specific programme in the American aid package for South Africa to be targeted for repeal by the Republicans as they slash foreign aid.

But other cuts could be on the way. The house bill has also reduced the Development Fund for Africa — out of which much of the foreign assistance to South Africa is financed.

If this proposal is eventually passed, it will be up to the Clinton administration to decide whether to cut the South African package or to leave it intact at the expense of other African countries.

And greater battles await in the senate where the proposed foreign assistance legislation abolishes the Development Fund for Africa completely.

...-jan 1987 to 1991 from ... cc nalside onie ...

# Massive drive to promote home loans for low earners <sup>(123)</sup>

EAST LONDON — SA's ambitious tripartite home loans and subsidy scheme, aimed at enabling large numbers of poorer people to become home owners for the first time, will be launched in earnest this coming weekend.

"We've reached the stage in the housing accord (between banks and government) where the tyres are going to hit the tar," said a leading banker with confidence.

Housing Minister Sankie Mthembi-Nkondo said in East London yesterday that a specially compiled tabloid — "Home Truths" — would be inserted in every newspaper in the country from Friday to Sunday explaining in the simplest possible language what prospective homeowners, whose earnings were R3 500 or less a month, should do to get a government subsidy and/or a bank loan.

The scheme flows from the Record of Understanding between government and banks initiated by former Housing Minister, the late Joe Slovo.

Mthembi-Nkondo told more than 3 000 workers at the Mercedes-Benz plant yesterday that 6-million copies — a possible

record for SA — of the tabloid had been printed in English, Afrikaans, Zulu (for Nguni speakers) and Sesotho.

The massive information campaign will introduce the start on Monday of the accord between government and banks.

It is expected banks will grant up to 50 000 loans in the first year.

Using state subsidies from a vastly increased national housing budget, government hopes to help hundreds of thousands of people every year.

Through the Masakhane ("Building Together Now") campaign, it is stressed that services, rents and bonds must be paid for regularly.

"Most of all, we must put an end to non-payment. I can tell you as Minister of Housing that we will only achieve our targets for housing the nation if everybody pays for their housing.

Mthembi-Nkondo said the Masakhane campaign would "spread the message that the time has come for all of us to take pride in our communities. To organise and get involved. To pay for our housing and our services." — Sapa.

## Payment for services rising

(123) CT 24/5/95

NATIONAL ASSEMBLY: Payment for local government services was on the increase, Provincial Affairs and Constitutional Development Deputy Minister Mr Valli Moosa said yesterday.

Speaking during debate on the department's budget vote, he cited as examples Bela Bela (Warmbaths), where payment increased from six per cent last October to 61% in March; Mamelodi (Pretoria) — 19% to 69%; Deepmeadow (Johannesburg) — 23% to 36%; and Khuma (Stilfontein) — nine per cent to 40%. — Sapa

## USAid keen to provide mortgage funds

Robyn Chalmers

(123)  
BD 24/5/95  
THE US Agency for International Development (USAid) wanted to extend its programme in SA to create a pool of funds for mortgage loans for people earning between R800 and R1 500 a month, housing and urban development officer Douglas Heisler said yesterday.

The aim of the extended programme would also be to secure bridging finance for emerging contractors, he said.

Addressing a National Association of Home Builders breakfast yesterday, Heisler said USAid was developing the extended programme with the Housing Ministry and the private sector to secure

guaranteed loans. The amount to be made available had not yet been decided on, but USAid's original housing guarantee programme, initiated last year to raise funds for black home ownership, had created a mortgage pool of more than R800m.

This programme saw USAid secure \$75m in guaranteed loans for Nedcor and First National Bank, which in turn matched the funds two for one. This created the mortgage pool for those earning between R1 500 and R2 500 a month.

He said USAid was also looking at a municipal environment development programme which would provide loans for provincial and local governments to develop infrastructural facilities.

# Self-help builders are showing the way

Municipal Staff

SELF-help housing projects, where potential homeowners build their own houses, are one of the surest ways to overcome the country's desperate housing shortage, according to John Hopkins, development manager of Condev Cape.

He said that during the past 10 years the schemes had helped about 20 000 families in more than 200 projects throughout the country to build their homes.

"Home-ownership is absolutely essential

for community stability and every family should be given the opportunity to own a home.

"But for the project to be successful, an unwavering commitment is required by the state, private sector utility companies, housing developers and financial institutions to train sufficient project managers with the skills required to manage self-help projects.

"Developing human resources for the

scheme will not only help address the tremendous housing backlog, but will help create employment and further develop community skills.

"And this in turn creates other opportunities for socio-economic upliftment," he said. Mr Hopkins warned that the project could only be successful and self-reliance only won when communities were prepared to become actively involved in their own development and a major partner in the project.

● See also page 29.

# Houses for the people: How to apply

(123) ARG 25/5/95

THERE are many thousands of individuals with families who do not have homes and they need the assistance of government, developers, employers and other role-players to help them with the first stages of their housing process.

The government has instituted various housing subsidies to help people achieve the goal of owning their own homes.

The following subsidies and financial assistance programmes are available:

■ The housing subsidy scheme announced in March 1994 is available to people with household incomes under R3 500. Household income includes the income of the breadwinner and his or her spouse.

It is project-linked which means that the prospective home owner must buy a house or unit within a development.

The developer applies to make use of the subsidy and if he and his housing project meet the necessary requirements he will sell to individuals guiding them on what they can afford in terms of the subsidy for which they qualify.

The most important criterion for such a development is an agreement (social compact) between all the stakeholders involved in or directly affected by such projects.

The maximum subsidy of R15 000 is available to families earning less than R800.

Families earning from R801 to R1 500 qualify for R12 500; those with an income of R1 501 to R2 500 are eligible for R9 500 and those with incomes between R2 501 and R3 500 qualify for R5 000.

● These subsidies are available for homes up to a maximum of R65 000. Finance for amounts over and above the subsidy will have to be found elsewhere, possibly through a mortgage bond from a bank should the applicant qualify.

● Applicants must be South African citizens and legally competent to enter into a contract.

● Neither the applicant or his or her spouse may previously have derived benefits from this or any other state funded or assisted housing subsidy scheme.

● The applicant must be a first time owner of residential proper-

Monthly household income	Subsidy available
0 - R800	R15 000
R801 - R1 500	R12 500
R1 501 - R2 500	R9 500
R2 501 - R3 500	R5 000

ty. Past beneficiaries of subsidy schemes in respect of site and service projects will be eligible for a supplementary amount under certain conditions.

● Applicants will be required to submit proof of income. In the case of self-employment, individuals will be required to sign an affidavit concerning the amount earned.

● Applicants must be married or, if single, have proven financial dependents.

Private developers or local authorities would make applications for these project-based subsidies.

Applications should be sent to the secretariat of the provincial housing board, PO Box 2330, Cape Town, or speak to John Austin at 021 419 5260, ext 219.

■ The latest scheme announced by the Ministry of National Hous-

ing is the subsidy scheme for individuals, which comes into effect on June 5.

The amount of the subsidy is also based on the income of the household according to the same levels as the project-linked scheme.

The difference is that individuals may apply for assistance and they have the choice of buying into a new development or even purchasing a home from the second-hand market.

Applications should be made to the address or telephone number listed above.

□□□□

■ Serviced sites bought under the R7 500 extended benefits scheme now also qualify for the top-up or consolidation subsidy scheme, which comes into effect on June 5.

Under the extended benefits scheme purchasers were given a discount of R7 500 on the price of their serviced sites.

The consolidation scheme announced by the Ministry of Hous-

ing last week allows a buyer to qualify for further assistance to a maximum of R7 500 (depending on income) for the building of a top structure on a serviced site.

These two amounts equal the R15 000 maximum subsidy under the project-based subsidy scheme.

For further information contact the local authority or Belinda Fortune at 021 419 5260 or Nomah-lubi Mgijima at 021 483 3046.

□□□□

■ People living in houses belonging to the government or local authorities do not qualify for the housing subsidy.

They receive assistance of R7 500 under the extended benefits scheme, but do not qualify for any further subsidy.

This applies to houses built before June 30, 1993 or to those which were already under construction and which have not yet been sold. It includes units sold to buyers who have not yet settled the full purchase price.

People still qualifying, in terms of this scheme can apply to their local authorities.

# 'Starter packages are answer to benefits of housing subsidy'

(123) ARG 26/5/95

STARTER house packages designed and delivered through private enterprise and erected by local labour are the best method of ensuring that applicants derive the full benefit of the government's subsidy scheme.

This is the view of Bob Low, regional representative of the Building Materials Suppliers (Cape) — one of six bodies in the private construction industry represented on the National Housing Board.

He was commenting on the possible establishment of building centres within disadvantaged communities being considered by government.

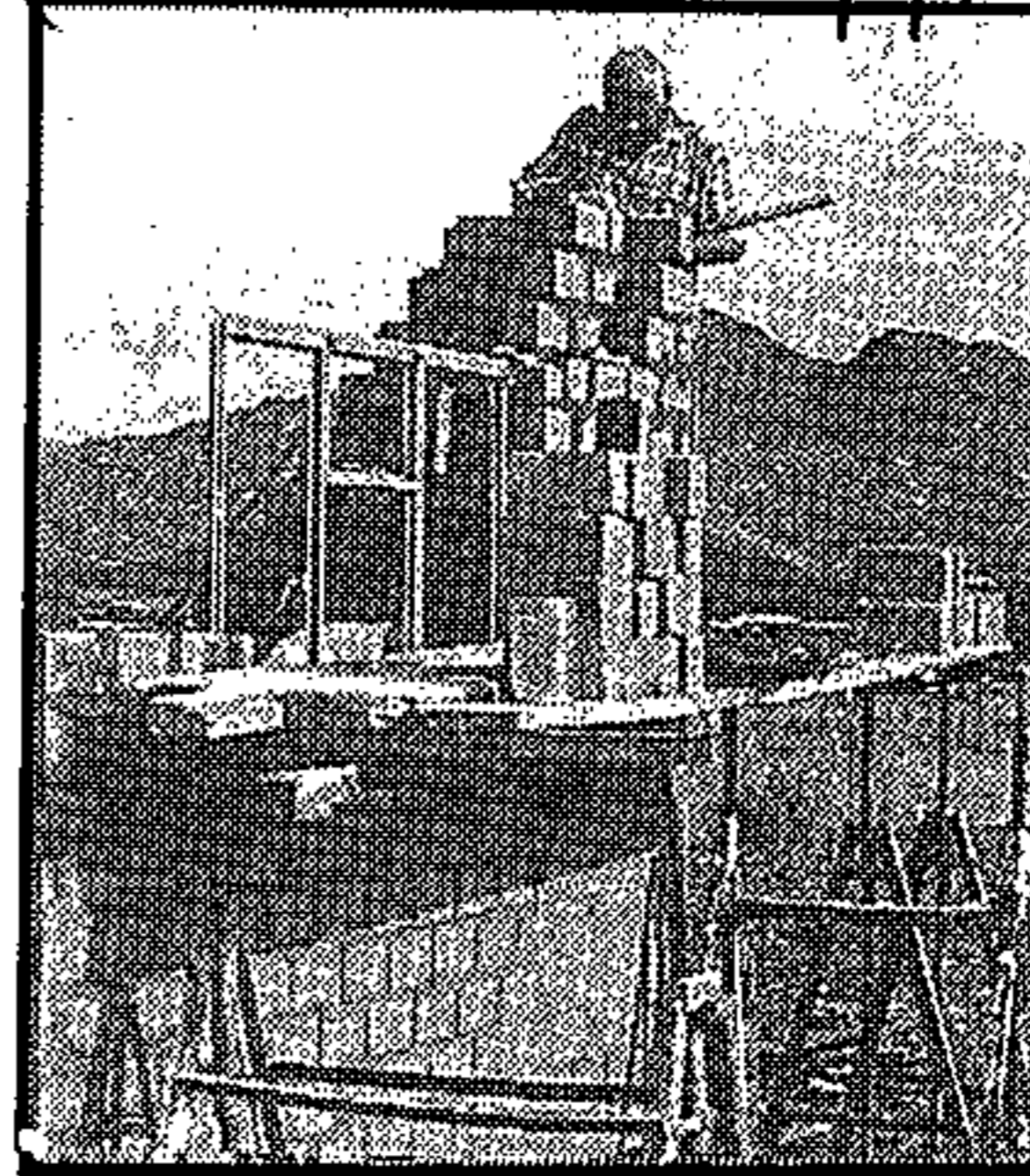
While the establishment of the centres was supported in principle by the building material suppliers, the criteria for the centres should revolve around the saving accruing to the owner-builder and the cost of maintaining the centre, said Mr Low.

Almost 80 percent of people needing houses earned less than R800 a month and these were the ones who qualify for the maximum subsidy of R15 000.

One of the major problems facing people who wished to own their homes, in spite of the housing subsidy available to them, was the problem of finding bridging finance, said Mr Low.

"The subsidy is paid only once the applicant has purchased the land and the top structure and legal transfer has taken place.

"The implications of this are that the applicant, or builder, will have to fund everything until the final moment when the new owner moves into the house.



**SELF-HELP:** The self-help project in Worcester's Avian Park was one of the first housing projects approved in terms of the reconstruction and development programme.

"Another problem at this level is that the amount left over after land costs are deducted is at best R7 000 — not enough for a conventional house.

"Unless the recipient can raise a supplementary loan from the private sector, the benefit will be a only rudimentary shelter with a toilet."

This would indicate owner-building as the best route to follow, allowing prospective owners to utilise their spare time effectively and avoid the profit-taking of a contractor.

But even self-builders faced problems, said Mr Low, highlighting the lack of credit rating as a major obstacle.



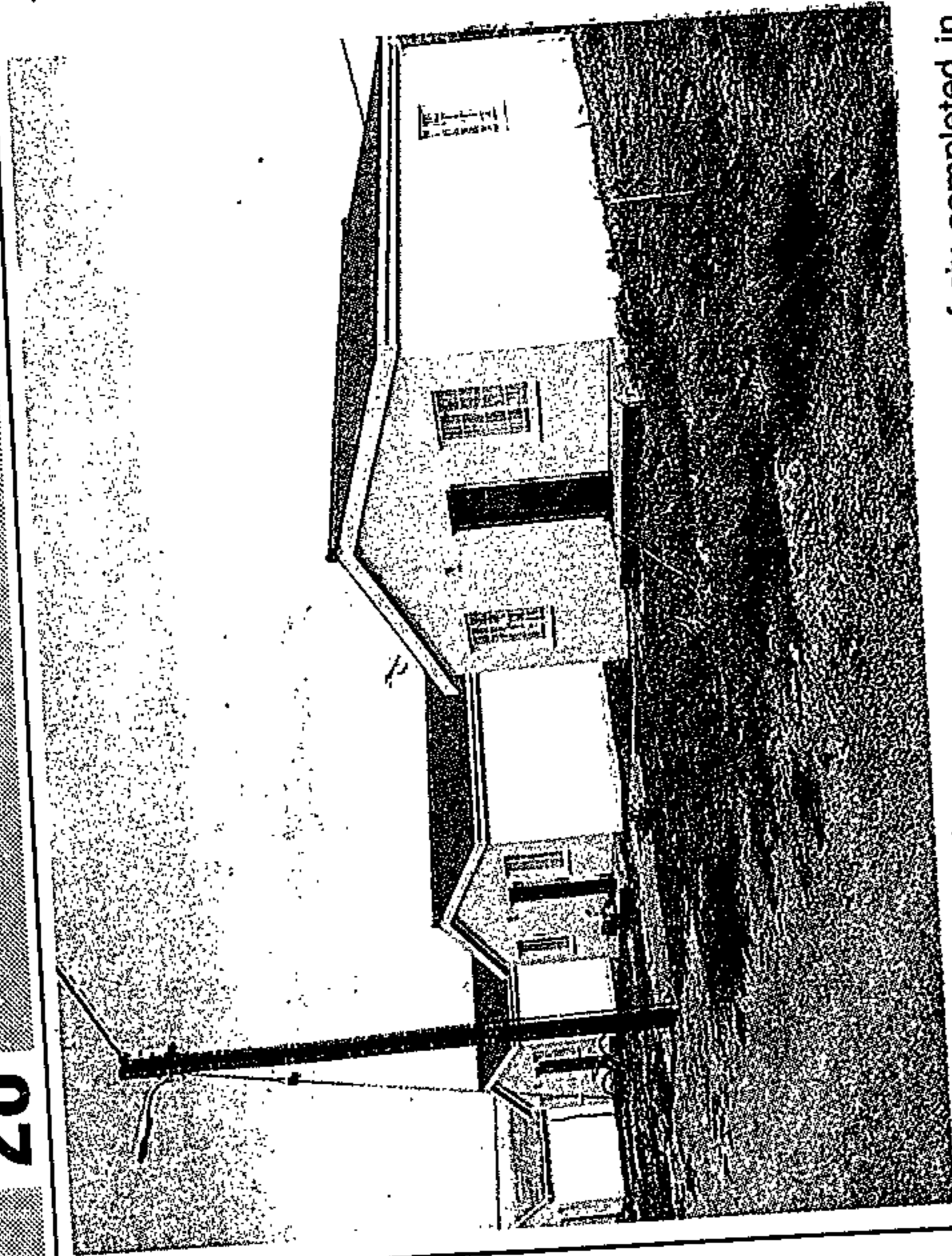
# HOUSING SURVEIL

## Public and private sectors lay foundation for homes (123) ARG 25/5/95

THE government has repeatedly stated that solving the immense housing backlog in the country is going to call for the combined efforts of the government and private sectors.

This is being achieved in the shape of financial assistance for those who do not yet own houses being granted by the government, with the aid of various subsidies and assistance programmes, while finance has also been unlocked by the financial institutions, which have been lured back into the low-cost housing market with the introduction of the interim builder's defects warranty scheme and the mortgage indemnity scheme.

**NEAT AS A PIN:** Neat white houses in a scheme of six completed in Worcester's Avian Park, which a local co-operative, Noord-Boland Co-op, opened on behalf of its employees. The scheme makes use of the project-linked housing subsidies.



er's defects warranty scheme will oblige builders to guarantee their work for five years.

This scheme will be administered by the National Homebuilders' Registration Council, and banks have undertaken not to provide assistance to people who do not make use of builders who are accredited members of this body.

One of the prerequisites of banks re-entering the low-cost housing loan market was some safeguard from the government against defaulters.

Thus the Mortgage Indemnity Scheme has been introduced. The government will by June 5 finalise the areas in which banks may lend, and will under the MIS provide cover for the banks against mortgage defaulters.

## BUSINESS Solution to h

# Low-cost homes fast

(123)

By Isaac Moledi *Sowetan 25/5/95*

A BRITISH company specialising in low-cost housing has developed a fast-track modular construction system which it believes could significantly speed up South Africa's home-building programme.

The system could also enable black builders to play a greater role in the task of housing millions of the homeless.

Developed by Michael Dyson Associates, the system uses pre-fabricated reinforced concrete wall components which can be produced on a large scale or made on-site by small builders.

"The system enables builders and developers to make the wall panel components and erect them using unskilled labour. The entire walls of a 35sq m house can be erected in one day using this method," says chairman Michael Dyson.

"We estimate that the walls of a house of this size could be erected for between R5 000 and R6 000. The system has been used very successfully in the Middle East and Far East," he says.

Dyson was part of a 27-man trade mission from the Sheffield and Rotherham Chamber of Commerce and Industry that visited South Africa early this year as part of the Britain Means Business trade drive.

He says the system can be an ideal opportunity for black builders to get directly involved in the RDP housing construction programme and not leave all the pickings to major construction companies.

One of the largest single elements of the British Means Business trade drive is the provision of a fast-track housing system to help solve the country's critical housing shortage. For more information phone Tony White at (011) 4650-8422/1391.

S

## Millions told of low-cost housing plan

(123)  
EAST LONDON. — The government today began a wide-ranging communications project to tell millions of South Africans about its low-cost house ownership scheme, which comes into effect a week today.

It also began the Masakhane Campaign Trail project, aimed at taking the Masakhane philosophy to remote communities throughout South Africa.

Announcing the communications project during a visit to the Mercedes Benz plant in East London, Housing Minister Sankie Mthembu Nkondo said democracy and empowerment were about information and the kind of knowledge that meant to people: "The decision is yours."

He said that after investigating various options it had been decided to print all relevant information on the low-cost housing package in a Home Truths tabloid that could become South Africa's housing Bible.

It was a step-by-step guide to everything South Africans needed to know and do to qualify for a subsidy.

More than 6 million copies of the tabloid had been printed in four languages — Sapa.

AKG 29/5/95

Monday May 29 1995

7

## Low cost housing loans kick off

Municipal Staff

THE long wait for low-income houses is over.

From June 5 the government will start making subsidies available, and financial institutions will start processing individuals who wish to apply for housing loans.

National Housing Minister Sanki Mthembu-Nkondo also announced a major education drive which involves the distribution of more than six million copies of an information tabloid called "Home Truths".

The tabloid will be inserted in all newspapers on Friday, as well as the weekend papers. It explains to people who qualify for housing subsidies how the process works, and how they should go about getting the subsidies and secure home loans.

The Ministry's press secretary, Stephen Laufer, said the tabloid was a step-by-step guide to everything people wanted or needed to know about housing.

"We know there are people out there who cannot read, and the information is quite difficult to digest, but we are sure that those who really want to benefit from the new housing policy will make sure they know how to do it."

Jopie van Honschooten, chairman of the Association of Mortgage Lenders' negotiating team, said they were happy that at last action was replacing meetings and talks.

# Get set for the home run

## □ Government to launch housing subsidy scheme (123)

### JOSEPH ARANES, Municipal Staff

THE building blocks are all in place, the plans have been passed and the government's promise to build one million houses in its first term of office has now finally become a reality.

From June 5, hundreds of thousands of households earning R3 500 or less will be in line to get government assistance for housing through a national one-off subsidy scheme.

The government has made R2.92 billion available for housing this year, 80 percent more than last year and almost all of this money will be used to help people buy or build basic homes with running water, sewerage and electricity.

Financial institutions have agreed to assist the government help house the homeless by making loans available to lower-income earners who can afford credit.

The question on the minds of many is: "How do you go about getting the subsidies?"

Every household earning R3 500 or less a month qualifies for a subsidy unless you were given a serviced site in the past as part of the government's Independent Development Trust (IDT) programme, or benefited from other subsidy schemes.

If this is the case and your household income is R1 500 or less, you can qualify for a consolidation subsidy — the difference between the IDT subsidy and the new subsidy for which you qualify.

There are four categories of subsidies:

- Families earning R800 or less will get a R15 000 subsidy;
- If the income is between R801 and R1 500, R12 500 will be paid;
- If a family earns R1 501 to R2 500, R9 500 will be given, and
- Those earning between R2 501 and R3 500 will get R5 000.

The subsidy can be used to help pay for a serviced site, build a starter house, help pay for the upgrading of shacks, help buy any existing house, help pay for the building of a new house, help pay for a flat or help pay for the repairs to units in old buildings.

As most of the subsidies will be project linked, people within a community who wish to build houses, need to come together to participate in a housing project and choose a developer for the planning of the project.

The developer can be a private company, the local authority or a public sector developer and on the basis of a social contract with the community, the developer will

make one application to the Provincial Housing Board (PHB) for subsidies for all of the people who will get houses in the project.

But the subsidy will be in the name of the individual and it will make sure you get a home which will belong to you.

If you are not part of a housing project, you can apply directly to the PHB and a developer will help you choose a project-linked scheme.

Housing subsidies will be allocated four times a year, there is no waiting list and you can apply every three months so you have a fresh chance each time new subsidies are allocated.

Here is a quick rundown of how to apply for a subsidy:

- Find a house, flat or site you want to buy or build on, and get a builder to do the work for you;
- Make a conditional offer to the seller to buy the property;
- Go to your Provincial Housing Board from June 5 onwards to apply for your subsidy;

● If you are buying a house in an approved project, the developer will help you apply, and;

● If you want a subsidy and a loan, go to the bank — they will help you.

# Daimler Benz donates R27m towards housing

CT(BR) 30/6/95 (123)

By MAGGIE ROWLEY

PROPERTY EDITOR

Daimler Benz, the German parent company of Mercedes-Benz South Africa, has thrown its weight behind the government's reconstruction and development programme by donating R27 million towards low-cost housing for 1 000 company employees.

This was announced in East London yesterday at the national launch of the government's Masakhane campaign trail, as well as its Home Truths information package on how people may gain access to state housing subsidies.

Addressing the ceremony, Sankie Mthembu-Nkondo, the housing minister, said the campaign trail was aimed at taking the message of the Masakhane (Let's Build Together) campaign to more

than 130 communities a month throughout the country.

The trail was launched in East London because Mercedes-Benz donated four specially fitted vehicles towards the campaign.

The funds donated by Daimler Benz would be used to leverage credit for Mercedes employees, thereby easing the construction and purchase of houses costing about R54 000 a unit in the four different locations where the company operates — Johannesburg, Pretoria, Pinetown and East London.

Christoph Köpke, chief executive of Mercedes-Benz SA, said the houses would all be built within walking distance of the company's various operations. Most of them — about 900 — would be built in East London.

He said after consultations with workers and the National Union of

Metalworkers of SA a company named Siyakha had been set up to handle the company's housing scheme.

It was hoped that building work would begin as early as next month, with the first houses being ready by August or September.

The housing department also used the ceremony to launch its Home Truths information package on how the state's new housing subsidies might be accessed.

The package is rendered in four languages — English, Afrikaans, Zulu and Sesotho — and has been produced as a 32-page tabloid.

Six million copies have been printed, and will be inserted in newspapers throughout the country on Friday, Saturday and Sunday.

The new subsidies will be available from Monday June 5 onwards.

## HOME OWNERSHIP CAMPAIGN LAUNCHED

# 'Everybody will have to pay to be housed'<sup>(123)</sup>

**EAST LONDON:** The government believes that in the first year after the new subsidy schemes are launched 50 000 new home owners will get loans, **BARRY STREEK** reports.

**A** R7-MILLION campaign to promote home ownership and end non-payment for bonds and services was launched in East London yesterday by the government.

The housing campaign, after a year of intense planning and an allocation of R2,92 billion from the budget, was set in motion by Housing Minister Ms Sankie Mthembi Nkondo.

The government believes that after the new subsidy schemes start next Monday, 50 000 loans will be granted to new home owners over the next 12 months.

Ms Mthembi Nkondo said people who could not afford housing

credit had "traditionally fallen through the cracks". They had not been eligible for employer assistance and had not had help from the government.

"We are saying that our housing policies and practice must be truly inclusive. We must create mechanisms that help people to help themselves," she said.

"Most of all, we must put an end to non-payment. We will only be able to house the nation if everybody pays for their housing.

"There can be no write-offs any more. Loans can only continue to flow if the banks and other lenders are confident they will be repaid regularly. Subsidies will only con-

CT30/5/95

tinue to flow if we are not forced to use housing money for write-offs and other things."

Ms Mthembi Nkondo said the R7-million "Home Truths" campaign included six million copies of a tabloid newspaper in four languages. It gave details of housing packages with individual subsidies, subsidies linked to home loans, cooperative and institutional subsidies and consolidation subsidies.

## Challenges

It will appear in every South African newspaper at the weekend.

Ms Mthembi Nkondo said the tabloid had information that helped communities understand the challenges they faced before bank lending could begin.

● See Business Report Page 17

## Poor sanitation kills

CT 30/5/95  
JOHANNESBURG: About 300 000 children die in SA yearly from diseases caused by poor sanitation, Mr L Abrams, adviser to Water Affairs and Forestry minister Prof Kader Asmal, says — Sep 123



## Children pay price for bad sanitation

20/30/5/95  
ABOUT 300,000 children die in SA each year from diseases resulting from poor sanitation, says Len Abrams, special adviser to Water Affairs and Forestry Minister Kader Asmal.

Abrams, co-ordinator of moves to formulate a national sanitation policy and to establish affordable sanitation systems, said in a newspaper report that SA's poor record put it near the bottom of the global sanitation scale.

"I estimate the country will have to spend more than R1bn a year for the next 25 years to solve the problem in urban areas alone," he said.

# Banks learn to adjust to the need for small home loans

(58) (123) (P20) 30/5/95

**ROBYN CHALMERS**

GOVERNMENT's big push on the housing front announced recently in Parliament will see banks re-enter a market they have shunned for more than a decade, with widespread ramifications for the industry.

The learning curve over the past year has been steep for all stakeholders: from government to the building industry to the communities. But perhaps banks face the greatest adjustment, as government's housing programme calls for a significant reorganisation of the way the industry operates in the home loan market to accommodate low-income applicants on a mass scale.

On Monday banks will open their doors to what could be tens of thousands of applicants for small home loans, the majority of whom have to be educated on the whole question of loans and subsidies.

This will require a huge information campaign with a personal interface between a trainer and each borrower using appropriate methods of instruction in different languages.

Banks have had to reassess their lending criteria for potential homeowners and there will be complete transparency when dealing with consumers applying for housing loans. They have agreed to make known all relevant fees, interest rates, charges and other conditions relating to loans as well as disclose their lending patterns to government as a guarantee against redlining.

They have also made important concessions on the illegally occupied repossessed properties and non-performing loans valued at R1,1bn, working out a scheme with government which will allow occupants to begin repayments on their bonds or be moved to more affordable accommodation with help from the state.

Banks have risen to the challenge of re-entering the low-cost housing market since it became clear they had few alternatives. There has, however, been little altruism on the part of the banking community, and

they have insisted on strong backups in the form of the mortgage indemnity fund and the builders' warranty mechanism. Both these schemes will be activated only as a last resort. The aim is to normalise the environment sufficiently so they will not be required.

Devising an objective basis to determine whether an individual should be granted a loan has been a pressing concern.

Banks have tackled this question by looking at disposable income after housing spend to determine the instalment and loan size. If a potential borrower does not have disposable income of at least the subsistence income level, no finance will be made available.

Banks have insisted that borrowers must demonstrate a willingness and ability to service their loans. A savings programme lasting six to nine months is to be introduced for borrowers who do not have a cash deposit of at least 5% of the price of the property. These savings will not only serve as a deposit but will also show a capacity and willingness to pay off loans.

Variable interest rates are a major problem for the poorer segment of the population as many will be hard pressed to find additional amounts of money to meet normal repayments should interest rates increase. Banks are far advanced with a plan to introduce fixed instalment loans, with a so-called special purpose vehicle under investigation to mobilise wholesale funding for the loans. A higher interest rate is inevitable as banks will have to absorb any fluctuations in market interest rates, and ways to reduce administration costs for lower nominal loan values are being looked at.

Much of the credit for drawing banks back into the low-cost housing market

must go to late Housing Minister Joe Slovo. He not only managed to convince banks they should lend to the lower income bracket of our society, but somehow got them enthusiastic at the prospect of it.

There are some in the banking industry who are beginning to wonder at government's wisdom in appointing as his successor Sankie Mthembu-Nkondo, who clearly does not have the same expertise and grasp of housing issues. She has been curiously absent at important briefings given by departmental officials, and appears to be trotted out on media occasions to read pre-prepared statements.

It may appear counterproductive to continually compare her with Slovo. Clearly they are two different animals with vastly divergent backgrounds. But housing is a central policy issue.

Strong political leadership is needed to keep the housing policy on track, deal with the often querulous provincial housing ministers and convince the private sector they are onto a good thing by investing in housing. Director-General Billy Cobbett and a few other department members are highly competent in their own right, but it will not be easy for them to continue carrying the Housing Department through such a turbulent period.

*Housing package for the poor offers subsidies*

# Ministry spreads word on homes

(123) star 30/6/95

■ BY NIKKI WHITFIELD

And houses for all . . . that could be the motto of the Ministry of Housing as it yesterday launched a massive communications project aimed at informing millions of people of its home-ownership scheme.

The package will give households, earning R3 500 or less a month, four chances a year to apply for housing subsidies.

Housing Minister Sankie Mthembu-Nkondo launched the project, which comes into effect on Monday, at the Mercedes Benz plant in East London.

The Masakhane Campaign Trail project, which is aimed at encouraging people to pay for services was launched at the same time.

The initiative is backed by an 80% increase in the national housing budget for this year, from R1,6-billion to R2,9-billion.

The Ministry of Housing has produced a tabloid-size publication called Home Truths, a step-by-step guide explaining who qualifies for a subsidy, or a subsidy and a home loan, to buy

**BUYING a home is being made easy for many who had no financial hope**

or build a house.

Each copy is printed in — English, Afrikaans, Zulu and Sesotho.

"We are confident that Home Truths will be read and read again across the country. And, more importantly, we are confident it will be understood," Mthembu Nkondo said.

"We are appealing to people who don't need it to pass their copy on to someone who does."

She also thanked Mercedes Benz for donating four trucks to the Masakhane Campaign Trail project.

When it starts running at full capacity next month, the Campaign Trail will take the message of Masakhane to more than 130 communities a month.

Subsidies or home loans, or both, will be provided to households earning less than R3 500 a month, as long as applicants can

prove they have a property they wish to buy — either an existing dwelling, or a piece of land to build on.

And, while the Government has pledged a huge sum of money to the project, an agreement has also been signed with most South African banks. Called the Record of Understanding, banks have agreed to grant home loans to lower income earners.

A pledge in the form of a Code of Conduct for Accredited Home Loan Mortgage Lenders has also been given, in which banks have committed themselves to the provision of home loan mortgage credit to this sector. A total of 50 000 loans will be granted in the first year.

Communities in which payment levels for housing and services are still too low and where law and order is being ignored will not qualify for subsidies. Once granted a bank loan, repayments must be met. Home Truths contains a graph explaining how to budget for a mortgage repayment on top of other monthly essentials.

# New housing plan to help the poor

governan  
30/5/95

**S**OUTH AFRICA YESTERDAY launched a housing plan which makes provision for subsidies for households earning less than R3 500 a month and undertakes to guarantee at least 50 000 bank loans to thousands of poor people, mostly blacks.

The plan aims to fulfil President Nelson Mandela's goal of making proper housing available to poor blacks.

Addressing workers in East London at the official launch of the scheme yesterday, Housing Minister Sankie Mthembu-Nkondo said to ensure the plan worked, communities had to take on responsibilities such as looking after community assets, participating in community policing forums, supporting the police in their fight against crime and organising community clean-ups.

"Most of all we must put an end to nonpayment. We will only achieve our targets for housing the nation if everybody pays for their houses," she said,

## ■ SCHEME SUCCESS Rent and

### services payments a must:

referring to the culture of nonpayment for services and rent boycotts during the apartheid era.

"There can be no writeoffs any more. Loans can only continue to flow if money flows back into the system and if the banks and other lenders have the confidence that they will be repaid regularly. Subsidies will only continue to flow if we are not forced to use housing money for writeoffs and other things," she added.

Industry sources said the backlog in demand, according to earlier studies, was probably somewhere between 1,5 million and two million houses.

Mthembu-Nkondo said, however, the scheme would not work unless people were better informed about it.

"All the housing programmes in the world ... all the appeals to a sense of community are worth little if people across the country are not informed about them," she said. Six million copies of a tabloid brochure, *Home Truth*, printed in English, Afrikaans, Zulu and Sotho, are being distributed nationally to inform people of the project.

"The 'Home Truth' is a step-by-step guide to everything South Africans need to know and to do to qualify for a subsidy or a subsidy with a home loan. It is a step-by-step guide to everything you need to know and to do to buy or build a house for the first time," Mthembu-Nkondo told the workers. — *Sapa-Reuter.*

● See Page 11

(123)

**NEWS FEATURE** *National scheme takes off as banking industry ends township loan freeze*

# Subsidies scheme now ready

## HOUSING PROGRAMME

*Banks abandon their old stance:*

By Mzimkulu Malunga

**T**HE LONG-AWAITED national housing programme is finally set to take off, following yesterday's announcement by Minister of Housing Ms Sankie Nkondo.

Nkondo's announcement is a result of intensive behind the scenes discussions between the Government and all stakeholders in the housing industry, particularly the banks which have in the past been reluctant to finance housing in the townships.

The government subsidy scheme, which is given to people buying homes for the first time, is targeted at low-income groups.

Before a person can apply for a government subsidy he or she must first have found a house, a flat to buy or a site build on. In the instance of a site the person must have already identified a builder who will do the job.

The subsidy will not be paid to the applicant in cash, but rather to the person selling the house.

### Here's what you need

When applying for a subsidy you will have to supply a copy of your ID and that of your partner, original payslip reflecting your current salary and that of your partner — if both of you work — and a copy of any conditional agreement you have entered into with the seller of the house you want to buy.

Also, the applicant has to be a South African citizen or a foreigner with a permanent residence permit and be



Housing Minister Sankie Mthembu-Nkondo

over 21 years old.

Subsidies will be issued by the provincial housing boards of all the nine provinces, four times a year.

The Government is in the process of establishing local housing support centres throughout the country and these will have all the details about the subsidy scheme.

The first pilot centres will be functioning in few months time in both urban and rural areas.

In the interim, local authorities will have full information regarding the housing programme.

Once a person has been granted a subsidy, he can no longer apply again. But if you are unsuccessful the first time you can apply again until you get the subsidy.

It is a criminal offence to apply for another subsidy if you have already been granted one. The granting process is computerised and will be able to pick up anyone trying to get a second subsidy.

The subsidy scheme is only for people who have a household income of R3 500 or less.

By "household" the government refers to anybody who can prove that he or she earns less than the above stated amount and has dependants.

It does not matter whether a person is married or not, as long as he or she has proof that they live together.

The subsidies are issued only to people buying homes worth R65 000 or less. There are people who already have serviced sites or have obtained

state assistance to buy those sites. These people do not qualify for the full subsidy. However, they qualify for what is called a consolidation subsidy in which they get half the amount they would have received, if they had not previously received state help.

The subsidy is a grant and it does not have to be paid back.

Even unemployed people can apply for a subsidy as long as they can prove the assistance is required to build a house.

The amount of subsidy a household gets is in proportion to how much it earns:

- Households with a total monthly income (before tax and other deductions) of between zero to R800 a month, qualify for a subsidy of R15 000.

- Households earning from R801 to R1 500 a month qualify for a subsidy of R12 500.

- Households earning from R1 501 to R2 500 a month qualify for a subsidy of R9 500.

- Households earning from R2 501 to R3 500 a month qualify for a subsidy of R5 000.

In addition to the individual subsidy scheme, the government grants a "project subsidy". This is given to people within a community who want to build houses with the help of developers. There are also two other forms of subsidy schemes. These are cooperative and social housing subsidies.

The cooperative scheme is offered to people who qualify for subsidies and have comprised themselves into a group with the objective of buying or building property together.

A social housing subsidy is granted to organisations like churches or specially created companies which will build houses and rent them out to those who qualify for subsidies. The rent at such premises should be lower than that charged by private landlords.

The government has undertaken to inten-

sify its Masakhane campaign to encourage people to pay for services with the objective of boosting the banks' confidence to start lending.

The government has gone even further to establish a fund called the Mortgage Indemnity Scheme from which banks can claim their money in instances where they cannot exercise their rights in a contractual agreement.

For instance, if a person was granted a housing loan by a bank and is unable to pay and the financial institution concerned is unable to evict the person from the house, the bank can claim from the MIS.

### Strong action

However, the government is quick to point out that it will take strong action against those who do not honour their housing instalments, and the scheme is by no means going to bail out people who do not honour their bond payments.

The government says the MIS is also designed to bring about community discipline, enabling certain areas to attract investment. For their part, the banks have indicated willingness to end their township lending freeze.

Mortgage Lenders Association of South Africa representative Mr Jopie van Honschooten, says the banking industry has adopted an entirely new non-racial approach to home loans.

The lending programme, emphasises Van Honschooten, will nonetheless be commercially driven. A bank will not lend money unless it is convinced the borrower has the ability to pay and there are profitable prospects.

To maintain housing quality, builders will have to register with the National Home Builder's Registration Council.

# Uniform tariffs for electricity nearer

Star 31/5/95

■ BY DEREK TOMMEY

The day when South Africans can expect to pay more uniform and in some areas much more reasonable electricity tariffs, is rapidly coming closer.

This was highlighted yesterday when Eskom, the country's giant producer, together with another 250 electricity authorities, applied to the National Electricity Regulator for licences to produce, transmit and sell electricity.

From today, all electricity generators, transmitters and distributors, in terms of the Electricity Amendment Act of 1994, have to obtain licences from the national regulator to operate.

This was an essential step in the necessary move to rationalise the electricity industry, said Dr Ian McRae, chairman of the National Electricity Regulator.

The recently-held Electricity Forum decided that it was essential that the industry should be rationalised to overcome the problem of supplying electric power to the black and rural areas, he said.

The licensing process will enable the National Electricity Regulator to identify clearly who might be the players in the future and to strive for a more effective and efficient industry and even, in the longer term, enable it to open the industry to more competition.



## Dependence

"It would also enable it to focus on a more effective way of running the industry. And moving towards fuller rationalisation."

He said there were more than 3 000 tariffs in South Africa. The licensing system would enable these tariffs to be rationalised and for the country to move towards a national tariff.

However, a complicating factor was that local governments were heavily dependent on electricity for revenue and the restructuring of the industry would become a great threat to them.

It must also be borne in mind that the problem of local government financing would still have to be solved, said McRae.



**POWER TALK** Andries Calitz, senior general manager of marketing at Eskom, seen submitting Eskom's application to the National Electricity Regulator for licences to generate, transmit and distribute electric power. With him from the left, are Ian McRae, chairman of the NER and Brian Statham, senior general manager, energy trading, at Eskom.

PHOTO: JOHN WOODROOF

## More uniform power rates on horizon

BY DEREK TOMMEY

The day when South Africans can expect to pay more uniform and, in some areas, much more reasonable electricity tariffs is rapidly coming closer.

This was highlighted yesterday when Eskom, the country's giant electricity producer, together with another 250 electricity authorities, applied to the National Electricity Regulator for licences to produce, transmit and sell electricity.

From today, all electricity gener-

ators, transmitters and distributors, in terms of the Electricity Amendment Act of 1994, have to obtain licences from the national regulator to operate.

### Efficiency

This is an essential step in the necessary move to rationalise the electricity industry, said Dr Ian McRae, chairman of the National Electricity Regulator.

The recently held Electricity Forum decided it was essential that

the industry be rationalised to overcome the problem of supplying power to black and rural areas, he said.

The licensing process will enable the National Electricity Regulator to identify clearly who could be future players and to strive for a more effective and efficient industry and, in the longer term, enable it to open the industry to more competition.

He said there were more than 3 000 tariffs in South Africa. The licensing system would enable

these tariffs to be rationalised and for the country to move towards a national tariff.

However, a complicating factor was that local governments were heavily dependent on electricity for revenue and the restructuring of the industry would become a great threat to them.

As the National Electricity Regulator focused on its ability to meet development goals, the problem of local government financing would also have to be solved, said Dr McRae.

CT(BR) 31/5/95 (123) (S)

HOUSING & HOSTELS - GENERAL

1995

JUNE - AUGUST,

THIS FILE HAD TO BE RE-~~ARR~~ SORTED.

PLEASE COPE WITH INSTRUCTIONS



## Govt sets housing subsidy target

Tim Cohen

CAPE TOWN — Government hoped to grant more than 100 000 new housing subsidies in the remainder of the current financial year in terms of the new subsidy system which comes into effect on Monday, said housing director-general Billy Cobbett.

The subsidies will be additional to the 203 000 subsidies already granted, putting government well on course to reach its target of 1-million houses in five years.

The introduction of the new subsidy system, which effectively drafts SA banks into the administration of granting housing loans, is to be backed by a major publicity campaign over the weekend.

The subsidies, which can be applied for by individuals for the first time, will be paid from a R1,8bn allocation

to provincial government.

Cobbett said that in the event of a flood of applications, the housing ministry would be assisted by the fact that it rolled over about half of its last year's budget and that subsidies were paid on delivery.

Loans in terms of the new scheme would be granted on a first come, first served basis, increasing the risk of a deluge of new applications.

The scheme, backed by a system of demarcating areas where loans would and would not be granted, would require a cross-departmental committee to state publicly why loans were being withheld. Cobbett said it was vital for local authorities to be told why housing loans were not being granted in certain localities. Factors could include bond boycotts, the absence of effective local government and high levels of crime.

# Huge housing initiative begins amid uncertainty

CT 1/6/95 (123)

SOUTH Africa's most ambitious housing initiative will begin on Monday next week with no clear estimate of the likely response to the multi-pronged joint venture with the nation's banks, a senior official said yesterday.

Housing director-general Mr Billy Cobbett acknowledged in a press briefing that banks and the government were unsure about the potential scale of the response from South Africa's estimated 1,5 million homeless families.

The Department of Housing and the Association of Mortgage Lenders have agreed on a programme to extend home loans to at least 50 000 low-income earners.

They would also rehabilitate or rationalise about 32 000 non-per-

forming home loans.

"It is difficult to estimate the scale of the likely response," Mr Cobbett said.

In addition, the capacity of banks to process loan applications and of the provinces to process subsidy applications was untested.

The home-loan programme, bolstered by income-linked government subsidies to families earning under R3 500 a month, is available at levels as low as R10 000 to buyers with a five percent deposit and transfer costs available.

Mr Cobbett said the government and the banks had been unable to assess how many of the loans and repossessed properties not yet in the hands of banks were capable of rehabilitation. — Reuter

Many applicants may be rejected

# Govt restricts housing cover to 14 areas

BO 2/6/95 (123)

Robyn Chalmers

THE resumption of bank lending in the low-cost housing market will initially be restricted to 14 areas in seven provinces which have been granted cover under government's mortgage indemnity scheme.

As part of an agreement forged between banks and government last year, banks have agreed to resume lending in the low-cost housing market from Monday, but a lack of scheme cover in most areas could see applicants turned away. Most of the initial lending will take place in Gauteng, where seven areas have been approved for cover by the scheme, with KwaZulu/Natal and the Eastern Cape effectively excluded during the first phase of lending.

However, the review of areas for possible scheme cover is still taking place and mortgage indemnity board chairman Johan de Ridder said a further 151 areas were under assessment by the board.

He said banks lending in the 14 areas would be indemnified against loss if a breakdown of law and order meant they could not repossess houses. While the scheme's cover was not a prerequisite for lending, it was unlikely that banks would be eager to do so in areas denied cover.

Areas granted cover were Gauteng's Dobsonville, Mamelodi, Atteridgeville, Crystal Park, Ratanda, Soshanguve and Bekkersdal. Mbabane in the Northwest would also receive cover, along with Mitchells Plain and Kayamandi in the Western Cape, Kaniyamazane in the Eastern Transvaal, Seshégo in the Northern Transvaal, Galeshewe in the Free State and Roodepan in the Northern Cape.

De Ridder said the board had denied applications for cover in 18 areas around SA, but eight of these could be granted if residents were willing to end their bond boycotts. Areas where cover had been denied included Gauteng's Vosloorus and Daveyton, Gelvandale in the Eastern Cape and Guguletu in the Western Cape.

In assessing an area for cover the board looked at many indicators, including local government effectiveness, civil stability, the existence of a payment boycott, mortgage default rate and political violence levels. A board decision not to grant cover to an area posed a challenge to government and the affected community to return to a state of law and order.

In a separate development, SA Housing Trust-owned Khayaletu Home Loans announced yesterday it had joined forces with the SA National Civic Organisation (Sanco) to form a national joint task force to assist in resolving disputes over repossessed properties and promote a return to rent and bond payments.

Khayaletu Home Loans network and operations GM Siza Khampepe said bond boycotts had cost the company R165m, which could have been used to provide 10 000 houses for SA's homeless. Sanco's Sandi Mgidlana said Sanco wished to normalise the housing environment.

Meanwhile, Mduduzi ka Harvey reports that payment for municipal services in Gauteng townships has risen to a 45,8% average from 33% at the end of last year. Some of the highest payment levels are in Pretoria townships, with some of the lowest on the East Rand.

● See Page 2

# Housing set to take off

ARG 2/6/95

(123)

Labour Reporter

DELIVERY of homes to the most needy begins "in earnest" on Monday when banks give loans to lower-income earners and when housing boards begin providing individual subsidies.

"There has been criticism of slow housing delivery... and it is true that numbers have not been huge," Housing Minister Sankie Mthembu-Nkondo said in a speech to the annual meeting of the Development Action Group in Observatory last night.

South Africa's housing backlog is 1,5 million units.

The minister's speech was delivered by her Press officer, Thami Didiza, as Mrs Mthembu-Nkondo was summoned to an urgent cabinet meeting by President Mandela.

She said the slow delivery of houses had been deliberate.

"We in the housing ministry chose to consolidate policy on housing, and concretise our

views on norms and standards."

Mrs Mthembu-Nkondo congratulated the Development Action Group for its contribution to this process.

Providing mass housing was an integrated process, she said.

"Policy has been finalised, international links have been forged and our country's budget reprioritised so as to give housing more of the essential muscle it needs.

"The banks are now ready to enter the lower end of the market.

"We have insisted on the warranty scheme together with the banks to protect the consumers and to avoid bond boycotts which in themselves led the banks to boycott the townships."

Keeping citizens fully informed was the key to the success of the delivery of housing.

"It is on this basis that we

are publishing Home Truths. (It) is about knowledge, equipping millions of South Africans with the essential understanding they require to make informed decisions."

● Home Truths is in The Argus today.

● The action group is a privately funded, Section 21, non-profit non-governmental organisation working in development, reconstruction, housing and urban management in the Western Cape.

Apart from working closely on community development projects from Villiersdorp to Marconi Beam — and from George to Strand — DAG contributed to the drafting of the Development Facilitation Bill, the White Paper on housing, the RDP Establishment Bill and to the establishment of the National Economic Development and Labour Council (Nedlac).

# Bid to boost bond repayments

■ STAFF REPORTER

A National Joint Task Force aimed at normalising bond repayments was formally launched on Wednesday by the SA National Civic Organisation (Sanco), the SA Housing Trust (SAHT) and its funding wing Khayaletu Home Loans

At a press conference at the Sanco offices in Johannesburg, both Sanco and the SAHT acknowledged that the bond boycotts had been a historical tool for achieving democracy and demanding rectification of product defects.

However, home-owners, finance institutions

and builders now needed to work together in a transparent process to meet the objective of housing as many people as possible, the two organisations said.

The NJTF's purpose would be to assist in the resolution of disputes and the achievement of normal bond payments.

(123) ~~(123)~~

SPW 2/6/95

**On the grid**

FM 2/6/95

Roshcon, the operating subsidiary of Eskom-controlled industrial group Rotek Industries, has been awarded a US\$41m turnkey contract by Tanzania's electricity supplier, Tanesco. The contract is for the supply and installation of a 91 MW modular gas turbine power generating plant in Dar es Salaam.

The project is part of Tanesco's \$650m electricity upgrading programme, financed by the World Bank. Included in the programme are plans to link the Tanzanian grid with Malawi, Uganda and Kenya, building a hydro-power station and developing the offshore Songo-Songo gas fields.

The Tanzanian contract follows last month's announcement of a R44m pilot contract to supply and install 41 000 prepaid electricity meters along with a supporting vending system, also in Dar es Salaam. Uganda might also be in the market for about 120 000 meters.

The meter contract involves the creation of 350 jobs, including 300 Tanzanians now being trained by Roshcon.

Roshcon deputy GM Pieter Oosthuizen says: "It took two-and-a-half years and half a million rands of intensive marketing in Africa. We now consider ourselves the contractor to beat in East Africa."

The gas turbine technology for the latest project was developed by the \$2bn-a-year, Houston-based Stuart & Stevenson group. Roshcon's third joint venture partner is the \$1,5bn-a-year, Toronto-based Stone & Webster engineering contractors which will handle the project engineering and design.

Oosthuizen says Roshcon is also involved in a R10m electrification project for Zambia's Zesco electricity supply company in Lusaka. "We hope this is the beginning of big things in Zambia. But, while the need is great, financing for further projects remains a problem there."

Based on its Tanzanian success, Roshcon is now also looking towards tendering for an identical gas generating contract in the Ivory Coast.

A new division, Roshcon International, has been formed to handle contracts outside SA. Turnover is expected to increase to R175m in 1995 from less than R10m five years ago, when Roshcon was established as part of Eskom's commercialisation programme.

Sister company Rotek Engineering is involved in a R27m hydro-power station upgrading project in the Congo, and Roshcon plans to tender for a \$25m transmission line contract in Uganda. Another major tender (with an international group) is for a

**BUSINESS**

\$100m hydro-power station contract in Malawi, says Oosthuizen.

Roshcon parent Rotek Industries, which projects that last year's R500m turnover will jump to about R700m in 1995, will shortly initiate a share participation scheme for its employees. ■

HOUSING (123)  
**Home truths** FM 2/6/95

A major push to have 350 000 houses built within five years starts in earnest next Monday when the Housing Ministry's newspaper *Home Truths* is published across the country for the first time.

The intention, says Housing Minister Sankie Mthembu-Nkondo, is to provide detailed information about the various housing subsidies on offer, how people qualify for them and how to raise bank finance to augment them.

She launched the new initiative at the unveiling this week in East London of a R27m housing subsidy scheme by Mercedes-Benz of SA, underwritten by German parent Daimler-Benz.

Six million copies of the tabloid newspaper *Home Truths* have been printed. They will be distributed with established newspapers this weekend, but some will also be available at housing and other government offices and at banks. *Home Truths* is being published in four languages — English, Afrikaans, Zulu and Sesotho — but translations for other language groups will be available at housing offices.

The newspaper publishes updated information on the workings of individual subsidies, subsidies linked to home loans, co-operative and institutional subsidies and consolidation subsidies.

In addition, Nkondo says it will provide information on government's housing support centres designed to "provide advice, finance, training, job opportunities and reasonably priced building materials to the most disadvantaged communities."

The dissemination of *Home Truths* is expected to encourage a deluge of subsidy seekers into the offices of the national and provincial housing boards as well as bank branches around the country.

A Council of South African Bankers spokesman says it is possible that the bureaucratic machinery for processing subsidy applications will be unable to cope initially. But the thinking is that tangible

FINANCIAL MAIL • JUNE • 2 • 1995 • 65

## **BUSINESS**

evidence of demand for housing should spur downstream developers into providing serviced sites, built houses or housing contracting services on a scale commensurate with the real need — something they seem to have been reluctant to do thus far.

Mthembu-Nkondo does make one important point, though. She says no housing subsidy scheme will work unless campaigns of nonpayment for housing are ended. ■

# Housing Bible aims to explain the idea of home ownership

(123) AR 4 3/6/95  
Weekend Argus Reporter

SOUTH Africa's big drive to provide housing for all kicked off this week with the publication of *Home Truths*, a tabloid which could become the country's housing Bible.

Copies are included as an insert in Weekend Argus today and tomorrow.

*Home Truths* aims to tell millions of South Africans how they can take part in the government's low-cost house ownership scheme which comes into effect on Monday.

Six million copies of the 32-page tabloid — in four languages — have been printed, giving a step-by-step guide to anyone wanting to know how to qualify for a gov-

ernment housing subsidy.

The government has R1,92 billion available for housing this year, to enable people to buy or build basic homes with running water, sewerage and electricity.

Many thousands of households earning R3 500 or less a month will be in line to own a house under this one-off subsidy scheme.

It explains where the money comes from and the role of banks in granting home loans to lower income earners, explaining that for those who can afford it, 50 000 new loans will be made in the first year.

It also explains how prospective homeowners are protected by law.



# Banks to help bond defaulters

By CHIARA CARTER

A LIFE LINE is being thrown to bond defaulters, giving them a second chance to own a home.

And in terms of the government's R2,92-billion housing policy, which was implemented this week, a new company called Servcon Housing Solutions will contact people who continue to occupy repossessed houses in an attempt to resolve the impasse.

Banks, building societies and the South African Housing Trust's Khayalethu Home Loans will meanwhile contact defaulters and try to work out solutions to their financial problems.

The government has spelled out three alternatives for those who have not been repaying loans — to reschedule their payments, move to cheaper housing, or face eviction.

The South African National Civic Organisation (Sanco) has thrown its weight behind the attempt to norma-

lise bond payments and will help the housing trust to resolve disputes.

If the new approach to defaulters works, more areas around the country are likely to qualify for housing loans from major lending institutions, who re-enter the low cost housing market tomorrow.

About 50 000 new loans will be granted by banks over the next year. Prospective homeowners are also being helped by the government's offer of a subsidy to all households which earn R3 500 or less.

Those who have received a serviced site in the past and earn less than R1 500 a month qualify for a consolidation subsidy.

A mortgage indemnity scheme will protect financial institutions from loss if they cannot repossess houses because of a breakdown in law and order in the area.

But the scheme will initially operate in only 14 areas, half of which are in Gauteng.

A further 151 areas are being assessed by the mortgage indemnity board.

The 14 areas where the scheme applies are: Dobsonville, Marnefontein, Ateridgeville, Crystal Park, Randa, Soshanguve, Bekkersdal, Mmabatho, Mitchells Plain, Kaysandi, Kanyamazane, Seshego, Galeshewe and Roodepan.

No townships in the Eastern Cape and KwaZulu Natal have so far been indemnified.

The rate of repayment is not the only criterion used to determine whether an area qualifies for cover.

Effective local government, payment for housing and services, political stability and respect for law and order are important factors, according to "Home Truths", a housing information pamphlet distributed nationwide by the government this weekend.

"It is up to the community to ensure respect for the law," Home Truths says.

ST 4/6/95



ST 4/6/95

ST 4/6/95

# Housing package for the poor

By DAN DHLAMINI

SOUTH Africa's homeless, reeling under exorbitant loan administration fees, were relieved when the government announced a new housing package for the poor this week.

But even before the government published its housing supplement called *Home Truths* some companies had already approached would be home-owners with the aim of processing subsidy applications for them at what the applicants regard as high fees.

Many of Ikageng's homeless who have already paid the "R400 administration fees" told City Press that the Village Pride Housing Development (VPHD) consultants told them that if their applications failed they would only receive a R200 refund.

Ikageng Civic Association spokesman Piet Mokele said ICA was concerned about the activities of the VPHD and said in their meeting with the company they had agreed it stop its operations in Potchefstroom until it had clear guidelines from

the provincial government.

The Potchefstroom Transitional Local Council (TLC) has instructed its engineer Drikus Malan to investigate VPHD.

Mokele said they had agreed the money the company had already collected should be deposited into a trust fund so that those who had paid the R400 could claim refunds.

Mokele warned residents against falling prey to companies charging fees to apply for loans and said it could cost absolutely nothing if individuals filled in their own applications.

VPHD managing director Danie de Kock confirmed that should an application fail, there would only be a 50 percent refund because the other would be for administrative costs.

De Kock said his company, which was previously known as Ekonobou, had assisted many farmers' labourers to fill in application forms for government housing subsidies.

He said the aim of his company, which has been operating for three years, was to help people and they were not forcing anybody to register with them.

(123) CP 4/6/95

# Banks to help bond defaulters

By CHIARA CARTER

A LIFELINE is being thrown to bond defaulters, giving them a second chance to own a home.

And in terms of the government's R2,92-billion housing policy, which was implemented this week, a new company called Servcon Housing Solutions will contact people who continue to occupy repossessed houses in an attempt to resolve the impasse.

Banks, building societies and the South African Housing Trust's Khayaletu Home Loans will meanwhile contact defaulters and try to work out solutions to their financial problems.

The government has spelt out three alternatives for those who have not been repaying loans — to reschedule their payments, move to cheaper housing, or face eviction.

The South African National Civic Organisation (Sanco) has thrown its weight behind the attempt to norma-

lise bond payments and will help the housing trust to resolve disputes.

If the new approach to defaulters works, more areas around the country are likely to qualify for housing loans from major lending institutions, who re-enter the low cost housing market tomorrow.

About 50 000 new loans will be granted by banks over the next year. Prospective homeowners are also being helped by the government's offer of a subsidy to all households which earn R3 500 or less.

Those who have received a serviced site in the past and earn less than R1 500 a month qualify for a consolidation subsidy.

A mortgage indemnity scheme will protect financial institutions from loss if they cannot repossess houses because of a breakdown in law and order in the area.

But the scheme will initially operate in only 14 areas, half of which are in Gauteng.

A further 151 areas are being assessed by the mortgage indemnity board.

The 14 areas where the scheme applies are: Dobsonville, Mamelodi, Atteridgeville, Crystal Park, Randburg, Soshanguve, Beksersdal, Mmabatho, Mitchells Plain, Kaysandi, Kanyamazane, Seshego, Galeshewe and Roodepan.

No townships in the Eastern Cape and KwaZulu Natal have so far been indemnified.

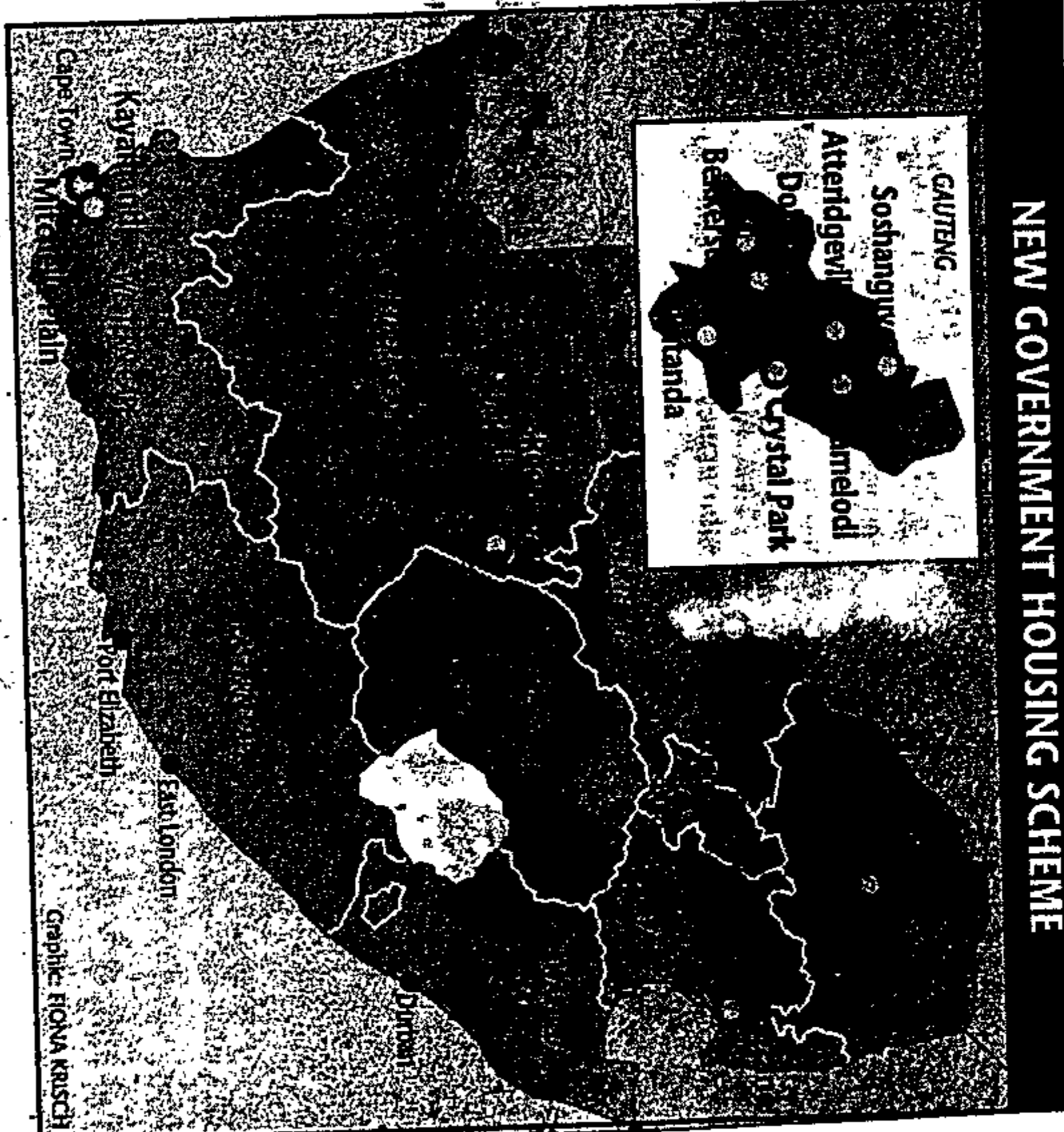
The rate of repayment is not the only criterion used to determine whether an area qualifies for cover.

Effective local government, payment for housing and services, political stability and respect for law and order are important factors, according to "Home Truths", a housing information pamphlet distributed nationwide by the government this weekend.

"It is up to the community to ensure respect for the law," Home Truths says.

ST 4/6/95

## NEW GOVERNMENT HOUSING SCHEME



Graphic: HONA KUSCH

ST 4/6/95

ST 4/6/95

# RDP housing plan to kick off today

CT(BR) 5/6/95 (123)

By MAGGIE ROWLEY

PROPERTY EDITOR

Today is D-Day for the state's reconstruction and development programme mass housing programme to kick into gear.

Individuals whose household income is less than R3 500 a month can from today apply for an individual housing subsidy.

This can be done either through the regional housing boards or through the banks for those who wish to also access home loan finance.

Applicants will be treated on a first-come first-served basis. Banks are only likely to make loans in areas approved by the government in terms of risk for cover under the Mortgage Indemnity Scheme. So far only 14 areas have been granted cover.

The scheme is a narrowly defined mechanism to indemnify banks against loss only if a breakdown in the due process of law results in them being unable to repossess houses where borrowers default on their loans. It does not indemnify lenders against commercial risk and it is not available to bail out borrowers experiencing difficulties with repayments.

Builders will need to register

with National Home Builders Registration Council and Warranty Scheme for their clients, in the lower income brackets, to qualify for a home loan.

Daan Roelvert, executive director of the National Association of Homebuilders and Urban Developers, said there was still ignorance regarding this registration. The association would, therefore, be launching a series of development seminars on the National Home Builders Registration Council and Warranty Scheme to explain how, when and where builders should register.

Seminars will be held in Port Elizabeth on June 7, Cape Town on June 8, Sandton on June 9 and Durban on June 29.

Of the 14 areas which qualify for immediate scheme cover, half are in Gauteng. A further eight have been earmarked for cover if a positive response is forthcoming from these communities to an offer being made by the banks and the newly formed company, Servcon.

In terms of this offer those in arrears who can afford to must agree to reschedule their bond repayments, or if they cannot afford to resume bond repayments, they must agree to move to more affordable accommodation.

# Project keeps settlement neat

Ingrid Salgado

A CONTINUOUS community-owned waste management programme in Alexandra township's Siswetla squatter camp north of Johannesburg had ensured it was one of the cleanest informal settlements in SA, community leaders said yesterday.

The project, One Man Contract, contracts individuals to maintain designated zones, streets and public spaces in a litter-free condition. It also encourages residents to plant vegetable and flower gardens.

Residents of the once polluted and litter-stricken settlement celebrated World Environment Day with the programme's Initiator, Keep SA Beautiful, and funders United Bank and Plastomark.

Also present were Minister without Portfolio Jay Naidoo and Deputy Environ-

mental Affairs and Tourism Minister, Bantu Holomisa, who together planted the tree of the year -- a river bush willow.

Naidoo urged the community to register for local government elections since elected leaders would be accountable for electricity and clean water.

Environmentalism was about addressing poverty and making better lives for all, he said. Government money should be devoted to meeting needs and creating jobs. If change was slow, it was because government was laying "proper foundations".

Holomisa appealed to the private sector to continue supporting such projects until service delivery had been normalised.

Environmental affairs and tourism select committee chairman Peter Mankaba told residents they should plan housing allocations and road sites together.

# Department suspends water subsidies

PRETORIA - The water affairs department yesterday suspended further subsidies to local authorities pending a revision of the subsidy system aimed at providing first for the basic needs of everyone - particularly rural people.

The department said payment of subsidies for works approved before the date of this announcement would be phased out.

"The existing subsidy system previously gave financial support to local authorities to expand existing services but ignored the

needs of the large rural population in areas outside the local authority boundaries.

"The department is working in close collaboration with the office of the reconstruction and development programme to formulate a common approach to the funding of these water and sanitation services."

The RDP-funded programme had already given capital subsidies for projects aimed at supplying water within 200m of households and providing each with "a safe sanitation system". -- Sapa.



Environmental Affairs Minister Bantu Holomisa and Keep SA Beautiful Campaign CE Raymond Byrne, top, inspect the results of a community-driven waste management project at Alexandra's Siswetla informal settlement yesterday while residents mark World Environment Week. PICTURE: GARTH LUMLEY

Other banks to follow Absa's lead

# Fixed interest bonds for new home scheme

B06/6/95 (123)

**Robyn Chalmers**

ABSA became the first bank yesterday to announce fixed rate mortgage loans as part of an agreement struck with government to return in force to the low-cost housing market for the first time in almost a decade.

The banking industry has been discussing the introduction of fixed instalment loans with government and the life offices for months, and other major banking groups said they would follow Absa's lead.

Absa assistant GM Pieter Marais said the bank's fixed rate mortgage loans, available from yesterday for new loans of less than R65 000, were designed to meet the emerging market's needs. This was in response to calls by civic leaders to introduce such a bond, as new home owners did not wish to risk increased monthly instalments when variable rates rose.

"Absa believes there is an urgency to introduce fixed interest rate bonds, but the duration and extent of our participation depends on negotiations with the life offices aimed at ensuring sufficient long-term deposits are available," he said.

Marais said the fixed rate option was available only on a loan term of 10 years rather than 20 years, which applied to variable rate bonds. The 10-year term would increase monthly instalments. The higher cost of administering loans to the low-cost market and eliminating cross-subsidisation meant fixed interest rates would be higher than variable rates. Absa's top interest rate on the fixed rate bonds was 22,5% for loans of between R10 000 and

R25 000, 21,25% for loans of between R25 001 and R50 000 and 20% for bonds of between R50 001 and R65 000. The variable rate for all loans over R65 001 was 17,25%.

The industry has agreed these fixed interest rates will be uniform throughout the banking sector, a possible collusive practice which has been granted an exemption by the trade and industry ministry.

Standard Bank community banking services divisional GM Jopie van Honschooten said Absa's move would not affect industry talks on a new vehicle being set up to mobilise wholesale funding for fixed instalment loans. "Standard Bank, along with a number of other mortgage lenders, is looking at the introduction of these loans in the short term, but we are still working on getting our systems in place to do so."

On the first day that banks re-entered the low-cost housing market, all the major mortgage lenders reported a minimal increase in inquiries and applications.

First National Bank mortgage lending senior manager Ian Jones said this was probably due to procedures which applicants had to undergo, such as applying for a subsidy. Nedcor Bank executive GM David Harrison said this could also relate to the limited number of areas covered by government's mortgage indemnity scheme.

The mortgage indemnity board said last week that 14 areas in seven provinces had been granted scheme cover, with KwaZulu/Natal and Eastern Cape effectively excluded during the first lending phase.

● Comment: Page 14

# The official news on housing subsidies

ET(B2)616195

(123)

By LOUIS DE VILLIERS

This weekend, every South African newspaper carried a major housing information insert.

The insert was created by agency Sonnenberg Murphy Leo Burnett for the national housing ministry and the banking industry, working together under the auspices of the Association of Mortgage Lenders.

It had a print order of 6,1 million, which the agency believes to be something of a record.

Called Home Truths, the 32-page colour tabloid has also been made available nationally at local authority and provincial housing board offices as well as in many bank branches.

Billed as the official good news on housing from the government and the banks, it is published in English,

Afrikaans, Zulu and Sesotho.

Hell Wagner, Sonnenberg account director, said the brief was to develop a guide to everything South Africans with a monthly household income of R3 500 or less needed to know and do to qualify for a subsidy, or a subsidy with a home loan, to buy or build a home. The programme was launched last Monday at the Mercedes-Benz factory in East London.

## Department suspends water subsidies

(123) BD 6/6/95  
PRETORIA — The water affairs department yesterday suspended further subsidies to local authorities pending a revision of the subsidy system aimed at providing first for the basic needs of everyone — particularly rural people.

The department said payment of subsidies for works approved before the date of this announcement would be phased out.

"The existing subsidy system previously gave financial support to local authorities to expand existing services but ignored the

needs of the large rural population in areas outside the local authority boundaries.

"The department is working in close collaboration with the office of the reconstruction and development programme to formulate a common approach to the funding of these water and sanitation services."

The RDP-funded programme had already given capital subsidies for projects aimed at supplying water within 200m of households and providing each with "a safe sanitation system". — Sapa.



- (2) whether the said person's contract is to be renewed after its expiry in June 1995; if so, what are the relevant details?

N681E

**The MINISTER OF HOME AFFAIRS:**

In reply to the first part of the question, as I communicated in my written reply to the hon member on 24 April 1995, my ministerial adviser performs an advisory service in respect of four specific functions, as well as assisting me on any other matter or task which I might instruct him to perform from time to time.

I find it difficult to understand the level of specificity the hon member requires over and above that which I have already given her. For example, the first of the four functions is, and I quote from my previous reply, "to follow legislative, constitutional and institutional activities and processes at national and provincial level and to report and/or advise on any matter which may be related to my functions, tasks and responsibilities".

I would have thought this was self-explanatory. But since it clearly is not, allow me to expand a little, and state that since I am Minister of Home Affairs and a member of the Government of National Unity, my ministerial adviser is required to advise me on anything and everything pertinent to my Department's legislative and administrative programme. He is also required to read and analyse the often complex documentation which is submitted to me in preparation of meetings which are germane to my ministerial responsibilities. *Inter alia*, this entails advice on all Bills, reports and memoranda. Moreover, he is required to advise me on all matters relating to the constitution-making process, with which I, as a Minister and a member of Cabinet need to be conversant. This latter task includes reading and analysing the many thousands of pages of documentation and submissions which are produced in connection with the work of Theme Committees.

Now I trust the hon member does not expect me either to give to herself copies of each of my ministerial adviser's memoranda to me or transcripts of all our discussions on every Bill that has come before this House or which are yet to be tabled in this House. I trust also that she does not expect me to betray Cabinet confidence by revealing to her the nature of the

advice I receive or the form in which I receive it as regards Cabinet issues.

But allow me to reassure the hon member that I do manage to keep my ministerial adviser busy, and that I receive a constant stream of information and opinions from him, particularly on legal and constitutional issues, since he is a constitutional lawyer.

In reply to the second part of the question, I must inform the hon member that my ministerial adviser's contract will be extended to 31 August 1996 at the same terms and conditions. I have informed the Minister of Public Service and Administration that I have extended my adviser's contract to the end of August. I hope that the hon member will demand the same details from the drove of ministerial advisers who are presently employed in all Ministries.

**National housing bank: creation/functions**

\*18. Mr M J ELLIS asked the Minister of Housing: (123)

Whether her Department is planning to create a national housing bank; if so, (a) under whose control will the bank fall, (b) what will be the principal functions of this bank, (c) what will be the relationship of this bank with banks operating in the private sector and (d) when is it envisaged that the said bank will become operational?

*Han said 7/6/95*

N682E

**The MINISTER OF HOUSING:**

No, my Department has no plans to create a national housing bank.

The Department, however, is planning to establish a National Housing Finance Corporation which is likely to:

- (a) be controlled by an independent board of directors;
- (b) have as its main functions:
  - the mobilisation of funds for retail housing finance, at the wholesale level, both locally and internationally,
  - the management of programmes aimed at the expansion of growth of retail housing finance capacity in the country, with specific focus on the lower end of the income market, and

- the management of risk interventions such as the Mortgage Indemnity Scheme and credit enhancement programmes;

(c) relate to banks operating in the private sector in a facilitatory capacity, aiming at facilitating their sustained involvement at the lower end of the housing market, at the required scale in terms of the housing challenge facing South Africa; and

(d) become operational, following consideration of a detailed proposal and approval by Cabinet, during the latter half of 1995.

\*19. Mr M J ELLIS—Health. [Question standing over.]

**Salaries of magistrates**

\*20. Mr J A JORDAAN asked the Minister for the Public Service and Administration:

- (1) Whether his Department has received any proposals from magistrates that their salaries fall under the Department of Justice rather than his Department; if so,
- (2) whether his Department intends taking any action with a view to the implementation of these proposals; if not, why not; if so, why?

N685E

**The MINISTER FOR THE PUBLIC SERVICE AND ADMINISTRATION:**

- (1) and (2) No, the statutory powers for the determination of the salaries of magistrates are currently vested in separate acts. Magistrates of the former RSA are employed in terms of the Magistrates' Act, 1993, and their salaries are determined by the Minister of Justice, in consultation with the Magistrates' Commission, and after consultation with the Public Service Commission and with the concurrence of the Minister of Finance. Magistrates of the other former public services are currently employed in terms of the Public Service Act, 1994, and their salaries are determined in terms of the latter Act and the Public Service Labour Relations Act, 1994. According to information the Department of Justice is currently in the process of effecting the employment of the latter magistrates in terms of the Magistrates' Act, 1993.

**Privatisation of state-owned corporations**

\*21. Mr K M ANDREW asked the Minister for Public Enterprises:

Whether her Department has targeted or intends targeting any specific state-owned corporations for privatisation; if not, why not; if so, (a) which corporations, (b) which such corporations are to be (i) fully and (ii) partially privatised and (c) on what basis was it decided to target each such corporation?

N686E

**The MINISTER FOR PUBLIC ENTERPRISES:**

No. A Task Team is engaged in determining guidelines according to which public enterprises may be restructured. The end result of this restructuring process will be determined by these guidelines.

(a), (b) (i) and (ii) and (c) Fall away.

\*22. Mr K M ANDREW—Finance. [Question standing over.]

*For written reply:*

**Office of Commissioner for Customs and Excise: staff members retired/retrrenched/made redundant**

\*23. Mr K M ANDREW asked the Minister of Finance:

- (1) Whether any of the 50 most senior staff members of the Office of the Commissioner for Customs and Excise were retired, retracted or made redundant or voluntarily took early retirement during the latest specified period of two years for which information is available; if so, how many such officials (a) retired at normal retirement age, (b) were retracted or made redundant and (c) voluntarily took early retirement during (i) the said period of two years and (ii) the latest specified period of six months for which information is available;

- (2) what was the total sum paid out in respect of (a) redundancies and retrainments and (b) voluntary early retirements during each of the above periods?

N490E

# Metro boundaries excluded

Municipal Reporter

(123) ARG 7/6/95  
registration figure in the Western Cape.

THE Demarcation Board is to begin a round of hearings on proposed ward delimitations on June 20 — but only in towns outside the metropolitan area.

Chairman Fanie Cloete said the board would not be able to delimit wards in the metro until the dispute around boundaries was resolved.

It also could not study the issue of rural wards outside towns, because parliament still had to finalise the model for rural local government.

Local authorities are being asked to submit colour-coded maps to the board before June 15, and people wishing to make submissions should notify the board before that date.

Professor Cloete said ward boundaries would be determined by the number of registered voters and not by the number of people presumed to live in an area, because of the good

Other criteria for delimitation include topographical and physical characteristics and the availability of voting premises, as well as a clause in the Local Government Transition Act which determines that 50 percent of wards must be in former black local authorities.

The Central Karoo Regional Services Council hearing will be in Beaufort West on June 19; West Coast RSC on June 19 and 20 in Moorreesburg, South Cape RSC on June 19 and 20 in George, Little Karoo RSC on June 20 and 21 in Oudtshoorn, Breë River RSC on June 21 and 22 in Worcester, Overberg RSC on June 22 and 23 in Bredasdorp, and Winelands RSC on June 23 in Stellenbosch.

● For more information on the hearings, call M P Randall on 483 4127 or Professor Cloete on 808 2244.

## Angry ANC hits out at Marais's claim

Municipal Reporter

ARCT 7/6/95  
THE African National Congress has hit out angrily at local government minister Peter Marais for suggesting that Western Cape ANC leader Chris Nissen had lost their support.

Mr Marais recently suggested Mr Nissen should resign because he did not take part in last week's failed negotiations between the National Party and the NP over municipal boundaries for Cape Town.

The ANC said the decision not to include Mr Nissen was taken by the ANC because he had other tasks to attend to. Provincial secretary-general James Ngcucu and roads minister Leonard Ramatlakane represented the political party instead.

## Voters: One more chance

Municipal Reporter

VOTERS who failed to get their names on the voters roll by Monday this week will have a second chance when the roll lies open for inspection from June 24 to July 7.

This was announced by Deputy Constitutional Affairs Minister Mohammed Valli Moosa at a summit on the Cape metropolitan boundaries yesterday.

Mr Moosa said voters could make application to register during the inspection period.

## Avoid housing bottleneck, council urged

Municipal Staff

(123) ARG 7/6/95  
MUNICIPALITIES unable to get housing plans approved or to inspect the quality of builders' workmanship must not be allowed to slow up the delivery of houses to the homeless.

They should instead turn to the private sector for help, says Barry Probert, president of the Association of South African Quantity Surveyors.

He said most municipalities would not be able to cope with the increased workload created by the new housing subsidy scheme, and that construction professionals such as quantity surveyors and engineers could help by approving plans and inspecting building progress.

Last month the Cape Town City Council's city planner reported that the council had a backlog of more than 40 percent on plans needing approval.

"The civil and building professions can be engaged at a reasonable fee to assist in eliminating the potential bottleneck," Mr Probert said.

# FNB announces 'low income' bonds

Robyn Chalmers

(123) BD 7/6/95

FIRST National Bank (FNB) would introduce fixed rate mortgage loans as an option for low income earners in line with Absa's announcement earlier this week, the bank said.

FNB home loans chief manager Andre le Traye said yesterday all the banks' branches had been briefed. "We have decided to introduce these loans following lengthy industry discus-

sions on the need for fixed rate bonds."

FNB's interest rates and bond criteria would be the same as Absa's, with fixed rates available on bonds less than R65 000. The bonds would be provided on a 10-year loan term, instead of 20 years. On a fixed rate bond of between R25 001 and R50 000, the interest rate would be 21,25% over 10 years with a monthly instalment of R524,20. A similar 20-year bond would be 19%, with instalments of R421,38.

## QUESTIONS

Indicates translated version.

For written reply:

*Lanseria  
8/6/95*

1990/91	1 188	19 147	59 361
1991/92	1 270	17 980	77 935
1992/93	2 503	16 571	84 063
1993/94	3 071	14 324	103 169

## Houses built with aid of housing funds

## SELF-GOVERNING TERRITORIES

215. Mr P W COETZER asked the Minister of Housing:

- (1) How many houses were built (a) with the aid of housing funds in the former (i) Venda, (ii) Transkei, (iii) Ciskei, (iv) Bophuthatswana, (v) Qwaqwa, (vi) Gazankulu, (vii) KaNgwane, (viii) KwaNdebele, (ix) KwaZulu, (x) Lebowa, (xi) Transvaal, (xii) Orange Free State, (xiii) Natal and (xiv) Cape Province from 1 January 1984 up to and including 31 May 1994 and (b) in each of the provinces in the 1994/95 financial year with (i) funds from the Reconstruction and Development Programme and (ii) regular housing funds;
- (2) whether she has set a target in respect of the number of houses to be built in the 1995/96 financial year; if so, what is the target in respect of each province; if not, why not?

N431E

The MINISTER OF HOUSING:

- (1) (a) (i) to (xiv) Although every effort has been made to obtain the required information in the format as requested, it was unfortunately only available in the format as set out below. To provide the information in the format as set out in the question, an extensive investigation will have to be launched by the nine provincial administrations which will entail immense expenditure which can not be economically justified.

## OWN AFFAIRS AND DEPARTMENT OF HOUSING

Year	Funds available R/million	Units	Erven
1989/90	1 060	17 238	37 199

Province	Projects approved until 31/3/95	Project-linked subsidies approved	Projects started	Housing units completed at 31/3/95
Northern	12	12 538	0	0
TVL	22	29 092	3	99
Eastern TVL	65	78 205	12	652
PWV	35	28 740	4	348
(Gauteng)	19	5 249	6	85
North West				
Western				
Cape				
TOTAL	274	203 020	80	2 722

Province	11	6 296	0	0
Eastern Cape	11	4 201	8	1 500
Free State	92	37 446	40	38
KwaZulu-Natal	7	1 253	7	0
Northern Cape				
TOTAL	274	203 020	80	2 722

## The MINISTER OF TRANSPORT:

employment as a driver, (g) what is the average amount of overtime worked per week by these drivers and (h) how is the safety of VIPs being monitored;

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

N6081E

On behalf of the Minister of Transport, the Department in co-operation with the Provincial Government of Gauteng, has gathered and co-ordinated the information as requested.

- (1) (a) Six vehicles were purchased during the period 1 May 1994 to 30 April 1995 for VIPs (two for political office-bearers and four for judges).
- (b) The cost of the vehicles were R285 947.50 and R995 435.58 respectively.
- (c) All vehicles are still in use.
- (d) Not applicable.
- (e) There are 15 drivers employed by the Government Garage, Pretoria. They are however not assigned to specific VIPs, but perform a wide range of driving duties, that may include the driving of VIPs, on a relief basis.

However, the Ministry of Housing will continue to aim towards achieving the target of one million in five years. Each provincial government will within this target establish its own goal according to the funds made available to that province for housing.

## Vehicles acquired by government garage in Pretoria

298. Ms M E TURROK asked the Minister of Transport:

- (1) (a) How many vehicles for use by VIPs, including Ministers, were acquired by the Government Garage in Pretoria during the period 1 May 1994 up to 30 April 1995, (b) what was the cost of these vehicles, (c) how many of these vehicles are still on the road, (d) what has become of the remainder of such vehicles, (e) how many persons are currently being employed by the Government Garage to drive these vehicles, (f) what are the requirements in respect of (i) experience and (ii) safety records for
- (2) No.

Foreign Affairs: senior staff members retired

306. Mr C W EGLIN asked the Minister of Foreign Affairs:

- (1) Whether any of the 50 most senior staff members of his Department were retired,

# Depressing picture of housing conditions

(123)

Star 9/6/95

A total of 62,6% of South Africa's "marginal urban population" live in unhealthy, over-crowded structures, says the Health Department's annual report tabled in Parliament yesterday.

The statistics are part of the department's Environmental Health Monitoring Programme which seeks to determine the country's environmental health status, identify the need for environmental health services and

resources, and evaluate results of applied intervention.

The report found that 84,8% of the population had access to environmental health services.

Only 63,3% of the rural population had access to adequate, safe drinking water, and only 39,9% of the rural population had access to effective domestic latrine facilities.

A horrific 22,2% of mortuaries

and 15,4% of milking sheds posed health risks.

A mere 62,6% of schools maintained acceptable health standards, and only 68,7% of food premises were in compliance with hygiene standards.

A total of 87,6% of recreational water samples were in compliance with health standards and 12,6% of board and lodging establishments posed potential risks to human health. — Sapa.

**Limited safe water**

THE department of health's Environmental Health Monitoring Programme has found that only 62,3 percent of rural inhabitants have access to safe drinking water. (123) (5)

Only 38,9 percent of these inhabitants have access to effective domestic latrines and only 27,4 percent of the marginal urban population is housed in structures that are sound in health terms. Political Staff. *ARC 9/6/95*

S

44.00  
62.00  
—

*Stellenberg*

# Higher payments early Masakhane

THERE has been a sharp increase in the number of township families paying for rents and services since the launch of the government's Masakhane campaign.

Figures supplied by Masakhane's advertising agency, Sonnenberg Murphy Leo Burnett, show that the most significant improvement occurred in Witbank with payment levels rising from 20 percent to 80 percent between March and April this year.

In Tembisa and Ratanda, payment levels rose by 19 and 11 percent between February and April respectively, while Mamelodi outside Pretoria improved from 19 percent to 69 percent between December and April.

But, said the agency's Hilary de Kok, no figures could be released as these were yet to be verified.

Still to be measured was the effect of the Masak-

hane message on areas of the former Transkei, where local government is almost non-existent, and other high boycott areas like Kwazulu Natal and the Western Cape.

"Clearly there has been a shift in the attitudes of South Africans. However, this was unfocused until the launch of Masakhane," she said.

Still unclear are the exact reasons behind the dramatic about-turn in the townships where results are available.

Housing ministry spokesman, Stephen Laufer, said the collection and dissemination of information on payment levels was still in its infancy as a planned information network was not yet in place.

The latest information comes after the widely publicised improvement in

# point to success

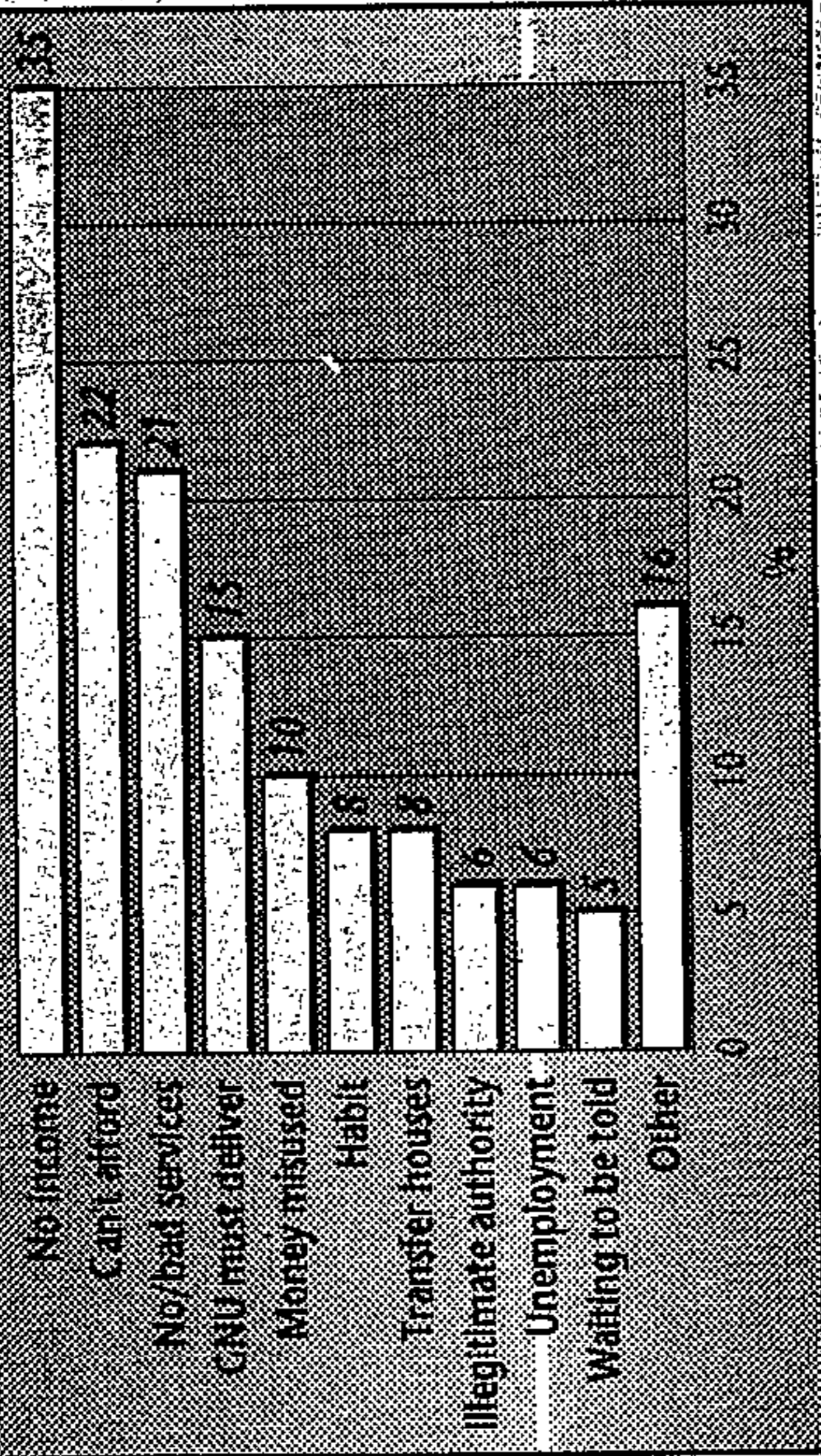
Soweto electricity payments from 20 to 65 per cent in the four months to the end of March this year.

A separate survey conducted on the effect of the advertising campaign among over 1 000 black adults showed that 35 per cent of those not paying for services cited "no income", while 22 percent said they could not afford to pay.

One in five respondents said services were inadequate or non-existent.

The survey showed that 73 percent of the sample had heard of Masakhane.

## REASONS FOR NON-PAYMENT



Graphic: FIONA KRISCH

Source: BLACK OMNIJET, APRIL 1995

(123)

**Housing subsidy applications:** Consulting engineers Jeffares & Green have formed a team to prepare applications for the government housing subsidy scheme — subsidies of up to R15 000 a stand for residential development, on behalf of transitional local councils and specific communities. In terms of the scheme, the funds are only paid out on completion and hand-over of the stands to the qualifying beneficiaries.

CT(BR)12/6/95



# Builders concerned at new bond criteria

Robyn Chalmers

THE building industry is concerned about the decision by mortgage lenders to base affordability tests for smaller bond applications on recently introduced criteria for fixed rate mortgage loans.

National Home Builders' Association executive director Daan Roelvert said yesterday that the market for home builders could be significantly reduced as a percentage of bond applicants would be disqualified due to the new criteria.

"Fixed rate mortgage loans have been introduced with a considerably higher interest rate than variable loans, and the term has been halved from 20 years to 10 years. Monthly instalment will be higher than in the past, and with banks basing affordability tests on the fixed rate, it will exclude a significant proportion of applicants for smaller bonds."

Absa and First National Bank announced last week that they would introduce mortgage bonds under R65 000 which carried a fixed interest rate for 10 years. The top interest rate was 22,5% for loans between R10 000 and R25 000.

Izwi Homes head Danie Barnard said while applicants could opt for the variable rate applicable to mortgage loans, the affordability test was still done at the rele-

vant fixed rate.

"A person earning R2 400 would have qualified for a loan of R40 376 before but that same person will now only qualify for R33 388. This means their affordability has been effectively reduced by R6 988."

Barnard also queried why the new rates were brought into effect without significant warning. "Many man hours have been wasted by agents and contractors who have put transactions together only to find they will have to redo some of these and cancel the majority of them."

Absa assistant GM Pieter Marais said the fixed rate mortgage loans had been designed to meet the needs of the emerging market, and were a response to calls from civic association leaders.

"The higher cost of administering loans to the affordable market and the principle of non-cross subsidisation has resulted in interest rates which are higher than rates quoted previously," he said.

Standard Bank community banking GM Jopie van Honschooten said recently that affordability relating to the financing of homes was politically sensitive.

As a result, mortgage lenders had decided to use disposable income after housing spend rather than stipulate a standard percentage of income to determine the instalment and hence the loan size.

# Key role of housing board

(123) Sawetan 14/6/95

## Committed to provide houses for the masses

By Joshua Raboroko

**N**EWLY APPOINTED chairman of the National Housing Board Mr Ishmael Mkhabela believes the board can play a key role in shaping housing policy during the current phase of transition.

Although a staunch member of the Azanian People's Organisation, Mkhabela is committed to the board's aims and objectives. He is adamant his position is not in conflict with the ideals of his organisation, which rejects the present political dispensation.

Mkhabela maintains his decision to serve on the board, while apparently seen as an attitude of defiance in some circles, is a true commitment to providing housing for the masses.

He says Azapo knows about his point of view and he is optimistic he will receive support in view of the housing crisis in South Africa.

"It is our task to give South Africans an essential piece of dignity in their lives — the dignity that comes from having a solid roof over your head, running water and other services in an established community," says Mkhabela.

Speaking from the board's offices in Braamfontein, he does not pull any punches: "The lack of adequate housing and basic services in urban and rural settlements has reached crisis proportions.

"The housing problems created by apartheid and by the limited range of the capitalist housing market have been aggravated by the absence of a coherent national housing policy.

### Ensuring peace

"A mass housing programme can help generate employment, skills and economic activity, both directly and indirectly, and should help ensure peace and stability."

He served on the National Housing Forum which negotiated a new subsidy scheme mechanism that did away with racial bias and gave a broader spectrum of people access to housing.

The forum pushed for an agreement on the subsidy in time for implementation when the NHB started operating on April 1.

Mkhabela says the board has become the key representative body for both Government and civil society. It advises Minister of Housing Mrs Sankie Mthembu-Nkondo on housing policy.

The board holds a view shared by the late minister of housing, Mr Joe Slovo, that civil society must have the capacity to influence policy-making but remain independent.

The board represents a full cross-section of those involved in housing, and has 18 members. It will draw members from three groupings: organisa-



**NHB chairman Mr Ishmael Mkhabela ... He believes he can help address the country's housing crisis through the board.**



**Ms Sankie Mthembu-Nkondo, Minister of Housing who gets advice on housing policy from the National Housing Board.**

tions representing home-owners, organisations which supply and finance housing, and institutions which regulate the process (including local government and state corporations).

Each of the nine provinces is represented on the board. They can state their individual needs which will, in turn, be presented to the Government of National Unity.

The board operates on the basis of consensus and aims to promote the social, economic and physical integration of cities and rural areas and to provide holistic development.

The initial policy framework will deal with such matters as:

- The optimal utilisation of housing funds to level the playing field;
- The need for long-term sustainability of any state assistance and intervention, balanced on short-term needs;
- Security of tenure; and
- Freedom of choice and access to a wide variety of housing options for all individuals.

### 'Got messed up'

Mkhabela says the board aims to ensure that the bureaucracy which existed during apartheid is eradicated. For instance, he says, in the past the Foreign Affairs Department was also supposed to allocate money to housing projects. "In the process, a lot of things got messed up as a result of duplications created by apartheid structures."

The previous government also allo-

cated very little money to black housing, while spending enormous sums on defence.

Under the present Government, the board will ensure that there is equity so that even the poorest people can afford houses. One of the first moves of the new Ministry of Housing was to allocate 197 000 sites to build homes in the nine provinces. "People talk of a delay in housing delivery, but the board is doing a lot to make sure that even the poorest person has a shelter above his or her head," says Mkhabela.

### Important milestone

The new housing subsidy scheme announced by the Housing Ministry is an important milestone towards helping the poor obtain homes.

Mthembu-Nkondo announced recently that, if a household earns R3 500 or less a month, it qualifies for either a subsidy or a subsidy with a home loan, to buy or build a home of its own.

It is the best news ever on housing. "I welcome the new subsidy," says Mkhabela. "The board would like more people to qualify to get homes."

The lump sum subsidies will replace the archaic system of income-graded subsidies as an interim measure.

The board also insists that, despite the racial fragmentation of housing administration in the past, the new subsidy must apply on a nonracial basis.

However, Mkhabela adds that for the subsidy to be fully used, it is important that residents pay for their services in the

townships. He does not regret this position, despite the fact that Azapo was one of the organisations which most vociferously supporting the bond and rent boy cotts in the 1980s.

He says this campaign scared banks and other financial institutions from investing in housing in the townships.

The Masakhane campaign focuses on accelerating the delivery of services at a local level in ways which stimulate economic development and create jobs.

It recognises that the Reconstruction and Development Programme cannot be fully delivered until effective local government is established.

"Our townships have for too long been characterised by sewerage flowing in the streets, rubbish heaped by the roadside, potholed roads, no electricity broken telephones, burnt-out community centres, sub-standard crowded dwellings and ineffectual and illegitimate local government," says Mkhabela.

"We must rebuild these structures. Together, we must build a new future. A roof above your head is a priority."

The Association of Mortgage Lenders, the Government and a wide spectrum of experts in the housing field have embarked on an intensive programme to solve the housing crisis.

"The time for red lining is dead. We need to build the nation," he says.

He believes the success of the housing programme depends on the cooperation of provincial housing MECs, the community and banks.

# Govt to meet banks over bond criteria

Robyn Chalmers

(123) 10/14/6/95

THE housing ministry is to seek a meeting with mortgage lenders to discuss their affordability tests for smaller bond applicants — which the building industry claims could exclude a significant percentage of the lower-income market.

This follows an outcry from the home building industry at the decision to base these tests on recently introduced criteria for fixed rate mortgage loans.

Housing ministry director-general Billy Cobbett said yesterday government's talks with the banks over the past year had been aimed at increasing accessibility to bonds.

"We are concerned that the affordability tests which mortgage lenders are using will exclude people that should theoretically have had access to bank credit."

Cobbett said while the decision by the banks was purely a business one and did not concern the ministry as such, it was imperative that as many people as possible were drawn into the housing process.

It was also concerning that home builders believed their market could be reduced by the affordability tests.

One aim of government's housing programme has been to draw as many emerging builders into the formal construction sector as possible through joint ventures between formal and informal contractors.

Absa and First National Bank recently introduced fixed rate bonds with the inter-

est rate ranging from 22,5% on loans of between R10 000 and R25 000 to 20% on bonds of between R50 001 and R65 000. The fixed interest rate would apply to bonds of less than R65 000 with a 10-year term.

Building industry spokesmen said the issue was that while bond applicants could opt for the variable rate applicable to mortgage loans, the affordability test was still done at the relevant fixed rate.

Building industry statistics showed that the new criteria meant applicants would have to earn significantly more to qualify for a home loan. They would also have to put down a higher deposit to make up the difference between the 80% the bank would lend and the capital subsidy.

Mortgage lenders said the main reason for the affordability test being extended to variable rate small loans was to ensure that low-income borrowers had enough leeway to weather interest rate hikes.

Standard Bank community banking divisional GM Jopie van Honschooten said the loans were aimed at guarding against the impact of interest rate increases.

"A borrower at the lowest level of the affordability scale will be hard pressed and in many cases not capable of finding additional amounts to meet normal repayments should interest rates increase. The simplicity of a known and determinable repayment amount for the duration of the loan is an attractive feature well accepted in the target market," he said.

R92-m emergency services project 'going well'

# Council initiative on track

SHOW 15/6/95

(127)

BY PAULA FRAY  
CITY EDITOR

Progress in the city council's R92-million emergency services initiative is well on track and the focus must now be sustained until delivery, says metropolitan service delivery head Dr Emile Horak.

The seven-pronged R92-million initiative was launched in February to target previously disadvantaged areas with emergency services.

In an interview with The Star on Tuesday, Horak said delivery of specific projects varied from between 30% (as in the CBD where tenders had to be sought) and almost 100% for the completion of electrical service repairs and delivery.

## Forerunner

"There is recognition that we are achieving what we set out to do. Now, the focus is on sustained delivery," said Horak.

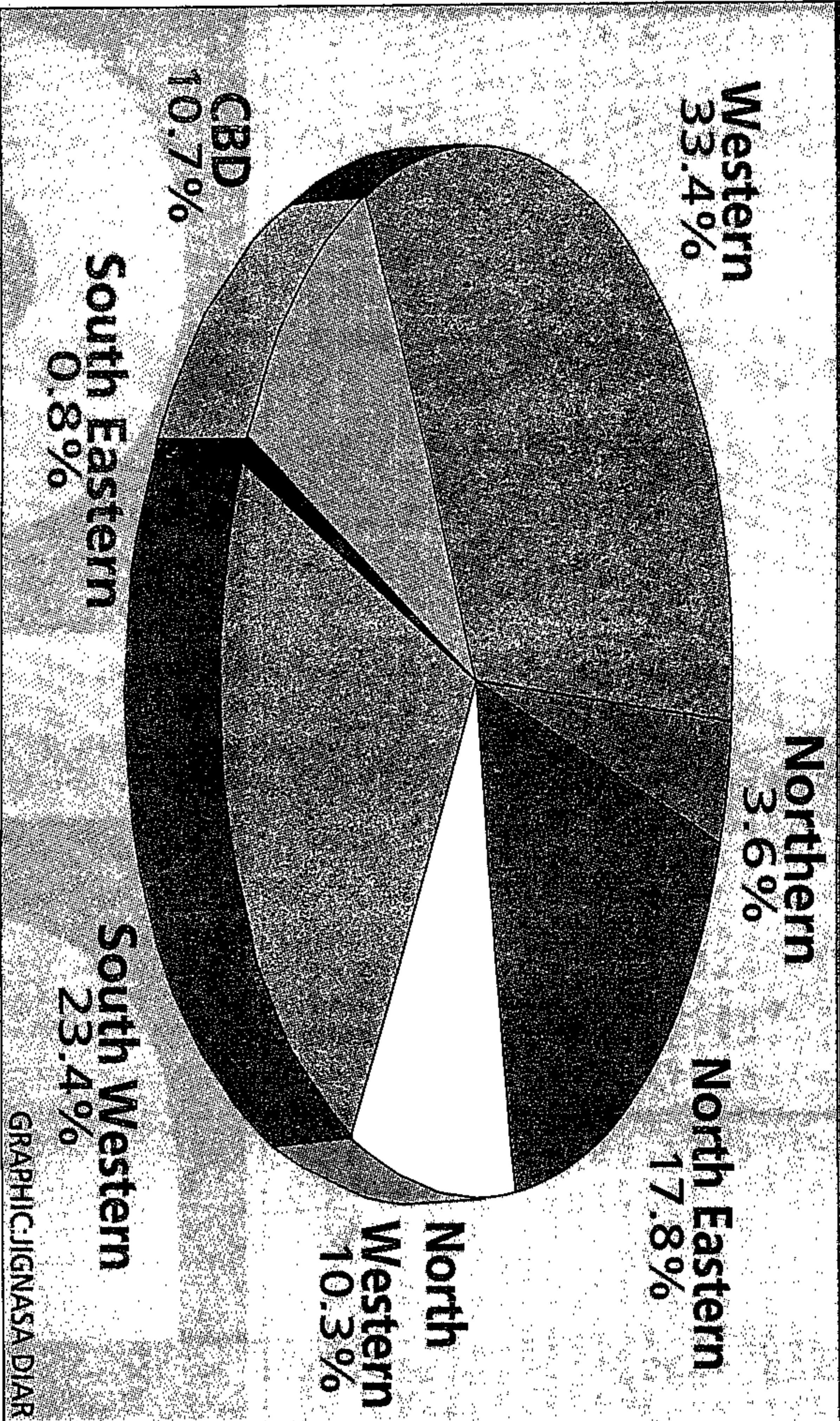
"The R92-million is, in a sense, just the beginning of things... it is just the forerunner to the big wave and was specifically allocated to normalise services and prove we could deliver," said Horak.

"We've got to prove we are capable of doing the right thing — not just to the politicians but to the community at large."

The problems of delivery were multifaceted and included the need to change the "business as usual" attitude of some council departments.

In this respect, the council was trying to ensure that service delivery budgets for the next financial year were not fragmented, Horak added.

## CUTTING GREATER JO'BURG'S R92-m PIE



GRAPHIC: JIGNASA DIAR

But, redistributing finances and administrative abilities were not the only considerations which affect the success of service delivery, said Horak, citing Alexandra where the major challenge of delivery was being tackled head on.

Horak attributes the success of the initiative there to acting town clerk Sonnyboy Matsoso who, he says, linked into the community and proved an

ideal conduit for community-driven delivery.

Although consultation with communities was virtually non-existent at the start of the project, community involvement has begun picking up and in Alexandra, "the buy-in has been tremendous".

As a result of community involvement in the monitoring of Alexandra's projects, at least one contractor's agreement

was cancelled due to non-delivery. This improved community involvement is expected to help sustain the long-term delivery of services, said Horak.

He refuted allegations that the shift in emphasis would result in the dropping of standards in previously advanced communities. Instead, he contended that the more effective mix of resources had, for example, resulted in better ref-

use services in Randburg while services are being "normalised" in all areas.

"The R92-million is a wedge to open up service delivery in order for us to gear up and make it a major project. Providing basic service delivery is not the same as upgrading services... that is a much larger task and needs a lot of capital, proper plans and community participation," said Horak.

15/6/95

(127)

# Constitutional Court might examine reverse racism

BY HELEN GRANGE

Anomalies have emerged in court rulings involving whites claiming that they have been discriminated against by being forced to pay rates and service charges while the debts of other communities are written off.

A Welkom magistrate last week found that the town's transitional council had acted unconstitutionally by writing off the debt of only some communities.

But a Krugersdorp magistrate, adjudicating a similar case, decided to apply to the Supreme Court to stop proceedings until the Constitutional Court had made a decision on the constitutionality of fixed tariff payments for services in black residential areas while other ratepayers had to pay far more.

This followed his refusal to summarily fine a Krugersdorp resident for not paying his rates and services arrears.

Legal sources said last week that there needed to be some indication from the Constitutional Court as to what could be regarded as legitimate distinctions

between groups of people in terms of the constitution.

The issue has not yet been brought to the Constitutional Court but is likely to be referred soon by one of the Supreme Courts.

It also embraces problems being encountered in affirmative action initiatives in the public and private sectors, where whites are claiming they are being discriminated against on the basis of race.

In the Constitutional Court it will be the onus of the company, governing authority or individual alleged to have practised the discrimination to show that they were not acting unfairly.

"If, say, the transitional council involved in the Welkom case can show that its decision was not based on racial criteria but abject poverty, then it is possible the Constitutional Court will rule in its favour."

"We need to get some idea from the Constitutional Court as to what is a legitimate basis for making a differentiation between groups," said a legal source.

(123)

it  
RT  
ary  
ov-  
the  
en

T  
w  
th  
c  
w  
a  
m  
O  
to  
ce  
te  
th  
c  
P  
in  
fe  
th  
fe  
le  
a  
c

# Masakhane: seeing is believing (23)

20/6/95

## Drew Forrest

"SO I said she still owes them for the last account. So she said: 'Why should I care? There are so many people that haven't been paying. So why can't I jump on the bandwagon? My R100 is not going to make any difference to what is in arrears. Why should I pay if they can get away with it?'"

The speaker is a black woman living in the Western Cape, one of the subjects of a newly released independent survey on the publicity around the government's Masakhane campaign.

Based on "focus groups" comprising township men and women between the ages of 25 and 49 from five provinces and seven language groups, the survey finds a high level of awareness of Masakhane and acceptance of its aims. "Pay your services, co-operate and build the nation," is how one respondent defines the campaign, which initial pointers show is starting to make an impact.

But more intriguing are the minority views the survey reflects — like that of the Western Cape woman — which hint at obstacles Masakhane must surmount in persuading residents to call off rent, service charges and bond boycotts.

She articulates one of the most intractable difficulties: how does one convince people to pay when they see

others boycotting and getting away with it?

Penalties are central to Eskom's boycott-busting success: "We only pay for electricity," one Xhosa respondent significantly concedes.

Administrative reasons are also cited to justify non-payment, and specifically local authorities' failure to invoice.

"We don't pay for these services, not because we don't want to pay," says one respondent, "but because no one tells us or sends us something about these services."

This defence is justified in many localities in the country. The survey indicates that boycotts are most entrenched in coastal areas. In large parts of the Eastern Cape, local government, and with it the administration of services, has disintegrated.

A key challenge for the government will be to revive administrative systems before enthusiasm for Masakhane ebbs.

A related complaint is that of unfair, or unexplained, charges. "It is a good idea to (pay first) provided we are charged fairly," says a Gauteng man. "People need to be shown clearly how they are charged."

Masakhane is also up against the legacy of deep suspicion left by the corrupt, incompetent and politically tainted black councils of the apartheid years.

"I think maybe they renovate their offices," one respondent replies when asked to speculate on how service payments are used.

Another respondent replies: "No one knows. The roads are in bad condition, services are very poor, and whatever project they do in the township, they leave it unfinished."

The same suspicion, coupled with the idea that Pretoria will provide, underlies the view of some respondents that payment should follow delivery.

Says a Free State woman: "Right now they are paying, but they don't know what for. It is better to pay for something you see, something worthwhile."

A KwaZulu/Natal man takes a similar position on housing. "A shelter is a right for every human being," he says. "It is not right to pay first. Houses must be built, then we will pay."

Underlying some responses is a kind of class consciousness, a resentment of the well-heeled political and religious leaders fronting Masakhane's media campaign.

Argues one Eastern Cape man: "They should include people who were directly involved with rent boycotts even though that person is not known. Because all these people, they don't know anything, they don't feel our pain. It's easy for these people to say Masakhane or pay."

One respondent objects to Archbishop Desmond Tutu's role, arguing that he should "stick to the word of God".

And the ANC's about-turn on the payments issue appears irksome for others, who tilt at Moses Mayekiso, a former boycott leader turned Masakhane advocate.

Says one: "Mayekiso... it is not good to use him in this campaign because he is the one who influenced people about not paying for their services and rent." Among some coloured respondents, racial grievances surface — Masakhane is seen as too Afrocentric.

"If you look at the titles of things, it is black, it is in black language," one complains. Adds another: "We do not benefit from it, we are being pushed backwards. At first you were not white enough, now you are not black enough."

Finally, there is the suggestion in some responses that it will take more than an advertising campaign to change some township residents' behaviour.

"Some will not pay because of stubbornness, and others are ignorant," comments a KwaZulu/Natal woman.

Says a Western Cape woman: "In some places I think (Masakhane) would make people aware, but then you will still get people that want to go boycotting, thinking that their life is better than anybody else's."

# Electrical: Power for the masses

CT(BE)20/6/95 (123) ~~(123)~~

The electrical distribution equipment industry has the capacity and institutions to meet the needs of a mass electrification programme but needs to be restructured to provide competitively priced goods for local and export markets, Richard Goode of the Industrial Strategy Project has found.

But the electronics industry was in a bad way, it said. It was unable to provide affordable consumer goods to the millions who would come on stream as part of the 8 million new connections that Eskom planned for the next 20 years.

"Although the electrical distribution equipment industry, mainly

through Eskom, has the generation and transmission infrastructure needed, it is constrained by the lack of investment, fragmentation of demand, lack of standards and economies of scale, high raw material costs and low skills levels among workers."

Goode recommended phased reduction in protective tariffs for the electrical equipment firms, particularly the highly protected distribution transformers, circuit breakers and insulated cable producers.

There was a need for a skills upgrade to improve productivity.

The electronics sector, on the

other hand, was in a far worse position. It was uncompetitive and it relied on imports.

To survive, it would have to be integrated into international markets with a phased reduction of tariffs on equipment and components and greater access to foreign technology with South African companies entering into co-operative networks overseas.

Goode recommended the sector should concentrate on developing technologies that would enhance productivity in other sectors.

Some sub-sectors within the electronics sector would survive but others would fail, he said.

## Govt indemnity scheme to cover 14 more areas

Robyn Chalmers

123

22/6/95

A FURTHER 14 areas have been granted cover under government's mortgage indemnity scheme, bringing to 28 the number where accredited banks will grant bond finance.

Mortgage Indemnity Fund board chairman Johan de Ridder said yesterday the fund had this month considered 65 areas countrywide for cover. Although cover was not a precondition for extension of bond finance, banks lending in approved areas would be indemnified against loss if a breakdown of law and order meant they could not repossess houses. In the first round of approvals, cover was extended to 14 areas in seven provinces; in the next 14 applications out of 42 were approved.

Factors contributing to denial of cover related mainly to severely deficient local administration and services and persistently low or declining payments for services. Another was continuing interference with due legal process after occupants defaulted on loans. Affected communities and authorities had been informed of the decisions and reasons, and had been encouraged to seek solutions to the problems.

KwaZulu/Natal and the Eastern Cape, both excluded in the first round, received cover in certain areas. These were Chatsworth, Claremont and Umlazi in KwaZulu/Natal and Bethelsdorp, Rosedale, Kwadezi, Braelyn and Kwamagxaki in Eastern Cape. However, cover was denied in Eastern Cape's Gomo and Motherwell, and KwaZulu/Natal's Chesterville and Madadeni. In Gauteng, cover was extended to Doornkoop and Protea Glen but denied in Duduza, Thokoza, Spruitview and Tsakane. In Western Cape it was extended to Grassy Park and Macassar but denied in Langa. Cover was also given to Lulekane and Namagale in Northern Province.

De Ridder said the board had accredited five more mortgage lenders. These were Bophuthatswana Building Society, Citizen Bank, Community Bank, Mercantile Bank and Khayaletu Home Loans.

● See Pages 3 and 10



# Eskom project opened in Richards Bay

ARC 22/6/95

(123)

**RICHARDS BAY.** — Eskom chairman John Maree has officially opened the parastatal's newest and biggest electricity transmission sub-station at Richards Bay.

The Athene sub-station, with a capacity of 2000 Mw, will supply the Alusaf Hillside smelter — making it Eskom's largest customer receiving 800 Mw — and the Eastern Transvaal high-veld.

Dr Maree said the Athene project "was a symbol of the strong co-operation between the large players to support economic growth in the country".

Eskom chief executive Allen Morgan said the Alusaf plant would contribute one percent towards South Africa's gross domestic product and earn R1 billion in foreign exchange annually.

And 1 900 permanent jobs would be created, along with a further 30 000 in related industries.

Mr Morgan congratulated Alusaf on the development of the plant as it showed their faith in the economy and in Eskom.

Dr Maree said the sub-station was also part of a massive system to link South Africa and its neighbouring states through an electricity grid.

"The development of Southern Africa is going to depend on the sharing of resources and the sharing of knowledge within the sub-region."

He said the linking of all the countries of Southern Africa was slowly becoming a reality, and electricity was going to be a stimulus for the development of the sub-continent.

The promotion of the Southern African power pool would be of "enormous benefit to our sub-continent. Cheap power would allow us to

achieve growth rates not seen before in Africa".

Dr Maree said that although Eskom was the world's second cheapest electricity producer, it would continue to reduce the price of electricity by 15 percent through efficiency improvements.

"I am confident that with the resources and with the people we have in our country we will offer an improving life for our people, and we can build a country on par with the world community," he said. — Sapa.

# 15 townships put on danger list

123

CP 25/6/95

FIFTEEN black townships countrywide are still blacklisted by the government and mortgage lenders when it comes to providing home loans.

And they could soon be joined by other townships which do not meet conditions set by the state-sponsored Mortgage Indemnity Fund.

The townships include Langa on the Cape Flats, Motherwell near Port Elizabeth, Thokoza on the East Rand, Chesterville near Durban, Thabong in Welkom and Thlabane in Rustenberg.

The Mortgage Indemnity Fund, administered by the Housing Department, this week announced it had considered 42 areas in all nine provinces for cover by the Fund.

Acting risk manager David Posteous said although such cover was not a precondition for a housing loan, these areas were affected by circumstances indicative of the risks covered by the indemnity provided by the Fund.

Of the 42 area applications considered, 14 were approved for full cover by the Fund - while 15 areas were found not yet ready for cover.

Decisions on 13 areas were deferred because of insufficient information.

Posteous said the collapse of local administrations and non-existent services were the main reasons why the fifteen areas had been rejected for cover.

## Payments for services

The other two factors were persistently low or declining payments for services and interference with the legal process following failure to regularly pay back loans.

The full list of the 15 areas deemed risk areas are:

■ **Gauteng:** Duduza in Nigel, Spruitview in Boksburg, Thokoza on the East Rand, and Tsakane in Brakpan;

■ **KwaZulu/Natal:** Chesterville in Durban, Esikhaweni in Empange-

ni, and Madadeni in Newcastle;

■ **Free State:** Kulwanong in Odendaalsrus, Meloding in Virginia and Thabong in Welkom;

■ **North West:** Meriteng and Thlabane in Rustenberg;

■ **Eastern Cape:** Gompo in East London and Motherwell in Port Elizabeth; and

■ **Western Cape:** Langa in Cape Town.

The Fund has informed the town clerks involved and the provincial housing departments of the reasons for the rejections, Posteous said.

A total of 65 areas countrywide have so far been considered for cover by the Fund - and cover has been provided in 28 areas.

The Fund is currently assessing another 125 areas countrywide.

The Fund has so far accredited eleven mortgage lenders - FNB, Standard Bank, Nedcor, ABSA, NBS, Saambou, Bophutatswana Building Society, Citizen Bank, Community Bank, Mercantile Bank and Khayeletu Home Loans.

## Contractors get deadline

Robyn Chalmers

22 (123)

99

CONTRACTORS who intend to be involved in the low-cost government housing programme, and who wish to get bond finance, must submit registration applications with the National Home Builders' Registration Council by September 1. **BD 22/6/95**

Releasing the details of home builders' registration requirements yesterday, council MD Peter Allsopp said the council was an essential part of the interim defects warranty mechanism.

"Registration with the council is voluntary, but banks that are members of the Association of Mortgage Lenders will grant bond finance for new houses costing under R65 000 only in cases where the contractor is registered with the council," he said.

# US experts address housing seminar

(123)  
Adrian Hadland  
BD 26/6/95

CAPE TOWN — American housing and development experts warned at the weekend that overly ambitious government housing plans could frustrate potential home owners.

JEB Associates president James Baugh told a Parliamentary seminar the "biggest disservice" against communities was to create expectations that could not be fulfilled.

While it was not wrong to be ambitious, particularly given the great demand for housing in SA, it was essential communities were kept continually up to date on housing plans and progress, he told MPs.

Many of the experts, who were brought from the US to SA by the Congressional Black Caucus Foundation, urged a broad approach to housing which focused on community eco-

conomic development, job creation and skill acquisition programmes as well as actual construction.

Only once people had an income or jobs could they afford to build and maintain homes, said Baugh.

"Economic development and empowerment leaves you with choices: you must have money to own your own home."

He said about 3,4-million people in the US were housed in schemes administered by 3 700 housing authorities. US policy, however, was moving away from seeing the state as provider of housing towards the state as facilitator of housing projects and initiatives, according to National Community Reinvestment Coalition president John Taylor.

The best use of government funds was considered to be for leverage, the provision of guarantees and involv-

ing new players, Taylor said.

Government should also bring together institutions, including lending, construction and development organisations, rather than undertake these roles itself or be forced into providing "deep pocket subsidies".

Howard University architecture and city planning professor Jerome Lindsey stressed that both urban and rural housing and development programmes should be implemented in tandem. Failure to do this would result in unbalanced development as well as accelerate the influx of people to urban areas.

Local Initiative Support Corporation director Oramenta Fleming and municipal finance adviser for the US Agency for International Development Russell Hawkins were also present at the seminar.

# RDP turns tap for 1.7-m

**Political Correspondent**

RECONSTRUCTION and Development Programme projects to supply water and sanitation services to 1.7 million people will be on-stream within a few months.

Further projects are being planned to bring ready access to water to another 1.8 million people in the next few years.

This was said in the national assembly today by Water Affairs and Forestry Minister Kader Asmal.

Opening the debate on his ministerial budget, Dr Asmal said beneficiaries of the projects were directly in-

involved in planning and managing them.

Some projects had been delayed because communities had insisted on being given training on issues like tariffs and service levels before agreeing to designs and contracts.

The projects for which funding has been approved already are in the North West Province, the Free State, KwaZulu-Natal and the Eastern Cape.

The further projects being planned will be in the North West Province, Eastern Transvaal and Eastern Cape.

Dr Asmal asked the housing and agriculture ministries to consider carefully the implications, for water resources, of their programmes.

(123) (299)

ARJ 27/6/95

## Koeberg generators

pass 100 billion mark

ET 27/6/95

KOEBERG nuclear power station on Sunday night notched up 100 billion kilowatt hours of electricity generated since start-up in 1984. (123)

The power generated was the equivalent of South Africa's total demand for 8,2 months, or demand in the western and southern Cape for 6,9 years, Koeberg said in a statement yesterday.

The operating time required to produce 100 billion kilowatt hours was 7,4 years for the station's Unit 1 and 6,8 years for its Unit 2. Koeberg's longest period of continuous generation was 357 days last year.

Since start-up the station had "consumed" 21 tons of uranium. — Sapa

# Scheme 'will have teething problems'

(123)

MD 28/6/95

ALL parties involved in the housing programme's new subsidy scheme should expect teething problems over the next month or two, but these should soon be settled, says housing department consultant Nigel Mandy.

\*He told a National Association of Home Builders and Urban Developers workshop this week that he was confident problems could be solved, enabling mortgage lenders to meet their target of 50 000 loans to the low-income sector in a year.

He was surprised to hear from home builders that some banks were issuing only 80% bonds without legal and other costs, which have to be paid by the borrower.

The impression was that 90% loans would be the norm.

However, Mandy said each mortgage lending institution was required to report regularly to the mortgage indemnity fund on lending criteria and targets by area. This would ensure they were on track to meet their lending targets.

Builders at the workshop said they were unhappy about the high costs which had to be paid up front by prospective buyers. They said costs

of about R2 500 were involved in the transfer and bond registration of a home of R50 000, as well as a deposit of 5% or more.

In many cases, builders said prospective buyers did not have these funds. They could participate in savings schemes, but had a maximum of 18 months in which to acquire sufficient funds and take transfer of the property.

Mandy said a variety of subsidy schemes were being developed, including an institutional subsidy. This would be a capital subsidy to institutions which would acquire, construct and improve property.

He said the idea was to create co-operative schemes whereby people qualifying for subsidies could pool their resources and buy a housing scheme, block of flats or similar joint form of ownership. This would have to be done through a management organisation, and details of this subsidy were still being finalised.

Other subsidy schemes still being investigated included relocation allowances for people who could not afford their current houses, rental and rural housing subsidies.

# Water Affairs needs R36m

Adrian Hadland

(123)

CAPE TOWN — Between R36bn and R56bn will be required to achieve the goals of the water and sanitation sector over the next five years, says Water Affairs Minister Kader Asmal.

Addressing the National Assembly yesterday during his ministerial budget debate, Asmal said a review of existing and projected expenditure in the sector was being undertaken with the assistance of the Development Bank of Southern Africa.

Initial estimates of the total financing required by government, the water boards and other institutions for the provision of basic services and the supply of adequate water and sanitation amounted to between R36bn and R56bn. "The bulk of this will be

sourced from capital markets rather than the fiscus."

The amounts involved could be reduced if Housing Minister Sankie Mthembi-Nkondo and Agriculture Minister Kraai van Niekerk could be persuaded to consider the implications for water resource development in their programmes.

National irrigation tariffs, local government subsidies for water provision and the tariff structure for the Vaal system were being reassessed with a view to promoting efficient water use, Asmal said.

"We aim to develop a new system of conditional financial transfers to promote the provision of basic services in a sustainable way," he said. Loan funds would be

BO 28/6/95

Continued on Page 2

## Water (123) (123)

BO 28/6/95

Continued from Page 1

made available to water boards, on the best possible terms, through a water bond or similar arrangement.

Introducing his R2,1bn budget, Asmal reported significant progress in the implementation of water and forestry projects across SA. "We are rapidly moving from the phase of policy formulation to implementation," he said.

A number of major projects were either under construction, such as the Lesotho Highlands Project, or were at the final stages of design and tendering. These included the Driekoppies and Injaka dams on the Komati and Sabie rivers, the Olifants-Sand transfer pipeline to Pietersburg and the first emergency phase of the Tugela-

Mhlatuze transfer scheme for the Richards Bay area.

Work had begun on the Mount Pleasant Dam near Ladysmith, proposals were being finalised for a dam on the Mvoti River and construction would begin this financial year on bulk supplies to the KwaNdebele region of the Eastern Transvaal from the Vaal and Usutu Rivers.

An estimated 3,5-million people would receive new access to water in the next few years as a result of hundreds of projects being planned and implemented by the department.

Asmal said a Green Paper on forestry had been published yesterday aimed at dealing with the doubling of SA's timber requirements by 2025 and with plans and projects in this sector.



## National water budget 'should be doubled' (123)

Political Correspondent *ARL 28/6/95*

THE national water budget should be doubled, parliament has been told.

This recommendation was made in a report by the national assembly portfolio committee on agriculture, water affairs and forestry.

The committee tabled its report after four hearings of evidence by water affairs officials and an interview with the minister, Kader Asmal.

The committee said the department had shown its commitment to transformation and to delivery. Adequate resources should be given to it to carry out its work.

"South Africa is a country where water is a scarce resource which must be jealously guarded and properly used. It involves projections and plans which run over decades."



**HOME SWEET HOME:** Abigail Mtyali, 52, in front of her polyurethane-coated shack in the Lukhanyisweni squatter camp in Somerset West.

# Spray-on seal turns a shack into a home

(123) ARLG 28/6/95

□ *Waterproof and fireproof, they say*

**ESANN DE KOCK**  
Staff Reporter

A POLYURETHANE coating can help change the lives of squatters who endure cold, wet conditions in their shacks in winter and sweltering heat in summer.

Similar to the type used in modern fridges, it can be sprayed on to surfaces ranging from cardboard, corrugated iron and plastic to plywood to produce a waterproof, fireproof, thermal coating.

Businessmen Coen Marais and Abrie le Roux have developed the product in Cape Town and formed a company, Ukulungisa Amakhaya, to market it.

Mr Marais toyed with the idea for some years after being in the gunite swimming pool industry.

They have coated the home of Abigail Mtyali of the Lukhanyisweni squatter settlement between the Strand and Somerset West to serve as a showhouse.

It takes two or three hours to complete an average size shack and the mobile unit which does the job is easily transported — which means we can do a quite a few shacks in a day," said Mr Le Roux.

"The coating is between 20mm and

25mm thick and covers all the holes. It completely seals the shack.

"The coating contains a fire-retardant filler and if the shack catches fire, the furniture inside will burn but the structure should remain intact."

According to Mrs Mtyali the coating has made a huge difference to the temperature inside her home.

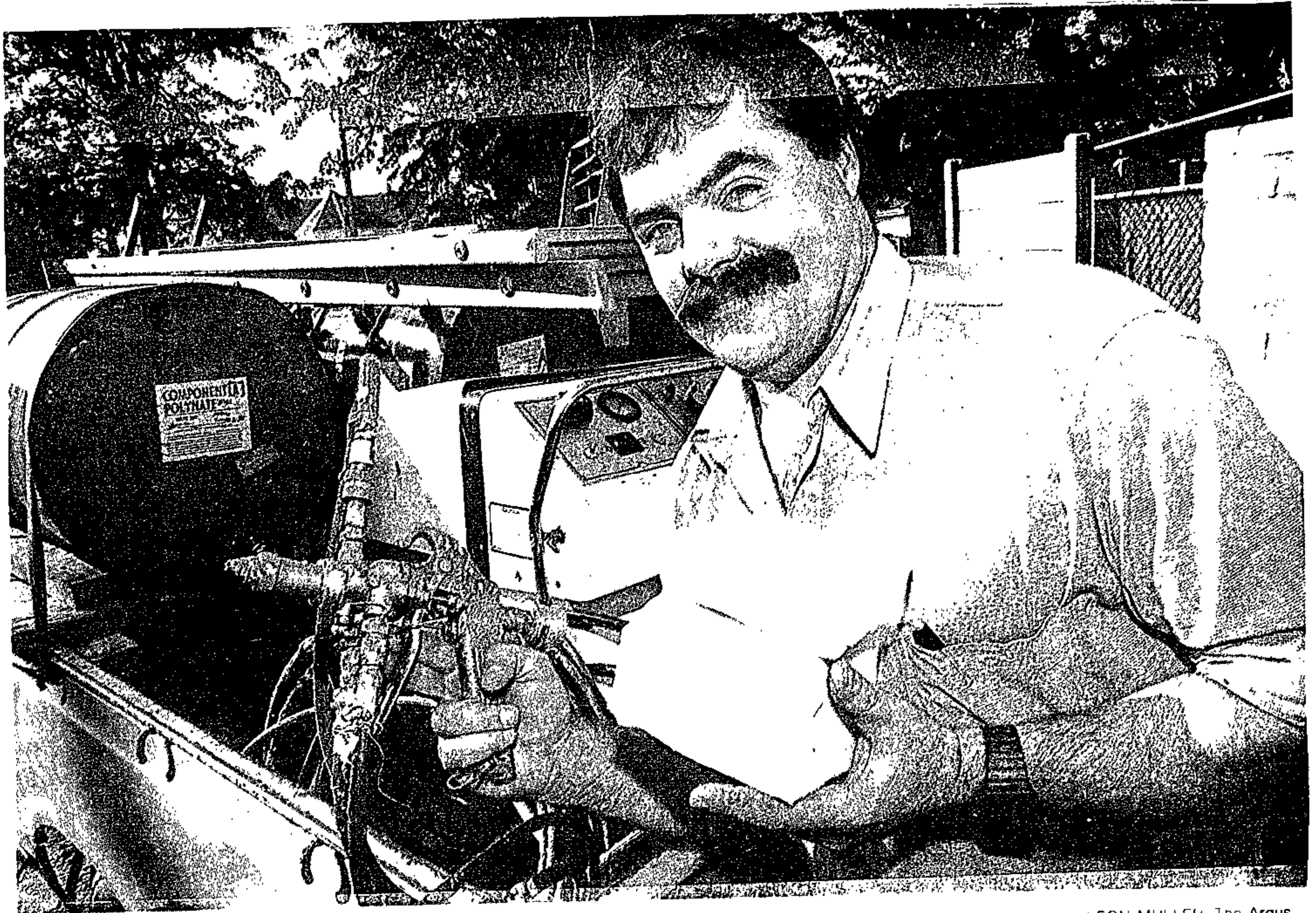
"It's much warmer than before. I am also looking after my baby granddaughter and at night I don't even have to use my heater anymore. All the leaks in my house have been sealed."

Mrs Mtyali believes the coating will be well received by other shack-dwellers "once the idea is explained to them".

Mr Le Roux regards the coating as affordable. It costs about R25 a square metre (or about R1 000 for a shack), including painting over the finished product.

He says the company is trying to find out in what way the RDP top-up subsidy on home repairs and building can assist squatters who would like to have their homes covered with the polyurethane coating.

"This is a small profit, big turn-over business and we believe it can make a real difference to the comfort of people who live in squatter huts."



Pictures. LEON MULLEN, The Argus.

**GETTING STARTED:** Abrie le Roux shows the equipment used to spray the polyurethane on to shacks.

28/6/95

# Banks under fire over home loans

58  
(123)  
28/6/95

BY MAGGIE ROWLEY

PROPERTY EDITOR

The National Association of Home Builders and Urban Developers has criticised banks for their lending criteria for low-income housing loans which, the association says, may "be unconstitutional".

Daan Roelvert, the association's executive director, said yesterday that about 96 percent of its members, undertaking low-income housing projects, had had applications for homes in the low-income sector turned down in the past few weeks.

He said attempts last week by the association to persuade banks to change their lending criteria, which seemed to "openly discriminate against low-income households", had been unsuccessful.

If this situation continued, about 90 percent of developers and contractors would withdraw from the low-income housing market, and thousands of prospective owners would be left homeless.

Roelvert said major discrepancies in the banks' lending policies included higher-than-normal variable interest rates set for the low-income sector.

These varied from 20 percent on bonds up to R25 000 to 19 percent for bonds from R25 001 to R50 000, and 17,5 percent on bonds from R50 001 to R65 000. Against this, the prevailing rate on larger home loans was 17,25 percent.

"Under the changed criteria,

employees with company subsidies or government guarantees will only benefit from about 17 percent onwards of the subsidy for which they qualify.

"Furthermore, many banks are now testing low-income bond applicants for affordability as if they were taking out a 10-year bond at a fixed interest rate of 22,5 percent," he said.

In response, Jopie van Honschooten, convener of the task team of the Association of Mortgage Lenders, said they had made it clear to all stakeholders, including the government, that it could only re-enter the low-cost housing market on a purely commercial basis.

"These commercial grounds require us to assess the cost and risk of this exposure without cross-subsidisation of these loans. Cross-subsidisation would also not be sustainable, as it would result in 20 percent of home loans having to cross-subsidise about 80 percent of borrowers," he said.

He agreed that the more stringent criteria now being applied by the banks had reduced the size of the loan for which an applicant could qualify. This was due to higher interest rates being charged to cover the cost of the administration and the lending institutions' exposure to risk.

"However, it must be borne in mind that the banks granted few loans to this sector in recent years, and these criteria were negotiated with other stakeholders," he said.

(123)

# Sanco objects to exclusion from housing agreement

BY SUDARSAN RAGHAVAN

SPECIAL WRITER

The South African National Civic Organisation (Sanco) hit out yesterday at its exclusion from the housing Record of Understanding and said it would oppose any "imposition of experiments" detrimental to its communities.

The housing department and banks represented by the Association of Mortgage Lenders signed a Record of Understanding last October to create home loans for lower income borrowers.

Sanco was excluded from the

CT(P&R) 28/6/95  
bilateral talks. Prior to the talks, the organisation negotiated on behalf of certain communities.

Sanco said many points covered in the agreement sounded good to technocrats and those wanting to maximise their profits.

Evictions and the threat of force, with or without government support, would lead to a hardening of attitudes, Sanco said.

It said an agreement that included its voice on behalf of certain communities "would stand a far better chance of success than an imposition from the government and the banks".

# Home loans upset looms

(123) Sowetan 28/6/95  
Banks accused of violating promises  
to low-income groups

**T**HE NATIONAL ASSOCIATION of Home Builders and Urban Developers says banks remain inflexible on the issue of lending to the low-income sector.

The association said yesterday that more than 95 percent of applications for home loans in the low-income sector had in recent weeks been turned down.

Unless banks changed their lending criteria thousands of prospective homeowners might remain homeless, the association warned. But spokesman for the Mortgage Lenders Association of South Africa and the Ministry of Housing denied the allegations. They claim the banks had agreed to stop "red-lining" low-income earners.

Association executive director Mr Daan Roelvert said his organisation had failed to get most banks to change their lending criteria. He said variable interest rates for the low end of the market were as high as 20 percent for loans up to R25 000. Normal bond rates at most banks were 17,25 percent.

Also, many banks were testing affordability of bonds according to the repayment a borrower would make over 10 years at a fixed interest rate of 22,5 percent. This meant many applicants did not qualify for a home loan. Under

the Housing Accord, banks had committed themselves to assisting all South Africans who were inadequately housed with loans to buy houses.

The Housing Ministry announced that all citizens who were earning R3 500 or less were entitled to a subsidy to buy a house. As a result of this announcement, hundreds of thousands of homeless people applied for loans in the hope of receiving subsidies.

MLASA executive Mr Japie Honschooten said the claims were not substantiated because out of every three applications for home loans, two were normally approved.

The banks had told the Government they would approve loans to applicants who could afford them. "We have agreed the loans should not be high, to enable people to pay back their bonds."

Housing Ministry spokesman Mr Thami Didiza said the ministry was unaware of the allegations, but would investigate them.

He said it was agreed banks would give reasons in cases where they did not approve housing loan applications.

The South African National Civic Organisation said it would never accept "red-lining", whether government-approved or not.

— Sapa and Sowetan Reporters.

# Controversy over lending accord

Robyn Chalmers (123)

WHILE mortgage lenders, builders and government tussle over lending criteria for low-income housing, the record of understanding which paved the way for banks' re-entry into the low cost housing market is in danger of being undermined.

The SA National Civic Organisation this week called for the reopening of negotiations on the record of understanding, saying they were excluded during the first round of talks between banks and government.

Sanco national president Mlungisi Hlongwane said Sanco was not a signatory to the record of understanding, and had been excluded from the lengthy talks last year.

"We are not surprised by the cool and almost hostile reception our communities have given this record of understanding as our structures at various levels have been negotiating with banks on the very same issues," Hlongwane said.

Hlongwane said an agreement between government, banks and communities would stand a far better chance of success than a decree from government and banks.

The agreement was aimed at ensuring that banks resumed mortgage lending for the lower income communities. It encompassed a commitment from banks to lend 50 000 bonds into this market over a 12-month period, and forged an agreement on government's mortgage indemnity scheme should there be a breakdown of law and order in those community areas. It effectively put an end to the

BD 29/6/95  
banks' redlining of areas which had initiated bond boycotts during the late 1980s to protest against, among other factors, the apartheid regime and the lack of township services.

The creation of the agreement paved the way for banks to officially re-enter the low-cost housing market on June 5 this year, when they opened their doors to applicants from disadvantaged communities.

However, the granting of loans has become embroiled in controversy, as both builders and government have criticised banks for imposing stricter mortgage lending criteria for applicants of smaller, variable rate bonds.

Earlier this week, National Association of Home Builders and Urban Developers executive director Daan Roelvert said that more than 96% of lower income bond applicants had been turned down since the beginning of the month.

Banks yesterday defended their decision earlier this month to base their affordability examinations for smaller bond applicants on recently introduced criteria for fixed rate mortgage bonds.

Housing Ministry director-general Billy Cobbett said he would be seeking an urgent meeting with the banks to discuss the issue.

Cobbett said government was concerned that the affordability tests banks were using would exclude those that should theoretically have had access to bank credit.

He said this contradicted government's talks with banks over the past year which had been aimed at increasing accessibility to bonds.

# HOMEOWNER'S GUIDE

# Breaking ground for the homeless

Sowetan 29/6/95

(123)

HOMELESS people in the metropolitan areas could soon become owners of homes near major railway stations.

This is according to Intersite Property Management Services, the property management arm of the South African Rail Commuter Corporation (SARCC), a fully commercialised government organisation which runs the train service in the major urban areas.

Intersite is preparing to make land available for low cost housing in metropolitan areas should end-user finance become available to this sector of the market.

At present the company manages a portfolio of more than 4 426ha of land worth in excess of R2 billion around the country.

"Although extensive consultations with the communities regarding some of the proposed developments have taken place, the non-availability of end-user finance has prohibited further action so far," says company spokesman Francois Botha.

Intersite's proposed developments would be sold to the prospective homeowners, and measures would be taken to prevent speculation, and see to it that the house are made available to people that need them.

"Intersite is aware of its duty as an effective custodian of State-owned property and is set on meaningful development, while maximising returns based on sound business principles," Botha added.

Although the company could soon be



Laying the foundation for a new township...this could soon be the scene of new metropolitan railways stations.

breaking new ground through the provision of low-cost housing, it has already had extensive involvement in community-based development, including economic housing projects.

### Quality of life

Botha points out that these developments would be done within Intersite's set aims to ensure the upliftment and enhancement of the environment and quality of life for commuters and for the communities within which developments take place.

This would mean that local builders and contractors would be utilised extensively where possible in projects which

would also be aimed at assisting them toward capacity building and effective transfer of skills.

Already this approach has helped a large number of builders and contractors from formerly disadvantaged communities improve their skills and ensure their empowerment.

An example of this was the R34m upgrading of 15 Soweto stations where the construction, horticulture, cleaning and maintenance contracts were awarded almost entirely to local entrepreneurs.

● The National Home Builders Registration Council (NHBRC) has released details of the registration requirements

for home builders in terms of the interim defects warranty scheme.

The requirement that are laid down are:

- All contractors wishing to build new homes must obtain proof of submitting an application for registration with the NHBRC by September 1, 1995;
- Contractors must obtain a certificate of registration by November 1, 1995;
- Registered contractors must abide by the rules of the NHBRC which includes building in accordance with the building standards and guidelines published by the organisation.

The council points out that registra-

tion with the NHBRC is voluntary, but that banks which are members of the Association of Mortgage Lenders will now only grant bond finance for new houses costing under R65 000 in cases where the contractor is registered with the council.

In addition, contractors will have to have a written contract with the home buyer which includes a 90-day post-occupation warranty covering the repair or replacement by the contractor of all defective workmanship and materials, a 12-month post-occupation roof leak warranty and a document laying down the formal obligations of the consumer and plans and specifications of house.



a  
ex  
is-  
60.  
rig  
it-  
e-  
ri-

, it  
to  
vi-  
are

# Meyer tells MECs to sort out demarcation

CAPE TOWN — Inconsistencies in ward allocations prescribed by the Constitution and the Local Government Transition Act could force them to be amended before the November elections.

While Constitutional Development and Provincial Affairs Minister Roelf Meyer believes provincial MECs and the demarcation boards might be able to resolve the problem, parliamentarians believe the Constitution will have to be amended.

The Act prescribes that wards must be so demarcated that black communities get half the total for all local government authorities, with the other half split among white, Indian and coloured communities.

The system has already created distortions. In Plettenberg Bay, for example, there are 29 blacks and 10 475 white, coloured and Indian voters sharing 10 wards, which means 29 people have the same say as 10 475. Carletonville has a similar problem.

At a joint constitutional development parliamentary committee meeting yesterday, department of constitutional affairs adviser SS van der Merwe said the extent of the problem was unclear.

Local Government Elections Task Group co-chairman Van Zyl Slabbert had been unable to give him accurate figures because the demarcations were still taking

place. **29/6/95**  
Slabbert thought the problems should be addressed individually without restructuring the whole system, Van der Merwe said.

Meyer suggested a way to resolve the problem before resorting to a constitutional amendment: that all provincial MECs "apply their minds" to ward demarcation.

Demarcation boards would also need to be approached to provide information within 14 days.

The matter would be discussed at Monday's Minmac meeting, Meyer said.

Problems should be solved by the provinces, the demarcation boards and the local government task team.

Only if problems still remained after these attempts should legislation be amended.

The amendments would apply in exceptional cases only, and time scales would have to be adjusted before polling day on November 1 by provincial proclamations, he said.

Committee members agreed in principle to Meyer's plan, but postponed discussion on the substance of the amendments.

The parliamentary committee would be kept informed of developments during the recess and, if necessary, the committee would be recalled, co-chairman Pravin Gordhan said. — Sapa.

## IFP accuses 'secretive' Asmal

**Ferouk Chothia** (23) **29/6/95**  
DURBAN — Water Affairs Minister Kader Asmal had held secret meetings in KwaZulu-Natal about the province's water problems, by-passing the legitimate provincial government, the IFP said yesterday.

Asmal's spokesman Themba Khumalo hit back

by calling on the IFP to "rid itself of the mentality that it had a monopoly" over rivers and dams in KwaZulu-Natal. The constitution stated that water affairs was a national competence, Khumalo said.

Sapa reports that the IFP accused Asmal of being "devious in the extreme" for by-passing the provincial government and then attempting to blame the IFP for being "obstructive to delivery".

Asmal said in his budget vote earlier this week that IFP "obstructionism" was the major obstacle to water delivery in KwaZulu-Natal.

The IFP said: "Asmal has on various occasions secretly visited KwaZulu-Natal and held meetings concerning the supply of water to the province without inviting IFP persons to these meetings, deliberately bypassing the legitimate government of KwaZulu-Natal." **29/6/95**

Khumalo confirmed that Asmal had met non-governmental organisations and department officials in KwaZulu-Natal, but said it was not secretive.

Khumalo said the minister had met a KwaZulu-Natal government delegation led by Premier Frank Mdlalose in March. This meeting was to discuss IFP demands for control over water affairs and forestry.

Asmal's repeated attempts to arrange follow-up meetings with the provincial government had been unsuccessful, and this was frustrating attempts to supply water to needy areas. There needed to be co-operation between the national and provincial governments to implement reconstruction and development projects, he said.

The IFP had threatened earlier to pass legislation in KwaZulu-Natal seizing powers related to water and forestry to bring government "closer to the people". It said yesterday it was doing everything in its power to facilitate the delivery of water.

Khumalo said rivers flowed from one province into the other. It was vital that water affairs remained with central government to "deregionalise" the SA economy.

# VITED

tion

1995 R000	1994 R000
120 163	95 280
10 144	8 835
130 307	104 115

# Solar power for rural development

(123) *[Signature]*

□ American team leads the way

AR 29/6/95

**Staff Reporter**  
PENINSULA Technikon students sat back while their lecturers got some tuition this week, courtesy of visiting American renewable energy specialists.

The professors and lecturers wielded solar panels and wind generators on the roof of the technikon's electrical engineering department, as instructors from the US-based Organisation Renewable Energy for African Development (Refad) taught them the basics, just in case they had forgotten anything.

Theory was turned to practice as the learned crowd put a variety of clever, low technology instruments to work.

"Our aim is to educate those people who are responsible for training the people who will be doing the installations," said Refad instructor Jeff Ross.

"The goal of the exercise is rural development — with electricity, a family can read at night, watch television or listen to the radio, and all this contributes to education.

"At the same time, their lives are made more bearable and this technology is environmentally far more acceptable.

"We use solar power to heat or pump water, and wind turbines to generate electricity for a multitude of uses. The whole idea is not to compete with the grid of the public utility (Eskom), but to provide power where the grid doesn't reach.

"The power can be used for primary lighting, water and so on for schools, clinics and enhancing rural family life.

"The philosophy behind it is to enable people to generate an income either directly or indirectly from the use of this type of equipment.

"In this way, they can find ways of paying for the equipment. Refad also has as one of its aims the creation of a revolving credit system on which communities can buy the equipment.

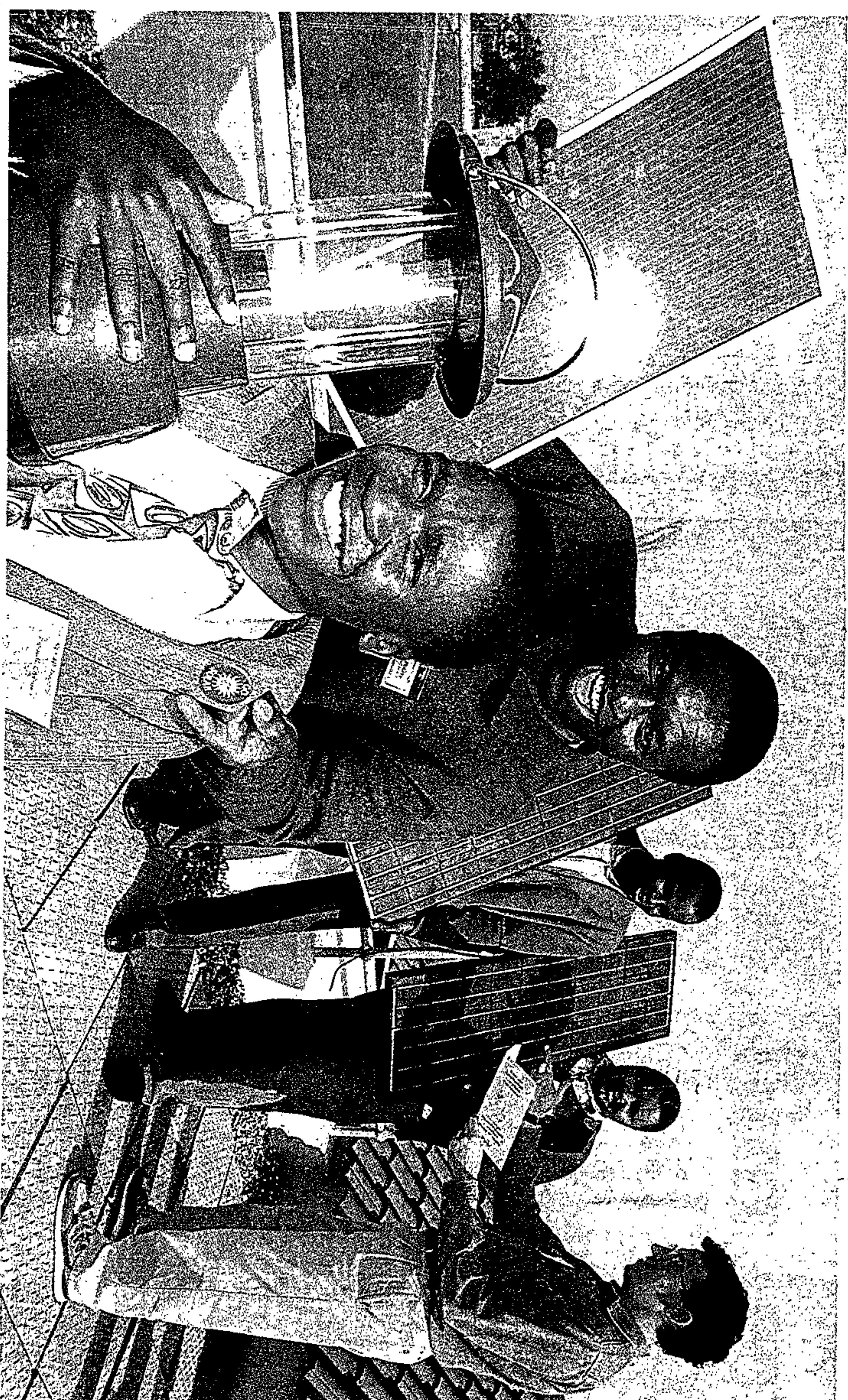
"It is true that sometimes such equipment can be quite expensive involving a large initial capital outlay, and it would be wise to get people to use it in such a way that it can pay for itself."

Peninsula Technikon's Bennett Alexander, senior lecturer at the department of electrical engineering, said the local industry was very helpful in supplying hardware for the course.

"They were marvellous. We soon reached a point where we had to tell people we had enough equipment to work with.

"The fantastic thing about this kind of technology is that it is small and modular, while it can be installed and operated with the minimum technical knowledge."

The course, which started last week, will continue for four weeks.



**SUN FUN:** Setting up practice solar panels are Pious Changala of Malawi, Joseph Phuti of Botswana, Levy Nankatana of Namibia, Amos Mdebuka of the Eastern Cape and Jeff Ross of the US agency Refad. One of the ultimate goals of the exercise is to make this available to more rural communities in South Africa.

Picture: ROY WIGLEY  
The Argus.

# Slow start to lower income housing plan

(123) CT (PR) 24/6/95

BY MAGGIE ROWLEY

PROPERTY EDITOR

The government's individual capital subsidy scheme for low-cost housing, launched on June 5, has got off to a slow start, a spot survey of the provincial housing boards has shown.

An industry spokesman said yesterday the scheme's slow take-off had been due to: teething problems in getting the scheme set up; the public's ignorance of the subsidy scheme and the shortage of affordable housing developments and serviced sites.

Government subsidies for low-cost housing prior to June 5 were limited to project-based subsidies with developers being paid the subsidy on transfer of the properties to the new owners. Most applications and subsidies approved to date have therefore been project-related.

Credit-linked individual subsidies are now also available to those who have met the banks' lending criteria and have been awarded individual subsidy schemes.

Housing board representatives said that delays in the banks processing documents could be the reason for there being less credit-linked applications than non-credit applications.

The Northern Cape and Eastern Cape provincial housing boards have received 100 and 10 individual subsidy applications respectively, none of which have been credit-linked. The Northwest provincial housing board has had

no applications "due to hold ups at the transitional local council".

The Western Cape provincial housing board is processing 50 applications for individual capital subsidies and has approved four credit-linked subsidies to date. Further credit-linked applications are believed to be in the pipeline.

However in the Eastern Transvaal and the Free State between 500 and 750 applications have been received in each region.

An Eastern Transvaal board spokesman said the applications were still being processed and while no applications had come through the banks, a number of applicants were likely to qualify for credit-linked subsidies.

A Free State spokesman said they were still waiting for further applications for credit-linked subsidies through the banks.

Attempts to get information from the other provincial boards were unsuccessful.

Meanwhile Johan de Ridder, chairman of the Mortgage Indemnity Fund said to date 68 areas countrywide had been assessed for cover under the scheme, of which 28 had been approved and 13 deferred due to inadequate information. The fund was established to underwrite the political risk of banks lending to the low-income market.

"Assessing areas for mortgage indemnity cover is no doubt also creating some bottlenecks as the banks are not prepared to lend into areas which have not been approved in terms of the scheme."

# Housing accord not being honoured

(123) Sowetan

By Bhekie Matsebula

29/6/95  
THE Institute of Estate Agents of South Africa yesterday claimed that banks had disqualified more than 50 housing loans applications for low-income earners in Soweto last week.

IEASA Southern Transvaal secretary Mr Ralph Heibner said black estate agents had applied for loans on behalf of their clients in line with the Housing Accord between the government, banks and construction companies.

Heibner condemned the banks' actions, saying black estate agents would be discussing the matter at an urgent meeting to be held in Soweto today.

Spokesmen for the Association of Mortgage Lenders could not be reached for comment yesterday as they were locked in a meeting in Johannesburg. However, the association denied in an earlier statement that banks were refusing to give loans to potential home buyers in the low-income category.

National Housing Ministry spokesman Mr Thami Didiza said on Tuesday the Government would investigate the allegations.

The IEASA's Soweto branch will hold the meeting in Diepkloof at 5.30pm.

"Some of our members are sitting with more than 50 applications where applicants qualified last week and are now automatically disqualified," Heibner said.

Heibner said today's meeting will try to find ways of reopening discussions on the Government's housing subsidy scheme. He said the branch would also seek support from civic organisations.

Under the Housing Accord, banks committed themselves to assisting all South Africans who were inadequately housed with loans to buy homes.

The National Association of Home Builders and Urban Developers said this week that about 95 per cent of applications for low-income housing loans had been turned down by banks.

# HOME *Guide*

**OWNERSHIP  
BUILDING and  
IMPROVEMENTS**

TO ENSURE YOUR PARTICIPATION CALL: VIDA DORMER TEL: 474-0128 - FAX: 474-3810

## The wheels have begun to turn

(123)  
Sowetan  
29/6/95

**T**HE NEW housing initiative announced by Minister Sankie Mthembu-Nkondo and made possible by the increase of about 80 per cent in the national Budget, is now under way. The major elements of the programme are three new subsidy categories:

- An individual subsidy scheme that will allow people earning less than R3 500 a month to apply for a subsidy of up to R15 000 without the qualification of being part of a housing project, which had existed until now.

- A consolidation subsidy which will allow people who have in the past received serviced sites from government to build a modest structure.

- The third is an institutional subsidy which is designed to allow for the creation of housing cooperatives and housing associations and will also provide for rental accommodation.

The government has announced a housing support programme aimed at the poorest sections of society



Sankie Mthembu-Nkondo

Waiting lists for subsidies are to be abolished and subsidies are to be issued four times a year on a first come, first served basis.

Members of the Association of Mortgage Lenders, (AML) which include all the major banks are to implement an agreement reached towards the end of last year to enter the market for low-cost housing loans. An amount of R1,5 billion has been set aside for this purpose during the first year, and loans are expected to fall in a range of R10 000 to R50 000. The banks are hoping to finance 50 000 houses between now and May next year and the five-year target is



There is hope on the horizon for even the poorest of the community

300 000 mortgage loans.

Another feature is a nine-month savings scheme which will be introduced for applicants who are unable to afford the minimum 5 percent deposit.

The government has also announced a housing support programme aimed at the poorest sections of society. The programme is intended to provide advice, finance, training, job opportunities and reasonably priced building materials to the most disadvantaged communities.

The nine provincial governments are to

implement the system although it is still very much at a planning stage.

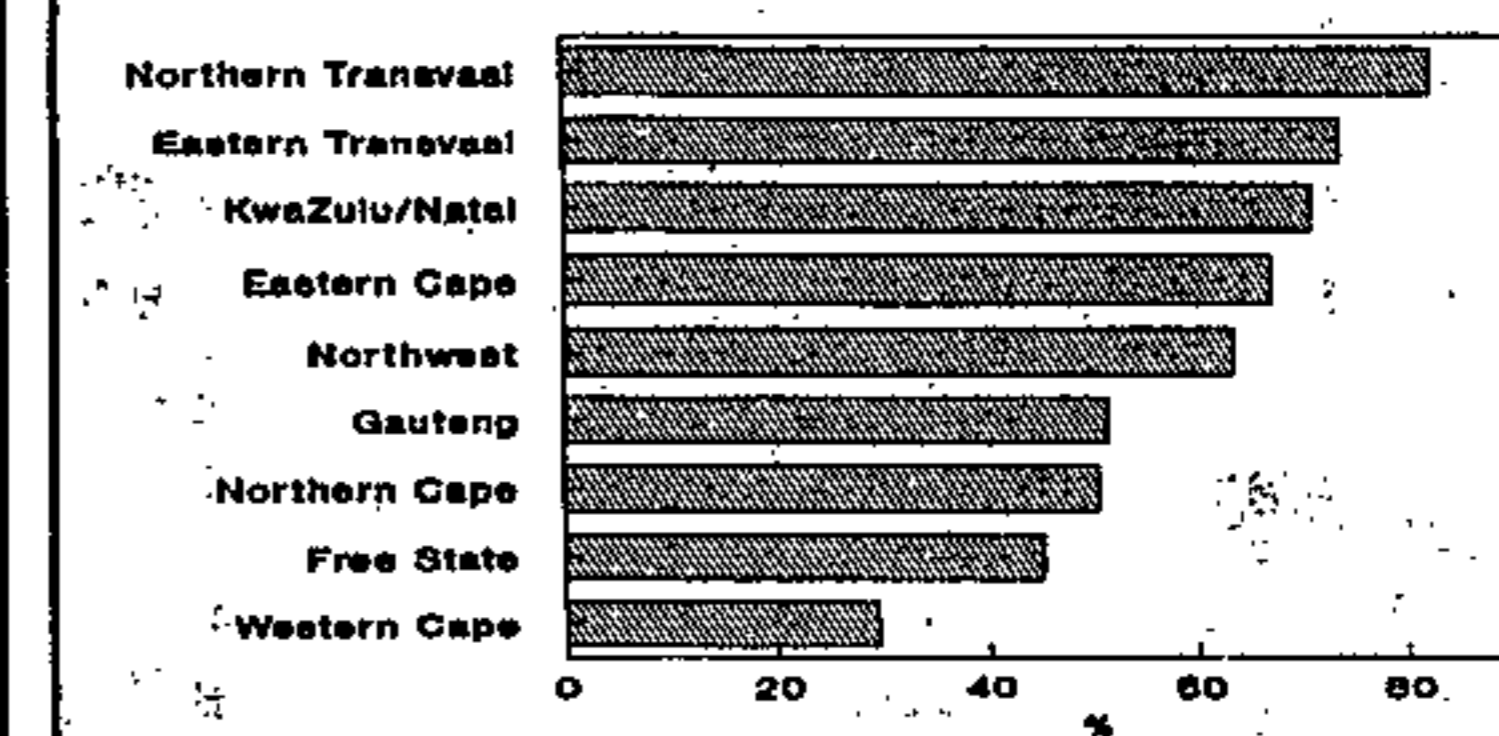
In an attempt to streamline the regulatory environment of residential development projects, the Development Facilitation Bill is expected to be passed by Parliament soon. This is intended to allow for the rapid release of land for housing development.

Wide regional disparities between living conditions, employment levels and access to resources in the various provinces have been confirmed by the results of a survey conducted earlier this year.

Unemployment among blacks varied from 15,3 percent in the OFS to 34,5 percent in the Northern Cape.

A positive aspect of the survey was the relatively large percent of black dwellings which were owned, as opposed to rented, with only the Western Cape and Free State possessing ownership levels of less than 50 percent.

Figure 1: % ownership of black dwellings by province



### Rankings

While Gauteng is firmly entrenched in the top ranking for valuable homes, it is in the bottom half of the rankings for actual ownership. However the province's minister of housing Dan Mofokeng has already taken steps to remedy this with a new housing programme for the region.

Phase one of the scheme will involve the provision of emergency services to 30 000 homes at a cost of R90 million and the erection of 10 000 basic homes at an average cost of R15 000 per dwelling.

Phase two is considerably more ambitious and involves four major areas:

- Redeveloping of hostels;
- The rebuilding of homes damaged by violence;
- The release of additional State-owned sites for housing development; and
- The identification of five or six new sites in the province for the development of new city-structures.

They are to be provided with services, schools, clinics, police stations and other amenities.

29/6/95

# Housing held up by tight lenders

(123)

ST  
(W) 2/7/95

THREE weeks after the ground-breaking low-cost housing agreement between the government and banks, only about 1 000 bonds have been approved in terms of the mortgage indemnity scheme.

The figure was given to a meeting of the development chamber of the National Economic Development and Labour Council this week and comes amid growing criticism of the banks' stringent lending criteria for the low-income market.

Billy Cobbett, the Department of Housing's director-general, on Friday described as unsubstantiated assertions by the building industry that 96% of applications for low-cost home loans had been rejected.

He said, however, that he had been meeting the Association of Mortgage Lenders, representing banks, to discuss their affordability tests for low-income borrowers.

Further meetings were scheduled for this week. Mr Cobbett was confident the banks would meet their side of the MIS accord, which obliges them to issue 50 000 government-assisted bonds in the 12 months to June 1996.

## By SVEN LUNSCHÉ

Loans issued under the MIS qualify for government capital subsidies of up to R15 000.

AML president Johan Myburgh defended the banks' cautious approach: "If we are to serve this sector on a sustainable basis loans must be commercially viable. The cost of providing mortgage finance to the vast market is substantial and loans must be at rates which adequately cover overheads and the risk involved."

Johan de Ridder, head of the Mortgage Indemnity Fund — which administers the MIS — said it was too early to assess the banks' records as detailed figures would be available only in a few weeks' time.

"However, it appears the criteria the banks have been applying are restricting access to finance quite severely," he said.

"It is essential that the banks ensure their loans will be repaid, but it could well be a case of overkill, given that they burnt their fingers in the township market previously," Mr de Ridder said.

Apart from strict lending rules, analysts attribute the low number of

successful bond applications to the limited number of areas covered by the MIS.

Only 28 areas were covered in June, said Mr de Ridder, adding that a further 30 areas were approved on Thursday. Another 100 areas were being evaluated, he said.

Areas are assessed, among other factors, on their previous bond and rate payment records.

Banks recently decided to evaluate smaller bond applications on the same criteria used for fixed mortgage rate loans in that market. Applicants would thus have to prove they could meet the monthly repayments applicable to a 10-year bond at a fixed 22,5% interest rate.

This, argue government officials, is far too stringent and could exclude the majority of low-income earners.

Another criticism levelled at the banks is that they charge a rate of 20,5% on loans of up to R25 000, when their standard bond rate is only 18,25%.

The Department of Housing said it would not only question the banks' assessment criteria but also ask them to consider extending the life of fixed rate mortgage loans from 10 to 20 years at least.

# Electricity is a shot in the arm for health

By CAS St LEGER

SCIENTISTS are peeking into fridges in recently electrified homes to monitor new diets and changing lifestyles.

In a three-year project for the reconstruction and development programme, the Medical Research Council is examining the long-term health benefits of electrification.

The RDP aims to supply electricity to 2,5 million homes by the end of the century.

The council's community health researchers — Dr Len Lerer, Dr Derek Yach and their team — predict the programme will save R800-million in treating patients with lung disease, burns and paraffin poisoning, which could be avoided if they had electricity.

Six out of every 10 clinics don't have electricity. Electrification would bring refrigeration of vaccines, sterilisation of instruments and health promotion by video.

Due mainly to the use of candles, South Africa's burn fatality rate is four times higher than that of the industrialised world, with 25 babies and 35 of the elderly dying by fire per 100 000 of the population. And at least 16 000 children a year are admitted to hospital for paraffin poisoning.

While street lighting would help cut down crime, the researchers said it was important to consider the role of television violence in interpersonal violence, since electrification was associated with television sales.

They found that in poor households, new refrigerator owners could be at risk of a change to unhealthy, high-fat foods.

Some studies have shown that children living near high-current lines had higher rates of blood and brain cancers.

The research found that half the electrified households surveyed in Gauteng continued to use coal and candles.



## Banks defend loans criteria

Robyn Chalmers (123)

MORTGAGE lenders have reacted angrily to claims by home builders that lending criteria have put housing beyond the reach of many.

Johan Myburgh of the Association of Mortgage Lenders said banks could not cross-subsidise interest rates in the low-income market as loans had to be commercially viable if they were to be granted on a sustainable basis.

The National Association of Home Builders and Urban Developers last week accused banks of implementing lending criteria which could be unconstitutional.

This followed a decision by banks earlier this month to base their affor-

b20 3/7/95  
dability tests for smaller bond applicants on the more onerous criteria applied to fixed-rate mortgage bonds.

Myburgh said SA was presently in a cycle of rising interest rates and banks were prepared to grant loans on a fixed-rate basis for up to 10 years.

Banks had lent extensively during the 1980s when interest rates were as low as 12% and many homeowners had been unable to afford the higher repayments when rates had climbed.

"We have learned from the unhappy experiences of the 1980s and now that we are in a position to get things right at grassroots level, we cannot under any circumstances allow a repeat ..."

# Prime overdraft, home loans go up

(123) MD 3/7/95  
Samantha Sharpe

BANKS responded quickly to the Reserve Bank's decision to raise the Bank rate last week, announcing a single percentage point increase in their prime overdraft rate to 18,5% and a similar rise to 18,25% in their home loans rate.

The new rates would take effect from today.

However, some home owners at the lower end of the income scale were dealt a slightly softer blow. Standard Bank said that mortgage lending rates for government subsidised loans for up to R25 000 would rise from 20% to 20,5%.

Government loans ranging between R25 000 and R50 000 also faced a softer hike, rising to 19,5% from a previous 18,75%, Standard said.

However, Standard Bank GM Duncan Reekie said the bank believed that interest rates could rise a further percentage point in the current economic cycle.

This had led Standard to increase the rate for applicants qualifying for government capital subsidies to 1% above the current variable new loan rate, he said.

Nedcor executive GM David Harri-

son said the bank had not yet decided on how home owners eligible for government capital subsidies would be treated. Nedcor did not anticipate another Bank rate hike for at least three or four months.

Most institutions are expecting one more hike in this interest rate cycle — probably at the start of next year. Old Mutual, however, is still bucking the trend and betting on two hikes.

Chief economist Dave Mohr said as the last two hikes — in September 1994 and in February — had come after five month intervals, there could be another one this year.

Most economists welcomed Reserve Bank Governor Chris Stals's move, which they said they had been banking on for some time with inflation in double digits and money supply growth way out of the Bank's target guidelines.

However, many also expressed fears that another hike this year could badly hurt the economy.

One economist said it was rare for the Bank to tighten monetary policy when the money market was so liquid, which could suggest they were planning in the coming months to tighten liquidity.

● Comment: Page 6

# Consumers given a month to cut water use

Cathryn Crookes

BD 2/7/95  
1239  
GAUTENG's main water supplier — the Vaal Dam — has 16 weeks' water left and consumers will face punitive tariffs if a 20% saving in consumption is not achieved by the end of this month, according to the Johannesburg transitional metropolitan council and the Rand Water Board.

The level of the Vaal Dam had fallen to 16% of its capacity and was dropping 1% a week. The board said the dam's level could not be allowed to drop further. "Precious reserves" from the Sterkfontein Dam were

being used to feed the Vaal.

Punitive tariffs would be introduced if water was not conserved. The overall target of 20% in water savings meant households would have to aim at cutting back consumption by 30% and industry by 10%.

Rand Water spokesman Mandy Gwele-Maepa said the board would impose the punitive tariff for exceeding consumption quotas on the Johannesburg council and other bulk purchasers, who would pass it on to household and industrial consumers.

"The punitive tariff will appear on consumers' August bills," Gwele-Maepa said.

The sliding scale tariff was devised by the council as part of its tariff restructuring programme, which came into effect today.

Council spokesman Isabel Campbell said: "It has been in the pipeline for a long time and will unfortunately coincide with the water board's punitive tariff if the saving target is not achieved."

Gwele-Maepa said educational campaigns had been running since April "to give consumers a chance to cut down on their water consumption" before it became necessary to punish consumers.

# Minister wants review of low-cost housing interest rate

■ BY BONGIWE MLANGENI  
CITY REPORTER

Housing Minister Sankie Mthembi-Nkondo has challenged banks for introducing a "high" 22,5% fixed interest rate on low-cost housing loans.

She said the ministry was planning to meet banks this week to find out if the interest rate on low-cost housing could be reduced.

Speaking at a Women and Housing conference at the weekend, Mthembi-Nkondo said the banks had undermined an agreement to provide low-cost housing loans at a reasonable price.

She said the 22,5% rate made it impossible for some home buyers to afford loans.

"The lending institutions have been having a party. Nowhere in the world has there been such a

high interest rate. We will find out if it is possible to negotiate a reasonable interest rate," the minister said.

Last week, several low-cost housing organisations criticised lending institutions for introducing fixed interest rates of 22,5% on low-cost homes, payable over 10 years.

However, the Association of Mortgage Lenders denied claims

that its decision was unconstitutional and reiterated its commitment to providing 50 000 loans totalling about R2-billion in the next 12 months.

The association has argued that the introduced interest rate was for the benefit of homeowners whose real need were houses ranging between R25 000 and R45 000, and not R60 000 and R65 000 as suggested by home builders.

SPW 4/7/95

(123)

# Fewer homes up during transition

Tim Cohen

CAPE TOWN — The number of houses built with state funds halved in the 1994/95 financial year, the housing ministry said yesterday.

In reply to a parliamentary question, the ministry said about 20 000 houses had been built with the aid of state funds in the 1992 and 1993 financial years.

This number had dropped to 10 736 last year, while the funds expended dropped from about R2bn to about R1,4bn.

Housing department policy support director Neville Krige said the decrease was a consequence of the time lag between the establishment of a new subsidy policy and the tapering off of the old system.

Many of the previous housing projects were undertaken by the former own affairs administrations, which had fallen away since the interim constitution had come into effect, Krige said.

The old system had assisted Indians and coloureds but had not given sufficient attention to black housing, he said.

"For the first time we are going in the right direction," Krige said.

Krige said he was confident that once the housing ministry's new system, the once-off capital grant scheme, was up and running, there would be a significant upsurge in the

number of units built with state aid.

According to the ministry, more than 3 000 houses had been built with state assistance in both Cape Town and Durban.

About 2 000 had been built in Johannesburg and 1 000 in both Pretoria and Port Elizabeth.

Reuters reports the mortgage indemnity fund, which administers a home loan guarantee scheme on behalf of the government, has covered another 30 "formerly unbankable" black areas, the housing ministry said yesterday.

Fund chairman Johan de Ridder said the fund's board members had approved guarantee cover to areas including Giyani, Ulundi, KwaMakutha, Tumahole, Mdantsane, Mogwase, Rini, Pacaltsdorp, Atlantis and Belhar.

"A total of 109 areas in all nine provinces have so far been assessed by the fund and cover provided in 58," de Ridder said.

"Under the agreement with the government, participating banks are expected to make finance available in these areas."

The mortgage indemnity scheme, insisted upon by banks who in the 1980s lost money on non-performing loans for low-cost housing projects under the previous government, is a government guarantee against losses which could arise from a breakdown in the legal process in some areas.

# Bond applications down to a trickle

Robyn Chalmers

MD 6/7/95

(123) 8

THERE has been an unexpectedly low level of applications for bond finance over the past month, largely because of a severe shortage of low-cost housing stock.

Mortgage lenders said yesterday the fierce debate over banks' lending criteria and affordability tests was drawing attention away from a more pressing issue — the lack of houses being fed into the low-income market around the country. This was stunting the progress of government's housing programme.

In addition, provincial housing board representatives indicated that government's individual capital subsidy scheme was moving slowly because of structural problems as well as a shortage of homes and serviced sites.

Standard Bank community banking services divisional GM Jopie van Honschooten said there had not been a flood of applicants for bond finance since banks opened their doors to the low-income market on June 5.

"We believe the reason for this is the lack of available low-cost stock coupled with the limited number of areas that have been granted cover under government's mortgage indemnity scheme. Mortgage lenders are hoping that projects approved by provincial housing boards under the project-linked subsidy scheme will soon begin to come on stream, which will go some way to alleviating the shortage."

Mortgage Lenders' Association president Johan Myburgh said the need for

Continued on Page 2

## Bonds

(123)

MD 6/7/95

Continued from Page 1

housing did not lie in the R65 000 property price range, as up to 95% of the poorly housed population of SA required houses in the R25 000 to R45 000 range — where there was the greatest shortage.

Representatives from a number of provincial housing boards, including the Northern Cape, Eastern Transvaal and Free State, said while there had been more applications for non-credit linked subsidies

than for credit-linked subsidies, the number of applications for both had been small.

A housing ministry spokesman confirmed there had been slow progress in the delivery of homes over the past financial year. The number of houses funded by government had actually declined when compared to the previous year. However, he said the ministry had expected teething problems when the new housing programme was implemented. These should be eradicated over the next few months.

## Problems with low-cost programme

# Govt housing policy to be reassessed

Robyn Chalmers

BD 7/7/95 (123)

THE housing ministry is to reassess its controversial and hard-won "incremental" policy over the next few months to counteract problems which are hindering the low-cost housing programme.

Housing Minister Sankie Mthembi-Nkondo said yesterday this would coincide with proposals to be submitted to Cabinet within weeks on the National Housing Finance Corporation. The proposals aimed at revolutionising the way in which money worked in the retail lending market.

Mthembi-Nkondo said it was becoming increasingly clear that there were problems with the incremental approach, not least of which was a severe lack of space for larger families, but the policy was unlikely to be completely overhauled.

"We must look at the policy again and do a detailed analysis of the problem areas, how these can be overcome and ways in which the policy can be improved. The policy is not set in stone. It is a dynamic process which must be altered as the needs of the people become more evident."

An incremental or progressive approach to housing was advocated in the draft White Paper on housing, which aimed to provide people with a serviced site, basic top structure and basic services while ensuring support for residents' own upgrading efforts.

The policy was criticised by a number of provinces including Gauteng, Free State and Eastern Province, which advocated the provision of formal housing, but the ministry and other stakeholders argued

that such an approach was imperative if the poor were to be accommodated.

Housing Ministry director-general Billy Cobbett said the housing programme, officially launched on June 5 with a new set of subsidies and mortgage lenders re-entering the low-income market, was experiencing difficulties.

There had been a low level of applicants for mortgage finance and provincial housing boards were also experiencing limited inquiries about individual housing subsidies.

"Our prime task is to address the cost of money for low-cost housing which is unacceptably high, and we have an innovative new approach which will revolve around introducing competition into the retail lending market. While we are concerned about high interest rates and affordability criteria for the low income market, the new approach has to be fiscally defensible and will not contain hidden interest rate subsidies," Cobbett said.

A meeting of the Mortgage Lenders' Association, home building industry and housing ministry representatives would be held in Pretoria on Monday to find a mutually agreed way forward.

This followed a decision by mortgage lenders last month to base affordability tests for low-income bond applicants on recently introduced criteria for fixed rate mortgage bonds.

Mthembi-Nkondo said she was disappointed that mortgage lenders had decided to introduce the new affordability criteria without consulting government.

Continued on Page 2

## Housing (123) BD 7/7/95

Continued from Page 1

"We spent many months discussing the best way for banks to resume lending into the low-cost housing market which culminated in the record of understanding, but there was no consultation when it came to the affordability criteria."

The record of understanding saw banks agreeing to extend 50 000 loans on mortga-

geable properties to low-income borrowers over a 12-month period, while government pledged to cover banks for unacceptable risk in the form of the mortgage indemnity scheme.

Both Cobbett and Mthembi-Nkondo dismissed rumours in the marketplace that Cobbett would resign because of mounting political pressure from provinces and other stakeholders.

## ANC blames rivals for water crisis

THE ANC has blamed the water shortage crisis in Soweto on sabotage, claiming rival organisations were trying to discredit it in the run-up to the local government elections.

At a press briefing yesterday, the ANC said the role of contractors and subcontractors in the water shortages would be investigated.

"Some political parties are activating their contacts in the old bureaucracy to frustrate the delivery of services, particularly in Soweto," ANC spokesman Thys Nkutha said.

About 500 000 residents in Orlando East, Molapo, Central Western Jabavu, Phiri, Dube and Pimville have been without water since last week because of damaged pipes.

"We never had a crisis of these proportions in Soweto," said ANC MP Steward Ngwenya. "It cannot be purely coincidental."

According to Ngwenya, subcontractors refused to go into Soweto on Saturday, claiming that they feared for their lives.

He said that emergency measures such as delivery of water by tankers had been taken to alleviate the crisis in the short term.

The Greater Johannesburg Transitional Metropolitan Council allocated R50 000 for pipe repairs on Monday.

The ANC alleged subcontractors had deliberately stalled repairs.

"The whole approach of these subcontractors is insensitive to the delivery of essential services to the township," Nkutha said. — Sapa.

# Traffic police march to highlight murders

Mduduzi ka Harvey

ABOUT 3 000 Gauteng traffic officers will march on the Transitional Metropolitan Council and the office of safety and security MEC Jessie Duarte today to call for "drastic steps" to curb the killing of traffic officers and police.

A spokesman for the officers, Col Cassius McKay, said officers "were being murdered in cold blood".

The march will be supported by the Police and Prisons Civil Rights Union and the SA Municipal Workers' Union.

Their demands, to be handed to TMC acting CEO Nicky Padayachee and Duarte, include mandatory life sentences for murder, particularly of police and traffic officers, armed robbery, car hijackings, child abuse and rape, as well as "severe punishment" for the carrying of illegal firearms and restrictions on the issuing of firearm licences.

Further concerns were the bail system and the procedure for identity parades, McKay said, which should be tightened. Juvenile offenders involved in serious crimes should receive no leniency.

In cases where traffic officers ran the risk of being robbed, assaulted or killed, they should have greater powers, he said. The officers would ask the safety and security ministry

to investigate staff shortages.

McKay said the march was the beginning of a campaign to highlight the plight of police and traffic officers. To raise public awareness, the experiences of survivors and widows would be publicised and public meetings would be held.

Sapa reports the number of police murdered dropped substantially in the first half of this year compared to the first six months of last year.

Commissioner's office spokesman Sally de Beer said yesterday the number of police murdered by the end of June this year was 94 against 137 in the comparative period last year.

Last year 241 police officers were murdered, and was the first drop in the number of police murders over 12 months in a number of years.

In 1993 271 police were killed.

De Beer attributed the decline in the number of police murders to the service's increasing credibility.

"We hope this trend continues," she said.

SABC radio news quoted Gauteng community policing chief Brig Zirk Gous as saying fewer police were being murdered and attacked and that the nature of attacks on them was changing.

Gous said police were now being singled out for attack, mainly for their firearms.

r-  
ed  
ar  
ne  
nd  
r-  
s  
e-  
nd  
wn  
in  
ras  
%  
ird  
tly  
is-  
ery  
ras

(123)  
7/7/95



(234) (123) (65)  
**A modest beginning**

THE African Development Community electricity pool should "be in a position to make a modest beginning later this year", Minerals and Energy Affairs Minister Pik Botha said in Cape Town yesterday. The pool should save the region \$600m a year in the short term, he said. 20 7/7/95

# Many seek subsidies

(123)

MUNICIPAL REPORTER

CT 7/7/95

THERE is considerable public interest in the government's once-off capital housing subsidies, says provincial director of housing Mr Anton Fuchs.

In the three weeks since the subsidies were announced in the press on June 5, over 1 200 telephone inquiries had come in to the Western Cape provincial housing office, he said.

Another 324 people had come in for interviews, and many had written letters.

Mr Fuchs said that in the Western Cape, no subsidies that were not being processed before June 5 had been paid out.

The first approvals were expected "in a week or two". The subsidy amounts would be paid when the property transfers took place. This could take a few more weeks.

---

## Pik: Extra energy on the cards

CT 7/7/95

ENERGY is a much-needed resource for rapid socio-economic development in the Southern African region, Mineral and Energy Affairs Minister Mr Pik Botha said yesterday.

He told a meeting of energy ministers of the Southern African Development Community in the city that two documents aimed at unleashing sufficient energy in Southern Africa could be approved during the meeting.

The first document, the Southern African Power Pool, would decrease the need for investing in expensive power stations while benefiting the region with about \$600 million (about R2 160m) a year.

The meeting, attended by 10 SADC energy ministers and 40 senior government officials, ends today.

See Page 19

Sapa, Staff Reporters

---

# Power pool means energy for Africa

MXOLISI MGXASHE

Staff Reporter

ARG 8/17/98

(123)

FOR Southern African countries to achieve rapid economic and technical development they must beware of excessive bureaucracy and slow decision-making, says Minister of Mineral and Energy Affairs Pik Botha.

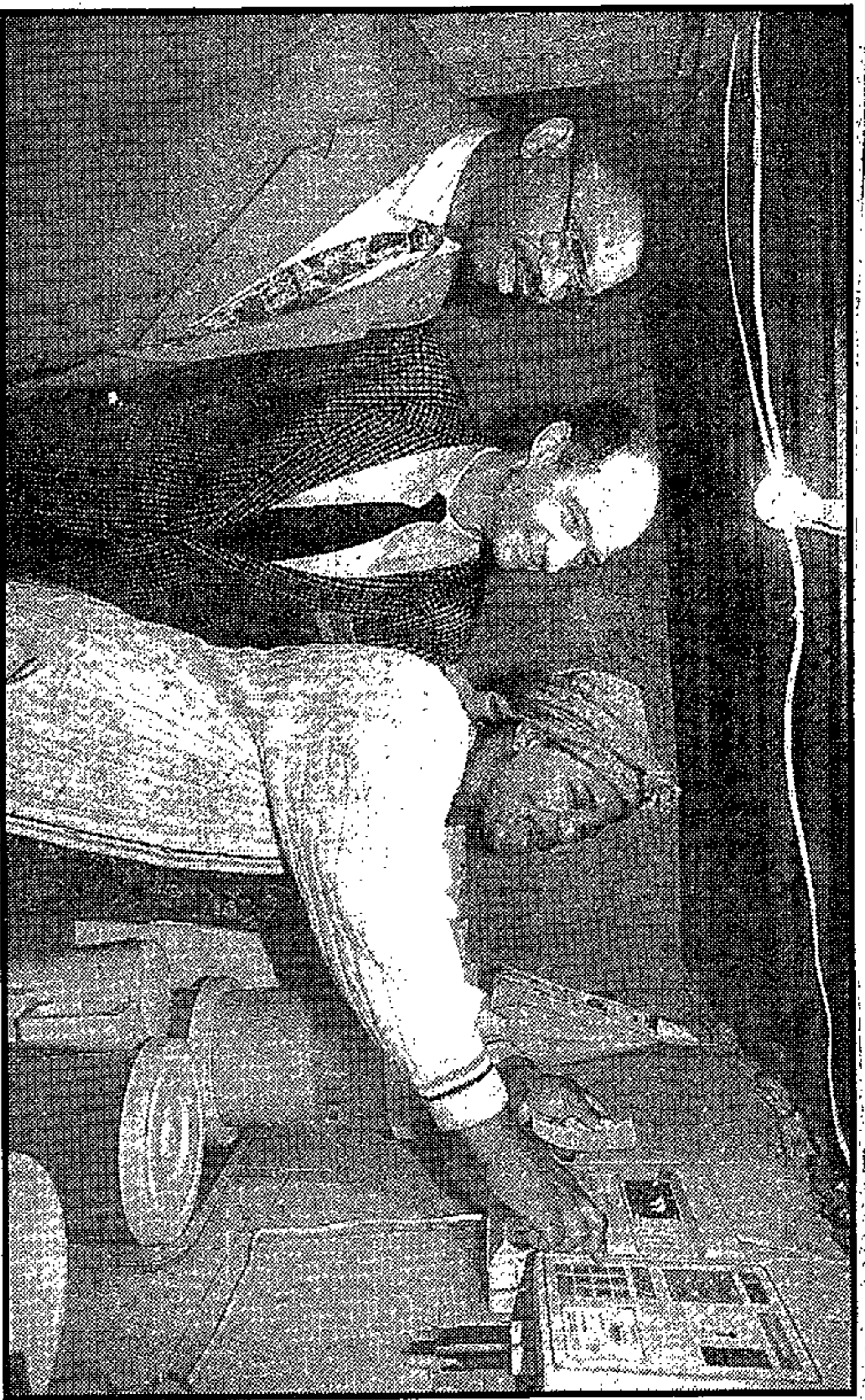
He was speaking at a five-day Southern African Development Community (SADC) conference on energy that ended in Cape Town yesterday.

Mr Botha said consultation and achieving consensus on government projects were extremely important, "but equally important is the making of good decisions in a reasonably short time" to ensure that governments were able to deliver the goods without wasting precious time.

The conference forms part of a number of efforts by Southern African governments to pool resources for more rapid and effective co-ordination.

Mr Botha also warned delegates not to use state mechanisms for what the private sector could do better, quicker and cheaper.

"I am not saying there is no role for governments in the energy sector, but the respective roles of the state and the private sector should be clearly defined and un-



Picture: LEON MÜLLER, Staff Photographer.

## PEOPLES ENERGY:

Khayelitsha resident Fikisa Plata demonstrates the electrification of her shack to delegates attending a Southern African Development Community (SADC) conference on energy held in Cape Town. Watching is Swazi energy minister Absalom Dlamini (spectacles) and Phambili Nombane's general manager Allain Roucole.

## Quick thinking needed for economic growth, says Pik

The government should create the level playing field and the rules of the game and then step back to allow the private sector to get on with play.

Delegates approved two important documents — the Southern African Power Pool and the Protocol on Co-operation in Energy

Development within SADC Countries.

Mr Botha said savings of R1,8 million a year in energy costs should be achieved with the launch of the power pool.

It would increase security of supply and reduce the need to invest in expensive power stations,

he said.

"From a technical point of view, and providing we do not delay its implementation by wasting time on unimportant procedural details, the SADC power pool should be in a position to make a modest beginning later this year," Mr Botha said.

Mr Botha's spokesman Roland Darroll said savings would be made by ensuring better usage of capacity in the region, rather than have each country trying to be self-sufficient.

"Also, when there is a drought in the north and hydro-electricity plants are in difficulty, those countries will be able to draw power from coal-based power stations in the south," he said.

# Housing: Banks 'collusive'

By RAY HARTLEY  
Parliamentary Correspondent

THE Minister of Housing, Sankie Mthembu-Nkondo, has sharply criticised banks for introducing stricter lending criteria which could slow the building of houses in low-income areas.

In a strong attack this weekend at a Nedcor function in Durban, Ms Mthembu-Nkondo accused banks of "complacent and collusive behaviour". The banks are key pieces in the elaborate housing policy jigsaw puzzle assembled by the minister's predecessor, Joe Slovo.

The minister's attack follows a week of tension between builders and banks over the stricter lending guidelines. The new criteria are threatening to slow down the delivery of housing under the new policy, barely a month after its June 5 launch.

Housing ministry officials have scheduled a meeting of builders and bankers tomorrow to look at ways of plastering over the cracks.

Housing director-general Billy Cobbett admitted the policy was experiencing "short-term problems", but he said the fundamentals of the policy were in place.

"Problems were anticipated, more problems are anticipated, but this does not in any way change our policy."

(123) ST 9/7/95  
Adding fuel to the fire were statistics released this week which showed that fewer houses had been built in the first year of democratic government than under apartheid.

Replying to a parliamentary question, the ministry said that only 10 736 houses had been built using state assistance in the 1994/95 financial year, compared to 20 000 in the previous year. The ministry said this was the result of a complete policy reorientation.

Waiting in the wings are critics of the incremental approach, such as Gauteng's housing minister Dan Mofokeng, who fought running battles with Mr Slovo, claiming his housing strategy would not deliver quickly enough.

Mr Mofokeng was scheduled to address a meeting to "assess the RDP" today, an event which could see the launch of a fresh bout of criticism of the national housing ministry. The housing issue is expected to be high on the agenda in the coming local government elections.

Not all aspects of the housing policy are in place yet, with the Housing Finance Corporation set to go before cabinet soon for approval, and housing support centres still to be established, said Mr Cobbett.

**WASTE, WASTE, WASTE ... Consumers were this week still not aware of the water crisis. The government has called for an urgent reduction in water use.**

■ Pic: ANDRIES MCINEKA

(123) CP9/7/95

# Water crisis deepens

By PEARL RANTSEKENG

SOUTH Africans are facing their worst water crisis and are not even aware of it.

According to the Rand Water Board the country is in the throes of a drought and water from the Vaal Dam – down to 16 percent – is being consumed at a rate of one percent a week.

A major concern is that most people are not even aware of the problem – or worse, they are not taking it seriously. People are still watering their gardens, using

washing machines, leaving taps running and so forth.

Minister of Water Affairs and Forestry Kader Asmal has called for an urgent 20 percent reduction in water consumption from May this year until March.

The Rand Water Board has established water quotas for bulk purchasers such as the Greater Johannesburg Transitional Metropolitan Council (GJTMC).

Director of GJTMC Water and Gas Administration George Keay said strict water conservation

measures have been called for to effect an overall 20 percent saving by no later than the end of this month.

“Should this reduction (compared to average figures during a similar period last year) not be realised, the GJTMC may be faced with punitive water tariffs from the first of next month.

“We are already drawing from our precious reserve in the Sterkfontein Dam and assistance from the Lesotho Highlands project will only be possible during the first quarter of 1998,” Keay said.

The GJTMC has launched a water conservation campaign and has commenced with the distribution of posters, brochures and videos in Gauteng.

“We are totally reliant on the co-operation and responsible behaviour of all users to conserve our limited water resources,” said Keay.

If you see any water leaks or running surface water in your area, please report it immediately to your Local Government Authority or call the Manzi Water Watch Line at (011) 682-0911.

# Electricity pool will save millions, says Pik

Cape Town - A southern African power pool should be launched this year, which in the short term could save \$600-million a year in energy costs, says Minerals and Energy Affairs Minister Pik Botha.

Addressing a meeting of

energy ministers of the Southern African Development Community (SADC) last week, Botha said the power pool would increase security of supply and reduce the need to invest in expensive power stations.

"From a technical point of view, and providing we do not delay its implementation by wasting time on unimportant procedural details, the SADC power pool should be in a position to make a modest beginning later this year," Botha said.

Botha's spokesman, Roland Darroll, said savings would be made by ensuring better usage of capacity in the region, rather than having each country trying to be self-sufficient. "When there is water in the north, countries in the south can use hydro, which is cheaper," he said.

(123)

Star 10/7/95

Reuter

# Bond dispute solution 'closer'

Robyn Chalmers (123)

GOVERNMENT, mortgage lenders and home builders moved closer to resolving their dispute yesterday when they agreed to establish two committees to review credit lending criteria and the standard of housing products.

This followed disagreement among the three parties over a recent decision by mortgage lenders to base their affordability tests for smaller-bond applicants on the more onerous criteria applied to fixed-rate mortgage bonds. **BD 11/7/95**

The housing ministry and home builders said these lending criteria would exclude a percentage of applicants from finance at the lower end of the market, hampering the progress of government's low-cost housing programme.

National Association of Home Builders and Urban Developers executive director

Daan Roelvert described the meeting as positive. The parties would meet again today and on Thursday.

Representatives from government, banks and the home building industry had been appointed to sit on the committees. Their brief was to come up with proposals as soon as possible.

Housing Ministry director-general Billy Cobbett said the process had been established to get all the relevant roleplayers on board to ensure an acceptable solution was arrived at. He said recently government's talks with the banks were aimed at increasing accessibility to bonds and it was imperative that as many people as possible were drawn into the housing process.

Association of Mortgage Lenders president Johan Myburgh said the real concern to mortgage lenders was that the product itself was beyond the affordability range of the vast majority needing housing.



# Disputes 'set to delay housing'

Robyn Chalmers

11/7/95

UP TO 40% of the 140 000 state-financed rented houses in Gauteng being transferred to occupants could be disputed, further delaying the delivery of stock at the lower end of the market, sources said yesterday.

The large number of expected disputes would cause significant legal difficulties, particularly as a proportion of town council records in disadvantaged areas were incomplete or had been destroyed.

In addition, the sources said the houses were needed desperately at the lower end of the market where there was a severe shortage of stock which was hampering government's housing programme.

Opening Gauteng's second housing bureau in the Lekoa/Vaal area yesterday, provincial housing minister Dan Mofokeng said the bureaus would be used to mediate and arbitrate the disputes between different people claiming property.

Mofokeng said there was a variety of disputes emerging over rental housing stock, including who was entitled to the homes if there was a divorce or if the original occupant had vacated the property.

"There are many more examples of disputes that may arise and we have structured the system of housing bureaus in such a way that community representatives can have a role in mediating in these disputes.

"Government is ensuring that there is a partnership with the community to resolve these disputes and expects the community to play an important and consistent role in the process of transferring ownership,"

he said.

Mofokeng said the R7 500 discount applicable to tenants wishing to buy and take transfer of their state-owned rented homes would not have any direct effect on the fiscus.

He said the discount scheme related only to a discount on existing debt, so no new money was used. This meant that no funds were being diverted from government's subsidy schemes and people who had bought and paid for council houses previously could not claim refunds.

"Arrear rents may be included in the discount amount, but not service charges which remain owing to local authorities as everyone who receives such services is expected to pay for them," he said.

Housing ministry consultant Nigel Mandy said the actual process from receiving a claim by an occupant to transferring the property took about five months without disputes and cost significantly less than the normal transfer of residential stock.

"We can achieve this because the process is being undertaken on such an enormous scale and is quite speedy as one of the main rules when assessing claims is to ensure that homelessness is not exacerbated."

Mandy said Gauteng was ahead of its provincial counterparts in the transfer of council houses, although there were areas in the Eastern Transvaal where the process was well under way.

He said the Western Cape and Eastern Cape would be setting up housing bureaus soon to oversee the transfer process, while KwaZulu-Natal was investigating the scheme.

# Housing players meet to thrash out remaining obstacles

(123)

CT (BR) 11/9/95

By MAGGIE ROWLEY

PROPERTY EDITOR

Major obstacles in the reconstruction and development programme's housing delivery process, including controversial lending criteria by the banks, are being thrashed out this week by the major stakeholders in the industry. Billy Cobbett, the director-general of housing, said "great strides" had been made at yesterday's meeting with the banks, building sector and the government.

A further meeting would be held today in Pretoria and possibly followed by a third meeting on Thursday "so that agreement could be reached this week on areas of concern" to prevent further delays in the low cost housing delivery process, said Cobbett.

"The meeting was extremely positive and we are confident all the obstacles can be overcome," he said.

This week's meetings were sparked by the National Association of Home Builders' call for

the banks to rethink their lending policies and criteria into the low income housing sector, which the association said were creating major obstacles to the country's housing programme.

These policies included higher than normal variable interest rates and in some instances low-income bond applicants had been tested for affordability as if they were taking out a 10-year bond at a fixed interest rate of 22,5 percent.

The banks responded by saying they had to cover the commercial

risk of their re-entry into this sector of the market. In addition, as interest rates were on the upward trend, it would be irresponsible to qualify borrowers at prevailing interest rate levels.

They in turn saw obstacles in delivery arising from the building sector failing to deliver housing which was affordable to the low-income sector.

Daan Roelvert, the executive director of the National Association of Home Builders, and Johann De Ridder, the chairman of the

Mortgage Indemnity Fund, said two sub-committees had been set up yesterday to address the common areas of concern, namely product standards and qualifying criteria. Roelvert and de Ridder also expressed optimism that agreement on these issues could be reached.

It was impossible to say at this stage whether banks would revise their lending criteria, said Lance Edmunds, the general manager of housing for the Association of Mortgage Lenders.

# Bankers meet over home loans

(123)  
By Joshua Raboroko

MAJOR banks met in Johannesburg yesterday in an attempt to resolve their dispute with the Government and home builders over loans. *See we on 13/7/95*

An executive of the Association of Mortgage Lenders, Mr Lance Edmunds, said the meeting was positive, although he declined to give further details.

He said mortgage lenders were scheduled to meet the Minister of Housing, Mrs Sankie Mthembu-Nkondo, and builders today to finalise an agreement on credit lending criteria for low-income earners.

The meeting follows disagreement among the three parties over a recent decision by banks to base their affordability tests for small bond applicants on the more onerous criteria applied to fixed rate of mortgage bonds.

Edmunds thinks the dispute will be resolved.

The Director-General in the Ministry of Housing, Mr Billy Cobbett, said the Government had intervened after it became clear that banks would not grant loans to more than 80 percent of applicants, basing their argument on the affordability tests.

Banks, government and builders said a Press briefing would be held tomorrow.

# Punitive tariffs likely

(123) Star 13/7/95

BY PAULA FRAY  
CITY EDITOR

Punitive tariffs on excess water usage are inevitable following the poor response from Greater Johannesburg residents to the urgent call for voluntary cuts in the use of the scarce commodity.

This was the message from Greater Johannesburg Transitional Metropolitan Council executive member Yacoob Makda at the launch last night of the metropolis' water conservation campaign.

Makda, who is chairman of the TMC's Engineering Services Committee, said all local authorities purchasing water in excess of their Rand Water quota would, from August 1, pay an addi-

tional rate of at least R1/kl.

Greater Johannesburg's quota, he said, ranged between 22 and 24-million kilolitres a month.

From next month, purchases in excess of the TMC's quota would be charged an additional R1/kl (excluding VAT) increasing by R1 a month to a maximum of R5.

"The council will have no alternative but to pass this additional punitive tariff on to its consumers," said Makda, acknowledging that they would follow this month's introduction of increased, uniform stepped tariffs.

Responding to a question from The Star, Makda said the punitive tariffs would probably be

in line with the new stepped tariffs. The executive committee has not, as yet, discussed any water restrictions for the region.

Greater Johannesburg residents have not heeded the call to cut down.

In May this year TMC consumers cut their water use by only 10,5%. The combined reduction for May and June was only 6,2%.

Department of Water Affairs and Forestry Highveld regional director Hennie Smit stressed that there were only limited reserves available:

"There is a very real and unacceptable risk that we could end up with even worse restrictions in a year or two," said Smit.

# Dire warning of dry future if people don't save water

■ BY PAULA FRAY

Greater Johannesburg residents have been urged to redouble water conservation efforts with the warning that at present usage and with continued low rainfall the region might well run out.

Transitional Metropolitan Council (TMC) executive committee member Jacob Makda yesterday told councillors the Vaal Dam was only 16% full.

"If we have the same low rainfall ... by December next year there will be no water."

If this happened, added Makda, industries which relied on using water — such as mines — would be severely affected.

Reacting to complaints of leakages of up to 20%, Makda said previous policy appeared to have been that it was cheaper to waste water than fix the pipes.

This had now changed.

The R92-million emergency services initiative had contributed to the fixing of the pipes and in Soweto, where major problems have been experienced, a task team had been set up.

On Wednesday he warned that punitive tariffs would have to be brought in if people did not cut consumption.

Ordinary households could easily save 30% of their water usage, according to a TMC conservation video. Rand Water said these savings can be affected by, among others:

- Taking shorter showers of between three to five minutes.
- Finding and fixing all leaks.
- Closing taps while brushing teeth or cleaning vegetables.
- Limiting toilet flushes and reduce the amount flushed by placing a 2-litre plastic container filled with water into the cistern.
- Waiting for a full load before using an automatic washing machine or dish washer.
- Checking the water meter to ensure there are no unaccounted leaks.
- Watering the garden early in the morning or at sunset.
- Surrounding plant bases with mulch, compost, woodchips or even leaves to retain moisture.
- Planting indigenous plants.
- Redirecting rainwater run-off into the garden or storage tanks.
- Covering the pool to reduce evaporation.
- Using a bucket, not a hosepipe, to wash the car.
- Preventing children from playing with the hosepipe.

(123) SPW 14/7/95

# Confusion slows Govt's housing subsidy plans

123  
■ BY BONGIWE MLANGENI  
CITY REPORTER

The low response to the Government's individual housing subsidy scheme stemmed from a lack of understanding in most communities of how the scheme worked, the Gauteng Provincial Housing Board said yesterday.

Only 112 individual subsidies worth about R2-million have been issued in Gauteng, despite the great need for assistance to build low-cost houses.

The individual subsidy scheme was introduced last month and allows individuals to apply directly to the housing board, with a possibility of qualifying for a bank loan of up to R15 000.

But few people have applied for the individual subsidy because there is confusion about how the scheme works, said board chief executive officer Hanlie Botha.

Botha said they were in the process of involving local authorities to assist in informing communities about the scheme.

More than 200 people visit and call the housing board offices

daily for more information on the subsidy schemes.

Several incomplete applications have had to be returned and some were rejected because people were applying for the individual consolidation subsidy scheme which was not yet in operation, Botha said.

When the individual consolidation scheme comes into operation it will be granted to people who already have a serviced site acquired through state assistance, and will help individuals to build a structure on the site.

The only schemes which have been announced are the project-linked consolidation subsidy — which is offered to people who wish to build houses as a group with the help of a developer; the individual subsidy scheme — where a home seeker can apply directly to the housing board; and a credit-linked subsidy — which is processed through a bank.

Botha said that although the number of applications for individual schemes was low, "a more realistic picture could be formed at the end this month".

## What to do to apply

### ■ CITY REPORTER

It favours no colour, religion or gender — anyone can get a Government housing subsidy if they meet the necessary criteria.

The Government subsidy scheme was introduced to assist households with a total income of R3 500 or less a month and can give them up to R15 000, depending on their income.

But an income is not the only requirement. An applicant should be a first-time home buyer, 21 years or older, never have qualified for a Government housing subsidy before, single with dependants or married in terms of civil law or customary law or living with a long-term partner, and a South African citizen or a foreigner with a permanent residence permit.

Individuals will have to ensure they qualify before applying because subsidies will be given to those who meet the criteria only.

The public can apply for a subsidy through a local Housing Board. Banks can also assist if

one needs a subsidy and a loan.

It is important that home buyers should first find a house or flat or a site where they wish to buy and also find a builder.

The buyer will have to make a conditional offer to the person selling property and make it clear that the property will be bought when the subsidy is granted.

The two parties will then sign an agreement for the sale of property once the subsidy is available.

An application can then be made to the Provincial Housing Board.

### Documents

All that is needed when applying at the board is an identity document; proof of income including an original, recent pay slip; a certified copy of the conditional agreement to buy property; and a certified copy of a permanent residence permit if the applicant is a foreigner.

The Gauteng Provincial Housing Board can be contacted at (011) 339-4061.

## New deal over low-cost housing

Robyn Chalmers

(123)  
BD 14/7/95  
MORTGAGE lender representatives were yesterday finalising a groundbreaking agreement with government and home builders which could see banks relaxing their criteria on product standards and phasing in stricter affordability tests.

However, banking sources said agreement to the proposals by the CEOs of involved mortgage lenders would be necessary, but might not be easily obtained.

Sources said the agreement, the details of which would be made public only early next week, had seen all parties making concessions to boost the delivery of government's low-cost housing programme.

They said that after three days of discussions this week, banks were prepared to concede on areas which they regarded as less risky, such as the kind and standard of housing product they would finance.

While banks would not increase their risk reward ratio by lowering interest rates or significantly altering their affordability tests, it was believed they would phase in stricter lending criteria over a period. This would accommodate the home building sector by giving it more time to adapt to stricter criteria and ensure contracts already negotiated could go ahead.

The proposed agreement was believed to be aimed at dissipating conflict over stricter lending criteria introduced by

Continued on Page 2

## Housing

Continued from Page 1

banks last month. Home builders and government claimed these were hampering the low-cost housing programme.

Banks have been roundly criticised for the more onerous criteria they introduced, with builders saying banks' affordability tests were excluding a significant percentage of potential lower-income borrowers.

(123) BD 14/7/95  
Government representatives said the banks' stance was contrary to the record of understanding forged last year, which saw mortgage lenders agreeing to extend 50 000 bonds to the lower-income market.

Banks, in turn, said they were not hindering the housing programme, but a lack of stock at the lower end of the market meant prospective home owners could not apply for bonds.

# Water rates to soar

By BRONWYN WILKINSON

(123) Star 15/7/95

Consumers are to be heavily punished for failing to save water - and by December could be charged up to 500% extra for use in excess of reasonable requirements.

Rand Water said yesterday additional rates would be slapped on all water supplied to municipalities in excess of the overall 20% savings target set by the Department of Water Affairs and Forestry.

In a statement yesterday, the water supplier said the rates were aimed at penalising all who drew excess water during the current water shortage.

"An average household of five people, for example, should be able to limit its consumption to 24 kilolitres per month and so play their part in helping save our precious water reserves," the statement said.

The punitive measures had

been initiated following the dismal failure of earnest appeals from the Government, Rand Water and municipalities for voluntary savings.

During May and June, Rand Water's consumers managed to reduce their water consumption by 7%, falling far short of the 20% target.

"It was made clear from the start of restrictions at the beginning of May that consumers would be given three months to make the necessary savings in the way they considered best," the statement said.

Rand Water said water reserves in the Vaal River System had fallen to 33% of capacity.

"We are obviously not able to influence the rains, nor are we able to import water from feeder dams that are low, but we are able to control the rate at which we use water."

TO PAGE 2

## ◆ Water costs

(123)

"It would be grossly irresponsible for anyone in the Vaal River area to waste water in these circumstances for they would be prejudicing the quality of life of others in their communities in the months ahead," Rand Water said.

A reduction of 20% on last year's consumption figure for the Vaal River system would maintain water reserves until early 1998, when the system would draw additional water from the Lesotho Highlands Water Project.

More than half the water in the Vaal River system goes to Rand Water consumers, more than 65% of whom are householders.

"Householders who consume large quantities of water will therefore be a prime target for the additional rates," Rand Water said.

An additional 114c a kilolitre will be charged on all water sold in excess of quotas from August 1.

The basic price is 111,92c a kilolitre. The rates will be increased until December, when an additional 570c a kilolitre will be charged.

All water sold within the quotas will be at the basic rate.

Star 15/7/95



# Booster for government's low-cost housing initiative

(123) ARG 15/7/95  
**CHARLENE CLAYTON**  
 Property Reporter

THE government's low cost housing initiative — which has been bogged down by problems — should be boosted next week when groundbreaking announcements surrounding the banks lending criteria are expected.

The three parties to the mass housing drive, the banks as represented by the Association of Mortgage Lenders, the government and the building industry in the form of the National Home Builders and Urban Developers were locked in talks over the past two weeks.

The talks were precipitated by criticism from the building fraternity concerning the banks affordability tests to the low cost housing market which are based on stricter than normal rules. Government and home

builders claimed there were hampering the housing programme.

The financial institutions, said in their defence earlier, that the more onerous lending criteria were necessary to cover the element of risk into this market which they agreed to enter on a sound commercial basis.

According to the director general of housing, Billy Cobbett, two standing committees were elected this week to look into the lending criteria of the banks and to investigate the standard of housing products.

"The two committees have made good progress and at present all the parties are in consultation with their organisations.

"When consensus has been reached between the groups, we hope to make the arbitrations public — probably in the first few days of next week," said Mr Cobbett.

# Problems beset housing scheme

CP 16/7/95

(123)

By PEARL RANTSEKENG

THE GOVERNMENT'S much-vaunted mass housing plan for low-income South Africans has experienced more hiccups than anticipated.

The scheme, officially launched on June 5, had set itself a target of 300 000 houses a year. But because of teething problems the figure has now been reduced to a modest 80 000 units.

In a recently published report, housing director general Billy Cobbett said there had been a low level of applications for mortgage finance, and provincial housing boards were also experiencing limited inquiries about individual housing subsidies.

The Housing Ministry and the Association of Mortgage Lenders and Developers met in Pretoria this week to try to find solutions to the obstacles.

The meeting followed a decision by mortgage lenders to base affordability tests for low-income bond applicants on recently introduced criteria for fixed rate mortgage bonds.

A joint statement is expected to be released during the week on the

outcome of the negotiations between the three parties.

The South African Institute of Race Relations estimates there is a backlog of about 1,5 million houses for urban areas.

Last year's formation of the National Housing Board was seen by many as a good move.

However, people argue that the funding for housing will not be enough. There are other impediments, including the supply of materials and skills, the availability of suitable and affordable land, the capacity of the legal system to register ownership and bureaucratic regulations. The regional president of Azapo in Gauteng, Lybon Mabasa, argues that the country needs a "total transformation" of society in order to solve the housing problem.

"The government just does not have the resources," he says.

Most experts argue that up to 95 percent of the poorly housed population of South Africa requires houses in the R25 000 to R45 000 range.

There are also complaints of lack of co-ordination between the Mortgage Indemnity Scheme and

the Provincial Housing Board.

The mortgage scheme is accused of red-lining areas that urgently need housing, and regions covered by the scheme do not correspond with those areas that have been issued with subsidies by the Provincial Housing Board.

South African Institute of Race Relations researcher Rory Gallocher believes that if the housing programme does begin to gain momentum, it might be impeded by a lack of skilled labour.

"Bad delivery records are not the results of shortage of funds, but rather the lack of an effective delivery mechanism," says Gallocher.

National Black Contractors and Allied Trades Forum national secretary general Douglas Setuke said banks were not playing the game, while the government could only facilitate.

He said radical ventures should be undertaken: "The government must look at other ways like rental stock, whereby people pay rent towards ownership of the house. The houses would be built by the government and in that way the banks will follow suit," Setuke said.

# Housing Minister describes Slovo's policy as recipe for 'veld toilets'

ST 16/7/95 (123)

By RAY HARTLEY  
Parliamentary  
Correspondent

**HOUSING** Minister Sankie Mthembu-Nkondo has attacked the housing policy she inherited from the late Joe Slovo, describing it as a short-term solution that would worsen South Africa's squatter problem.

Ms Mthembu-Nkondo expressed serious reservations with the policy of "incremental housing", saying it would start with the building of "toilets in the veld".

"For me it's a short-term solution because you will have a roof over your head, but you will be contributing to a squatter problem," she told the Sunday Times this weekend.

In terms of the incremental approach, a basic housing shell would be built and then have more rooms and facilities added on as money becomes available to the owner.

She stressed that the current policy remained "intact", but called for flexibility.

"I have always said that when we deal with policy, we must be flexible. We should expect problems here and there; we are trying to create something new.

Ms Mthembu-Nkondo's desire to review policy appears to be at odds with the position held by her director-general, Billy Cobbett, who has been at pains to stress that no policy review is required.

Asked about the apparent disjunction between herself and Mr Cobbett, all Ms Mthembu-Nkondo would say was: "The two of us will have to discuss the issue."

Ms Mthembu-Nkondo's statements came as housing ministry officials spent a week in meetings with banks and builders to repair damage to the housing plan caused by the tightening of bank lending criteria in the low-income market.



**ALL SMILES ...** housing minister Sankie Mthembu-Nkondo is sworn in by President Nelson Mandela

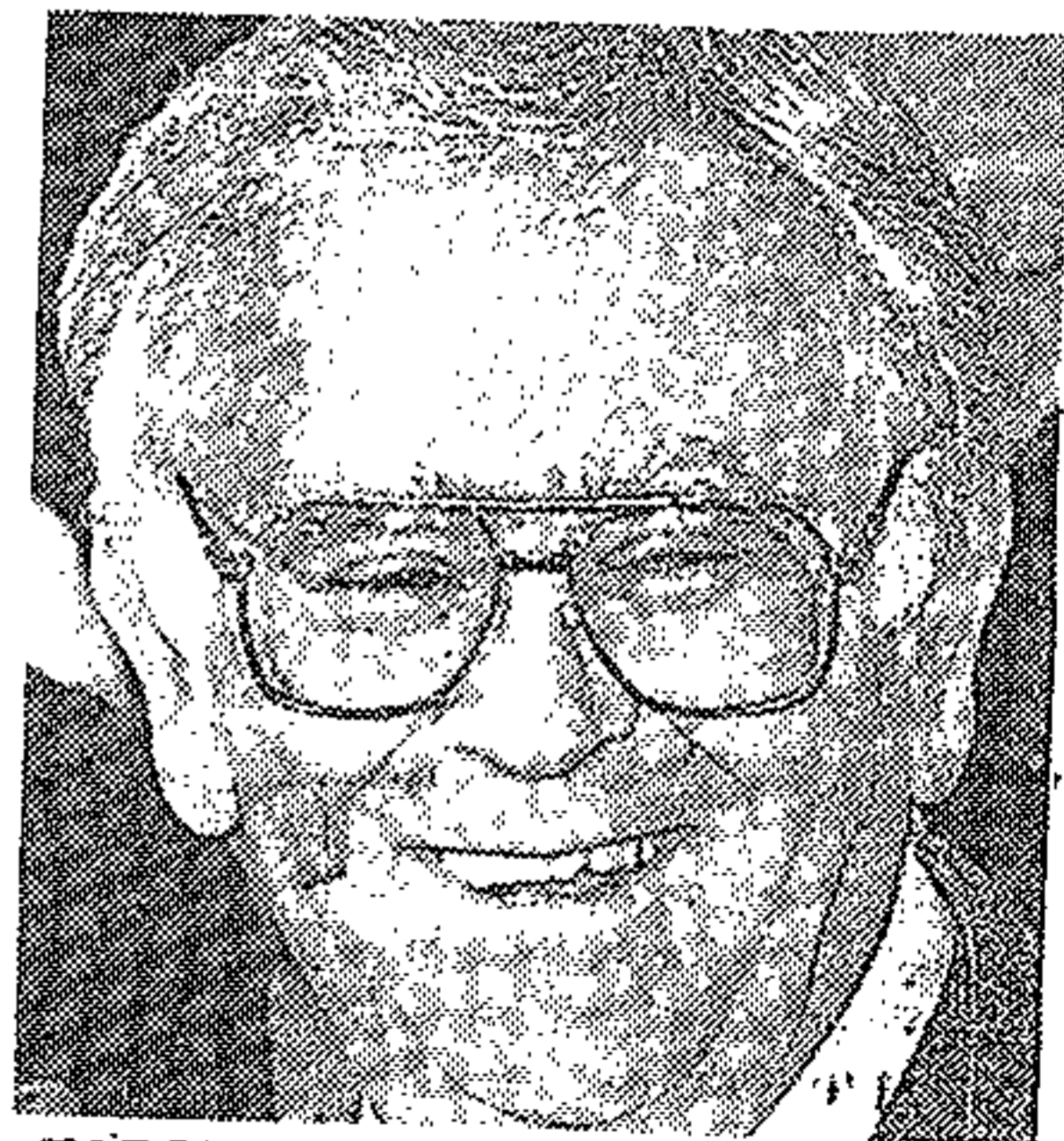
If the policy is to be reviewed, as Ms Mthembu-Nkondo suggests, the delivery of houses could be set back further as new arrangements between government, banks and builders would have to be negotiated.

She said the incremental approach could lead to houses standing half-finished because their owners had run out of money or been fired from their jobs.

"How do you deal with unfinished products? It will be a slum in the making. Ten years down the line you'll have another Alexandra," she said.

The incremental approach would not be adequate for African families, whose average size was 3,4 people. "Is it single quarters or family quarters we are building?"

She said she did not know where else in



**TARGET ...** Joe Slovo, whose housing policies are under attack

the world the incremental approach had worked. "I'm saying, let's face this problem; is incremental housing a solution? Can somebody, somewhere tell me where incremental housing has worked?" she asked.

Ms Mthembu-Nkondo said she had been uncomfortable with the incremental approach ever since she took over as minister. "When I went through the policy, I was not comfortable with the concept," she said.

Provincial ministers such as Gauteng's Dan Mofokeng have in the past supported changes to the housing plan along the lines proposed by Ms Mthembu-Nkondo.

# Housing policy starts to crack

ST 16/7/95

THE SUNDAY MORNING  
ASSESSMENT

By RAY HARTLEY

IT IS a stark, uncomfortable fact that South Africa's first democratic government built fewer houses in its first year in office than were constructed in the last year of apartheid.

The drop in delivery was a necessary result of a policy switch aimed at hugely increasing the delivery of houses to the poor, the housing ministry has said by way of explanation.

But the pledge of mass delivery — one million houses in five years — promised by the new policy has itself foundered in the waters of uncertainty since its launch in June.

The new government's first Housing Minister, Joe Slovo, using his grassroots popularity, his direct line to President Nelson Mandela and an eye for leveraging deals, dragged reluctant banks into the low-income housing market and set the stage for a builders' warranty scheme aimed at ensuring quality structures.

His master stroke was the appointment of Billy Cobbett as housing department director-general, a public servant who could match the banks and builders in their knowledge of housing mechanics and a man with the ability to drive the process through a storm of political pressure.

At Botshabelo last year politicians, bankers and builders, developers and the homeless agreed to a ground-breaking social compact that was set to revolutionise the housing market and open up new opportunities for the poor.

A key political battle won by Mr Slovo over some provincial ministers was the agreement that an "incremental approach" should be followed, allowing the poor to start with small structures that could be improved as money became available. Provincial ministers like Gauteng's Dan Mofokeng favoured the erection of larger dwellings of at least four

rooms on larger stands.

Mr Slovo's death from cancer in January was a cruel blow to the housing initiative. Not only had those in his ministry developed close personal friendships with him, but Mr Slovo had also become a cornerstone in the policy edifice, with few in the private sector or in provincial governments willing to take him on in public.

His replacement was former Deputy Welfare Minister Sankie Mthembi-Nkondo. An unknown quantity in housing circles, she had run unsuccessfully against Cheryl Carolus for the post of ANC deputy secretary-general in December.

Ms Mthembi-Nkondo quickly assured the housing role players of her commitment to Mr Slovo's incremental housing plan and left Mr Cobbett to continue with concluding the housing deal.

But just a month after its June 5 launch, there were signs that the policy was in trouble.

Banks announced tougher lending criteria to low-income families, hiking interest rates in the lowest market segment to as much as 22,5 percent. This helped wipe out contracts concluded by builders on the assumption that rates would be lower.

The banks and the builders have since been closeted in the housing ministry's Pretoria offices trying to work out a compromise.

The deal taking shape would see banks phasing in their interest rate hikes to allow builders to adjust deals in advance.

Ms Mthembi-Nkondo has, meanwhile, begun to air her dissatisfaction with Mr Slovo's incremental approach, saying

(123)  
larger structures were needed to cater for families and should not start with "toilets in the veld" earmarked for piecemeal additions.

For the first time uncertainty has crept onto the housing stage, threatening to play havoc with the carefully scripted plan.

Perhaps more alarming are those factors which the housing ministry is powerless to influence, but which could slow down delivery.

Among the most worrisome is the absence of local government infrastructure. Without effective local government, it is difficult to see how the delivery of bulk infrastructure — water, sewerage and roads — can take place.

While people may be capable of erecting their own structures using state subsidies and capital raised from banks, without infrastructure, they will in effect be erecting squatter settlements.

In this respect the forthcoming local government elections are crucial. Any delay in the elections in Gauteng, Durban and Cape Town could further set back bulk delivery.

Also out of the ministry's control is the price of building materials, which rose 17 percent this year and are set to increase by a greater margin next year, according to the Building Industries Federation of South Africa.

And then there are possible interest rate hikes which banks will have to pass on to consumers, low-income or otherwise, in order to remain in the marketplace.

It would be unfair to say the housing policy is in serious trouble, but it faces threats, some of which are beyond the control of the housing ministry.

If the housing players do not steel themselves and forge ahead with Mr Slovo's vision, they will watch their delicate plans unravel in the face of uncertainty.

# A solution to low-cost housing cash

By Joshua Raboroko

LOW-COST housing boom is likely to fall back into place again following an agreement allowing poor communities easier credit access.

Government, home builders and banks are to announce the terms of the agreement this week after protracted meetings in Pretoria on Friday.

Committees established at the meetings to help find ways to ease restrictions reported their findings to Housing Minister Sankie Mthembu-Nkondo.

Director of National Housing Mr Billy Cobbet said a solution had been found. He speculated that the low-cost housing boom could be back again.

He said the parties had agreed on important issues to make sure access credit was granted to low-income groups.

The meetings took place following the banks' decision to introduce stricter lending criteria to low-income earners.

"The Government was requested to make sure access was granted to all. Unless this is done promptly, people affected by lack of finance will never have houses," said Cobbet.

He declined to disclose the agreement but was optimistic that the arrangement was a milestone towards housing.

Mthembu-Nkondo, who spoke after her return from Namibia, said she was hopeful for a solution between the par-

*123*  
*Southern*

ties. She was impressed by Namibia's "build together programme", which she said she would implement in South Africa.

"They (Namibians) have the link between the ministry and the financial institutions in terms of accessing credit."

The programme involved communities allocating loans and building houses with the ministry playing a supervisory role.

Executive director of the National Association of Home Builders and Urban Developers, Mr Daan Roelvert, expressed satisfaction with the progress made towards finding the solution to low-cost housing.



Minister Sankie Mthembu-Nkondo

# Lack of statistics hampers delivery of housing

(123)  
Star 17/7/95  
■ BY ANNA COX

The Government was "driving blind" in its housing programme because of a lack of reliable statistics, according to the director-general of the Housing Department, Dr Billy Cobbett.

Addressing the Sandton Chamber of Commerce on Friday, Cobbett said the lack of statistics was the most serious problem hampering the

large-scale provision of housing.

He said the Government's housing programme was "painful" but more likely to succeed in the long term than quick-fix solutions amounting to handouts. The proximity of local elections had also hampered the delivery of houses, Cobbett said.

He said Housing Ministry officials had spent the past few weeks in meetings with banks and builders to repair

damage to the housing plan caused by the tightening of bank lending criteria in the low-income market.

Just a month after the Department of Housing's new launch on June 5, banks announced tougher lending criteria, increasing interest rates in the lowest market segment to as much as 22,5%. This led to developers cancelling contracts concluded on the assumption that rates would be lower.

## Bold proposals to aid the poor

# Giant state bank planned for housing

Robyn Chalmers

A BOLD plan to give poor people access to housing finance is being considered by government. It involves the creation of a giant state-owned lending institution, interest cost subsidies and boosting the role of an alternative lending sector.

The move also represents a bid by government to stimulate competition in the banking sector.

A confidential draft document on the proposed national housing finance corporation says sustainable competition must be introduced in the retail lending sector to service the estimated 70% of SA households which have no access to credit.

It says there are clear limitations to the ability of commercial banks to provide sustainable finance to the lower end of the market.

"The lack of significant competitive lending capacity led to the conclusion that alternative, supplementary lending capacity will be essential," it says.

This would be achieved by creating an enabling legal and policy framework as well as a targeted financial and institutional building programme to promote the role of an alternative lending sector, consisting largely of retail lending entities.

The report proposed that the housing finance corporation should mobilise concessionary and market priced funds in the international and local financial markets at the lowest possible cost, as well as purchase mortgage loans from accredited lenders.

These would be on-lent to retail lending entities around which an upgrading, capa-

city building and consumer education and protection programme would revolve. Where direct mobilisation of funds on behalf of these entities was not necessary, the corporation could underwrite their borrowings or partially underwrite the risk on their loan portfolios.

Interest cost subsidisation was also being considered, with the corporation administering a subsidy programme using annual appropriations from government to subsidise funding to retail lending entities at concessionary rates.

"Given the population's income distribution profile and level of unemployment, affordability is probably the biggest constraint on housing delivery. The cost of finance, despite government's capital subsidy programme, remains an obstacle," the document said. Interest cost subsidies would therefore be aimed at reducing or eliminating end-user interest rate differentials at the lower end of the housing market, and reducing the cost of finance.

"In the short term, given the low volume base of loans, existing inefficiencies and significant political resistance to higher interest rates on smaller loans, a state subsidy programme, over and above the existing capital subsidy programme, is envisaged," it said.

The subsidy would require a minimum five-year commitment by the state, and would be aimed at the market where loans of less than R35 000 were required.

However, it would be phased out on a sliding scale linked to loan size, and reduce over time as the volume of loans grew and

Continued on Page 2

## Housing

Continued from Page 1

competitive efficiencies were achieved.

Other functions proposed for the corporation included the monitoring, research and evaluation of housing finance provision and performance trends and the funding of experimental lending programmes.

A national awareness programme would be launched to maintain a visible public image, and the corporation could manage an equity fund to facilitate the growth of resources at retail lending level. It could also engage in the creation of a market for mortgage based securities.

It was recommended that the corpora-

tion be established as a conventional public company which could be listed. The significant portion of shares would be owned by the state during its formative years, but private sector investment would be encouraged during this period.

A 10-member board, to be appointed by the housing minister, was proposed, with representatives from national and provincial government and housing finance specialists. It would ensure the corporation had independence from political influence.

The document is being circulated for comment among interested parties and will be presented to Parliament during the next session.

Continued on Page 2

# Govt 'ignores' Sanco

*some Jan 18/9/95 (123)*

THE South African National Civic Organisation yesterday expressed fears it was being pushed from centre stage in the Government's implementation of the Reconstruction and Development Programme.

Sanco's national executive committee met for two days at the weekend and noted it had been excluded from negotiations that produced a record of understanding between banking institutions and the housing ministry.

The Government had avoided Sanco in its moves to restructure the

Development Bank of Southern Africa, the Independent Development Trust and the Kagiso Trust.

"The Government has failed to develop clear criteria to fund its civil society partners in the implementation of the RDP, and mass-based organisations, community-based organisations and non-governmental organisations (are) confronted with a serious funding crisis," Sanco assistant general secretary Mr Lizo Mngomezulu told a Press conference.

"The NEC noted that non-delivery of the RDP is in large part due to the

lack of local democracy..."

Sanco leaders told the Press conference they were opposed to the postponement of local government elections scheduled for November 1.

"Local government transformation is needed as a matter of urgency in implementing the RDP.

"Delay will mean delay in implementation of the RDP," Mngomezulu said.

The Sanco officials also expressed concern about the decision to pay traditional leaders from central Government coffers. — Sapa.

Boxers defy ban

nt

NEW



## Punitive water tariffs to cut excessive use

(123) ARG 18/7/95  
JOHANNESBURG. — Punitive water tariffs would be introduced in Gauteng province in August to reduce water consumption, a Rand Water spokesman said.

"Gauteng is three weeks away from a drastic and punitive tariff scheme . . . to achieve essential reduction in water consumption," Rand Water, Gauteng's major bulk water supplier, said in a statement.

"If we continue to use water at the current levels and don't get enough rainfall over the next rainy seasons, there's a possibility that the water could run out before we link up with the Lesotho Highlands Water Scheme," said Rand Water spokeswoman Mandi Gwele-Maepa.

"That is why we are introducing measures to manage water consumption effectively and prevent water resources from drying up before then," she said.

Gwele-Maepa said industry and the public had not responded sufficiently to Water Affairs Minister Kader Asmal's call in May for a 20 percent reduction in water consumption.

Heavy penalties would be introduced for excess industrial use from August.

Municipal authorities would set quotas for households and businesses. Reuter.

## Catch-22 for water consumers

APR 19/7/95  
JOHANNESBURG. — Local authorities not able to curb water consumption face a five-fold punitive water price rise by December, which Pretoria and Johannesburg authorities say they will pass on to consumers who use too much water.

But prices seem likely to rise even if consumers save water, because authorities have fixed costs they may not meet from limited water sales.

South Africa's largest bulk supplier, Rand Water, has asked local authorities to which it sells water to cut consumption by a fifth. This may rise to half if catchment areas do not have good rains this

year, chief executive Vincent Bath said.

Prices for consumption in excess of agreed quotas are to double monthly between August and September.

Faced with a poor response from consumers, water savings for May and June totalled just seven percent, prompting warnings of punitive tariffs.

Based on June water saving figures, Johannesburg authorities could face an additional R28 million monthly bill by December. Pretoria would have to pay an extra R9 million.

Authorities in both cities say this would have to be passed on to the consumer.

# Housing's stalled boss hits the roof

ST 30/27/95 (123)

By RAY HARTLEY  
Parliamentary Correspondent

**BILLY COBBETT**, director-general of housing, has fired off a tersely worded letter to the chairmen of the nine provincial housing boards, demanding an explanation for the slow progress in building low-cost houses.

In a letter headed "Lack of progress with the implementation of approved projects under the housing subsidy scheme", Mr Cobbett expressed his frustration at reports that provincial boards were "reviewing the terms and conditions upon which original approvals and agreements with developers are based".

Mr Cobbett played a leading role in formulating the late Joe Slovo's "incremental" housing plan, which would see the building of basic structures to be improved over time. But several provincial housing ministers, most notably Gauteng's Dan Mofokeng, have favoured

building larger houses on larger stands.

Housing MECs have subsequently appointed new provincial housing boards and the letter suggests that "certain" provincial boards have deviated from the national plan, infuriating Mr Cobbett.

"It has been reported to me that conditions of approval are being amended by the imposition of onerous requirements that in some instances require the total replanning of layouts in order to consolidate erven to meet with requirements not previously stated," Mr Cobbett wrote.

He made an "urgent appeal" to provincial boards to provide him with information that would establish whether they were acting outside national guidelines.

"Could you please confirm whether your board has laid

down or has been required to apply absolute minimum standards with respect to stand sizes, service standards and levels, housing sizes and standards and, if so, what are these standards."

He also called on the boards to provide, in a schedule attached to the letter, a full report on the status of each project approved by them.

The schedule requires board chairmen to inform Mr Cobbett of the number of stands involved, the status of subsidies and the "percentage completion of project".

Copies of the letters were sent to the directors-general of finance, state expenditure, provincial administration and to the National Housing Board.

Stephen Laufer, Mr Cobbett's spokesman, said: "This was an internal government communication and not intended for public consumption."

He confirmed, however, that "a letter of this nature was sent to all nine provinces".



**MAKING PLANS:**  
The late Joe Slovo, Vax Mayekiso and Billy Cobbett

# Minister states old housing system

*Sowetan 31/8/95*

*123*

## More imaginative ways urged to give house seekers value for their money

**S**OUTH AFRICA needed to change the way it approached the task of housing the nation, Housing Minister Mrs Sankie Mthembi-Nkondo, said at the weekend. "Far too much that has been created in the past was drab, uniform and unimaginative," Mthembi-Nkondo said at the opening of the Afribuild and Hardex '95 exhibition at Nasrec near Soweto on Saturday.

The housing programme was not merely about numbers and scaling-up the size of housing projects, but it was also about providing people with better housing and value for money, she said. Mthembi-Nkondo said subsidy levels would remain unchanged and that while Government had taken the initiative of

creating the first comprehensive housing support system with the capital subsidy, it was now up to private enterprise to take up the challenge. The housing industry now has to show what it can do in terms of delivering better designs for individual housing

units, using infrastructure more efficiently and giving people a wider range of housing options. Exhibition coordinator Betty McNorton announced that a house was to be donated to the community of Alexandra. The house will be attached to the Alexandra clinic and be used as a day-care centre and as a venue for Aids testing. Meanwhile, an American company, JMDC Global Corporation, is planning

to build 120 000 "affordable" houses in South Africa. It said that the company had entered into an agreement with the International Synergy Holding Company. Finance for the project would be sought from the World Bank and major American banks guaranteed by the United States government through International Synergy. American firms and materials would be used in the project. — *Sapa*.

**IN BRIEF**

# 'New housing approach needed'

CT 31/7/95

(123)

JOHANNESBURG: South Africa needs to change the way it approaches the task of housing the nation, Housing Minister Ms Sankie Mthembi-Nkondo said on Saturday.

"Far too much that has been created in the past was drab, uniform and unimaginative," Ms Mthembi-Nkondo said at the opening of the Afribuild and Hardex '95 exhibition at Nasrec near Soweto.

The housing programme was not merely about numbers, but also about providing people with better housing and value for money, she said.

Ms Mthembi-Nkondo said the government had taken the initiative by creating the first comprehensive housing support system with the capital subsidy. It was now up to private

## US firm to build 120 000 homes

JOHANNESBURG: An American company, JMDC Global Corporation, plans to build 120 000 "affordable" houses in SA.

A statement on Saturday said the company, in agreement with the International Synergy Holding Company, was going into a joint

engineering and development venture with British architects and surveyors Jenkins-Gould.

The company plans to build 120 000 houses over five years using American firms and materials, with finance from the World Bank and major US banks. — Sapa

enterprise to take up the challenge.

The housing industry had to show what it could do to deliver better designs for individual housing units, use infrastructure more efficiently and give people a wider range of

housing options.

The exhibition, which covers the building, housing, electrification, water treatment and sanitation sectors, ends tomorrow. About 350 exhibitors are participating. — Sapa

## **Housing programme (123) 'must be imaginative'**

SA NEEDED to change the way it approached the task of housing the nation, Housing Minister Sankie Mthembu-Nkondo said on Saturday.

"Far too much that has been created in the past was drab, uniform and unimaginative," Mthembu-Nkondo said at the opening of the Afribuild and Hardex '95 exhibition at Nasrec near Soweto.

The housing programme was not merely about numbers, and scaling up the size of housing projects, but was also about providing people with better housing and value for money.

She said subsidy levels would remain unchanged, and that while government had taken the initiative by creating the first comprehensive housing support system with the capital subsidy, it was now up to private enterprise to take up the challenge.

"The housing industry now has to show what it can do in terms of delivering better designs for individual housing units, using infrastructure more efficiently and giving people a wider range of housing options."

Exhibition co-ordinator Betty McNorton said the exhibition gave people involved in the reconstruction and development programme an opportunity to see the options available to meet the housing backlog.

She announced that a house was to be donated, courtesy of Prebuilt Housing, Afribuild and Radio 702, to the community of Alexandra, north of Johannesburg. The house would be attached to the Alexandra clinic and would be used as a day care centre and venue for AIDS testing. — Sapa.

# Banks to relax lending criteria

CT(BR) 20/7/95

(123)

BY MAGGIE ROWLEY

PROPERTY EDITOR

The banks are to temporarily relax their new controversial lending criteria for low-cost housing in an attempt to help kick-start the mass housing programme.

Piet Liebenberg, the chief executive of the Council of South African Banks (Cosab), told an Investment Analysts Society meeting in Cape Town yesterday that negotiations with the government and the home building industry were continuing, but an official announcement outlining details was expected later this week.

He said it was hoped that the relaxation of lending criteria by the banks for six or nine months would give the home building fraternity time to deliver affordable products and, in the short term, facilitate the housing delivery process to get off the ground.

Lance Edmunds, the general manager of housing at Cosab, said in an interview following the presentation that it was likely that among other measures, the 20 per cent deposit now being required

from low-cost housing bond applicants would be reduced to the previously required 10 percent until January, or possibly even March next year.

Liebenberg emphasised that the relaxation could only be a temporary measure as the new lending criteria, based on commercial risk factors, would eventually have to be adhered to if the banks were to be able to re-enter this market in a "sustainable fashion".

Under the new lending criteria, which were negotiated by the government and which came into effect on June 1 this year, many of those who would previously have qualified for home loans in terms of affordability were no longer able to.

Liebenberg said that while the banks had received bond applications for houses in the R50 000 to R70 000 bracket, very few, if any, applications had come from those earning less than R3 500 a month.

It is this sector of the market which has been targeted by the government for its once-off capital subsidy scheme, with the banks prepared to lend to the top 30 per cent of earners within this bracket.

# Conference told millions of homes have no power

Bonile Ngqiyaza

ABOUT 3,7-million rural and informal dwellings were without electricity at the end of last year, Eskom housing consultant Izak van Gass said yesterday.

He was speaking at the Household Energy for Developing Communities conference in Midrand organised by the Southern African Institute of Energy.

He said of about 4 700 clinics, 47% were without electricity during the period in question.

"An alarming 270 times more children" in SA had died from air pollution-related diseases than in Europe.

It was estimated air pollution on the highveld accounted for health costs of R1 055bn a year.

"The total health care costs and loss of productivity related to respiratory diseases have been estimated at R700m in 1994 alone," he said.

About 12-million South Africans were without access to clean drinking water, and less than 2,3% of the dwellings in rural settlements had piped water.

Van Gass said only 2,8% of the households in informal urban areas had piped water inside their homes.

The implementation of the much-needed water programme would bring about a shift in consumption patterns, he said.

Mineral and energy affairs development director Izak Kotze said a third of the population — 14-million — were living under the poverty line, estimated at R850 for a household of four.

In the drive to achieve equality, sustainability and the elimination of poverty, an integrated energy plan had been identified as the most appropriate way of supplying households with "an optimum least-cost mix".

Although the effective use and supply of appropriate forms of energy was "not a sufficient condition", it was still "a necessary condition for development and reducing poverty".

Kotze said SA levels of ambient air pollution, especially in Gauteng, were "several times higher than international standards in winter".

(123)  
20/7/95



## More now paying for electricity (123)

■ CITY REPORTER

4/20/95  
The Masakhane campaign has improved electricity payment percentages in Greater Soweto, according to power supplier Eskom.

At least 66% of Soweto residents are now paying for their electricity — up by 6% since December last year — after an extensive Eskom campaign, said sales and customer services manager Ken Green.

"The levels keep going up because people are motivated now, and we hope that the current level improves. We must, however, be aware that no country in the world has a 100% payment level and we will try and encourage more people to pay."

Eskom is now also involved in a campaign to teach people how to save electricity.

## Italian eyes on SA housing

John Dluolu

(123)

REGGIO EMILIA — Italian construction company Technopref is working on a model to use in building low-cost homes for SA using Italian technology.

Technopref export manager Giorgio Rivasi said this week he hoped to unveil the model for "cheaper bungalows" by September.

He envisaged the construction of 300 homes a

year and planned to seek joint ventures in SA.

Italian firm Braglia Spa was also targeting the SA housing market.

MD Roberto Braglio said he was finalising plans with his SA-based Italian client to build a large showroom in Gauteng by September.

LS

# 'Women have a long road'

(123)  
Amanda Vermeulen

AD 21/7/95

forward  
we do  
ons are.  
position  
d at the

council  
'day the  
rcation  
viewed  
nesday

under-  
had re-  
ie four

ace for  
model  
mment  
anaged  
of pop-

ent had  
to run  
epend-  
paign,  
asing"

rday it  
lovem-  
ie pre-  
t.

BANKS, the construction industry and government had a responsibility to explain the housing initiatives, subsidies and mortgage lending to women as they headed up two-thirds of SA households.

At the launch of the Standard Bank Women's Forum yesterday, Housing Minister Sankie Mthembu Nkondo said there was a huge gap in the understanding of these issues among people who had no background and experience in financial matters.

The group most affected were women who had "the longest road to travel to economic empowerment". They had a large burden to shoulder and needed as much help as possible from various sources, including government, she said.

She said any comprehensive housing plan would be incomplete if its target audience did not have a thorough understanding of the plan.

The ministry wanted to reach a wide audience, including women in both rural and urban areas.

UNITED

SENSE of confusion is

**A** growing among involved parties and stakeholders in SA's low-cost housing market who are asking what on earth is happening in the housing ministry.

In two interviews with separate journalists over the past couple of weeks, Housing Minister Sankie Mthembi-Nkondo has indicated that she is unhappy with the current 'incremental or progressive housing policy.'

She believes the policy may lead to the exacerbation of slums, squatting and further land invasions.

The incremental approach was fashioned by late Housing Minister Joe Slovo after extensive consultation. It recognises demographic realities and fiscal constraints. This includes the widespread poverty, the huge and rising housing backlog and rapid urbanisation and population growth.

Based on these and other facts, Slovo devised an approach which he knew would be politically sensitive. It was aimed at providing people with a serviced site, basic top structure and basic services while ensuring support for residents' own upgrading efforts.

In its essence, the policy sounded remarkably like the discredited site and service schemes advocated during the apartheid era. But Slovo realised that the most important issue was to house SA's population as quickly as possible in order to create stability, security and foster family values, as well as to create a catalyst for economic growth. This could not be done if policy was aimed at building 40m<sup>2</sup> to 50m<sup>2</sup> homes — as advocated by a number of provincial housing ministers — as there was simply not enough money in the economy to fund it, nor could the construction industry build them even if finances were available.

In addition to the serviced sites with the most basic shelter, which could be financed by a once-off subsidy of up to R15 000, the plan was to prise open banking credit for low-cost formal housing. The banks were co-opted into this market and agreed to extend 50 000 loans for low-cost homes (complemented by the subsidy) over a 12-month period to those who could afford credit, al-

# Housing policy flounders in mist of uncertainty (123)

ROBYN CHALMERS

21/7/95

though it remains unclear as to what the quid pro quo will be should they not achieve their target.

There were other pieces of Slovo's intricate jigsaw puzzle.

These included the need to stabilise the housing environment — encapsulated in the Masakhane campaign — a comprehensive capital subsidy programme, a builders' warranty mechanism to protect consumers against shoddy workmanship, and a record of understanding with the banks.

The record of understanding paved the way for banks' re-entry into the lower-cost housing market through a fall-back mechanism in the form of the mortgage indemnity scheme and the promise of a national housing finance corporation being set up to address the credit needs of the very poor.

This intricate jigsaw puzzle went into operation on June 5. The success of Slovo's politically unpopular housing plan relied to a large extent on the clout and intellect of the man himself. By appointing Billy Cobbett as his director-general, he had selected someone who was well-versed in the mechanics of housing and the two forged a relationship based on mutual respect and trust.

Although there were undoubtedly hiccups in gaining consensus on incrementalism, and at times vehement opposition to the policy, Slovo had the political support and intellectual ability to drive the process



MTHEMBI-NKONDO

and, more important, to get the major stakeholders and the Cabinet to buy into it.

It was at this stage that Mthembi-Nkondo, a relative political lightweight, was called upon to step in. She was faced with fractious provincial housing ministers, and a director-general who was far more conversant with the policy and the history of negotiation from which it emerged.

In addition, Cobbett had surrounded himself with highly knowledgeable experts in the housing field

such as consultants Johan de Ridder and Matthew Nel. While no one could question their expertise, a number of provincial housing ministers regarded them as belonging to the old order. Cobbett, meanwhile, like Slovo before him, would give little ground to the provincial ministers, further alienating them and exacerbating tensions between them, on the one hand, and himself and his consultants on the other.

In addition, implementation of the philosophically sound policy began to become bogged down; due, not least, to the banks' new, strict lending criteria — an issue which Cobbett had not pinned down in his negotiations with mortgage lenders.

With implementation of housing policy in jeopardy, the loss of Slovo and the arrival of a new incumbent unfamiliar with the issues, and a set of unsustainable proposals flowing from provincial level, Mthembi-Nkondo appears to find herself caught in a difficult position. She seems to be casting around for allies. And well-placed sources say she has found one in the person of Gauteng provincial housing minister Dan Mofokeng.

This puts an interesting twist on the reservations which Mthembi-Nkondo has expressed recently about incrementalism. Although Mofokeng appears to be operating in terms of the economic reality which dictates against the erection of four-roomed homes throughout the

province, he has never taken the dislike of the incremental approach. It was this that caused his premier Tokyo Sexwale to clash so publicly with Slovo — and ultimately lose. Mthembi-Nkondo now says she was uncomfortable with the incremental policy from the start, though she did not express those reservations until a few weeks ago.

There followed this week the embarrassment of the housing ministry issuing a statement saying the national housing policy remained in place. It said Mthembi-Nkondo had never suggested that a change to policy was under consideration — even though she had clearly done so in statements to Business Day and the Sunday Times.

Her latest sentiments must surely have been viewed with trepidation by Cobbett, who has worked so long and hard to get the policy off the ground and continues to do so. This leads one to question the state of her relationship with Cobbett — have they come to a compromise or is there antagonism? There are strong rumours in the housing sector that Cobbett is considering resigning. He and the minister have strenuously denied the rumours, though they would have to do so.

**S**uch a move would shatter the growing sense of certainty which underpins the policy. The banks, the business community, construction firms, the homeless and other stakeholders all need to know which way housing policy is going. And that requires a housing minister who stands behind the policy her ministry advocates.

Latest developments raise questions about the wisdom, or fairness, of appointing someone of limited political status to defend a necessary but unpopular policy approach. It may well have suited the purposes of the Cabinet to have a black woman in a high-profile position — and no one can question the extent of her intellect.

But housing is a key ministry. It is arguably the one which will determine how the populace judges government's performance. It requires at the helm a political heavyweight who has the support and ability to carry a controversial housing policy through to fruition.

HOUSING (123)  
FM 21/7/95

## Inventing wheels

**Housing Minister** Sankie Mthembu-Nkondo has denied press reports that she is considering changing national policy on incremental housing. But the impression of deep confusion lingers.

A statement issued on Monday by the ministry, upholding incremental housing as endorsed by Cabinet and saying policy "will remain sufficiently flexible to respond to specific experience and evolving circumstances as delivery unfolds," was not convincing. Over the weekend, Nkondo had seemed to oppose the policy legacy of Joe Slovo.

What the development industry wants, after a year of uncertainty, is the final assurance that three provinces — Gauteng, the Free State and the Eastern Cape — will do away with their minimum standard of 40 m<sup>2</sup> houses, which most of the population cannot afford. The industry wants to start building homes for the highest government subsidy amount of R15 000 — or less. This is to cover serviced site costs too.

Incremental housing means meeting the needs of what roughly 70% of the population can afford. Unable to get bank credit, their only hope is the government subsidy. For that amount of money, only one-bedroomed houses can be built conventionally at present.

The alternative is self-help housing. In pilot schemes now being conducted around the country, it is emerging that 62 m<sup>2</sup> homes — two-bedroomed houses with dining room/kitchen and bathroom — can be built for as little as R10 200. But that does not include site and service costs.

Far from the "toilets in the veld" scenario that the Minister told the *Sunday Times* would be the outcome of incremental housing policy, the one-bedroomed or self-built

houses are a big improvement on squatter shacks. Until the self-help schemes are established — and this is taking time — developers must be allowed to start building one-bedroomed houses.

But Gauteng Local Government and Housing MEC Dan Mofokeng last month asked developers "not to bring me" such homes. Were he to allow them, however, he might find housing kickstarted and many jobs created.

The minimum standards set by the three provinces are in clear contravention of the Botshabelo Accord and the Housing White Paper that MECs agreed to.

Questions put to the Minister and to Mofokeng by the *FM*, on how this divergence in policy and implementation is going to be managed, go unanswered.

Obviously still lingering in the minds of the three MECs in question is the unworkable Stocks & Stocks scheme with the ethereal promise of "decent" two-bedroomed homes.

Observers believe delivery of houses will not be possible until the uncertainty is removed and local government structures are in place. Many have resigned themselves to the experience of other developing countries whose housing authorities have taken 10 years or longer to finally adopt realistic housing policies. ■

# Home loan agreement

ARLT 22/7/95 (123)

## Easier access for low-income earners

Own Correspondent

JOHANNESBURG. — Low-income earners are to have easier access to home loans following an agreement between banks, the construction industry and the Ministry of Housing.

This was announced jointly in a statement yesterday by Housing Minister Sankie Mthembu Nkondo, Council of Southern African Bankers chairman Danie Cronje and Council for Construction in South Africa president Ian Robinson.

The agreement allows easier access to short-term home-loan finance to give developers, builders and borrowers time to adjust to more stringent long-term credit criteria.

This is aimed at ensuring long-term sustainability of a large-scale lending programme by the banks. Greater credit accessibility would encourage renewed commitment by developers and builders, said the parties to the agreement.

This would substantially increase the number of housing opportunities to people with housing subsidies.

It was expected that the 200 000 subsidies already approved by provincial housing boards would rapidly become

concrete housing opportunities, the parties said.

The banks reconfirmed their commitment to making available smaller mortgage loans — to a minimum of R10 000 — to facilitate construction and purchase of smaller houses.

Criteria for lending include a minimum deposit of five per cent and a maximum value-to-loan ratio of 80 per cent, originally announced on June 5. As this would now only be effective from April 1 next year, banks would be prepared in the interim to consider 90 per cent loan to value ratios. Transfer and bond registration costs could be included in the loan made by the bank.

The same lending criteria would be applied by banks to similar borrowers — irrespective of whether or not an area had been granted mortgage indemnity fund cover.

Cover would not be made a prerequisite for lending in areas where banks were freely lending before June 5.

The mortgage indemnity fund was designed to facilitate lending activity in areas before June 5, where banks disallowed loans because of a "perceived abnormal risk".

The developers and home builders recommitted themselves to their undertakings in the housing accord signed at

Botshabelo to build houses within a broad range of sizes and prices, to serve the full spread of the low cost market. This included specifically the market for smaller and less costly homes.

Significant remaining obstacles to low-income borrowers are high interest rates and the need for financial institutions to charge higher rates on small loans in order to recover their costs.

"The government is considering several options to alleviate this situation," the parties said.

The agreement was initiated by two task teams chaired by Housing Department representatives, after concerns raised by the construction industry following the launch of the new housing subsidy and bank lending programme on June 5.

All of the issues were resolved to the satisfaction of all parties involved," said the parties.

Eligible borrowers can apply for home loans and credit-linked subsidies under the above criteria from July 28 at designated branches of ABSA Bank Limited, Community Bank, First National Bank, Mercantile Bank, NBS Bank, Nedcor Bank, Saambou Bank, African Bank, Standard Bank, Boland Bank, Citizen Bank and GBS Mutual Bank.

# Banks ease on low cost housing loans

Business Editor

THE banks have agreed to a temporary relaxation of loan criteria for low cost housing until next April.

In a joint statement, the Department of Housing, the Council of South African Banks and the Council for Construction in South Africa said yesterday agreement had been reached on easier access to home-loan finance in the short term for

low income earners.

This would improve access to credit and open up new housing opportunities, the statement said.

More than 200 000 houses could soon be built from subsidies already approved by the provincial housing boards.

Two task teams chaired by Department of Housing representatives had reached agreement on the following issues:

■ the target of 50 000 loans in the government subsidised market before June next year was confirmed;

■ minimum building specifications would be modified to accommodate cheaper houses;

■ loans of up to 90 percent of the value of the house would be considered until April next year, when the maximum would drop to 80 percent;

■ housing subsidies could be deducted from the mortgage instalments for the purpose of deciding on eligibility, until March next year — when the subsidies would be treated as part of gross income; and

■ transfer and bond registration costs could be included in the loan.

The banks also agreed to making smaller loans, to a minimum of R10 000.

The statement said the government was considering several options to cushion the effects of high interest rates on low-income borrowers.

## Merrill sends share spurring

LONDON. — US investment bank Merrill Lynch said it was bidding nearly \$840 million about R3bn for Smith New Court Plc in a friendly takeover offer for the British brokerage house.

The recommended offer values the British firm at £526.3 million.

Earlier, Germany's Commerzbank AG said it had bro-

ken off talks on acquiring Smith New Court.

Merrill said in a statement it was offering 560p (R34) an ordinary share and investment bank NM Rothschild, which owns 25.9 percent of SNC, had accepted its offer.

Smith shares surged 29 p to 546p on the news. The shares were 15p firmer before the announcement. — Reuter.

(23) AAG 22/7/95

# Short-term home loans boost for low-cost

Star 22/7/95

(125)

Agreement has been reached between banks, construction companies and the Housing Ministry to provide easier access to short-term loans, reports **KURT SWART**

Low-income earners are to have easier access to home loans following an agreement reached yesterday between banks, the construction industry and the

Ministry of Housing.

This was announced jointly in a statement by Housing Minister Sankie Mthembi-Nkondo, Council of Southern African Bankers chairman Danie Cronje and Council for Construction in SA president Ian Robinson.

The agreement allows easier access to short-term home loan finance to give developers, builders and borrowers time to adjust to more stringent long-term credit criteria. This was aimed at ensuring

long-term sustainability of a large-scale lending programme by the banks. Greater credit accessibility would encourage renewed commitment by developers and builders.

This would substantially increase the number of housing opportunities to people with housing subsidies. It was expected that the more than 200 000 subsidies already approved by provincial housing boards would rapidly become concrete housing opportunities.

The banks reconfirmed their commitment to making available smaller mortgage loans — to a minimum of R10 000 — for smaller houses.

Criteria for lending include a minimum deposit of 5% and a maximum value-to-loan ratio of 80%, originally announced on June 5 1995. As this would now be effective only from April 1 next year, banks would consider 90% loan-to-value ratios and may include transfer and bond registration costs in the loan.

The same lending criteria would be applied by banks to similar borrowers — irrespective of whether an area had been granted Mortgage Indemnity Fund cover.

Cover would not be made a prerequisite for lending in areas where banks were freely lending before June 5 this year. The Mortgage Indemnity Fund was an instrument designed to facilitate lending activity in areas prior to June 5, where banks disallowed loans

because of a "perceived abnormal risk".

The developers and home builders recommended themselves to their undertakings in the Housing Accord signed at Botshabelo on October 27 1994, to build houses within a broad range of sizes and prices to serve the full spread of the low-cost market. This included specifically the market for smaller and less costly homes. Significant remaining obstacles to low-income borrowers

were the prevailing high level of interest rates and the need for financial institutions to charge higher rates on small loans in order to recover their costs.

"The Government is presently considering several options to alleviate this situation," the parties said.

The agreement was the culmination of the work done by two task teams chaired by Housing Department representatives, after concerns raised by the construction industry fol-

lowing the launch of the new housing subsidy and bank lending programme on June 5.

Eligible borrowers can apply for home loans and credit-linked subsidies under the above criteria from Friday at designated branches of Absa Bank, Community Bank, First National Bank, Mercantile Bank, NBS Bank, Nedcor Bank, Saambou Bank, African Bank, Standard Bank, Boland Bank, Citizen Bank and GBS Mutual Bank.

housing



57 23/7/95  
**A breather  
for poorer (123)  
home buyers**

By RAY HARTLEY  
Parliamentary Correspondent

BANKS, builders and the Housing Ministry have agreed to postpone implementing stricter lending criteria to low-income home buyers in an effort to revitalise the government's one-month-old mass housing programme.

The programme entered stormy seas shortly after its June 5 launch, when banks announced stricter lending criteria for low-income home buyers because of the risks attached to loans in that sector. This led to major construction projects being put on hold.

The latest agreement would remove obstacles in the way of 200,000 housing subsidies approved by housing boards, Housing Minister Sankie Mthembi-Nkondo, Council of South African Banks chairman Danie Cronje and Council for Construction in SA vice-president Ian Robinson said in a statement this weekend.

But the statement went on to state that stricter lending criteria would eventually have to be enforced.

# Home loans easier, but still tough

Now 24 1/2%

12%

■ BY BONGIWE MILANGENI  
HOUSING REPORTER

In spite of the announcement at the weekend of easier access to home loans for low-income earners, clients still face high interest rates and other hurdles before they can buy a home.

Conditions before loans will be granted include proof from clients that they can afford a loan and their willingness to undergo a comprehensive borrower education programme.

Softer lending criteria were announced at the weekend after banks, the construction industry and the Ministry of Housing agreed to allow easier access to

short-term home loans.

The banks reiterated their commitment to make available mortgage loans to a minimum of R10 000 and increasing the number of options for people with housing subsidies.

The new lending criteria have waived the compulsory requirement of a 5% saved deposit until the end of March next year. Maximum bonds will also increase from 80 to 90%.

However, during the deferment period, banks will stick to certain aspects of the credit guidelines, Council of South African Banks chief executive officer Piet Liebenberg said. These include comprehensive

borrower education, compulsory life assurance, interim arrangements regarding warranties for defective building, and personal interviews with home buyers to determine real affordability.

The new agreement allows developers, builders and borrowers to adjust to long-term stringent credit criteria which will come into effect in April.

Those eligible can apply for loans and subsidies from Friday at branches of Absa, Community Bank, First National Bank, Mercantile Bank, NBS, Nedcor, Saabou, African Bank, Standard Bank, Boland Bank, Citizen Bank and GBS Mutual Bank.

## Save now for deposit, house buyers advised

■ HOUSING REPORTER

House buyers can avoid the difficulties of stringent long-term criteria which will come into effect in April next year — by starting to save now for the minimum 5% deposit.

The inability of many home seekers to be able to afford the 5% minimum deposit was one of the issues which led to the amendment of the lending criteria, announced at the weekend.

But the new arrangement is only temporary, as home buyers will, from April next year, again

be expected to put down a deposit before getting a loan. Banks are willing to assist people to save for a deposit.

Home seekers who do not have a deposit can open a savings account with a bank.

The bank will calculate how much an individual should save every month, and the amount that should be saved for at least nine months.

The ability to do this will prove that a home buyer can pay instalments on a regular basis, which will increase the bank's trust of the person.

# Call for cheaper housing

Robyn Chalmers

(123) PD 24/7/95

BUILDERS would have to refocus their target market and build more homes costing less than R65 000 if last week's agreement allowing easier access to home-loan finance was to be effective, banking sources said at the weekend.

The agreement, forged after two weeks of consultation, saw mortgage lenders agreeing to postpone implementation of more onerous lending criteria and relax minimum building specifications for mortgageable properties.

Although this was hailed as a victory for all parties concerned — banks, builders and government — sources said the agreement essentially created a honeymoon period which would speed up the housing programme in the short term.

All parties recommitted themselves to

the low-cost housing programme, but said high interest rates remained an obstacle for low-income borrowers.

This would be alleviated to an extent when government's national housing finance corporation — to mobilise wholesale finance for the very poor — was set up, but this would take some time.

In the interim, banking sources said it was imperative that builders reconsidered their target market.

Association of Mortgage Lenders president Johan Myburgh said recently that builders claimed the current interest rate structure meant many potential home owners could not afford loans of between R60 000 and R65 000. "The real concern to mortgage lenders is that even at this price, the product is beyond the affordability of

Continued on Page 2

## Houses

(123) PD 24/7/95

Continued from Page 1.

the vast majority . . . and that little focus is evident from builders in the range matching the affordability profile."

Housing was needed in the R25 000 to R45 000 price range, he said.

However, a Council for Construction in SA spokesman said developers and home builders had recommitted themselves to a housing accord, signed at Botshabelo last year, in which they undertook to build houses within a broad price range.

Sello Motlhabakwe reports that the Mortgage Indemnity Board — designed to facilitate access to finance for low-cost

housing — has granted cover to a further 24 previously red-lined areas in eight provinces. This brought to 82 the number of areas granted cover. A further 132 areas were being assessed, the board said.

Among the areas in which cover has been approved are Mohlakeng, near Randfontein in Gauteng; Ekangala, Libangeni, KaBokwein and Siyabuswa in Eastern Transvaal; Botshabelo in the Free State; Imperial Reserve and Thabologang in Northwest; Dwarsloop, Malamulele, and Shatale in Northern Province; Dukahole, Mlungisi and Walmer in Eastern Cape; and Blue Downs — excluding Delft and Mfuleni — Cloeteville, Oceanview and Washington Square in Western Cape.

## R1,3bn in low-cost loans given for existing homes

Robyn Chalmers

123

RD 25/7/95

SA's six major mortgage lenders committed R1,3bn for more than 22 500 home loans to the low-cost housing market in the eight months prior to June 1995, but most of these were loans to existing properties.

Council of Southern African Bankers CEO Piet Liebenberg said yesterday he welcomed the recent commitment by the construction industry to provide housing stock at the lower end of the scale where it was most needed.

Liebenberg said it was only by building for those requiring homes costing less than R65 000 that lending to the low-cost housing market could be assumed at the level agreed to with government.

He said the R1,3bn lent to the low-cost housing market in the eight-month period had largely been done on a selective basis and it was a concern that a large proportion of these were to finance loans to existing properties.

After recent negotiations with banks, government and the construction industry, mortgage lenders had agreed to postpone the implementation of new, more onerous lending criteria until next year.

"Banks have recognised that since the adoption of lending criteria aimed at sustainable lending at scale to the affordable market, there have been considerably fewer loans granted," he said.

Liebenberg said the negotiations had been aimed at giving prospective homeowners more time to accumulate the required deposits. The banks agreed to waive the compulsory 5% deposit until next year.

Banks would also alter the manner in which they applied employer subsidies to determine affordability and increase loan to value ratios from 80% to 90% of the total home package price.

**W**hile most urban areas will benefit from the Government's Housing Subsidy Scheme and will be able to get bank loans, rural areas continue to be marginalised. **Bongiwe Mlangeni** reports

# The subsidy struggle

The Star  
25/05/85

123

**W**hen the Housing Subsidy Scheme was introduced last year in July many thought a solution had been found to address the huge housing backlog in the country.

The introduction of individual subsidy schemes announced in June this year created more ground for people to believe that acquiring a house would be much easier.

But it all turned out to be a fiasco, especially for people living in rural areas.

Few developers have focused on rural areas and banks are reluctant to lend in high-risk areas.

In the past months the pitfalls of the subsidy scheme have strongly surfaced, creating confusion and more difficulties for home-seekers to benefit country-wide.

Rural women have been the hardest-hit because of their status in the community.

According to Rural Finance Facility (RFF) managing director Chris Hock, over 60% of their incremental loan clients are males working in factories.

RFF offers small loans in rural areas for residents to buy housing stock and improve on their existing homes.

Most women are either unemployed or self-employed, making it impossible for them to meet the accreditation requirements as set by the financial institutions.

While urban areas have had a louder and more forceful voice, rural areas are characterised by isolation, lack of education, lack of resources and an inability to access information.

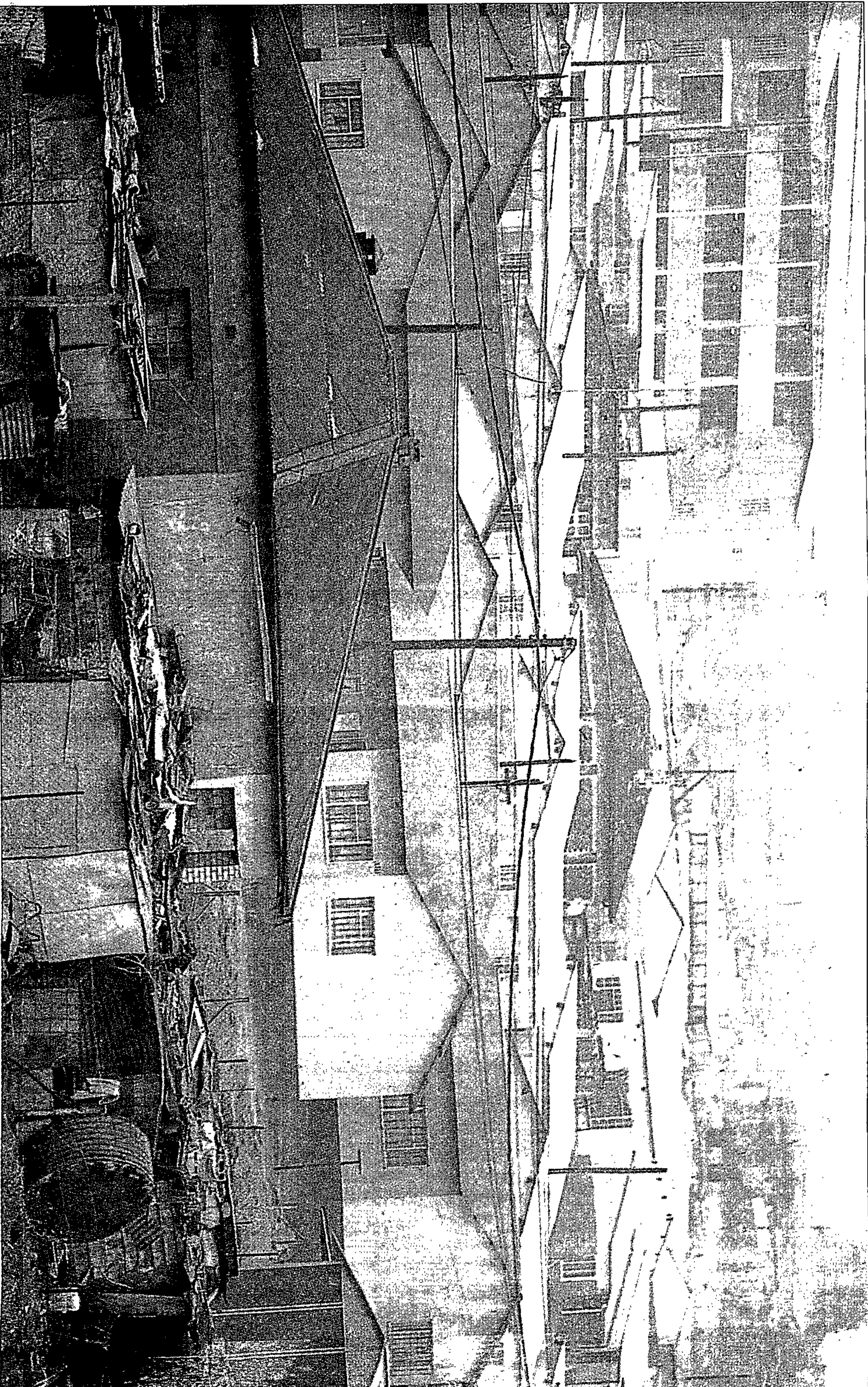
Minister of Housing Sankie Mthembu-Nkondo has stressed that the subsidy scheme is not only for urban areas, but also admitted that the rural residents have had minimal benefit from the scheme.

The new scheme has no provision which applies directly to people living in rural areas, according to Land and Agriculture Policy Centre consultant Samantha Harrison.

The white paper on housing states that the "present subsidy policy deals with urban circumstances with freehold or leasehold tenure arrangements as well as with housing provision in formal towns in the rural areas where such tenure can be achieved."

At present many rural areas in South Africa fall under traditional forms of tenure and as yet the situation in traditional areas is unresolved regarding tenure arrangements.

This means that access to the housing subsidy schemes is



Old and new ... a typical scene in many townships throughout South Africa, one that is increasingly becoming a talking point both in the Government and among the public

restricted in these areas due to the inability of these communities to engage in freehold or leasehold tenure, says Harrison.

Rural communities are further prevented from gaining access to the subsidies due to a lack of information, lack of capacity with regard to administrative details and legal intricacies surrounding these applications. Because housing is a schedule six ordinance which means that it depends on provincial competence, each province is responsible for its own housing, she says. Local government can play a

huge role in making subsidies more accessible and can also play a facilitating role by ensuring that there is information to communities.

However, this is delayed, as there is no conclusive agreement about the relationship between the elected local government and their rapport would impact on appropriate housing delivery process.

"Neglect of rural areas has resulted in a lack of organisation and a marred consultative process, fragmentation and

urban interest bullying," says Harrison.

"A more co-ordinated approach to rural local government may ensure a greater linkage between different levels of government so as to increase rural sensitivity."

"This rural sensitivity must extend to the housing arena particularly in areas such as credit sustainability, access to subsidies and delivery process."

Local government has a role to play by advocating for rural areas and thereby ensuring that rural demands are not usurped

by the urban constituency, she said.

Apart from difficulties presented by lack of information, banks are also not willing to lend in rural areas.

Traditional lenders have insisted that they are profit-seeking institutions and have a responsibility to safeguard the funds of the investors as well as to ensure that the institution is self-sustainable and effective.

This reluctance to engage in any risk other than commercial risk has led traditional finance to classify certain areas as being

high-risks areas. Harrison gives the following reasons for the above classification:

- Rural areas are discriminated against because of their locality where there are no traditional lenders, and often lenders do not have the appropriate infrastructure in these areas to become involved in lending finance.

- There is no security of tenure. Traditional lenders will not engage in the lending process without a form of collateral provided by the borrower. In this case it would be immovable property. This kind of prop-

erty does not exist for most rural residents and usually the conditions in rural areas do not offer high value and accordingly lack stability.

- Most residents cannot afford to repay loans. In rural areas employment is often tenuous and although people may work in the informal sector, unless there is proof of regular income, repayments cannot be guaranteed.

As there are more shortfalls, traditional lenders have concluded that credit will only be given if two conditions are met, which are affordability and collateral.

span 25/3/95

(123)

25/5/95

# Getting the province's housing backlog unplugged

**GAUTENG'S main housing problem is in Johannesburg. Paula Fray spoke to councillor Lindsay Bremner on the challenges ahead**

Architect Lindsay Bremner is aware that the task of heading up the city's Housing and Urbanisation Committee is not one which will win her many friends.

Implementing a hard-line stance against land invasion while changing past policies to facilitate the delivery of land and housing in an orderly fashion means she is often represented as uncaring - such as when the TMC decided to prevent the unlawful occupation of Diepsloot - or slow to meet the high expectations of residents.

The former senior architecture lecturer at Wits University is soft-spoken. But this belies a steely determination and a reputation as a hard negotiator.

A Yeoville ANC branch executive member and high-ranking member of the SACP's regional branch, most of Bremner's professional pursuits have been put aside in order to concentrate on her task within the Greater Johannesburg TMC.

In the first months of office, Bremner says she concentrated on crisis management such as "attempting to control occupations, negotiate existing informal settlement management, resolve disputes, mediate between tenants and landlords and hear the grievances of communities.

"At local government level, one is confronted with the challenge of the demands for immediate delivery and the need for strategic planning in dealing with the problems of homelessness, landlessness and urbanisation.

Whatever steps one takes to deliver this in the short term has to be done in a way that does not jeopardise a longer term vision for the city and its people.

"A rough estimate of the prob-

lem of housing in the Greater Johannesburg metropolitan area is that between 200 000 and 250 000 houses are required to meet the needs brought about from a variety of different conditions," says Bremner.

These include houses for people living in existing informal settlements, the metropolitan area's homeless, backyard shack dwellers, hostel dwellers and the increasing number of tenants evicted from private farms, estates or inner-city buildings, she explains.

"We clearly cannot develop this numbers of houses in the short term. However, in line with provincial policy there are three ways in which we are trying to address the problem. These are the rapid release of land, the transfer of existing council housing stock and facilitation of new housing developments."

Negotiations are currently under way with the provincial housing board to relax certain subsidy application requirements to fast-track the process.

Complementary to this identification of areas for informal settlements will be a strong action against illegal land invasions, Bremner warns.

"We are asking homeless people to co-operate so that we can get development going and allocate land in an orderly fashion," says Bremner.

"However, we are dealing with a massive housing backlog. As soon as any resources are available for development, there is a major power struggle within communities for access to them. This stalls development," she says.

The transfer of housing has been identified as a strategic project of the TMC and, excluding transfer of 65 000 council-owned houses in Soweto, has been under way for a while.

"Of the 20 000 State-owned houses in the rest of the metropolitan area, only 6 500 units have not yet been transferred," says Bremner.

The transfer of 65 000 houses in Soweto is a complex matter, says Bremner. Any disputes regarding tenure will have to be resolved before transfer of ownership. To facilitate this the Soweto Bureau will open next month.

The TMC has approved plans for a number of new housing developments which will be developed by accessing provincial housing board subsidies.

Among current projects are the new housing developments in Riverlea, Claremont, Brinks, Vlaktefontein, Goldev, Pinetown and the Klipspruit Valley.

# New housing loans to bring short-term relief – developers

(123) Star 25/7/95

■ BY BONGIWE MLANGENI  
HOUSING REPORTER

The new agreement between Government, builders and banks to make it temporarily easier for households with a low income to obtain a housing loan is unlikely to result in a housing boom, developers say.

The new agreement is described as a "breathing space" to allow the housing sector to adjust to more stringent lending criteria that are foreseen for the long term.

## Complaints

The new loan agreement is unlikely to have any great impact on housing delivery, housing industry sources told The Star.

The new loan criteria make it easier for low-income households to ob-

tain loans, without the prerequisite of a 5% deposit.

However, these "softer" criteria will only apply until the end of March next year.

The new loan agreement followed complaints by developers that loan criteria were too strict and that most home-seekers were unable to pay a compulsory 5% deposit before obtaining a bond.

New Housing Company chief executive officer Mauricio Barbera said progress would depend on the education programme which would be implemented by banks and the Government.

"We might have a bit of a crunch when the stringent criteria is introduced again and the banks will turn around and say they have given

us a notice period," he said.

Barbera said the new agreement could be a short-term step forward.

"(But) we are going to be back to the hard times next year," he said.

## Sidelined

The Institute of Estate Agents of South Africa (IEASA) maintains that the agreement did not go far enough to put delivery into motion.

"If the Government does not ensure that its promises are a reality by delivering houses, it will have real problems.

"The people who are working in the townships and understand the urgency for housing are being sidelined," said IEASA Soweto branch president Mike Fetane.



# Housing tops 'most wanted' list

**MAGGIE ROWLEY**  
PROPERTY EDITOR

CT 25/7/95

(123)

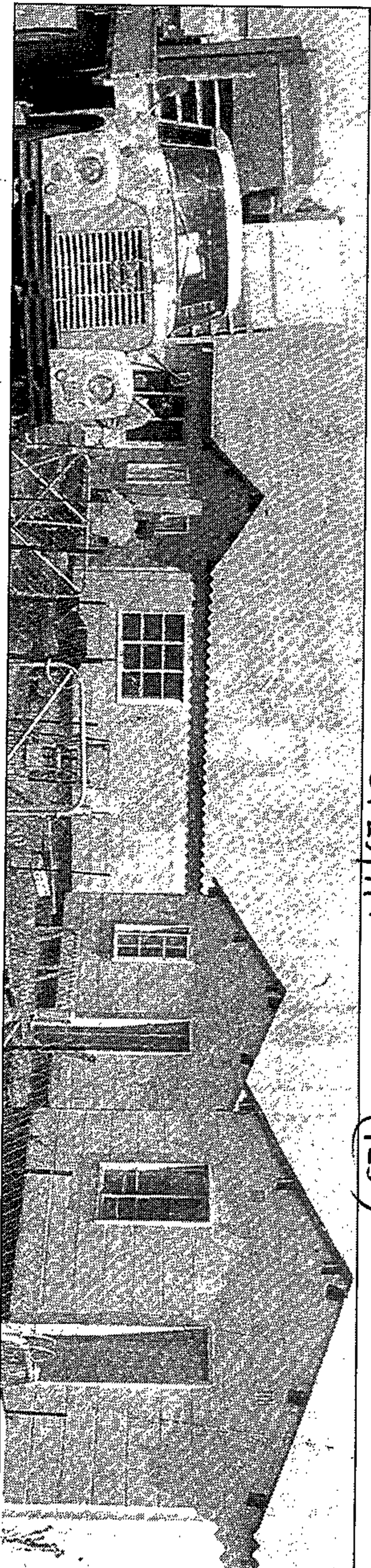
**C**URRENT housing policy will have to be rethought if it is to begin to address the diversification of people's needs for shelter.

This is one of the main conclusions to be drawn from an in-depth study of migration trends and the implications for housing policy in metropolitan Cape Town undertaken by US research scholar Professor Robert Mazure.

The study, which focused predominantly on African communities, is the first to be commissioned by the Western Cape Community-based Housing Trust, which was set up in September last year to serve organisations working with needy communities in housing delivery and management.

Two inter-related research objectives were involved in the study. The first was to describe household population characteristics, migration and mobility patterns, present living conditions, demand for housing and related amenities, socio-economic status and demand and investment plans. The second was to examine interaction among migration patterns, household composition, housing characteristics, income and well-being.

Among the most important findings of the study presented at a workshop for housing authorities in the past week was the extreme diversity in households' socio-demographic characteristics, mobility, income levels and housing needs. This diversity was seen not only among households across different housing types sur-



**ON THE MOVE:** A quarter of those surveyed said they had considered moving to improve their housing situation.

veyed - namely those in formal housing, backyard shacks, hostels and free-standing shacks - but also within these housing types.

However, the vast majority of the representative sample of more than 800 surveyed cited housing as either the most important or at least one of three most important needs.

The findings relating to diversity in income and housing preferences possibly have among the most important implications for housing policy.

The study found that the average household monthly income of African people in the metropolitan area was about R1 250. However, here too, great diversity was shown with at least 40% of those surveyed receiving R800 a month or less. An additional 30% receive between R801 and R1 500 and 20% between R1 501 and R2 500 with

only about 10% receiving more than R2 500.

When household size and age composition are taken into account, households are earning on average 38% more than the primary household subsistence level but this varies widely according to housing type, area and household size, with backyard dwellers tending to be the poorest.

About 40% of households have incomes between 50% and 20% below the subsistence level.

While nearly all households have some source of income, more often than not these sources tend to be intermittent. Some depend on remittances from relatives or friends while others depend on earnings from unskilled service activities or other informal sector economic activities. This has a particular implications for

housing policy which currently hinges on fixed payments for housing and related services.

According to the research findings another area where current housing policy is falling short of meeting the needs on the ground is the absence of provision of rental stock.

A quarter of those surveyed said they had considered moving to improve their housing situation with half of these in turn expecting to rent their next dwelling. Rental housing is particularly important to those in hostels and shacks and is favoured by household heads who have most recently come to the metropolitan area.

Rental housing is also preferred by young household heads, under the age of 30, and by households with no more than three members. To address this issue would

require certain revisions to the current capital subsidy scheme and exploring options other than merely state rental stock.

However, a number of participants at the workshop questioned the reliability of this finding due to confusion on the ground as to the difference between home ownership and rental. In fact, other findings in the survey, namely the high number of people renting accommodation who considered they had ownership of their dwelling would tend to bear this out.

As Basil Davidson, chairman of the Western Cape Community-based Housing Trust, said, the study had highlighted the complexity of people's mobility patterns, needs, affordability and preferences. Current housing policy lacked the flexibility to address this diversity and a complex problem required a complex solution.

## Warning on housing loans

(123)

STAFF WRITER

CT(BR) 25/7/96  
Worker resentment lies in wait for employers who fail to educate their employees on housing loans.

The Pride Group of independent financial consultants warns that a "retirement fund time-bomb" could be ticking in the laps of companies which offer housing loans without ensuring their terms are fully understood.

A key aspect of many of these schemes is that the loan is recoverable from an employee's retirement fund should the employee change jobs or go on pension before payment of the loan is complete.

If that provision is not properly communicated, housing schemes meant to improve labour relations, could have the opposite effect.

Bryan Hirsch, managing director of Pride, said the handing over of council homes may create a perception that homes are an "entitlement".

"Certain distinctions have to be understood, for instance between old governmental housing stock and new homes secured by a company housing loan. Employees must be made aware that it is legal to recover a housing loan from a retirement benefit," said Hirsch.

# Uproar over low-income home loan interest rates

Seldom has an issue raised more consternation than that of the bank's structuring of interest rates for the low income housing market.

Estate agents operating in areas granted cover under the government's mortgage indemnity scheme are up in arms, claiming that the more stringent qualifying criteria for bond applicants is robbing them of their livelihoods.

In Cape Town, more than 100 property practitioners launched a Home Loan Action Committee last week. The committee is set to take their protest to the streets today followed by a march on parliament tomorrow.

These agents are arguing that many people who would have qualified for a bond no longer do so as the more stringent criteria are being applied to all bond applications in areas granted mortgage indemnity scheme cover, and not just those linked to the government's capital subsidy scheme.

Even government employees who qualify for a government guarantee of 20 percent on their bond are now expected to pay an extra 5 percent deposit.

The temporary relaxation of these criteria announced in the past week will not solve the problem, as once the new criteria are re-implemented they will face the same disaster, said the committee.

These agents and some outspoken members of the building fraternity believe the more stringent criteria by the banks are their way of ducking and diving re-entry into this market.

But are the banks necessarily being the big baddies they are being made out to be? The situation needs to be put into context and seen against a backdrop of years of bond boycotts and non-payment of services.

Servcon, a joint venture between the banks and the government, has been formed to tackle this problem, but is still in the early

MAGGIE ROWLEY



## ON PROPERTY

stages of doing so.

When the new government came into power, it was faced with limited resources to address the pent-up expectations of disadvantaged communities and a housing backlog of a million units.

Bringing back private sector finance to this sector of the market had to be a priority.

Banks, understandably, were not prepared to go back into these areas under prevailing conditions.

After lengthy negotiations, a record of understanding was

cially viable.

In terms of the record of understanding, the banks agreed to indemnify the banks for the political risks involved in this sector, which has entailed setting up the mortgage indemnity scheme.

The reasoning behind it was that in a normalised market this should not be necessary, but until such time that normality could be restored, a temporary safeguard was required.

In a way, the government has taken over the red-lining previously imposed by the banks.

Coming back to the interest-rate dilemma, banks argue that with interest rates again on an upward trend, qualifying people at existing levels would again constitute irresponsible lending and put borrowers, as well as the sustainability of lending into this area, at risk.

The banks also argue that the pro rata higher cost of administering low-cost housing loans has to be accounted for by this sector, as it

constitutes too large a segment to allow cross subsidisation on a sustainable basis.

Project Masakhane, launched by the government earlier this year, has met with some success but there is still little indication of a mass resumption of payments in boycott-affected areas.

The affordability question, however, is another issue and is going to require more innovative work in this regard. There have been calls in the past for low-income housing to be exempt from VAT and maybe it is time for issues such as this to be revisited.

As far as housing is concerned, the country is facing a Catch 22 situation which needs resolving if the delivery programme is to get off the ground in any meaningful way.

The temporary relaxation by the banks will help in the short term but longer term solutions and a commitment from all stakeholders, including recipients of low-income loans, are required.

*The view of the banks as baddies needs to be put in the context of years of bond boycotts*

signed between the government and the banks, with the latter agreeing to re-enter the low income market with 50 000 loans up to a value of R2 billion in the 12 month period beginning June 5.

A key component of the understanding, according to banks, was that pricing fully for risk would have to be done without cross subsidisation of low-income borrowers as they comprised such a significant market segment and to serve this sector on a sustainable basis loans would have to be commensurate

(123) CT (RR) 26/7/95

## Transnet plans 850 houses

~~23/26~~  
Robyn Chalmers

(23)

13/1 28/7/95

TRANSNET would embark on a R51m project to construct 850 houses in the Richards Bay area for employees of Spornet, Portnet and Alusaf, Public Enterprises Minister Stella Sigcau said yesterday.

Sigcau said the first phase of 250 homes would cost R15m and was scheduled for completion this

year. Prices would range from R50 000 for a 40m<sup>2</sup> house to R100 000 for a bigger, more luxurious home. The remainder of the houses would be completed during 1997 at an estimated cost of R36m.

Sigcau said phase one of the scheme had received a capital subsidy grant from KwaZulu-Natal's provincial housing board, helping to make houses affordable.

# Wire, waste and other innovative houses on show

## HOUSING REPORTER

Walls made up of wire and recycled waste are among the building materials that will be on show when 350 exhibitors display new building concepts at the Afribuild show at Nasrec.

Minister of Housing Sankie

Mthembu-Nkondo will tomorrow open the show, which will run until Tuesday.

Some exhibitors have designed structures that can be built in a few hours. Others claim that their structures do not need skilled labour, or that they are easy to move.

(123) Star 28 [7] 95  
Most of the structures are aimed at low-income households with costs ranging from R7 000 to R35 000, said project manager Betty McNaughton.

"In the past we could not build alternative houses but with housing delivery taking longer, inexpensive solid starter houses

should be considered," she said.

McNaughton said all structures being exhibited had been approved by the South African Bureau of Standards.

A number of countries, among them France, Taiwan and the United States will also be exhibiting concepts.

Star 28/7/95

## 'Return of houses being hampered' (123)

### ■ HOUSING REPORTER

A drive by banks and Government to facilitate the return of houses repossessed during the bond boycott is hampered by high unemployment, says Servcon spokesman Bashir Lorgat.

Servcon, owned by the Government and banks, was formed to deal with repossessed properties still occupied by the original bond holders.

Residents of such houses will be assisted in buying back the repossessed homes or, if they cannot afford the loan repayments, will be offered alternative accommodation.

Lorgat, Servcon head of special projects and external communications, said yesterday unemployment was a major problem in the townships and had made it impossible for residents to repay their bonds.

Most of the repossessed properties are in Katorus, Tembisa and Soweto.

In an effort to address the problem of unemployment, Lorgat said they had joined forces with the Department of Man-

power to provide free training in building skills for residents who were unemployed and had a problem with repaying their bonds.

"We are hoping that once they learn how to build houses, they can also build themselves cheaper homes," said Lorgat.

Servcon fieldworkers would visit the occupants of repossessed houses to give advice on how to repay their bonds or assist them to find alternative affordable accommodation, he said.

Lorgat said many residents visited by fieldworkers in the last two months were willing to start paying back their bonds and pay for council services.

However, the lack of service delivery in the township was contributing to the culture of non-payment, he said.

"Our problem is that there are non-performing local authorities and yet the boycott of service and bond payment was a result of inefficient service delivery."

Servcon has about 100 fieldworkers calling on home owners in arrears.

HOUSING

# High costs dog development

SA has higher construction costs than countries at comparable levels of development, according to a recent report by the Monitor Co on SA's low-income housing industry.

The Boston-based strategy consulting firm compares SA with Thailand, Chile, Kenya and Indonesia and finds the cost of building a standardised house in SA almost double that in the other countries surveyed.

If building costs in SA aligned with those of the other countries, the report says, 60% of the population would be able to afford a house (with the help of a government subsidy) as opposed to less than 20% now.

The report was commissioned by the National Economic Forum as part of an eight industry sector analysis presented to Cabinet in March. A second, more detailed report is being mooted.

Department of Housing director-general Billy Cobbett says though the report lacks detail (a weakness admitted by the authors) it is a "useful aid in our policy-making with the building supply and construction sectors." Its main finding is that SA has no dedicated low-cost housing material supply or construction industry.

In the production of materials, it says the industry is not sufficiently focused, producing too broad a range of products. At the low-cost end of the product spectrum SA cannot compete on price with the Far East, and in the higher-price categories it falls behind the quality and design of European products.

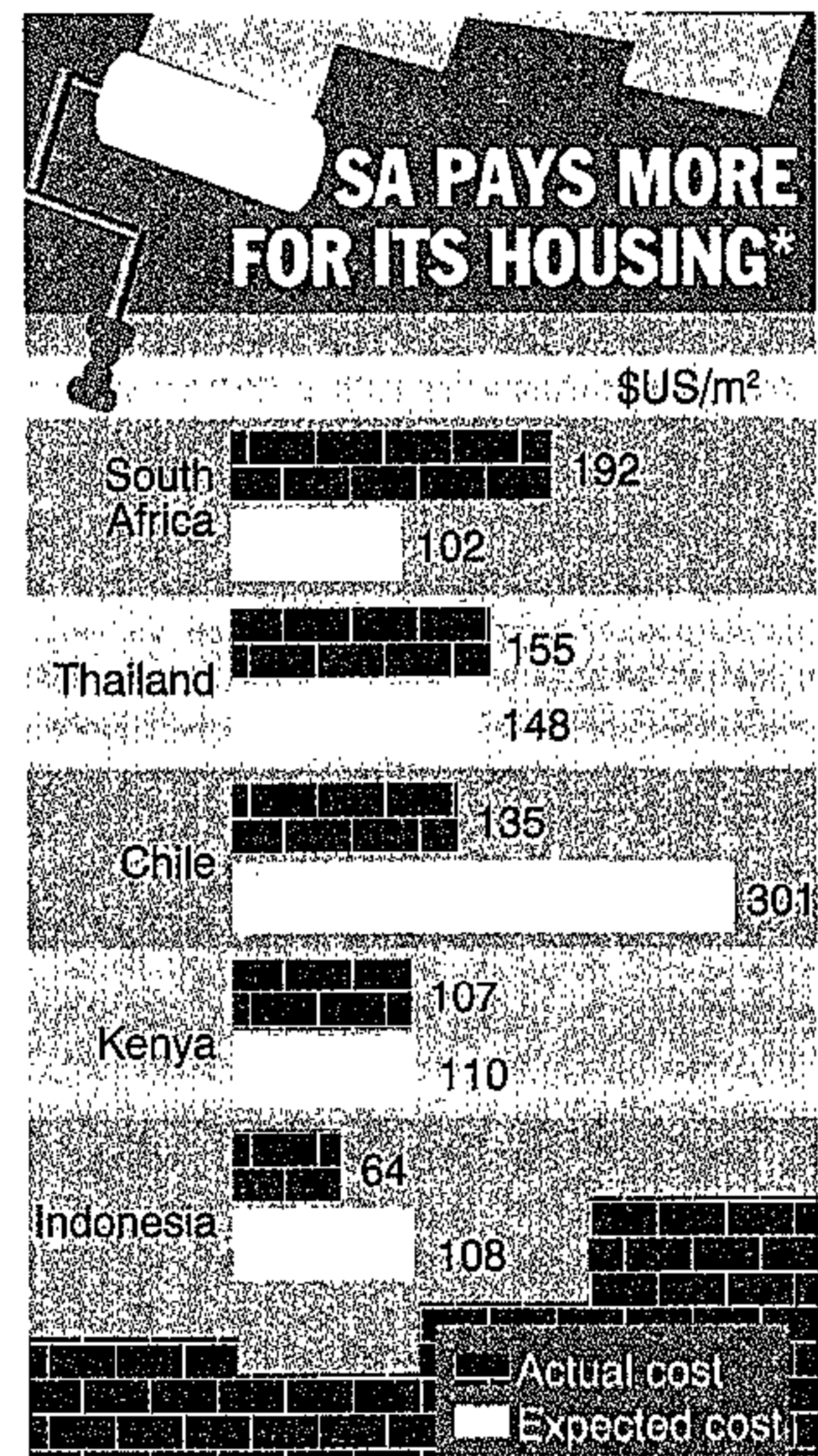
The report states the SA material supply industry will not be able to meet projected needs in many housing scenarios. Even in the lowest, the National Housing Forum's estimate that SA is likely to build 300 000 houses a year, shortages of bricks and wood are expected. Without a restructuring of the building material supply sector to facilitate increased competition, the report says prices are bound to increase.

But Building Material Suppliers of SA's chairman George Thomas says: "I am confident the supply industry will respond to the market place as and when demand manifests itself." He does not believe the supply of bricks will pose a problem in the short term and notes that timber distributors are investigating other supply sources.

According to the report, construction firms demonstrate, at current levels of capacity, there is inadequate spare construction capacity to absorb significant increases in demand. More disturbingly, a survey conducted by the University of Natal in 1994 found that construction firms do not

intend increasing capacity in the face of new demand. They intend focusing on the high-margin housing market.

The report finds though land prices are initially low in SA — except in the Western Cape — permit delays of up to two years and costs associated with excessive bureaucracy, increase final costs. In land development, the provision of infrastructure is inefficient. Opportunities exist to reduce the cost of developing and converting land for low-income housing needs. But the report maintains this entails streamlining the ad-



ministration of land proclamation — which the Development Facilitation Bill aims to achieve — and rationalising the provision of infrastructure. The report estimates the infrastructure backlog in SA at R17bn, were full housing services to be provided.

According to Cobbett "an initiative to reduce infrastructure costs is expected from the RDP Office." This may entail greater densification in townships, reduced building structure costs through more cluster as opposed to free-standing home building, and a revision of infrastructural standards.

Other cost inputs, the report finds, result from too great a concentration of market share in the material supply and construction sectors. For example, 80% of the country's housing construction is undertaken by five developers. In Indonesia, 30% of all housing is built by five developers. Another cost input is the import-intensive and high-cost nature of the transport sector.

Remuneration levels of skilled workers are higher than in comparable countries and the shortages of semi-skilled and skilled workers aggravate the situation. Labour productivity has declined as wages continue to rise.

Attempts to increase artisan training are hampered by institutional confusion over who should control the process. The National Training Fund was supposed to be separated from the Building Industries Federation of SA (Bifsa), but Bifsa bought the training assets of the fund for R10m and set aside R20m for artisan training. Bifsa executive director Ian Robinson says there is no confusion over who controls the training process. "We are on stream to have an independent (of Bifsa) building industry training scheme from June."

He adds that the report should make the material supply and construction industries "sit up and take stock of themselves." ■

PROPNET

## Loubser bows out

Fuzz Loubser, a leading property figure and founder and head of Transnet's property development arm Propnet, has resigned to pursue "private interests."

Loubser will leave Propnet at the end of August "with some regret" after almost 22 years with Transnet and its predecessor SA Transport Services (Sats). He plans to establish a development and consulting business with two former colleagues. Ironically, Loubser's departure comes as Transnet is about to reorganise its diverse property interests under a single divisional head.

There have been rumours that his resignation is a strategic move to better position himself to take over as CE of Durban's Point Waterfront Company. But though he admits he was in the running for the job a year ago, he says it isn't on his agenda now. The position was recently vacated by former Stocks Natal MD Ian Wilson. Transnet is the majority shareholder in the company responsible for the redevelopment of 55 ha

# Transnet's plan for affordable housing

The Argus Correspondent

JOHANNESBURG. — Transnet employees around the country will soon benefit from a project which aims to build affordable houses near workplaces.

Land in Aquadane, Richards Bay, had already been earmarked for the construction of 850 houses at a cost of R51 million, Transnet media and communication adviser Mashadi

Mashabela said yesterday.

She said plans to build houses in Gauteng could be implemented before December.

The houses at Richards Bay would be built over a three-year period, the first phase being the construction of 250 houses.

"We are expecting phase one to be completed before the end

(123) of the year," she said.

Employees of Spoornet, Portnet and Alusaf and the local communities would be able to buy houses ranging from R50 000 to R100 000.

She said a grant was received from the Kwazulu-Natal housing board which would be used for employees who qualified for low cost housing.



# More areas get mortgage cover

(123) Stan 18/95

The Mortgage Indemnity Board has extended its mortgage indemnity fund coverage to another 26 areas in six provinces, bringing the total number of areas covered to 108.

The board said yesterday that a further 194 areas were being considered for the MIF scheme and were likely to come before the board by the end of September.

The MIF is an instrument designed to facilitate commercial bank lending activity in areas where banks have not been lending because of a perceived abnormal risk prior to June 5 1995.

The board said a total of 173 areas had been considered to date. Further submissions from affected parties in the 65

areas, where the board had deferred decisions on MIF cover, were being awaited by the board.

The latest areas to receive MIF cover are:

■ **Gauteng:** Coronationville, Dalpark, Davidsonville, Dawn Park, Dobsonville Gardens, Geluksdal, Munsieville, Protea City, Rabie Ridge (Midrand).

■ **KwaZulu/Natal:** Chesterville, Gamalakhe, Sibongile, Steadville.

■ **Eastern Transvaal:** Ackerville, Ekulundini, Matsulu, Mhluzi, Mpuluzi, Siyatutuka (Belfast).

■ **Free State:** Heidedal.

■ **Northern Transvaal:** Lenyene, Mankweng, Watterval.

■ **Eastern Cape:** Berlin, Bisho, Bloemendal. — Sapa.

# Hanekom rejects property entrenchment

Adrian Hadland

BD 2/8/95

CAPE TOWN — Land Affairs Minister Derek Hanekom yesterday rejected the need for a clause in the new constitution entrenching property rights.

Hanekom told a Constitutional Assembly workshop that adequate protection for property rights would be provided by common law together with a constitutional prohibition on arbitrary, unfair or discriminatory government action.

But SA Chamber of Business spokesman Ken Warren told the workshop it was imperative specific property rights, as contained in the interim constitution, were

retained.

A new constitution had to ensure no person or organisation should be deprived of property without due process of law and without just compensation, he said.

The interim constitution says every person has the right to acquire and hold rights in property and no deprivation of property rights is permitted other than in accordance with a law. Property may be expropriated only for "public purposes" and subject to agreed compensation.

Hanekom said the provision had been made because of anxieties regarding confiscation and redistribution of land at the time the interim constitution was framed.

"By now, it should be clear that those fears are groundless," he said.

Nowhere in the world was ownership absolute and unrestricted, Hanekom said. Government should be able to regulate the use of property in a number of ways and this should be reflected in the constitution.

By entrenching the "rights of property" in the interim constitution, potential problems had been created, Hanekom said.

He cited the example of recent litigation concerning establishment of an informal township at Diepsloot in Gauteng.

A constitutional protection of property

Continued on Page 2

## Hanekom

Continued on Page 2

rights would have allowed landowners to "trump" legislation with the Bill of Rights.

"We should take care that if we have a property clause in the new constitution, it does not give constitutional force to the "nimby" (not in my backyard) argument, and therefore prevent the development of low-cost housing or the provision of land for small-scale farmers."

The new constitution should make clear that expropriation for the purpose of land

reform was permissible given appropriate compensation, Hanekom said.

A balance was required between property rights and the right to land.

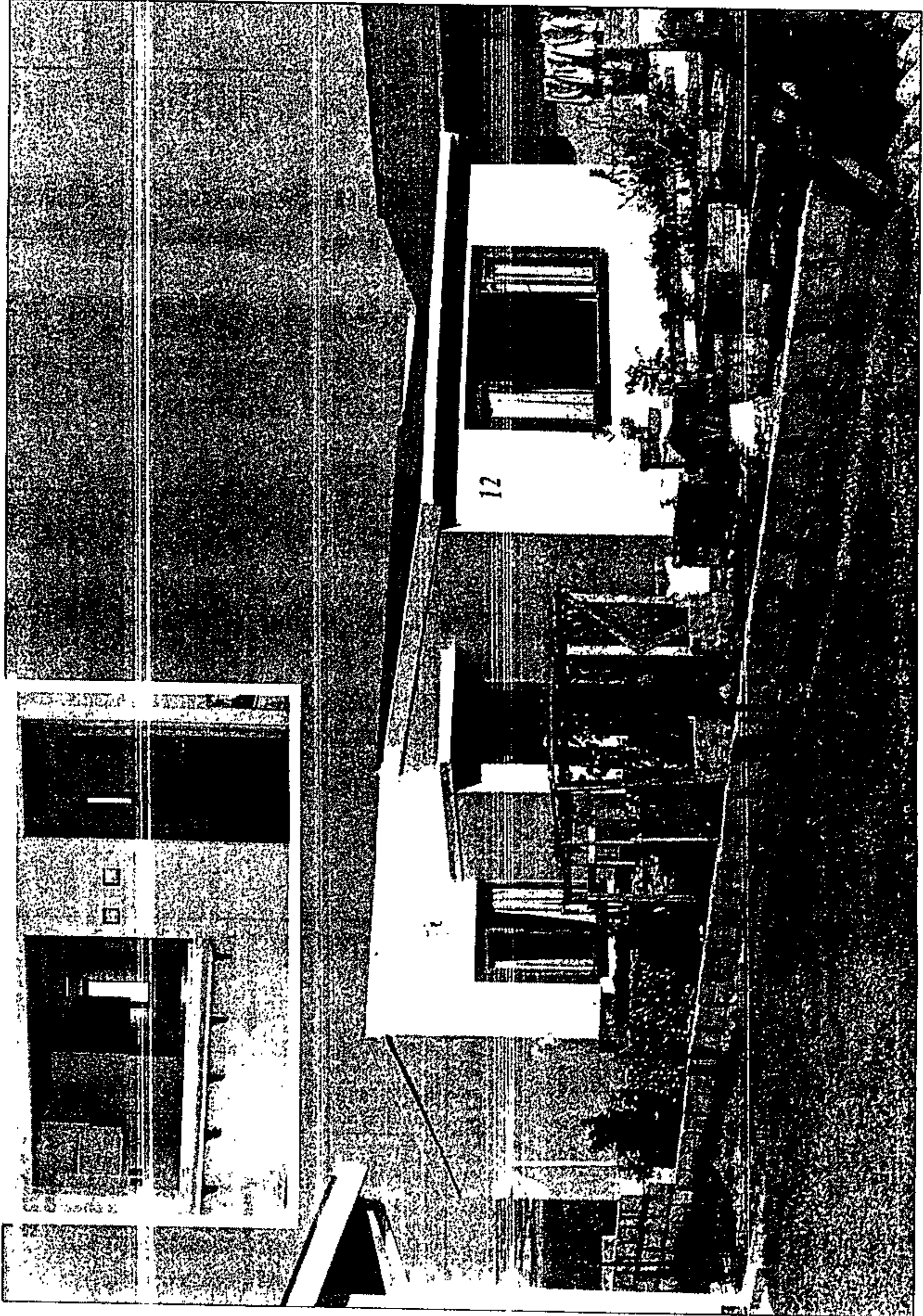
"Just as property rights must not be arbitrarily destroyed or confiscated to meet the needs of homeless and landless people, so existing property rights must be limited by the basic needs of homeless or landless people."

Hanekom said the constitution should provide for the restitution of land in broad terms only and not in detail as spelt out in the interim constitution.

(123) (123) (123) BD 2/8/95

**T**housands of unemployed people may benefit if a plan to establish small, low-tech, low-budget industries at informal settlements is approved, writes **Winnie Graham**

# Industries for squatters



Yours for R17 000 ... that's the price of this factory-built house. Similar ones are soon to be erected in Gauteng informal settlements. The units include both bathroom and kitchen. Inset: the interior.

**U**nemployed people will be given the opportunity of running their own factories near their homes if a plan to industrialise informal settlements is approved by Government.

The concept - mooted by Greenville Wood, a former automobile design engineer - has been designed to create jobs for thousands of unemployed people. The government is studying the proposal and has promised to respond "soon" - after consultations with community leaders.

A group of businessmen, including financial directors and consulting engineers, have indicated that they support the project, which is seen to have "enormous potential."

The initial development cost is estimated at R250 000 and the Foundation for Research Development has indicated that it is prepared to supply some funding.

The construction of low-cost industrialised housing units is just one of the projects under consideration. If acceptable to the community, such a project could impact dramatically on the enormous housing shortage.

Other on-site industries at informal settlements would, in time, include the manufacture of a wide array of goods from wood, steel, plastic and cement.

Wood, who was involved when the concept was first mooted in Port Elizabeth ten years ago, is on standby to develop a pilot plant where unemployed men and women will be trained to run the factories themselves.

He said this week that mass training would be provided through a central control office and training school. Once the trainees start their factories, a small, specifically trained staff would keep in touch through an information services control centre, communicating directly with

Wood said. "Once in place, the private sector will be encouraged to submit ideas and products. Sustainable job provision, marketability and competitiveness will be the acceptable criteria. We believe that through market analysis and product planning this product pool will be continually increased and new markets developed."

The concept for the scheme, Wood said, was born in Port Elizabeth in the mid-'80s when multinationals were disinvesting and leaving South Africa.

Businessmen wanted to lessen the impact of unemployment caused by disinvestment. One of the first initiatives which resulted from this consultation was the Small Business Development Corporation's "Hives of Industries".

Another group worked with the remaining multi-nationals to evolve a strategy to develop low-cost factories at squatter level but the scheme never got off the ground.

"We believe the mass training of newly urbanised people is possible with modern technology," Wood added. "By industrialising informal settlements, the so-called 'squatter camps', not only the unemployment problem but the housing shortage will be addressed. It could have a major impact on the South African economy."

The establishment of production and financial management systems will be undertaken by ex-automobile assembly plant directors. Management and technology will be provided as and when necessary to the factories and training schools through franchises.

A multi-disciplinary firm of consulting engineers and project managers has been appointed to administer the funds for the development of the pilot plant.

(123) (123) Star 2/8/95

the production line and factory through a visual/sound system. This system, and the highly trained supervisors - members of the community - will enable factories to be placed virtually anywhere.

Wood said the proposed factories would be small, low-tech and low-budget. "They could not afford to employ costly managers and engineers," he said. "A system giving management access to problems as and when they occur is therefore vital. We believe a relatively inexpensive system, providing effective control, could be achieved fairly easily. Visual/data transmission could be by radio, satellite or digital telephone as in Telkom's ISTN system."

## Quality

The envisaged housing modules which, in time, could be produced in factories around the country, will come off the assembly line complete. Most of the components, including doors, window frames, wall and ceiling cladding, plumbing modules, floors, foundations, toilets, baths and basins, could be manufactured by the factories.

Wood said: "The public utilities production will comply with all the relevant SABS quality control specifications and the national building regulations."

A two-bedroomed house of about 55sqm, complete with kitchen and bathroom, fully plumbed, electrified and thermally insulated, will sell at about R17 000.

The houses could be erected by unskilled labour and be ready for occupation "within hours." Each factory will be able to produce two or three houses per shift.

"Initially the pilot plant will demonstrate products and houses which we have designed,"

# R600-million drive to unlock housing funds

AR 5/8/95 (123)

**JEAN LE MAY**  
Staff Reporter

THE National Urban Reconstruction and Housing Agency, Nursha, would be "out in force" on a drive to raise guarantees which would get a massive presidential housing project going, chairman Colin Hall said yesterday.

The agency was formed with a multi-million rand guarantee by international financier George Soros last year.

It has been estimated that to deliver 200 000 houses in five years, housing investment of R4,8 billion will have to be mobilised, and grants of R30 million, plus guarantees of R920 million, provided.

But Nursha seems to have had teething problems unlock-

■ The giant housing agency kick-started by international financier George Soros appears to have had teething problems unlocking private risk capital locally.

ing risk capital locally, and is now embarking on a massive fund-raising campaign here and overseas.

"We are not going to build houses — our function is behind the scenes, to raise an extra R600 million guarantee facility," said Mr Hall.

"We hope to be able to cater for the very poorest people, to fill the gap between what a low-income household can afford and what it costs to build a house.

"Admittedly, it has taken some time to get the organisation going, employ staff and cut through red tape.

"But within a month we shall be out in full force," he said.

Nursha was started last December following an initial R20 million in start-up money from the government, matched by another R20 million plus a R200 million guarantee facility over the next five years, given by international financier George Soros.

Mr Soros's offer was contingent on the agency's ability to raise another R600 million guarantee facility.

The agency's aim is to speed up housing delivery in the short term and to take financial risks to unlock private capital.

However, up to now it appears to have had problems in unlocking that capital.

"Some of the companies we approached made offers conditional on housing being provided for their employees, but we feel that they should look after their own employees and that this facility must be used only for people who have no other way of getting a house."

Nursha intended raising money locally and overseas once the documentation for a major fund-raising campaign had been completed, he said.

"We haven't been able to draw down on the facility, we already have because the government and Mr Soros expect us to obtain the other guarantees," said Nursha financial manager Knowles Oliver.

"The idea is to raise additional funds.

## Restructuring to be suspended

PRETORIA. — The Ministry for Public Enterprises said it was suspending the unilateral restructuring of state enterprises. "Notwithstanding the need for management to continually introduce change, it should be highly appreciated any restructuring of state enterprises is a politically, socially and economically sensitive matter," said Mr Shabalala. — Sapa.

Deputy director-general and head of the Office for Public Enterprises, Siphoshe Shabalala, said the restructurings would be stopped immediately.

# Bond boycotters to get the boot

**DAVID BREIER**

Political Staff

TOWNSHIP residents borrowing money under the new mortgage indemnity scheme have been warned by the government not to try to pull a fast one by organising convenient bond boycotts and then expecting the taxpayer to foot the bill for their bond repayments.

Anyone who takes part in a bond boycott after borrowing from a bank in an area covered by the government's new Mortgage Indemnity Fund (MIF) will be evicted, said Stephen Laufer, spokesman for Housing Minister Sankie Mthembi Nkondo.

And he warned that areas covered by the MIF could lose this cover if residents organised bond boycotts — depriving others in the area of a chance to own a home.

All indemnities in these areas were strictly an arrangement between the government and the banks — they were in no way an offer to private individuals to tempt them to default.

The MIF was recently introduced to cover banks entering the lower end of the housing market again after they burnt their fingers in the 1980s as a result of politically-organised bond boycotts.

The aim of the new fund is to give banks the confidence to provide home loans to poorer areas again — in townships selected by the government as being safe enough for the scheme.

So far 108 townships — including a number in the Western Cape such as Blue Downs and the Washington Square por-

■ Township homebuyers who try to exploit the government's new mortgage indemnity fund by organising bond boycotts are in for a shock.

tion of Khayelitsha — have been covered and another 194 are under consideration.

But chronically unstable areas are unlikely to qualify as neither banks nor the government are prepared to risk their money.

The idea is that if there should be a breakdown of law in an area covered by the MIF, the government will ensure the banks get their money back.

But boycotters will be evicted, said Mr Laufer.

"The rule of law is the rule of law and we will not deviate if people refuse to pay," he said.

The MIF, however, does not cover normal commercial risks. The banks will continue assessing would-be borrowers on the basis of whether their income can pay for the bond — although less affluent homeowners now qualify for state subsidies of up to R15 000, depending on their income.

Mr Laufer said that areas where banks had lent money before June 5 this year did not need mortgage indemnity cover. The fact that banks had been lending there all along meant they did not need the MIF to cover them now.

But the MIF did apply to areas where banks had stopped lending because the breakdown in the rule of law meant they had been unable to repossess homes

where bond payments had stopped.

What now happens in an area such as Blue Downs covered by the MIF is that banks are required to lend there — although they will assess each application for a bond on the normal commercial grounds.

"That's their decision. There is no cover for that. The banks won't give loans to people who don't have the liquidity. They have still got to have income. But if I am a normal commercial risk, they must lend to me if I am buying in that area," said Mr Laufer.

The MIF was only there to cover banks if there was a breakdown in the rule of law.

"It is a major goal of the government not to pay out. We are not abandoning the rule of law," he said.

Those areas which failed to get MIF cover because they were too much of a risk, were an "alarm signal" to the government, said Mr Laufer. Representatives of government departments, including the SA Police Service, justice, finance and housing, sat on the Mortgage Indemnity Board, which decided which areas to cover.

"Areas that don't get cover are an alarm signal to the minister. If they are not getting cover, it is a job for the government to turn it around, and a challenge for the community," he said.

Mr Laufer warned that MIF cover for an area could be taken away any time.

"If anyone begins a bond boycott and destroys the property market in the area, nobody will get a bond to buy a house," he said.

The MIF acted as a reward system for areas granted MIF cover as it gave them a functioning property market.

ARG 5/8/95

(123)

# Govt warns against bond boycotting

STW 5/8/95 (123)

By **DAVID BREIER**  
POLITICAL STAFF

Township residents borrowing money under the new mortgage indemnity scheme have been warned by the Government not to try to pull a fast one by organising bond boycotts and then expect the taxpayer to foot the bill for their bond repayments.

Anyone who takes part in a bond boycott after borrowing from a bank in an area covered by the Government's new Mortgage Indemnity Fund (MIF) will

be evicted, said Stephen Laufer, spokesman for Housing Minister Sankie Mthembu Nkondo.

And he warned that areas covered by the MIF could lose this cover if residents organised bond boycotts - depriving others in the area of a chance to own homes. All indemnities in these areas were strictly an arrangement between the Government and the banks - they were in no way an offer to private individuals to tempt them to default.

The MIF was recently introduced to cover banks entering

the lower end of the housing market again after they burnt their fingers in the 1980s as a result of bond boycotts. The aim of the new fund is to give banks the confidence to provide home loans to poorer areas again - in townships selected by the Government as being safe enough for the scheme.

So far 108 townships have been covered and 194 are under consideration. But chronically unstable areas are unlikely to qualify as banks are not prepared to risk their money there.

# Privatising the private sector



**Ronald Roberts co-authored the Moseneke report on privatisation. David Green wrote the Monitor report on SA's worldwide competitiveness**

**The restructuring** of State assets must increase competitiveness in the State and private sectors, not simply transfer State assets to private oligopolies.

The key determinants of competitiveness are improved industry structure, strong competition law and effective regulation. If these prevail in both the private and public sectors, the transfer of State assets to private hands becomes an unnecessary sideshow in the quest for competitiveness.

Competition is more fundamental than private ownership in determining performance: privatised British Telecom's poor performance between 1984 and 1989 reversed dramatically between 1989 and 1994, driven by increased competition in UK telecommunications.

Conversely, SA's privately owned steel bolt industry, protected from international competition, produces standard bolts 15% more costly than the US equivalent.

Governments selling assets to maximise revenues and reduce State debt almost inevitably retard competitiveness and long-run economic growth. Private purchasers will pay more for lucrative monopolies in protected markets than for restructured enterprises in competitive environments. Sustainable development requires the pursuit of competitiveness, not short-term revenue maximisation.

For example, Argentina's treasury-driven privatisers failed to draft adequate regulatory and performance standards to bind private purchasers.

Consequently, Argentina's airline was privatised as a domestic monopoly and service deteriorated. Tolls on Argentina's privatised highway system increased so rapidly that government was forced to suspend them.

To maximise debt relief, Argentina abandoned plans to restructure its State monopoly in telecommunications into five

competing units. It then failed to establish an effective regulator of the privatised monopoly; long-distance and international phone rates were soon among the highest in the world.

Similarly, the UK's gas monopoly was hurriedly privatised intact to fill the revenue gap that arose when litigation delayed the planned privatisation of British Airways. This forfeited opportunities for industry restructuring and resulted in excessive post-privatisation profits at consumers' expense.

Similar failings have clouded SA privatisations. Had Iscor been privatised as individual mills rather than as a monolith producing a comprehensive range of steel products (200 000 in total), domestic rivalry would be higher. Rivalry triggers product rationalisation, greater manufacturing efficiency, and price competition.

Aside from competitive industry structure, effective procompetition law is vital. Cartel-based models of industrial competitiveness have failed.

According to the OECD, prices in the cartelised Swiss economy reach 40% above the industrialised world average. In emerging markets, such as Argentina, inadequate procompetition law has allowed aristocratic family-owned conglomerates to dominate privatisation, introducing overcautious management styles and retarding competitiveness.

In areas of "natural monopoly," where technical factors preclude competition, private ownership alone will not create efficiency. It is more important to separate the truly natural monopolies (electricity grids, pipelines) from related activities where competition is possible (electricity generation, water purification). Given independent regulation and maximum rivalry among providers (whether public, private, or a combination), private ownership becomes nonessential.

Government must also anticipate regulatory issues beyond particular industries.

Chilean experience, for instance, demonstrates the twin evils of inadequate procompetition law and lax financial regulation. In the mid-Seventies, Chile's State-owned banks were sold through public bids, requiring down payments as low as 20% of purchase price.

Conglomerates made leveraged purchases of banks, then used the banks' assets to bid on nonfinancial firms. Groups with small capital bases thus gained control of massive assets.

Lax regulation permitted banks to lend to enterprises bought by their conglomerates. Intra-conglomerate loans, from private banks to affiliated enterprises, soon aver-

aged 15% of loan portfolios, reaching 40% in the case of Chile's largest bank. As enterprise failures triggered bank failures, during the recession of the mid-Eighties, government was forced into costly re-nationalisations.

In the late-Eighties, Chile successfully re-privatised, after implementing new regulations that, among other restrictions, forbade conglomerates from buying enterprises for debt. This pattern is pregnant with lessons for SA, given concentrated patterns of cross-shareholding on the JSE and the intimate links between conglomerates and particular banks.

Assuming competitive industry structure and effective regulation, State asset restructuring should aim to release resources from State-monopolised clusters to benefit the broader economy.

The problem here is not that the State is a hapless monopoly producer but exactly the opposite: it is a monopoly *consumer* of valuable semi-State expertise, in areas where the broader economy is critically weak, such as research and development, technical services, and machinery.

## World-class expertise

For instance, whether or not the world-class expertise that created the Rooivalk and G5 and G6 cannons continues to have military applications, that expertise should be available to the civilian sector.

Revising the business strategies and regulatory environment of semi-State organisations is more important than simply selling them.

If a hypothetical private purchaser of Denel continued, for instance, to monopolise scarce technical resources for narrow military purposes, broader problems of weak clusters would be perpetuated, not solved. Thus restructuring, not private ownership, is the primary concern.

Government's housing programme, an RDP priority, has been partially privatised through joint venture arrangements. Yet the cost of a house is almost double that expected from international experience. Government could literally get twice as much bang for its money if the competitiveness of its underperforming private-sector partners was improved.

If competition is the heart of private enterprise, then State-dependent SA business, as much as the maligned public sector, urgently requires restructuring. Government's task is far more complex than simply selling its assets to the highest bidder. Intelligent restructuring can significantly boost reconstruction and long-term economic growth.

*[Handwritten signature]*

FM 7/7/95

# Army backs Masakhane

ARG 7/8/95 (123)

□ Local government crucial to campaign — general

**HENRI DU PLESSIS**  
Staff Reporter

THE Masakhane campaign will only work after accepted local leadership has been established in an election.

That is the view of Dan Lamprecht, general officer commanding Western Province Command.

The campaign is aimed at encouraging people to "pay your services, co-operate and build the nation."

Major-General Lamprecht, who has been in charge of the army's Western Province Command throughout the country's historic period of political change, has had men under his command deployed in the province's townships since he took the reins.

The only way he is going to get them out is to do all he can to facilitate a return to normal civilian government at grassroots level.

"The defence force cannot go about telling people to conform

## BACKGROUND TO THE NEWS

to the Masakhane campaign, but we can help create the right atmosphere for local leadership to sort out the politics," General Lamprecht said.

"We can enter an unstable area, stabilise it and form a sort of beachhead almost, which then allows civilian authorities to re-enter the area to bring back civilian government.

"A campaign like Masakhane can never get off the ground in a strife-torn or crime-riddled area, and as long as residents in a certain area believe there is no acceptable civilian rule, they will contribute to instability.

"After all, how can people pay for services which they do not believe are theirs?

"They have got to feel, down to grassroots level, that it is their school, their library, their

swimming pool and their sports facilities before they can appreciate they have to pay for these things.

"To get that right, they have to have their own local government in place on the ground, a recognised local government they have accepted."

General Lamprecht said the SANDF was involved in overall plans to support the Masakhane campaign as far as possible.

"The SANDF is the tool used to back up the police where there is unrest or crime.

"The show of force may often be enough to make people see that talking about their problems may be a better option.

"After that, we can help to create a basic infrastructure for services and provide certain services ourselves, such as tents after last year's floods on

the Cape Flats and water in situations of drought.

"We also have the ability to store and distribute emergency supplies, but when we do distribute them, we do it among the representatives of civilian agencies."

General Lamprecht is confident the SANDF has community support.

"We have got the public's co-operation, we are accepted by them. This fact has been proven in the past."

The accent was however on the SANDF as the tool and the politicians as the workers.

"We must reach the point where the SANDF can withdraw to get on with other tasks. I am not saying that what we are doing now is not our job. It is.

"It is our job to provide the security for an ordered and functioning society where local and foreign investors can feel their property is safe."



## SANDF denies mismanaging govt buildings

(254) (123)  
JOHANNESBURG: The Defence Force has defended itself against criticism by the Public Works department that it has mismanaged government buildings.

The claims were made last week by Public Works director-general Mr Siphoshezi. He said the defence force and the police rented office accommodation and then vacated the facilities before leases had expired, without advising Public Works, and leaving the taxpayer to meet their obligations.

Spokesman Major-General Gert Opperman said yesterday the SANDF placed "a high premium on the effective use of facilities ... regardless of whether they are government or hired property.

CT 8/8/95  
**Register**

"We have a computerised facilities register which provides details of all the buildings and land under our control."

He added that the defence force was aware that taxpayers' money was used to provide facilities for the SANDF and that there was full co-operation with Public Works.

"... In the light of a shrinking Defence budget allocation, it happens on occasion that the SANDF is forced to vacate facilities which may then stand empty while the new users prepare to occupy them," Gen Opperman said. — Sapa, Special Correspondent

## Mandela orders land deals investigation

David Greybe

123  
8/8/95  
CAPE TOWN — President Nelson Mandela announced yesterday the establishment of a probe to overturn illegal land deals worth "hundreds of millions of rands" during SA's transition.

He said the inquiry would investigate "alarming allegations" of corruption and irregularities in the disposal of state land, particularly in former homelands, between 1992 and end-1994.

Geoff Budlender, adviser to Land Affairs Minister Derek Hanekom and Legal Resources Centre director, was appointed chairman and only member of the inquiry. He will be assisted by five investigating

officials. Mandela invited "any person" to submit allegations.

Land affairs department chief planner Fred Kayser said the exact terms of reference were expected to be published on Friday. Mandela said the commission would cover the allocation, leasing, alienation and transfer of state land.

Eastern Cape land MEC Ezra Sigwela, who Budlender said had raised the issue of illegal land deals, said the value of illegal transactions in his province "runs into hundreds of millions of rands".

Budlender said more than 200 000ha of state land in Transkei and Ciskei were leased or sold under questionable circumstances in the last days of apartheid rule.

'ALWAYS ROOM FOR REFINEMENT'

# Task group to probe govt housing policy <sup>(123)</sup>

**THOUGH** its housing policy is unchanged there is room for refinement, the government said yesterday announcing a housing task group. **BARRY STREEK** reports.

**T**HE government is to appoint a task group to investigate the implementation of its housing policies, Housing Minister Ms Sankie Mthembu-Nkondo said yesterday.

The terms of reference for the task group and the appointment of its members still have to be finalised.

However, it was unlikely that the task group would be appointed by next week, as had been reported, a spokesperson for the ministry, Mr Stephen Laufer, said.

The announcement would be made "in due course".

The government's overall policies, as confirmed in the White

Paper on housing and in the Botshabelo Accord signed last year, remained the same, but there was "always room for refinement in the policies to be implemented", Mr Laufer said.

This was also said by Ms Mthembu-Nkondo last month, after it was reported that her ministry was re-assessing the policies developed by her predecessor, Mr Joe Slovo.

There have also been reports by the regional ministers in charge of housing that they were dissatisfied with these policies.

Mr Laufer said one of the areas to be examined was the policy of

ET 10/8/95  
"incremental housing" or, as it is called in the White Paper, "progressive housing".

This was the policy of giving people a basic opportunity within the limits of the subsidy, such as in core housing, and then providing further money for them to help themselves.

## Supplies

This policy also included the establishment of building supply centres, which would provide access to basic training and cheap materials.

The announcement about the role and members of the task group would be made as soon as possible, Mr Laufer said.

"We need to listen to people on the implementation of policy."

## HOME LOANS

# When the tough get going

(123) FM 11/8/95

**Government's housing** programme might be faltering, but it's not through lack of effort on the part of the private sector.

In terms of their mortgage indemnity agreement with government, banks have already undertaken to provide mortgage loans of as low as R10 000 to low-income earners. Unfortunately, bank rules dictate these loans must be backed by assets as security.

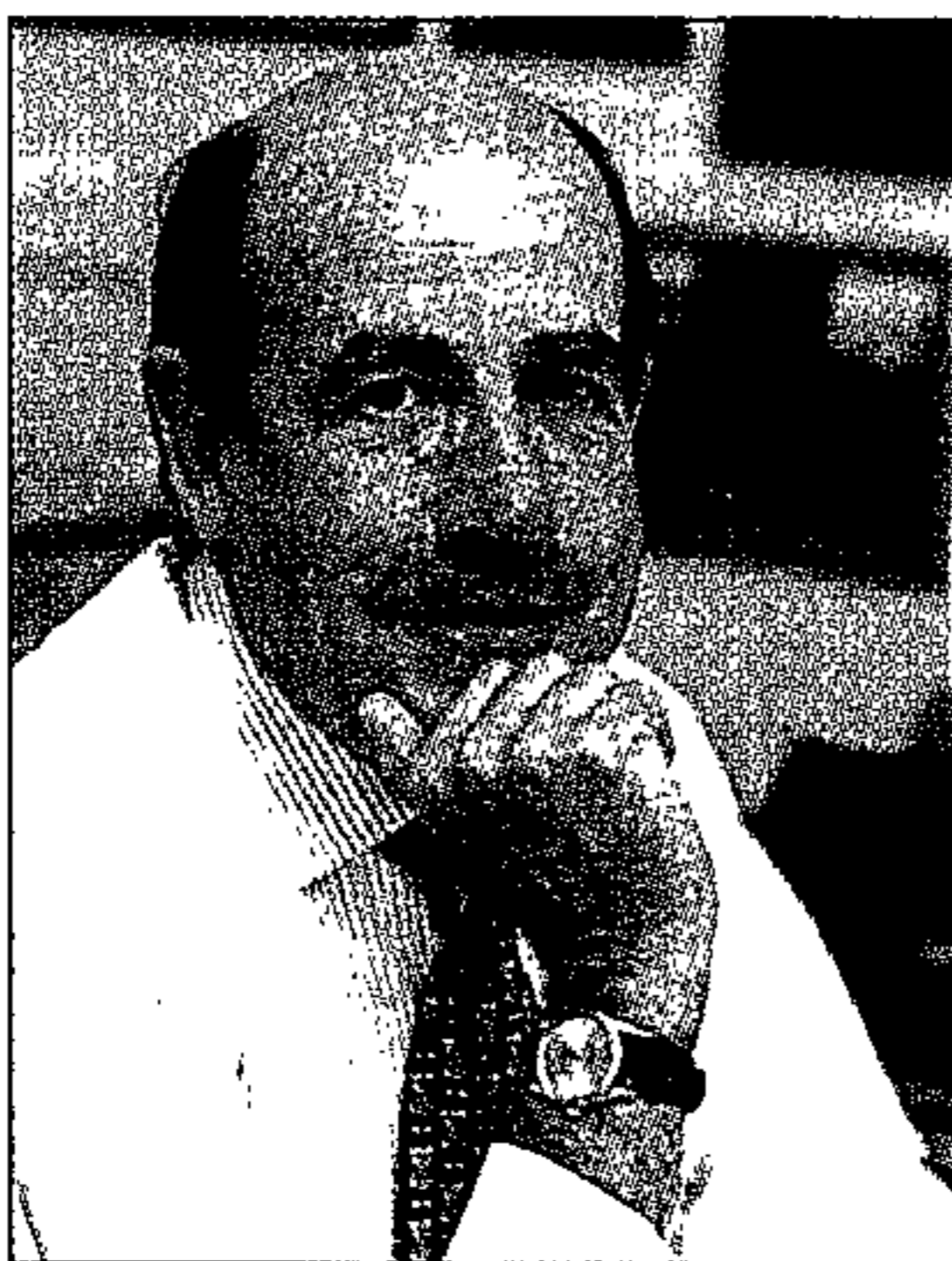
A gap exists for so-called unsecured or nonasset-backed, personal loans, as many employees have no tangible assets.

This has led to a private sector initiative by Home Finance Guarantors (HFG) which acts as guarantor of last resort for up to 25% of the risk on such loans, using provident fund contributions as collateral. It aims to offer loans of R13 000 and less and anticipates an interest rate slightly above ruling mortgage interests.

Salaries of employees in this category would range from R700 to R1 500 a month. They would qualify for housing subsidies of between R12 500 and R15 000. The beauty of the personal loan is that employees would be able to use the additional money more flexibly, buying building materials in a self-help arrangement, rather than having to purchase a developer-built home that would win faster approval of mortgage lenders.

For employee housing loans, ideally the borrower has a deposit of 5%, as much as 80% of provident fund contributions is ceded, employers provide a guarantee of 10% to cover risk associated with retrenchment or industrial action, HFG acts as guarantor of last resort for up to 25% of the risk, and financial institutions provide the loan finance and cover any residual risk. A prerequisite for borrowers is that they are formally employed, are members of a provident fund, that their employers undertake to deduct irrevocable payroll contributions and that banks take a share of the risk.

Herein lies the rub. If HFG is able to succeed in attracting banks to share the risk in this arrangement for between 10% and 25% of the loan value, the scheme will fly. It needs bank participation to both administer the loans and provide residual risk cover.



**Thomas** ... underwriting risks in the lower end of the market

HFG chairman George Thomas and CEO Charlene Lea say banks have expressed interest. They add that if banks buy into the scheme, they could fulfil their target of providing 50 000 loans a year over the next two years.

Council of SA Banks housing manager Lance Edmonds says the product should be attractive to banks which target the lower sector of the housing market like Standard Bank's E-Bank, Nedcor's The People Bank and the Community Bank. Lea says Standard Bank proper, Cash Bank, Future Bank and Perm are also entering this market.

Edmonds believes "the product could enable larger banks to move their scale of lending downwards to income earners of below R1 500 a month."

HFG has assets of R100m which it received from the Independent Development Trust (IDT)'s Finance Corp. It is now becoming a division of the Home Loan Guarantee Co (HLGC), a Section 21 company which was formerly part of the Urban Foundation. The HLGC has been in the business of reinsuring mortgages for five years. Thomas says IDT

directors decided it was best to use HFG for this initiative and separate it from the IDT's Finance Corp.

For 18 months, in its role as guarantor in employee housing schemes with provident fund backing, HFG has enabled 20 000 employees secure mortgage loans. Though they have no figures on the size of the market for small, nonasset-backed loans, Thomas and Lea believe this is where the need lies. They estimate the market could be 15% or 150 000 of the 1m homes the ANC wants to build by 1999. ■

## ESTATE AGENTS

### Law in a stew

**A row** has broken out over the ranking of Lew Geffen Estates as the top residential estate agency among 10 principal agencies operating in the Greater Johannesburg area.

The survey of sellers' attitudes to the manner in which estate agencies went about selling their properties was conducted by Markinor at the request of strategic marketing and planning specialist Transnational Dimensions.

It was based on a sample of 70 sellers who each employed the individual agencies between May and June this year. Agencies were rated according to 13 main criteria, including the speed they worked at, customer service, expertise, property marketing and information.

Geffen is delighted with the survey outcome. "It proves we're the best," he says. Of course, those who fared badly are less pleased. Some have taken issue with the survey sample and methodology.

Transnational MD Dolton Meyer says it revealed that where agencies spent money on training and development, they performed above the industry average. Conversely, those that weren't, pulled down performance levels. He's now planning to conduct the survey on a quarterly basis.

Agencies were asked to pay R30 000 for the survey results on the understanding they could use the information for promotional purposes — provided they checked the material with Transnational Dimensions.

Geffen apparently inadvertently broke this agreement by sending out ad material to the *FM's* holding company Times Media and Independent Newspapers, showing how Geffen ranked in relation to its competitors. Though he did clear the written advertising copy with Transnational Dimensions, he omitted to submit for clearance a graphic and table which accompanied the ad taken from the survey results which named the other agencies and showed how they shaped up in the ratings.

As the agreement between the participants expressly forbade direct comparison between estate agencies, the newspapers concerned were threatened by Transnational Dimension's attorneys with an interdict to restrain them from publishing it. It was subsequently agreed that the ad could be published — but without the table.

That might be a bit like closing the stable door after the horse has bolted, though. Geffen says he has already pushed into people's post boxes thousands of "letter drops" showing in graphic form how Lew Geffen Estates leads its competitors. He says he did this before he became aware of the "no comparisons" ruling.

So the truth, no doubt, will eventually be out. ■

---

## Housing probe 'waste of cash'

CT 11/8/95 (123)

THE appointment of another task group to investigate housing policy was a waste of money, the Democratic Party's deputy leader, Senator William Mnisi, said yesterday.

"The government must stop talking and start implementing," he said in response to the announcement by Minister of Housing Ms Sankie Mthembi-Nkondo, that a task group was to be appointed to investigate the implementation of housing policy.

---

# Housing bill aims to give provinces power

(123) ARC 14/8/95

## Political Correspondent

A HOUSING Amendment Bill is to be tabled during the session of parliament starting today.

The bill is aimed at devolving certain powers in line with schedule six of the constitution,

which outlines functions of the provinces.

It will give provincial ministers of housing authority over provincial housing boards and provide for the transfer of assets from the national hous-

ing board to its provincial counterparts.

A single housing development fund is to be set up, to replace the several funds created by own affairs and homelands administrations during the apartheid era.

Drew Forrest

BD 14/8/95 (123)

**HOUSING** Minister Sankie Mthembi-Nkondo has dropped her spokesman, Stephen Laufer, in a move seen as reflecting deepening personal differences.

Government sources confirmed Laufer was shifted last week to the housing department's subdirector of communications. His ministry job has been advertised and Nkondo is apparently seeking a black person as a replacement.

Laufer would not comment yesterday. Nkondo and housing director-general Billy Cobbett could not be contacted.

An ex-journalist hired last year by Nkondo's predecessor, Joe Slovo, Laufer made his mark as an effective publicist. He played a key role in the Masakhane campaign and in the government's Home

## Housing minister axes spokesman

Truths communication package.

His close association with Slovo may be a factor in his removal. A government insider said yesterday Nkondo was keen to "escape Slovo's giant shadow" and establish an independent profile.

Affirmative action policy might also have played a role — Slovo was criticised for placing too many white officials in visible positions.

Laufer's departure is seen as taking the heat off Cobbett, also a Slovo appointee.

Insiders said Nkondo and Laufer were "personally incompatible" and their relationship had deteriorated recently.

# Increase in small-home development

(123)

BY MAGGIE ROWLEY

PROPERTY EDITOR

CT(BR) 15/8/95

The strong swing towards good-address-small-home developments is evident in the latest Central Statistical Service figures which show a massive 88,6 percent increase in the number of plans for flats and townhouses approved during the first five months of the year against the corresponding period last year.

Plans for 12 210 flats and townhouses totalling R365,8 million were passed, while the number of units in this category showed a 40,7 percent increase over last year, with 1631 more units constructed.

At the same time, the number of houses built dropped by 313 units while the number of house plans passed was up only 12,1 percent over last year at 15 875.

The strongest growth in plans for townhouses and flats was seen in Gauteng followed by Northwest and KwaZulu Natal.

According to the statistical service, building plans of just over R7 billion — R3,6 billion for residential buildings — were approved in the first five months of the year.

The balance was made up of R1,8 billion for non-residential buildings and R1,7 billion for additions and alterations.



## Housing minister set to change personal staff

Tim Cohen *BD 15/8/95* (123)

CAPE TOWN — Housing Minister Sankie Mthembu-Nkondo is set to embark on a "spring cleaning" of her personal staff, which she inherited from predecessor Joe Slovo. At least seven changes are in the pipeline.

The shake-up follows the news that she intended dropping her spokesman Stephen Laufer because of what has been described as "personal differences".

A senior housing source said yesterday that seven people would be affected by the changes. The position of housing director-general Billy Cobbett is not considered to be under threat.

The changes would affect those who were essentially the minister's private support staff. Typically, ministers have about eight support staff.

These positions do not normally entail the power to make policy decisions and include such posts as private secretary and administrative officers.

No reasons for the changes have been put forward, but it is speculated that Mthembu-Nkondo would like to shake off the image of being simply the implementer of the ideas of her predecessor.

The official said it was every minister's prerogative to be surrounded by staff with whom he or she felt comfortable.

## Govt home bank draws closer

Delivery of houses could soon receive new impetus as the Government draws closer to the final stages of establishing a bank to speed up the flow of housing finance.

The National Housing Finance Corporation, as the bank will be called, will be a government agency and will mobilise funds for smaller lending institutions, said housing

consultant Johan de Ridder.

Ordinary members of the public will not have access to the bank. Funding will be made available in specialised lending institutions.

Once the bank is established, home seekers who are red-lined by banks could be given additional funds to expend on their starter homes.

The bank is expected to be in operation before the end of the year.

The bank recently received about R3,96-million from the United States. The grant has been channeled via the United States Agency for International Development and will enable the Department of Housing to further develop its policy.

— Housing Reporter.

(123) GAW 15/8/95



**HOME SWEET HOME:** Housing Minister Ms Sankie Mthembu-Nkondo discusses the viability of turning old shipping containers into low-cost houses with Community Housing Project chairman Mr Raymond Benatar (centre) and managing director Mr Joseph Shoshany. Behind them is a single-bedroom model of a container home which would cost R11 000.

PICTURE: CLIVE SMITH

## Home building centres planned

(123) ET 16/8/95

HOUSING support centres which offer free training in basic building skills and advice on building homes are to be established in disadvantaged communities around the country, Housing Minister Ms Sankie Mthembu-Nkondo said.

Speaking on a tour of the Community Housing Project of South Africa in Parow yesterday, Ms Mthembu-Nkondo said the project was aimed at easing unemployment and the housing crisis.

"We want to create a spirit of togetherness, to get communities to help each other build homes."

The housing centres, she said, would enable families needing homes to gain access to the government housing subsidy.

It was important that the subsidy system also be made accessible to women, who headed two-thirds of all households in the country.

— Staff Reporter

# R89bn 'will be needed for full urban services'

John Dlodlu

(123)  
BD 16/8/95  
A CAPITAL investment of R89bn would be required to provide full services — including sanitation, water, sewage and refuse removal — for SA's urban population in 10 years' time from now, the reconstruction and development office said yesterday.

In a briefing to the development chamber of the National Economic, Development and Labour Council, reconstruction and development programme development planning director Crispian Olver said infrastructure for the provision of basic urban services would cost R44,6bn.

The figures are part of the RDP's recently completed study on the urban development strategy, and are based on the assumption that the country would achieve an average annual growth rate of 3,5%.

Minister without Portfolio Jay Naidoo said the study had been tabled in the Cabinet, and government departments and the provincial governments were at present discussing the findings.

Naidoo said the study was part of an integrated development strategy which included a rural development strategy — including water, agriculture and land reform — estimated to cost about R30bn in 10 years.

However, he cautioned that the estimates on the rural development strategy were affected by insufficient information.

According to Olver, the strategy would be financed through a mixture of instruments, including government grants, debt and equity. The private sector, not in-

involved in municipal projects at present, could contribute by sharing its skills.

Naidoo said that while government wanted to meet the basic needs of the people, it was crucial that mechanisms for cost recovery be instituted to create sustainable service delivery. Outlining problems encountered with RDP delivery, Naidoo mentioned weak capacity as the reason for the slow pace of providing funds, but not bureaucratic red tape.

Although R2bn in funds was approved during the 1994/1995 fiscal year, only R1bn was drawn from the RDP fund.

Another problem was one of perception about what the RDP was.

"Is it a set of spectacular projects or transformation? It's taken a long time to get consensus that the RDP is about rights and responsibilities."

The unavailability of local government presented a further setback to RDP delivery. "You cannot deliver from Pretoria or Tuynhuis. Delivery takes place at local level," he said.

Naidoo used yesterday's briefing to clarify his position on the running controversy about his ministry's position on non-governmental organisations. Government wanted the creation of a representative transitional development mechanism which would operate until a national development agency was established.

On the Masakhane campaign, he said the transitional local councils were lukewarm on the programme because of fear of losing votes in the planned November local elections.

in hand'

*'Alternative' homes might receive finance*

# Housing concepts changing

Star 16/8/95 (123)

BY BONGIWE MLANGENI  
HOUSING REPORTER

The concept of what constitutes a "proper" house is changing from the bricks and mortar structure to include alternative materials like wood, clay, steel and even waste products.

And home owners who cannot afford brick and cement houses now stand a better chance of receiving finance for "alternative" structures — provided they have been officially approved.

Examples of these innovations were on display at a recent housing exhibition at Nasrec.

The concepts may sound incredible to those who have not seen the structures, or even cause some doubt about the quality of the houses. The displays provoked mixed feelings

from different sectors in the housing industry.

Alternative housing may sound cheaper, faster and easier to build as many builders claim, but critics warn that this is not necessarily so.

National Association of Home Builders and Urban Developers president Daan Roelvert said prefabricated houses were not all of good quality or necessarily cheaper.

He said even though the public had to start looking at prefabricated homes as a viable alternative, people were still reluctant to change their attitude.

"People still prefer brick houses or cement... they are still conservative. Some builders also claim that their structures are money-savers but a house is not made of walls only," he said.

In support, National African Federation for the Building Industry president Mandla Ndlovu warned that sellers only "juggled the figures" to make the final product sound cheaper than a conventional house.

"We must remember that together with walls comes the foundation, the roof, plumbing, electrification, door and window frames," Ndlovu said.

But according to Robert Schaafsma, managing director of a wet-wall building company, there was a need for different building options.

"Our product is definitely faster and cheaper. We teach the community how to manufacture roofs, window panels, doors and walls using timber," he said. A house consisting of a room,

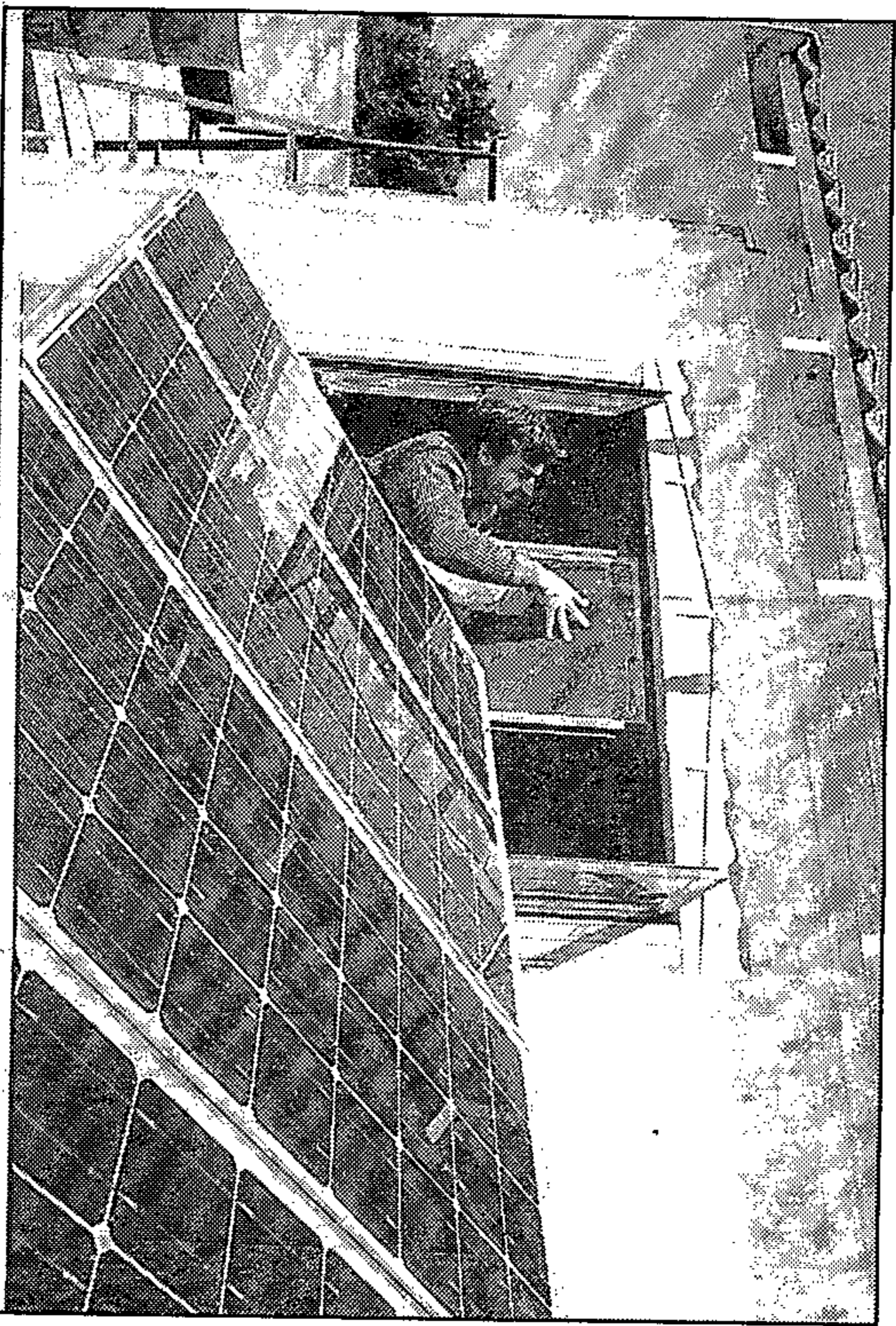
bathroom and a kitchen can cost about R8 000, he said.

But the main worry for home seekers is whether banks are willing to release a loan for a prefabricated house.

E Bank Home Loan spokesman Ayanda Mjekula said it had no problem with prefabricated housing if the structures had been registered with Agreement, an international agency that evaluates houses and construction components.

Mjekula said several applications had been received from people interested in building prefabricated houses.

Constructors are required to have their products approved by the SABS and also to register a structure with the National Home Builders' Registration Council.



Taking a different route . . . brick-faced houses could be common in the future but this does not mean they will be cheaper.  
PICTURE: ANDREAS VLACHAKIS

# Bill to hasten land development tabled

(123) CT 17/8/95

A DRAFT bill to cut through red tape in rural and urban land development was tabled in Parliament yesterday.

Land Affairs Minister Mr Derek Hanekom said the Development Facilitation Bill would help meet the need for land faster than was possible at present.

He said in a memorandum this measure would offer uniform national standards for land development.

It would set up development tribunals to resolve conflicts with minimum delay.

The RDP needed a significant increase in the rate and scale of land development for industrial, commercial, residential and small scale agricultural uses, he said.

The bill proposes a commission to investigate more thorough reforms in land development. — Sapa

# Spinoffs as high-powered US mission heads for SA

CLIVE SAWYER  
Political Correspondent

(123) (123) (123)  
AUG 17/18/95

UNITED States Energy Secretary Hazel O'Leary arrives in South Africa on Saturday with some high-powered investors, bold plans to boost electrification — and more than 2 000kg of books for the children of Guguletu.

Mrs O'Leary will be accompanied by several US government officials and 20 representatives of energy firms.

The collection of maths and science text books, some of which will be handed out in townships other than Guguletu, was organised by aides who visited South Africa on reconnaissance for the visit.

In a briefing by satellite yesterday, Mrs O'Leary outlined the main goal of her trip — to help realise the RDP goal of the electrification of 2,5 million households by 2 000.

She repeated her statement earlier this week that diplomatic tension between the US and South Africa about the



Hazel O'Leary

storage of Iranian oil at Saldanha would not have a negative affect her visit.

It was normal for countries and companies to disagree on some issues, she said.

"We will forge ahead on the things about which we agree."

Immediate benefits of her visit will include:

- Two hundred South Africans will be selected to go to the United States for training in energy business practice, the

start of a programme of university and technical college training in this field;

- Inter-government agreements on the supply of information on energy supply and demand; and

- Opening a solar energy panel factory which will create jobs and demonstrate the use of alternative energy sources.

Mrs O'Leary said interest from potential business investors was so high that people had had to be turned away.

Mrs O'Leary's visit will be on the eve of the first meeting of the South Africa-US bilateral commission agreed to last October.

The commission is to build economic ties in the fields of energy, human resources, health and science and technology.

South African ambassador to Washington Franklin Sonn was enthusiastic about the visit.

It would keep South Africa on the front burner for potential investment, he said.

# Housing delivery team set up

Robyn Chalmers

BD 17/8/95 (123)  
A NATIONAL task team being set up by the housing ministry will attempt to break the critical housing delivery logjam, but no review of fundamental policy issues is on the cards, says housing department director-general Billy Cobbett.

Cobbett said yesterday he had been briefed by Housing Minister Sankie Mthembi-Nkondo to ensure that the team, expected to consist of about eight people, urgently identified major obstacles to housing delivery. The brief did not stipulate a review of policy issues, except where these issues had a significant and negative impact on delivery, he said.

The task team was also expected to look into the effect on developers of provinces having imposed minimum standards and sizes of housing. National policy allowed

these standards to be negotiated between developers and communities or buyers.

Sources said reasons why some funds siphoned to the provinces had been allocated to various projects but not actually spent could also be examined.

The team's establishment follows Mthembi-Nkondo's statements last month that the incremental approach to housing would be reassessed to counteract problems in the low-cost housing programme.

She said it was becoming clear that there were problems with the incremental approach, and policy had to be re-examined.

The main difficulties facing the programme were the low level of applicants for mortgage finance. Provincial housing boards had also experienced limited in-

Continued on Page 2

## Housing

Continued from Page 1

quiries about individual housing subsidies.

Parliamentary sources also pointed to the recently introduced mortgage indemnity scheme as being a major obstacle, as the limited areas approved by the indemnity board were hampering developers.

The high cost of money for low-cost housing was a further impediment. This was expected to be addressed by the National Housing Finance Corporation via an approach centred on introducing com-

petition into the retail lending market. Details were due for release next month.

Cobbett said the department was looking at ways of speeding up finalising the White Paper, originally due in March.

□ Sapa reports draft legislation to cut through red tape in rural and urban land development was tabled in Parliament yesterday. Land Affairs Minister Derek Hanekom said the Development Facilitation Bill would help meet the need for land faster than at present and the measure would offer uniform national standards for land development.



# Home council warns on bonds

ET 18/8/95

JOHANNESBURG: People using builders not registered with the National Home Builders' Registration Council will soon not be able to get bonds, NHBRC managing director Mr Peter Allsopp said yesterday.

Mr Allsopp said contractors had until September 1 to register with the NHBRC.

The NHBRC said registered contractors' work had to comply with technical standards set by the

(123) council and a warranty on houses built must be provided.

The non-profit-making NHBRC was formed in June to provide consumers with protection and to monitor builders' performance.

The council's warranty scheme applied to bonded houses qualifying for a government subsidy of between R20 000 and R65 000.

He expected the upper limit on houses qualifying for warranties to increase next year. — Sapa

# Massive water scheme to tap Zambezi river

The Argus Correspondent

(B) 123  
ARG 16/8/95

PRETORIA. — The government is talking to neighbouring countries about tapping the waters of the Zambezi River in a multi-billion rand supply project which will dwarf the massive Lesotho Highlands water project (LHWP).

Government officials this week met representatives of Southern African states in preliminary discussions as the country's water supplies continue to dwindle.

It is planned that Zambezi water be sent 1 800 km through a system of canals, pipelines and tunnels to augment the Vaal River system, which supplies water to the Gauteng industrial and residential complex.

The distance to be covered — the official route has not been divulged — is almost five times longer than that over which water from the LHWP will flow to the Vaal.

The LHWP, latest estimates say, is costing R18,5-billion at today's prices.

The Zambezi water probably also will be used for agricultural, domestic and industrial purposes in parched western Zimbabwe, eastern Botswana and north-west South Africa, and provide thousands of jobs in all three countries as well as being a source of much-needed foreign currency to countries such as Zambia.

The scheme, believed to be the most ambitious of its kind in the world, is expected to skim off about 10 percent of the river's annual flow. The Zambezi is one of the few rivers in Africa which flows continuously all year round.

No statement has been issued on Wednesday's talks beyond the fact that the Department of Water Affairs and Forestry "has already initiated the preliminary steps required to investigate a project which will supply water from the Zambezi River".

Paul Roberts, the department's deputy director-general: development, said yesterday "the recent admittance of South Africa as a member of the Southern Africa Development community (SADC) will greatly facilitate contact with the (member) countries".

According to Dr Roberts, "the proposed project is an enormous one and would be larger than the Lesotho Highlands water project".

SADC is expected to discuss the idea at its summit meeting to be attended by 12 southern African heads of state at Kempton Park next week. No early decision is likely, but Water Department officials say the matter is urgent for South Africa as the Vaal River system, aided by the LHWP, will not be able to sustain fully the Gauteng area beyond the year 2010 — in 15 years time.

Govt asked to act as developer

# Contractors spurn work on cheap housing

BD18/8/95

123

**Robyn Chalmers**

LARGE contractors have effectively abandoned the lowest end of the housing market, citing a lack of political commitment, high risks, low profits and chaotic local government structures.

As a result, contractors, home builders and the Gauteng provincial housing board attending a National Association of Home Builders' meeting yesterday called on government to enter directly that end of the housing market as a developer.

Murray & Roberts community construction CEO Chris Cudmore said the most important issue holding up delivery of housing in SA was the lack of a single, clear message from government on its policy.

"We find national government saying one thing, provincial governments saying another while the excessive length of time required to process applications by local authorities is compounding the issue."

Contractors could not meet the expectations being created among communities by "political rhetoric", he said.

Gauteng provincial housing board representative Eugene Sadie said the project-linked subsidy scheme was not a success. The absence of large contractors meant 50% of SA's delivery capacity was not participating in the low-cost programme.

Board figures showed that only 1 200 houses had been delivered in Gauteng, totalling R8m in subsidies, since May, against a provincial target of 2 100 units amounting to R20m in subsidies.

"It is unrealistic to expect that 1-million

houses will be delivered by 1999 via the private developer-driven route in the less than R1 500-a-month income category. At most, 10% to 20% will be delivered by the private sector," Sadie said.

"The state must assume responsibility for the delivery of welfare housing for those earning less than R1 500 a month."

However, housing department deputy director-general Neville Karsen said international experience had shown where government took the lead in delivery, it had been a dismal failure. "The process needs to be community driven and supported by government. We will assist as far as possible through mechanisms such as the National Housing Finance Corporation."

Council of Southern African Bankers CE Piet Liebenberg said it should be accepted that the formal banking sector was not prepared or equipped to extend mortgage finance into the lowest end of the market.

"We are willing to move into the market where income levels exceed R1 500 a month on a selective basis."

Contractors said other reasons for the lack of progress included the high cost of lengthy social compacts and that cash flows were affected by subsidies being paid out only when houses were completed.

Other contributing factors were onerous minimum standards set by certain provincial housing ministers, the lack of end-user finance, the mortgage indemnity scheme being a new form of red-lining in areas not yet covered, and uncertainty about the implementation date and cost of the builders' warranty scheme.

# NP warning about service payments

Mduduzi ka Harvey

18/8/95

THE NP has warned that unless SA's "culture of entitlement" is replaced with a "culture of payment", local governments will follow the black local authorities into a financial morass.

NP local government spokesman Jacko Maree said some local governments would be unable to meet their commitments in the next four months, finding themselves in deep financial crisis unless action was taken.

It was clear that user charges were the most important source of local revenue, but the Masakhane campaign had enjoyed little, if any, success. He called for firmer action, and financial discipline to be restored.

To restore financial discipline, he said, each consumer needed to complete a proper agreement for the provision of services, which would require full compliance with local bylaws.

Consumers should also lodge the normal two-month financial deficit equal to the services consumed. Failure to pay accounts, he said, must re-

sult in the disconnection of services and legal action.

Policy decisions, Maree said, needed to be made to ensure tariffs for service charges were revised annually to at least equal the inflation rate.

Over and above these steps, he said, there was the need for the state to acknowledge that those who suffered from poverty and unemployment were welfare cases who required government funding.

Masakhane director Chris Ngcobo said the NP's assertion was ill-conceived. He said the campaign was not directed only at addressing a culture of non-payment that had existed for the past 10 years, but also to address a long-term culture of lack of services.

He said the NP had to realise that the culture of non-payment for services was intertwined with the lack of service provision by local authorities. Effective local governance was vital to reconstruction. But the state of local governance had been characterised by unrepresentative local authorities and lack of service provision.

(123)

# Tapping of Zambezi's waters for SA discussed

(123) Star 18/8/95

■ BY NORMAN CHANDLER  
PRETORIA BUREAU

The Government is talking to neighbouring countries about tapping the waters of the Zambezi River in a multibillion-rand supply project which would dwarf the massive Lesotho Highlands Water Project (LHWP).

Government officials met representatives of southern African states this week in preliminary discussions as SA's water supplies continue to dwindle.

It is planned for Zambezi water to be sent 1 800km through a system of canals, pipelines and tunnels to augment the Vaal River system, which supplies water to the Gauteng industrial and residential complex.

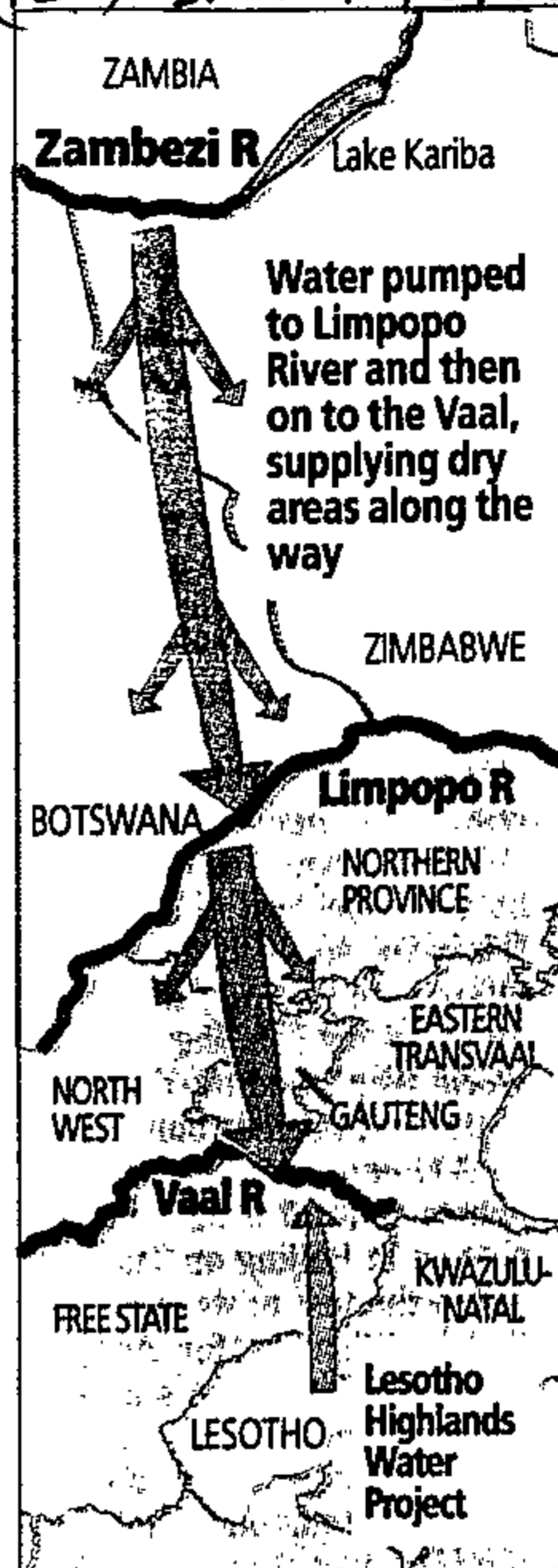
The distance to be covered — the official route has not been divulged — is almost five times longer than that over which water from the LHWP will flow to the Vaal. The LHWP, latest estimates say, is costing R18,5-billion at today's prices.

The Zambezi water will probably also be used for agricultural, domestic and industrial purposes in parched western Zimbabwe, eastern Botswana and north-west SA, and provide thousands of jobs in all three countries as well being a source of much-needed foreign currency to countries such as Zambia.

The plan, believed to be the most ambitious of its kind in the world, would skim off about 10% of the river's annual flow. The Zambezi is one of the few rivers in Africa which flows continuously all year round.

No statement has yet been issued on Wednesday's talks beyond the fact that the Department of Water Affairs and Forestry "has already initiated the preliminary steps required to investigate a project which will supply water from the Zambezi".

Dr Paul Roberts, the department's deputy director-general,



development, said yesterday: "The recent admittance of South Africa as a member of the Southern African Development Community (SADC) will greatly facilitate contact with the (member) countries."

The proposed project would have to transfer the water over a distance of about 1 800km and the cost of water would be much higher than current water tariffs, he added.

The SADC is expected to discuss the idea at its summit meeting to be attended by 12 southern African heads of state in Kempton Park next week. No early decision is likely.

## LOW-COST HOUSING

### Where more is less

*FM 18/8/93*  
**Government** insiders believe the Housing Ministry's appointment of a task force to "refine the current policy of incremental housing" is a positive development. Debate on the issue and a lack of clarity over what it means has tended to hold up delivery.

In terms of incremental housing, recipients of the maximum housing subsidy of R15 000 usually purchase a serviced site and add a basic one or two-roomed top structure. This is all developers can build for the amount of money involved — once the cost of the serviced stand has been deducted. It is then up to subsidy recipients to finance the expansion of their home at a later stage. Ironically, in self-build housing schemes, such as those now being run on a pilot basis, slightly bigger homes can be produced for the same amount of money.

While national policy allows standards to be negotiated between developers and communities, the imposition of minimum housing standards by three provinces — Gauteng, Free State and Eastern Cape — has tended to eliminate the freedom to choose what size homes recipients settle for.



**Billy Cobbett** . . . *this is not about changing policy*

The task force looking into the question of minimum standards and incremental housing will be convened by Housing Department director-general Billy Cobbett. He says it will consist of about eight "nonhigh-profile people drawn from a national level.

"Our job will be to identify the constraints in housing delivery and advise the Minister on how to get delivery going. Our point of reference will be the Housing White Paper. This is not a policy task force at all. The time for policy debate and re-debate is over," he says.

Gauteng Housing Board chairman Martin Van Zyl says the consensus in his board — and certainly in other provincial housing boards — is that there is a need for clarity on the issue of minimum standards. Thus he welcomes the task force.

He denies his board is stopping one-room houses from being built, though this was the case for a few months last year when Housing MEC Dan Mofokeng placed a moratorium on such homes shortly after the Transvaal regional housing board was split into four provincial boards.

Van Zyl says Gauteng has only placed minimum requirements of between 200 m<sup>2</sup>-250 m<sup>2</sup> on stand sizes. Mofokeng, however, recently asked developers not to bring him plans for one-room houses with toilets outside.

The Free State and the Eastern Cape boards have set roughly 40 m<sup>2</sup> as their minimum-sized house. The Free State, which has been the most rigid on standards, has gone one step further in not allowing core houses — houses with no internal partitions — to be built.

But development experience has shown that for a government subsidy of between R12 500-R15 000 only houses ranging from 16 m<sup>2</sup> to 28 m<sup>2</sup> can be built by developers. These are typically one-room houses. Only in Plettenberg Bay are one-bedroom houses (two-room houses) of 21 m<sup>2</sup> being achieved, which together with serviced stand costs, fall within the R15 000 limit.

The constraints on delivery are not easy to resolve.

Van Zyl says developers in Gauteng told him that the minimum cost of a serviced site is R12 500, including Vat. At that price, only R3 000 remains to build a house. Services would include gravel roads, water, sewerage, high mast lighting, tarred bus routes and stands an average size of 220 m<sup>2</sup>. The big developers say with their current methodology, only mass housing schemes will prove viable. ■

# Government to seek listing for housing fund

ST 20/8/95

(123)

By SVEN LUNSCHKE

THE government could list its National Housing Finance Corporation on the Johannesburg Stock Exchange as early as next year, marking one of the most crucial components of its fledgling housing effort to date.

Sources in the Department of Housing indicate that draft proposals on the NHFC, in effect a large public sector, wholesale lending institution, will soon be handed to the Cabinet for approval.

A crucial aspect of the plan is private sector involvement, as the Department of Housing hopes the bank will eventually be capitalised at between R1-billion to R2-billion.

Initially a significant stake in the NHFC will be owned by the state and funds channelled from the Budget. In the current fiscal year R300-million has been set aside.

In the long-term, however, government hopes that up to 80% of the funds will be provided by the private sector, mainly financial institutions.

The key function of the NHFC is to facilitate access to housing finance to the estimated 70% of South Africans with no recourse to additional bank credit.

This will be on top of the government's capital

housing subsidy, which is one-off and paid at the time of purchasing a house. Additional funds are required in almost all cases — even the most basic home envisaged under the housing programme will cost up to R30 000.

Apart from creating a large lending institution, the NHFC will also be used to administer a number of funds established by the Department of Housing as part of its elaborate low-cost housing programme.

The most important one is a capital fund which uses annual budget appropriations to subsidise interest charged by commercial banks on low-cost homes.

A draft proposal on the NHFC, leaked to the media, says interest-cost subsidies are aimed at reducing the difference between interest rates charged at the lower end of the housing market and "normal" bond rates. They will be limited to loans below R35 000.

Another fund planned by the NHFC is an equity fund to back the country's 14 so-called "alternative" retail lenders, like Khayalethu Homes and the KwaZulu Finance Corporation. The NHFC will also ad-

minister the Mortgage Indemnity Fund, established to cover banks against politically motivated non-payment of their loans.

Johan de Ridder, the current chairman of the MIF, is a front-runner to head the NHFC.

Mr de Ridder sees the key functions of the NHFC as gradually bringing the established banks into the corporation's target market and creating an environment in which other lenders can operate.

In mobilising funds for the poorest segment of the population, the draft report says, the NHFC will look at a number of financing instruments.

At its most basic, the bank will access international and local capital and money markets and on-lend these funds "at the lowest possible cost" to lenders operating in the low-income market.

The draft envisages that the NHFC will also act as risk underwriter for retail lenders wanting to access these markets directly.

By pooling and packaging funds for retail lenders, the NHFC will also create a market for mortgage-backed securities, and thus stimulate competition from the banking sector.



FRONT-RUNNER... Johan de Ridder, chairman of the Mortgage Indemnity Fund, leading the race to head the NHFC

# Housing ministry drops policy-review plan

By RAY HARTLEY

HOUSING Minister Sankie Mthembu-Nkondo and her director general Billy Cobbett appear to have shelved their policy differences and instructed a task group to concentrate its energies on unblocking the housing delivery pipeline.

The task group, which Ms Mthembu-Nkondo originally intended as a vehicle to review the late Joe

Slovo's "incremental" policy, will now focus on how to get the low-cost housing programme off the ground.

"There will be no fundamental review of policy," Mr Cobbett said this week, following a news report that builders were staying out of the low-income market because of policy uncertainty.

Mr Cobbett said key obstacles to delivery included:

- Insufficient bank credit reaching low income areas;

- The high interest rate charged to low-income home buyers;

- The "perceived" uncertainty about housing policy.

Mr Cobbett would not comment on the composition of the task team, which is expected to be announced by Ms Mthembu-Nkondo soon.

(123) ST 20/8/95



**PROPERTY VIEW Edited by Tom Hood**

# Banks clamp down on cut-rate bonds

**C**UT-RATE bonds, which sparked weekend sellouts at several new townhouse developments in the Cape this year, have been dropped after a clamp-down by the Reserve Bank.

The bonds began as a marketing gimmick and were among creative financial packages devised by several important developers, although others chose to keep out of them.

John Schooling, managing director of Stag Homes, said the banks proposed the schemes initially, and the crackdown came from the Reserve Bank, which was critical of pushing up prices by offering low bond rates.

Buyers paid as little as 11 percent on their bond repayments instead of the normal rate of 18,5 percent, saving hundreds of rand each month. However, the unpaid 7,5 percent was capitalised — adding to their outstanding loan.

Banks had made no concerted

BY TOM HOOD

ST(CM) 20/8/95 (123)

decision to stop these bonds but there was a belief that capitalising unpaid interest and charging interest on interest was a breach of the Usury Act, said Martin Milburn-Pike, executive director of the Association of Mortgage Lenders.

Similar schemes caused massive repossessions a few years ago when buyers, after paying only about 10 percent for 12 months, found they could not afford to pay the full rates, which had jumped over 20 percent through hikes in interest rates.

"If a home buyer started with a R150 000 loan and repaid at 11 percent when over 18 was payable, he would owe about R160 000 at the end of the year. Affordability puts the average person out of this ball-park," added Mr Milburn-Pike.

The idea has worked successfully when interest rates were coming down or the borrower expected an improvement in earn-

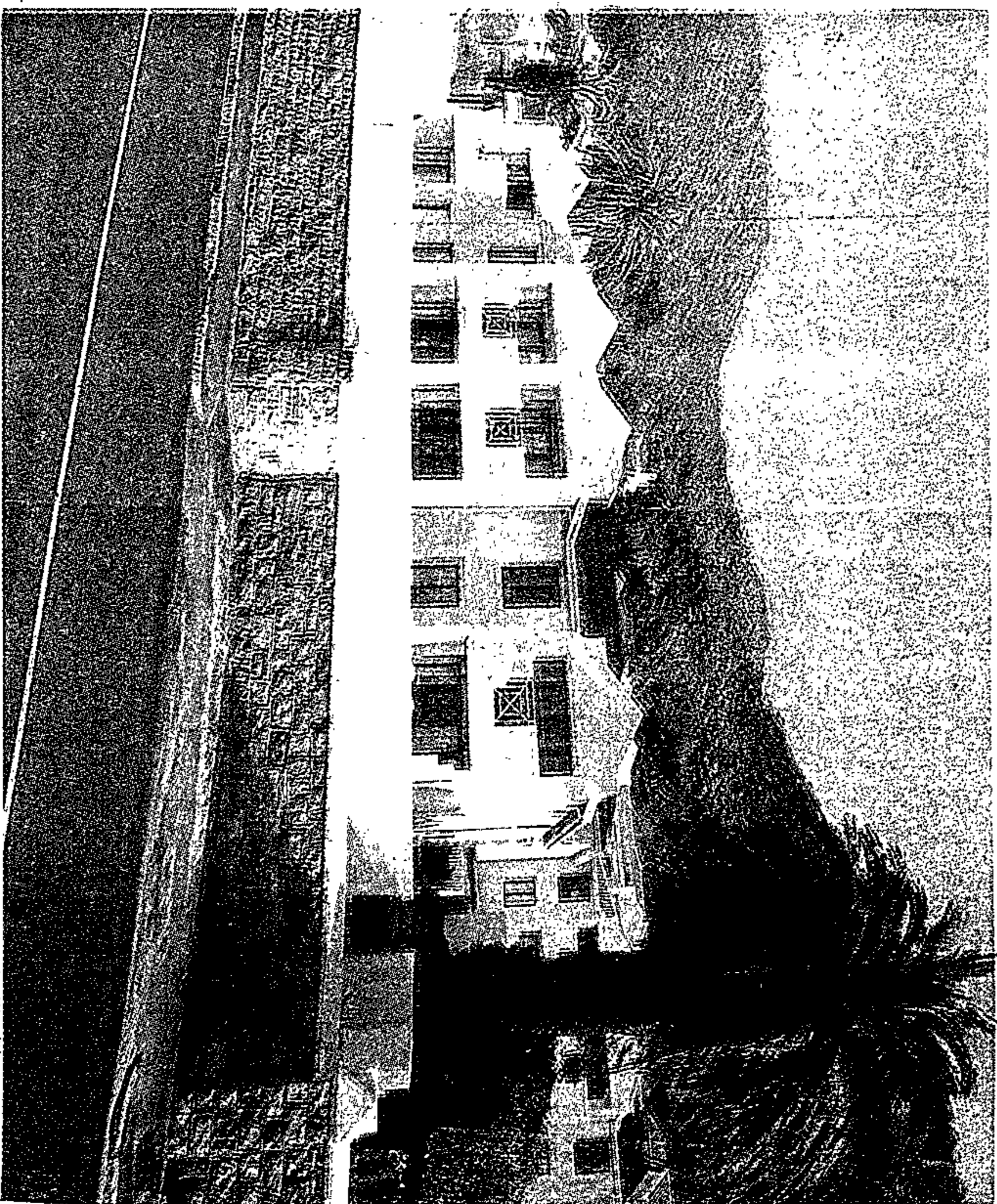
ST(CM) 20/8/95 (123)

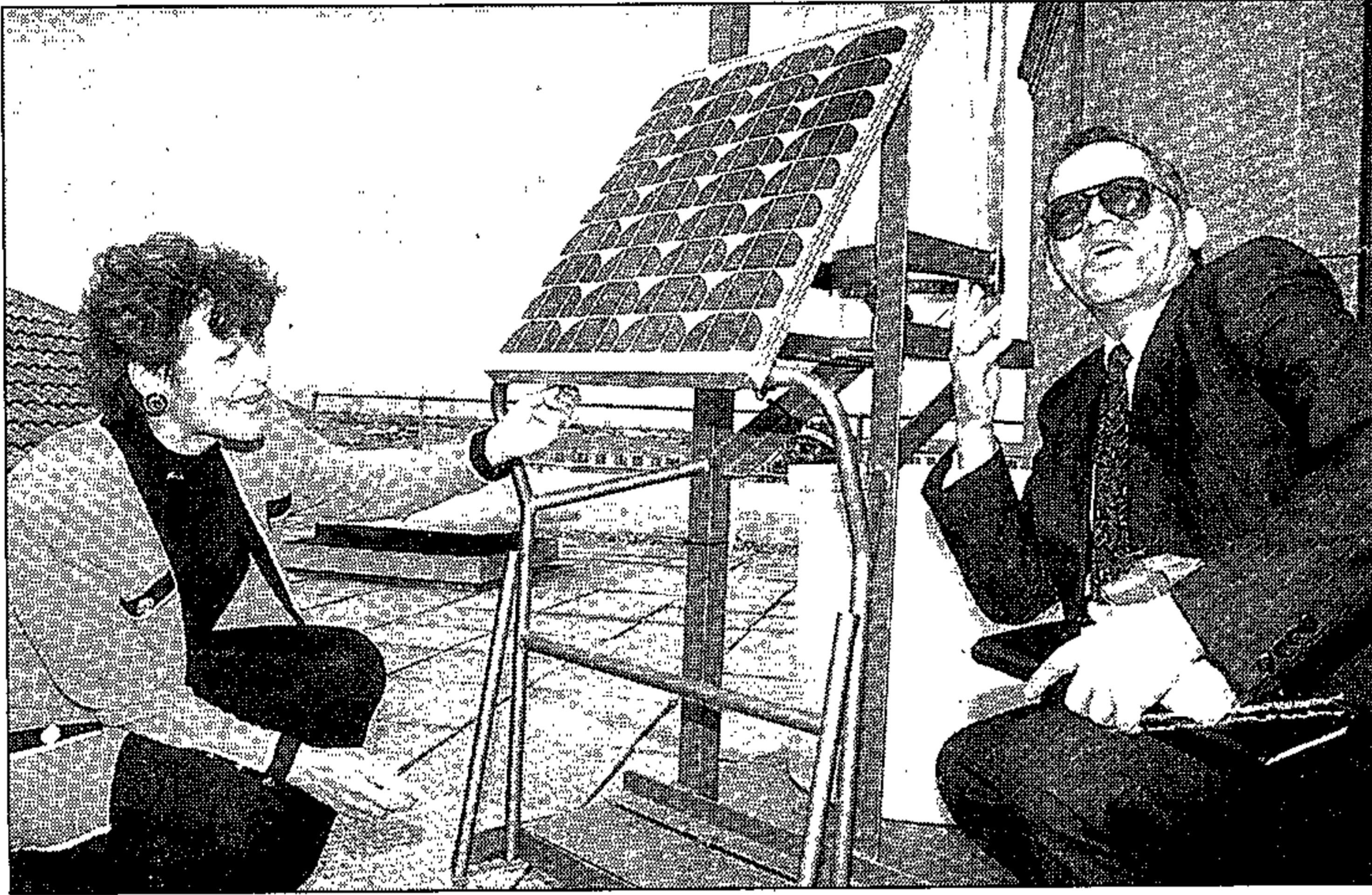
ing. It also brought huge relief to buyers who were faced with heavy removal and furniture costs in their first year in a new house.

Innovators of "comfort bonds" in the Cape were Seeff Projects, who took the precaution of qualifying borrowers on the higher rate in interest they would pay (18,25 percent) after 12 months instead of the 12,5 percent offered, said David Harris, Seeff project manager.

Schemes backed by banks and building societies were aimed at high income earners (over R6 000 a month). However, banks believe some developers have been less strict in assessing borrowers' ability to pay when they copied this popular marketing scheme.

In some schemes, home buyers were saving up to R900 a month or almost R11 000 a year in monthly repayments, which was added to their outstanding bond. But a R130 000 property might also show a capital growth of about R15 000 in a year.





**SUNNY STRENGTH:** US Energy Secretary Ms Hazel O'Leary and Peninsula Technikon rector Mr Brian Figaji with a solar-powered pump on the roof of the engineering building.

PICTURE: ALAN TAYLOR

## America aids SA technology

ET 21/8/95

STAFF REPORTER

(123) ~~155~~

SUSTAINABLE appropriate technology was needed in South Africa to bring electricity to remote areas, United States Energy Secretary Ms Hazel O'Leary said at the Peninsula Technikon yesterday.

She is leading a trade delegation of more than 70 people from the Clinton administration.

Former US ambassador to Lesotho Mr Leonard Spearman said 35 Peninsula Technikon students had already been trained in alternative technology by US industries.

Ms O'Leary said her delegation wanted to ensure that the investment SA needed came to the country "to the benefit of both our nations".

# Scheme 'can aid' housing plan

ED 21/8/95 (123)  
ties in SA.

**Robyn Chalmers**

THE establishment as soon as possible of community-driven housing support or building centres around SA is vital to overcome the logjam in the housing programme.

Housing consultants and construction industry spokesmen said at the weekend that housing assistance to the poor was being undertaken by subsidies on offer by government.

The centres could convert this financial assistance into housing reality. They were an important part of government's low-cost housing programme, aimed at providing wholesale building materials to emerging contractors as well as a skills upgrade and training schemes.

Housing Minister Sankie Mthembi-Nkondo said recently the housing support centre programme, being initiated this year, would provide finance, job opportunities and reasonably priced building materials to the most disadvantaged communi-

"All nine provincial governments have established task teams to plan and implement this system. We have had significant and continuing support in developing the concept from India's Housing and Urban Development Corporation," she said.

Consultant Raj Rulsee said the centres had to be people-driven initiatives which could be expanded with state assistance to broaden the scope of people empowerment and capacity building.

"Until communities are organised sufficiently to undertake this function, I believe that government could facilitate the housing support process through an intermediary such as a section 21 company or a suitable local agency," he said.

National Housing Board chairman Ishmael Mkhabela said the success or failure of government's housing policy would be determined by its ability to address basic human or community needs, not just houses.

this  
con-  
and  
in to  
akes-  
reg-  
ation  
ence  
old-  
cial  
lms  
lley  
been  
d no  
cer-  
ed  
di-  
au-  
had  
with-  
n of  
tion  
Act.  
ad-  
s of  
mess

ll  
q  
h  
t  
n  
a  
c  
o  
t  
f  
t  
t  
s  
l

## Waste-tech acquires recycling firm

Robyn Chalmers

(123) (123)

WASTE-tech has acquired domestic and industrial waste recycling company Waste Flo from Basil Read Construction for an undisclosed amount, it was announced at the weekend.

Waste-tech MD Ken Bromfield said that with South Africans producing in excess of 15-million tons of domestic waste and 12-million tons of industrial waste a year, the need for re-use, recycling and waste minimisation was increasing.

Waste-tech's acquisition of Waste Flo is in keeping with our efforts to reduce dependence on disposal and to follow world trends in increasing the amount of materials recovered and recycled from the waste stream. Waste-tech is aiming to further

assist its clients to reduce their waste and its resultant impact on the environment."

Waste Flo has been incorporated into Waste-tech's waste minimisation division which assists companies with waste minimisation programmes and recycling.

Bromfield said that with land being at a premium, it made sense to keep well-managed landfill sites operating for as long as possible. Recycling was one way of reducing volumes of waste to a landfill.

Waste-tech manages domestic and hazardous waste landfill sites and collects and disposes of medical and chemical waste in conjunction with local fire departments.

It also conducts clean-ups of hazardous waste spills through its mobile units and sets up waste minimisation programmes for waste producing organisations.

# Rejection of Slovo's plans 'could delay homes delivery'

CT 22/8/95

(123)

HOUSING Minister Ms Sankie Mthembi-Nkondo's objection to the plans laid by her predecessor, Mr Joe Slovo, could delay the home delivery programme, says political analyst Professor Lawrence Schlemmer.

Her support for complete houses for all was a "totally impossible challenge" that would overturn much of the completed planning, Prof Schlemmer said in the SA Chamber of Business' first quarterly political review.

There was widespread disillusion with the RDP, of which housing delivery was a major element, he said.

Few homeless people could actually afford a built home, particularly at interest rates of up to

22,5% on a fixed instalment loan.

Quoting HSRC statistics, Prof Schlemmer said 581 000 households wanted and needed to buy formal, low-cost homes.

Of these only about 166 000 could afford the repayments.

## Content

A further 495 000 were content with other arrangements, like site and service housing, core housing, renting and other options.

"It is a matter of concern that the Minister of Housing has recently indicated, quite emphatically, that she favoured complete houses for all the homeless."

The minister's objection to her predecessor's policy could delay

housing delivery even further, "although evidence does not support her position, and she is likely to modify her reservations".

Prof Schlemmer said while it was difficult to identify the number of families who had actually moved into new houses, it was "a fraction of the 200 000 targeted for the first year".

● Sending troops to kwaZulu/Natal to quell the violence could result in an escalation of the conflict to crisis proportions, if not civil war, Prof Schlemmer said in another article.

International mediation or high level internal negotiation separate from the cabinet or the Constitutional Assembly was the only solution to the conflict. — Sapa

# US warns SA over energy regulations

(123)  
BY BRUCE CAMERON

POLITICAL EDITOR

(123) 22/8/96

United States secretary of energy Hazel O'Leary has told the parliamentary energy committee that if it wants South Africa to develop efficient energy supplies the government should have "a light hand with regulation".

In a meeting with the energy committee, chaired by ANC MP Marcel Golding, senior energy company executives accompanying O'Leary warned that over regulation would lead to investors becoming wary of coming into the country.

In a joint meeting between the American delegation and the parliamentary committee, O'Leary said the United States had learned the consequences of over regulation in energy supply.

What rules there were had to be simple and easy to understand.

Potential investors expressed willingness to get involved in South Africa, but expressed concerns about the lack of a government track-record and the stability of South Africa.

# State 'needs constitutional right to take over private land'

## Political Staff

THE constitution should make a "clear statement" to allow the state to expropriate private land for its land reform programme, according to the draft land policy principles from the Department of Land Affairs.

The document is due to be discussed at a national conference on land policy at the World Trade Centre in Kemp-

ton Park next weekend.

The conference's decisions will be issued as a green paper, which will later become the government's definitive statement on land issues.

Land Affairs Minister Derek Hanekom said in a submission to the constitutional assembly that existing property rights should not be guaranteed in the new constitution.

His proposal went against opinions expressed by senior ANC figures, including Water Affairs and Forestry Minister Kader Asmal.

The document closely reflects Mr Hanekom's thinking on the issue. It says that where possible, land transfers should take place on a "willing seller, willing buyer" basis.

However, this is not always

possible and the state must be able to expropriate land required for the public good. Addressing skewed patterns of land ownership, which are a cause of major injustice and social instability, is an example of the public good," the document says.

"The constitution must therefore make it possible for this to

take place. The interim constitution authorises expropriation for public purposes. While some argue that this does not authorise expropriation for the purposes of land reform, we disagree, and are confident that the courts will interpret the constitution as making effective land reform possible.

"However, it would be better

if the issue were placed beyond doubt by a clear statement in the constitution."

A ministerial committee reported last month on a method for calculating "just and equitable" compensation as required by the constitution.

There were no final cost estimates of what land restitution might cost.

# JOB MARKET

## Now we have female bricklayers

Women take courses aimed at helping the RDP housing programme

*Sowetan 22/8/95*

By Isaac Moledi

**F**OR CENTURIES BUILDING has been a male-dominated terrain. But 18-year-old Miss Buhle Sibeko wants once and for all to put an end to this culture.

When she enrolled for an artisans' building course at Crown Mines' No 17 shaft three months ago, Sibeko, who hails from Soweto, found herself the only woman among 20 men who were taking the course.

At first, she says, she felt somewhat intimidated as her male colleagues could not understand what she was doing in a "men-only" job.

### Colleagues changed

But the attitude of her colleagues changed as other women joined the course.

Today Sibeko is a proud person. She and 31 other young people were awarded certificates after undergoing a 13-week basic course in bricklaying, blocklaying, plastering and tiling as well as a numeracy and literacy programme. The students were also given building tools worth more than R600 each.

"I wanted to be an interior designer but after completing my matric last year, I could not get a bursary. So, I took this course.

"After 13 weeks of training, I realised how relevant the course is to what I want to do," says Sibeko.

The course Sibeko took is given at No 17 shaft, which is situated between mine dumps at the end of an isolated and winding road at Crown Mines.

The area around the shaft has become a vibrant business and community training centre providing valuable skills to enable aspiring entrepreneurs and scores of unemployed youths to contribute to the RDP's housing development programme.

The designers of the course, Enter Education, say the aim of the course is to help those who graduate to find or create their own jobs.

The British funded project is expected to continue for the next 12 months and a new intake began their training at the centre this morning.

Course coordinator Mr Mahlomola Kekana says the "earn-while-you-learn" project has been designed to address the issue of "marginalised" youths and involve them in RDP projects. Sibeko says she is happy that she and other trainees will be able to subcontract to big construction companies to exercise their skills.

Coordinator of the community RDP forum at Protea Glen Mr Tenki Sekonya says the forum has already identified Stocks and Stocks and Home Grow as companies that are prepared to subcontract their various projects to those who have completed the course.

### Awarded diplomas

The trainees will then be awarded Building Industries Training Board diplomas if they satisfy the board's requirements during their internship as subcontractors.

Sekonya says his forum has identified various RDP projects at Protea Glen and the trainees will be helped by various stakeholders.



The RDP is intended to finance the resourcing of all services of Government, including cultural services. In addition, the redistribution and equity aspects of Government policy are handled through the RDP. In other words, we are working with the RDP Office to find this bridging finance, and I am quite confident that we are going to succeed.

Debate concluded.

#### Service charges arrears (123)

4. Mr J CHIOLE asked the Minister for Provincial Affairs and Constitutional Development:

(1) Whether he will furnish details on the service charges arrears which built up in 1994 and during the period 1 January 1995 up to the latest specified date for which information is available, respectively, in non-statutory local authority areas; if so, what are the relevant details; if not, why not;

(2) whether he or his Department intends taking any steps with a view to making such details available before 15 September 1995; if not, why not; if so, what steps?

*Ans said 23/8/95 N1096E.INT*  
\*The MINISTER FOR PROVINCIAL AFFAIRS AND CONSTITUTIONAL DEVELOPMENT:

Mr Speaker, the answer is as follows. Rent payments fall within the area of responsibility of the Department of Housing and I will therefore not respond to this aspect.

The Government's approach with regard to service charges arrears, as approved during the Minnec meeting on local government on 25 November, is as follows. Local governments are autonomous bodies and have both the power and the responsibility to write off residents' arrears. The Government can only play an advisory role in this regard.

The Government has advised transitional councils to write off service charges arrears up to and including 31 January 1994. The central Government and provincial governments will determine the consequent financial position of transitional councils and negotiate about the methods of financial support where necessary. Transitional councils will be responsible at their own discretion to deal with service charges arrears which have accumulated since 31 January 1994.

Finally, residents must make the necessary ar-

rangements with their transitional councils to pay off amounts in arrears which arose after 31 January 1994. During the Minnec meeting on local government which was held on 25 November, to which I have referred, it was also decided that local authorities, in conjunction with the provinces, must, on an urgent basis, determine the extent of the service charges arrears which have arisen since 20 January 1994 and inform the Government in this regard. An interdepartmental working group on local government finance, in which all the provinces and the Institute of Municipal Treasurers and Accountants are represented, has been established to give urgent attention to the service charges arrears.

Factors which are impeding the gathering of this information by transitional councils are, *inter alia*, the following. Tariffs were not published in the official newspapers. Bookkeeping in the former Black local authorities was not up to scratch and information is difficult to trace. Water and electricity metering did not take place. Account systems for residents were inadequate.

Therefore, neither the provinces nor the central Government have yet been provided with the required information and only once information is received from the transitional councils will the central and provincial governments determine the financial position of transitional councils and be able to make announcements in this regard.

In reply to the second part of the question: It is not foreseen that this information will be available before 15 September 1995, as a result of the factors which I have mentioned above.

\*Mr J CHIOLE: Mr Speaker, this interpellation has its origin in the fact that a trend is beginning to develop in this Parliament that Ministers use Parliament as a rubber stamp, do not want to answer questions, and always try to make the person asking the question look ridiculous. Once again there is no sense in these answers. The Government does not want to take any responsibility.

On 21 June I asked the Minister a similar question, and he then answered that his department did not have information about service charges arrears in areas of non-statutory town council jurisdiction and that the Government envisaged steps to collect these amounts in arrears. I will read what he said:

This is a matter about which the local government must decide for itself and negotiate with the residents.

The Minister is now suddenly abdicating his responsibility. The poor residents must now pay themselves, but one year ago he could provide precise, detailed information, and the hon the Minister envisaged more steps. I quote from his reply of 24 August 1994. The question was:

What were the total arrears in respect of (a) rentals and (b) service charges owed by the so-called Black local authorities . . . as at (i) 30 April 1994 and (ii) 31 July 1994 . . . ?

The answer was:

The service charges owed on 30 April 1994 are as follows . . .

He then gives an entire list, and I can mention that the amount for the PWV, for example, was R113 169 000. On 30 June 1995 the outstanding amount for the PWV was R169 058 500. Therefore, in only two months there was an increase of R55,89 million, or R28 million per month. That is the increase in Gauteng alone.

The last part of the question was:

. . . whether any steps have been taken or are being contemplated to eliminate such backlog . . . ?

The Minister answered:

Yes. An interdepartmental technical committee has been appointed to investigate the general position and future of local government finance and to urgently report to me in this regard.

Now that we are asking questions one year later, three months before the election, to hear what urgent solution has been recommended, the recommendations are being kept secret and it is the task of the residents themselves. Now we are receiving incomplete answers such as these.

On 3 June 1992, when this problem of non-payment had led to the total backlog of Black local authorities with regard to rent and service charges already amounting to R1 582 million on 31 March 1992, the NP Government's Minister at the time said that the problem was under control. That is what he said. The NP has a record of political deceit and suppression of facts.

If he cannot do it before 15 September, it is the hon the Minister's duty to provide complete details before 1 November to South Africa's

statutory voters about the financial implications of the constitutional future which he has negotiated for them.

\*Mr P J GROENEWALD: Mr Speaker, we are meeting in the highest Chamber of the country and we are very concerned about human rights and many are concerned about women's rights. However, if there is one aspect about which we should be concerned and to which we must pay attention, it is the non-payment of service charges at the level of local government. Why do I say this? If we are all part of one community, then everyone has the same responsibility towards that community.

The NP has allowed an attitude of non-payment to develop in some communities. Today the hon the Minister said we must write it off. Whose money are we writing off? Where is the money coming from to write it off? Ultimately it is the taxpayer's money which is used from another source because people use services and do not pay for them.

Today I would like to make the statement that if we do not give attention to this problem, it will be the time-bomb which will cause our economy to collapse. If we can no longer deliver services because people are not paying for the services, a situation will develop whereby our factories will no longer be able even to receive services and the economy will be affected in this way. Therefore I would like to ask all the responsible leaders to appeal to their people to get the attitude of non-payment out of their minds and to accept the responsibility to pay to be able to use something.

It is the policy and standpoint of the FF that uniform tariffs should apply to the same category of consumers in a local community and that everyone must pay for it. It is extremely unfair to expect one section of the community to pay for services while another section of the community simply does not pay for them and then gets away with it. We will have to do something decisive about this matter.

\*The MINISTER FOR PROVINCIAL AFFAIRS AND CONSTITUTIONAL DEVELOPMENT: Mr Speaker, it seems to me that the hon member Mr Groenewald has a hearing problem, or he was not listening. [Injections.] I stated very clearly that the issue of writing off of money in arrears only applied to arrears as at 31 January 1994. This was in view of the agreement reached on 20 January 1994 between the then State President Mr De Klerk and President Mandela. That agreement

made provision for the writing off of debts up to the end of that month, that is to say, January 1994.

The question is therefore not whether we wrote off further debts after that. I did not mention a word about that this afternoon. The hon member is therefore trying to send out a totally distorted story. The fact is, it is here in my answer to the interpellation: We say that transitional councils themselves must take responsibility for the collection of any debts which may fall into arrears from the end of January 1994.

The second point is the following. The hon members Mr Chiolé and Mr Groenewald are ignoring or forgetting the fact that answers about this topic vests in the provincial governments. Strictly speaking, I must refer the hon members to the respective nine provincial governments and tell them to get the information they want from those provincial governments. They must not raise this matter here at central level.

It is not a case of the central Government shirking its responsibility in this regard. It is a function which vests in the provincial governments.

In the third instance the hon members are ignoring a further fact, and that is that by approximately December 1994 a new system of local government was established in South Africa. With the establishment of the nominated transitional councils all previous local authorities were, in fact, integrated and amalgamated with the newly composed nominated transitional structures which then came into being. [Time expired.]

\*Mr J CHIOLÉ: Mr Speaker, I find the hon the Minister's answer entirely evasive. He is now washing his hands in innocence. He is completely denying—it was an absolute denial—the existence of a powder-keg in South Africa which is going to explode as a result of the financial implications which the non-payment of service charges will have on the taxpayers in the statutory local government areas.

The hon the Minister will allow me to bring a few facts to his attention.

Here in my hand I have the hon the Minister's answers to a question on 21 September 1994 about the so-called "intergovernmental grants" in favour of Black local authorities, and I quote my question to the hon the Minister as follows:

... what was the amount in intergovernmental grants made available to Black local authorities in the 1993-94 financial year?

The hon Minister's reply was that it was R1 115,2 million.

That is what happened in 1993-94. I also asked him:

Whether, in addition to the amount of approximately R500 million on which the ... President ... made an announcement ...

That is now the money which came from the RDP—

... any intergovernmental grants ... were budgeted ...?

His answer was that it was R709,9 million. That means that the total for the 1994-95 financial year amounted to R1 209,9 million.

That is therefore R2 325 million, for nothing, within only two years. The question now is: Will these amounts be donated by the central Government in future, or must the provincial governments donate them? The Minister, as the Minister responsible for this constitutional development at town council level, must tell the voters this.

Allow me further to draw the hon the Minister's attention to what awaits the taxpayers in the new town councils which he negotiated. In *Business Day* of 8 August 1995 the following is reported:

More than R1 billion in outstanding electricity payments could be written off by the end of next year across the country if local authorities make good on future payments. Local authorities will be expected to pay back all debts accumulated from March 1 to December 31 1995 by December 31 next year. Debt accumulated from March 1 1995 to the year end would be transferred to an account, and the authorities would have to repay these amounts by December 31 1996. Interest at prime rate would be charged.

Therefore, apart from the sword hanging over the heads of the new town councils' taxpayers of an additional R1 000 million debt which has accumulated, despite the donations from the RDP to which I have referred, they must pay for debt in arrears from 1 March 1995.

What are we talking about? I quote:

Gauteng local government finance director Louis Johnson said the debt owed by many Gauteng township structures ran into millions of rands. Tembisa, east of Johannesburg, owed about R170 million.

This is the sort of debt burden which will now be devolved to the statutory taxpayers.

In an interpellation on 21 September 1994 we already told the hon the Minister that the average backlog in the payment in the non-statutory areas was increasing by R100 million per month. At that stage the information was still always available.

I reject it entirely when the Minister says that the information is not available. He does not want to tell the voters before 1 November. [Time expired.]

\*THE MINISTER FOR PROVINCIAL AFFAIRS AND CONSTITUTIONAL DEVELOPMENT: Mr Speaker, the hon member is simply further demonstrating his confusion to the House. When he refers to intergovernmental grants, he must realise that it has nothing to do with debt, or debt in arrears or service charges. Intergovernmental grants have to do only with transfers from the central Government via the provinces to local governments to aid poor people. That is all it is about. It has always been this way, since the eighties. This is still the case. The aim is to help poor people, to provide them with essential services.

In the current financial year it amounts to approximately R800 million. The additional R500 million, which comes from the RDP Fund, and to which the hon member referred, is intended for infrastructure development programmes at municipal level. It has nothing to do with debt. The hon member must really first get his facts together before he brings such an interpellation here again, because he obviously does not understand the situation at all.

If transitional councils, the legal structures which have existed since December last year, do not give that information, neither the provinces nor the central Government can do anything to obtain the information, because they are autonomous authorities. Obviously the hon member does not know that either. Furthermore, if he is not satisfied with the information which I have given him here, he must go and obtain it specifically from each local authority in South Africa. He must leave tomorrow and drive to each town in South Africa and obtain that information, because that is obviously what he is after. [Interjections.]

Consequently it is not a new invention on the part of the FF to say that they are in favour of people paying for services which are rendered to them. The Government of National Unity's standpoint is precisely that each person in South Africa to

whom services are rendered, must pay for the services he receives. This is the central message of the Masakhane campaign. Recently, we who bear a responsibility with regard to this subject have made statements on every platform to encourage people to pay for services rendered.

However, the fact of the matter is that there are also people who cannot pay. We must also take that into account. There are people who simply do not have the ability to pay for basic services rendered to them. The Government of National Unity has said that it is prepared to support those communities—across the entire spectrum; that is to say, Black, Coloured, Indian or White communities—so that they can indeed receive basic services. These intergovernmental grants are indeed allocated precisely so that those poor communities can also be taken care of. [Time expired.]

Debate concluded.

#### QUESTIONS

†Indicates translated version.

For oral reply:

Executive Deputy President (Mr T M Mbeki):

#### Release of Chief Abiola and Gen Obasanjo

\*1. Dr B L GELDENHUYSS asked the Executive Deputy President (Mr T M Mbeki):†

- (1) Whether he discussed the release of Chief Abiola and Gen Obasanjo with the Nigerian government during his recent visit to Nigeria; if not, why not; if so, what was the reaction of that government in this regard;
- (2) whether he will make a statement on the matter?

N1062E

THE EXECUTIVE DEPUTY PRESIDENT (Mr T M Mbeki):

- (1) During our recent visit to Nigeria we did discuss the situation pertaining to Chief Abiola as well as General Abasanjo and his co-accused both with regard to their personal positions and in the context of creating the best possible circumstances for a speedy restoration of democracy in Nigeria.

# Homeseekers' favourite lawyer killed

(123)  
sowetan  
23/8/95

Mahlangu exposed housing scams involving millions of rands by unscrupulous developers

By Joshua Raboroko

**A** HUMAN RIGHTS LAWYER who was probing housing scams was assassinated outside his house on the East Rand in what is linked to his uncovering of fly-by-night property operations.

Mr David Vusi Mahlangu (39), legal adviser of the Housing Consumer Protection Trust, an offshoot of Lawyers for Human Rights, helped numerous home buyers who were ripped off of more than R12 million by unscrupulous property developers in the past two years.

Mahlangu was repairing his vehicle outside his Extension 22, Spruitview Garden, home, when a gunman shot him in the chest, killing him instantly last Thursday night.

A empty cartridge was later found on the driveway of his house by horrified relatives who came out to investigate after hearing the sound of gunfire.

Miss Martha Llale, a legal consultant in Johannesburg, said yesterday that Mahlangu's death was a blow to hundreds of home buyers who were ripped off by deceitful developers.

It was through his legal advice that the trust was able to get compensation for home-seekers amounting to more than R12 million from corrupt estate agents, financial brokers, property developers and contractors countrywide.

Mr Brian Leveson of Human Rights Lawyers said some of the developers had been prosecuted and sentenced to jail terms after being found guilty of crimes varying from fraud, theft and bribery.

Leveson said many scams Mahlangu had exposed involved several fly-by-night companies which purported to get government subsidies for low-income earners in Gauteng.

The trust was investigating many cases where innocent people were led to sign false documents in order to qualify for the government subsidy aimed at supporting households that earn less than R3 500.

Mrs Daphne Masilela said her brother's death came as a shock to the family because they did not know the motive for the attack. "He was a peace-loving man," she cried.

Mahlangu also worked for the Legal Aid and the Legal Resources First Bowring as a legal consultant, especially in consumer protection, before the establishment of the trust.

He held a B Juris degree from the University of Zululand. Mahlangu is survived by his wife Thandi and two children. He will be buried at the Dawn Park Cemetery on Saturday at 11.30am. The service will be held at home starting at 8am.

A police spokesman has confirmed the killing and said nobody has been arrested so far.

# Govt unable to deliver housing

CT 24/8/95 (123)

**OWN CORRESPONDENT**

PRETORIA: The government would not be able to deliver on its RDP promise to build a million houses in five years, ANC secretary-general and Constitutional Assembly chairman Mr Cyril Ramaphosa said yesterday.

He said there might have been an overestimate of the government's capabilities.

However, the RDP was not about houses or jobs. It was a comprehensive socio-economic programme which expressed the aspirations of most South Africans.

Delivery was going through a lull but it would pick up.

# Electricity distribution 'needs major overhaul'

JOHANNESBURG. — It would not be responsible to issue distribution licences to municipalities currently selling electricity, the National Electricity Regulatory Board (NER) says.

NER chairman Ian McRae told a press conference in Sandton that many of the 398 distributors which had applied for licences were not economically viable.

Many would also not be able to provide services in municipal areas which had been enlarged in the new local government system. They would fail

to meet the government's targets for electrifying the country as quickly as possible.

Dr McRae said the system for distributing electricity needed a major overhaul.

The NER had opted for a "holding position", which meant that the temporary licences of distributors would be extended for nine months.

In this period an NER committee would produce proposals on a new distribution structure and how to deal with the impact of this rationalisation on the finances of local government, Dr McRae said.

Many local governments were dependent on income from electricity sales and were using this money to subsidise other municipal services such as water and sewerage.

Dr McRae said ways had to be found to remove the role of trading in electricity from local government financing.

A national electricity tariff structure and common service standards would also have to be devised. More than 2 000 different tariffs were being applied by the 398 distributors. "Rationalisation would opti-

mise the use of resources and would lead to an improved service to customers at better prices," Dr McRae said.

Extending electricity to the more than 60 percent of the population still without it would also be accelerated.

Dr McRae said the NER was satisfied with the present system for generating and transmitting electricity.

Licences would be issued before September 1 to 13 institutions currently generating electricity: nine local governments, three private companies and

Eskom, which supplied the bulk of electricity.

Eskom would also be licensed to transmit electricity.

Among the local councils to receive generation licences were Johannesburg, Pretoria, Bloemfontein, Port Elizabeth, Cape Town and Kroonstad.

The NER was set up last year to regulate the electricity supply industry.

All generators, transmitters and distributors of electricity were deemed to have temporary licences with effect from March 1 this year for six months. — Sapa.

(123)

ARC 24/8/95

## 25 000th client switched on

(S) (123)

THE Phambili Nombane project which aims to electrify 40 000 homes in Khayelitsha by the end of 1996, yesterday celebrated switching on its 25 000th customer.

The project, a joint venture between Eskom, Electricite de France and East Midlands Electricity in the UK, started in May last year.

Khayelitsha's mayor Mr Vuyani Ngcuka said the community was greatly appreciative. — Staff Reporter

ET 25/8/95

**SUBSTANTIAL** opportunities could arise within the next three to six months in the upper end of the affordable housing market, says Murray and Roberts Housing (Transvaal) MD Rob Henderson, referring to homes costing between R45 000 and R65 000.

Henderson says his company will be looking at building opportunities with its Condev partners and other developers to come up with more affordable and bondable packages.

"The key is to find suitable land at the right sort of price and in the right locality, preferably close to the workplace of the home owners," says Henderson.

Murray and Roberts Housing is one of the residential building companies beneath the umbrella of M&R Community Construction.

Henderson says Murray and Roberts Housing sees a gap in the market in the R45 000 to R65 000 price range — for which a four-roomed home of 40m<sup>2</sup> to 45m<sup>2</sup>

# Opportunities seen in top end of the market

AM 28/8/75 (123)

can be obtained. Economies of scale are also an important factor.

"If one is going to keep costs down, one would have to look at quite substantial projects of about 500 to 1 000 houses at a time.

"There would be no sense in trying to be cost-effective on smaller projects," Henderson says.

He says M&R is not looking at unconventional building systems for this sector of the market. "I believe that conventional building methods, if done on scale, are very difficult to beat in this country.

"There are very few non-conventional systems that have endured in SA which are cost-effective."

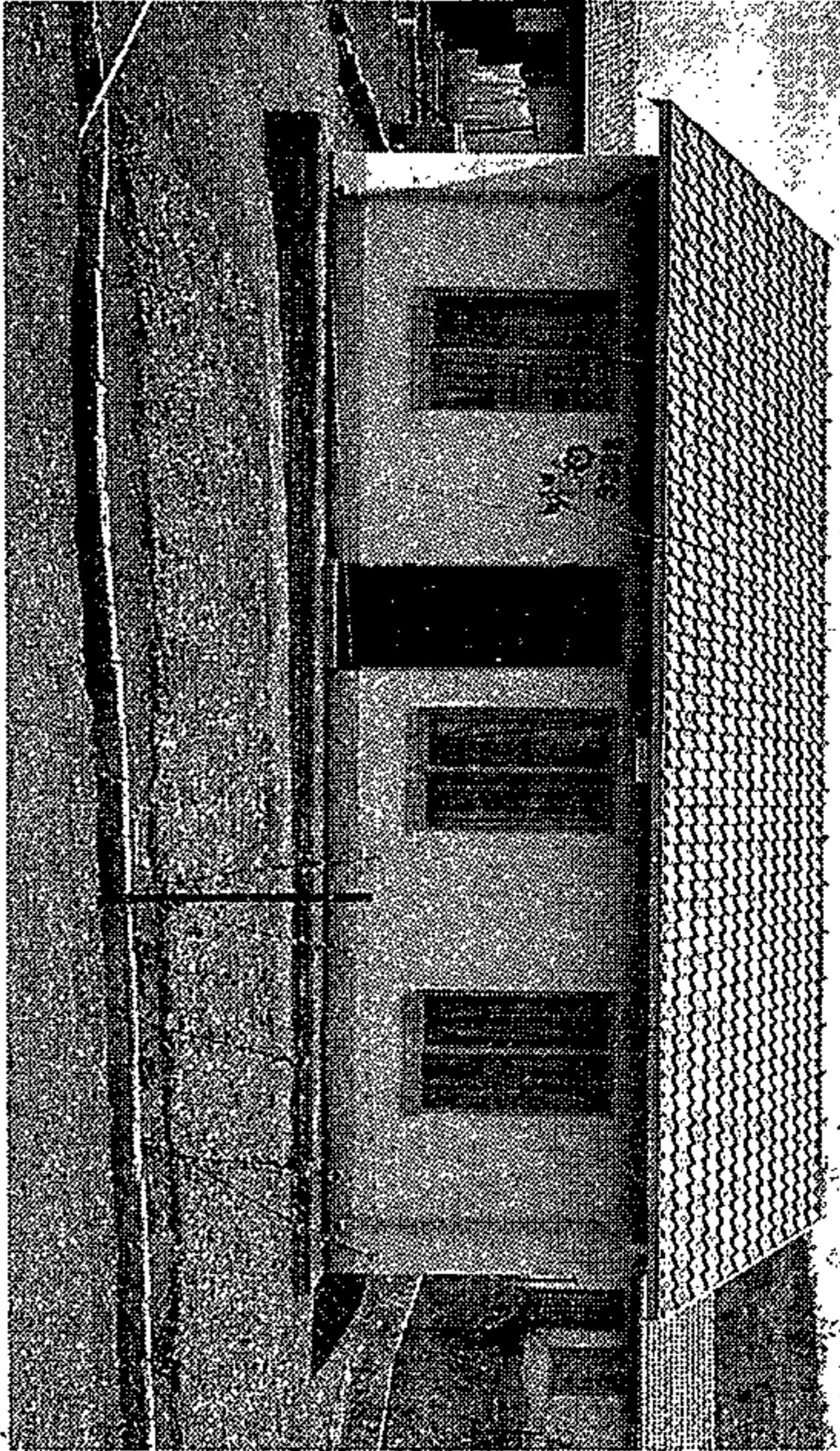
Apart from affordability, there is also the question of acceptability, says Henderson.

"Many families at that end of the market aspire to conventionally built homes.

"We have found a resistance among them to fancy building systems. They are also very quality conscious."

LTA MD Malcolm Adamson says his company would be looking to build reasonable volumes of affordable houses — with a minimum of 2 000 houses per project — with various projects running concurrently nationwide.

An example of this is a proposed scheme under consideration in Klipfontein View, in conjunction with the SA



One of the many affordable houses built by Condev-Transvaal at Morula View, which was developed in Mabopane, north of Pretoria.

Housing Trust, in which LTA will become involved in the building of about 2 500 units in a "mixed" development, ranging from basic R25 000 starter homes to houses in the R65 000-or-above price bracket. "We will develop

townships which will include the building of quality affordable homes at competitive prices provided that adequate payment guarantees are in place."

Adamson says LTA is structured to build a large volume of affordable homes a year but could gear up very quickly to increase these volumes significantly. "But one has got to be certain that there is nothing to be a switch-on and switch-off type of situation as has occurred in the past."

# Business Day SURVEY

delivery of income housing is at the crossroads. Amid accusations of co-ordination between central government and the provinces, the housing minister Sankie Nkondo has national task force bid to break housing de-

and construction industry ready to roar. agreement between the banks and it has considered the path to for first-time

is falling far below stated target low-income

Industries of SA (Bifsa) director Ian says that while the components of national housing are in place the mortgage and defects schemes and finance arrangements — the remains that of the product. echoes the a wide cross-section of the building

*The delivery of low-cost housing has stalled, although many of the important components are in place. What is lacking is the implementation of a co-ordinated policy and agreement on the fundamental questions "what is a home?" and "what can SA afford?". David Jackson reports.*

## The housing logjam is growing into a crisis

MD 28/8/95

(123)

and construction industry when he argues that there is a conflict of views between the national housing department and the provincial housing ministers regarding the type of housing to be provided.

He believes this is possibly one of the motivating factors for the formation of the national task team.

While he remains optimistic about the national housing programme, Robinson has been disappointed with progress over the past six months.

"We are almost at the last chance stage. Unless we can demonstrably get the programme under way on some sort of major scale, I fear that expectations are not going to be met and the situation will deteriorate.

"The onus to get things moving lies with all stakeholders, which include central government, the provinces, the banks, the building industry, emerging contractors and established industry.

"We are all in this together — and we have jointly to work out solutions to some of the blockages in the system.

"Hopefully the national task force that has been established is going to be one of the ingredients that makes this happen," says Robinson.

"Until we can get the issue of incremental housing sorted out with the provinces, the industry is going to be stymied in terms of delivery."

Stocks and Stocks Group CEO Bart Dorrestein believes a workable solution can be

found within the structure put forward by the national housing ministry. However, he says: "The problem with the national housing programme as it stands at the moment is that it is missing a golden opportunity to be the catalyst that sets our economy onto a path of growth.

"This could happen through the creation of jobs — directly and indirectly in the housing programme — and through the multiplier effect which it would have on the economy in terms of all the support industries that go into the creation of homes.

"I don't think we can achieve the target we have set ourselves if we go about it on the basis of building individual units — we have to build them in large numbers.

"The other priority is to create a finance mechanism which provides affordable funding to the poor, so that we can build real homes for those who haven't had a chance previously to participate in the economy. This is absolutely critical to unlocking the potential of our economy."

The lack of an accord between the national and some of the regional housing authorities, who appear to be working to different agendas, is one of the bottlenecks which LTA believes is hindering delivery.

LTA building division MD Malcolm Adamson says another factor is that the financial institutions require the mortgage indemnity scheme to be in place before they lend in certain areas.

He says: "There are

still many areas not covered by the mortgage indemnity fund, not regarded as major risk areas, which are effectively still being red-lined.

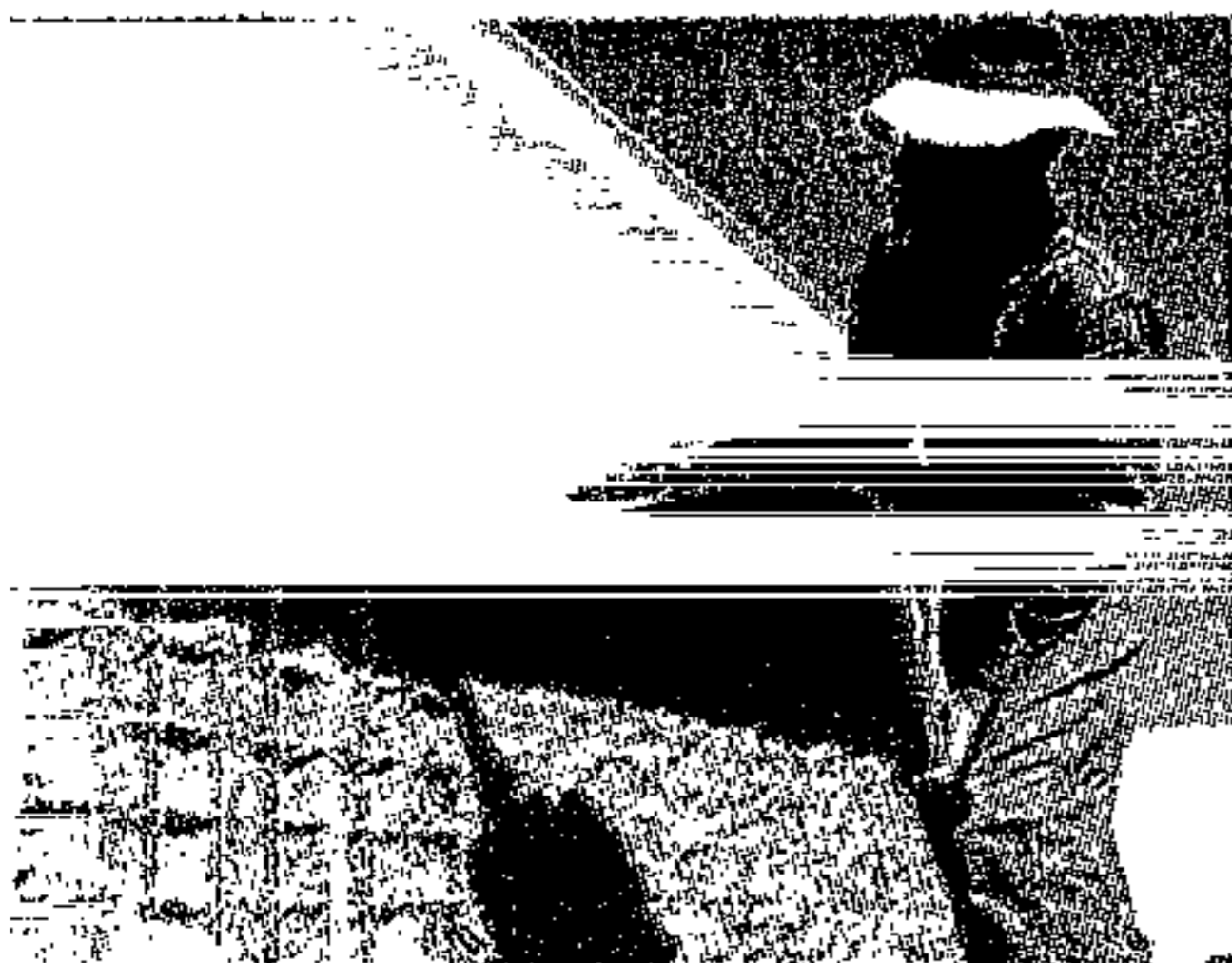
"Yet another complicating factor is that the formal banking sector, on its own admittance, is not prepared to extend mortgage finance to the lowest end of the market (which is income earners of R1 500 a month or less), although the major need for housing lies within that sector of the population.

"Even if mortgage finance was available, in many cases SA's poor are unable to afford the repayment of even a small housing loan.

"The national and regional housing authorities should consider the possibility of state financed rental housing to satisfy the very low end of the market."

Adamson says further problems relate to bond applications and the registration of transfer — the delay in the processing of which is also a cause for concern.

"One can buy a top-of-the-range motor vehicle with a minimum of delay in the signing of an HP/lease agreement, but to conclude the registration of transfer of a house takes an inordinately long time, even if it costs only R15 000."



panels packed with a mortar applicator.

## Wirewall invention beats the straitjacket of costs

SA IS is becoming the Silicon Valley of the housing industry, despite the frustrations caused by red tape, says Wirewall Building Systems' Duncan McGregor.

McGregor is the owner and inventor of the wirewall building system, which uses a rod piling system to replace conventional strip foundations.

He says that although it has taken a long time for low-cost housing to get off the ground, "we believe that the industry is at last

in a growth phase".

The Wirewall system was launched in March and is providing affordable homes in many centres of the country.

"Often, once the site and services are paid for, there is only R6 000 remaining (of the R15 000 subsidy) with which to build. We can still offer viable solutions in this price range," McGregor says.

His main factory is in Alrode, Alberton, and another is in Park Rynie, KwaZulu-Natal.

He embarked on a number of joint ventures with major contractors eight months ago, and is currently building about 2 000 homes, partly financed by government and partly by banks.

A Wirewall contractor is erecting 20m<sup>2</sup> units in Plettenberg Bay for R15 000 — including the serviced stand costs. The Durban corporation has awarded the company a contract to erect RDP starter units in Briardene. These 13,6m<sup>2</sup> units cost R3 120.



# Institutions eager to help, but must exercise prudence

GOVERNMENT, banks and the building industry have agreed to a set of lending criteria which will be in place until the end of March.

The 5% deposit requirement will be waived, while the affordability criteria are:

- A loan-to-value ratio of 90% of the total home package price;
- A three-year employment record or a savings track record with a bank of at least nine months;
- Insurance against political risk by the mortgage indemnity scheme;
- Coverage of the house by the building defects warranty scheme; and
- Life assurance.

Stricter lending criteria will kick in from April 1 and banks will be able to insist on a 5% deposit and can adjust the loan-to-value ratio to 80%.

Council of SA Banks housing manager Lance Edmunds says the reasoning behind this is that in terms of the national housing accord it was accepted that bank involvement in low-cost housing was conditional on it being sustainable.

"We agreed to 50 000 home loans ranging from R10 000 to R65 000 at a cost of R2bn in the first year." (From June 1 this year.)

"That is relatively small beer for the banking sector. What we are looking for is sustainable lending over a long-term period to normalise the

(23) 110 28 18/95  
housing market.

"These criteria were established as being very sensible and responsible. A 5% deposit is considered low by world standards and pressure to make it lower is being resisted. We believe a home owner should have some stake in equity in his property. The 80% loan-to-value ratio is an acceptable commercial risk for a bank."

Edmunds says banks do not discriminate against small entrepreneurs or self-employed individuals in any way, provided they can prove a track record such as regular rent payments over a five-year period.

"We also accept that in the recession, people were retrenched and may have had judgments against them. We are prepared to overlook these judgments from the credit rating system point of view."

"Banks are prepared to bend over backwards to assist. We want to be part of the housing programme and we are not trying to make it tougher — what we are doing is exercising prudence."

Edmunds points out that the banking sector is facing potential losses of R700m as a result of 16 000 repossessions.

Without implementing prudent financial criteria, banks risk receiving a poor international credit rating, which can affect investment.

## Misconception that banks can provide the solution

BANKS can help kickstart the housing process, but they can only address the affordable sector of the market, says Council of SA Banks (Cosab) GM housing Lance Edmunds.

Cosab is the umbrella body of the Association of General Banks, the Merchant Bankers Association, the Clearing Banks Association and the Association of Mortgage Lenders.

Edmunds says there is a misconception that banks can provide the solution to the housing crisis.

He says banks are able to offer loans as low as R10 000, which addresses the market for those who earn about R1 200 or more a month. This would probably account for between 10% and 30% of the demand in the affordable housing sector.

The remaining 70% to 80% cannot be addressed by the banking sector.

At this stage there is no acceptable product which the building industry can provide in the incremental housing sector. Banks would be prepared to consider the incremental housing market provided it was sustainable. Applicants would need to be in regular employment and be able to maintain their commitments over a sustained period.

Edmunds says one of the problems bedevilling the housing programme is the political uncertainty in the run-up to the local government elections.

"What is essentially needed is a clear-cut policy from the top — with one housing policy and not 10." TX

# Suppliers, builders wait for state to get its house in order

RESEARCH indicates that industry will be able to meet the demand for building materials to service SA's national housing programme.

Building Material Suppliers of SA chairman George Thomas says: "Timber and PVC prices have risen over recent months at above the inflation rate but in both instances prices are related to the international market, which has hardened recently after a long period of stagnation. But for the rest, we have been consistently finding that the price increases have been well within the inflation rate."

"Our members have held their prices in real terms against rising input costs — particularly the cost of labour, which has risen substantially more than the inflation rate. Transport is also a serious cost constraint."

Thomas warns that the consequences of not getting housing delivery under way soon will be serious: "The serious players in the game want it to happen. The key is how the politicians are going to manage this process of unhooking themselves from the unreasonable expectations that have been created in the minds of people."

"Now that there is a better understanding between banks and government, we should start seeing real activity — provided that approved incremental-type projects are allowed to go ahead."

In this regard, says Thomas, the

(123) (28) M 28/8/95  
need for an accord between the provinces and the central housing authority is a conditional precedent.

"I do not believe that either the construction or the building materials supply industry will be found wanting. As building takes off and activity increases, so action will be taken to cope with the shortages. The market will take care of it."

There is also considerable scope for alternative or substitute products — such as concrete bricks or corrugated sheets instead of roof tiles, for example, if the situation warrants it.

Thomas says prefabricated homes are also an option.

Bifsa executive director Ian Robinson says manufacturers of building materials are "reasonably capable of coping".

The biggest concern is about possible bottlenecks in the distribution of materials on the road and rail transport network.

Most of the suppliers say they will be able to deliver and building materials can be imported as a last resort.

Escalating building costs remain a major concern and Robinson sees the need for the indexing of home subsidies against inflation.

He says inflation in the building industry will be greater than the normal inflation rate (about 10% or 11%) this year, with some predictions putting building inflation as high as 17%.

## Low-cost housing

# Bifsa backs the basics

BIFSA has made a detailed submission to the national housing department on what it sees as the impediments to housing delivery — and one of the main focuses is incremental housing.

The organisation's executive director, Ian Robinson, says that in some provinces, for example, there is a view at executive level that 40m<sup>2</sup> or 45m<sup>2</sup> houses — complete with dividing walls and other features — are the minimum socially acceptable product.

But Robinson says this will cost more than R40 000 a house.

Up to now, the national housing policy has advocated incremental housing in which the basic R15 000 subsidy can be used to provide a serviced site and basic shelter, or the beginnings of a core dwelling to which the owner can add over time.

He says another inhibiting factor is the election for local government due to be held in November. It is likely that firm policy decisions by provincial housing boards on incremental housing will be put on the back burner until after the poll.

He adds: "If we are to build

300 000 low income houses a year I don't think the country can afford to build that number of houses in the 40m<sup>2</sup> to 45m<sup>2</sup> range. For the poor, who have to rely on the subsidy scheme, I do not believe that anything more than incremental housing is affordable.

"It is unfortunate that expectations may be dashed in the process — but we have to cut our cloth to suit our circumstances."

Another area that urgently needs to be addressed is the improvement of information and awareness campaigns.

"There is a lack of knowledge of just how the subsidy works, how to get bond finance and how to deal with issues such as registration for the defects warranty scheme.

"Until we can get a better means of communication to enable people to understand what they are able to apply for, there is going to be a slow take-off in the housing delivery process."

Robinson says the building industry is geared to deliver, "but is frustrated at not being able to deliver for a variety of reasons, one of which is this product uncertainty.

"Those who argue that the

building industry is not geared to enter the low-income housing market (for homes below R65 000) are wrongly advised. It is a market that would be largely filled by emerging contractors, with, in appropriate circumstances, joint ventures being formed between those emerging contractors and the established industry so that they can cope with the volumes."

The critical problem will be the lack of human resources and skills once volumes of home building reach the level of 200 000 to 300 000 a year.

This underlines the need, he says, for a much more concerted training effort.

About R25m a year is being spent on training but Bifsa's calculations were that about R200m a year is needed to be invested in training and the upgrading of skills.

"The private sector is financing the R25m through levies obtained from builders. Even if we doubled the levies, this would still not provide the amount needed for training and we believe the government needs to come to the rescue of this initiative."

BD 28/8/95

(123)

## Review of rent control legislation now on the cards

BY BONGIWE MLANGENI  
HOUSING REPORTER

Legislation which governs the relationship between tenants and landlords is soon to be reviewed in an effort to put an end to the exploitation of tenants.

(123) Star 28/8/95  
The Organisation of Civic Rights (OCR) has recommended a revision of the Rent Control Act of 1976 and applied to the Ministry of Housing to be part of a committee to restructure Rent Control Boards.

According to OCR

chairman Sayed-Iqbal Mohammed, the OCR was in the process of forming a group of experts to examine changes to the Act.

Housing Minister Sankie Mthembi-Nkondo said an inter-departmental committee was being set

up to examine how legislation affecting the rights of tenants and owners could be reviewed.

Mohammed said it would be the first time in 70 years that tenants could anticipate having their rights recognised.

# Electricity union rejects inefficiency claim

Mungo Soggot

(123) (12)

THE Association of Municipal Electricity Undertakings (AMEU) has defended local authority electricity suppliers from allegations that they are predominantly inefficient.

It has also criticised implied comparisons between local authority electricity suppliers and Eskom.

The AMEU was responding to last week's announcement by the National Electricity Regulator that the electricity supply industry had to be rationalised to put an end to widespread inefficiencies that were threatening the RDP electrification

programme and pushing up prices.

The alleged state of the industry had led the regulator to decide not to grant any distribution licenses next month, as had been the plan when the regulator was set up six months ago. Instead it would work with government on rationalisation.

AMEU president Howard Whitehead said: "The problem in the electricity supply industry is more of a financial nature than physical inefficiency. Complex cross subsidies... cloud the facts."

The regulator's proposed rationalisation would probably see an expansion of Eskom's role.

Whitehead said local authorities on average paid 20% more for electricity than Eskom distributors. Despite this, local authority distributors were able to provide reliable electricity at competitive prices.

"Comparisons seem to have been drawn with Eskom. If that is the case, is an organisation like Eskom that uses municipal payments to fund electrification, spends millions on marketing a product for which it has a monopoly, that incurs losses of R40m a month through ineffective cash collection and that has built a generation capacity far in excess of SA's needs, efficient?"

## POLITICAL BRIEFS

### Payment for services 'better'

JOHANNESBURG: Payment for services in most provinces has improved to about 60% since the launch of Operation Masakhane, campaign co-ordinator Mr Chris Ngcobo said yesterday.

He said the exceptions were kwaZulu/Natal and some areas in Gauteng and the Eastern Cape.

(123) CT 30/8/95

# Builders conflict over registration

CT (132) 30/8/95

(123)

By MAGGIE ROWLEY

PROPERTY EDITOR

The low-cost housing delivery programme will face a further major setback if builders fail to register en masse with the National Home Builders Registration Council, Peter Allsopp, the managing director of the council, warned this week.

As of Friday this week, houses costing under R65 000 built by contractors who are not registered with the council will not qualify for home loan finance from any institution.

Allsopp said the response from builders to date had been disappointing and unless builders moved swiftly to register they would jeopardise the RDP housing programme.

While registration presently applies to houses costing R65 000 or less, by the middle of next month it was expected to cover houses of up to R100 000 or R150 000 and up to R250 000 within a year.

"The aim is that all housing, even multi-million rand homes will be subject to the scheme," he said.

A number of builders' associations had expressed strong opposition to the formation of the council and to the builders' warranty scheme which comes into operation on January 1 next year. Allsopp said they had to realise the scheme was now upon them and unless they registered with the council they would be excluding themselves from the market.

"Home buyers, starting at the lower end of the market, will be well advised to ensure any builders they employ from September 1 are registered with the council if they wish to access home loan finance."

Allsopp said that details of the final scheme, which will include a builders' defects warranty scheme, and a levy, would be finalised at the council's meeting on September 18.

The levy will amount to between 1,5 percent and 2 percent of the building contract which will be payable to the council.

"Once houses at the top end of the market are also covered by the scheme it should be possible to reduce this to 1 percent of the building contract."

He said negotiations with financial institutions were also under way to allow the levy to be paid out of the buyer's deposit to help prevent cash flow problems for contractors.

A strong opponent to the scheme is Pieter Rautenbach, the executive director of the KwaZulu Natal Master Builders Association. He said the creation of the council and the new scheme was the equivalent of using a "sledgehammer to crack a peanut."

"The extent of the problem of shoddy building hardly requires the formation of a multi-million rand bureaucratic machine which will just push up the cost of houses to the consumer."

"And if they extend it to cover all houses they will start undermining new development as buyers will opt for existing houses."

Rautenbach said few, if any, of his organisation's members had enrolled because they did not want to operate at the lower end of the market.

"It is not all a fait accompli as Allsopp would indicate and we will be meeting next week to plan our next response," he said.

# 'Mothballing of Koeberg' an energy option

ARG 30/8/95

Political Correspondent (123)

MOTHBALLING Koeberg nuclear power station pending the outcome of an independent probe into its environmental and economic advantages is among options proposed in a "discussion document" on energy policy.

The document said Eskom acknowledged that generating costs at Koeberg were higher than those at comparable coal-fired power stations "in the Transvaal".

However, Koeberg had not been operating under optimum conditions.

Eskom said that replacing the lost generating capacity, if Koeberg was closed, would be higher than its present operating costs.

These claims had not been independently investigated, the document said.

Eskom had not released to the public technical details of its plans for decommissioning the station or disposing of radioactive waste.

There was general acceptance that full public disclosure and involvement were necessary for a feasible political and economic solution to the waste disposal problem.

Among other options in the discussion document are:

- Allowing Eskom alone to decide whether Koeberg should continue.
- A public inquiry into the economic and environmental desirability of the station.
- Mothballing Koeberg pending the outcome of a probe into its advantages over other ways of providing electricity.
- Obliging Eskom to publish full details of its plans for decommissioning and waste disposal, and to hold public workshops in the Vaalputs/Springbok and Cape Town regions.
- An independent investigation into the effect of radioactive emissions on the environment, the health and safety of workers and communities surrounding Koeberg.

The document said this last option could generate people's confidence in the government and Eskom, or public resistance with calls for the closure of Koeberg.



## Taxi rank cost is forced up by squatters

ARG 30/8/95

Municipal Reporter

SQUATTERS who took over land earmarked for a new minibus taxi rank at Site C in Khayelitsha have pushed up the price of the project by about R400 000.

A report to the Cape Metropolitan Council reveals that the estimated cost was R1,8 million but a delay in construction has increased this to an estimated R2,2 million.

The original estimate was made about 16 months ago, but work could not proceed after squatters moved in.

The land is still occupied by squatters but residences alongside the N2 have been earmarked for the occupants.

The report says: "The Lingeletu West Transitional Council intends moving the people to this area shortly before the contract is awarded.

"Apparently it is inadvisable to move the people too soon as the taxi terminus site could be invaded once again before the contractor is able to commence his operation."

## Prepaid water meters proposed

Staff Reporter (123)

PREPAID water meters should be combined with those already used for electricity to allow developing communities to control their water consumption, it has been proposed.

Researchers from the Water Research Commission said it was necessary for the private sector to develop a single unit for electricity and water prepayment. ARG 30/8/95

This would ensure people in developing communities paid for water through an acceptable system because they were "highly suspicious of account systems, especially when the meter is not read regularly" and debt for water payments continued to rise.

## Rail line planned

Municipal Reporter

A RAILWAY line for commuters living north of Milnerton is being planned.

This was confirmed by Metro manager Andre Harrison, who said R25 000 had been set aside for the conceptual planning of the line, which would run along the current Atlantis goods line.

But the new line was unlikely to operate for another five years.

## Home builders to get staggered payments

Robyn Chalmers

THE National Housing Board has recommended that progressive payments be made to contractors under government's housing subsidy scheme in a bid to alleviate the financial strain on builders.

Large and smaller contractors indicated recently that the single subsidy payment made only on the transfer of title to the homeowner was causing severe problems for those involved in government's low-cost housing programme.

Board chairman Ishmael Mkhabela said the board recognised the single payment system was proving to be too onerous for builders, particularly the smaller contractors. The board is the housing ministry's primary advisory body.

Mkhabela said the board had agreed that payments would be made in four tranches, but should not be regarded by builders as a form of bridging finance.

"The recommendation has been referred to the joint technical committee on subsidies. The board has agreed that should the committee encounter further obstacles to the recommendation, they will be dealt with directly by the board's chairman or vice-chairman to expedite the process."

If the recommendation was accepted by the ministry, the first tranche would be paid once a detailed engineering design for infrastructure had been approved by local

PD 20/8/95 Continued on Page 2

## Builders

Continued from Page 1

authorities. The payment would equal the fees charged by a consulting engineer or other relevant professional.

Should the contractor not be able to continue with the work, it could be carried through by another appointed contractor and the funds would not be wasted, he said.

The second tranche would be claimed once the surveyor-general had approved the plan, indicating that town planning work had been completed. The third tranche would be made available when it

could be proved the erven had been fully serviced, commissioned and connected with external services. A service completion certificate would have to be issued.

The final tranche would become available once the board was satisfied the project met its standards, the top structure had been completed and individual title had been registered by the homeowner.

Building Industries Federation of SA executive director and housing board member Ian Robinson said the progressive payments of subsidies would significantly assist contractors with cashflow problems.

Tandem), will take the form of

h the issue of Omega shares at a  
ares were trading at 35 cents per  
concluded. This is equivalent to

gers, the vendors of Tandem and  
minority shareholders to acquire  
nged.

ouncement, the market price of  
prior to the consolidation of the  
e and a high of 45 cents per share.  
respectively, post consolidation.)  
y before this announcement was  
ation (equivalent to 35 cents prior

standby offer. A standby offer is  
ents per consolidated share with

5 and will close at 16:00 on Friday,

lated shares at 150 cents per share  
& Co. Inc. who will purchase the  
150 cents per consolidated share,  
negotiable form. The expenses of

cash resources available to fulfil

tes referred to above if and when  
net of dealing costs.

ould take regarding the standby  
ker or other professional adviser

#### Sponsoring brokers



**Martin & Co.**  
Martin & Co. Inc. (Registration No. 72/09119/21)  
Member of The Johannesburg Stock Exchange

*Lowenthal & Co.*

**LOWENTHAL & CO.**  
(Member of The Johannesburg Stock Exchange)

## Housing gets \$75m boost <sup>(23)</sup>

CAPE TOWN — The US  
had offered SA R275m to  
help boost its R200m seed  
capital for the National  
Housing Finance Corpora-  
tion, Housing Minister  
Sankie Mthembu-Nkondo  
said yesterday. <sup>BD 30/8/95</sup>

The corporation would  
grant low-interest "micro  
loans" to people who quali-  
fied for commercial bank  
funding under the mort-  
gage indemnity scheme.

"From our budget we  
have put aside R200m as  
launch capital. The Ameri-  
cans, through USAid, are  
giving us \$75m.

"We are working on a  
mechanism to transfer it. It  
is very complicated and  
they must be sure that it is  
in good hands," she said.

The department had yet  
to decide whether to pitch  
the loans above or below  
the R10 000 lower thresh-  
hold applied by the com-  
mercial banks and how far  
below the interest rates  
offered by banks it would  
be able to operate.

Sapa reports Mthembu-  
Nkondo told the National  
Assembly's reconstruction  
and development pro-  
gramme committee that  
SA's housing backlog would  
take at least 20 years to  
eliminate.

The backlog was about 3-  
million homes.

Her department had set  
up a special technical task  
team to investigate housing  
problems and was studying  
reports drawn up by the  
provinces. Communication  
with people on available  
housing aid would have to  
be improved and the use of  
radio was among methods  
being considered.

Another socioeconomic  
problem that would have to  
be attended to was the need  
for many people to be  
housed closer to their  
places of work. — Reuter.

Sowetan 30/8/95 (123)

## 20 years housing backlog

SOUTH Africa's housing backlog would take at least 20 years to eliminate, Housing Minister Sankie Mthembi-Nkondo said yesterday.

Briefing the National Assembly's Reconstruction and Development Programme committee, she said the housing backlog was about three million and not 1,9 million as some thought.

"If we're very consistent in what we're doing, it won't take us less than 20 years (to eliminate)," she said.

It was vital that delivery problems be dealt with as "the more we delay, the more the backlog will grow".

Mthembi-Nkondo said 200 000 subsidies for low-cost housing had so far been approved.— *Sapa*.

*Backlog bigger than forecast*

## 20-year housing wait

Star 30/8/95

(123)

Cape Town - South Africa's housing backlog would take at least 20 years to eliminate, Housing Minister Sankie Mthembu-Nkondo said yesterday.

Briefing the National Assembly's Reconstruction and Development Programme committee, she said the housing backlog was about 3-million and not 1,9-million as some thought.

"If we're very consistent in what we're doing, it won't take us less than 20 years (to eliminate)," she said.

It was important that delivery problems be dealt with now as "the more we delay, the more the backlog will grow".

Her department had initiated a special technical task team to investigate housing problems in all the provinces.

The team was also studying reports drawn up by the provinces.

Communication with people on available housing aid would have to be improved and the use of radio was among methods being considered.

Mthembu-Nkondo said 200 000 subsidies for low-cost housing had so far been approved.

### Defaulted

Between 60 and 65% of South Africans fell in the "poor" category, with banks being able to help only about 30% of the total population.

About 34 000 bondholders had defaulted and a special company - Servcon - was visiting those homeowners to try to help them.

Another problem that would

have to be addressed was that of people in far-flung areas such as Winterveld.

Many of them have to spend up to R3 000 a year on transport to and from work.

A way would have to be found to house such people closer to their work places.

Answering questions, Mthembu-Nkondo said the Government would not succumb to pressure from private sector companies.

Some were "playing wait-and-see" in a bid to pressure the Government to put up their subsidies so that they could make a bigger profit.

She said that due to some pressure from ground level, the Government might also examine legislation affecting rent control. - Sapa.

I  
t  
C  
n  
o  
m  
i  
s  
e  
l  
b  
n  
  
s  
e  
l  
p  
e  
t  
e  
-  
S  
a  
M  
i  
  
p  
n  
s  
a  
J  
a  
  
m  
i  
p  
n  
o  
n  
o  
n  
c  
i  
e  
  
e  
s  
t  
c  
o  
M  
i  
c  
a

## Zinc strikers face final interdict bid

Deborah Fine

SD 3/18/95  
STRIKING workers at the Zinc Corporation's East Rand operation have been ordered to show cause in the Rand Supreme Court next month why the company should not be granted a final order interdicting them from stopping temporary workers from entering the plant during the strike.

In an affidavit, Zincor senior personnel officer Martin Hurworth said strikers had also stoned vehicles trying to enter.

An interim interdict was granted on Tuesday prohibiting strikers from coming within 100m of the plant and obstructing access to the plant.

## Eskom conduit for US institute

Theo Rawana

123  
ESKOM and the US-based Electric Power Research Institute had agreed to form an African centre for essential community services — a technology transfer mechanism for moving institute technology through Eskom to sub-Saharan Africa, they said yesterday.

Institute customer systems group vice-president Clark Gellings and Eskom research manager Steve Lennon said the centre would probably use a major SA university as its host site.

The California-based institute, with 700 utility members, was founded in 1972 for the US electric industry to improve power production, delivery and use.

The centre would function as a

SD 3/18/95  
satellite of the institute's customer systems group community environment centre in St Louis, Missouri, and would become part of the institute's centre and office network.

"The process of site selection (in SA) is already under way, with the opening scheduled for March-April 1996. Selection criteria include technical capabilities, community presence, ties to key SA industries and resource contributions," the organisations said in a joint statement.

Initially the centre would be supported by Eskom and the institute, with extra funding from SA's government, water utilities and health care industry. It was to be self-supporting and function as a nonprofit corporation.

# Housing agency to raise guarantees

BO 31/8/95 (123)  
Robyn Chalmers

THE National Urban Reconstruction and Housing Agency (Nurcha) is aiming to raise more than R800m worth of home loan and working capital guarantees to match the funds made available last year by the international financier George Soros.

Nurcha CEO Cedric de Beer said yesterday that Soros' offer of a guarantee facility of up to \$50m was made on condition that his contribution should not exceed one quarter of the total guarantee facilities mobilised.

"An immediate task for Nurcha is to mobilise such additional guarantees, either as part of a general pool, or on a project by project basis to allow us to access a proportion of Soros' guarantee facility," he said.

The total amount of funds that could be mobilised under this condition was R800m which would only be attained over a number of years, but De Beer said that a recently launched campaign to raise the funds was well under way.

"We have either approached or are in the process of approaching a range of international development agencies and development banks as well as local private sector sources for funds, and are involved in a few promising negotia-

tions," he said.

Nurcha was one of the 22 presidential lead projects set up to kickstart the reconstruction and development programme in SA. Its overall aim was to expedite housing delivery in the short to medium term within the metropolitan areas of SA for low-income households.

In order to fulfil this function, De Beer said that grant funding would be provided where such grants would unblock an appropriate housing project while guarantees would be directed at specific schemes.

"For low-cost housing initiatives to succeed, it is essential for developers to gain access to working capital loans but lending institutions will only lend money where a substantial proportion of the loan is underwritten.

"This is proving to be a major obstacle to many developers and contractors, particularly small, community based or emerging contractors. Nurcha will provide guarantees to lending institutions for a proportion of working capital loans to approved projects."

De Beer said Nurcha also wanted to facilitate access to end user finance by providing guarantees to financial intermediaries for a proportion of the risk that they take on in providing such loans.

# Landmark agreement on loans

(123) sametan 31/8/95



When buying a site to build a house, make sure that the ground is firm. If there is a lot of water around, or the property is near a river, you could have problems with the foundations and walls cracking at a later stage.

## By Joshua Raboroko

A HOUSING boom is expected in South Africa once again following a landmark agreement by the Government, banks and builders on a number of terms and conditions for finance to low-income borrowers combining loans with state housing subsidies.

The agreement allows easier access to home-loan finance for low-income earners in the short term in order to give developers, builders and potential homebuyers time to adjust to certain long-term criteria. The agreement was signed by Housing Minis-

ter Mrs Sankie Mthembu Nkondo, chairman of Council of South African Banks Mr Danie Cronje and Cocosa vice-president Mr Ian Robinson in Pretoria.

It was agreed that:

- The target agreed in the Record of Understanding between the Association of Mortgage Lenders and Housing Ministry - 50 000 loans in the government subsidised market within the first year starting June 5 1995 - is confirmed.

- Minimum building specifications for mortgageable properties regarding the size of houses, stands, infrastructure and

service levels are modified in order to accommodate more affordable houses.

The renewed commitment by the developers responding to the greater accessibility to credit made possible by the agreement will substantially increase the number of housing opportunities for recipients of housing subsidies.

It is expected that over 200 000 subsidies already approved by provincial housing boards will rapidly become concrete housing opportunities.

Lending will take place according to the following criteria:

- The minimum

deposit requirement of five percent and a maximum value to loan ratio of 80 percent originally announced on June 5, 1995, will now only be effective from April 1 1996.

- Subject to affordability, housing subsidies granted by the state, certain parastatal employers and private sector employers will be directly deductible from the mortgage instalment purposes of affordability.

- Transfer and bond registration costs can be included in the loan made by the bank, subject to the loan value ratio limitations agreed upon.

## Township buyers want refunds

### By Joshua Raboroko

THOUSANDS of Gauteng residents who bought state-owned four-roomed homes on leasehold from the previous government have lost millions of rands.

Residents claim that old council houses were transferred freely to tenants, while they paid for them over 20 to 30 years or under 99-year leasehold system.

An elderly Mr Simon Sefatsa of Sharpeville says he bought his house under 20-year leasehold in 1950 but has not received any certificate. He has continued to pay rent and

service charges, even after the contract lapsed. He says: "I feel I have lost out because other people are going to get their homes free."

Most residents, in Sharpeville, Boipatong and Bophelong, claim they lost millions of rands because they bought homes under 30-year leasehold in the 1950s and have continued to pay council rates.

They are demanding to be refunded because "our homes have existed for more than 30 years. It is unfair to have paid while other residents were not doing so, despite the 1984 rent boycott."

They argue that they paid before

the dissolution of the black local authorities because they feared they would be evicted.

Gauteng MEC for housing spokesman, Mr Thabang Momo-yane, says people who bought homes will have their problems resolved at established housing transfer bureaux.

The bureaux will be established in Boipatong on July 31; in Evaton-Residensia on August 28; Sebokeng North on September 11; Bophelong September 25; Sharpeville on October 9.

The first bureau was opened in Krugersdorp for Kagiso and Munsiville.





**NEW PLAN:** Housing Minister  
Ms Sankie Mthembi-Nkondo

## Govt to build houses for rent

CT 31/8/95

HOUSING MINISTER Ms Sankie Mthembi-Nkondo said yesterday she was negotiating with private sector investors on a joint venture to build housing for rent and planned to introduce a rent control act. (123)

She said she expected an agreement soon with potential investors.

The project would be backed by rent control legislation that would apply to new state housing.

She said the latest unofficial information was that the housing backlog was 2,9 million rather than 1,5 million units and it would take 20 years to catch up. — Reuter