

HOUSING AND HOSTELS - GENERAL

1996

**BUSINESS NEWS**

# New housing concept launched

Centres will ensure that communities are involved in delivery of houses

By Sowetan Business Correspondent

**T**HE LAUNCH OF SOUTH AFRICA'S first People's Housing Support Centre in Galeshewe in the Northern Cape this week marked the beginning of the new housing framework and the final implementation of programmes outlined in the 1994 white paper on housing, said Minister Sankie Mthembu-Nkondo.

"Our communities will be able to organise themselves effectively and efficiently from this centre," she said.

Premier Manne Dipico and housing and local government MEC Pakes Dikgetsi attended the launch.

The centre is to work with the Helen Joseph Women's Development Centre in the area to provide local communities with building materials and skills. Training in areas such as roof-tiling and bricklaying will take place at the Helen Joseph centre, while the materials will be available at the People's Housing Support Centre at subsidised prices.

Mthembu-Nkondo appealed to local communities to take responsibility in managing their own resources.

"Housing support centres can, if they operate sufficiently, be a solid base for job creation and be multi-purpose institutions that encompass the possibilities of making our communities change their lives in earnest," she said.

She said her department had been criticised for spending too much time and energy in designing initiatives aimed only at the private sector.

"It is a comment that we take seriously. But all of our interventions have been aimed at correcting distortions from the past and preventing them from recurring.

"The Record of Understanding with the banks, for example, deals with the past through the creation of Serv-con Housing Solutions; and tries to prevent a repeat of these situations through the creation of the Mortgage Indemnity Fund," she said.

She said bad practices of the past, when unscrupulous contractors and builders exploited the misery and desperation of the homeless, will now be addressed through the creation of the National Home Builders' Registration Council.

# Housing department loses infrastructure programme

Robyn Chalmers

BD 2/5/96

(123)

THE provincial affairs and constitutional development department had gained control of the R50bn municipal infrastructure programme from the housing department after a struggle that had lasted six months, government sources said yesterday.

In addition, the Development Bank of Southern Africa has been called in to act as the major broker for the plans, with hopes that it will assist in garnering private sector funding.

Sources said the housing department had wanted to control the programme as it was so closely linked to the provision of housing units.

But the provincial affairs department's work in rehabilitating local government had left it better placed to oversee the process.

Former RDP office development planning director Chippie Olver, who helped draw up the infrastructure framework, said certainty over control

of the programme would allow it to move ahead swiftly.

The programme was approved by the Cabinet in December, but had been bogged down due to parallel funding programmes in different departments and the carving up of the RDP office.

The 10-year programme aims to address the vast backlogs of municipal infrastructure around the country and could cost between R41bn and R70bn, depending on the rate of delivery and level of services provided.

Given the amount of funding required, government has decided to extend at least a basic level of service to all households over 10 years.

The Development Bank of Southern Africa would help with two funding components: providing development finance, and direct partnership arrangements with private and community sectors at local level. Bank sources said it could also play a role in promoting the flow of public and private sector finance to local authorities.

# US housing plan 'being reviewed'

(123) *Sametay*  
3/5/96  
By Lulama Luti

IS IT possible to build decent, durable houses; complete with wall plumbing, components that allow for easy electricity installation and the regulation of harmful gases - all at an affordable price?

A black American-owned building company says it is. In fact, Fitzgibbon Industries Inc. believes that it has just what South Africa needs to solve the country's housing backlog.

Senior members of the company have been going around the country presenting the Fitzgibbon Building Components System to various stakeholders - all in a bid to help solve the housing problem.

## Housing development

The system encompasses a housing development comprising 1 448 two-bedroom houses, at a cost of about R40 000 each, street development, an industrial park for local entrepreneurs and a shopping centre.

"A unique feature is that we can train three people who have never built anything in their lives and together we can put up a house in six days," said vice-presi-

dent Mr Kareem Abdul Lateef.

The houses would be built using both local and US-imported components.

The company's president and chief executive officer, Mr Chester Fitzgibbon, believes that once the South African project is in place, the idea would be exported to other countries on the continent.

"From here, using South Africa as a base, we can supply these houses to every country in Africa," said Fitzgibbon.

Chairman of the National Housing Board Mr Ishmail Mkhabela said the Fitzgibbon system was one of several housing delivery possibilities that needed to be explored.

"This is one among many, both local and international proposals.

"It should be looked at as one of the options that can be seriously explored," said Mkhabela.

He added that the criticism around the slow delivery of houses was unfair.

"There is now general consensus that it takes up to 18 months for any good developer to provide a housing programme. A housing delivery programme takes time."



# Low-income home loans now easier to get

By WILLIAM-MERVIN GUMEDE

The Housing Department has lost a six-month tug-of-war with the Provincial Affairs and Constitutional Development Department over the control of the R50-billion municipal infrastructure programme, which was approved by the Government in December.

The 10-year programme aims to address the backlog in municipal infrastructure around the country.

The Provincial Affairs Department's experience in the revitalising of local government structures gave it an edge over the Housing Department, which had wanted to be in charge of the programme because housing delivery falls within its ambit.

The Development Bank of Southern Africa will provide development funding for the programme and broker partnerships between the private sector and local communities.

Meanwhile, revised criteria making home loans easier to get for those in the low-income sector came into effect this week.

Stringent terms were supposed to have been introduced last month but an outcry from civic organisations, builders and the Government prompted the Association of Mortgage Lenders (AML) to revise the guidelines.

People wanting to apply for a home loan now do not have to put a 5% cash deposit upfront, as was the case before.

The new criteria also mean that banks can lend up to 100% of the property value against the 95%, which was all that was allowed according to the old criteria.

The banks may now take 80% of the risk, allowing the other 20% to be covered in other ways, including government subsidies, capital guarantees from loan applicants, employers or pension funds.

Housing Department director-general Billy Cobbett said the perception that people in the lower end of the housing market were discriminated against had been addressed.

"The challenge is for the banks to ensure that across-the-counter service is consistent with the oppor-

unities created by opening up the market."

Piet Liebenberg, chief executive of the Council of South African Banks (Cosab), said the revised criteria opened the door to home ownership for more than 30% of South Africans who required finance for housing.

He said the banks wished to see this percentage rise as economic growth and levels of permanent employment increased.

AML chairman Duncan Reekie said the scrapping of the 5% cash deposit would significantly improve access to credit.

"Likewise, borrowers in the lower end of the income scale will benefit greatly from being able to use their subsidy to the extent that it exceeds 20% of the purchase price to cover costs."

Home loans may now include transfer and mortgage registration costs, provided the risk to the banks was no more than 80% and the total loan was no more than 100% of the property value. Under the new guidelines, the repayment term of

the loan could now be longer than 20 years - the limit of the original criteria.

Monthly instalments would continue to be calculated at 25% of joint income. To assure home owners that they were acquiring a quality product, banks would grant loans on newly built property only if the builder was covered by the Home Builders' Warranty Scheme.

Reekie said people could now lay a complaint to Cosab, which would investigate all claims where banks refuse to grant loans.

But he added: "As general allegations do not provide opportunities to identify problems or deal with them, any such allegations must in future be accompanied by full details."

The upper end of the housing market was also boosted recently when the Government scrapped the R65 000 limit on subsidised homes. Housing Minister Sankie Mthembu-Nkondo said the R65 000 limit created an artificial ceiling in the market that was no longer necessary.

Stan 4/5/96

# Owner-builder methods key to upgrading homes

Business Day Reporter

(123)  
BD 8/5/96

OWNER-builder methods could help low-income earners improve the value of their homes by more than 150%, said a recent Cashbank-commissioned survey. The mutual bank aimed at helping low-income earners to finance buying or improving their homes. It has advanced nearly 12 000 loans amounting to R115m since April last year.

Cashbank operations executive director Angus Herselman said: "We surveyed 18 major companies, employing several hundred people who have loans from Cashbank. In nearly half of these cases, the value of their improvements exceeded the value of the loans.

"One company's employees were able to improve their house values by an average of more than 150% by supplementing their own funds with the loan and then applying owner-builder methods."

Unlike mortgage loans, Cashbank housing loans are advanced in cash, allowing the borrower greater flexibility to use the money in the most cost-effective way. This could involve subcontracting or using their own labour and purchasing materials at the best rates available.

Herselman said cash loans were the most effective way of assisting low-income earners to obtain housing, especially when they could not afford a completed, constructed house using a normal mortgage bond.

Apart from building or buying new homes, loan funds were commonly used for extending homes, adding garages, erecting fencing, tiling of kitchens and bathrooms and fitting built-in cupboards.

Herselman said another trend was the remittance of loan funds to rural areas for the erection or improvement of housing. The researchers had been told of homes being built in Potgietersrus, Tugela Ferry, Ulundi, Zebediela in the Northern Province and various other rural areas or towns.



## QUESTIONS

Indicates translated version.

For written reply:

**Housing: approval of plans**

116. Mr M J ELLIS asked the Minister of Housing:

(a) What procedure is followed in respect of the approval of plans drawn up by housing contractors in terms of the housing subsidy scheme, (b) what is the average length of time for a project to be approved and (c) how many projects (i) had been approved, (ii) had been rejected, (iii) were awaiting attention and (iv) were being processed as at the latest specified date for which information is available;

(2) whether she intends simplifying the process involved in respect of the approval of plans; if not, why not; if so, how?

N2226E

**THE MINISTER OF HOUSING:**

(1) (a) The procedures for the approval of project applications (plans) vary in each province. Project applications are normally evaluated by technical staff of the housing departments of the various provincial administrations prior to the consideration thereof by the provincial housing boards. If a project application does not comply with particular requirements (refer to Annexure A for assessment criteria) the matter is taken up with the relevant developer for rectification. A social compact between the developer, the community and all other parties concerned is a prerequisite for the approval of a project by a provincial housing board. The objective of the social compact is to involve all parties who have a direct or indirect interest in the development, in the design, implementation and the continued maintenance of the assets provided.

In respect of the social compact which is a prerequisite for the approval of a project, it should however, be mentioned that it has re-

cently been decided to leave this requirement to the discretion of the Members of the Executive Councils of the provincial governments responsible for housing.

(b) Average six to eight weeks.

(c) The information as at 29 February 1996 is as follows:

- (i) 498
- (ii) 225
- (iii) 83
- (iv) 141

(2) No, the provincial housing boards are satisfied with the procedures as implemented by them.

**ANNEXURE A**

**ASSESSMENT CRITERIA**

**1. Inclusiveness of social compact:**

The degree to which all relevant stakeholders are included in the compact underlying the project proposal and the significance as possible impact on the project of the exclusion of any stakeholders from this compact.

**2. Housing needs:**

The extent to which the project satisfies the housing needs of an identified and defined target market and the relative urgency of such needs. Areas of need that can be addressed include the upgrading, rehabilitation, consolidation, densification and augmentation of existing housing (especially in existing townships and elsewhere in urban areas), as well as inner city land infill, the upgrading and consolidation of existing formal settlements and the promotion of new development areas (including areas in rural districts).

**3. Location:**

Any land identified for the purposes of a proposed project should:

- afford easy access to employment centres, and to educational and health care facilities;

— be serviced by adequate existing bulk and connector services, alternatively must be capable of being provided with such bulk and connector services within a reasonable period;

— have access to adequate transportation facilities;

— direct development towards existing economic opportunities, and should promote economic efficiency and the spatial integration of towns and cities; and

— be acceptable to the Community Based Partner.

**4. Holistic development:**

The extent to which the project promotes holistic development, and provides for the variety of community needs in a balanced and integrated manner.

**5. Community self-management:**

The extent to which the project caters for the need for capacity building within the community through deliberate measures to facilitate the acquisition of skills and knowledge to enable it to take responsibility for developmental issues, the preservation and maintenance of fixed community assets and the management, in general, of its own interest and destiny on a sustainable basis.

**6. Sustainability:**

The degree to which the project promotes the sustained physical and social development and vitality of the community, with particular reference to the nature and scope of amenities, facilities and opportunities provided by the project, both directly and indirectly. Particular attention will be paid to education, health, social welfare, employment, shopping, sport and recreation.

**7. Employment potential:**

The extent to which the project contributes, both directly and indirectly, to the gainful employment of community members through the use of local small building contractors and labour intensive building methods.

**8. Norms and standards:**

The extent to which minimum norms and standards regarding health and safety (as may be prescribed by relevant authorities) are met and are acceptable to the client community.

**9. Planning and design:**

The extent to which innovative and well considered planning and design contribute to a wholesome living environment that will instill pride and a sense of belonging amongst prospective residents. Specific attention will be given to the nature, extent and level of involvement of prospective beneficiaries that was achieved in the planning process.

**10. Affordability:**

The extent to which the targeted market/community, both as a group or as individuals, will be able to afford the costs of residential property, ongoing maintenance and related services and facilities (including both capital and running costs) provided as part of the project.

**11. Compatibility and environmental impact:**

The extent to which the project is integrated and compatible with surrounding development in a manner that impacts positively on the natural and built up surroundings.

**12. Technical feasibility:**

The extent to which construction methods employed in the project are effective, viable and practicable in relation to physical, climatological, geo-technical and topographical characteristics of the project site.

**13. Replicability:**

The extent to which methods employed are replicable, thereby contributing to a comprehensive and sustainable housing delivery process.

**14. Accountability and gearing of public resources:**

The extent to which the project employs State financial support in the most economic, effective and efficient manner possible, by providing value for money, and



the degree to which the highest possible gearing of State funds is achieved through non-State investment in the project.

15. *Local authority capacity:*

The capacity of the relevant local authority to deliver and perform effectively and productively.

16. *Socio-economic multiplier effect:*

The contribution that approaches adopted in the project will make towards optimising the longer term social and economic benefits of the project to the target community.

17. *Choice:*

The extent to which a project affords beneficiaries a choice in satisfying their housing needs.

18. *Stakeholders:*

The extent to which stakeholders support the project, and the extent to which they have agreed to co-operate in its implementation.

19. *Value for money:*

The value for money to be received by beneficiaries in terms of the pricing of products to be offered.

**Council for Scientific and Industrial Research: recommendation**

163. Mr M F CASSIM asked the Minister of Education:

Whether the recommendation of the Council for Scientific and Industrial Research, contained in the publication *Current Problems in Buildings for Education* of January 1995, that funding be concentrated on a few large and up-to-date centres where matriculation and post-matriculation pupils may be provided for, is to be implemented; if not, why not; if so, from what date?

N304E

**The MINISTER OF EDUCATION**

I strongly support the movement towards community education. The type of centres referred to in the question could be accommodated in Community Colleges growing out of existing technical colleges, manpower training centres, Colleges of Education and Colleges of Agricul-

ture. This matter will be investigated by a Task Team on Further Education and Training which is currently being appointed. The Task Team will also consider the report "Current Problems in Buildings for Education". The Gauteng Department of Education has also established the Gauteng Youth College with RDP funds. This College will provide distance education and supporting services for several thousand learners on the Standard 10 level and beyond. Decisions on the broad scale funding of the institutions described above will only be taken once the Task Team has reported.

**Technikons: degree study programmes**

236. Prof S S RIPINGA asked the Minister of Education:

(a) How many technikons have introduced degree study programmes, (b) how many such technikons will award degrees in 1996, (c) in which fields of study will students receive degrees and (d)(i) how many students have enrolled to date for degree studies in technikons in 1996 and (ii) in which fields of degree study are such students registered?

N430E

**The MINISTER OF EDUCATION:**

(a) Twelve technikons have received ministerial approval to offer degrees.

(b) Twelve technikons will award degrees in 1996.

(c) Students will be awarded degrees in the following directions in 1996:

Agriculture  
Architectural Technology  
Biomedical Technology  
Biotechnology  
Business Administration  
Cartography  
Ceramics Technology  
Chemistry  
Chiropractic  
Clothing Management  
Commercial Administration  
Community Nursing  
Computer Systems  
Construction Management  
Corporate Administration  
Correctional Services Management  
Cost and Management Accounting

Dental Technology  
Drama

(ii) Students are registered in the following degree directions:

Education: Commerce  
Education: Post School  
Education: Technical  
Engineering: Chemical  
Engineering: Civil  
Engineering: Electrical  
Engineering: Industrial  
Engineering: Mechanical  
Engineering: Metallurgy  
Environmental Health  
Fashion  
Financial Information Systems  
Fine Art  
Food and Nutrition  
Food Services Management  
Food Technology  
Forestry  
Geology  
Homoeopathy  
Human Resources Management  
Information Technology  
Interior Design  
Internal Auditing  
Journalism  
Language Practice  
Library and Information Studies  
Marketing  
Nature Conservation  
Occupational Nursing  
Performing Arts Technology  
Photography  
Production Management  
Public Management  
Public Relations Management  
Pulp and Paper  
Purchasing Management  
Quantity Surveying  
Radiography: Diagnostic  
Radiography: Nuclear Medicine  
Radiography: Therapy  
Radiography: Ultrasound  
Real Estate  
Surveying  
Taxation  
Town and Regional Planning

(d) (i) To date 8 132 students have registered for degree studies at technikons in 1996.

Agriculture  
Architectural Technology  
Biomedical Technology  
Biotechnology  
Business Administration  
Cartography  
Ceramics Technology  
Chemistry  
Chiropractic  
Clothing Management  
Commercial Administration  
Community Nursing  
Computer Systems  
Construction Management  
Corporate Administration  
Correctional Services Management  
Cost and Management Accounting  
Dental Technology  
Drama  
Education: Commerce  
Education: Post School  
Education: Technical  
Engineering: Chemical  
Engineering: Civil  
Engineering: Electrical  
Engineering: Industrial  
Engineering: Mechanical  
Engineering: Metallurgy  
Environmental Health  
Fashion  
Financial Information Systems  
Fine Art  
Food and Nutrition  
Food Service Management  
Food Technology  
Forestry  
Geology  
Homoeopathy  
Human Resources Management  
Information Technology  
Interior Design  
Internal Auditing  
Journalism  
Language Practice  
Library and Information Studies  
Marketing  
Nature Conservation  
Occupational Nursing  
Performing Arts Technology



# Govt housing delivery tempo set to accelerate

Lukanyo Mnyanda

GOVERNMENT had taken more than two years to set up a national framework for housing delivery, which should accelerate during this year and 1997, housing department director-general Billy Cobbett said yesterday.

"Last year we rolled over R2,26bn, but I should run out of money in 1996 and 1997," a confident Cobbett told a Centre for Development and Enterprise debate in Houghton outside Johannesburg last night.

The payout of government subsidies was increasing steadily and about 279 000 applications were currently being processed. This was the "biggest level of demand in SA's history," he said.

The Mortgage Indemnity Fund was covering about 100 000 houses. "The framework is done and

BD 10/5/96(23)  
that will allow us to let it settle down and increase certainty around delivery," he said.

Cobbett said provinces' capacity to spend was still a major problem facing housing delivery with Gauteng's expenditure more than that of the other eight provinces put together.

KwaZulu-Natal's expenditure was declining due mainly to political violence and the Ingonyama Trust Act which had isolated large parts of the province from government's subsidy scheme.

Another problem area was the Western Cape which was still spending more money on projects approved by the previous apartheid government than on new housing initiatives.

Central government would introduce legislation to clearly spell out the roles of the different tiers of government in delivery, he said.

# Housing delivery picks up steam

ST (BT) 12/5/96  
ABOUT 230 000 housing units were in the process of being subsidised, housing director-general Bill Cobbett said this week.

In a debate organised by the Centre for Development and Enterprise Mr Cobbett said his department had in its first year of operation in 1994, rolled over R2,6-billion in unused funds. Last year the figure was R2,2-billion.

It had taken two years to finalise a national framework for housing, but if things continued the way they were going the department might run out of money in the 1996/97 financial year.

Provincial progress and expenditure on housing differed widely, he said, with Gauteng spending more than the other eight provinces together.

Provinces needed housing strategies and were short of skills and capacity. He foresaw local authorities becoming increasingly important in the provision of houses as their capacity increased.

He criticised some developers who saw low-income housing as being nothing but extensions to present townships, which meant perpetuating apartheid cities.

"If that continues, the department will become more interventionist. We will get heavy with the rules." — Sapa.

## Rates relief bid for poorer borrowers

(123)

Robyn Chalmers

BD 13/5/96

GOVERNMENT was seeking ways to reduce the crushing interest rate burden on low-income borrowers while tax incentives to facilitate the housing programme were being considered, Housing Minister Sankie Mthembu-Nkondo said at the weekend.

Mthembu-Nkondo, speaking at an ANC news briefing, also released housing expenditure figures for 1995/96. These showed that 29,5% of the R3,2bn available was spent, with the remainder — more than R2,2bn — rolled over to the current year.

Mthembu-Nkondo said the current climate of rising interest rates was of great concern to the housing ministry because thousands of people were being excluded from the housing process.

She said a number of avenues were being explored on how to deal with the interest rate issue.

There had been concerns within government about "meddling with interest rates", as this could have a negative effect on other sectors of the economy, particularly given the volatility of the rand. As a result, high-level talks between the housing and finance ministries would take place over the next few weeks to see if an acceptable solution on interest rates and tax incentives could be arrived at, said Mthembu-Nkondo.

It was originally believed that the recently formed National Housing Finance Corporation could absorb the effect of rising interest rates by making wholesale funds available to the lower end of the housing market. But the corporation would make use of the retail lending sector as its middleman to on-lend to consumers, and the interest rates charged by these institutions

Continued on Page 2

## Rates relief (123)

Continued from Page 1

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tended to be high because of the high-risk profile of borrowers.

On expenditure, housing department statistics showed that the Western Cape spent the highest percentage of its funds during 1995/96, at 61% or R157m of its R257m total allocation. However, most of this — R130m — went on projects approved under the previous dispensation.

The Northern Cape spent R48m of its R80m allocation with almost R40m going on projects under the new capital

subsidy scheme, while Gauteng spent R347m of its R722m allocation.

Mthembu-Nkondo said that while spending levels were still low, they were on an upward trend and she was confident delivery would increase markedly this year.

Gauteng housing minister Dan Mofokeng agreed, saying almost 100 000 subsidies had been approved in Gauteng at a cost of more than R1bn. Mass housing, as a result of the subsidies, should begin to come on stream this year. He said 12 housing support centres had been approved in the province, and 12 hostels totalling almost 50 000 beds were being reconstructed at an estimated cost of R150m.



\*29. Dr A P JANSE VAN RENSBURG—Arts, Culture, Science and Technology. [Question standing over.]

**Mortgage Bond Indemnity Fund: granting of loans** (123)

\*30. Mr M G MASHER asked the Minister of Housing:†

- (1) Whether her Department has granted any loans from the Mortgage Bond Indemnity Fund yet; if not, what is the position in this regard; if so, (a) how many and (b) what is the total value of the loans so granted;
- (2) whether she or her Department has laid down any guidelines whereby loans are granted; if not, why not; if so, what guidelines;
- (3) whether she will make a statement on the matter? N568E

**The MINISTER OF HOUSING:**

- (1) No, Mortgage Indemnity Fund does not grant loans. It is a guarantee scheme which guarantees financial institutions against political risk in areas where the due process of law has collapsed.

The basis of mortgage lending is that a loan is granted against the security and value of a fixed asset (residential property). Where, in the case of default by the borrower, the lender cannot exercise its contractually entrenched right to attach and dispose of the property due to a breakdown in the due process of law in a specific area, the state (MIF) will buy in affected properties at fair market value, subject to certain restrictions. This scheme has been introduced as a short term, temporary measure in order to facilitate an early re-entry by mortgage lenders into areas where measures taken to stabilise and normalise the environment, are taking effect. Cover will only be provided to accredited lenders whose credit considerations have been approved by the MIF and adhered to in lending practices.

As a matter of principle, the state should not get involved in covering or indemnifying against normal commercial risks undertaken by private sector institutions such as banks and building societies, in the

course of their business activities. The MIF clearly excludes normal commercial risks.

- (2) Not applicable.
- (3) Not applicable.

**Health plan for prisons** (123)

\*31. Mrs E J CHAIT asked the Minister of Correctional Services:†

- (1) Whether he or his Department has drawn up a health plan for prisons; if not, what is the position in this regard; if so, who was involved in the drawing up of the plan;
- (2) whether he will make a statement on the matter? N570E

**The MINISTER OF CORRECTIONAL SERVICES:**

- (1) Yes.

The current health care plan which is based on the Correctional Services Act, 1959 (Act No 8 of 1959), Regulations promulgated in terms thereof and Departmental policy, was evaluated by a Work Group appointed by the Commissioner: Correctional Services, during 1995. This Work Group recommended certain adaptations to the current health care plan which is presently under consideration.

Delegates from the following Departments/Organisations formed part of the Work Group and were thus involved in making recommendations for a new health care plan:

- Department of Correctional Services
- International Committee of the Red Cross
- Gauteng Provincial Administration (Medical Legal Section)
- Chief District Surgeon
- Part-time District Surgeon
- South African Nursing Council
- Department of National Health
- Lawyers for Human Rights and
- Transformation Forum on Correctional Services

- (2) I will be making a statement on the implementation of recommendations contained in the Work Group Report in due course.

**Minibus taxis: subsidy** (123)

\*32. Mr Z D MNGUNI asked the Minister of Transport:†

- (1) Whether he or his Department has allocated a subsidy in respect of minibus taxis; if not, what is the position in this regard; if so, what does this subsidy amount to;
- (2) whether he or his Department has laid down any guidelines about how this subsidy is to be spent; if not, why not; if so, what are these guidelines? N571E

**The MINISTER OF TRANSPORT:**

- (1) No subsidy has been allocated to the minibus taxi industry.

The question of economic assistance does not stand alone. It is part and parcel of a comprehensive strategy to resolve the issues affecting the taxi industry, and therefore the commuter, in a sustainable way.

I, as Minister of Transport, have steered a proposal through Cabinet, as a result of which resources to the tune of R39,5 million have been approved for this financial year to fund the implementation process.

- (2) Clear guidelines have been laid down as to how this economic and financial assistance will be applied. It would be useful here briefly to outline the context within which these guidelines have emerged.

The National Tax Task Team (NTTT), was established to help solve the problems experienced in the taxi industry. The NTT followed a consultative process to identify the critical problems and to seek concrete solutions. Resulting from this process, recommendations were made to me as Minister of Transport and to MINCOM.

The three essential areas covered by the recommendations are:

- regulation and control measures;
- training and skills development; and

— economic sustainability and industrial structure.

These have been accepted as the basis for addressing the fundamental problems of the taxi industry. Government has now also convened three working groups which will present implementation guidelines within the next few days.

I can also report that the provinces are all on board and have already started giving effect to many of the proposals. Most notably, taxi offices have been established in the provinces to help the industry build capacity and Provincial Registrars offices for the regulation of taxi associations and operators are in the process of being set up. Proposals to be implemented very soon are:

- Legislation of illegal operators using sound and responsible criteria
- Amendment of existing permits to normalise taxi operations
- A comprehensive training strategy and programme for operators and drivers
- A draft standard constitution and code of conduct is nearly completed and the taxi industry will then be consulted about it.
- Co-operatives have been approved by Government both as a mechanism for the economic development of the taxi industry and as the most appropriate structure for channelling financial assistance to it. Other forms of assistance will also be made available to the taxi associations.

**Unemployment figure** (123)

\*33. Mr D W MAKHANYA asked the Minister of Labour:†

- (1) Whether he or his Department has an unemployment figure for the past financial year; if not, what is the position in this regard; if so, what is the figure;
- (2) whether he or his Department has any strategies or plans to reduce this figure drastically; if not, why not; if so, what are the relevant details;



Belgium	15	(a) The NHFC is designed to act as a specialised wholesale funding, intermediary and fund and risk manager with the capability of identifying, assessing, pricing, monitoring and effectively managing the risks involved in:
Bulgaria	1	• initiating and managing programmes aimed at encouraging and promoting increased engagement of the conventional banking industry in the target market (such as the Mortgage Indemnity Scheme). The creation of a secondary market for mortgage loans is envisaged as part of the future functions of the NHFC.
Channel Islands	3	• Funding or underwriting of funding of specialised alternative lenders able and equipped to operate where the conventional banks are finding it difficult to operate.
The Czech Republic	7	• Funding or underwriting the funding of institutions in the business of providing residential accommodation under a variety of tenure forms serving, <i>inter alia</i> , the identified target market.
Denmark	4	• Administering on behalf of the SA Government (or other donors) capacity building funds for emerging retail lenders and housing institutions, providing housing under a variety of tenure forms.
Finland	1	
France	39	
Germany	126	
Greece	26	
Hungary	2	
Iceland	1	
Ireland	17	
Italy	10	
Luxembourg	4	
Malta	6	
Monaco	1	
The Netherlands	55	
Norway	1	
Poland	6	
Portugal	13	
Spain	11	
Sweden	15	
Switzerland	59	
United Kingdom	788	
Federal Republic of Yugoslavia	2	
<i>Oceania</i>	1 926	
Australia	1 190	
Fiji	3	
New Zealand	733	
Unspecified	75	
Total	5 672	

### Establishment of National Housing Financing Corporation (123)

\*35. Mr J A RABIE asked the Minister of Housing:†

- (1) Whether the National Housing Financing Corporation has been established; if not, why not, if so, (a) what are the objectives of the corporation and (b) who will be responsible for the financing thereof;
- (2) whether she will make a statement on the matter? N574

The MINISTER OF HOUSING:

- (1) Yes, the National Housing Finance Corporation (NHFC) has been established.

- (a) How many prisoners were released on parole in 1995 and (b) how many of these prisoners were rearrested during that year? N576E
- The MINISTER OF CORRECTIONAL SERVICES:

(a) 50 135

- (b) Although this information is available at the Community Corrections offices country-wide it can only be obtained nationally through a time-consuming and manpower intensive exercise. The current success rate for parole supervision is 77%.

CPA: housing project for impoverished areas

\*38. Mr J A JORDAAN asked the Minister of Housing:

- (1) Whether a start has been made with the implementation of the R1,67 billion housing project for impoverished areas around Cape Town announced by the Cape Provincial Administration in October 1994; if not, why not; if so, what are the objectives of the project;
- (2) whether any delivery targets have been established; if not, why not; if so, what are these targets;
- (3) whether these targets have been met; if not, why not; if so, what are the relevant details? N593E

The MINISTER OF HOUSING:

- (1) Yes, the objective of the project is to upgrade the environment of the former black townships (Crossroads, Lower Crossroads, Browns Farm and informal settlements within Nyanga, Langa and Guguletu) now known as the Serviced Land Project. This entails the provision of some 40 000 housing opportunities in an integrated manner which will include the provision of community facilities (schools, halls, etc), business development and the social upliftment of the said community.
- (2) Yes, to provide 40 000 housing opportunities on an integrated basis within a period of five years within the project budget of R1,2 billion.

- (3) No, there was a delay of nine months with the formation of acceptable community based structures but all structures are now in place. The first 4 000 serviced sites will be made available from June 1996. The delivery of schools and other community facilities are part of the programme.

National bursaries/loan scheme: allocation of funds

\*39. Mr M J ELLIS asked the Minister of Education:

- (a) academic and (b) financial criteria are being used in the allocation to students of funds from the national bursaries and loan scheme? N595E

The MINISTER OF EDUCATION:

- (a) Academic criteria
  - In their application forms, institutions ask all the relevant questions and solicit all the necessary documentation to determine whether applicants are eligible for financial assistance. To be eligible for a NSFAS award, the applicants needs to:
    - be a citizen of South Africa;
    - be accepted as a registered student at a University or Technikon in South Africa at the time the award is made;
    - be studying for a first tertiary educational qualification;
    - be studying for a second educational qualification as long as it is required to enable the student to practise in a chosen profession;
    - be judged to have the potential to succeed—not only through performance in the school-leaving examination;— be regarded as financially in need—
- (a) as a member of a family which cannot afford to pay for the course
- (b) not already awarded a bursary and/or scholarship covering the full cost of study
- (c) unable to provide acceptable guarantees to obtain a loan from a commercial bank

# Swedes donate R19m for housing

Business Day Reporter

THE Swedish International Development Co-operation Agency (Sida) has donated about R19m to the National Urban Reconstruction and Housing Agency for use as partial guarantees to banks, to secure development finance for low-cost housing projects initiated and managed by nongovernmental organisations.

The housing agency is an RDP presidential lead project funded by government through the RDP fund and the Open Society Institute of New York.

The RDP fund has invested R20m in the agency's operations, which will:

- Focus on the housing needs of families earning less than R1 500 a month;
- Strengthen the capacity of institutions involved in the delivery of low income housing; and
- Assist in the development of a housing market that meets the needs of all South Africans.

The institute provided the housing agency with a start-up grant of \$5m, and in addition will make available

BD 16/5/96 (123)  
about \$50m to enhance guarantee commitments by local and other investors.

The agency's CEO Cedric de Beer said: "In terms of this matching commitment from the Open Society Institute, the R19m from Sida will be enhanced to a guarantee capacity of more than R25m. At this early stage this substantial allocation by Sida is an important boost to our capacity to help release finance for low-income housing projects. We believe SA has the resources to finance a substantial housing programme if some prevailing log-jams and perceptions can be overcome through strategic guarantees," he said.

At the signing of the agreement in Johannesburg, Sweden's ambassador Bo Heineback pointed out housing and urban development was one of the priorities for Swedish-SA co-operation.

"Through these guarantees, the National Urban Reconstruction and Housing Agency should give priority to community based housing initiatives which are environmentally sound, and which focus on the needs of women-headed households," Heineback said.



# 'Success of RDP depends on end to boycotts'

BY JOVIAL RANTAO  
Political Correspondent

The success of RDP projects aimed at uplifting the lives of disadvantaged communities depended on a total end to the rent and services boycotts, President Nelson Mandela said yesterday.

In an address to Rhini residents in Grahamstown in the Eastern Cape, where he was honoured with the freedom of the city, Mandela said rent boycotts and other actions that were used in the past against apartheid structures had a negative effect on the community.

"We cannot use them against our own structures. Even the RDP projects already under way will come to nothing if people don't pay for services - the success of future projects depends on the funds generated today. Building a better life depends on the spirit of Masakhane," Mandela said. He said the Government's central role in rebuilding society was to improve the quality of life of all the people.

Along with building houses, creating jobs, and improving education and health care, the Government was committed to the restoration and restitution of cultural assets and to creating conditions for arts and

culture to flourish.

Mandela paid tribute to Grahamstown as a city that was once a theatre of war which has since been turned into the centre of cultural heritage and academic excellence.

"Grahamstown is also the cradle of a free press in South Africa. The pioneers of press freedom kept its flames burning despite repressive legislation emanating from governors-general in Cape Town. Today, with the entrenchment of that right

## Mandela says aim is to ensure a better life for all

in our new constitution, those pioneers can rest peacefully knowing that that cause has finally triumphed. I know that Rhodes University will always strive to ensure that its journalism graduates hold on to this proud tradition."

He called on the people of Grahamstown to take a lead in restoring the cultural heritage of the previous-

ly disadvantaged communities.

At a separate ceremony, Mandela unveiled a plaque commemorating the restoration and reopening of the 1820 Settlers Monument.

"There are monuments which are dedicated to commemorating the past in a way which nurtures a particular tradition of our land, contributing to its vitality and growth. Such living monuments make a contribution to our society and enrich the life of our nation. But they may also exclude others. The 1820 Settlers Monument, perhaps, started its life in that way.

"There are monuments which open the past to scrutiny; recalling it in order to illuminate it and transform it into part of our living and changing society; and merging the tradition from which they emerged with the rich diversity of South Africa's cultures. Such monuments, if they are successful, are a beacon for the future of all our people as much as a memory of the past.

"Because this monument has set itself the goal of belonging to this last category, and because it has so forcefully identified with change and the reconstruction of our country, it is a great honour for me to share in its rededication today," Mandela said.

# Delivery of houses picking up, with Gauteng to the fore

By **KARIN SCHIMKE**  
Gauteng Reporter

Gauteng is leading the way in housing the homeless and has spent more money under new subsidy schemes than any of the other provinces, Housing Minister Sankie Mthembu-Nkondo said on Friday.

The Western Cape had also spent a large amount of money on housing, but most of this had been spent in terms of the housing schemes of the previous government. This was cause for great concern, said Mthembu-Nkondo, and her ministry was addressing the issue with the housing department of that province.

She said analyses of housing expenditure showed that houses were being delivered increasingly rapidly and that March had seen the delivery at its highest-ever figure of 7 046 for the whole country.

"The average monthly delivery in respect of project-linked subsidies increased from a monthly ave-

page of 490 from March to August last year to a monthly average of 3 227 for September to March this year."

She said her ministry was often accused of not producing but it had become obvious to her that people did not understand the process of building houses, which led them to believe delivery was not taking place. This was particularly true in Gauteng.

"When one considers housing issues, you must not relate to one door, two windows and four corners of a structure. From the point of allocating a subsidy to the point of putting up a structure is a long process."

It was high time for people to become aware that "things are happening in housing", and to stop making the assumption that because they did not see houses, none were being built.

"It is clear that there is a marked increase in delivery, which augurs well for the future," Mthembu-Nkondo said.

123 123  
Star 13/5/96



## NEWS FOCUS

# Delivery of houses starts, but road ahead is rough

Robyn Chalmers

IT IS just more than two years since government presented its housing programme. We now have a complete housing framework and delivery is beginning.

But the path ahead is by no means smooth.

The housing ministry has weathered a barrage of criticism over the past year, largely because there has been little delivery. But ultimately, SA's housing programme is only as strong as the provinces that implement it.

And there can be no doubt that we are starting to see a turnaround — although tentative — from the days when national housing officials wrung their hands "about the provinces". Provincial housing MECs who did not agree with national housing policy caused tension with national government and the private sector.

Gauteng is the obvious example, with the well-documented row between then Housing Minister Joe Slovo and premier Tokyo Sexwale. The province's housing department appears to have regrouped since the wrangle, primarily because of a strong relationship between provincial housing minister Dan Mofokeng and Housing Minister Sankie Mthembi-Nkondo.

During the 1995/96 year, Gauteng spent R347m, or 48%, of its R722m allocation — one of the highest percentage spends of the provinces. More significantly, it spent most of this on the new housing dispensation, meaning that new projects are coming on stream in the province.

Other provinces to earn the praise of Mthembi-Nkondo are the

(123) MD 20/5/96  
Northern Cape, which spent 60,5% of its allocation, and Mpumalanga, which spent only 38,6% but has SA's first mass housing delivery programme under way. The excitement surrounding the Mpumalanga scheme in Nelspruit is largely because one of the major banks — Nedbank — has bought into the scheme. After much hesitation on the part of the banks, this is the first real joint venture between a provincial government and the private sector.

The case of Western Cape is interesting: it had the highest percentage spend of all the provinces (61% of its R256m), yet it is still regarded as a problem area. The reason is found in the amount of money spent on housing units approved under the previous dispensation. More than half of its allocation has gone on retirement villages and site-and-service schemes approved under the previous government. This does not sit well with the ANC and it is a little difficult to see how these schemes benefit the thousands of Cape homeless.

The Free State, along with the Eastern Cape, has fallen into the category of provinces trying hard, but struggling, to succeed.

The Eastern Cape is more of a problem. It appears to have been hard hit by a developer who took advantage of communities by building sub-standard products. The province also inherited the myriad problems of the former Transkei, but talks are continuing and there seems to be hope that its record will improve.

KwaZulu-Natal is a major problem area, but this can be put down to political issues and violence rather than a fundamental

disagreement on policy. It spent just under a quarter of its allocation, but it has a huge housing backlog and provincial housing MEC Peter Miller is concerned about how to move forward.

The real areas of concern are Northwest and Northern Province, which spent 12,3% and 5% of their allocations respectively. Serious skills shortages and having to marry three different administrations in the Northern Province stunted housing delivery. Central government will have to focus its attention specifically on assisting these two provinces.

The rate of delivery around the country at the moment, about 4 000 a month, is still well below what is needed to make up the housing backlog and meet new demand from population growth.

But in assessing government performance, we must look at where we came from. Between March and August last year, SA was delivering about 750 units a month. Government was bringing the private sector on board and setting up the interventions such as builders' warranty mechanism and the National Housing Finance Corporation — and the backlog continued to grow.

There are still no firm figures on the extent of the backlog — anything up to 3-million units has been put forward — but we do know it is unacceptably high and getting higher. But there is now a housing framework with all its interventions in place, delivered within the specified time span.

The focus is now shifting to the future, and that means to the poor. This is where the most significant delivery is likely to take place in the next few years.



**MOVING IN** Bennett Makhanya receives the keys to his new home from Gauteng housing MEC Dan Mofokeng. Looking on is Victor Selane, deputy chairman of the contractors, Homes for Gauteng PHOTO: SELWYN TAIT

## Home buyers feel pinch

(123) CJ(BR) 2/5/96  
By John Spira

Johannesburg — The recent increase in interest rates would limit people's ability to gain access to end-user finance, Dan Mofokeng, Gauteng's housing and land MEC, said yesterday.

Inaugurating the first large delivery of low-cost RDP housing, when 30 homeowners moved into new houses at Phumula on the East Rand, Mofokeng said 20 houses a week were being sold.

"If we sustain these levels, we should be able to deliver 1 000 homes by the end of the year with our current production rate of five homes a day," he said.

Meanwhile, Audrey d'Angelo

reports from Cape Town that homeowners are unlikely to buy up in the near future because of the two mortgage rises, Brent Townes, a director of Pam Golding Properties, said yesterday.

Joan Richter, sales director for Pam Golding Properties in Gauteng, said there had already been "a noticeable levelling off in sales at the lower end of the market".

Errol Finkelstein, the chief executive of Seeff Holdings, said he believed most people expected the bond rate to come down again before long and were going ahead with plans to buy. If the rate remained at present levels for too long, however, some people might be forced to sell, he said.





**MOVING IN** Bennett Makhanya receives the keys to his new home from Gauteng housing MEC Dan Mofokeng. Looking on is Victor Selane, deputy chairman of the contractors, Homes for Gauteng PHOTO: SELWYN TAIT

## Home buyers feel pinch

(123) CJ(BR) 21/5/96  
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# Housing policy high on De Beers' agenda

BD 21/5/96 (123)  
Bonile Ngqiyaza

DE BEERS' housing policy and attempts to get the company to recognise the rights of workers to live with their families will be high on the agenda of the company's annual general meeting in Kimberley today.

The occurrence of asbestosis among workers will also be raised by more than 50 National Union of Mineworkers members and shareholders in De Beers Consolidated Ltd, who had obtained proxies to attend and vote at the meeting via the Community Growth Fund, a union spokesman said.

Judith Weymont said that the workers held 190 000 shares with a market value of R27,1m.

The growth fund

channels finances from trade unions, pension and retirement funds, and international investors into major SA firms monitored for their social responsibility and accountability.

De Beers, Weymont said, was approved by the fund in June 1982 and had been regularly monitored to determine if it still met its criteria.

They included health and safety, training, affirmative action, worker participation, racial discrimination and industrial relations.

Weymont said that the De Beers housing policy and the struggle for family housing at Kleinsee mine in Namaqualand would be high on the agenda, as would the issue of three women who were imprisoned with their babies last October for trespassing at Kleinsee.

Their appeal was scheduled to be heard at the Cape Town Supreme Court on Friday.

Weymont said the occurrence of asbestosis among De Beers workers — especially at Cullinan's Premier Mine, where many had recently been compensated after working with asbestos and cement for a number of years — would also be discussed.



# RDP funds belatedly filtering to low-cost housing projects

By John Spira

DEPUTY EDITOR

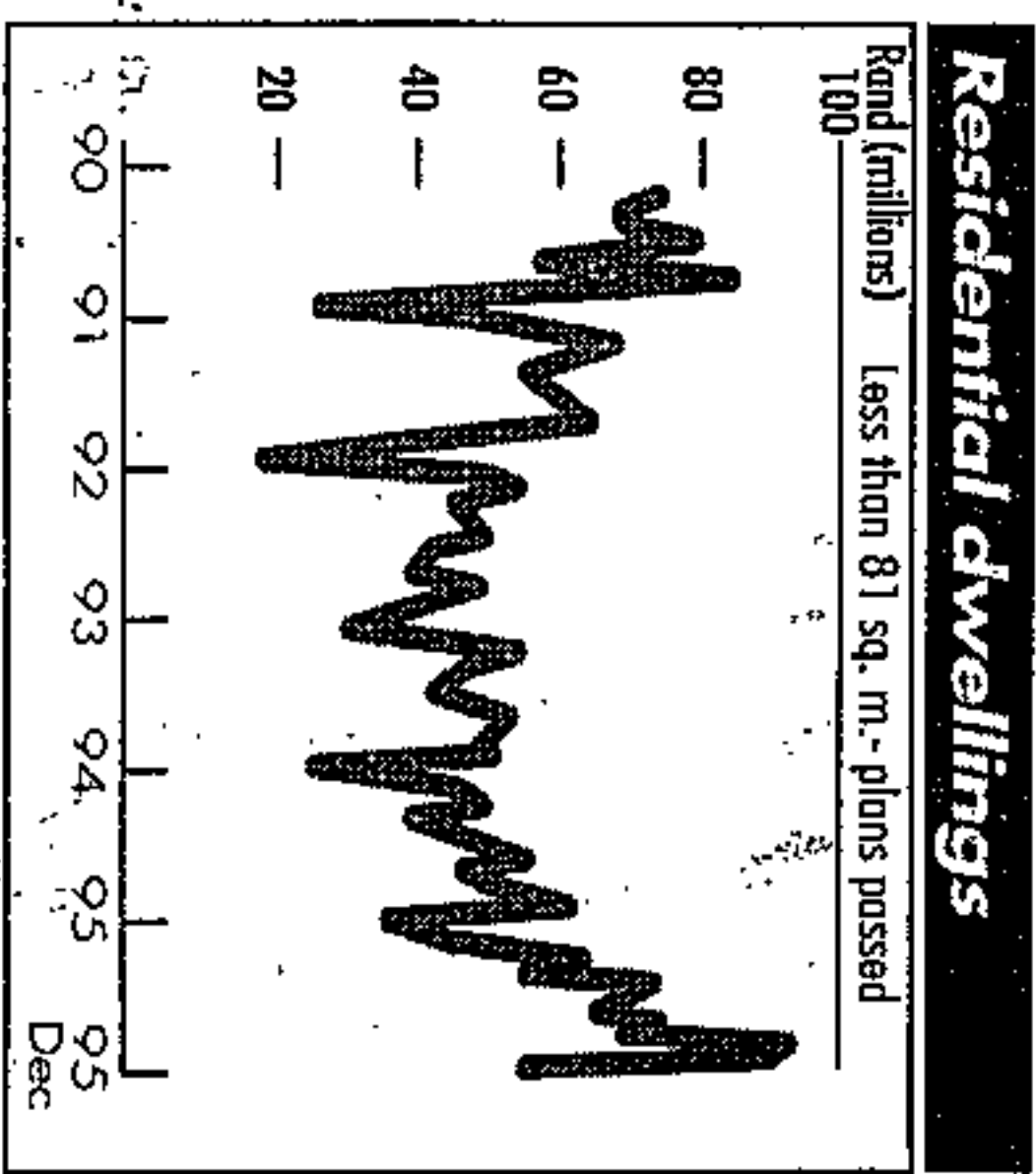
Johannesburg — Low-cost housing delivery is at last getting off the ground, with two important indicators suggesting that RDP money is belatedly filtering into the building of homes that were scheduled many months ago. Figures extracted by Pretoria

Portland Cement revealed a significant improvement in plans passed for residential dwellings of less than 81m<sup>2</sup>, as the accompanying graph reveals. The statistics extend to the end of last year, but the December figure is misleading, because the value of building plans passed invariably decline in that month. The second significant pointer was

the official launch earlier in the week of the Homes for Gauteng housing scheme. The project has been launched in Phumula on the East Rand, where 4 500 units are being built. Homes for Gauteng is a joint partnership between a group of black contractors and Stocks & Stocks. Thirty new homeowners took

delivery of their houses on Monday. "This is a milestone in the national effort to deliver affordable housing in keeping with the RDP policy," said Alex Leonsins, the managing director of Homes for Gauteng. He said a further 50 homes were almost complete and 70 houses were under construction on this subsidy-linked project.

Homes for Gauteng was selling 20 houses a week. By the end of the year it expected to have delivered 1 000 homes. Leonsins said that the project had created 700 new jobs. Dan Mofokeng, the housing and land MEC for Gauteng, was forthcoming at the handing-over ceremony. "I know your cries, I know your problems and I know your aspirations.



You need houses now and the government is delivering as from now." Mofokeng said the recent increase in interest rates would limit potential homeowners' ability to gain end-user finance. He said the provincial government would deliver a number of projects in accordance with its long-term vision of providing affordable houses.

This week we publish the first article in a two-part series on the successes and failures of the Reconstruction and Development Programme

# Where are the houses?

*Sowetan 23/5/96 (123)*

By Cato Pedder

TWO years ago the Government promised to build 300 000 homes a year for the next 10 years to house the homeless and prevent new backlogs from forming. Two years later, where are the houses?

By the end of 1995 only 12 000 houses had been built, six percent of the number the ANC had promised.

Ironically, the last apartheid government built four times as many in their final year of government – in the middle of the veld with no facilities.

One explanation for the delay is that it takes time to get all the logistics – such as the subsidisation mechanisms and the process of tendering for building contracts – in place.

Even without these processes a house takes 18 months to plan and build. The Government has been in power for only two years.

The first housing subsidies were allocated by the Government in March 1994. Only now is delivery

starting to come through.

The Housing Department says about 200 000 subsidies have been approved and are in place. These should create a steady flow of development.

However, the government has only enough money to give a maximum R15 000 subsidy to each homeless household. This is often not enough to buy a plot of land and build a house on it.

## Reposessed properties

Banks are reluctant to give money to low-income groups, especially as long as non-payment of services continues. Lance Edmunds, general manager of the Council of Banks, said earlier this year that with 50 000 non-performing loans and reposessed properties in the low-income housing market, the banks cannot put their clients' funds at risk.

The banks say they are waiting for the Government to do something before they will offer loans.

A Housing Department spokesman said the Government was hoping that the recently launched National

Housing Finance Corporation (NHFC), which will lend money to retailers of credit such as banks, will make it unnecessary for customers in the low-cost housing market to rely on banks for credit.

Various cheaper housing methods are on the cards. One of these is "site and service". Gavin Lewis, editor of *The RDP Monitor*, says "squatters have shown that people are prepared to house themselves but that they want security of tenure".

Another is the rent-to-own scheme. The overall costs for the tenant are much cheaper, particularly if high density housing (three-floor blocks of flats, for example) is built so that building costs are shared.

So where is the housing programme going? The Government has built 30 000 houses in two years. They must build 970 000 houses in the next three years to reach the target of one million houses in five years. That is a rate of 27 000 houses a month, instead of some 7 000 houses a month now.



# Swoop on rates dodgers

(123) Sowetan 24/5/96

By Joshua Raboroko

**T**HE Southern Johannesburg Metropolitan Substructure is to crack-down on thousands of defaulters who owe the local authorities more than R300 million for essential services such as water, sewerage, refuse removal and electricity.

The chairman of the SMSS, Mr Prema Naidoo, told a media conference in Johannesburg yesterday that the council would consider various options before cutting off the supply of services as from end of July.

### Control measures

He said the council would enforce "credit control" measures aimed at discouraging an indifferent approach to non-payment for services by consumers.

The areas affected include Soweto, Eldorado Park, Ennerdale, Lenasia, Orange Farm and Johannesburg's central business district where about 87 716 consumers are presently not paying for services.

The debts date back from the time President Nelson Mandela and Deputy President FW de Klerk signed a declaration cancelling arrears on essential services.

After that period, Mandela launched the Masakhane campaign which stressed the need for the payment of services.

Naidoo said defaulters would be given a chance to pay for their arrears through credit schemes which would also address the threats allegedly made by certain people in the south who have threatened to encourage the non-payment of rates and service charges.

"It must be made clear to these individuals that the SMSS will not tolerate any call for flat rates or the non-payment of municipal levies," Naidoo said.

However, by the same token, the SMSS could not ignore the many residents who had faithfully, month by month, paid their municipal rates and levies. "It is to these consumers that the SMSS extends its heartfelt gratitude," he said.

All consumers whose accounts have not been paid will be identified and notices demanding settlement within a reasonable period sent to them. If they fail to respond their supplies will be cut.

In the instance of defaulting property owners, where only assessment rates and any refuse or sewer charges were billed, a notice would be sent demanding immediate settlement or legal action taken without notice.

### Interest charged

This could also result in a possible sale in execution of the property.

Naidoo stressed that interest would be charge on all overdue accounts.

The interest rate would be determined according to the stipulations of the Local Authorities Loans Fund Board, which is presently at 18 percent.

Meanwhile, the Government and banks have remained firm in their desire to evict hundreds of bond defaulters as from June.

# Housing Trust seeks way ahead

Robyn Chalmers

THE SA Housing Trust held a special board meeting and workshop this week at which proposals to restructure the floundering organisation were canvassed.

Chairman Frank Chikane said yesterday the meetings were held to find the best way forward for the organisation, but declined to comment on the proposals

under consideration.

"A transformation committee made up of board members was set up a month ago, and the committee members will be considering the proposals during the next four weeks. We expect to have firm recommendations by then," he said.

Sources close to the trust said a management reshuffle was likely — with some pruning on the cards — and the

trust could be repositioned to play a strong role in retail lending.

There could be a focus on affirmative action, while greater co-operation between communities and the trust should be fostered.

The main problem facing the trust was its financial difficulties — it had lost an estimated R165m in three years — and the sources said proposals were being looked

at to deal with the losses.

Chikane said the trust's resources were guaranteed by government, and it was up to the trust to ensure these funds were dealt with responsibly.

Trust MD Wallie Conradie said government representatives were at the workshop. It had been an opportunity for the trust to get a better understanding of government's requirements.

"We have a few proposals on the table and over the next few weeks will look at the practical and financial realities facing the trust."

Set up in 1986 to administer and supplement a R400m special government loan for low-cost housing, the trust reported a R57m net loss for the year ended June, after a R62m loss for the previous year.

Among its problems was bond boycotts by 45% of clients.



# Housing hardest hit by rate hike

MHG (Bm) 24-30/5/96

(123)

## Madeleine Wackernagel

**A** MID signs that the money market shortage is easing, thereby taking the heat off interest rates for the time being, growth forecasts for this year are being rapidly scaled down, with housing and private consumption expenditure hardest hit.

The Building Industries Federation of South Africa (Bifa) cuts its original growth projections for the industry in half — to 5% — when the first rate

hike was announced. The banks' move last week has seen expectations scaled down even more, says Ian Robinson, executive director.

"If rates stay at current levels, we expect 4% growth in the building industry this year thanks to the projects already on stream. The impact will be most severe next year when new work dries up due to the interest rate squeeze; we project negative 3% growth for 1997, with a turnaround in 1998 and 1999," says Robinson. The low-cost housing market,

despite its heavy reliance on subsidies, will suffer as the cost of supplying the subsidies rises. Says Johann de Ridder, chief executive of the National Housing Finance Corporation: "Higher interest rates have a direct impact on affordability and indirectly on the cost of components. Hardest hit are the people on the margin, who could only just afford the payments before the rate rise.

"This move will have a severe impact on the bottom end of the market. The result will be a higher default rate,

Boosting the subsidies is not a viable option as the government is under pressure to cut expenditure. Housing Minister Sankie Mthembu-Nkondo says the issue is being debated but the decision lies with the Ministry of Finance.

Meanwhile, the Bureau for Economic Research has revised its original growth forecasts to 3% from 3.5% for this year and has ruled out 4% for next. Says Pieter Laubscher: "Even if the rate hike is reversed in the short term, the harm to the economy has been done. Private consumption expenditure is now estimated at 3.2 to 3.5% from an earlier 4.2%, while the housing market will continue to stagnate."

ucts; however, this level of interest rates is punitive in light of the inflation rate." With a real interest rate of 13 to 14%, South Africa is way out of line with the rest of the world, where averages of 3 to 4% are more common. But such rates only serve to encourage further short-term capital inflows, not fixed, long-term investment.

Says Asghar Adelzadeh of the National Institute for Economic Policy: "We don't want short-term capital; that's what got us into this mess in the first place. High interest rates won't necessarily attract foreign investment, but strong economic growth will. We need to establish the environment for domestic investment first, then the foreign capital will follow."

# RDP has made little progress in housing

(123) Star 27/5/96

Progress reported with regard to water, postal services and electrification, Institute of Race Relations survey finds

The Reconstruction and Development Programme has achieved visible improvements in electrification, postal services and water provision in the past year but little progress has been made in housing, says the South African Institute of Race Relations.

Less than 6% of 50 000 low-income home loans had been granted by November 1995, the institute says in its annual South Africa Survey, to be released today.

The electrification programme, begun in 1990, continues to make progress. The Government is confident that 2,5 million new electrical connections will be provided between 1994 and 1999.

The scale of the challenges remains daunting, the institute says.

In 1994, about 73% of houses in urban areas had electricity, compared with only 15% in rural areas.

Rural areas of the Eastern Cape had the smallest proportion of electrified houses (3%), with Gauteng the highest at 55%.

Progress has been made in the extension of postal services. Between April 1994 and November 1995, the South African Post Office installed more than a million

## Less than 6% of low-income home loans granted

additional address boxes nationwide.

This is part of Telkom's aim to provide 5 million postboxes to underserved areas by the year 2000.

Similarly, the July 1995 green paper on telecommunications

policy said the Government wanted to provide a telephone within walking distance of every home.

Telkom increased the number of phones in South Africa by 5% between March 1994 and March 1995, the survey says.

The first of 12 presidential lead projects to provide a basic water supply to 1,7 million people in rural areas was launched by the Government in March 1995.

In 1994, only 8% of non-urban African households enjoyed running water in their homes, compared with 81,4% of whites.

Almost all Indian and white households in urban areas had running water in their homes, compared with only 54,3% of urban African households.

The survey further notes that about 12,6% of black households had no sanitation facilities in 1994.

Among whites, 99,9% used flush lavatories. For coloureds and Indians, the figures were 83,3% and 97,1% respectively. - Sapa.



## Provision of housing lagging

(123) Stephané Bothma

BD 27/5/96

THE RDP achieved visible improvements in electrification, postal services and water provision in the past year, but little progress was made in the provision of housing, the SA Survey said.

The survey, released by the SA Institute of Race Relations, pointed out that less than 6% of the intended 50 000 low-income home loans had been granted by November last year.

The electrification programme continued to make progress, and government was confident that 2,5-million new electrical connections would be provided by 1999.

Progress had also been made in the extension of postal services. The Post Office had installed more than one million additional address boxes between April 1994 and November last year as part of its aim to provide about 5-million boxes to

underserved areas by 2000, the survey found.

The green paper on telecommunications published in July last year said that government aimed to provide a telephone within walking distance of every home in the country.

Between March 1994 and March last year Telkom increased the number of telephones by 5%.

The first of 12 presidential lead water projects to provide basic water supplies to 1,7-million people in rural areas was launched in March last year. In 1994, only 8% of non-urban black households enjoyed running water, compared with 81,4% of whites.

Almost all Indian and white households in urban areas had running water in their homes, compared with only 54,3% of urban black households.

The survey noted that about 12,6% of black households had no sanitation facility in 1994.

## Mbeki asked to intervene in bond boycott

(123)

Robyn Chalmers

BD 28/5/96

TOP government officials would meet Deputy President Thabo Mbeki on Thursday to ask for political intervention to overcome non-payment of bonds, sources said yesterday.

Government has a potential exposure of between R2bn and R2,5bn in terms of new bonds granted since last year in areas covered by the Mortgage Indemnity Fund. Should the bond boycott extend beyond the 49 000 current defaulters — who are not directly covered by the fund — government could be liable for the payment of billions of rands in bonds to mortgage lenders.

Government sources said Thursday's meeting would be attended by Housing Minister Sankie Mthembu-Nkondo, Finance Deputy Minister Gill Marcus and representatives from Servcon — a joint venture set up between the state and banks to rehabilitate defaulted loans — and the Mortgage Indemnity Fund.

"A strong political message is needed to back up the normalisation process, which will bolster banks' confidence that government is serious about sorting out the bond boycott process so end-user finance can start flowing," one source said. This was particularly important in the face of hardening attitudes among SA National Civics Organisation (Sanco) officials, who said they had been excluded from talks on the normalisation process.

Government and banks conceded earlier this year that their joint programme to end bond boycotts would probably fail in its current form.

It appears government officials are concerned that the crackdown on bond boycotts announced in February is not having the desired effect.

Continued on Page 2

## Bond boycott (123)

Continued from Page 1

BD 28/5/96

Government issued letters of demand to 5 700 borrowers, and Justice Minister Dullah Omar and national police commissioner George Fivaz pledged to back up eviction orders.

This comes in the wake of the Masakhane campaign's failure to have a significant effect on bond and service payments in townships. There are signs that the campaign has become bogged down and talks on proposals to resuscitate the programme have stalled.

The sources said it also appeared that Sanco's harder line was focused

particularly on the record of understanding signed between banks and the state, intended to resolve problems associated with the 49 000 non-performing bonds and repossessed properties. Sanco was not involved in discussions on the agreement and called for it to be suspended.

Sanco assistant general secretary Linda Mngomezulu said government and banks sidelined the body on housing-related issues, moving away from the principle of consultation.

One source said there had been little or no political support for the record of understanding and some local authorities were actively opposed to it. Political support for the agreement had to be reached at the highest level.



VAL

# Cosatu puts banks under pressure

By Joshua Raboroko and Sapa

**B**ANKS are under severe pressure from Cosatu and its allies to reduce the latest interest rate increase and to stop issuing threats to evict bond defaulters.

The organisations have warned they will embark on mass protest action to put pressure on the banks to meet their demands.

Meanwhile, the Sasbo-Finance Union yesterday called for urgent top level talks with Cosatu, banks and the Reserve Bank following union federation's planned actions against banks.

Cosatu general secretary Mr Sam Shilowa warned that they would lay a criminal charge against banks.

Sasbo-FN general secretary Graeme Rowan, who claims to represent 75 000 bank workers, said yesterday that although the union was a Cosatu affiliate, they had been unaware of the decision "as our members left

the executive meeting early."

He said the issue was of major concern to the union as they were committed to job security.

"Both Cosatu and the banks have the potential to affect job losses. Rash action by either party could lead to an acceleration in downsizing the workforce.

"The banks are struggling to match global competitive standards and it is obvious that fluctuations in interest rates and margins have the potential to affect profitability and job security," he said.

The South African National Civic Organisation yesterday supported Cosatu's proposed march against banks next Thursday adding that they would launch a separate protest action against the financial institutions.

Sanco spokesman Mr Mbongeni

(123) (S) S. M. M. 29/6/96  
Sanco has also threatened to join the strike to protest rates hikes

Ngobeni said they were worried about interest rate hikes and the impending threat by banks to crack down on bond defaulters from June 1.

"The banks have consistently ignored us when making decisions regarding housing. They never consulted us when they negotiated a Record of Understanding with the Government on ending bond boycotts. They also increased interest rates without consulting us or the Government."

Ngobeni said Sanco's national executive committee would meet on Sunday to decide what form of mass action to take.

Deputy general manager of the Council of South African Banks Mr Steward Grobler yesterday said Cosatu had every right to protest but the banks would not reverse their decision now.

# More houses for this year

(123) *Howe* 29/5/96  
By Joshua Raboroko

THERE has been little progress in the provision of housing, although the Government and the building industry predict more houses will be built this year.

According to a South African Institute of Race Relations survey released yesterday little progress has been made in providing housing by the end of last November.

However, director-general of housing Mr Billy Cobbet stated recently that 11 000 Reconstruction and Development Programme houses had been built in 1995 and this could rise to 25 000 in 1996.

The building industry says this still represents less than five percent of overall activity in the building industry. The positive effects of the RDP are limited in the overall picture.

The race relations survey says fewer than six percent of the intended 50 000

low income loans had been granted by November 1995.

The survey says the RDP achieved visible improvements in electrification, postal services and water provision in some areas in the past year.

"The electrification programme, begun in 1990, continues to make progress and the government is confident that 2.5 million new electrical connections will be provided between 1994 and 1999," the survey says.

But the scale of the challenges was daunting. In 1994 about 73 percent of urban houses had electricity, compared with only 15 percent in rural areas.

Eastern Cape rural areas had the smallest proportion of electrified houses (3 percent), while Gauteng rural areas had the highest (55 percent).

Progress had also been made in extending postal services. Between April 1994 and November 1995 the post office installed more than one million additional address boxes nationally.



## Gauteng nurses quit govt hospitals

SHOCK figures for resignations of nurses from Gauteng hospitals were disclosed by Gauteng health MEC Amos Masondo yesterday.

Replying in the legislature to questions from DP member Jack Bloom, Masondo said 3 411 nurses had resigned from Gauteng hospitals in the past three years. Most joined the private sector for better salaries and working conditions.

Bloom, DP health spokesman for Gauteng, said: "This exodus is particularly alarming among the more skilled professional nurses, 1 935 of whom resigned in the past three years, 780 in the past year alone."

A total of 630 staff nurses and 846 auxiliary nursing staff had resigned since 1993. Bloom said the figures showed there was a crisis which imperilled the ability of state hospitals

to continue providing acceptable levels of service. **BD 29/5/96**

"The grading and salary levels to be introduced from July 1 will, it is hoped, stem the flow to some degree," he said. "But working conditions and reasonable patient loads for nurses will also need to improve dramatically at state hospitals."

Masondo said there had been a blanket lifting of the moratorium on entry grade level posts in social work, healthy therapy, orthotics and prosthetics, intensive care, theatre and primary health care services.

Vacant posts, especially at management level, had been advertised and were being filled.

Short courses in labour relations and conflict management began in November last year to equip staff for management positions. — Sapa.

## Developers blamed for non-delivery of housing

**BD 29/5/96 (123)**

Farouk Chotia

MARITZBURG — Housing delivery in KwaZulu-Natal had been bogged down by the failure of 69 developers to initiate funded projects, provincial housing and local government MEC Peter Miller said yesterday.

Miller said that after funding had been approved for the developers, they had failed to sign contracts.

Developers did not seem "anxious" to proceed and inspectors had been sent to each of them to find out why they were holding back.

Provincial housing board vice-chairman Mike Mabuyakhulu said the board had established a technical task team which was working full time to unlock problems.

Miller and Mabuyakhulu were reacting to claims by the KwaZulu-Natal Institute of Land Surveyors' outgoing president John Goosen that the province had failed to spend R640m out of R700m allocated to it by government over the past two and a half years.

Goosen said only R57m had been paid out to conveyancers to be held in trust until developments reached the required stage, while only R2,5m had been paid to developers.

Disputing the total sum given by

Goosen, Miller said about R150m of the R700m allocated to KwaZulu-Natal since the 1994/95 financial year had not been spent. This was because all housing projects on land falling under the Ingonyama Trust Act had been effectively frozen.

However, R233m was with conveyancers and R833m had been committed to housing development.

Mabuyakhulu said developers were not "moving" with approved projects.

A progress payment system had been introduced, but did not "go nearly far enough" to address the risk exposure of developers. The board had proposed a simple loan guarantee system, with the developer securing bridging finance from banks. However, this had still not been approved by government.

Miller said the private sector seemed to "lack motivation" and could not be depended on too heavily to deliver homes. "We as a province will begin acting as developers."

Among other problems were backlogs in deeds offices and the fact that land registration was not co-ordinated under a single body, while draft legislation on provincial planning had been delayed because the legislature had been "totally focused" on the provincial constitution and elections.

# Bond repayments 'a struggle for many'

BD 29/5/96 (123)

Lukanyo Mnyanda

THE Mortgage Indemnity Fund (MIF) — who will be part of a group meeting with Deputy President Thabo Mbeki tomorrow over the recent hike in the interest rate — and the SA National Civics Organisation (Sanco) have both warned that the recent hike could exacerbate the already serious situation surrounding bond repayments.

MIF chairman Johan de Ridder said yesterday the hike would have "a negative impact" on low income earners' ability to pay. They might not have budgeted for the increases, "leaving them struggling" to meet repayments.

Only a minority of the defaulters were part of organised boycotts, but debts had accumulated over the years as a result of a breakdown in legal structures, which made it difficult to enforce repayments, he said.

Sanco blamed the interest rate hike on "insensitivity" by banks, saying their move would increase the cost of living and make it harder for low income earners to honour commitments.

Housing Minister Sankie Mthembu-Nkondo, incoming Deputy Finance

Minister Gill Marcus, and representatives from MIF and Servcon are to meet Mbeki tomorrow — amid fears that non-payment of bonds was likely to spread.

De Ridder stressed government's duty to deal with the non-repayments issue — which he said could endanger the whole credit provision system. "No government can tolerate the defiance of the country's laws."

Sanco's housing and services department head Sandi Mgidlana said: "The increase is going to translate to increased bond payments ... for those people who are already in the margins and the payments are going to kill them. "This really makes us doubt the sincerity of the banks when they say they want to help tackle problems faced by low income earners."

Council of SA Banks housing GM Lance Edmunds said people who could not afford their repayments had "to discuss relief measures with their banks" and warned boycotts could force banks "to withdraw from lending". He said the council did not believe the "unfortunate" interest rate hike was going to be long term.



Govt, banks fear non-payment is spreading

# Home loan defaulters 'are untouchable'

(123) BD 30/5/96

Robyn Chalmers

THE crackdown on 5 700 defaulting home owners has led to just 81 scheduled evictions so far, with banks warning that most defaulters remain untouchable.

The Council of SA Banks (Cosab) also said yesterday about 40 000 out of 180 000 home loans in the low-cost market were not being repaid, threatening about R1,6bn of depositors' R10bn. The warnings coincide with a meeting today between Housing Minister Sankie Mthembu-Nkondo, Deputy Finance Minister Gill Marcus and Deputy President Thabo Mbeki over fears non-payment is spreading amid a lack of consensus on resolving the issue.

A joint initiative in February by banks and government to toughen the stance against non-payers is widely regarded to have stalled. There appears to have been little support from provincial governments and local authorities, although there are signs that delivery is starting to pick up in this market. The payment normalisation process for repossessed properties, spearheaded

by Servcon — a government and bank joint venture — has also fallen short of expectations. The SA National Civic Organisation (Sanco) has opposed the crackdown, calling for changes to the record of understanding struck between banks and government to boost lending.

Cosab housing spokesman Lance Edmunds said legal action had been taken against 81 people out of 500 occupying repossessed properties. He said the 81, all in Gauteng, had been identified as totally uncooperative after being offered up to four chances to rehabilitate their loans.

The banks did not have the capacity to pursue the 5 200 other non-performing loans and could not gain access to many non-paying areas.

Sanco, the Mortgage Indemnity Fund and Servcon would make a final appeal this week to the 81, Edmunds said. "The police will be called in where necessary to back up evictions."

Sources believed further evictions could take place over the next few months, but there would be consultations before decisions were made.

# Bond defaulters face tougher action

By Audrey D'Angelo

(123) CT(BR) 31/5/96  
Cape Town — The overwhelming majority of buyers in low-income housing pay their bonds on time, Billy Cobbett, the housing department's director-general, told Business Report yesterday.

He said the government was determined to crack down on those who refused to co-operate and evictions were taking place continually.

"Our priority is to provide housing for those who are without it, or who are living under zinc or plastic, and we will not allow a minority who are unwilling to pay to stand in the way of this," he said.

Cobbett said the matter had been discussed at a high-level meeting on Wednesday between

the government, banks and the finance department.

Cobbett said he could not give figures for people in arrears with payment or the numbers for those who had been evicted. He said there were some areas where it was difficult to evict people, including Khayelitsha in the Cape and Thembisa and Palm Springs in Gauteng. He promised evictions would also be carried out there.

Cobbett said the department was aware that some people faced difficulties because of unemployment. There were subsidies available to help these people, who would be relocated to more affordable accommodation.

Lance Edmunds, a spokesman for the Council of South African

Banks (Cosab), said 90 percent of buyers in low-cost housing were paying their bonds but "the figure of 10 percent who are not is still too high. It should be down to between 1 percent and 2,5 percent at most."

Edmunds said Cosab expected firm action against defaulters to provide a solution. He confirmed that legal action had been taken against 81 people of the 500 who occupied repossessed properties. There were about 5 200 other non-performing loans.

Jennifer Wilson, the finance department's spokesman, said there was concern about the high proportion of buyers who were not paying their bonds. It was feared that the rise in interest rates could push more people into that bracket.



# Govt committed to tough stand on loans

(123)

BD 31/5/96

Robyn Chalmers

TOP-level government officials have recommitted the state to taking a tough stance on about 5 700 bond defaulters, saying uncooperative borrowers will be evicted in the next few months.

Banks said this week that they did not have the capacity to deal with an estimated 5 200 non-performing loans and communities obstructed their access to certain areas.

Sources said yesterday there had been a suggestion that Servcon should take over rehabilitating these defaulters, in addition to the 500 repossessed properties it was dealing with. However, no action had been taken on this.

Government's tougher stance was reconfirmed at a meeting on Wednesday between Finance Minister Trevor Manuel, Housing Minister Sankie Mthembi-Nkondo, Trade and Industry Minister Alec Erwin and Deputy Finance Minister Gill Marcus.

Housing director-general Billy Cobbett was at the meeting, along with representatives from the Mortgage Indemnity Fund and Servcon, the joint venture set up by banks and government to rehabilitate bond defaulters.

Cobbett said government wanted it

known that the few thousand bond defaulters would not be allowed to hold up the housing programme. "We would obviously prefer to rehabilitate the defaulters or move them to more affordable accommodation, but those who refuse to co-operate will be dealt with through legal processes," he said.

Sources said yesterday that Deputy President Thabo Mbeki, briefed on the meeting, was believed to be fully supportive of the move.

In February banks, Servcon and the SA Housing Trust began cracking down on defaulters, issuing 5 700 letters of demand. Banks said this week that eviction proceedings had started on 81 of the 500 repossessed homes.

The SA National Civics Organisation continued to complicate the issue by opposing evictions.

As banks were unable to provide concrete figures on how many defaulters were uncooperative, the number that would face eviction was unclear.

The Council of SA Banks estimates that about 40 000 out of 180 000 home loans in the low-cost housing market are not being repaid, placing at risk about R1,6bn of depositors' R10bn invested in the lower end of the housing market.

## QUESTIONS

†Indicates translated version.

For written reply:

**Serviced sites in the Republic**

207. Mr J A RABIE asked the Minister of Housing:†

With reference to certain details which have been furnished to her Department for the purpose of her reply, (a) how many serviced sites are there in the Republic at present and (b)(i) in what towns are such sites situated and (ii) how many such sites are there in each of these towns?

N364E

**The MINISTER OF HOUSING:**

(a) A survey indicated that 622 000 serviced sites were delivered in terms of site and service schemes of the previous housing dispensation by 15 March 1994 (implementation date of the new housing subsidy scheme). It should, however, be mentioned that the information available is generally unreliable as some of the relevant authorities did not keep proper records of serviced sites and that, in certain instances, the figures are based on estimates. The following is a summary of the sites concerned:

Transvaal Provincial Administration	247 000
Natal Provincial Administration	36 000
Cape Provincial Administration	100 000
OFS Provincial Administration	105 000
Own Affairs Administrations	Nil
Self-governing territories	27 000
Independent (TBVC) states	2 000
Independent Development Trust	95 000
Local authorities/RSCs*/JSBs**	10 000
<b>Total</b>	<b>622 000</b>

\*Regional Services Councils

\*\*Joint Services Boards

Available information suggests that the majority of these sites had been allocated to households by 15 March 1994. It is important to note that, if the occupants acquired these sites on the basis of ownership, leasehold or deed of grant, they could be considered for the granting of consoli-

dation subsidies to provide or upgrade a dwelling unit on the property. If, however, the occupants have not as yet received ownership rights in respect of these sites, they may acquire the sites as well as dwelling units thereon, in terms of other mechanisms of the national housing subsidy scheme.

The total of the unallocated sites which were delivered up to 15 March 1994 as well as sites delivered after that date in terms of pre-15 March 1994 contracts under the previous housing dispensation, amount to an estimated additional 109 124 sites. These sites were still vacant by 30 November 1995 and the sites as well as dwelling units thereon, may be acquired by qualifying beneficiaries in terms of the national housing subsidy scheme. The particulars of these sites are as follows:

Province	Number of Empty
Gauteng	16 572
Mpumalanga	9 869
Northern Province	Nil
North West	4 176
Free State	3 824
KwaZulu-Natal	25 151
Western Cape	16 868
Eastern Cape	13 721
Northern Cape	18 943
<b>Total</b>	<b>109 124</b>

(b) (i) and (ii) These sites indicated in (a) are situated throughout the country and as such, the required information is not readily available at national or provincial level. To provide this information, the nine provincial administrations will have to acquire the information from all local authorities. This will entail a very time-consuming process which will not be economically justifiable.

Progressive statistics regarding housing delivery since the implementation of the subsidy scheme (15 March 1994) until 31 March 1996, are contained in Annexures A-C.

The following, *inter alia*, come to the fore in adjudicating Annexures A-C: (The fig-

ures between brackets indicate the achievements until the end of February 1996.)

(i) During the period 15 March 1994 to 31 March 1996, 42 165 (35 119) individual ownership subsidies (project linked and individual subsidies) were approved in respect of beneficiaries who had bought residential properties.

(ii) Of the 42 165 subsidy beneficiaries who had bought housing units, only 19,6% (19,9%) could enhance their subsidy by means of credit.

(iii) The average monthly delivery in respect of project linked subsidies increased from a monthly average of 490 for the period 15 March 1994 to 31 August 1995 to a monthly average

of 3 423 (3 227) for the period September 1995 to March 1996.

(iv) The average monthly delivery in respect of individual subsidies increased from a monthly average of 271 for the period 5 June 1995 (date of implementation) to 31 August 1995 to a monthly average of 1 337 (1 152) for the period September 1995 to March 1996.

(v) The combined average monthly delivery in respect of project linked and individual subsidies for the period September 1995 to March 1996 amounts to 4 760. The combined delivery only for March 1996 in this regard, amounts to 7 046. This is the highest monthly delivery since the inception of the subsidy scheme.

**ANNEXURE A**

Summary: Delivery since 15 March 1994 until 31 March 1996

1. Individual ownership subsidies approved in respect of beneficiaries who had bought residential properties:

	Non-credit Linked	%	Credit Linked	%
Project linked subsidies*	32 061	85,8	4 541	14,1
Individual subsidies**	10 104	63,0	3 740	37,0
	42 165	80,3	8 281	19,6

2. Credit linked subsidies (savings route): 32

3. Consolidation subsidies approved in respect of beneficiaries who have concluded an agreement with a developer in a consolidation scheme: 960

Subsidy Category Number of Subsidies

R5 000 58

R7 500 902

960

\* Project linked subsidies pertain to ownership subsidies approved in respect of beneficiaries who had bought properties in projects which had been approved by provincial housing boards.

\*\* Individual subsidies pertain to ownership subsidies approved in respect of beneficiaries who had bought existing properties or properties in projects which had not been approved by provincial housing boards.



ANNEXURE B  
Progressive Statistics for the months August 1995 to March 1996

Type of subsidy	15 March '94-31 Aug '95	Sept '95	Oct '95	Nov '95	Dec '95	Jan '96	Feb '96	March '96
Project Linked (Reserved)*	231 870	243 972	249 893	261 353	267 992	270 501	272 475	279 397
Project Linked (Beneficiaries)**	8 099	10 419	12 421	16 729	18 224	22 543	27 461	32 061
Individual***	746	1 334	2 614	3 371	4 968	6 316	7 658	10 104
Credit Linked (Savings Route)****	31	57	102	102	170	175	††31	32
Consolidation (Reserved)†	8 128	12 904	25 667	31 721	††17 103	17 303	20 816	22 117
Consolidation (Beneficiaries)†††	104	116	257	257	423	445	869	960

\* Project linked subsidies reserved by provincial housing boards in respect of the number of housing units to be erected by developers in projects approved by the boards. These subsidies are approved in respect of individual beneficiaries once they have bought housing units in these projects.

\*\* Project linked subsidies approved in respect of beneficiaries who bought properties in projects approved by provincial housing boards.

\*\*\* Individual subsidies approved in respect of individuals who bought existing housing units or new housing units in projects not approved by provincial housing boards.

\*\*\*\* Subsidies approved in respect of beneficiaries who entered into a savings scheme with banks to enhance their subsidies with credit.

† Consolidation subsidies reserved in respect of projects where beneficiaries have only received serviced sites in the past, and now wish to upgrade or provide housing on such sites. These subsidies are only approved in respect of individual beneficiaries once beneficiaries have entered into an agreement with a developer.

†† Incorrect statistics previously provided.

††† Consolidation subsidies approved in respect of individual beneficiaries.

ANNEXURE B1  
PROGRESSIVE HOUSING STATISTICS AS AT 31 MARCH 1996

Province	Project linked (Reserved)*	Project linked (Beneficiaries)**	Individual***	Credit linked (Savings route)****	Consolidation (Reserved)†	Consolidation (Beneficiaries)††
Western Cape	21 768	1 957	821	19	3 611	116
Gauteng	78 156	7 351	4 037	7	1 000	439
North West	30 798	5 813	459	0	0	0
Mpumalanga	27 382	6 465	935	0	0	0
KwaZulu-Natal	50 366	3 609	725	2	7 006	0
Free State	17 506	2 159	973	0	8 098	0

Province	Projects approved	Projects started	Reserved in respect of the number of housing units in approved projects	Approved in respect of individual beneficiaries who have bought housing units in approved projects
Eastern Cape	2 057	1 027	661	0
Northern Cape	3 892	1 742	1 325	3
Northern Province	27 472	1 938	168	1
Total	279 397	32 061	10 104	32

\* Project linked subsidies reserved by provincial housing boards in respect of the number of housing units to be erected by developers in projects approved by the boards. These subsidies are approved in respect of individual beneficiaries once they have bought housing units in these projects.

\*\* Project linked subsidies approved in respect of beneficiaries who bought properties in projects approved by provincial housing boards.

\*\*\* Individual subsidies approved in respect of individuals who bought existing housing units or new housing units in projects not approved by provincial housing boards.

\*\*\*\* Subsidies approved in respect of beneficiaries who entered into a savings scheme with banks to enhance their subsidies with credit.

† Consolidation subsidies reserved in respect of projects where beneficiaries have only received serviced sites in the past, and now wish to upgrade or provide housing on such sites. These subsidies are only approved in respect of individual beneficiaries once beneficiaries have entered into an agreement with a developer.

†† Consolidation subsidies approved in respect of individual beneficiaries.

ANNEXURE C  
HOUSING SUBSIDY SCHEME: PROGRESSIVE STATISTICS OF SUBSIDIES APPROVED BY THE NINE PROVINCIAL HOUSING BOARDS SINCE 15 MARCH 1994 UNTIL 31 MARCH 1996.

1. Project linked subsidies

1.1 Projects and subsidies approved

Province	Projects approved	Projects started	Reserved in respect of the number of housing units in approved projects	Approved in respect of individual beneficiaries who have bought housing units in approved projects
Western Cape	61	48	*21 768	1 957
Gauteng	57	39	78 156	7 351
North West	37	6	30 798	5 813
Mpumalanga	38	18	27 382	6 465
KwaZulu-Natal	132	67	50 366	3 609
Free State	65	22	17 506	2 159
Eastern Cape	55	12	22 057	1 027
Northern Cape	21	21	3 892	1 742
Northern Province	28	3	27 472	1 938
Total	494	236	279 397	32 061

\* Changed from 22 205 approved at the end of February 1996 to 21 768 approved at the end of March 1996. The reason is that Delft is no longer being considered as a project linked project.

## 2.1 Profile of project linked subsidies

Subsidy categories	(i) Reserved in respect of the number of housing units in approved projects		(ii) Approved in respect of individual beneficiaries who have bought housing units in approved projects	
	Number of subsidies	Amount including maximum variation of 15%*	Non-credit linked	Credit linked
R15 000	151 664	2 382 803 359	20 661	388
R12 500	89 061	1 112 044 124	5 036	1 397
R9 500	25 772	241 868 275	1 474	2 249
R5 000	12 900	64 456 223	349	507
Total	279 397	3 774 171 981	27 520	4 541
			Total subsidies	32 061
			Amount	R447 041 223

\* The normal subsidy may be increased by a reasonable amount, not exceeding 15% in order to compensate for abnormal development costs arising from locational, geotechnical and topographical conditions.

## 2. Individual subsidies (non-project linked)

## 2.1 Individual subsidies approved

Province	Subsidies
Western Cape	821
Gauteng	4 037
North West	459
Mpumalanga	935
KwaZulu-Natal	725
Free State	973
Eastern Cape	661
Northern Cape	1 325
Northern Province	168
Total	10 104

## 2.2 Profile of individual subsidies approved

## 2.2.1 Non-credit linked

Category	Number of subsidies	Amount
R15 000	4 494	R67 670 750
R12 500	1 329	R16 297 032
R9 500	459	R4 123 176
R5 000	82	R408 200
Sub-total	6 364	R88 499 158

## 2.2.2 Credit linked

Category	Number of subsidies	Amount
R15 000	93	R1 395 000
R12 500	472	R5 900 000
R9 500	2 238	R21 261 000
R5 000	937	R4 685 000
Sub-total	3 740	R33 241 000
Total	10 104	R121 740 158

## 3. Credit linked subsidies (savings route)

## 3.1 Approved per province

Province	Subsidies
Western Cape	19
Gauteng	7
North West	0
Mpumalanga	0
KwaZulu-Natal	2
Free State	0
Eastern Cape	0
Northern Cape	3
Northern Province	1
Total	32

## 3.2 Approved per subsidy category

Credit linked subsidies	Number of subsidies	Amount
R15 000	1	R15 000
R12 500	6	R75 000
R9 500	17	R161 500
R5 000	8	R40 000
Total	32	R291 500

## 4. Project linked consolidation subsidies

## 4.1 Project linked consolidation subsidies approved

Province	Projects approved	Projects started	Number of projects approved	Number of project linked subsidies Approved in respect of individual beneficiaries who have concluded an agreement with a developer in a consolidation scheme
Western Cape	4	2	*3 611	116
Gauteng	3	1	1 000	439
North West	0	0	0	0
Mpumalanga	0	0	0	0
KwaZulu-Natal	11	0	7 006	0
Free State	3	0	8 098	0
Eastern Cape	1	0	1 000	0
Northern Cape	2	2	205	0
Northern Province	2	1	1 197	405
Total	26	6	22 117	960



4.2 Profile of project-linked consolidation subsidies				
Subsidy categories	(i) Reserved in respect of projects approved		(ii) Approved in respect of individual beneficiaries who have concluded an agreement with a developer in a consolidation scheme	
	Number of subsidies	Amount	Number of subsidies	Amount
R7 500	20 591	R 154 432 500	902	R 6 765 000
R5 000	1 526	7 630 000	58	290 000
Total	22 117	162 062 500	960	7 055 000

## 5. Institutional subsidies\*

- 5.1 Number of schemes approved: 2  
 5.2 Number of schemes started: 1  
 5.3 Amount approved: R11 825 775  
 5.4 Profile of institutional subsidies

Subsidy category	Composition (number in each category)	Occupants approved according to each category
R15 000	638	
R12 500		
R9 500		
Total	638	

\* Granted to institutions in a global sum to provide subsidised housing to households who qualify for individual ownership subsidies. Tenure is normally rental, but other forms of tenure are acceptable. In terms of the par 5.4 profile, 638 households will benefit from the above-mentioned subsidies.

## Number of houses built

239. Mr P W COETZER asked the Minister of Housing:†

How many houses were built in each of the provinces with (a) funds from the Reconstruction and Development Programmes and (b) ordinary housing funds during the period 7 January 1995 to 31 December 1995?

N433E

## The MINISTER OF HOUSING:

(a) and (b) No distinction is made in the administration of funds from the Reconstruction and Development Programme and ordinary housing funds.

Although funds were expended on contractual obligations relating to the phasing out of the

previous housing dispensation, the answer concentrates on Government's Housing Subsidy Scheme which was implemented on 15 March 1994.

During the period 7 January 1995 to 31 December 1995, 22 276 individual ownership subsidies were approved in respect of beneficiaries who had bought residential properties. Once individual ownership subsidies are approved, conveyancers are instructed to register transfer of the residential property in the name of the subsidy beneficiary. In the case of existing homes and completed homes in projects, this means that the beneficiary can take occupation of the home soon after registration of transfer or earlier if the agreement of sale so provides. Where the housing unit is still to be constructed, indications are that construction is completed within two to three months after

registration of transfer. The following is the provincial breakdown of housing units bought by means of individual ownership subsidies during the period concerned:

Northern Cape	964	housing units
Eastern Cape	834	housing units
Western Cape	1 561	housing units
North West	3 159	housing units
Free State	1 676	housing units
Gauteng	7 784	housing units
Mpumalanga	3 669	housing units
KwaZulu-Natal	2 483	housing units
Northern Province	146	housing units
Total	22 276	

Annexures A-C contain progressive delivery statistics in respect of all the instruments available in terms of the Housing Subsidy Scheme for the period 15 March 1994 to 31 March 1996.

The following, *inter alia*, come to the fore in adjudicating Annexures A-C: (The figures between brackets indicate the achievements until the end of February 1996.)

- (i) During the period 15 March 1994 to 31 March 1996, 42 165 (35 119) individual ownership subsidies (project linked and individual subsidies) were

approved in respect of beneficiaries who had bought residential properties.

- (ii) Of the 42 165 subsidy beneficiaries who had bought housing units, only 19,6% (19,9%) could enhance their subsidy by means of credit.

- (iii) The average monthly delivery in respect of project linked subsidies increased from a monthly average of 490 for the period 15 March 1994 to 31 August 1995 to a monthly average of 3 423 (3 227) for the period September 1995 to March 1996.

- (iv) The average monthly delivery in respect of individual subsidies increased from a monthly average of 271 for the period 5 June 1995 (date of implementation) to 31 August 1995 to a monthly average of 1 337 (1 152) for the period September 1995 to March 1996.

- (v) The combined average monthly delivery in respect of project linked and individual subsidies for the period September 1995 to March 1996 amounts to 4 760. The combined delivery only for March 1996 in this regard, amounts to 7 046. This is the highest monthly delivery since the inception of the subsidy scheme.

## ANNEXURE A

Summary: Delivery since 15 March 1994 until 31 March 1996

Individual ownership subsidies approved in respect of beneficiaries who had bought residential properties:	Non-credit Linked	%	Credit Linked	%
Project linked subsidies*	32 061	85,8	4 541	14,1
Individual subsidies**	10 104	63,0	3 740	37,0
	42 165	80,3	8 281	19,6

2. Credit linked subsidies (savings route): 32

3. Consolidation subsidies approved in respect of beneficiaries who have concluded an agreement with a developer in a consolidation scheme: 960

Subsidy Category	Number of Subsidies
R5 000	58
R7 500	902
	<u>960</u>



\* Project linked subsidies pertain to ownership subsidies approved in respect of beneficiaries who had bought properties in projects which had been approved by provincial housing boards.

\*\* Individual subsidies pertain to ownership subsidies approved in respect of beneficiaries who had bought existing properties or properties in projects which had not been approved by provincial housing boards.

## ANNEXURE B

Progressive Statistics for the months August 1995 to March 1996

Type of subsidy	15 March '94-31 Aug '95	Sept '95	Oct '95	Nov '95	Dec '95	Jan '96	Feb '96	March '96
Project Linked (Reserved)*	231 870	243 972	249 893	261 353	267 992	270 501	272 475	279 397
Project Linked (Beneficiaries)**	8 099	10 419	12 421	16 729	18 224	22 543	27 461	32 061
Individual***	746	1 334	2 614	3 371	4 968	6 316	7 658	10 104
Credit Linked (Savings Route)****	31	57	102	102	170	175	††31	32
Consolidation (Reserved)†	8 128	12 904	25 667	31 721	††17 103	17 303	20 816	22 117
Consolidation (Beneficiaries)††	104	116	257	257	423	445	869	960

\* Project linked subsidies reserved by provincial housing boards in respect of the number of housing units to be erected by developers in projects approved by the boards. These subsidies are approved in respect of individual beneficiaries once they have bought housing units in these projects.

\*\* Project linked subsidies approved in respect of beneficiaries who bought properties in projects approved by provincial housing boards.

\*\*\* Individual subsidies approved in respect of individuals who bought existing housing units or new housing units in projects not approved by provincial housing boards.

\*\*\*\* Subsidies approved in respect of beneficiaries who entered into a savings scheme with banks to enhance their subsidies with credit.

† Consolidation subsidies reserved in respect of projects where beneficiaries have only received serviced sites in the past, and now wish to upgrade or provide housing on such sites. These subsidies are only approved in respect of individual beneficiaries once beneficiaries have entered into an agreement with a developer.

†† Incorrect statistics previously provided.

††† Consolidation subsidies approved in respect of individual beneficiaries.

ANNEXURE B1  
PROGRESSIVE HOUSING STATISTICS AS AT 31 MARCH 1996

Province	Project linked (Reserved)*	Project linked (Beneficiaries)**	Individual***	Credit linked (Savings route)****	Consolidation (Reserved)†	Consolidation (Beneficiaries)††
Western Cape	21 768	1 957	821	19	3 611	116
Gauteng	78 156	7 351	4 037	7	1 000	439
North West	30 798	5 813	459	0	0	0
Mpumalanga	27 382	6 465	935	0	0	0
KwaZulu-Natal	50 366	3 609	725	2	7 006	0
Free State	17 506	2 159	973	0	8 098	0
Eastern Cape	2 057	1 027	661	0	1 000	0
Northern Cape	3 892	1 742	1 325	3	205	0
Northern Province	27 472	1 938	168	1	1 197	405
Total	279 397	32 061	10 104	32	22 117	960

\* Project linked subsidies reserved by provincial housing boards in respect of the number of housing units to be erected by developers in projects approved by the boards. These subsidies are approved in respect of individual beneficiaries once they have bought housing units in these projects.

\*\* Project linked subsidies approved in respect of beneficiaries who bought properties in projects approved by provincial housing boards.

\*\*\* Individual subsidies approved in respect of individuals who bought existing housing units or new housing units in projects not approved by provincial housing boards.

\*\*\*\* Subsidies approved in respect of beneficiaries who entered into a savings scheme with banks to enhance their subsidies with credit.

† Consolidation subsidies reserved in respect of projects where beneficiaries have only received serviced sites in the past, and now wish to upgrade or provide housing on such sites. These subsidies are only approved in respect of individual beneficiaries once beneficiaries have entered into an agreement with a developer.

†† Consolidation subsidies approved in respect of individual beneficiaries.

ANNEXURE C  
HOUSING SUBSIDY SCHEME: PROGRESSIVE STATISTICS OF SUBSIDIES APPROVED BY THE NINE PROVINCIAL HOUSING BOARDS SINCE 15 MARCH 1994 UNTIL 31 MARCH 1996.

1. Project linked subsidies  
1.1 Projects and subsidies approved

Province	Projects approved	Projects started	Number of project linked subsidies	
			Reserved in respect of the number of housing units in approved projects	Approved in respect of individual beneficiaries who have bought housing units in approved projects
Western Cape	61	48	*21 768	1 957
Gauteng	57	39	78 156	7 351
North West	37	6	30 798	5 813
Mpumalanga	38	18	27 382	6 465
KwaZulu-Natal	132	67	50 366	3 609
Free State	65	22	17 506	2 159
Eastern Cape	55	12	22 057	1 027
Northern Cape	21	21	3 892	1 742
Northern Province	28	3	27 472	1 938
Total	494	236	279 397	32 061

\* Changed from 22 205 approved at the end of February 1996 to 21 768 approved at the end of March 1996. The reason is that Delft is no longer being considered as a project linked project.



## 1.2 Profile of project-linked subsidies

Subsidy categories	(i) Reserved in respect of the number of housing units in approved projects		(ii) Approved in respect of individual beneficiaries who have bought housing units in approved projects	
	Number of subsidies	Amount including maximum variation of 15%*	Non-credit linked	Credit linked
		R		
R15 000	151 664	2 382 803 359	20 661	388
R12 500	89 061	1 112 044 124	5 036	1 397
R9 500	25 772	241 868 275	1 474	2 249
R5 000	12 900	64 456 223	349	507
Total	279 397	3 774 171 981	27 520	4 541
			Total subsidies	32 061
			Amount	R447 041 223

\* The normal subsidy may be increased by a reasonable amount, not exceeding 15% in order to compensate for abnormal development costs arising from locational, geotechnical and topographical conditions.

## 2. Individual subsidies (non-project linked)

## 2.1 Individual subsidies approved

Province	Subsidies
Western Cape	821
Gauteng	4 037
North West	459
Mpumalanga	935
KwaZulu-Natal	725
Free State	973
Eastern Cape	661
Northern Cape	1 325
Northern Province	168
Total	10 104

## 2.2 Profile of individual subsidies approved

## 2.2.1 Non-credit linked

Category	Number of subsidies	Amount
R15 000	4 494	R67 670 750
R12 500	1 329	R16 297 032
R9 500	459	R4 123 176
R5 000	82	R408 200
Sub-total	6 364	R88 499 158

## 2.2.2 Credit linked

Category	Number of subsidies	Amount
R15 000	93	R1 395 000
R12 500	472	R5 900 000
R9 500	2 238	R21 261 000
R5 000	937	R4 685 000
Sub-total	3 740	R33 241 000
Total	10 104	R121 740 158

## 3. Credit linked subsidies (savings route)

## 3.1 Approved per province

Province	Subsidies
Western Cape	19
Gauteng	7
North West	0
Mpumalanga	0
KwaZulu-Natal	2
Free State	0
Eastern Cape	0
Northern Cape	3
Northern Province	1
Total	32

## 3.2 Approved per subsidy category

Credit linked subsidies	Number of subsidies	Amount
R15 000	1	R15 000
R12 500	6	R75 000
R9 500	17	R161 500
R5 000	8	R40 000
Total	32	R291 500

## 4. Project linked consolidation subsidies

## 4.1 Project linked consolidation subsidies approved

Province	Projects approved	Projects started	Number of project linked subsidies reserved in respect of projects approved	Number of project linked subsidies approved in respect of individual beneficiaries who have concluded an agreement with a developer in a consolidation scheme
Western Cape	4	2	*3 611	116
Gauteng	3	1	1 000	439
North West	0	0	0	0
Mpumalanga	0	0	0	0

Province	Number of projects approved	Amount	Number of subsidies	Amount
KwaZulu-Natal	11	0	7 006	0
Free State	3	0	8 098	0
Eastern Cape	1	0	1 000	0
Northern Cape	2	2	205	0
Northern Province	2	1	1 197	405
Total	26	6	22 117	960

## 4.2 Profile of project linked consolidation subsidies

Subsidy categories	Reserved in respect of projects approved		(ii) Approved in respect of individual beneficiaries who have concluded an agreement with a developer in a consolidation scheme	
	Number of subsidies	Amount	Number of subsidies	Amount
R7 500	20 591	R 154 432 500	902	R 6 765 000
R5 000	1 526	7 630 000	58	290 000
Total	22 117	162 062 500	960	7 055 000

## 5. Institutional subsidies\*

5.1 Number of schemes approved: 2

5.2 Number of schemes started: 1

5.3 Amount approved: R11 825 775

5.4 Profile of institutional subsidies	
Subsidy category	Occupants approved according to each category
R15 000	638
R12 500	
R9 500	
Total	638

\* Granted to institutions in a global sum to provide subsidised housing to households who qualify for individual ownership subsidies. Tenure is normally rental, but other forms of tenure are acceptable. In terms of the par 5.4 profile, 638 households will benefit from the above-mentioned subsidies.

## Protection of bearings manufacturing industry

242. Mr M VAN S HAMMAN asked the Minister of Trade and Industry:

(1) Whether the protection of the South African bearings manufacturing industry will be affected in terms of the General Agreement on Trade and Tariffs (GATT); if so, (a) to what extent and (b) over what period;

(2) whether he has received representations from the bearings manufacturing industry

concerning the possible effect on the industry of the dumping of cheap imported products; if so, what was (a) the nature of these representations and (b) his reply thereto?

The MINISTER OF TRADE AND INDUSTRY:

(1) The protective duty rate on bearings is bound in terms of GATT not to exceed 30% *ad valorem*. The current rate of duty is 28% *ad valorem*. Therefore, the protec-

tion that the South African bearing manufacturing industry enjoys will not be affected in terms of South Africa's GATT commitments, as the current rate of duty is lower than the bound rate. However, the Board on Tariffs and Trade presently is investigating a possible reduction in the rate of duty on bearings as well as a rationalised tariff structure for these products.

(2) Representations have been received more or less four years ago from the firm TIMKEN (SA) (Pty) Ltd for the introduction of anti-dumping duties on railway rolling stock bearings. An anti-dumping duty equivalent to roughly 20% of the F.O.B. price of the imported product has subsequently been imposed on a range of bearings used in railway rolling stock. This anti-dumping duty is still in place, additional to the normal protection duty of 28%.

## Housing units built in 1995

322. Mr M J ELLIS asked the Minister of Housing:

(a) How many (i) 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 1995?

N556E

## The MINISTER OF HOUSING:

(a) and (b) Although funds were expended on contractual obligations relating to the phasing out of the previous housing dispensation, the answer concentrates on Government's Housing Subsidy Scheme which was implemented on 15 March 1994.

During the period January 1995 to 31 December 1995, 22 275 individual ownership subsidies were approved in respect of beneficiaries who had bought residential properties. Once individual ownership subsidies are approved, conveyancers are instructed to register transfer of the residential property in the name of the subsidy beneficiary. In the case of existing homes and completed homes in projects, this means that the beneficiary can take occupation of the home soon after registration of transfer or earlier if the agreement of sale so provides.

Where the housing unit is still to be constructed, indications are that construction is completed within two to three months after registration of transfer. The following is the provincial breakdown of housing units bought by means of individual ownership subsidies during 1995:

Northern Cape	964	housing units
Eastern Cape	834	housing units
Western Cape	1 561	housing units
North West	3 159	housing units
Free State	1 675	housing units
Gauteng	7 784	housing units
Mpumalanga	3 669	housing units
KwaZulu-Natal	2 483	housing units
Northern Province	146	housing units
Total	22 275	

Annexures A-C contain progressive delivery statistics in respect of all the instruments available in terms of the Housing Subsidy Scheme for the period 15 March 1994 to 31 March 1996.

The following, *inter alia*, come to the fore in adjudicating Annexures A-C: (The figures between brackets indicate the achievements until the end of February 1996).

(i) During the period 15 March 1994 to 31 March 1996, 42 165 (35 119) individual ownership subsidies (project linked and individual subsidies) were approved in respect of beneficiaries who had bought residential properties.

(ii) Of the 42 165 subsidy beneficiaries who had bought housing units, only 19,6% (19,9%) could enhance their subsidy by means of credit.

(iii) The average monthly delivery in respect of project linked subsidies increased from a monthly average of 490 for the period 15 March 1994 to 31 August 1995 to a monthly average of 3 423 (3 227) for the period September 1995 to March 1996.

(iv) The average monthly delivery in respect of individual subsidies increased from a monthly average of 271 for the period 5 June 1995 (date of implementation) to 31 August 1995 to a monthly average of 1 337 (1 152) for the period September 1995 to March 1996.



**CHECK ON NUMBERS**

FM 10/5/96

In the absence of statistics on building plans passed and buildings completed, the most reliable measure of stepped-up delivery of low cost homes comes in the form of subsidies granted.

These averaged 4 379/month between September 1995 and February 1996.

Given that it takes a month for the beneficiary to go through the subsidy red tape before building starts, and another six weeks to build the unit, that's probably the size of the delivery. It includes completed and uncompleted units.

Between March 1994 and February 1996, the Department of Housing granted 35 119 subsidies.

In terms of this measure, the Northern Cape leads, followed by Mpumalanga. But in terms of housing projects approved and those started, the Western Cape is first, followed by Gauteng.

Countrywide, 474 housing projects have been approved, of which 215 have already started. ■

500  
249  
-----  
201

Province	Number of projects approved	Number of subsidies	Amount	Number of subsidies	Amount
KwaZulu-Natal	11	0	0	7 006	0
Free State	3	0	0	8 098	0
Eastern Cape	1	0	0	1 000	0
Northern Cape	2	2	205	1 197	405
Northern Province	2	1	1 197	22 117	960
<b>Total</b>	<b>26</b>	<b>6</b>	<b>22 117</b>	<b>22 117</b>	<b>960</b>

#### 4.2 Profile of project linked consolidation subsidies

Subsidy categories	Reserved in respect of projects approved		(ii) Approved in respect of individual beneficiaries who have concluded an agreement with a developer in a consolidation scheme	
	Number of subsidies	Amount	Number of subsidies	Amount
R7 500	20 591	154 432 500	902	R 6 765 000
R5 000	1 526	7 630 000	58	290 000
<b>Total</b>	<b>22 117</b>	<b>162 062 500</b>	<b>960</b>	<b>7 055 000</b>

#### 5. Institutional subsidies\*

- 5.1 Number of schemes approved: 2  
 5.2 Number of schemes started: 1  
 5.3 Amount approved: R11 825 775

5.4 Profile of institutional subsidies	
Subsidy category	Occupants approved according to each category
R15 000	638
R12 500	
R9 500	
<b>Total</b>	<b>638</b>

\* Granted to institutions in a global sum to provide subsidised housing to households who qualify for individual ownership subsidies. Tenure is normally rental, but other forms of tenure are acceptable. In terms of the par 5.4 profile, 638 households will benefit from the above-mentioned subsidies.

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- (1) Whether the protection of the South African bearings manufacturing industry will be affected in terms of the General Agreement on Trade and Tariffs (GATT); if so, (a) to what extent and (b) over what period;
- (2) whether he has received representations from the bearings manufacturing industry concerning the possible effect on the industry of the dumping of cheap imported products; if so, what was (a) the nature of these representations and (b) his reply thereto?

N436E  
 The MINISTER OF TRADE AND INDUSTRY:

- (1) The protective duty rate on bearings is bound in terms of GATT not to exceed 30% *ad valorem*. The current rate of duty is 28% *ad valorem*. Therefore, the protec-

tion that the South African bearing manufacturing industry enjoys will not be affected in terms of South Africa's GATT commitments, as the current rate of duty is lower than the bound rate. However, the Board on Tariffs and Trade presently is investigating a possible reduction in the rate of duty on bearings as well as a rationalised tariff structure for these products.

- (2) Representations have been received more or less four years ago from the firm TIMKEN (SA) (Pty) Ltd for the introduction of anti-dumping duties on railway rolling stock bearings. An anti-dumping duty equivalent to roughly 20% of the F.O.B. price of the imported product has subsequently been imposed on a range of bearings used in railway rolling stock. This anti-dumping duty is still in place, additional to the normal protection duty of 28%.

#### Housing units built in 1995

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N556E

#### The MINISTER OF HOUSING:

- (a) and (b) Although funds were expended on contractual obligations relating to the phasing out of the previous housing dispensation, the answer concentrates on Government's Housing Subsidy Scheme which was implemented on 15 March 1994.

During the period January 1995 to 31 December 1995, 22 275 individual ownership subsidies were approved in respect of beneficiaries who had bought residential properties. Once individual ownership subsidies are approved, conveyancers are instructed to register transfer of the residential property in the name of the subsidy beneficiary. In the case of existing homes and completed homes in projects, this means that the beneficiary can take occupation of the home soon after registration of transfer or earlier if the agreement of sale so provides.

Where the housing unit is still to be constructed, indications are that construction is completed within two to three months after registration of transfer. The following is the provincial breakdown of housing units bought by means of individual ownership subsidies during 1995:

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Free State	1 675	housing units
Gauteng	7 784	housing units
Mpumalanga	3 669	housing units
KwaZulu-Natal	2 483	housing units
Northern Province	146	housing units
<b>Total</b>	<b>22 275</b>	

Annexures A-C contain progressive delivery statistics in respect of all the instruments available in terms of the Housing Subsidy Scheme for the period 15 March 1994 to 31 March 1996.

The following, *inter alia*, come to the fore in adjudicating Annexures A-C: (The figures between brackets indicate the achievements until the end of February 1996).

- (i) During the period 15 March 1994 to 31 March 1996, 42 165 (35 119) individual ownership subsidies (project linked and individual subsidies) were approved in respect of beneficiaries who had bought residential properties.
- (ii) Of the 42 165 subsidy beneficiaries who had bought housing units, only 19,6% (19,9%) could enhance their subsidy by means of credit.
- (iii) The average monthly delivery in respect of project linked subsidies increased from a monthly average of 490 for the period 15 March 1994 to 31 August 1995 to a monthly average of 3 423 (3 227) for the period September 1995 to March 1996.
- (iv) The average monthly delivery in respect of individual subsidies increased from a monthly average of 271 for the period 5 June 1995 (date of implementation) to 31 August 1995 to a monthly average of 1 337 (1 152) for the period September 1995 to March 1996.



(v) The combined average monthly delivery in respect of project linked and individual subsidies for the period September 1995 to March 1996 amounts to 4 760. The combined delivery only for March 1996 in this regard, amounts to 7 046. This is the highest monthly delivery since the inception of the subsidy scheme.

(b) During 1995 an amount of R230 million was expended on the subsidy scheme while a further amount of R548 million was spent on contractual obligations relating to the phasing out of the previous housing dispensation.

#### ANNEXURE A

Summary: Delivery since 15 March 1994 until 31 March 1996

1. Individual ownership subsidies approved in respect of beneficiaries who had bought residential properties:

	Non-credit Linked	%	Credit Linked	%
Project linked subsidies*	32 061	85,8	4 541	14,1
Individual subsidies**	10 104	63,0	3 740	37,0
	42 165	80,3	8 281	19,6

2. Credit linked subsidies (savings route): 32

3. Consolidation subsidies approved in respect of beneficiaries who have concluded an agreement with a developer in a consolidation scheme: 960

#### Subsidy Category Number of Subsidies

R5 000	58
R7 500	902
	<u>960</u>

\* Project linked subsidies pertain to ownership subsidies approved in respect of beneficiaries who had bought properties in projects which had been approved by provincial housing boards.

\*\* Individual subsidies pertain to ownership subsidies approved in respect of beneficiaries who had bought existing properties or properties in projects which had not been approved by provincial housing boards.

#### ANNEXURE B

Progressive Statistics for the months August 1995 to March 1996

Type of subsidy	15 March '94-31 Aug '95	Sept '95	Oct '95	Nov '95	Dec '95	Jan '96	Feb '96	March '96
Project Linked (Reserved)*	231 870	243 972	249 893	261 353	267 992	270 501	272 475	279 397
Project Linked (Beneficiaries)**	8 099	10 419	12 421	16 729	18 224	22 543	27 461	32 061
Individual**	746	1 334	2 614	3 371	4 968	6 316	7 658	10 104
Credit Linked (Savings Route)***	31	57	102	102	170	175	††31	32
Consolidation (Reserved)†	8 128	12 904	25 667	31 721	††17 103	17 303	20 816	22 117
Consolidation (Beneficiaries)†††	104	116	257	257	423	445	869	960

\* Project linked subsidies reserved by provincial housing boards in respect of the number of housing units to be erected by developers in projects approved by the boards. These subsidies are approved in respect of individual beneficiaries once they have bought housing units in these projects.

\*\* Project linked subsidies approved in respect of beneficiaries who bought properties in projects approved by provincial housing boards.

\*\*\* Individual subsidies approved in respect of individuals who bought existing housing units or new housing units in projects not approved by provincial housing boards.

\*\*\*\* Subsidies approved in respect of beneficiaries who entered into a savings scheme with banks to enhance their subsidies with credit.

† Consolidation subsidies reserved in respect of projects where beneficiaries have only received serviced sites in the past, and now wish to upgrade or provide housing on such sites. These subsidies are only approved in respect of individual beneficiaries once beneficiaries have entered into an agreement with a developer.

†† Incorrect statistics previously provided.

††† Consolidation subsidies approved in respect of individual beneficiaries.

#### ANNEXURE B1 PROGRESSIVE HOUSING STATISTICS AS AT 31 MARCH 1996

Province	Project linked (Reserved)*	Project linked (Beneficiaries)**	Individual***	Credit linked (Savings route)****	Consolidation (Reserved)†	Consolidation (Beneficiaries)††
Western Cape	21 768	1 957	821	19	3 611	116
Gauteng	78 156	7 351	4 037	7	1 000	439
North West	30 798	5 813	459	0	0	0
Mpumalanga	27 382	6 465	935	0	0	0
KwaZulu-Natal	50 366	3 609	725	2	7 006	0
Free State	17 506	2 159	973	0	8 098	0
Eastern Cape	2 057	1 027	661	0	1 000	0
Northern Cape	3 892	1 742	1 325	3	205	0
Northern Province	27 472	1 938	168	1	1 197	405
Total	279 397	32 061	10 104	32	22 117	960

\* Project linked subsidies reserved by provincial housing boards in respect of the number of housing units to be erected by developers in projects approved by the boards. These subsidies are approved in respect of individual beneficiaries once they have bought housing units in these projects.

\*\* Project linked subsidies approved in respect of beneficiaries who bought properties in projects approved by provincial housing boards.

\*\*\* Individual subsidies approved in respect of individuals who bought existing housing units or new housing units in projects not approved by provincial housing boards.

\*\*\*\* Subsidies approved in respect of beneficiaries who entered into a savings scheme with banks to enhance their subsidies with credit.

† Consolidation subsidies reserved in respect of projects where beneficiaries have only received serviced sites in the past, and now wish to upgrade or provide housing on such sites. These subsidies are only approved in respect of individual beneficiaries once beneficiaries have entered into an agreement with a developer.

†† Consolidation subsidies approved in respect of individual beneficiaries.

ANNEXURE C  
HOUSING SUBSIDY SCHEME: PROGRESSIVE STATISTICS OF SUBSIDIES APPROVED BY  
THE NINE PROVINCIAL HOUSING BOARDS SINCE 15 MARCH 1994 UNTIL 31 MARCH 1996

## 1. Project linked subsidies

## 1.1 Projects and subsidies approved.

Province	Projects approved	Projects started	Number of project linked subsidies reserved in respect of the number of housing units in approved projects	Approved in respect of individual beneficiaries who have bought housing units in approved projects
Western Cape	61	48	*21 768	1 957
Gauteng	57	39	78 156	7 351
North West	37	6	30 798	5 813
Mpumalanga	38	18	27 382	6 465
KwaZulu-Natal	132	67	50 366	3 609
Free State	65	22	17 506	2 159
Eastern Cape	55	12	22 057	1 027
Northern Cape	21	21	3 892	1 742
Northern Province	28	3	27 472	1 938
Total	494	236	279 397	32 061

\* Changed from 22 205 approved at the end of February 1996 to 21 768 approved at the end of March 1996. The reason is that Delft is no longer being considered as a project linked project.

## 1.2 Profile of project linked subsidies

Subsidy categories	(i) Reserved in respect of the number of housing units in approved projects		(ii) Approved in respect of individual beneficiaries who have bought housing units in approved projects	
	Number of subsidies	Amount including maximum variation of 15%*	Non-credit linked	Credit linked
		R		
R15 000	151 664	2 382 803 359	20 661	388
R12 500	89 061	1 112 044 124	5 036	1 397
R9 500	25 772	241 868 275	1 474	2 249
R5 000	12 900	64 456 223	349	507
Total	279 397	3 774 171 981	27 520	4 541
			Total subsidies	32 061
			Amount	R447 041 223

\* The normal subsidy may be increased by a reasonable amount, not exceeding 15% in order to compensate for abnormal development costs arising from locational, geotechnical and topographical conditions.

## 2. Individual subsidies (non-project linked)

## 2.1 Individual subsidies approved

Province	Subsidies
Western Cape	821
Gauteng	4 037
North West	459
Mpumalanga	935
KwaZulu-Natal	725
Free State	973
Eastern Cape	661
Northern Cape	1 325
Northern Province	168
Total	10 104

## 2.2 Profile of individual subsidies approved

## 2.2.1 Non-credit linked

Category	Number of subsidies	Amount
R15 000	4 494	R67 670 750
R12 500	1 329	R16 297 032
R9 500	459	R4 123 176
R5 000	82	R408 200
Sub-total	6 364	R88 499 158

## 2.2.2 Credit linked

Category	Number of subsidies	Amount
R15 000	93	R1 395 000
R12 500	472	R5 900 000
R9 500	2 238	R21 261 000
R5 000	937	R4 685 000
Sub-total	3 740	R33 241 000
Total	10 104	R121 740 158

## 3. Credit linked subsidies (savings route)

## 3.1 Approved per province

Province	Subsidies
Western Cape	19
Gauteng	7
North West	0
Mpumalanga	0
KwaZulu-Natal	2
Free State	0
Eastern Cape	0
Northern Cape	3
Northern Province	1
Total	32



## 3.2 Approved per subsidy category

Credit linked subsidies	Number of subsidies	Amount
R15 000	1	R15 000
R12 500	6	R75 000
R9 500	17	R161 500
R5 000	8	R40 000
Total	32	R291 500

## 4. Project linked consolidation subsidies

## 4.1 Project linked consolidation subsidies approved

Province	Projects approved	Projects started	Number of project linked subsidies reserved in respect of projects approved	Number of project linked subsidies approved in respect of individual beneficiaries who have concluded an agreement with a developer in a consolidation scheme
Western Cape	4	2	3 611	116
Gauteng	3	1	1 000	439
North West	0	0	0	0
Mpumalanga	0	0	0	0
KwaZulu-Natal	11	0	7 006	0
Free State	3	0	8 098	0
Eastern Cape	1	0	1 000	0
Northern Cape	2	2	205	0
Northern Province	2	1	1 197	405
Total	26	6	22 117	960

## 4.2 Profile of project linked consolidation subsidies

Subsidy categories	(i) Reserved in respect of projects approved		(ii) Approved in respect of individual beneficiaries who have concluded an agreement with a developer in a consolidation scheme	
	Number of subsidies	Amount	Number of subsidies	Amount
R7 500	20 591	R 154 432 500	902	R 6 765 000
R5 000	1 526	R 7 630 000	58	R 290 000
Total	22 117	R 162 062 500	960	R 7 055 000

## 5. Institutional subsidies\*

5.1 Number of schemes approved: 2

5.2 Number of schemes started: 1

5.3 Amount approved: R11 825 775

## 5.4 Profile of institutional subsidies

Subsidy category	Composition (number in each category)	Occupants approved according to each category
R15 000	638	
R12 500		
R9 500		
Total	638	

\* Granted to institutions in a global sum to provide subsidised housing to households who qualify for individual ownership subsidies. Tenure is normally rental, but other forms of tenure are acceptable. In terms of the par 5.4 profile, 638 households will benefit from the above-mentioned subsidies.

## Telephone tappings

341. Mr A J LEON asked the Minister of Justice:

(a) How many applications for telephone tappings were received from (i) the National Intelligence Service, (ii) the South African Police Service and (iii) Military Intelligence in (aa) 1994 and (bb) 1995 and (b) how many such applications were granted in each case in each of these years?

(ii) (aa) 215

(bb) 155

(iii) (aa) 49

(bb) 18

## Applications granted:

(b) (i) (aa) 137

(bb) 79

(ii) (aa) 112

(bb) 154

(iii) (aa) 47

(bb) 12.

The MINISTER OF JUSTICE:

Applications received:

(a) (i) (aa) 139

(bb) 106

N590E



It is the responsibility of a recipient department to clear this agreement with all relevant line Ministries, as well as with the State Tender Board, should the tender procedures differ from those determined by SA Tender Board regulations. Each implementing agency must ensure that Tender Board regulations are adhered to, or, where the donor tender requirements differ, obtain prior approval, on a case by case basis, from the State Tender Board.

Mr K M ANDREW: Madam Speaker, thank you to the Deputy Minister for the reply. Arising out of her reply, may I ask her whether the European Union money that was donated to the Department of Health for various Aids-education and related matters was paid into the RDP Fund, and then into the National Revenue Fund, and secondly, if that is so, whether the money spent on the *Sarafina 2* production would have been subject to State Tender Board regulations?

The DEPUTY MINISTER OF FINANCE: Madam Speaker, as far as I am aware, it is a matter to which I do not have specific answers. I can look into that for the hon Mr Andrew and give him, through the Department of Finance and the Department of Health, a comprehensive reply as to the procedures of that fund.

Strikes: number/cos (152)  
\*14. Mr A WATSON asked the Minister of Labour:†

(1) (a) How many strikes took place in 1995 and (b) what was the cost of such strikes to the Republic;

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

N628E

The MINISTER OF LABOUR:

(1) Strike activity is usually recorded in person days lost, not in numbers of strikes. In 1995, days lost came to 1,6 million. This figure equals merely 40% of the average number of person days lost to strikes in the previous four years. Moreover, in 1995 almost two thirds of the days lost to strikes occurred in the municipal workers' strike.

1.1 The decline in days lost to strikes is particularly noteworthy because, as a rule, strike action increases when the economy enters an upswing.

1.2 In the light of the rapid decline in strike days lost, it seems unnecessary to speculate about the cost to the nation. Such estimates invariably rely on a rough assessment of the cost of days lost to the economy.

(2) Not at this stage.

Mr A WATSON: Madam Speaker, in view of the fact that the Minister declined to make a statement, although he did not say why, I would like to ask follow-up questions to his two answers. Firstly, does he consider 1,6 million workdays insignificant? If the costs are not of such a nature that he would like to divulge them or even give a guesstimate, if not an estimate, to this Parliament, and in view of his answer today, does he still maintain, as he did during debates over the past two days, that strikes do not have a negative effect on the value of the rand, and that they do not impact negatively on productivity?

The MINISTER OF LABOUR: Madam Speaker, I am certain that the hon member should be the last person to ask such a question, given the fact that during the period when the NP was in government we had far more strikes than we had this year. [Interjections.] If the hon member is at all concerned about the need to maintain better industrial relations in South Africa, he will probably be supportive of the activities envisaged in the new Labour Relations Act. I think he is just engaging in politicking of the worst order.

Mr A WATSON: Madam Speaker, with due respect, the hon the Minister did not answer my question. He made a political speech. However, as you have allowed him to make that speech, I will ask a follow-up question on that speech. I would like to ask him who organised all those strikes of previous years when the NP was in government. [Interjections.] Who were the main instigators of the losses that the country suffered as a result of which we now have 40% of our able labour force without work? He must tell the world. [Interjections.]

The SPEAKER: order!

The MINISTER: Madam Speaker, there is no doubt that the hon member does not understand how collective bargaining operates.

Investigation into number of public holidays

\*15. Mr I J PRETORIUS asked the Minister of Home Affairs:†

(1) Whether his Department is undertaking an investigation into the number of public holidays in the country; if so, when will the results be known; if not,

(2) whether he or his Department envisages such an investigation; if not, why not; if so, what are the relevant details;

(3) whether he will make a statement on the matter? N629E

The MINISTER FOR ARTS, CULTURE, SCIENCE AND TECHNOLOGY (for the Minister of Home Affairs):

(1) No. The Cabinet resolved on 14 September 1994 that a process be set in motion to review public holidays for the future, particularly with a view to the possible reduction in the number of days.

(2) At present a consultative mechanism is being established to advise the Cabinet in this regard.

(3) No.

#### Disposal of trials

\*16. Mr R H GROENEWALD asked the Minister of Justice:†

(1) Whether the courts are on schedule with regard to the disposal of trials; if not, what is the reason for the delays;

(2) whether he or his Department envisages an investigation in this regard; if not, why not; if so, what are the relevant details;

(3) whether he will make a statement on the matter? N631E

The MINISTER OF JUSTICE:

(1) Generally the courts are on schedule with regard to the disposal of trials. Delays do occur. The reasons vary. They are, *inter alia*, obtaining records of previous convictions for purposes of sentence, obtaining probationary reports, the police requiring more time to conduct further investigations or to complete their investigations, the absence of witnesses who are required to testify and for the determination of trial dates in the Regional Court or the Supreme Court.

(2) and (3) No. The department monitors the number of outstanding cases in criminal

courts on a monthly basis. This system was in operation in the old RSA and has now been extended to all magistrate's offices throughout the country. It is expected that the first reports covering the whole country will be available from June 1996. The purpose of the monitoring is to ensure that problem areas are timeously identified and that the necessary steps are taken to rectify the situation. For example arrangements are made for additional personnel where necessary, longer court hours or criminal sessions after official hours are arranged, and also the appointment of temporary personnel additional to the establishment may be provided for until the court roll is back to normal. Where it appears that permanent relief is required, work study investigations are conducted to determine actual need. In addition, departmental inspectors inspect offices on a continuous basis and establishments are reviewed to determine possible expansions to cope with the work load.

#### Local government: elections in KwaZulu-Natal/Cape Metropole/Western Cape rural council

\*17. Dr F J VAN HEERDEN asked the Minister for Provincial Affairs and Constitutional Development:†

(1) How many voters are registered for the coming election in (a) KwaZulu-Natal and (b) the Cape Metropole and rural council for the Western Cape;

(2) whether he will make a statement on the matter? N632E

†The MINISTER FOR PROVINCIAL AFFAIRS AND CONSTITUTIONAL DEVELOPMENT:

The information is not readily available in the department. In an attempt to be of assistance to the hon member, the following information was obtained from the Western Cape Province and the KwaZulu-Natal Province:

(1) (a) In KwaZulu-Natal the following number of voters have been registered for the coming election:

Metropole and Transitional Councils:	1 718 090
Regional Councils:	1 680 602
Total	3 398 692



the sort of scale on which this has actually happened. Does the hon member not want people to invest in South Africa? If he does want people to invest, then he should be clear about it. If people are going to build plants and invest in productive assets, associated with that will be the purchase of land. [Interjections.] I think the hon member should listen, because we are engaged in a debate.

A specific problem which I have mentioned, would be if non-South Africans were to purchase land in South Africa and hold that land for purely speculative reasons. I think that this is a problem.

Dr D R B MADIDE: Madam Speaker, on a point of order: The hon the Minister is having a private discussion with the hon member instead of addressing the Chair. [Interjections.]

The SPEAKER: Order! You may proceed and you may face any part of the Chamber that you wish.

The MINISTER: Madam Speaker, the hon member is a good-looking man, and I enjoy facing him. He is much better looking than the hon member who made this point. [Laughter.]

I think these are real and serious questions which have to be addressed. Purely speculative holding of land, even by South African citizens, is an issue of concern, and we need to find appropriate policy instruments to discourage it.

The SPEAKER: Order! The hon the Minister's time has expired.

The MINISTER: Madam Speaker, has my time expired even with the interruption?

The SPEAKER: Order! Yes it has, even with the interruption.

Debate concluded.

#### QUESTIONS

†Indicates translated version.

For oral reply:

Executive Deputy President (Mr T M Mbeki):

Question standing over from Wednesday, 15 May 1996:

(123)

Sanco: support of rent/service boycotts

\*1. Mr M J ELLIS asked the Executive Deputy President (Mr T M Mbeki):

(1) Whether the South African National Civics Organisation (Sanco) has officially indicated to the Government that it no longer supports rent and service boycotts; if so, when; if not, what is the position in this regard;

(2) whether his Office is involved in negotiations with Sanco aimed at achieving this end; if not, why not; if so, what progress has been made?

N522E  
The DEPUTY MINISTER FOR PROVINCIAL AFFAIRS AND CONSTITUTIONAL DEVELOPMENT (for the Executive Deputy President (Mr T M Mbeki):

(1) Yes. Sanco has indicated that it no longer supports rent and service boycotts on at least two occasions, namely:—

the signing of the Agreement on Finance, Services and Service Rendering on 20 January 1994; and  
at the RDP Infrastructure Investors Conference on 29 March 1996

(2) No. There is no reason to be involved in negotiations with Sanco as they have indicated their support for ending nonpayment of rents, bonds and service charges.

Sanco is also a member of Nedlac. Within Task Team 2 of Nedlac, which deals with issues relating to development at local government level, discussions on issues such as tariff policy and the Masakhane Campaign, including payments for services, take place on a regular basis.

Regular meetings take place between Government departments such as Housing and Constitutional Development, and Sanco and other similar organisations on a wide range of issues including implementation of the campaign to end nonpayment.

Ministers:

Questions standing over from Wednesday, 15 May 1996:

\*7. Mr M F CASSIM—Public Works. [Question standing over.]

The MINISTER FOR THE PUBLIC SERVICE AND ADMINISTRATION: Madam Speaker, the

hon the Minister for Health is out of the country. Could Question 11 stand over?

The SPEAKER: Order! I am sorry. Whips will please ensure in future that Ministers are available or advise the Chair beforehand. [Interjections.]

Mr D H M GIBSON: Madam Speaker, you suggested that the Whips should ensure that Ministers are available to answer questions. May I suggest to you that it is the job of the Leader of the House to see that Ministers are available.

The SPEAKER: Order! Ministers are also members of the House and it is also the responsibility of the Whips, Mr Gibson.

\*11. Dr E JASSAT—Health. [Question standing over.]

The MINISTER OF JUSTICE: Madam Speaker, I apologise for not rising. I should have paid more attention to the matter you raised, as it also relates to the Minister of Public Works, and I apologise to the House too.

The Minister of Public Works was unfortunately requested to attend the World Economic Forum as part of the Government delegation, and that is why he is not here this afternoon. I want to apologise for that. He asked that this matter stand over. I do know that some of his questions are already standing over and I therefore ask this with a certain amount of reluctance, but in view of the fact that he cannot be here, I do ask that all his questions stand over.

The SPEAKER: Order! We take that point. The questions will stand over.

\*17. Ms M SMUTS—Public Works. [Question standing over.]

Use of certain cell phone: cost to State

\*27. Dr T G ALANT asked the Minister of Arts, Culture, Science and Technology:†

(1) What was the monthly cost to the State during the period 1 June 1995 to 16 October 1995 of the cell phone to which Executive Deputy President Mr T M Mbeki referred in his reply to Question No 1 on 20 March 1996;

(2) whether the State took any steps to render the cell phone inoperative after 31 May 1995; if not, why not; if so, what steps;

(3) whether the cell phone was recovered in good working order; if not,

(4) whether the cell phone has been repaired; if so, at what cost?

N565E  
The MINISTER OF ARTS, CULTURE, SCIENCE AND TECHNOLOGY:

(1) The cost of the cell phone for the period June to October was R2 082,25.

The above-mentioned amount was paid by the department to the service provider, and eventually recovered from the former Deputy Minister. The State suffered no financial loss in this regard.

(2) Yes, steps were taken to render the cell phone inoperative. This included the writing of various letters and also requests for the return of the cell phone. When all attempts failed, the service provider was requested to suspend the simcard until further notice.

(3) Yes. In good working order.

(4) Not applicable.

Erection of Freedom Monument: cost

\*29. Dr A P JANSE VAN RENSBURG asked the Minister of Arts, Culture, Science and Technology:†

(1) Whether he or his Department has done a costing with regard to the erection of the proposed Freedom Monument; if not, why not; if so, what will the cost of such erection be;

(2) who will be responsible for the cost of the monument?

N567E  
The MINISTER OF ARTS, CULTURE, SCIENCE AND TECHNOLOGY:

(1) No, the department did not do any costing with regard to the proposed Freedom Monument. This is not an initiative of the Department of Arts, Culture, Science and Technology.

(2) The financing of this project, should it proceed, has not been discussed with my department. But I understand that the initiative has involved private financiers.

\*36. Dr W A ODENDAAL—Health. [Question standing over.]



# Banks admit defeat in bringing 50 000 bond defaulters to book

(123) Star 1/6/96  
By WILLIAM-MERVIN GUMEDE

The country's major banks this week admitted losing the battle to bring defaulting home-owners to book. The much-publicised joint government/banks campaign, which began in February with the aim of clamping down on 5 700 bond non-payers, has led to only 81 planned evictions so far.

Council of SA Banks housing general manager Lance Edmunds said nearly 50 000 out of a total of 180 000 home loans in the low-cost housing market were unpaid. He said the non-payment could put about R1,6-billion of depositors' R10-billion in jeopardy.

Legal action had been taken against 81 out of 500 people who had been illegally occupying repossessed properties in defiance of calls to move out. He said the 81, all in Gauteng, had so far refused to accept any offers to rehabilitate their loans, after they had, in some cases, been given up to four chances to do so.

"These people have been totally unco-operative, even after having been issued with letters of demand. All of them have been served with eviction orders and we have decided to call in the assistance of police where necessary to back up evictions," Edmunds said.



**BILLY COBBETT:** National director of housing

The SA National Civic Organisation has opposed the tough measures against bond defaulters and threatened to embark on mass action if any of its members were evicted. It has also demanded the suspension of the record of understanding between the Government and the banks which gave the go-ahead for a harsher line against non-payers. Sanco, instead, wants the banks to step up lending to the low-income market.

Edmunds said the banks lacked the capacity to catch up with the remaining 5 200 non-performing home loans and had been unable to access some of the non-paying

areas. Intimidation of bank officials also prevented the tracing of non-payers.

What was supposed to be a joint effort between the banks and the Government has fallen apart because little support has been forthcoming from provincial governments and local authorities.

Servcon Housing Solutions – the joint venture between the Government and the banks, which was launched almost a year ago in an effort to normalise bond payments – has so far also not made any headway.

National director of housing Billy Cobbett said it was government policy to evict borrowers who refused to pay their home loans. However, he said, 90% of borrowers in the low-income housing market made their repayments on time and every month. He confirmed there were about 50 000 loans in arrears but said only a small minority were not making any effort to keep up instalments.

"Those who are wholly unco-operative and refuse to pay or talk about repaying their loans will be evicted," he said.

Sanco, the Mortgage Indemnity Fund and Servcon agreed this week to make a final appeal to the 81 home-owners to pay up or accept one of the options on offer.



# UN housing indaba to look at SA man's idea

(123) Star 1/6/96  
By JAMES CLARKE

A Johannesburg man's design for low-cost, communally owned "cluster villages" will be presented at the UN conference on human settlements (Habitat II) in Istanbul next week.

The design, by Anthony Trowbridge - an architect and urban planner who frequently writes for *The Star* - was a winning entry at last year's Interbou competition in Johannesburg.

Trowbridge was invited to Denmark last year to present his concept of "agri-urban cluster villages" because of its special relevance to Danish principles of collective tenure and community ownership of property in the provision and financing of low-cost housing - urban and rural.

In the past, town planning has been based on the separation of urban housing, industrial areas and rural development, with the layouts based more on the provision of underground services than on human considerations.

Trowbridge's cluster village concept evolved from the expressed needs and perceptions of informal township dwellers, which take into consideration several essential components of

African society, namely street and block committees, minibus taxis, indigenous savings schemes, and the rural culture of common land tenure.

This concept has produced more than an alternative to traditional town planning. It offers participation in the planning and building process from the beginning - in a process of incremental planning, housing design and financing - that improves job and wealth creation.

Cluster planning also offers personal and community dignity, reintegration of work and residence, improved safety and security, and cost reductions with phased services and construction.

This new agri-urban approach settles about 500 families in a self-contained and self-sustainable village, with small-scale intensive farming areas on the perimeter to enable the village to become self-reliant in food production. This perimeter farming area becomes the collective asset of village residents, who can apply to the village management to rent land lots at an agreed rate.

A number of South African towns are currently being planned on these principles.

# Eskom's one-millionth switch-on celebrated in rural area of Eastern Cape

By **PATRICK PHOSA**

South Africa's national electricity supplier has made its millionth electricity connection in the country, at Lencane near Idutywa in Eastern Cape, since the start of the electrification programme in disadvantaged areas 1991.

Celebrations were held in the village on Friday when attention focused on the switch-on at the Diniswayo home.

An elated Paul Diniswayo (49) said his dark living conditions would become brighter. "I run a sewing business. Now I will buy an electric sewing machine to boost and expand my small business," he said.

The family were presented with a starter pack of electric appliances comprising a two-plate stove, a kettle, an iron and a coupon of electricity units for their prepaid meter.

Speaking at the occasion, Deputy President Thabo Mbeki said it was important that Eskom's millionth switch-on happened in a rural area because "it must be the central objective of Government to change the conditions of people, particularly in the countryside. We measure the better-life-for-all objective by the progress we achieve in the rural areas."

Mbeki said the installation of electricity should "give hope that industrialisation will become possible in this remote rural area."

He said the fact that it had taken so long to electrify Lencane indicated that development in rural areas had been stagnant for many years.

Eskom's electricity council chairman John Maree said electrification contributed to economic development countrywide. "For every 100 homes we connect up, between 10 and 20 informal businesses are started. This provides people with incomes, relieves poverty and impacts on unemployment."

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The Jewellery Chain (Inc in Australia)	
Thegra Continentou BV (Inc in Dongen Netherlands)	

- (2) whether any of this money has been spent; if not, what are the reasons for the delays; if so, what portion of the funds received from each of the said countries had been spent as at the latest specified date for which information is available?

S223E

## The MINISTER OF HOUSING:

- (1) Yes.
- (a) and (b) R120 million from the European Union  
 R95 million from Sweden  
 R20 million from the Open Society Foundation  
 R143 million from the Federal Republic of Germany  
 R12,76 million (US \$2,9 million) from the United Nations Development Programme (UNDP)  
 US \$,6 million from USAID.
- (2) The amounts of R120 million from the European Union for the integrated development of Cato Manor and the R95 million from Sweden for various projects are in the process of being finalised contractually with the donors. The funds have therefore not been received.

The amount of R20 million received from the Open Society Foundation has been deposited into the account of the National Urban Reconstruction and Housing Agency (NURCHA), which is a section 21 company.

The amount of R143 million received from the Federal Republic of Germany has yet not been spent due to the negotiations for the establishment of a Rural Housing Loan Fund. It is envisaged that a formal agreement will be reached soon and that the contracts will be signed.

As far as the amount of approximately R12,76 million (US \$2,9 million) is concerned, R660,000 was earmarked for preparatory assistance to the Department of Housing for the implementation of the People's Housing Process. This amount has already been spent. As an outcome of the preparatory phase, a Programme Support Document for the Capacitation Programme of the People's Housing Process was prepared and accepted by the

Department of Housing and the UNDP. The balance of R12,1 million will be utilised for this purpose. The document is presently at the UNDP in New York for consideration and approval after which expenditure will take place.

The amount of US \$1,6 million has been made available to the Department of Housing for management capacity building and technical assistance. Of this amount R568 000 has already been spent while the balance will be drawn incrementally according to needs. So far these funds have been applied mainly for the establishment of risk interventions in the housing market as provided for in the White Paper on Housing, such as the National Housing Finance Corporation.

## National arboretum: Grahamstown

151. Sen F K MOORCROFT asked the Minister of Water Affairs and Forestry:

- (1) Whether he has recommended that Grahamstown become the centre for a national arboretum; if not, what is the position in this regard; if so,
- (2) whether any progress has been made in this regard; if not, why not; if so, what progress;
- (3) whether he will make a statement on the matter?

S239E

## The MINISTER OF WATER AFFAIRS AND FORESTRY:

- (1) Yes.
- (2) Yes. A trust was registered on 9 April 1996. An executive officer will be employed to establish and manage the arboretum and to undertake further fund-raising.
- (3) No.

## Previous minister: days spent outside Republic

155. Sen W F MNISI asked the Minister for General Services:

(a) How many days in 1995 did his predecessor spend outside the borders of the Republic, (b) what was the (i) purpose, (ii) destination, (iii)

## Funds promised by foreign countries

41. Sen J SELFFE asked the Minister of Housing:

- (1) Whether her Department was promised funds in the form of donations by any foreign countries during the period 27 April 1994 up to the latest specified date for which information is available; if so, (a) what amounts were promised and (b) by which countries;

(123)

# Showdown looms

## Sanco determined to halt evictions of bond defaulters

By Joshua Raboroko

**T**HE CRISIS is worsening between civic organisations, the Government and banks over the possible eviction of 5 700 homeowners who have defaulted on their bond payments.

The South African National Civics Organisation (Sanco) yesterday resolved to issue ultimatums to the National Housing Ministry, banks and other home loan stakeholders to refrain from evicting the bond defaulters after June 30.

Meanwhile banks and the Government have restated their tough stance to bond defaulters to "pay or

face legal action that might result in evictions".

Sanco's national executive committee meeting in Johannesburg yesterday said the tough stance by these structures could ferment unrest.

A similar message will today be sent to Khayalethu Home Loans, the finance wing of the South African Housing Trust.

Sanco's publicity spokesman Mr Duncan Seabebe said full details of the NEC's decisions would be announced at a Press conference in Johannesburg today.

The organisation will also appeal to the ANCCosatu/SACP alliance to support the plight of marginalised

communities, especially in the wake of the latest increase to 20,25 percent in mortgage interest rates.

The resolution comes after the Government's tougher stance on defaulters was confirmed at a meeting between Finance Minister Trevor Manuel, Housing Minister Sankie Mthembu-Nkondo, Trade and Industry Minister Alec Erwin and deputy Finance Minister Gill Marcus last week.

Top officials reiterated the Government's stance saying that uncooperative borrowers would be evicted at the end of June.

Director-General of Housing Mr Bill Cobbett said the Government was

determined to crack down on those who refused to cooperate, and evictions would take place after all other attempts had failed.

He said there were some areas where it was difficult to evict people, such as Khayelitsha in the Cape and Tembisa and Palm Springs in Gauteng. However he promised evictions would also be carried out there.

He said that there were subsidies available to help people who would be relocated to more affordable accommodation.

Council of South African Banks' executive Mr Lance Edmunds said banks would act firmly against defaulters.

He confirmed that legal action had already been taken against 81 of the 500 people who had occupied repossessed houses.

The banks estimated that 40 000 out of 180 000 home loans in the low-cost housing market were not being repaid, placing at risk about R1,6 billion of R10 billion invested in the lower end of the housing market.

Seabebe said Sanco would ask the Government and banks to extend the June 30 deadline.

He said Sanco would also negotiate with provincial and local governments, Eskom and Rand Water about the impending decision to cut off essential services in the townships.

(123) Source: 3/6/96



# Sanco threatening mass action against evictions

Robyn Chalmers

204/16/96

(123)

THE SA National Civics Organisation warned yesterday it would launch countrywide mass action against banks on June 14 to protest against scheduled evictions of bond defaulters.

Sanco president Mlungisi Hlongwane said the organisation was willing to discuss the issue with banks, and remained committed to the Masakhane Campaign. However, Sanco would call for a resumption of the bond boycott as a last resort if talks were not fruitful.

Government observers believed Sanco had decided against targeting government directly after a ministerial meeting last week recommitted the state to a hard line on bond defaulters.

Banks estimate that about 40 000 of the 180 000 home loans in the low-cost housing market are not performing and 81 defaulters are to be evicted soon. A further 5 600 defaulters have been sent letters of demand.

Hlongwane said last weekend's ex-

ecutive committee meeting had called for the suspension of the legal action against the 81 defaulters along with all planned evictions until talks had been held between Sanco and banks.

"The programme of mass action against the banks will take the form of picketing, demonstrations and sit-ins ... across the length and breadth of our country. This action will culminate in mass marches to hand over memorandums to housing companies," he said.

Sanco called for a review of the 1994 record of understanding between banks and government on lending for low-cost housing. Sanco's Penrose Ntonti said issues which should be added to the agreement included social responsibility by banks in dealing with poor communities.

The Council of SA Banks and government sources said Sanco had been involved in talks leading to the record of understanding. Hlongwane denied this, but said disputes over bond boycotts had to be resolved amicably.

## 'Interest rate rises will hurt housing plans'

By Audrey d'Angelo

(123) CT(BR) 4/6/96

Cape Town — The interest rate rises have reduced the number of low-cost houses likely to be built this year, Peter Allsopp, the managing director of the National Home Builders Registration Council, said yesterday.

He said that he had expected 60 000 houses to be built this year, but the higher interest rates meant that "the industry is not going to kick-start in the way we thought".

However, Allsopp was cheered by statements that the government would crack down on those who refused to pay mortgage bonds, and evict them.

He said the previous policy of going soft on these people had "sent out the wrong message, that it is OK not to pay because nothing will happen to you".

He said that many building programmes for people who could not afford to buy or rent houses had not been considered because of the culture of non-payment.

Allsopp said he expected the council, which is a year old, to

lift building standards in South Africa and result in all new houses being sold with a warranty.

At present there is a ceiling of R250 000 and the warranty scheme does not apply to houses costing more than this. But he said the council was pressing for the ceiling to be lifted.

Contractors registered with the council had to build to certain technical standards and their houses had to be suitable to qualify for mortgage finance. This system would weed out fly-by-night contractors, he said.

Some buyers of low-cost housing who were refusing to pay their bonds had given defects as the reason, and Servcon, an organisation set up by the banks and the government, had been evaluating this problem.

Allsopp said that the council was there to prevent such things from happening. If a registered contractor was unable to rectify a structural defect, the council would fix the problem. The contractor would then be asked to cover the costs and would be deregistered, he said.



# Draft sanitation policy released

Linda Ensor

CAPE TOWN — Government has endorsed the ventilated improved pit latrine as a minimum standard for sanitation facilities, but people have been opting for the more expensive waterborne sewerage, to Housing Minister Sankie Mthembi-Nkondo's consternation.

She told a national sanitation policy conference yesterday, at which a draft report on sanitation policy was released, that a departmental survey had shown that 89% of subsidy approvals for new housing had facilitated the provision of flush toilets.

Over the past two years government, through its housing subsidy scheme, had helped provide sanitation facilities to about 300 000 low-income households.

"We target housing subsidies at low-income families and this places a question mark over ben-

eficiaries' ability to pay the operating and maintenance costs of such a high standard of sanitation. It seems to me that not enough attention is paid to affordability levels when housing projects are planned and approved.

"Local authorities which are an important party to the planning and implementation of government-subsidised housing projects will have only themselves to blame if they experience non-payment for services due to unaffordable levels of services," she said.

She stressed the need to educate communities about the cost implications of sanitation options and welcomed the sanitation education programme outlined in the draft white paper which estimated 21-million South Africans lacked adequate sanitation.

Health Minister Nkosazana Dlamini-Zuma noted that diseases such as diarrhoea, intesti-

nal infection, skin and eye infections were caused by poor sanitation. Her department had set up an interdepartmental task team to spearhead a health and hygiene education programme.

Water Affairs Minister Kader Asmal highlighted the need to strengthen the involvement of the private sector in the provision of water and sanitation services. He said R75m had been allocated under his department's RDP programme to sanitation.

Incoming constitutional affairs minister Valli Moosa said about 30% of the R1,3bn set aside for the provision of basic municipal infrastructure services would be spent on sanitation projects within the next 18 months. If communities wanted more than the basic ventilated improved pit latrine which the government was prepared to fund, they would have to seek additional finance elsewhere.

# Sanco extends June 14 mass-action campaign

(123) Star 5/6/96

By SHIRLEY WOODGATE

The June 14 mass action campaign planned by the South African National Civic Organisation to counter evictions by banks would be extended to include any local authorities aiming to throw out residents for non-payment of rates and taxes, Sanco spokesman Duncan Seabe-Abe has warned.

Mlungisi Hlongwane, president of Sanco, yesterday threatened mass action unless banks suspended legal action against 81 bond defaulters. Sanco claims a membership of 2 million.

The action against the banks also aims to have the mass eviction of a further 7 500 defaulters suspended until discussions have taken place between Sanco and financial institutions.

Seabe-Abe's warning that municipalities would also be targeted follows claims by Johannesburg's Southern MSS executive chairman Prema Naidoo that R300-million was outstanding in rates in the region.

Naidoo said strict credit control measures would be introduced from July 1.

The measures included demand notices to debtors followed by the disconnection of services, legal action and, as a last resort,

the possible sale in execution of the property.

Yesterday, The Star reported that only 4% of Ivory Park residents paid their rates and taxes. Midrand executive committee chairman Alan Dawson said a comprehensive project was being planned to enhance the culture of non-payment which was entrenched in the area.

Greater Johannesburg council records from July last year to April this year indicate that rates and services payments in black townships on the Reef remain at extremely low levels.

Sandton's assessment rate payments since April ranged from a low of 97% to as high as 104%, while neighbouring Alexandra's payments dropped from a high of 23% in July to 13%.

Soweto's payment levels dropped steadily from 34% in July 1995 to April's 23%; Meadowlands' dropped from a 10-month high of 29% in August to April's 23%; and Diepkloof's 36% in July registered a slight drop to 34% in April.

In South East Lenasia, payments have averaged between 51% and 58%, Roodepoort's between 97% and 100%, Randburg's from 95% to 101%, and Johannesburg's from 88% to 92%.



provincial level, has too much discretion vested in it to try to strike that balance. The ombudsman would make a very important difference. [Time expired.]

\*Dr T G ALANT: Mr Chairman, the Constitution provides the framework for the State's procurement administration. It has been mentioned that the tender system has to be fair, open and competitive. The final constitution provides for priorities in awarding State contracts. It also provides for the protection and promotion of persons or categories of persons who have been disadvantaged by unfair discrimination. Finally, the final constitution requires a framework created by national legislation in terms of which the system should operate.

The NP enthusiastically subscribes to the constitutional provisions. In fact, I was privileged to have been personally responsible for the draft provisions for both constitutions.

In practice our tender system should firstly acknowledge South African contents. Secondly, it should promote small businesses by dividing contracts into smaller contracts as far as possible. The Minister has referred to that. One should always remember that the overheads of a small business are normally lower and that they would naturally benefit from such a step.

Thirdly, the systems should also give priority in a transparent, fair and competitive way to persons or categories of persons who had previously been disadvantaged by unfair discrimination. Naturally, this priority has a racist as well as a sexist dimension, and it will be the most difficult priority to apply in a transparent, fair and competitive manner. This is really very difficult.

The NP gives notice that it supports the Government action as set out by the Minister as far as the development and implementation of the public tender system are concerned, but that it will follow this with interest and keep a watchful eye on the Government.

Mr L D CHUENYANE: Mr Chairman, I wanted to know about the progress that had been made. I sit on the Public Works committee and I know everything about the 10-point plan and the procurement document. What I want to know is why the document is taking so long to complete. This is a very critical document, and that is why I have linked it to unemployment and economic empowerment.

At this time, the Minister puts politics first and South Africa second. [Interjections.] The Minister should put South Africa first and politics second. Our new economic approach should be rooted in ideas which stress the importance of micro-economics.

Mr M W MFEBE: Mr Chairperson, on a point of order: Is it really parliamentary for an hon member like David Chuehane to talk nonsense in this Chamber at the taxpayers' expense? [Interjections.]

The CHAIRPERSON OF COMMITTEES: Order! That is not a point of order. The hon member may proceed. [Interjections.]

Mr L D CHUENYANE: I do not have to respond to that because the hon member is playing politics instead of putting South Africa first. That is exactly what I am talking about now. I am talking about people like him who are playing politics in this House. [Interjections.] [Time expired.]

The MINISTER OF FINANCE: Mr Chairperson, I note that the NP supports a programme of affirmative action as set out in section 217 of the Constitution. I am very appreciative of that. It certainly would assist us if they applauded and supported those measures that would correct all of the wrongs that have happened in this country.

The hon Chuehane should note that the document is taking so long because the 10-point plan has already been implemented as an interim measure. The details of the long-term programme are being negotiated in Nedlac. That was the Cabinet's decision and that process is under way. I said that Nedlac dealt with this thing on 23 May. We will have a full-day workshop on 12 June. Where are the delays? I do not see where the delays are. If we want a thoroughgoing document, it is imperative that that document goes through all of the processes and is supported in all its glory.

Debate concluded.

#### Establishment of small credit institutions

3. Dr K RAJOO asked the Minister of Housing: Whether, in line with recent Cabinet approval for a wholesale housing finance corporation to assist home acquisition, her Department has given consideration to facilitating small credit institutions and assisting such institutions in being set up to help aspiring low-income home

owners; if not, why not; if so, what are the relevant details?

N958E.INT

The MINISTER OF HOUSING: Mr Chairperson, the response is as follows: The National Housing Finance Corporation has been established to facilitate the adjustments and reorientation needed in the finance and investment industries in South Africa in order to cater for the housing finance needs of a more substantial portion of the majority of the population, specifically the segment of approximately 30% between the upper and bottom end of the market, which is at present underserved or unserved due to various reasons.

This will involve narrowly targeted interventions aimed at removing obstacles and blockages in the intermediary and housing delivery processes, whilst fostering competition amongst market participants. The mission of the finance corporation is specifically to ensure the development and appropriate funding of institutions, providing affordable housing finance at the retail level. Such financing will be aimed at the lowest possible income levels able to afford credit on a sustainable and commercial basis, the development and appropriate funding of institutions offering a variety of tenure options for residential purposes in the underserved and unserved segments of the housing market and the sustained and growing mobilisation of savings into the housing process through appropriate intermediaries.

The finance corporation is specifically designed to act as a specialised wholesale funding intermediary. It will fund a risk margin with the capability effectively to manage the risks involved in the funding or underwriting of funding of specialised alternative lenders. It will be able and equipped to operate where the conventional banks are finding it difficult to operate. It is also mandated to manage the risks involved in the funding of institutions in the business of providing residential accommodation under a variety of tenure forms serving the identified market.

The finance corporation will offer products and services on the basis of financial viability and sustainability and market demand. This product will entail short and medium-term fixed-rate loans, long-term loans to housing institutions and endorsements or guarantees for issues of paper by retail intermediaries or housing institutions. The finance corporation will also manage special-

purpose funds set up by foreign donors, as well as two funds, envisaged by the South African Government for emerging retail lenders and housing institutions, for appropriate fees. This will ensure accessibility to all its products and services for all retail intermediaries or housing institutions meeting its requirements and targeted groups. [Time expired.]

Dr K RAJOO: Mr Chairman, arising out of the hon the Minister's reply, despite the fact that she has the finances and that she is ensuring that certain institutions will offer finance in the form of fixed-rate loans and guarantees, and that she is getting this from foreign donors and other people to ensure a good housing policy in South Africa— which we appreciate—what we would like to tell the Minister is that the banks in South Africa are not doing their job. The banks in South Africa are not granting loans to those people who need them. I want to tell the Minister that the banks had the third-largest gain on the JSE in 1995. In 1994 Standard Bank Investment Corporation alone made R1 037 million in net profit. First National Bank made a net profit of R771,5 million; Absa Bank made a net profit of R667 million and Nedcor Bank made a net profit of R615 million. This is the situation. So many of our people need homes. The banks are making so much money, and yet they are not granting them loans to buy those homes.

HON MEMBERS: Nationalise the banks! [Interjections.]

Dr K RAJOO: I want to say to the hon the Minister that her party, the ANC, is asking for the nationalisation of the banks. I am not. [Laughter.] I request the Minister to hear me clearly. The IFP is a free-market associated party. We want a free market and good competition. I know that Mr Trevor Manuel is also eager to tell us something about that, and we are going to listen to him later. [Interjections.]

I want to point out to the Minister that in 1995, 30 000 houses were built in South Africa. Also, 280 000 subsidies were granted by her department. There were 280 000 subsidies, but only 30 000 loans. The rest of the people did not have the money to build their homes as they did not get loans.

What we are now asking the Minister to do is to set up small credit corporations throughout South Africa so that those poor people will be able to get



loans to build the houses which they need. Houses are a basic need, and that basic need must be provided for. The ANC cannot sit here and allow so much money, in the form of profits, to go to the banks when there are no homes for the people. This is what we are asking for.

The Director-General of Housing has recently committed his department to providing 1 million housing subsidies. Does the Minister know that only 50 000 loans will be granted? This is the problem. What we are asking the Minister to do is to make certain that the type of money that she gives to big bureaucratic institutions should rather be channelled to small credit unions throughout the country, especially in the rural areas, so that those people who are living in different areas will have access to the R15 000 subsidies which she is giving and which she should deposit in such credit unions for use in serviced-site areas so that people in this country can get homes. That is what we are asking from the Minister. [Interjections.] We hope that the Minister will do this.

The current backlog is 1,2 million homes. [Interjections.] Every year there is a demand for 200 000 new homes. How are we ever going to catch up with this backlog when the banks are refusing to lend our people money, and yet are enjoying ever-increasing profits? [Interjections.] For this current year, 21% interest on shares will be granted to banks. While they are getting more and more money, our people are getting fewer and fewer loans. We would like the Minister to look into this matter. [Time expired.]

**THE MINISTER OF HOUSING:** Mr Chairperson, for a change, I think, we are beginning to address the issues that we need to address. It is true that despite the commitment of the banks to trickle 50 000 loans down to our market, not much has gone down to the people who are supposed to access those loans. Let me say that not all is lost because, within the same financial sector, we are beginning to see some banks like Nedcor moving into joint ventures with the Government. Through those agreements and because of the understanding that exists between us, within the next 24 months we will be able to count thousands of houses.

It is also true that because there is no competition in the market, the financial institutions tend to have the upper hand when it comes to the question of the purchase of credit. As an institution, the Housing Ministry is involved in these issues, and we have been thinking on how to enter the market

household that is earning less than R800 per month would require a loan of R20 000. This person would not be able to secure such a loan, as such large loans are reserved for households with double that income. For example, the Standard Bank E-Bank facility requires a person to earn R1 500 a month just to get R20 000. So how will a person earning less than R800 qualify for such a loan?

While we welcome the finance corporation stance to give out money to the lower income groups, what will be of interest is whether these people will get preferential rates according to their income. I propose to the Minister that the Government should be in the driving seat in order directly to address the housing needs of the population. This will call for an ever-increasing emphasis on public financing, rather than leaning too heavily on private financial institutions. Also, in the case of those individuals who cannot purchase homes—and many of them will not be able to purchase homes—we should present them with a real option of renting State accommodation.

The position of poor households is worsened by the fact that private financial institutions charge higher interest rates on smaller loans. [Time expired.]

**THE MINISTER OF HOUSING:** Mr Chairperson, when we look at the problem at the lower end of the market, I think we must begin to realise the fact that the people we are dealing with are not helpless people. Hon members will remember that a few weeks ago in this House, I responded to a question and I indicated in my reply that we are accommodating this lower end of the market by means of housing support centres.

The housing support centres are going to be institutions or places of activity that people from the lower end of the market can visit on a daily basis in order to produce their own bricks, so as to add to the R15 000 subsidy that we are talking about. These are the people in the R1 800 per month income group. These people have thus been accommodated in our policy.

Also, it is very obvious that as soon as we are able to put together the nontraditional retail lenders with respect to the housing loans that we are talking about, we will be accommodating this lower group, because we feel that those institutions understand the environment and the background of the people who have to access the credit on the ground. The question of interest rates is an

issue which we are deliberating upon, and we will make announcements as soon as we are ready.

**THE CHAIRPERSON OF COMMITTEES:** Order! We would like to give the interpellant, Dr Rajoo, one minute to respond.

**Dr K RAJOO:** Mr Chairman, thank you for your latitude. We appreciate the steps that the hon the Minister is taking. We appreciate also the fact that there is no competition for the banks and that she is doing something about it. What we would like her to do is to take some action for the 50 000 bond holders who are in default now, who are going to be removed from their homes, and whose homes will be reposessed. These people are in dire need of assistance. We would like her department to see how best it can help these people. The banks that are going to reposess these homes are going to auction them for a good sum of money. Besides that, the banks are going to sue the previous owners for the rest of the money. So the person who bought his house with great aspirations in this country, will lose out. [Time expired.]

Debate concluded.

#### Western Cape: redeployment of teachers

4. Mr L M GREEN asked the Minister of Education:

Whether the Government is going ahead with rationalisation and the redeployment of teachers in the Western Cape; if not, why not; if so, (a) when and (b) how will it be implemented?

N957E.INT

**THE MINISTER OF EDUCATION:** Mr Chairperson, I thank the hon member for giving me another opportunity to address this national issue.

My first answer to his question is that the Government is proceeding with its constitutional duty of bringing about equity in educational funding, both across provinces and within provinces. The complex implications for the educator establishment in all provinces, not just the one mentioned by Mr Green, are being systematically managed according to the agreements reached between employer and employee representatives in the Education Labour Relations Council.

The matter of teacher redeployment did not come out of the blue. Once this nation committed itself to living under a constitution embracing fundamental rights, it became morally inevitable. The



1075

WEDNESDAY, 5 JUNE 1996

1076

Foreign direct investments

405. Dr E A SCHOEMAN asked the Minister of Finance:

What amounts in foreign direct investments had been invested by individuals and/or corporations from (a) Europe, (b) North and South

America, (c) Asia, (d) Oceania and (e) Africa in the (i) long-term and (ii) short-term (aa) monetary and (bb) non-monetary sectors at the end of (aaa) 1991, (bbb) 1992, (ccc) 1993, (ddd) 1994 and (eee) 1995?

N716E

The MINISTER OF FINANCE:

See Schedule.

Foreign direct investment in South Africa as at 31 December R million

	Monetary sector					Non-monetary sector						
	Long-term		Short-term			Long-term		Short-term				
	'91	'92	'93	'94	'91	'92	'93	'94	'91	'92	'93	'94
Europe	182	206	205	264	93	61	552	1 069	18 886	20 233	20	24
North & South America			3						2 495	2 918	3 900	4 937
Asia	6	56	57	63	11	11	341	161	204	311	381	464
Oceania									172	238	182	311
Africa	5	2	2		25				286	309	317	329

No information is available for 1995.

Infrastructure for housing (123)

490. Mr L D CHUENYANE asked the Minister of Housing:

Whether her Department plays any role in the provision of bulk infrastructure for housing; if not, what is the position in this regard; if so, what role?

N844E

The MINISTER OF HOUSING:

Yes, the Department of Housing is responsible for managing the Bulk and Connector Infrastructure Grant Programme (BCIG) on a national basis.

This Programme was designed as a result of an investigation by a special ministerial task team which identified one of the constraints for housing delivery as being a lack of available Bulk and Connector Services, caused by the fact that Local Authorities find it difficult to obtain loans from financial institutions. The BCIG Programme was therefore devised specifically in order to support the housing delivery process.

It is a bridging programme pending the finalisation of the proposed Municipal Infrastructure Investment Framework for which the Department of Constitutional Development is responsible.

In short, the programme provides for a once-off capital grant to service providers. Such a grant may vary between 30% and 90% of that part of the capital cost of a bulk and/or connector service which will service low-income housing projects, and the percentage is determined on the basis of the mean income of households within a local authority area.

In order for this grant mechanism to dovetail with the housing process, Provincial Housing Boards are responsible for approving these grants in terms of certain predetermined criteria. An amount of R700 million was made available over a period of three years as a RDP supported initiative for this Programme and it is currently being implemented by Provincial Housing Boards under the auspices of provincial housing departments.

1077

THURSDAY, 6 JUNE 1996

1078

QUESTIONS

†Indicates translated version.

For written reply:

Independent Electoral Commission

314. Mr A J LEON asked the Minister of Home Affairs:

- (1) (a) What is the expected lifespan of the Independent Electoral Commission, (b) how many (i) commissioners and (ii) other specified staff members of the Commission are employed by the Commission, (c) what annual salary is being paid to each of the (i) commissioners and (ii) staff members of the Commission and (d) from which premises is the Commission currently conducting its operations;
- (2) whether the commissioners and/or staff members of the Commission are entitled to any (a) car, (b) travel, (c) subsistence and/or (d) other specified allowances; if so, what allowances in each case;
- (3) whether the Commission has purchased any premises from which to conduct its operations; if so, (a) which premises, (b) at what cost and (c) what other expenses were incurred or are being incurred as a result of this purchase; if not,
- (4) whether the Commission is renting any premises; if so, what is the annual rental?

N548E

The MINISTER OF HOME AFFAIRS:

- (1) (a) The Independent Electoral Commission will be dissolved as soon as the Electoral Commission Bill, tabled in Parliament on 6 May 1996, becomes "Law".  
(b) (i) None on a full-time basis. The chairperson remains involved on a part-time basis.  
(ii) 14  
(c) (i) None  
(ii) The position on 30 April 1996 was as follows:

	R
Executive Director	69 875 pa*
Financial Director	69 875 pa*
Director: Legal Services	174 639 pa
Director: Administration	76 098 pa*
Deputy Director: Finance	159 973 pa
Assistant Director: Finance	102 787 pa
Senior Administrative Officers (3)	89 733 pa each
Administrative Officer	78 856 pa
Secretary/Clerk	43 381 pa*
Senior Security Officer	59 665 pa
Telephonist/Clerk	49 326 pa
General Assistant	18 000 pa
Total	1 171 674 pa

No benefits such as pension fund, medical aid, leave benefits, annual bonus, overtime, etc. are payable and salaries have not been revised since 1993. Staff requirements are continuously evaluated and scaled down.

\*Seconded from Government Departments and other concerns.

- (d) First Floor, Pretmed Building, 317 Pretorius Street, Pretoria.
- (2) (a) No. Having relocated from Johannesburg to Pretoria staff are however provided with official transport since they can not be transferred to Pretoria as the IEC is a temporary organisation which will shortly disband and their temporary employment be terminated.  
(b) Motor vehicle allowances from R44 484 pa up to R60 132 pa were approved by the Department of State Expenditure for Directors but is not being paid as such employees are provided with transport for official purposes.  
(b) None.  
(c) None.  
(d) None.
- (3) No.  
(a), (b) and (c) Fall away.

# Half of South Africa

## 'without sewerage' (123)

BD 5/6/96

**MELANIE GOSLING**  
ENVIRONMENT WRITER

OVER 21 million South Africans lack proper sanitation, and this could contribute up to 80% of the national disease burden, says Health Minister Dr Nkosazana Zuma.

Speaking at the launch of the National Sanitation Policy White Paper in the city yesterday, Zuma said the policy was strongly biased in favour of the rural poor, who had suffered diseases as a result of poor environmental health.

The policy document was the result of co-operation between six government ministers.

Water Affairs Minister Kader Asmal, who announced yesterday that his department had allocated R75m to sanitation, said it was "historic" to have a policy developed by so many departments.

"The simple building of toilets does not serve the purposes of

effective sanitation. The legacy of the previous government's 'toilets in the veld' policy should convince us all of that," Asmal said.

The Departments of Water Affairs, Health, Environment, Education, Constitutional Development and Housing had worked together to develop the policy.

Some of the policy principles are:

- Sanitation should be community-based and driven by demand.
- The user pays, which means the services must be affordable.
- Sanitation that has a negative affect on the environment will not be implemented.
- Services must take into account the scarcity of water.
- Services must be accompanied by health and hygiene education
- Co-ordination between government departments across all tiers is essential.



# Don't ignore the 'backyard factor'

By Russel Molefe *Sowetan 7/6/96*

TOWN Planners should pay more attention to the phenomenon of informal housing in the backyards of established houses when planning low-cost housing developments, a research team which investigated the living conditions in these households has warned.

The Palmer Development Group's research team also warned that the phenomenon of informal housing in back yards won't simply disappear and town planners should ensure existing infrastructure can support the additional load.

The aim of the investigation was to determine the access of people living in backyard accommodation to basic services. The team found that 350 000 of the 1,25-million formal houses in six predominantly black areas had "back yard dwellers".

**THE MINISTER FOR POSTS, TELECOMMUNICATIONS AND BROADCASTING:**

The Chairperson of the SABC has informed me as follows:

The Independent Broadcasting Authority has granted the following number of temporary community broadcasting licences in (a) the Republic and (b) each of the provinces:

- (a) 82
- (b) 8 Eastern Cape  
4 Mpumalanga  
6 Free State  
35 Gauteng  
8 KwaZulu-Natal  
1 Northern Cape  
1 Northern Province  
5 North Western Province  
14 Western Cape

**SABC: retirements**

493. Mr J J DOWRY asked the Minister for Posts, Telecommunications and Broadcasting:†

(a) How many employees left the employ of the SABC during the period 1 May 1995 to 31 December 1995 and (b) what were the reasons for their retirement?

N847E

**THE MINISTER FOR POSTS, TELECOMMUNICATIONS AND BROADCASTING:**

The Chairperson of the SABC has informed me as follows:

- (a) 466 members of staff.
- (b) Resignation 141 30,3%  
Retrenchment 262 56,2%  
Dismissal 17 3,6%  
Retirement 33 7,1%  
Other 13 2,8%

**State archive depositories**

520. Dr A P JANSE VAN RENSBURG asked the Minister of Arts, Culture, Science and Technology:†

(a) How many state archive depositories are there at present under the control of his Department, (b) what are the names of each of these depositories and (c) what financial assistance does each such depository receive from his Department?

N883E

The MINISTER OF ARTS, CULTURE, SCIENCE AND TECHNOLOGY:

(a) There are eight archives repositories under the control of the Department of Arts, Culture, Science and Technology.

(b) and (c) The names of the depositories and the financial assistance provided by the Department are as follows:

Depositories	Person. Expen.	Admin. Expen.	Supplies	Equipm.	Prof. Services	Div. Expen.	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Central/Transvaal Archives Depot	1 162	13	29	27	9	16	1 256
Intermediate Depot Pretoria	516	7	4	0	0	8	535
Intermediate Depot, Johannesburg	257	9	4	4	0	4	278
Free State Archives Depot	731	27	9	4	3	10	784
Natal Archives Depot	546	29	15	9	3	8	610
Intermediate Depot, Durban	398	21	8	9	2	6	444
Cape Archives Depot	2 179	75	44	36	111	30	2 475
Intermediate Depot Port Elizabeth	375	14	3	5	1	6	404

**QUESTIONS**

Indicates translated version.

For written reply:

**School feeding scheme**

145. Mr A J LEON asked the Minister for Health:

- (1) Whether the school feeding scheme established as a Presidential RDP Lead Project has been discontinued at any schools due to a lack of funds; if so, (a) how many schools in each of the provinces have been affected in this regard, (b) from what sources did the money originate for the funding of these schools, (c) what are the reasons for the drying up of these funds and (d) from what sources does the revenue required by the provinces whose programmes are continuing, originate;
- (2) whether she intends taking any steps to (a) introduce these programmes and/or (b) prevent any further discontinuations; if not, why not; if so, what steps?

N286E

The MINISTER FOR HEALTH:

(1) Yes.

(a)

Province	Number of schools	Number of children
Eastern Cape	5 030	1 700 000
Other provinces	Nil	Nil
Total	5 030	1 700 000

(b) RDP-fund

(c) Needy schools were not targeted within the limits of affordability. There was blanket feeding instead of targeted feeding as the President has stated. Due to political pressure and lack of appropriate data, blanket feeding was done with the result that the provincial PSNP budget was exhausted before the end of the financial year.

(d) RDP-fund

*Hansard*

(2) (a) The Eastern Cape Province stopped the Primary School Nutrition Programme in December 1995 due to the lack of targeting. The Province reintroduced the programme on 6 March 1996 when the additional funds amounting to R35 million was acquired from the Welfare Department. As of April 1996, the funds will be devolved to the provinces for direct administration of the Primary School Nutrition Programme.

(b) Yes. During the current business planning process specific attention is being given to targeting to ensure that:

- \* the programme is only implemented in primary schools where the need has been established;
- \* priority is given to primary schools serving rural and peri-urban areas, including primary schools serving informal settlements;
- \* the programme is targeted at geographical areas where poverty levels are highest; and
- \* targeting is done within the limits of budget allocations.

In addition, financial monitoring will continue to ensure that expenditure rates do not exceed budgeted allocations.

**Provinces: houses built on accelerated basis**

272. Mr M F CASSIM asked the Minister of Housing:

Whether all provincial governments are succeeding in the building of houses on an accelerated basis; if not, which provinces have not so succeeded; if so, what is the (a) nature and (b) extent of the progress made in this regard in each case?

N473E

The MINISTER OF HOUSING:

(a) and (b) As reflected in the table below not all provincial governments are succeeding in the building of houses on an accelerated basis.



INDIVIDUAL OWNERSHIP SUBSIDIES (PROJECT LINKED AND INDIVIDUAL SUBSIDIES)

APPROVED: 15 MARCH 1994 TO 31 MARCH 1996

Month	Western Cape	Gauteng	North West	Mpumalanga	Kwa-Zulu Natal	Free State	Eastern Cape	Northern Cape	Northern Province	RSA
Aug '95*	875	3 760	2 066	431	168	1 372	83	80	0	8 845
Sept '95	59	1 276	377	638	306	200	52	0	0	2 908
Oct '95	460	1 327	0	375	367	236	216	301	0	3 282
Nov '95	167	371	788	1 912	1 247	317	263	0	0	5 065
Dec '95	0	1 230	0	313	395	215	210	583	146	3 092
Jan '96	699	657	591	1 567	517	285	48	1 303	0	5 667
Feb '96	5	1 102	1 971	0	572	251	313	488	1 558	6 260
Mar '96	513	1 665	479	2 164	762	256	493	312	402	7 046
Total	2 778	11 388	6 272	7 400	4 334	3 132	1 688	3 067	2 106	42 165

\*Combined delivery of project linked subsidies for the period 15 March 1994 to 31 August 1995 and individual subsidies for the period 5 June 1995 (date of implementation) to 31 August 1995.

Once individual ownership subsidies are approved, conveyancers are instructed to register transfer of the residential property in the name of the subsidy beneficiary. In the case of existing homes and completed homes in projects, this means that the beneficiary can take occupation of the home soon after registration of transfer or earlier if the agreement of sale so provides. Where the housing unit is still to be constructed, indications are that construc-

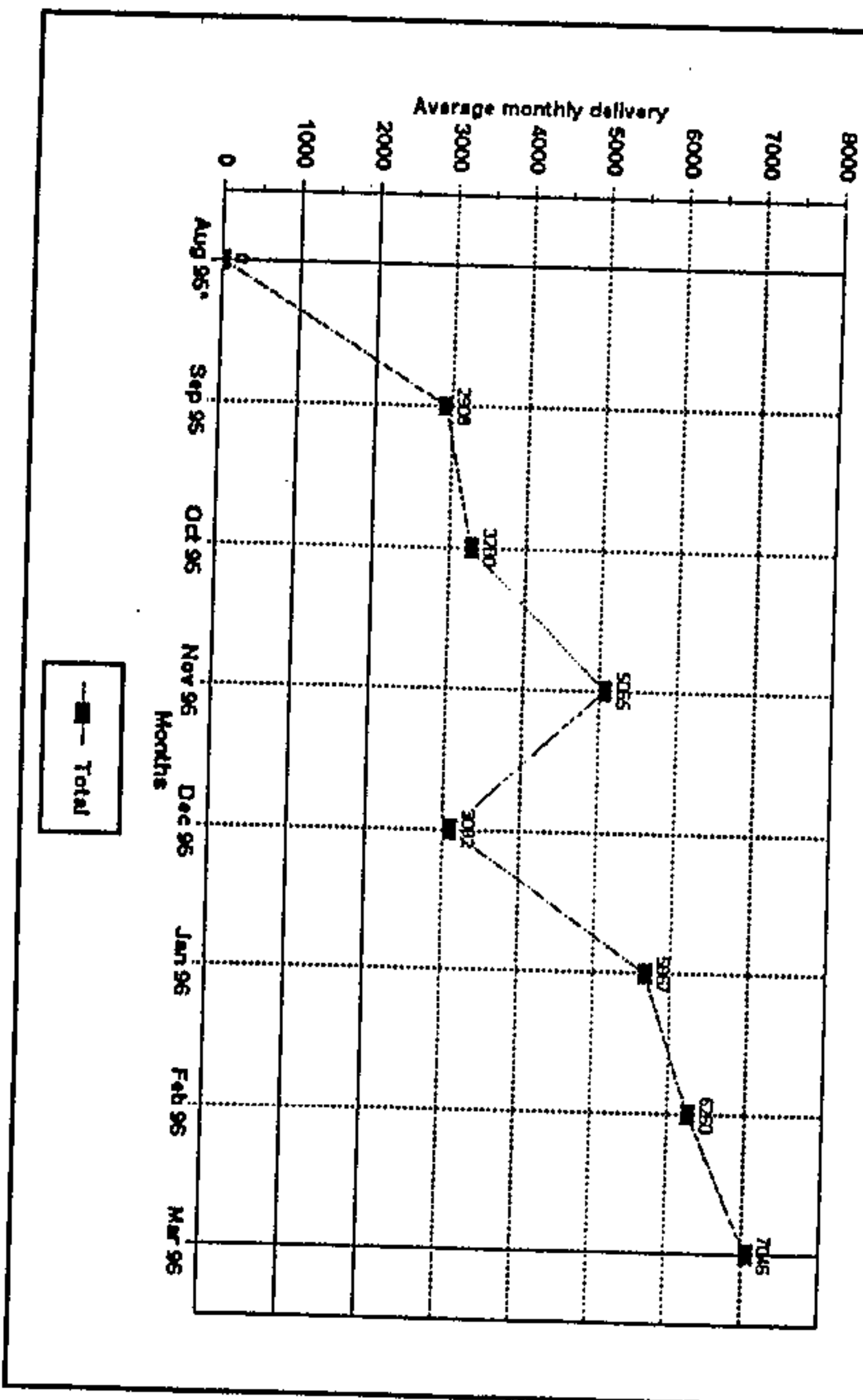
tion is completed within two to three months after registration of transfer.

Although there is not an increase in delivery in each province, it can however, clearly be seen in the last column of the table that there is a monthly increase in national delivery.

The national delivery is graphically illustrated in Appendix 1.

APPENDIX 1

AVERAGE MONTHLY DELIVERY PROJECT LINKED & INDIVIDUAL SUBSIDIES



\*Average monthly delivery in respect of project linked subsidies for the period 15 March 1994 to 31 August 1995 = 490

Average monthly delivery in respect of individual subsidies for the period 5 June 1995 (date of implementation) to 31 August 1995 = 271.

Air pollution

466. Mrs K W NOWEMESHA asked the Minister of Environmental Affairs and Tourism:†

- (a) In which areas of the Republic cases of unacceptably high air pollution occurred in 1995, (b) what were the causes of such air pollution in each case and (c) what steps were taken to counteract such air pollution?

The MINISTER OF ENVIRONMENTAL AFFAIRS AND TOURISM:

- (a) (i) Cape Town.
- (ii) Phalaborwa.
- (iii) Durban.
- (iv) Vaal Triangle area
- (v) Un electrified residential areas.

*[Handwritten signature]*

## Banks ask to meet minister on Sanco plans

(123)  
Robyn Chalmers

BD 11/6/96

BANKS, which have called for a meeting with Housing Minister Sankie Mthembu-Nkondo, are expected to ask government to intervene in plans by the SA National Civics Organisation to launch mass action against them.

The Council of SA Banks asked the ministry at the weekend to broker a meeting between government, banks and Sanco this week. The minister is in Istanbul but a ministry official said it would be prepared to enter talks.

SA Housing Trust chairman Frank Chikane met Sanco last night to discuss its action as well as the boycott of about 14 000 home loans extended by the trust, valued at about R350m.

The meeting broke up early as some senior Sanco members failed to attend, and officials declined to comment.

Sanco announced a mass-action programme from June 14, following the decision by banks and Cabinet members to toughen the stance against non-payers. Eighty-one evictions are scheduled, and 5 200 other defaulters out of 49 000 also face a crackdown.

The ministry spokesman said defaulters had been offered a range of compromises, and some had been co-operative, but action would be taken against those who remained defiant.

Sanco president Mlungisi Hlongwane said yesterday the action against banks was a bid to halt evictions and to force banks to reconsider high interest rates. He said Sanco was willing to negotiate with banks and government, particularly regarding the 1994 record of understanding between government and banks to boost lending into the lower end of the housing market.

Sanco wants a range of issues added to the agreement, including the banks' adoption of social responsibility policies in dealing with poor communities.



# Unserviced bonds delay housing plans

Linda Ensor

(123)

20/11/6/96

CAPE TOWN — Housing development in Khayelitsha had been held up because about 3 000 mortgage bonds in the township were not being serviced and banks had refused to become involved, Western Cape housing MEC Cecil Herandien said during his Budget vote in the provincial legislature yesterday.

As a result mortgage indemnity was not available. He said initiatives were under way to involve

all role-players in a bid to get mortgage indemnity extended to the area.

Herandien said the Western Cape had spent 61% of its budget for the last financial year, which was far better than Gauteng, which had only spent 49%. This excluded funds spent under the Integrated Serviced Land Project.

He noted the provincial government had received 117 applications for housing subsidies worth R852m, which represented about 60 000 housing opportunities.

Eighty projects worth R487,7m — which provided for 32 688 housing units — had already been approved by the provincial housing board while 3 915 individual housing subsidies worth R6m had been approved.

However Herandien said housing delivery had been retarded by high development costs, high expectations by the beneficiaries who were dissatisfied with the type of house which could be built with the subsidies, and a lack of involvement by local authorities.

- (b) The vehicles were purchased to ensure the safety of the President and his Executive Deputy Presidents. The armoured vehicles in the existing fleet have reached the end of their economic lives and are outdated with regard to the armoured technology, given the prevailing level of security threats.
- (c) The vehicles will be utilised for the safety of the President, Executive Deputy Presidents and visiting VIP dignitaries.
- (2) A media statement regarding this matter was issued by my department on 14 March 1996.

The DEPUTY MINISTER OF FOREIGN AFFAIRS: Madam Speaker, on behalf of the Minister of Public Works, I request that question 8 stand over. He has been called to another urgent meeting.

\*S. MR A J LEON—Public Works [Question standing over]

Questions standing over from Wednesday, 5 June 1996:

#### Literacy programme

\*4. Mr M F CASSIM asked the Minister of Education:

- Whether the Government intends undertaking a programme aimed at achieving rapid literacy in at least one of the official languages amongst South African citizens; if not, why not; if so, (a) what are the details of the programme, (b) who will be in charge of such programme, (c) what amount of funding will such programme receive, (d) over what period will the programme run and (e) what percentage of the population will it target?

N783E

The MINISTER OF EDUCATION:

Yes, the Government intends achieving rapid literacy, not in one language, but in all the languages of the country amongst all South Africans.

- (a) Language literacy for the illiterate is being offered in all provinces through the Ithuteng Pilot Project for Adults.

- (b) The Director for Adult Basic and Community Education and Training, Ms G Nxumalo is in charge of such programmes.
- (c) Such programmes have received an amount of R5,4 million per province to kick-start the project.
- (d) The programme will run for five years.
- (e) It will target about 5% of the adult population that requires adult basic education.

The MINISTER OF JUSTICE: Madam Speaker, unfortunately the Minister for the Public Service and Administration is again not available. I apologise for that and ask that Question 17 stand over.

\*17. Rev M M PHENETHI—Public Service and Administration.† [Question standing over.]

\*21. Mr A G MOHAMED—Public Works.† [Question standing over.]

#### Housing subsidies

\*28. Mr M J ELLIS asked the Minister of Housing:

- (1) How many housing subsidies were (a) applied for and (b) granted during the latest specified 12-month period for which information is available;
- (2) whether any mechanisms are in place to ensure that information supplied by applicants regarding monthly household income is accurate; if not, why not; if so, what mechanisms?

N808E

The MINISTER OF JUSTICE (for the Minister of Housing): Madam Speaker, the Minister of Housing apologises for her absence and replies to the question as follows:

- (1) (a) 53 241  
(b) 44 761

The aforementioned figures are for the period 1 May 1995 to 30 April 1996.

- (2) Yes. In terms of the Implementation Manual in respect of Government's Housing Subsidy Scheme and other Housing Assistance Measures it is a prerequisite

that adequate proof of monthly income per household accompanies an applicant's application for a subsidy. It is also required from the applicant to sign an affidavit declaring that the information contained in the application form, *inter alia* relating to his or her income, is true and correct. Applications are scrutinised administratively to ensure compliance with requirements before being considered by the relevant provincial housing board.

Any follow-up questions will be forwarded to the Minister.

#### Shell House: prosecutions

\*32. Mr J H VAN DER MERWE asked the Minister of Justice:

- (1) Whether a decision has been made to prosecute any persons following the Shell House incident; if not, when is it anticipated that such a decision will be made so what are the relevant details;
- (2) whether he will make a statement on the matter?

N813E

The MINISTER OF JUSTICE:

- (1) and (2) I am informed by the Attorney-General, Johannesburg that investigations have not as yet been completed.

The so-called Shell House incident was not a single or an isolated event. It was one theatre of several at which a number of people were killed. They are:

- At Shell House eight died;  
At Library Gardens 10 died;  
At Selby Hostel three died;  
At Lancel Hall one died;  
At Park Station one died;  
During other incidents on the same day 22 died.

The attorney-general states that his office is investigating all these killings. Various dockets have been opened in respect of all these deaths. Decision will be taken on completion of all the investigations.

It is not possible for me to say when these decisions will be taken.

#### Road signs on main/secondary roads

\*36. Inkosi M W HLENGWA asked the Minister of Transport:

- (1) Whether, in view of the growth experienced in the business and tourist sectors, his Department has undertaken a study to determine the adequacy, frequency, consistency and usefulness of road signs on all main and secondary roads; if not, why not; if so, (a) when, (b) what were the findings and (c) from which target groups was information obtained;
- (2) whether he will make a statement on the matter?

N849E

The MINISTER OF TRANSPORT:

No such specific study has been undertaken.

However, the Committee of Experts on Road Signs of the CSRA appointed a sub-committee in 1975 called the South African Road Traffic Signs Subcommittee to revise and update the South African Road Traffic Signs Manual (SARTSM).

This manual was published in draft form in July 1993, and forms an integral part of the Road Traffic Act (No 29 of 1989) and the amendments to the Road Traffic Regulations published in October 1993. With the demise of the CSRA and the establishment of the Committee of Land Transport Officials (COLTO), the South African Road Traffic Signs Subcommittee's work has continued unabated.

Work on the manual under Colto has spanned a period of roughly two years. Represented on the committee are interest groups such as the motorist, the tourism industry and the business sector, among others.

In compiling this manual, all aspects of road traffic signage—including adequacy, frequency, consistency and usefulness—were addressed in depth. Special attention was also paid to the so-called "brown signs", which specifically relate to tourism. The subcommittee still continues to control, monitor and, where necessary, revise road traffic signs.

#### Shell House: information

\*38. Mr H A SMIT asked the Minister of Justice:†



# Housing department slates boycott call

John Dluudi

THE housing department has slated renewed calls for bond boycotts, saying these would have an "extremely negative and damaging impact" on the housing programme.

The department said the call by the SA National Civics Organisation (Sanco) for boycotts as well as mass action against evictions and bank interest rate hikes should be condemned by all with an interest in housing and development. The statement, signed by director-general Billy Cobett, reiterated government's support for the 1994 record of understanding entered into

BD 12/6/96

1233

with mortgage lenders. Although the department admitted the agreement — which provides a plan for defaulting households to rehabilitate loans — had certain weaknesses, it opened the door to substantive talks with any organisation to improve the mechanism. It said in most cases "co-operation of households" had been obtained and legal action had been instituted against those refusing to cooperate. Some households had been approached "as many as eight times" and had threatened officials with violence and death. "The department is at a loss to understand why any organisation would wish to take up such cases

as a matter of principle." The department said more than 90% of low-income households paid on time and legal action was being taken against "a minority within a minority". The focus on defending the "rights" of those who could pay but did not wish to could only be at the expense of the poor. SA Housing Trust chairman Frank Chikane said a report in Business Day that he had attended a meeting on Monday to tell "Sanco its stance enjoyed little government support" was incorrect as he did not represent government on this matter.

Picture: Page 3

# Housing delivery rate is increasing by the month

(123) ARG 12/6/96

**CLIVE SAWYER**  
Political Correspondent

THE national rate of housing delivery is increasing monthly, but progress is uneven among provinces.

This was evident from figures tabled in parliament this week by Housing Minister Sankie Mthembu-Nkondo, in reply to a question by Farouk Cassim (IFP).

The figures covered the period from March 15, 1994, to the end of March this year.

During that time, 42 165 individual ownership subsidies were approved.

Of these, 2 778 were in the Western Cape, 11 388 in Gauteng, 6 272 in North West Province, 7 400 in Mpumalanga, 4 334 in KwaZulu-Natal, 3 132 in the Free State, 1 688 in the Eastern Cape, 3 067 in the Northern Cape, and 2 106 in the Northern Province.

Ms Mthembu-Nkondo said the aver-

age monthly delivery of project-linked subsidies between March 1994 and August last year was 490.

The average monthly delivery of individual subsidies from June last year, the date of implementation, to August last year, was 271.

Meanwhile, details of Ms Mthembu-Nkondo's overseas travels were disclosed in the senate in response to questions by William Mnisi (DP).

Between May last year and April 30, she went overseas five times, to Malaysia, Namibia, India, Germany and the United States, spending a total of 35 days outside the country, at a cost of more than R81 000, with final figures for accommodation during the 15-day stay in the US not yet being available.

Ministerial staff went on 14 trips during that time, including those during which they accompanied the minister.



# Cash incentives for promoting Masakhane

DD 12/6/96 (123)

Mduduzi ka Harvey

THE provincial affairs and constitutional development ministry planned to offer cash incentives to local authorities to promote the Masakhane campaign and raise payment levels for municipal services, campaign co-ordinator Tumelo Moloko said yesterday.

The size of the "Masakhane awards" to successful metropolitan and rural councils was to be discussed yesterday at Minmec, the monthly meeting of Provincial Affairs Minister Valli Moosa and his provincial counterparts. It would also be debated at a national meeting of mayors and chairmen of district councils organised by the ministry later this month.

Moloko said the monetary reward would be used as an incentive to ensure maximum participation in the campaign by local authorities.

Criteria in determining which councils were promoting the campaign would include community participation in local authority processes, such as budgeting. If communities had a role in the budget process, they would realise the importance of paying for services, she said.

Local authorities would also be assessed on how they set priorities, the

extent to which other stakeholders, such as churches and civil society, played a role in identifying priorities, and the implementation of development programmes.

A key factor would be improvements in payment levels, which would also take into account levels of poverty. Payment levels would be measured against service delivery, and particularly visible provision of services.

Mayors and district council chairmen would come under scrutiny when the ministry investigated to what extent campaign projects had been implemented, and what steps they had taken to localise Masakhane.

Moloko said that plans to revamp the campaign included the holding of Masakhane stakeholder workshops, two of which had already taken place in the Eastern Cape and the North West provinces.

A workshop would be held in Gauteng this week, while dates for other provinces were being finalised.

The final phase would entail workshops with religious groups, youth, unions and business, among other interest groups, to plan how to localise the campaign. The workshops would also determine the roles of the different sectors in its implementation.

## Order to remove voter names

DD 12/6/96 (234) DD-6/96

Farouk Chochla

MARITZBURG — The Supreme Court ordered the removal yesterday of the names of 266 people who had registered at the Maritzburg municipal offices, after an application by local government election officials.

Officials launched the action after NP threats that it would challenge the validity of the June 26 elections for Maritzburg's transitional local council if the 266 people were allowed to vote.

Deputy returning officer Anne Dominy said the presence of the 266 unidentified people represented 4,5% of voters in ward 14, and their ballots would have a determining influence on the result. It could be further argued that the 266 voters might also affect the proportional allocation of seats in the new council, Dominy said.

The ward was being contested by the ANC's Yugandrie Maharaj, the NP's Sophia Schutte, the IFP's Abraham Liebenberg and independent candidate Ebrahim Mahomed.

The ward covered a large part of the former white city, but included an informal settlement which was believed to be an ANC stronghold.

The court ruled that any party opposed to the removal of the 266 names should file affidavits by June 19.

ANC MP Mike Sutcliffe said the NP had been racist in demanding the removal of the names. Informal settlers did not have registered addresses, and it was difficult to trace them in settlements. This should not result in them being denied the vote.

Instead, questionable names should be placed on a separate roll. If they arrived to vote, election officials should first check whether they had not voted previously, and whether anyone could vouch for them.

NP spokesman Pieter van Pletzen said the ANC wanted to rig the results, and the decision to take the matter to court was correct. The NP had evidence of the ANC busing in about 50 voters in another ward, and it planned to refer this to court.

# Sanco's mass action raises concern

(123)  
Loweram  
12/6/96

By Khangale Makhado

THE Department of Housing has raised serious concerns about the proposed mass action on Friday called by the South African National Civics Organisation and says the action would encourage a culture of bond boycotts.

The reaction comes a day after Sanco's call for a nationwide mass action to include marches, sit-ins, pickets and blockades at banking halls in protest against the recent increase in interest rates.

Sanco also plans to protest against an imminent crackdown by banks on about 6 000 bond defaulters.

Director-General of Housing Mr Bill Cobbett said yesterday that the climate being created by such actions was responsible for new calls in some parts of the country for bond boycotts.

"Mobilising around non-payment is, of course, very easy and popular whereas supporting initiatives to save or pay requires a different level of organisation and effort," said Cobbett.

He said an expansion of bond boycotts would have an extremely negative and damaging impact on the national housing programme. This should be condemned by all those who have an interest in housing and development.

## Landmark document

Cobbett said the facts were that more than 90 percent of low-income households with private sector bonds were up to date with their payments, while the majority of households in arrears were willing and cooperating to resolve their particular problems.

The 1994 Record of Understanding negotiated and signed between the department and the Association of Mortgage Lenders was a landmark document aimed at restoring normality to a market distorted by the legacies of the past, he said.

These included bad lending, inadequate consumer education, bad building and non-payment. In terms of the understanding, all households defaulting on bonds were to be approached and presented with reasonable formulae for the rehabilitation of their loans.

Cobbett said the recent increase in the mortgage rate was a separate issue from those contained in the Record of Understanding.

Legal actions had only been instituted against those who had refused to cooperate by refusing "even to discuss this matter with officials from the banks, Servcon and the South African Housing Trust".

Meanwhile, the Federation of South African Labour (Fedsal) said last night that the planned mass actions by Sanco and the Congress of SA Trade Unions on Friday and July 6 respectively did not bode well for the country.

"Although Fedsal whole-heartedly shares the concerns regarding the effects of the recent interest rate hikes, especially on the poor, the situation will only be worsened if undisciplined actions continue," Fedsal general-secretary Mr Dannhauser van der Merwe said.

"Not only are the actions giving a bad message to much needed foreign investments but it also encourages civil disobedience, a thing that Fedsal hoped was something of the past."



# Bond boycott 'will damage development'

(123)

The Government says the calls for non-payment should be condemned

BY NIKKI WHITFIELD

Star 12/16/96

The Department of Housing has moved to quell the rising tide of dissension within the struggling housing programme and has damned the "extremely negative and damaging" calls for bond boycotts to be stepped up.

William Cobbett, the department's director-general, said in a statement yesterday the bond boycotts should be condemned by everyone who had an interest in housing and development.

He was reacting to calls by the South African National Civics Organisation to boycott if banks and the Government acted against bond defaulters, evicted non-payers and if banks did not lower interest rates, which jumped in a double increase last month.

## Defaulters should be helped out

"Some households have been approached by officials authorised to resolve their problems more than eight times," Cobbett said. "Not only have they refused to discuss the matter, they have issued threats of violence and even of death against such officials.

"It is these people who are threatened with legal processes that will result in eviction. The Department of Housing is at a loss to understand why any organisation would wish to take up such cases as a matter of principle."

He said 90% of low-income households funded with private

sector bonds paid "on time, every time".

"The majority of households in arrears are willing and co-operative to resolve their problems. Legal action is being taken against a minority within a minority who wish to live in their houses for free. In effect, others are having to pay for them."

Mobilising around non-payment was "very easy and popular", while supporting initiatives to save or to pay required "a different level of organisation and effort".

"An expansion of bond boycotts would have an extremely negative and damaging impact on the national housing programme," Cobbett said.

He said that the Record of Understanding, signed between the department and the Association of Mortgage Lenders in 1994, had been enhanced but still had room for improvement.

"The agreement does have certain weaknesses. But we would be open to entering into substantive discussions with any organisation with a view to the improvement of this agreement."

Government and the banks were of the view that householders in default should be offered every possibly opportunity to stay in their homes.

Should they not be able to afford their bonds, the state "would make a financial contribution towards the securing of more affordable accommodation".

"The priority in the housing programme must remain focussed on the poor. The current focus on defending the 'rights' of those who can pay but do not wish to can only be at the expense of the poor," Cobbett said.

# Most township dwellers are still in the dark

BY JUSTICE MALALA  
Provincial Correspondent

Half of the households in South Africa's traditionally black townships still did not have electricity by the end of last year, when Eskom was owed R1 175-million in outstanding bulk payments by the provinces.

Of the more than 9 million households in these townships, only 4,53 million or 50,39% were electrified, while 49,61% were not.

In a written response to NP MP John Gogotya, Public Enterprises Minister Stella Sigcau said townships throughout the country had houses which were not

electrified and still had to be supplied with the commodity.

The figures she released showed that the Eastern Cape had the least number of houses with electricity, with 72,36% of the province's 1,39 million households living without the commodity.

The Western Cape was the most connected province, with 82,11% of the houses having electricity, the figures showed.

Northern Province came close to the Eastern Cape, with 70,96% of its households still without electricity.

North West Province, where

63,56% of households lived without electricity, was third.

In KwaZulu Natal, 56,86% of households were still in the dark. In Mpumalanga, 55,39% of the households were without electricity. And in the Free State, 46,56% of the households were in the dark.

The Northern Cape had 34,06% of its households without electricity, while Gauteng had only 23,2% of its households living without electricity.

On outstanding payments owed to Eskom by the provinces, Sigcau said a total of R788-million was owed by the end of last year.

With interest, the money amounted to R1 175m.

The worst defaulters were to be found in Gauteng, which owed a staggering R888-million with interest. KwaZulu Natal and the Northern Cape do not owe a cent.

Gauteng has led the defaulters' list for the past three years, with the debt at R592-million in 1993 and at R666-million in 1994.

Mpumalanga owes R79-million, Northern Province R60-million and the Free State R54-million. The Eastern Cape owes R51-million, North West R35-million and the Western Cape only R8-million.

Star 13/6/96

(55)

(123)



## NEWS IN BRIEF

### Action against farmers

THOUSANDS of farmers, including Transvaal Agricultural Union president Dries Bruwer, could face prosecution for not complying with the Unemployment Insurance Act, the labour department said yesterday.

The office of the Unemployment Insurance Commissioner handed 1 630 cases to public prosecutors' offices and the labour department was investigating a further 5 930 cases.

### JSE fines dealers

THE JSE has fined SBC Warburg chief equities dealer Colin McCulloch and RMB Securities dealer Hannes Boshoff "sizeable amounts" following a scuffle on the JSE floor last Friday amid celebrations marking the end of floor trading.

The two dealers appeared before a disciplinary group on Tuesday and were fined after their conduct was found to be "inappropriate" and bringing the exchange into disrepute.

### Report on Capitol

SPECULATION about the misappropriation of funds at Capitol Radio was put to rest yesterday when the auditor-general issued a report on the station's financial affairs.

Post and Telecommunications spokesman Connie Molusi said there was no evidence of misappropriation.

### First woman president

THE Medical Association of SA had elected Dr Jocelyne Kane Berman its first woman president, it said yesterday.

Berman would be inducted at the association's annual federal council meeting in Midrand tomorrow.

REPORTS: Sapa, Ecna.

# Sanco reaffirms intention to march

BD 13/6/96

(123)

Robyn Chalmers

THE SA National Civics Organisation said yesterday it would join Cosatu in its July 6 march on banks against interest rate hikes, and has launched a scathing attack on government.

Sanco president Mlungisi Hlongwane reaffirmed their commitment to a mass action campaign against banks tomorrow in protest against scheduled evictions and the recent interest rate hikes. He estimated that by July 6, more than 1-million members would have participated in the mass action around the country.

He was highly critical of government, saying doubt was being created in the minds of ordinary South Africans following a recent statement by the housing department on the record of understanding and scheduled evictions.

However, the statement did not tackle Sanco head-on, but rather expressed concern about new calls for bond boycotts.

It also reiterated government's support for the 1994 record of understanding between the state and banks to boost lending in low-income areas, but said there were

weaknesses in the agreement.

He again called for the agreement to be suspended and renegotiated involvi and insisted on a moratorium for evictions until a system was created for all parties to negotiate.

He said the planned mass action would include the SA Housing Trust, despite an agreement existing between the two in the form of the National Joint Task Force to overcome bond boycotts.

Trust chairman Frank Chikane said yesterday this week's meeting between Sanco and the trust had been postponed to give Sanco time to reach consensus on proposals he had submitted.

The proposals, aimed at resolving the culture of non-payment, included joint visits between the trust and Sanco to affected areas.

He said all legitimate grievances by defaulters should be resolved to facilitate providing alternative housing products and release and secure serviced land to develop these products. He proposed the necessary capital and related facilities be obtained from the public and private sectors.

Comment: Page 14

## OSEO unable to take on new cases

Amanda Vermeulen

THE Office for Serious Economic Offences said yesterday it could not take on new investigations due to staff shortages.

OSEO director Jan Swanepoel said the office, which falls under the justice department, had lost six employees from a total staff complement of 13 since December. He said none of the posts had

been advertised by the department, so it could be several months before the office was once again in a position to take on new investigations.

Swanepoel said the OSEO was investigating about 18 cases, including the probe into former welfare minister Abe Williams' alleged involvement in a pensions scam, and the alleged fraud at African Bank.

## Maharaj proposes petrol price hike to fund roads

BD 13/6/96

(123)

Tim Cohen

CAPE TOWN — Transport Minister Mac Maharaj yesterday proposed trebling the size of SA's road network, financed through a 12c/l increase in the petrol price spread over a two-year period.

Presenting his budget vote in Parliament, Maharaj said the increase in the primary road network would be financed through a variety of instruments, of which toll charges and fuel levies would form the core. The proposed dedicated fuel levy would be made up

of the current 4c/l allocation, and the additional requirement for the expanded network would be 12c/l.

Maharaj said this might at first appear to be a heavy burden on the motorist, but at least 50% of the shortfall could be provided from the existing fuel tax, so only 6c/l would have to be added to the fuel price. This would allow the department to define a primary road network of about 20 000km, as opposed to the current national road network of just over 6 000km. The responsibility for the maintenance and upgrading of

this network would be in the hands of a professionally managed government agency, with a board of control consisting mainly of road users from the private sector.

Road traffic had grown continuously over the past 30 years, yet the budget for roads today was less in real terms than it was 30 years ago. The budget allocation was enough to cover only 60% of urgent maintenance needs, Maharaj said. Hence the conditions of the SA road system, which would cost about R130bn to replace, was deteriorating rapidly.

## Sanco fights eviction of bond dodgers

(123) Mar 13/6/96  
The SA National Civic Organisation (Sanco) says it will start a fight against the eviction of bond defaulters tomorrow, with a nationwide campaign including pickets and other protests.

During the mass-action campaign, it will consider putting pressure on the Government to stop dealings with banks that evict defaulters.

"Our actions will stop at nothing until our demands are met," Sanco president Mlungesi Hlongwane told a press conference yesterday.

Hlongwane said the organisation will intensively promote banks that heed its calls for a suspension of the record of understanding signed between the Government and banks in 1994.

"We insist on a moratorium on all intended evictions until the proper systems exist to ensure that all South Africans have access to affordable housing," he said.

Hlongwane said lack of an acceptable response from banks could force Sanco to push government departments to withdraw from them.

He announced that Sanco would be joining hands with the Congress of SA Trade Unions on July 6. - Sapa.



## Housing delivery at a snail's pace

(123)  
Only 42 165 project-linked and individual housing subsidies have been approved by the Government in the two years since March 1994 despite promises to speed up housing delivery, figures released by Housing Minister Sankie Mthembu-Nkondo have revealed.

In a written response to IFP MP Farouk Cassim, she told Parliament this week that "not all provincial governments are succeeding in the building of houses on an accelerated basis".

The least number of subsidies was approved in the Eastern Cape (1 688). The highest number of approvals was in Gauteng (11 388), followed by Mpumalanga (7 400), North West (6 272), KwaZulu Natal (4 334), Free State (3 132), Northern Cape (3 067), Western Cape (2 778) and Northern Province (2 106). - Provincial Correspondent.

Star 13/6/96



# Getting tough on

# bond defaulters

By Joshua Raboroko

**B**ANKS and the Government are to adopt a tough stance from June 30 on the more than 50 000 home owners who are in default of their bond repayments.

About 40 000 of 180 000 home loans for affordable housing are not being repaid and notices have been served on those who are uncooperative and reject the rehabilitation programmes offered by banks.

Council of South African Banks general manager (housing) Mr Lance Edmunds says banks feel strongly that borrowers who cannot afford to repay their loans must move out and let others who have money move in, thus returning normality to the market.

He says one of the primary reasons for non-payment is that defaulters are seen in the community to get away with breaking the law.

What is more, he adds, R1,6-billion of depositors' money is at risk in non-performing loans, which is enough to cause great concern in the banking sector.

As for bond security, it is of no value if the occupants cannot be evicted and the property repossessed. "Under normal circumstances, the banks could rely on their rights to repossess," says Edmunds.

But the eviction of non-paying home owners is a politically sensitive issue for the Government, given the culture of bond boycotts in certain townships — yet this is the only way forward at the moment.

Bond and service boycotts have the potential to wreak havoc on the country's economy, and have already had an adverse effect on the financial authorities in former black areas.

It is these authorities that are now being called on to implement the Reconstruction and Development Programme. Yet, as a result of the boycotts, many do not have the capacity to do so.

The subsequent issuing of eviction notices and letters of demand by banks must also be seen in the con-

Banks and Government to crack down on home owners

*Sowetan 13/6/96*  
**Bond and service boycotts have the potential to wreak havoc**

text of negotiations between the banks and the South African National Civic Organisation.

These negotiations have taken place over the past two years, so the decision to issue eviction notices was not an *ad hoc* decision.

Banks and the Government are openly cautious in assessing the 49 000 non-performing loans and repossessed properties.

In October 1994 the Government and the Association of Mortgage Lenders, which represents banks, entered into a record of understanding aimed at resuming lending to low-income borrowers.

## Indemnity scheme

In terms of the understanding, banks agreed to resume lending to the low-cost housing market, while the Government pledged to set up a mortgage indemnity scheme to cover new and existing lending.

Servcon, a joint venture between the Government and banks, was established to govern and administer an extensive rehabilitation programme involving about 14 000 repossessed properties on behalf of banks.

The South African Housing Trust, which has about 18 300 repossessed properties and non-performing loans, also embarked on a programme to get money back from bond defaulters.

This programme was an extensive one, involving rescheduling loans,

for defaulters to rebuy their homes.

However, many people remain steadfast and refuse to pay their bonds. Officials visiting such people are often threatened and harassed.

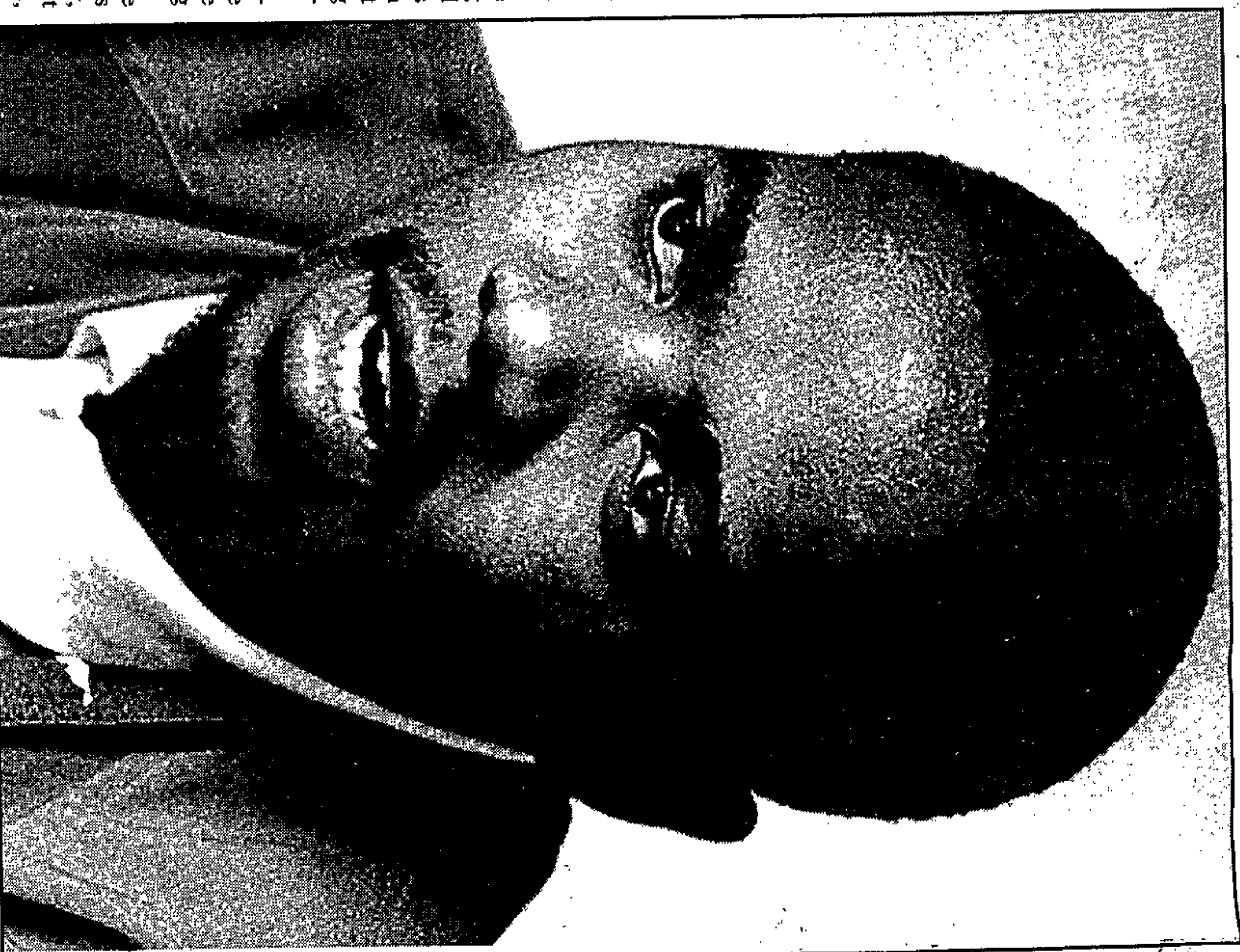
Sanco warns there could be unrest, saying banks could be targeted by massive action. It has called for mass action tomorrow in protest against banks cracking down on bond defaulters.

However, the non-payment issue must be tackled if the Government's housing policy is to succeed.

Not only will the non-payment of bonds disrupt housing policy, but it will also affect investor confidence, especially in the low-income housing sector. Banks say they will not enter this market again because they have burnt their fingers.

However, Sanco assistant general secretary Mr Linda Mngomezulu says an aspect of the record of understanding which needs to be overhauled is its failure to deal with housing affordability and quality. "We are not saying it should be scrapped," he says, "but it needs amending otherwise the community will remain unhappy."

He says a process involving communities is needed to resolve these problems. Sanco's decision to act, he says, has not been taken lightly, but the "last straw" was the Government's announcement that it would start with evictions.



Sanco's Linda Mngomezulu ... decent homes should not be available only to the elite.

Housing is a basic right, he says. Decent homes should be available for everyone, not just for the elite.

Cosab, on the other hand, believes the new guidelines for affordable housing finance should overcome Sanco's objections to the record of understanding and that the call for bond boycotts should now cease.

The banks' criteria focus on households that qualify for a government subsidy — families which earn up to R3 500 a month and which wish to buy property.

Banks can now lend up to 100 percent of the property value as opposed to 95 percent in the original criteria. This will significantly improve access to credit. But banks only grant building

loan finance on newly built properties if the builder is registered with the National Home Builders Registration Council and is covered by the Home Builders Warranty Scheme.

By registering with the NHBRC, builders undertake to build according to certain standards and guarantee their work for at least five years. According to Edmunds, this will foster confidence among builders.

"The changes have been recognised by the Mortgage Indemnity Scheme, so that the cover under the scheme can continue," he says.

"The credit criteria may be seen as limiting, but the changes represent important improvements in areas that are of concern."



# Masakhane threatened by big fall in service payments

BD 14/6/96 (123)

Mduduzi ka Harvey

MUNICIPAL service payments in Johannesburg's black townships have dropped sharply, raising questions about the effectiveness of the multi-million-rand Masakhane campaign.

The statistics, supplied by the Johannesburg council's Masakhane office, show Soweto payments declined from 34% in July last year to 23% in April. In the same period payments in Alexandra fell from 23% to 13%.

A breakdown of the Soweto statistics shows that payments fell from 28% to 23% in Meadowland, 34% to 26% in Dobsonville and 36% to 34% in Diepkloof. In the upmarket suburbs of Protea South, Protea South Extension and Klipspruit Extension, the April figures were 0%, 11% and 11%, respectively.

Johannesburg's Masakhane office has launched a public awareness campaign to inform the public of credit-control measures for municipal services and payments in all areas of supply.

The Johannesburg metropolitan council has decided to give residents "reasonable time" to settle arrears. Springs, Cullinan, Bronkhorstspruit and Krugersdorp councils have made the same decision, indicating how widespread the problem is.

Johannesburg council Masakhane head Dassie Molemela said the campaign was failing because of the poor state of the economy, problems in informal settlements, lack of access to paypoints and an inadequate billing system. It was too soon to judge results of the campaign as the restoration of payments was a long-term process.

A community mobilisation programme to localise Masakhane would be put in place, he said.

Workshops would be held to give councillors the capacity to tackle problems, as well as to train the staff of local administrations.

Paypoints would be increased and linked to computer mainframes to create a proper database, Molemela said.

## Business in joint housing effort

Mduduzi ka Harvey

BD 18/6/96 (123)

THE National Business Initiative has joined forces with a ministerial task team to facilitate housing delivery to the low income sector as part of its work strategy for this year.

Team proposals were submitted to Housing Minister Sankie Mthembu-Nkondo earlier this year. Among other things, the proposals recommended agreement on points of departure — including acceptance that revision of housing policy could not enhance delivery in the short-term; agreement that projects already approved for subsidy allocations presented the best short-term delivery opportunities, and that best use should be made of both government and nongovernmental capacity.

The team also identified eight major constraints in housing delivery, including inconsistencies among national and provincial politicians on delivery, and deficient administrative, technical and management capacity at provincial and local government levels.



# Bond defaulters to march in city

Civics call for Jo'burg street protest to get banks to review their position on evictions

(123)

Star 18/6/96

**STAFF REPORTER**

The South African National Civics Organisation (Sanco) has called on bond defaulters to support a protest march in Johannesburg's city centre today, during which a memorandum calling on banks to review their position on evicting bond defaulters from July 1 will be handed over.

The organisation said last week that a call for mass action

from June 14 to June 30 would see Sanco members protesting at banks around the country to counter evictions and support bond defaulters.

Today's march is planned to start at 8am at the Longbank building in Bree Street and proceed to the Association of Mortgage Lenders' offices.

On Saturday, more than 100

Sanco members were arrested outside the home of a Constantia Kloof, Roodepoort, bank official

Lance Edmunds, who represents various banks through the Council of Southern African Banks.

They were taken to the Honeydew police station where they were issued with summonses to

pay fines of R100 each.

West Rand police spokesman Snr Supt' Tienie Halgryn confirmed that people had been arrested after a complaint had been lodged.

He could not confirm the number of demonstrators arrested, but said they had been charged with disturbing the peace.

The protesters were all released and are due to appear in court next week.

## Two weeks of protests planned

## Housing subsidies delayed by red tape

Louise Cook

2016/6/96 (123)  
PRETORIA — About R80m set aside by government to subsidise housing for farm workers has been left unused amid bureaucratic delays and a lack of clear policy.

Land Affairs director-general Geoff Budlender said at the weekend he did not know about the money.

Public service sources said R50m from last year's agricultural budget and R30m from this year had been set aside for the scheme, but the agriculture, housing and land departments had yet to formulate a policy.

The housing department was supposed to have been running the scheme since March last year, when a previous agriculture subsidy scheme was scrapped. But agriculture department financial services chief director Hennie Marais said approval to transfer it to housing had been given only recently by the Public Service Commission.

Sources said the issue was likely to be raised at a conference on tenure security for farm workers in the next month.

See Page 10



# NP slams ANC

## on housing

(123) Source Jan 19/16/96  
THE AFRICAN National Congress Government had failed to build sufficient houses, although there were 720 000 serviced plots available, National Party housing spokesman Mr Jac Rabie said yesterday.

Instead of using the money to build on existing serviced plots, Housing Minister Sankie Nkondo had provided R600 million for more plots, he said at a briefing announcing the NP's housing policy and strategy.

"The need for a comprehensive national housing strategy is a critical issue which the ANC has dismally failed to implement or deliver."

### Correct waiting list

The existing 720 000 serviced plots should be transferred to local authorities so that they could deliver housing and a correct waiting list should be available in a data bank for immediate release.

The NP proposed that the housing budget be substantially increased and that everyone should have access to adequate housing, basic facilities like drinking water, sanitation, refuse removal, electricity and roads.

If the present budget could not accommodate the increase, RDP funds should be used instead.

The state should provide personal loans of up to R35 000 but on condition that services and loans were paid, he said. - Sapa.

# Housing loans fall far short of target

(123) BD 19/6/96  
Robyn Chalmers and Lukanyo Mnyanda

BANK lending into the low-cost housing market, a central component of government's housing drive, will fall far short of the 50 000 loan target set for this month.

Latest figures from the Mortgage Indemnity Fund show less than 18 000 loans have gone into the subsidised housing market since the programme began last June.

The Council of SA Banks blamed the shortfall on the lack of low-cost housing for banks to finance.

The housing department said it was disappointed by the poor showing and that government was investigating the banks' claims. It is understood government is planning to unveil measures to help boost the process.

The 50 000 loan target, established in the 1994 memorandum of understanding on low-cost housing, kicked in

last June and was a key element of the housing drive.

Achieving the target is a precondition for the building industry to continue participating in the builders' warranty mechanism which protects buyers against shoddy workmanship.

Government has also seen the target as a test of the banking industry's commitment to take part in the drive to house the masses.

So far, however, the higher-profile participants in low-cost housing have been African Bank and Community Bank, both of which have come short.

It became clear after a few months, however, that mainstream bank lending was falling short of the target.

MIF MD Nkululeko Sowazi said yesterday latest figures to April showed banks had advanced just 17 441 loans into the subsidy market, accounting for R667m of the R1,9bn

Continued on Page 2

## Loans

(123) BD 19/6/96  
Continued from Page 1

advanced into MIF-covered areas. Only about 35% of the target set was met and that was "way short of what the country requires", he said.

The figures excluded advances on existing loans, macro loans for housing and thousands of loans granted by non-traditional specialist finance agencies.

The MIF had added about 90 development areas to its coverage areas. More than 128 000 housing units — 50% to 60% of whom would require credit finance — were planned for the next year. "During the next 10-11 months, there will be increasing opportunities to lend and we will be watch-

ing how the banks respond," he said.

Cosab housing spokesman Lance Edmunds said there had been a lower-than-expected level of applications for home loans. But macro loans granted to upgrade properties would lift the number of loans advanced.

Housing department director-general Billy Cobbett said he was disappointed. "Discussions are being held on an ongoing basis with all involved parties to find solutions to any problems being encountered," he said.

Building Industries Federation of SA executive director Ian Robinson said builders were monitoring the level of loans. Biffa members pledged last year to review their participation in the builders' warranty mechanism should banks not reach a 50 000 target by next February.



# Racial inequality in home services

(123) CT 19/6/96

THE stark racial differences in access to services, such as running water, sanitation, electricity and telephones, have been highlighted in a new study.

While most whites and Indians have access to these services, only 13% of blacks have running water in their homes, 22% waterborne sewerage, 26% electricity and 10% a working telephone in their houses.

Among coloured people 79% have running water in their homes, 67% waterborne sewerage, 82% electricity and 52% a telephone.

By contrast, 99% of whites have running water in their homes, 89% waterborne sewerage, 100% electricity and 92% a telephone, while 98% of Indians have water in their homes, 93% waterborne sewerage, 100% electricity and 84% a telephone.

The survey, the 1996 edition of SA to Z, found that 34% of blacks use a communal tap for water and 24% collect water from rivers, springs or dams, 56% use pit latrines, 5% the bucket system and 14% have no sanitation. —  
Political Writer

**OPINION**

# NP attacks ANC's housing policy as 'a dismal failure'

Robyn Chalmers

(123)  
BO 20/6/96

THE NP launched a scathing attack on the ANC's housing policy yesterday, saying it had failed to give clear direction for low-cost housing in SA, while unveiling its own policy and strategy.

NP housing spokesman Jac Rabie said the need for a comprehensive housing strategy was a critical issue, which the ANC had "dismally failed to implement or deliver".

Rabie said the ANC had not addressed the need for rental accommodation, been unable to deliver a sufficient number of houses despite the existence of serviced sites and had not empowered local authorities and communities.

"The ANC has not created and implemented a workable housing policy. According to a reply from the (housing) minister there are 622 000 serviced plots, yet she provides a further R600m for infrastructure," he said. Rabie also accused the ANC of politically manipulating the process of social accords, not creating and implementing a workable housing policy and that there was inadequate technical and managerial capacity in the provinces.

The NP proposed the implementation of a range of guidelines which it believed could drive housing delivery. These included the restructuring and empowerment of institutions in the housing delivery process, which included central government, provincial and local authorities, private and agriculture sectors, communities and individuals.

## Privatised

The allocation of funds for housing should be privatised while social compacts entered into between communities and beneficiaries and personal loans of up to R35 000 should be provided by the state.

Local authorities should be capable of introducing a leasehold system for social housing institutions for land in their possession while social housing institutions and nongovernmental organisations had to be empowered through legislation.

Housing support centres should be established while the payment of services and home loans was a prerequisite to any housing programme succeeding.

Rabie said the budget for housing had to be increased substantially as all the inhabitants of SA should have access to adequate housing and to basic facilities like drinkable water, sanitation, refuse removal, electricity and roads.

Housing was also the responsibility of the community, while job creation was a vital component of any housing programme, said Rabie.



# Responsibility shifts for farm housing

Louise Cook

BD 21/6/96

(123) (45)

PRETORIA — Government had not wrapped up details of a revamped farm worker housing subsidy, but R80m as well as "functional responsibility" would be transferred from agriculture to the housing department, housing department director-general Billy Cobbett said yesterday.

A farm worker housing subsidy run by the agriculture department was halted in March last year when the housing department made a bid to carry on with the scheme. Public Service Commission approval to transfer R80m set aside for farm worker housing was obtained only recently.

Cobbett said it might be necessary to "review the housing subsidy proce-

dures to cater more effectively for the circumstances of farm workers.

"To this end a number of pilot projects, yet to be identified, are envisaged in consultation with the departments of agriculture and land affairs."

Housing department deputy director Neville Karsten said a committee with representatives from various departments would be reactivated.

Tenure security of farm workers caused tension in farming circles recently when incoming Agriculture Minister Derek Hanekom suggested land rights for workers on the farms they worked on. A special conference to thrash out the problem would be held.

Land affairs director-general Geoff Budlender said he wanted to see a solution to the lack of tenure security.

State to intervene in low-cost market

(123)

# R6,5bn govt housing plan to speed delivery

BS 21/6/96

Robyn Chalmers

GOVERNMENT announced yesterday it would intervene directly in the low-cost housing market, unveiling a R6,5bn plan to speed up delivery.

Housing Minister Sankie Mthembi-Nkondo, in her budget speech, outlined proposals to boost a delivery programme the ministry has argued is gathering pace.

The moves follow industry concerns that state intervention is needed to bolster private-sector support for the programme. Banks and builders have been reluctant to get involved in the high-risk, low-return market.

The three-year plan includes a R525m package for joint ventures with the private sector for high-density housing (such as flats), R200m to upgrade hostels and the approval of a further 200 000 subsidies.

It is understood the private sector venture will provide a number of mechanisms, including those which could underpin the contractors' profits.

Mthembi-Nkondo said the programme — drawing more than half its funding from the private sector — would ensure faster delivery than the current one-person-one-plot approach.

The new allocation — amounting to R3,2bn in state funds over and above R4,6bn the ministry has to disburse this year — aimed at involving all

three tiers of government, with emphasis on metropolitan government.

Direct intervention by the state could be undertaken as government's national housing framework had been implemented, she said. This addressed normalising the housing market, the facilitation of new lending, consumer protection and wholesale fund mobilisation. It would aim to address political and administrative risks in delivery and provide an acceptable ratio between commercial risk and the return.

"These programmes of high levels of delivery at lower margins for developers will rest on the fundamental principle that people who enter into legal contracts must adhere to such agreements," she said. "The private sector must meet its responsibilities by ensuring good building, prudent lending and providing consumer education."

The subsidies, on top of the 290 000 subsidies already in the market, will go mainly to Gauteng (nearly 49 000), KwaZulu-Natal (39 000) and the Eastern Cape (more than 30 000).

The programme aimed to promote a savings-driven housing process, allowing a wide range of tenure and financial arrangements.

Mthembi-Nkondo put out a strong message that non-payment of services and mortgages would not be tolerated. "For them, the law will take its course. No payment equals no houses."



# R6,5-bn boost for new houses

WILLIAM-MERVIN GUMEDE

Own Correspondent

NON-PAYMENT of services and bonds will not be tolerated: no payment means no houses. That is the tough message issued this week by Housing Minister Sankie Mthembi-Nkondo.

"The law will take its course - this is true for the nation as well as the individual," she said in her housing budget speech.

She unveiled a R6,5 billion injection to speed delivery in the low-cost market.

The three-year plan contains a R525 million package for joint ventures with the private sector for high density housing, such as flats, a further R200 million to upgrade hostels and the approval of an extra 200 000 subsidies.

"These programmes of high levels of delivery at lower margins for developers will rest on the fundamental principle that people must adhere to such agreements," Ms Mthembi-Nkondo declared.

She said the programme - drawing more than half its funding from the private sector - would improve delivery faster than the current one-person-one-plot approach.

The new allocation amounts to a sum over and above state funds of R4,6 billion the ministry has to release this year.

■ The housing minister has warned errant bondholders they stand to lose their homes if they refuse to pay up.

capital, and wholesale fund mobilisation on an unprecedented scale," she said.

The proposals follow industry concerns that state intervention is needed to attract private-sector support for low-cost housing. Banks have been reluctant to support the low-cost housing market, citing high-risks and low-returns.

"The private sector must meet its responsibilities by ensuring good building, prudent lending and providing consumer education," she said.

The subsidies, on top of the 290 000 already in the market, will go mainly to Gauteng (nearly 49 000), KwaZulu-Natal (39 000), Eastern Cape (more than 30 000), Western Cape (22 000), Northern Province (more than 17 000), North West (14 000), Mpumalanga (10 600) and Northern Cape (3 600).

Meanwhile, the banks have given less than 18 000 home loans to low-cost housing since June last year, according to figures disclosed by the Mortgage Indemnity Fund.

The housing department said it was disappointed by the poor showing. Bank lending into the low-cost housing market is a central tenant of the government's housing drive. The MIF said lending would also fall short of the 50 000 loan target set for this month.

The Council of SA Banks blamed the shortfall on the lack of low-cost

housing for banks to finance. Cosab housing chief Lance Edmunds said there had been a lower-than-expected level of applications for home loans. But, macro loans granted to upgrade properties would push up the number of loans advanced.

MIF MD Nkululeko Sowazi told SATURDAY Argus the latest figures to April indicated banks had advanced just 17 441 loans into the subsidy market accounting for R687 million of the R1,6bn advanced in MIF-covered areas. Only about 35 percent of the target set was met and that was "way short" of what the country requires," he said.

The 50 000 loan target, established in the 1994 memorandum of understanding on low-cost housing, mooted in June last year was an important pillar of housing delivery.

Achieving the target is a precondition for the building industry to continue participating in the builders' warranty mechanism which protects buyers against shoddy workmanship.

Government has also seen the target as a test of the banking sector's commitment to provide housing to the masses.

So far only the Adrican Bank and the Community Bank has entered the low-cost market with enthusiasm.

The figures excluded advances on existing loans, micro loans for housing and thousands of loans granted by non-traditional specialist agencies. The MIF had added about 90 development areas to its coverage areas. More than 128 000 housing units - 50 to 60 percent of which would require credit finance - were planned for next year.



○ **HAPPY DAYS:** Minister of Housing Sankie Mthembi-Nkondo, who has promised a R6,5bn boost for the needy, is to marry Mohale Mahanyele.

## Poet and Prof prepare for prominent union

JANINE SIMON

Own Correspondent

POET and Minister of Housing Sankie Mthembi-Nkondo is to marry the amiable "Prof" - National Sorghum Breweries chief executive Mohale Mahanyele - in a splash-out wedding in Johannesburg's Central Methodist Church next weekend.

The union was confirmed by an excited source close to the minister, and by Professor Mahanyele's childhood friend and NSB public affairs manager Don Manaka.

Prof Mahanyele is holed up in his Northern Province farm, and Ms Mthembi-Nkondo dodged Press questions as she heading straight to the Senate to deliver her budget speech.

The wedding had been planned as an intimate affair, "but now that news has leaked out we are preparing for much more", said Mr Manaka truthfully.

"The Prof draws 1 000 people to normal functions at NSB. But now their hero is getting married to a minister. We think there'll be around 1 500 guests," he said chuckling.

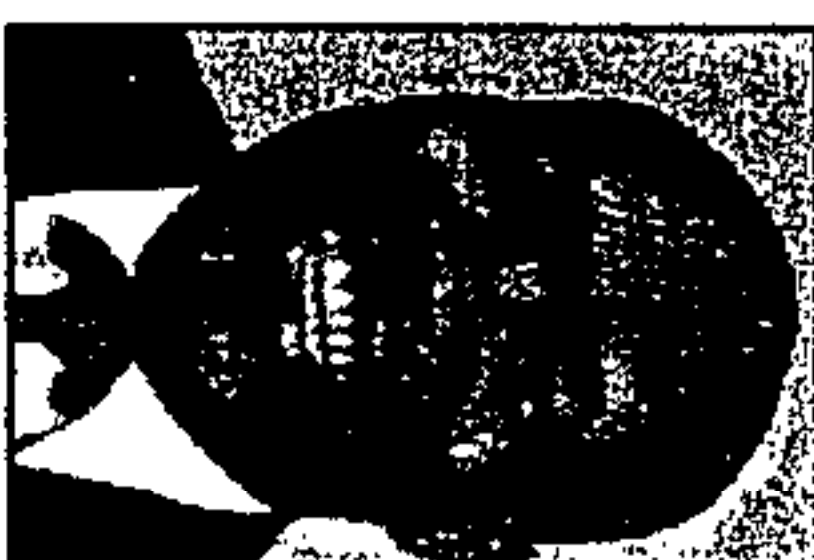
The ceremony is planned to begin at 10am on Saturday, to be followed by a luncheon at Prof Mahanyele's home in Kelvin, Johannesburg.

The Johannesburg Adult Choir and popular gospel group Amadodana AseWeseli have been asked to brighten proceedings. And, Manaka said, he would also be talking to "The Pope" - Sankomota lead singer Tshapo Tshola - about performing.

Ms Mthembi-Nkondo is divorced and has a daughter, Lutuma, 11, from her marriage to activist Zuziwa Nkondo. Mr Mahanyele was widowed eight years ago and has two daughters - Phuthi, who married businessman Siphon Ndzaku last year, and Mpho, who is studying law at Unisa.

Mr Manaka said the couple, who were both born in Sophiatown, had known each other for "quite some time".

Said Mr Manaka: "The Prof contains himself. You have to know him pretty well to see that he's happy." But, he had only a roar of laughter in answer to the other question on everyone's lips: what will the minister's new surname be?



Mohale Mahanyele



# Govt commits R3,2-bn to provide at least a million houses for the poor in five years

Sapa 21/6/96 - Minister (123)

Cape Town - Banks not assisting in financing low-income housing schemes would not be allowed to get away with it, Housing Minister Sankie Mthembu-Nkondo said last night during the budget debate on her department.

She said in reply to a question that it was true "some banks have not responded in the way we wanted them" to the Government's request for assistance with loans

to housebuyers. "Our patience will run out one day," and legislation dealing with the banks' non-investment in "poor areas" was being dealt with, she said.

She announced a new R3,2-billion commitment to housing for the poor.

In a bid to meet President Nelson Mandela's election promise of a million houses in five years, she detailed three new programmes over three years.

"We are trying to create the conditions necessary for the delivery of housing at a rate and of a scale never before attempted," she told the National Assembly.

But she warned that the commitment of funds would have to be matched by a better record of payment by buyers. "No payment equals no houses," she said.

Mthembu-Nkondo said the Government would award 200 000 new capital subsidies

worth about R2,65-billion to the poorest families.

A further R200-million would go to the upgrading of men-only hostels for migrant workers to integrate them into their communities and adapt them for families.

And R525-million would be made available to kick-start the mass production of high-density urban housing. Mthembu-Nkondo said. - Sapa-Reuters.



# Minister to study French water system

123  
By James Lamont

INDUSTRIAL EDITOR  
CT (PR) 21/6/96

Johannesburg — The French government is stepping up its efforts to get South African water-supply contracts for French companies by flying Dan Mofokeng, the Gauteng housing minister, to Buenos Aires to inspect its water system, which is managed by Lyonnaise des Eaux.

Jack Kgomo, Lyonnaise's local marketing manager, said Mofokeng was a guest of the French government, but the privately owned Lyonnaise would facilitate the visit. He said a number of local government councillors had already visited the Latin American project.

Lyonnaise, which has managed the distribution of water in Queens-town with Group Five since 1992, is lobbying the government to allow local authorities to embrace delegated water management.

If it wins water-supply tenders, it is confident it can raise the money to upgrade services and create an environment where people would pay for their water. And it thinks it could provide a better service than hard-pressed local authorities.

Officials from the water affairs department have said local authorities would be ill-advised to issue tenders for a new kind of private-sector participation in local water supply before the end of the year.

Mortgage rate rise only one reason

# 'Woeful month' for housing

CT (CBR) 21/6/96 (123)

By Audrey d'Angelo

Cape Town — May was "a woeful month" for South Africa's housing programme as the latest mortgage rate increases meant home owners were paying almost 11 percent more on bond repayments than a month ago, according to the SA Housing Scenario report published by Khayaletu Home Loans this week.

Serious skills shortages in managing local government finance, together with South Africa's abnormally high mortgage bond rates, were handicapping the housing drive, the report said.

"South Africa's real mortgage bond rate (allowing for inflation) is now 15 percent, which is more than double the average of its major

trading partners and is certainly not conducive to stimulating home ownership," said Mike Fowlds and Roelof Botha, the editors.

"Shauket Fakie, the Gauteng auditor-general, was the bearer of the second bad news item when she identified serious skills shortages as a major reason for mismanagement and a lack of financial accountability at local authority level.

"It is difficult to envisage the successful implementation of the much-vaunted R90 billion municipal infrastructure programme, the most expensive of all the RDP projects, in the absence of effective local government.

"Such organisations are useless unless they are staffed by skilled people, and government at all lev-

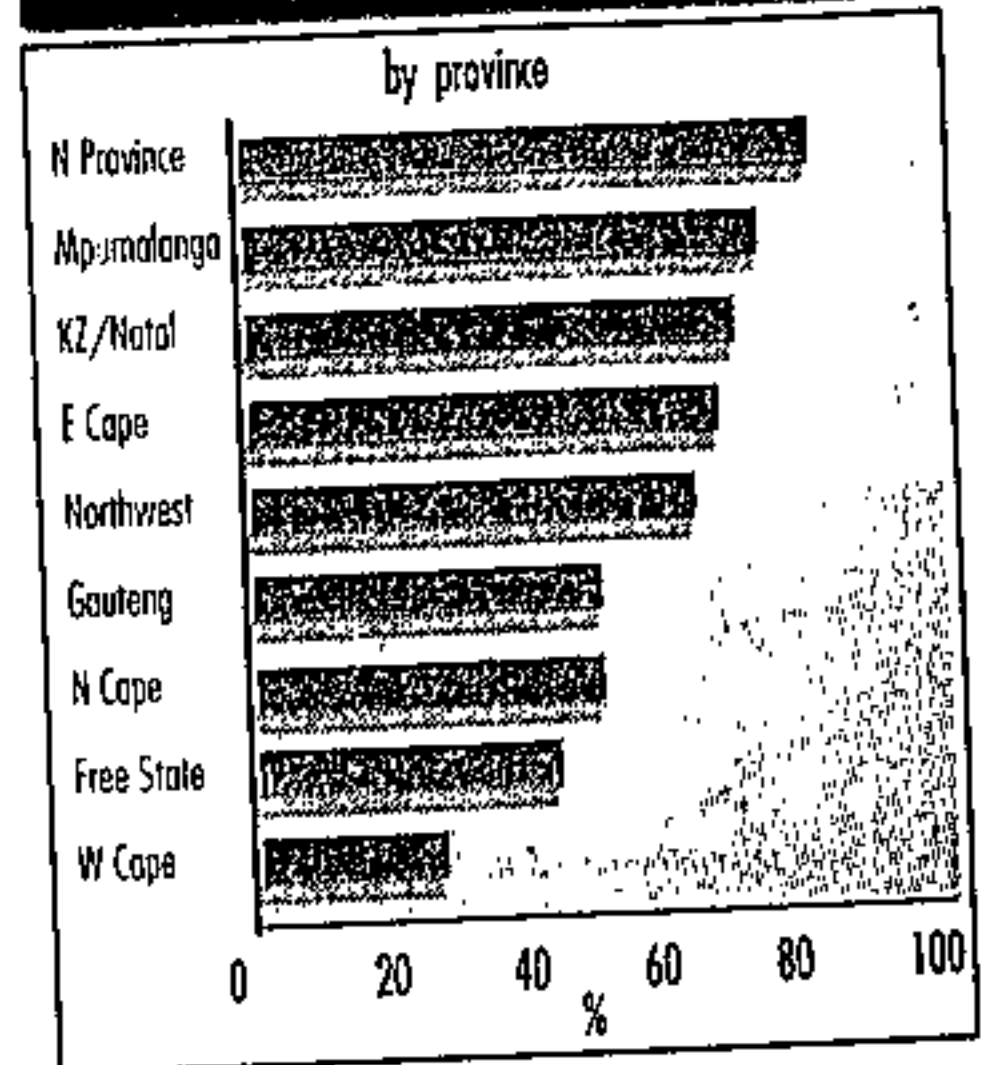
els will need to adopt a more proactive approach to their training to remedy the situation."

However, the report said the signing into law of the Communal Property Associations Act, which recognised group ownership systems, would help disadvantaged communities.

The land affairs department expected thousands of applications from disadvantaged communities and squatters in urban and rural areas to register as communal property associations.

Individual property ownership remained popular among black households, and some provinces with high ratios of rural to urban people had individual ownership ratios for black dwellings of more than 50 percent.

Black ownership of dwellings



"Communal tenure holds the advantage of making it easier for people to raise the necessary funds to purchase residential property, but only individual tenure has been legally supported in the past."



# Housing minister warns banks

HOUSING Minister Ms Sankie Mthembi-Nkondo said last night banks not assisting in financing low-income housing schemes would not be allowed to get away with it.

Replying to debate on the housing budget, she said legislation dealing with banks' non-investment in "poor areas" was being dealt with.

Meanwhile, the ANC's chairperson of the National Assembly portfolio committee on housing, Mr Titus Mafolo, said yesterday the housing crisis had reached such proportions that the state would have to take responsibility for solving it.

"The state at different tiers should take a direct, hands-on approach to the delivery of housing," he said.

(123) (123) (123)  
The private sector should continue to play a role, but "they should not be expected to solve the housing crisis that is facing the country".

Mafolo also said his committee believed a massive programme of building for rental accommodation was necessary and that R15 000 subsidies should be used for the construction of houses, rather than the provision of services. Services should be provided by local government.

All state-owned land in the cities, including that owned by parastatals such as Transnet and the SA National Defence Force, should be given a special land price so that the poor could be integrated into metropolitan areas.

Mafolo said that since 1976/7 the

CT 21/6/96

government had shifted the responsibility of providing housing to developers. "This has not worked and it has further marginalised the poor."

"The government, through the housing department, must assume the lead by setting up a task team ... to draw up plans for mass delivery of low-cost housing in areas of greatest need, giving attention to issues such as urban sprawl, new models of housing ... and the maximum utilisation of infrastructure and accessibility to economic opportunities."

Local government had to be given the capacity to play a central role in infrastructure provision and the building of houses. — Sapa, Political Writer

# Non-payment adds 12% to rates bills

Linda Ensor

BD 24/6/96 (123)

CAPE TOWN — The non-payment of rates and services in townships has given rise to a R60m budget deficit in the city's central substructure, with the result that property owners will have to pay 12% more in rates in the 1996/97 year.

The higher-than-inflation-rates increase, regarded by the Cape Town Chamber of Commerce as "reasonable in the circumstances" was approved on Friday as part of a R2,3bn budget.

While the deficit on the draft operating budget was R164,6m, this would be reduced by subsidies from the provincial government and Cape Metropolitan Council.

Chamber president Geoffrey Ashmead said the chamber understood the need for a rates increase in the light of local government restructuring but emphasised the need for the cost of services to be cut and the level of service delivery to be improved.

"Cape Town businesses, which account for more than half of the city's rates bill, pay higher rates than in any other city in the country. What is more, they are also paying high-

er tariffs for electricity, with the profits subsidising the rates account," Ashmead said.

"If the city is to succeed in raising the levels of service delivery, while at the same time containing rates at levels that attract new business and do not chase existing businesses away, it is going to have to innovate and overhaul its whole administration.

"Cape Town needs a small and effectively administered local authority that renders cost-effective services to its clients."

Executive committee chairman Nomaindia Mfeketo conceded in her budget speech that the inclusion of black townships had presented a significant challenge.

She said expenditure should be targeted at improving the provision of services to these disadvantaged areas, without lowering the level of service offered in "traditional" areas.

Mfeketo noted that poor and disadvantaged communities paid more than richer areas relative to the service offered. This anomaly would have to be corrected by rates being closely linked to the quality of services offered, together with the income status of the household.



# Talks planned to tackle Sanco demands

Robyn Chalmers

(123)

BO 25/6/96

THE Association of Mortgage Lenders has requested an urgent meeting with government to deal with recent SA National Civic Organisation demands, including halting all scheduled evictions.

An Association of Mortgage Lenders spokesman said yesterday it was becoming increasingly necessary to deal with Sanco's demands in one way or another.

"Given the urgency necessary to normalise the housing delivery process, it was agreed to request the housing department to convene an urgent meeting between government, the association and Sanco, where Sanco can raise its concerns," he said.

The proposed meeting with government followed a meeting between Sanco and Standard Bank about 10 days ago, when the bank agreed to refer Sanco's demands to an urgent gathering of representatives from government, Sanco and the bank.

A Standard Bank spokesman said it had been agreed that proposed joint ventures between Standard Bank and Sanco on housing, mortgage loans and development finance would be explored further.

"Both parties recognised the key role that each has to play in resolving the current housing crises in SA," he said.

Sanco recently called for mass action to protest against sched-

uled evictions until a negotiating system could be established and it demanded banks reduce their interest rates significantly.

It asked too for the 1994 record of understanding — signed between banks and government to boost lending into low income areas — be renegotiated to involve all stakeholders. The mass action would be countrywide, taking the form of protests, picketing, sit-ins and marches, and would culminate in Cosatu's July 6 march against recent interest rate hikes.

Sanco supporters have marched on a number of banks and the homes of bankers over the past two weeks, but the promised mass action around the country largely failed to materialise.

# Call for review of farmworker's housing policy

(123)

ARG 28/6/96

Municipal Reporter

SOUTH AFRICA'S housing policy would have to be reviewed so that it could cater more effectively for the needs of farm workers, according to the country's director-general of housing William Cobbett.

He said the ministers of Housing, Agriculture and Land Affairs had agreed to transfer the functional responsibility - for the rights of farm workers to have access to adequate housing - from the Department of Agriculture to the Housing Department.

"An amount of R80 million is to follow the function and the money will be used to extend the application for the existing housing-subsidy scheme to farm workers.

"For practical reasons, it may be necessary to review housing-subsidy procedures to look after the needs of farm workers.

"To this end, a number of pilot projects are envisaged, in consultation with the Department of Agriculture and with Land Affairs," said Mr Cobbett.

Manie Schoeman, the National Party spokesman on agriculture and land affairs, said his party

agreed that the security of housing was of material importance to farm workers, particularly with regard to their position after retirement.

"However, care should be taken that the search for a solution does not jeopardise this security.

"The statement by Land Affairs Minister Derek Hanekom that legislation will be studied to address the problem, means farm owners will take a new look at the number and type of labourers they require.

"It is unrealistic to expect farm owners to provide statutory permanence to farm workers and their descendants on their farms.

"If farm workers prefer to remain on a specific farm, a system of life usufruct in a specific house can be investigated," he said.

Mr Schoeman said the NP was prepared to join the South African Agriculture Union and other parties in making an in-depth study of housing security for all farm workers, whether in the closest town, in worker villages or on the farms concerned.



# imple as falling off log - and it pays

...wave in his bath put a Knysna  
...man on the international map  
...the forefront of the timber home

...ALETA (123)  
...ter  
...ARG 29/6/96  
...ING the construction of a neighbour's  
...e fence from the comfort of his hot bath has  
...sna-based civil engineer on the road to fame  
...the

...anner says he will never forget June 21, 1986,  
...was staring at the wall going up and -  
...he came up with the definitive answer to  
...watertight, and airtight, timber homes.  
...ally, like most good ideas, his concept is sim-  
...ificant enough to make the competition  
...eir feet in frustration at not having thought

...in his Knysna office, Mr Tanner, managing-  
...of T&B Log Homes, says he is "satisfied".  
...ystems are patented in 52 countries and the  
...which manufactures log units for housing,  
...hotels and commercial buildings is export-  
...cent of its output. Mr Tanner says export fig-  
...likely to double in the next two years.  
...are 20 basic house designs but the options  
...iless, depending on what the client wants.  
...e been built in several countries - including  
...New Zealand and Holland.

...anner says at least three South African com-  
...ave infringed the Patent Act by trying to copy  
...on but "none of the cases got to court".  
...cting on his concept, Mr Tanner said: "All tim-  
...matter how good, is subject to checking,  
...g, warping, twisting and in some cases  
...Shrinkage is another problem. But no-one  
...p with a solution.

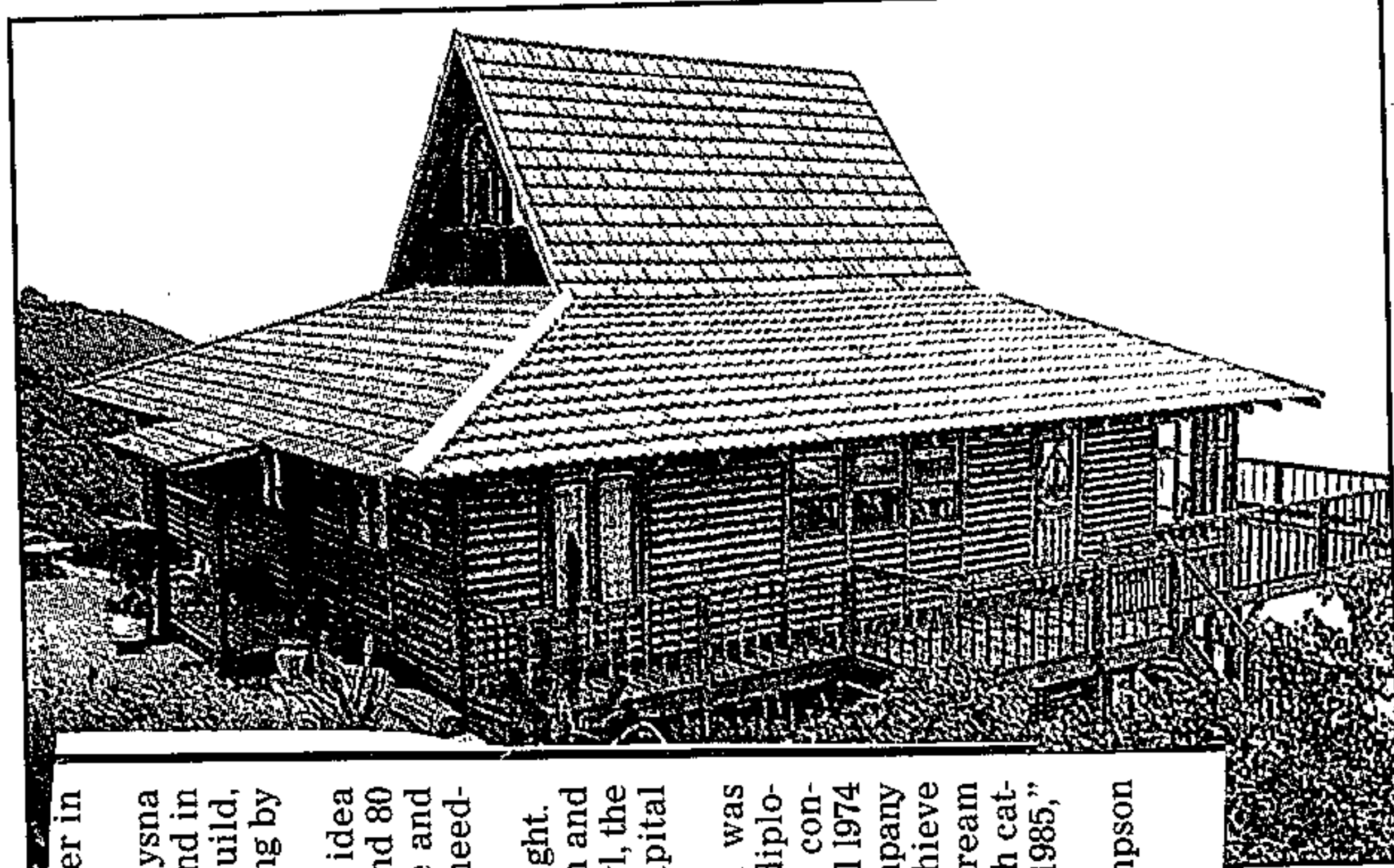
...Africa does not have many skilled artisans  
...s has affected the speed of construction and  
...So it was that I was lying in the bath thinking  
...hings."

...a vibracrete wall, the log homes have upright  
...columns into which logs (concrete slabs in  
...of the wall) are slotted. The logs are round-  
...the facing side. A wooden beam with springs  
...is then placed across the top of the columns.  
...a self compensating system or live mechanism  
...allows the wood to behave naturally. If it  
...all the logs push up against the spring and if  
...cks they all move down. No air or water ever  
...no matter what the weather. The logs no  
...need to be nailed or cemented together."

...re houses - down to the nuts and bolts -  
...ed on this concept are currently being packed  
...ainers and sent overseas. T&B Log Homes is  
...to be the largest log home building company  
...southern hemisphere.

...beauty of log homes is that they are eco-  
...y, thermally efficient and as sturdy as con-  
...ventional homes."

...agreed that log homes were not suitable for low  
...lications but added that they were no more  
...ive than conventional homes. He was currently



□ ABOVE: John Tanner outside a T&B log home at the Knysna River Club.

Picture: ADELE BALETA, Staff Reporter

□ LEFT: An eco-friendly log home which costs the same as conventional homes of the same size.

...building a R1, 2 million log home for a customer in Heidelberg in the Cape.

...The log-built budget Caboose Hotel in Knysna which has 200 beds is testimony to his background in the railways. At a cost of about R4 million to build, the Caboose is based on the concept of travelling by rail or air.

...The rooms are like train compartments, the idea being that when you are in your room you spend 80 percent of the time in 20 percent of the space and that's a bed - so why pay for space that is not needed?"

...The rates for bed and breakfast are R69 a night. Another Caboose was built in Port Elizabeth and another was planned for the Cape Town city bowl, the Angolan capital Luanda, the Mozambican capital Maputo and another in New Zealand.

...The 40-something father of three children was raised in the Transkei and, after completing a diploma in civil engineering, worked for various construction companies for about three years until 1974 when he started his own railway contracting company.

...By 1981 I had achieved what I wanted to achieve financially and moved to Knysna to realise a dream of being a farmer. I tinkered away farming with cattle and oysters and importing hammocks until 1985," he says.

...That was when Clive Buttner and Rick Thompson of B&T Log Homes contacted me for advice. The rest is history.



# All-out Masakhane campaign under way

Star 29/6/96 (123)

Local authorities have been given the go-ahead to deal firmly with residents who refuse to pay for services.

Backing for the tough stand came when hundreds of mayors and councillors from across the country, as well as premiers, met at the Union Buildings to launch the first annual Masakhane Award for Local Authorities.

Mlungisi Hlongwane, president of the national civic body, Sanco, showed the way when he declared the organisation was prepared to help evict those not willing to pay.

Hlongwane, departing from a prepared speech, said to loud applause: "The era of boycotts is

over. We have achieved the representative government that we have been struggling for."

Deputy President Thabo Mbeki said he was pleased with the statements made by Sanco because interventions by popular organisations was the key to the success of the Masakhane campaign.

Mbeki said local government was expected to act firmly in cases where people failed to pay for services which were affordable and often at subsidised rates.

These local authorities would certainly have the backing of the Government. However, there were those who could not afford to pay

for services and it was the task of the mayors to determine the appropriate levels of service their local authority could afford.

Provincial Affairs and Constitutional Development Minister-designate Mohammed Valli Moosa also said it was time to deal with those who insist on defaulting.

Masakhane, launched by President Mandela in January 1995, was not only about ending the rent and service charge boycott but about the delivery of services, Moosa said. He added the campaign should not become a party-political issue but should be a patriotic effort to achieve upliftment.



# Eskom writes off municipalities' debt

Edward West

(123) (250)  
BD 1/7/96  
ESKOM is preparing to write off a large slice of the estimated R800m it is owed by local authorities, signalling an about-turn in its bad debt policy.

The parastatal said at the weekend it was setting up deals with local authorities in which some of the debt would be paid in exchange for Eskom writing off the bulk over the long term.

The first deal has already been cut with the Alberton transitional local

council and Pretoria northern sub-structure. All their arrears prior to June last year will be written off if the two pay for services used since May 1 for the next year. In terms of the deal, local authorities will have to pay the debt incurred between June 1995 and May, with interest, before next May.

The deal followed months of negotiations between Eskom and Gauteng government officials, who were encour-

Continued on Page 2

## Eskom

Continued from Page 1

(123)  
BD 1/7/96  
aged by the other provinces and their local authorities to use the agreements as a litmus test.

Eskom sales and customer services GM Joe Matsau said: "We trust that many more local authorities will use this opportunity to escape from the trap in which the non-payment of bulk accounts has landed them."

A spokesman said it was unclear how much of the R800m would be written off and how many local authorities would accept the offer. The parastatal planned to unveil "punitive" measures this week for local authorities which did not repay their debt.

Eskom had previously insisted it would not write off the debt.

Local authorities accounted for a major portion of the more than R1,25bn Eskom was owed at the end of its last financial year. Eskom has said write-offs were a last resort.

# Civics adopt aggressive new stance on non-payment

Star 2/7/96  
By ADAM COOKE

Residents refusing to pay for services could face action by local authorities after the adoption of a "get tough" policy by the Government and the South African National Civic Organisation (Sanco).  
Sanco president Mlungisi Hlongwane said yesterday his organisation would spearhead efforts to normalise the culture of payment.

"We have been the key to rent boycotts in the past, now we can be the key to creating an environment of payment," he said, adding that Sanco, together with local communities, would identify non-paying areas and "insist on them paying".

He said Sanco would work with the Government to evict those who had the means but "deliberately and arrogantly refuse to pay for services".

This comes after the Government handed over ultimate control of the Masakhane campaign to local authorities last week - a step that could see the campaign changing its role as an advertising project into a pressure group.

And, in what could be the litmus test for this tough stance, Johannesburg's Southern Metro-

politan Substructure - including Soweto, Ennerdale and Lenasia, traditionally at the centre of rent boycotts - yesterday launched its own credit campaign.

The campaign will see residents who are not paying their bills threatened with legal action or a services cutoff.

The head of Greater Johannesburg's Masakhane campaign, Dassie Molemela, said those cashing in on the confusion of service boycotts could expect stern action.

"There are residents in areas of formal supply with full services and the ability to pay who are refusing to do so," he said.

These were the people who could expect action from local authorities.

"We are empowering mayors by giving them the strength to act on the issue of services," he said, adding that the Government looked set to commit resources to local authorities to make sure that defaulters were "dealt with".

Ministry of Provincial Affairs and Constitutional Development spokesman Mpho Mosimane said the Government would support local authorities by providing them with strategies to become financially viable.

## Sanco to work with Govt



## Defaulters 'not protected'

Lukanyo Mnyanda

RD 2/7/96 (123)

THE SA Civics Organisation (Sanco) confirmed its support for the Masakhane campaign yesterday, pledging not to protect bond defaulters who were able, but not willing to meet their obligations.

A meeting between Sanco and a government delegation led by Housing Minister Sankie Mthembu-Mahanyele also agreed to convene a joint technical task team to "attend to technical factors relating to the record of understanding".

Housing department director-general Billy Cobbett said the team would listen to Sanco's views on ways of improving the agreement.

Once there was agreement on the record of understanding, Sanco would not protect defaulters and would "stand firmly behind government in ensuring that those individual borrowers able but unwilling to meet their obligations are not protected by Sanco".

Government and Sanco also agreed to hold monthly meetings to review their relationship on the record of understanding and other issues.

Commenting on government's relations with Sanco in the light of their mass action against the eviction of defaulters, Cobbett said: "I think both parties are looking for a more constructive relationship. We need Sanco structures to help us find the people who do not have housing."

# Agreement seen as boost for housing

BY ADAM COOKE

Star 3/7/96 (123)

In a move that should be good for the future of housing, the Ministry of Housing and the nation's civic authorities have agreed to co-operate on home loans.

A meeting between the South African National Civic Organisation and Housing Minister Sankie Mthembu-Mahanyele agreed to find out how best to regulate loans for low-cost housing.

At issue were various clauses of the record of understanding signed between the Government and the Association of Mortgage Lenders in 1994, which sets out how to deal with home loans from financial institutions.

The meeting agreed that the current threat of combined mass action by Sanco and Cosatu against the banks was not conducive to housing development. A joint technical task team has been established to look into the record of under-

standing.

Sanco's head of housing and services, Sandi Ngidlana, said his organisation had a number of problems with the record, one being financial institutions' policy of "red-lining", which was "being imposed with government support".

Red-lining refers to the practice by banks of identifying and sidelining areas that could be risky. Ngidlana said certain financial institutions were refusing to deal with people living in high-risk areas.

Other areas of conflict include interest rates, where Sanco is calling for the Government to take into account that low wage earners continue to pay high rates.

Sanco has agreed to work with the Government to try to "normalise the culture of payment". The new "get tough" policy will see the massive civic organisation identifying defaulters who can pay but are taking advantage of the confusion caused by rent boycotts.

**WORLD-CLASS**



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**WORLD-CLASS**

# Lower bonds: views differ on direction of home prices

Nov 3/7/96 (123)

Some agents believe upward trend will resume, others say further falls are needed before there can be real action

By **STUART KELLY**

State agents are divided on how the property market will be affected by the drop in bank lending rates and offers of fixed bond rates. Although some anticipate a rise in prices in the next 12 months, others believe that a single percentage point drop, without further falls, is not enough to influence prices.

Further cuts have been anticipated by top bankers and businessmen following the percentage point reduction in interest rates by the four major banks. Prime lending rates dropped from 20,5 to 19,5% with some analysts predicting a further three cuts over the next 18 months.

"The drop in rates is encouraging for the whole market," said Aida Geffen of Aida Estates. "However, the market is dependent on so many other factors, including general confidence in the economy and the crime situation. Prices have been falling for six months so there is no reason for them to increase without further bond rate relief."

Agents were hesitant to forecast whether the offer of fixed bond rates could be interpreted as an indication of further cuts.

"Shrewd buyers were keenly aware that the interest rate rises had put a lid on prices," said a release from Lew Geffen Estates. "The situation can be expected to change as interest rates drop further, and those who buy can now expect to see real increases in value in the relatively short term."

Bernard O'Riain of Seeff Residential Properties said property prices could be expected to increase from about 10% in the lower-priced market to about 15% in the upper-priced. He said property remained a worthwhile investment, anticipated to stay ahead of inflation.

"It is a positive move for the market as a whole because unrealistic hikes could lead to instability," he said.

"Investors in the high income bracket have been the first to respond. If a further drop in the lending rates occurs in the next four months, then we will see more movement in the lower priced market. We are pleased as it means home owners will be able to hold on to their homes."

Agents operating in the industrial and commercial sectors believe the residential market is more sensitive to the drop. "This is because higher lending rates encourage lease-back deals in the industrial sector."

“  
**This market  
depends on  
many other  
factors**  
”



# Rate increase 'must be deferred'

Nomavenda Mathiane

THE SA National Civics Organisation's (Sanco's) Soweto branch has instructed the Southern metropolitan substructure to defer the new rates, introduced last Friday, for a year to allow proper consultation with residents or face a possible boycott of payments.

Branch president Maynard Menu said councillors had failed to consult Sanco and residents.

The 20% increase in water and sewerage came into effect on July 1. Households that were paying R63,84 a month would now pay R94,62 and those paying R92,34 would now pay R129,96.

Menu said Sanco was not opposed to paying for services but was critical of the way in which the authorities had reneged on their promise to negotiate the payment of services with residents.

Sanco in Soweto had written a letter to the substructure instructing them to defer the rates for up to a year while they consulted with the community. He also said they had tried unsuccessfully to get councillors to meet them on the issue.

Southern substructure executive committee chairman Prema Naidoo confirmed that they had received a letter from Sanco and a meeting would be arranged soon.

But he said tariffs were set at the Transitional Metropolitan Council level and therefore could not be scrapped or deferred with a stroke of a pen. He said there had been numerous meetings.

Menu said Sanco was in a position to influence Soweto residents to pay for services, but they could only do so if there were talks between the residents, Sanco and the councillors.

SD 4/7/96

(123)

# Mass action against evictions postponed

(123)

Sowetan

5/7/96

By Joshua Raboroko

ORGANISERS of the mass action to protest against scheduled evictions of bond defaulters have postponed the activity from July 6 to a later date, possibly July 13.

The Congress of South African Trade Unions and South African National Civic Organisation will meet next week to decide on a new date.

Cosatu spokesman Mr Isaac Mahlangu said this week that they will also decide whether to go ahead with a planned one-week boycott.

## Mass action

The union federation has thrown its weight behind Sanco and have threatened to embark on mass action if banks evict bond defaulters.

It also demanded that banks reduce their interest rates.

However, Absa, First National, Standard and Nedcor, the four big commercial banks, all dropped their rates last week. The non-fixed rate throughout the market dropped to 19,5 percent.

Mahlangu said the banks had adjusted their rates not because of

market realities but because they feared mass action.

Meanwhile, at a Press briefing on Wednesday Sanco's Soweto branch demanded the immediate suspension of service increases.

It gave local authorities until July 12 to respond to their demands and threatened that failure to do so would result in mass action.



# Eskom takes tough action

*Lawetan 8/7/96*

*(123)*

*(200)*

**By Shadrack Mashalaba**

ESKOM has announced that it intends suing two local authorities who owe the electricity giant R440 million.

The local authorities concerned are Kwa-Thema and the North East Rand, which also covers Tembisa.

Eskom says the prosecutions will be accompanied by massive switch-offs over the next two weeks.

Addressing a Press briefing in Johannesburg at the weekend, Eskom senior general manager for sales Joe Matsau said to date the total amount owed to the corporation in unpaid electricity stood at R5 billion.

"Eskom has reached the end of its tether now. It is also unfortunate that the industrial base of these areas - such as Kempton Park and Springs - will be affected," said Matsau, adding that Eskom hoped that wholesale switch-offs would force the local authorities to put pressure on defaulters to pay.

The worst defaulting local authorities are found in Gauteng, although there are also

non-paying local authorities in other provinces and these include Ogies TLC, Ikapa TLC, Lwandle, Sterkspruit, Cullinan, Edenville, Greylingstad, Bothaville and Breyton TC.

The intended action comes in the wake of a R9 million agreement signed last week by Eskom and the Pretoria metropolitan substructure and Alberton Transitional local authority to ensure that people pay their electricity.

The East Rand local authorities which will be affected by switch-offs, said Matsau, seemed not serious during negotiations. "We met on numerous occasions and made offers, counter-offers and concessions but to no avail.

"They did not appreciate negotiations even though their accounts record show a zero percent payment rate. The last time they paid their accounts their figures were very insignificant."

Eskom had in the past offered local authorities to come and negotiate with them a form of settlement so that past debts could be transferred to a suspense account.

● See page B4.

# Housing board is scrapped in Bill

Robyn Chalmers

GOVERNMENT's draft housing Bill proposes scrapping the National Housing Board and boosting provincial housing powers.

The Bill, to be gazetted on Friday, provides also for a national housing code, published by the housing minister, which will contain national policy for housing development as well as policy directives, uniform norms and minimum housing standards.

The proposed scrapping of the board — set up by former housing minister Louis Shill in 1994 and restructured last year — follows speculation that Housing Minister Sankie Mthembu-Mahanyele was unhappy with it.

The board, made up of 18 representatives from the regulators, suppliers and consumers of housing, performed a largely advisory function to Mthembu-Mahanyele and also administered the national housing fund. Industry sources said the board was seen to have become unwieldy. The greater devolution of powers to provincial and local structures had diminished the need for it.

Its advisory function would be

(123) BOD 9/7/96  
taken over by a newly established SA Housing Board. This would have a maximum of 10 members appointed at the discretion of the housing minister.

The Bill provides for the establishment of a national housing data bank and information system, and regulates the continued existence of the provincial housing boards and SA housing fund.

The functions of the various tiers of government were clearly spelt out in the Bill, with a strong emphasis on empowering local government, while the previous government's discount benefit scheme would be phased out.

Housing department housing support chief Beet van Rooyen said the Bill was intended to rationalise legislation and rid the statute book of housing legislation passed during the apartheid era.

Van Rooyen said the legislation would spell out the functions of the various tiers of government, with a strong focus on devolving powers to provincial level and accrediting local authorities to get directly involved in housing.

"The Bill has been thoroughly negotiated with all involved parties," he said.



## New global sanitation, water trend

(123)  
Deborah Fine

80 9/7/96  
FACED with increasing deficits and rapid urbanisation, governments worldwide were looking at partnerships with the private sector in the financing and delivery of water and sanitation, director of the World Bank's southern African department Katherine Marshall said yesterday.

She was speaking at the opening ceremony of the African conference on private-sector participation in water supply and sanitation in Johannesburg yesterday.

Representatives from more than 25 African countries will attend the three-day conference.

Marshall said the global move had arisen because public-sector mechanisms could not succeed alone in meeting future demands.

In Africa, where about 50-million city dwellers were underserved, it was estimated that the continent's urban population would swell from 140-million to 500-million, with more than 350-million new urban clients needing water and sanitation.

Private-sector involvement created the potential for greater efficiency and the ability to attract private international capital, which was important given the fiscal constraints facing the public sector.

Private-sector participation also had the potential to "jump-start" local capital markets.

The challenge was to enable the private sector to invest in piped water systems and seek commercially attractive returns without resorting to rents of monopolists.

Attempts to achieve this have failed.

Marshall said the World Bank could play a role in Africa by providing political risk insurance to allow the private sector to invest and take commercial risks.

# Housing committee calls for levy

Robyn Chalmers (123)

THE parliamentary portfolio housing committee has taken a swipe at government's low-cost housing policy, calling for a 5% levy on industry's pre-tax profits and a return to prescribed assets to fund housing and speed delivery.

The committee has also called for tax and rate incentives to boost private-sector participation in housing, and the introduction of legislation to monitor banks' lending patterns after they failed to meet their 50 000 loans target by June 1.

The committee's report, based on recent submissions from business, labour and representative bodies on the housing white paper, criticised several policy aspects and expressed concern about slow delivery.

It said a new task team of experts should be set up, including engineers, architects and urban planners, to draw up plans for mass de-

livery in areas of greatest need.

The report suggested the financing of housing be boosted by imposing a three-year levy of 5% on pre-tax profits across the board and a 5% prescribed investment requirement on pension and provident funds, life assurers and the assets of public investment corporations.

Small credit corporations should be set up in conjunction with the National Housing Finance Corporation to provide small loans to low-income households. Loans made by the previous government to local authorities to service sites should be written off so these sites could be used for low-cost housing.

A committee spokesman said yesterday there were concerns that the recommendations and submissions had not received the necessary attention by the housing ministry and department.

"While the current thrust of housing policy is broadly accept-

able, we have major concerns about the housing programme which we believe can be addressed in consultation with the ministry and department," said the spokesman.

The committee recommended that government take the lead role in housing delivery, possibly through joint ventures with construction companies but there should be a strong focus on the involvement of emerging builders.

It said there should be a far greater focus on the provision of rental accommodation while non-governmental organisations accredited to handle subsidies and loans have also been called for.

Housing Minister Sankie Mthembu-Mahanyele recently announced the allocation of R525m for joint ventures between public and private sectors, emphasising high-density residential buildings.

See Page 6



# Township values are key to ending boycotts

(123) B0 10/7/96

ESKOM's inability to collect R1,5bn owed to it in electricity bills by local authorities is another sign that the Masakhane campaign is failing to achieve its objectives.

The outcome of this failure, when coupled with the huge liabilities potentially facing government over the Mortgage Indemnity Scheme, could be further write-offs — at a time when the country can ill-afford such a development.

On the non-payment issue, Eskom management contends that it has come to the end of the line in negotiations with local authorities. Its decision to enforce court judgments and cut off the electricity to Springs and the northeast Rand, it says, is a last resort.

But this option has now been closed to the parastatal, as government's national electricity regulator is adamant that cutting off electricity in bulk will endanger too many lives and cost too much. Apart from anything else, the whole of Johannesburg International Airport could, theoretically, come to a halt — and even the threat of such an

occurrence will cause international tourists and investors to shudder.

We now have a situation where a government-backed regulator is denying a government-owned utility the right to take measures to retrieve funds clearly owed to it.

Eskom's options are few — it can negotiate with government to write off the debt or it can reach agreement with the councils involved to take over the distribution function and work out a payment plan — but councils are not amenable to this.

If, however, the Masakhane campaign had kicked in as it should have, this sort of scenario would have been unlikely to materialise. While it was too optimistic to believe that the non-payment of rents, bonds and services would end completely, government should by now have garnered the support of communities for penalising non-payers — for the good of the communities.

This was the whole point of the Masakhane campaign — to boost community support for the payment of bonds and services, underpinned by a legitimate local government

## ROBYN CHALMERS

and supported by the provision of infrastructure.

We now have legitimate local government structures, and significant progress has been made on getting private sector support for infrastructure, with additional government funds for municipal infrastructure expected soon.

There is growing emphasis on Masakhane at local level with the Mayors for Masakhane campaign moving ahead well, but support for the programme at national level is virtually non-existent. There is no clarity on where the campaign is located at national level — it falls somewhere between the ministries of housing and provincial affairs and Deputy President Thabo Mbeki — and there are no accurate figures on the total debt of municipalities.

Masakhane national campaign manager Chris Ngcobo, who resigned out of frustration in February, has not been replaced and there appears to be little consensus at na-

tional level on the structure of the campaign.

The payment of mortgages is another area where Masakhane is failing. While there is little evidence that the bond boycott is spreading, there are still about 50 000 non-performing loans and illegally occupied, repossessed properties out of a total of 180 000 loans circulating in the low-cost housing market. Part of the reason why banks are unwilling to enter this market — evident in their inability to reach the 50 000 loans target set for June 1 this year — is because of uncertainty over future payment.

Government has underwritten new loans by banks into areas which have received cover by the Mortgage Indemnity Fund. But any resurgence of unrest in former black areas — where government has been trying to boost lending for low-cost housing — means the state will be liable for significant sums of money.

Government has made it clear that it will support the eviction of non-payers who are labelled unco-operative and have refused all other

options, and letters of demand have been dispatched, but we have yet to see any actual movement on this front.

While no one wants to add to the homeless queue, evictions will have to take place if a regime of social co-operation is to be established. Communities will not react to mere threats: such threats have been around for almost as long as government has been in power.

Apart from the much heralded start to the campaign, with billboards and print and television adverts, little else has been seen from a national level. It is from here that the process needs to take its direction, although implementation will take place at a local level.

Bulk electricity cuts may be out of the question, but Eskom and municipalities should at least have community backing to penalise individual non-payers, while banks should by now be able to evict defaulters without massive community reprisals.

But all this can only happen when Masakhane does its work.

## LETTERS

LOW-COST HOUSING (123)

**THE HOUR OF TRUTH**  
FM 12/7/96

Authorities in Mpumalanga think they have overcome the problem of putting low-cost housing next to a white suburb in Piet Retief. They build higher priced homes as a buffer strip between the two.

But residents remain disgruntled, saying the new houses are not upmarket enough and the proposed township is lowering their properties' resale values.

Mpumalanga and developer Condev last week announced they had achieved a record in township establishment thanks to speedy decision-making.

Notwithstanding a Supreme Court order that provincial and local authorities adhere strictly to proper procedures (see *Current Affairs* May 3), as well as a geotechnical objection on the part of the nearby residents, they say township establishment was achieved in two months. Township implementation un-

der the Less Formal Townships Establishment Act usually takes between eight and 11 months, they add.

Residents' objections were dealt with by the province in two periods of 14 days instead of the usual two periods of 28 days. The developer also reacted speedily to the geotechnical objection by conducting its own survey quickly.

But residents' spokesman Ben Fouché says the townfolk are not happy. He says black and white residents wanted the scheme near other low-income areas but authorities forced the integration for political reasons.

He admits, though, that Condev may have overcome adverse soil conditions in Extension 9, Piet Retief, without rendering the 750 home-scheme unaffordable.

Condev says it compensated for the extra foundation costs by spreading these across the development, ensuring it was still able to provide houses within subsidy limits.

Still, it remains to be seen whether the fears over a possible devaluation in property prices are groundless or whether in time nearby properties will devalue.

Condev will put 100 higher cost (unsubsidised) houses on 450 m<sup>2</sup> -750 m<sup>2</sup> sites as a buffer between the established houses and the new township. The other 650 subsidised, lower-cost homes on 250 m<sup>2</sup>-350 m<sup>2</sup> sites will be farther away.

Fouché argues there is no way the houses in the buffer zone could be considered comparable as the most expensive measure only 65 m<sup>2</sup>. Condev's Tim Potter confirms this but says they could be bigger, depending on what customers ultimately select. He says the established homes across the street are 80 m<sup>2</sup> with garages. His 65 m<sup>2</sup> homes on show have no garages.

In theory, the gradual downgrading of properties away from established residential areas has so far proved the most sensible town planning device to prevent devaluation in areas near low-cost housing schemes. Marconi Beam in Milnerton, built by Condev, has shown this. The same principle has been espoused by building industry consultant BMI.

In Piet Retief, the truth may emerge only in a year or two when the new houses are built. At that point residents would be able to make a better comparison of prices before and after.

Meanwhile, residents are threatening to return to court to fight the scheme on the grounds of faulty building because of

poor soil and infringement of their constitutional rights. "The authorities have ignored 1 500 letters of objection from residents, more than two-thirds from the black township," says Fouché. ■



The provision of low-cost housing is one of the biggest challenges to development in South Africa. But the

# Homeless have little hope of help from government

M+G 12-18/7/96 (123)

Most South Africans who need homes cannot get bank credit, and the Department of Housing has been criticised for paying lip-service to their needs. **Rick de Satgé** and **Colleen Lowe Morna** report from Cape Town

**W**HEN the Ministry of Housing hosted a caucus meeting of African housing ministers late last year, it asked the Homeless People's Federation (HPF) to build a house showing what could be achieved with a R15 000 housing subsidy.

What the dignitaries, who were planning for the second United Nations Istanbul last month, did know, was that none of the members of the HPF had actually received the government subsidy. Most of the 25 000 members of the federation are still awaiting responses to their applications.

Scattered in the show house at Kempton Park were leaflets on what the HPF, which has close links with the Slum Dwellers' Association of Bombay, describes as two universal "home truths".

These are that very few government schemes for the poorest of the poor anywhere in the world ever reach them; and that the houses they do sometimes get are invariably through their own efforts.

Iris Namo, field officer for People's Dialogue, which offers technical and administrative support to the HPF, says that members have come to the painful conclusion that "a vote is not a house. It is just an X on a piece of paper."

Some 12 000 new houses have been built since the 1994 elections, against a target of 300 000. But the Department of Housing points out that things are beginning to move

faster. It says 290 000 subsidies have been approved and 200 000 more distributed to the provinces for approval.

Yet, with an estimated housing backlog of three million to four million units, the fastest-growing share of the housing industry remains the informal sector, which produces an estimated 80 000 homes annually. Critics say the current housing policy, with its emphasis on market delivery of low-income housing, is like trying to make water flow uphill.

Like many organisations representing the 75% of South Africans who need homes but are not eligible for bank loans, the HPF is critical of the energy invested by the Department of Housing in wooing the banks.

Housing Director General Billy Cobbett says it is "too early to say that this has not worked" (see accompanying story on Mpumalanga). But in future, he says, there will be "a very much greater emphasis from the department on facilitating direct engagement with representatives of the poorest of the poor".

Addressing Parliament soon after her return from Istanbul in mid-June, Minister of Housing Sankie Mthembu-Nkondo announced the launch, with United Nations help, of a "People's Housing Process" including a fund for homeless people who have mobilised and organised them-



Shanty-dwellers: Millions of South Africans, such as these women in Lawaai Camp, near George, have little hope of a low-cost housing loan. Application procedures are cumbersome and discriminate against the illiterate

selves around savings. She said the department would need to start "thinking and behaving like an NGO representing the poor".

The HPF, and non-governmental organisations like the Cape Town-based Development Action Group, point to a number of flaws in the subsidy system, which is available on a sliding scale to all South Africans earning less than R3 500 a month, with a maximum of R15 000 for those earning less than R800 a month, and a 15% additional allowance for topographical variations:

**Very few government schemes for the poorest of the poor anywhere in the world ever reach them**

Application procedures are cumbersome and discriminate against those who are illiterate. Cobbett says that now that that local authorities are in place, he hopes they will vet applications and set up advice centres.

Applicants have to prove they own land — a problem for people regarded as "squatters". By Cobbett's admission, the Development Facilitation Act, supposed to speed up land acquisition, has hardly been put to use — except in Gauteng. If

land has to be bought, this takes a huge chunk out of the subsidy, leaving very little for the top structure.

It also reinforces apartheid planning, since the cheapest land is in marginal areas.

Provision of services can chew up another R4 000 of the subsidy. Ideally services would be provided by local councils, to be recovered through the payment of rates. But most councils, especially in the poorest areas, can't raise the capital to do this. High-density housing such as flats and semi-detached housing, which would economise on costs, has only recently started to be mooted.

Money for construction is paid to developers in tranches, counting out home-owners building houses themselves (to save on labour costs), unless they have access to bridging finance.

According to a report shortly to be published by Mary Tomlinson of the Centre for Policy Studies, a major complaint of housing beneficiaries is that developers do not involve clients in the planning of their homes — leading to widespread dissatisfaction with the product. The majority said if they had been given vouchers to buy their own materials, they could

have sourced them more cheaply and built better houses.

The savings schemes run by the HPF provide some answers to these problems. Take Nokangeli Roji, a member of the Victoria Mxenge Savings Scheme, who is getting ready to move out of her shack in Khayelitsha, and into the brick home she is building.

The bright-faced mother of two, who hawks fruit and snacks on Cape Town trains, joined the savings scheme in 1992, putting aside 50c to R1 each day towards her dream home. That enabled her to put down a 5% deposit on an R8 000 loan obtained from the Utshani Fund, which is run by the HPF and to which, after multiple delays, the government has contributed R10-million.

The Catholic Church provided land in Philippi, in the industrial outskirts of Cape Town, where Roji is among 153 home-builders. She is, as she puts it, "the chief architect" of her home, directing a qualified architect — from her knowledge of the wind and rain in Cape Town — where to put the door.

Roji has applied for the R15 000 housing subsidy, but has not yet

# South Africa helps to sway world over rights

(123) M+G 12-18/7/96

Colleen Lowe Morna in Istanbul

**I**N a quiet and deft way, South Africa helped sway the world towards the recognition of housing as a right at the second global Conference on Human Settlements — or Habitat II — in Istanbul last month.

The fraught debate in South Africa over whether or not to include socio-economic or "second generation" rights in the Constitution ran parallel to an acrimonious debate in the preparations for Habitat II over whether or not housing is a right — or just a need.

In South Africa, a group of non-governmental organisations, notably the Development Action Group (DAG), lobbied for the inclusion in the Constitution of socio-economic rights (which did not feature in the Interim Constitution) on the grounds that these are crucial to redressing the deep inequalities in South African society.

Such rights were opposed by the National Party and Democratic Party, who chose to interpret rights in narrow political terms. Privately, some in the African National Congress were wary that socio-economic rights would raise unrealistic expectations of immediate access to land

and housing. At the preparatory conferences for Habitat II in Nairobi and New York, the United States found itself virtually isolated in its vehement opposition to housing rights, on grounds that it could not legally guarantee this right. American NGOs said the real reason was that the US did not want to confront the problem of the one million homeless people in the world's richest country.

As leader of the African caucus — which privately was uncomfortable with the housing rights debate because of the poor record of many African governments in providing housing — South Africa had an impor-

tant role in the global negotiations.

DAG Director Jacquie Boule sat on the working group in Istanbul that finally hammered out an agreement on housing rights.

The wording is similar to the South African Constitution, which says that states "must take reasonable legislative and other measures, within available resources, to achieve the progressive realisation of this right".

Housing Minister Sankie Mthembu-Nkondo said having the right to housing enshrined in the Constitution, and reaffirmed in Istanbul, sends out a very strong message that "it can't be business as usual".



Lobbying for inclusion: South Africa recognised as a right at Habitat II in



is hope — several projects are showing that the impossible can be accomplished

# Mpumalanga's innovation leads the way

(1996) M+G 12-18/7/96

**Colleen Lowe Morna  
in Nelspruit**

**F**AR from the threatened bond boycotts in Gauteng, Mpumalanga has cut the first real deal between government and the private sector in the provision of low-cost housing.

A great deal more rests on the joint venture between the provincial government, Nedcor, and Murray & Roberts than the provision of 6 000 new houses — 80% of these in the low-end of the market — in the province aptly named after the rising sun.

On the project — whose leading light has been Mpumalanga Premier Matthews Phosa — hinges the whole credibility of the Housing Ministry's valiant efforts to get the private sector involved in low-cost housing.

The late housing minister Joe Slovo threw his energies into negotiating a record of understanding with banks, in which they agreed to resume lending provided they were indemnified by the government, through the Mortgage Indemnity Fund, against the non-commercial risk of a breakdown in the rule of law.

Complementing this scheme is the national Masakhane campaign, aimed at ending the rent and bond boycotts endemic during the apartheid era.

But, as illustrated by the recent threat of a bond boycott by the South African National Civics Organisation (Sanco), the campaign has met with lukewarm success in



**Building the future: An Mpumalanga woman works at building a house in the province that has seen substantial co-operation between the government and the private sector**

PHOTOGRAPH: MARGARET WALLER

some quarters.

The Department of Housing, meanwhile, is angered that since the signing of the record of understanding, banks have only advanced 18 000 loans to the lower end of the market, against a projection of 50 000.

**M**pumalanga's housing MEC Craig Padayachee says he begins from the fortunate position of having by and large "broken the back of bond boycotts and land invasions". The province's other main advantages are dynamic new people in the provincial housing board — and a "very-proactive pre-

mier", Padayachee says.

In February this year, Phosa signed a memorandum of understanding with Nedcor. Mpumalanga put up R90-million in subsidies and other funds and pledged to facilitate all negotiations with the community and local authorities. Nedcor put in R450-million in bridging finance for the construction of the houses and a range of mortgage financing options, including for recipients of subsidies, who normally find it difficult to access top-up finance from the banks.

Describing the Mpumalanga project as a "success story second to

none", Murray & Roberts managing director Chris Cudmore said the facilitatory role of Mpumalanga authorities "has cut the time it takes to put up a house from 18 to three months" — a huge plus for a developer.

Nedcor general manager Kevin Gibbs says the absence of major players in the low-income housing market must be of concern to any business with a long-term interest in South Africa — where the "political miracle can end as quickly as it happened" if the problem of homelessness is not resolved.

While he says there is a role for self-help projects, he argues that the magnitude of the housing problem requires interventions by players who can ensure "delivery at scale".

Gibbs views whatever can be developed with the subsidy as providing the collateral with which to gear additional resources to improve the property.

That, he agrees, depends on banks changing their negative mindset towards micro loans, which can only be done "by lending to the poor, and proving that it works".

The "pack" mentality of South African banks, comments Housing Director General Billy Cobbett, has prevented them from developing a range of innovative products and vehicles with which to reach the lower end of the market, such as bonds with a shorter maturity.

Nedcor, he said, is leading the beginning of a trend towards "niche markets" — thanks to a few individuals "putting their necks on the block".



**of successfully negotiating a low-**  
PHOTOGRAPH: HENNER FRANKENFELD

received it. If the application is successful, she will use it to help pay off her loan and extend her house. If not, she will pay back the loan, which carries a 1% interest rate, through her savings. The rate of repayment of loans to the Utshani Fund, says Ted Bowman, the manager of the fund, has been almost 100%.

The keys to the success of the project, he says, are self-help, the driving force of women, and low-interest loans. The former requires a level of organisation that presents a challenge to NGOs and community-based organisations. The latter requires the government to put substantial resources into credit that is below market interest rates for those not able to access bank loans.

The Department of Housing is caught between the criticism that would come from the private sector and the World Bank for making such a move, and the evidence from a recent study visit to Thailand and Sri Lanka that suggested that this is indeed the answer.

According to Bowman, the ministry's decision on this will be the acid test of its commitment to the newly announced "People's Housing Partnership".

## Feeling at home in the inner city

**Colleen Lowe Morna**

**'F**EEL at home" says the embroidered wall hanging in Joseph Chauke's sparsely furnished, but warmly lit flat in Angus Mansions in Jeppe Street.

It's evening in the heart of Johannesburg. People clutching handbags and briefcases make a rapid retreat from the crime-infested city centre.

The lift to Chauke's eleventh floor flat does not work, and the passage is dimly lit. But, as a neighbour pops in to say hello, and the whiff of stew cooking next door wafts into the room, Chauke comments he's never had anything stolen from his home.

Angus Mansions is one of two innovative schemes which, with the help of a non-governmental organisation called Cope Affordable Housing, aims to turn the inner city from a deserted ghetto into viable homes that will also start reversing the legacies of apartheid by bringing poor people closer to their jobs.

Initially occupied by white tenants, Angus Mansions was leased to the Congress of South African Trade Unions (Cosatu) in the mid-Eighties. Following a bomb blast, and Cosatu's refusal to reoccupy the building after it had been repaired, the building was leased to black tenants.

The Angus Mansions' Association was initially set up to negotiate with the landlord over rent hikes, and then went into negotiations with Absa to buy the building after the landlord



**Joseph Chauke: His inner city home has never been robbed**

PHOTOGRAPH: NAASHON ZALK

died and the bank repossessed it.

The break came with the announcement of the housing subsidy scheme, for which most residents of the flats are eligible.

Cope has assisted the Angus Mansions' Association in negotiating an institutional or collective grant from the government, which means that individuals will not own their flats, but will have security of tenure and — when they leave — can still apply for individual subsidies.

**T**his is important for the many who don't regard Johannesburg as home. Elias Ntombela, a chauffeur and chair of the association, says he's just a "bachelor in Jozi" — having left his family in KwaZulu-Natal, where he will retire to.

Ntombela says that when the deal comes through in a few months' time, residents will continue to pay R300 a month towards refurbishing the building, fixing the lift and putting in recreational facilities.

Chauke, the secretary of the association, says the main advantage of staying at Angus Mansions is being near his factory job in Doornfontein. The close co-operation between residents in the negotiations to buy the building, he adds, means "we know each other and we feel safe. We feel at home."

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MEETSE WATER AMANZI

ished for housing to be  
PHOTOGRAPH: HACER YILDIRIM



# Draft bill aims to speed up delivery of homes

BY JOVIAL RANTAO  
Political Correspondent

Housing Minister Sankie Mthembu-Mahanyele today unveils draft legislation aimed at speeding up the delivery of houses.

The draft housing bill provides for the formulation of a national housing code which will contain a national policy for development, as well as minimum housing standards.

In a keynote address to the Interbuild Africa '96 exhibition yesterday, Mthembu-Mahanyele said the bill aimed to give effect to the Government's housing policy and objectives, as set out in the white paper.

The bill provides for the National Housing Board (NHB) to be replaced with a national advisory body, the South African Housing Board.

Mthembu-Mahanyele said assets of the NHB would be transferred to local governments. "For practical reasons the assets will be initially vested in the provincial housing boards which are currently administering them".

"The provincial boards will continue to perform these functions until the necessary administrative capacity has been created

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within local governments, before effecting their transfer to the relevant municipalities. It's envisaged that the transfer of assets should be completed by December 1998," she said.

The bill proposes a national housing databank and information system. It also aims to provide for the financing of national housing programmes, via the SA Housing Fund and the envisaged provincial housing funds.

"The average monthly delivery (in respect of individual and project-linked ownership subsidies approved) increased from a monthly average of 536 for the period March 15 1994 to August 31 1995, to a monthly average of 5 170 for the period September 1 1995 to May 31 1996.

"Delivery in respect of individual ownership subsidies increased from 8 845 at the end of August 1995 to 55 372 at the end of May 1996," the minister said.

"The department is confident that its efforts to increase housing delivery will be rewarded in 1996."

Mthembu-Mahanyele reiterated that the Government could no longer afford to let people stay in houses if they were able but unwilling to meet their financial obligations.

# Minister rejects 'unpractical' call

BD 12/7/96 (123)

Robyn Chalmers

THE parliamentary housing committee's call for a return to prescribed assets and the writing off of a portion of local authority debt was labelled yesterday as "unpractical" by housing minister Sankie Mthembu-Mahanyele.

Mthembu-Mahanyele said the draft housing Bill, providing for the abolition of the National Housing Board and proposing a framework to guide housing development, would be published in today's government gazette.

Comments would be received by the housing department up to August 8.

She said with SA's present high debt situation, the further writing off of local authority debt was difficult. She dismissed the need for another task team of experts to boost the delivery of low-cost housing.

The committee said loans made by the previous government to local authorities to service sites should be written off to allow these sites to be used for low-cost housing.

Commenting on the abolition of the National Housing Board, whose advisory function would be replaced by a new body called the

SA Housing Board, she said there was much duplication of the board's work at provincial level.

"There is a far greater focus on implementing the housing programme at local level and the functions of the board were becoming redundant. The new SA Housing Board will be given new tasks and functions."

Mthembu-Mahanyele said the draft Bill proposed that the housing function, along with assets and liabilities, be allocated to the government sector where it could be performed most effectively.

She said: "I hope that the draft Bill will contribute towards the creation of certainty in the entire housing sector and will promote the delivery of housing."

Mthembu-Mahanyele said there was an upward trend in housing delivery. The average monthly delivery on individual and project-linked subsidies was more than 2 000 units between March 1994 and April this year. Delivery for May this year alone came to more than 8 000 units.

She said the lead times in getting projects off the ground remained a problem, but expenditure on housing was increasing. This would continue to grow as housing policy became effective.



# Eskom will not be allowed to pull plug

The National Electricity Regulator has reassured consumers in 11 municipalities with unpaid electricity bills that steps will be taken to avoid cutting off bulk supply.

The regulator is trying to resolve the deadlock between Eskom and the Springs and North-East Rand councils over unpaid bills of R460-million.

NER chairman Dr Ian McRae said that, if necessary, the regulator would exercise its statutory powers to transfer licences of defaulting distributors to competent and financially sound distributors.

The Government was look-

ing at ways to restructure the electricity supply industry, and a decision by the Government was expected to be announced soon.

McRae said non-payment of electricity was placing a risk on the financial viability of the entire electricity distribution industry.

Also, those who had electricity and were not paying for it were denying those who did not have it the opportunity of getting it.

He said the NER supported the action taken by Eskom to cut off the electricity supply to individual consumers who refused to pay for it.

However, cutting off the bulk supply to whole cities, towns or areas was a different matter altogether.

"Pulling the plug will result in cutting off the supply to industrial and commercial consumers who are paying their bills, and also to the majority of residential consumers who are also paying their way - so those who pay suffer with those who don't."

McRae said Eskom had at least three options: it could negotiate a satisfactory settlement, pursue its normal civil remedies through the courts, or it could terminate the bulk supply. - Sapa

(123)

Ataw 13/7/96

# Draft bill on housing demolishes all relevant legislation dating back

By WILLIAM-MERVIN GUMEDE

The Government's draft housing bill was gazetted yesterday, ridding the statute books of all housing legislation passed during the apartheid era.

The bill, which is supposed to give effect to the Government's white paper on housing, calls for the scrapping of the National Housing Board and the transfer of its assets to local

governments.

The abolishing of the board, which was set up by Louis Shill in 1994 and restructured last year, comes after dissatisfaction by Housing Minister Sankie Mthembi-Mahanyele with its "unwieldiness".

The transfer of assets is expected to be completed by December 31 1998. The draft bill limits the role of the national Government in

housing delivery and boosts the powers of provincial housing authorities. It aims to bring about the formation of a national housing advisory body known as the South African Housing Board. It attempts to guide housing assistance to the poor which would be binding to all spheres of government - local, provincial and national.

The draft bill also provides for a national housing code which will direct national policy for housing development, provide policy directives as well as norms and minimum housing standards. It will enable the financing of national housing programmes through the SA Housing Fund and the planned provincial housing funds. It is hoped this will provide clear lines of accountability.

The draft bill calls for the establishment of a national housing databank and information system which will address the lack of accurate housing-related information. It proposes to define the roles of the three levels of government, as far as housing matters go.

Mthembi-Mahanyele said she hoped the draft bill would end the uncertainty in the housing sector and promote the delivery of housing. Previously, the parliamentary housing committee had indirectly criticised the Government's low-cost housing policy, proposing a 5% levy on industry pre-tax profits and a return to prescribed assets to fund housing and speed up delivery.

## lending patterns.

The committee suggested the Government take the lead in housing delivery, starting joint ventures with the private sector, with the emphasis on the participation of emerging contractors. It also wants loans to local councils to service sites made by the previous government to be written off.

The committee lamented the lack of attention its recommendations had received from the Housing Department.

Meanwhile, speculation continued that the Government might impose sanctions on the banks, which failed to achieve the 50 000 low-cost home loans target set for the year to June.

The Council of SA Banks warned that a government decision to act against banks would lead to the banks pulling out of the low-cost housing market.

datations had received from the Housing Department.

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13/7/96  
to the apartheid era

(723) XATW



NEWS NATIONAL

# Housings delivery gains pace

By Joshua Raboroko

**D**ELIVERY OF low-cost housing by the Government was gaining momentum, but home owners have to pay their mortgage loans and services in line with the Masakhane campaign.

This was said by Housing Minister Mrs Sankie Mahanyele when she launched more than 2 000 low-cost houses in Northern Province

## Government urges owners of new home to pay their mortgage loans

this weekend.

In the rural village of Mhinga at least 2 236 houses were built.

Mahanyele said during May this year 8 181 low-cost houses were built countrywide. The number was four times higher

than the past month's delivery of 2 090 houses, she added.

The Government would not allow people to stay in homes if they were unable to pay their loans, she warned.

The Mhinga housing project - the result of the R15 000 government sub-

sidy - is a joint venture between the local community, German international developer Megacom and Nedcor Group.

However, the reality of the situation was that the government could not solve this problem single-handedly.

She invited the private sector to form joint ventures with the government and local communities to face the challenge head-on. She said: "My department

announced an additional boost of R6,5 billion over a period of three years for housing, together with a shift in Government policy."

Housing ministry's policy has changed from the "one-person-one-site" approach to that of higher density cluster homes in order to use resources effectively.

The Government has to make an additional 200 000 subsidies available countrywide to speed up the delivery.

(123) Sowetan 15/7/96

Call to bypass struggling councils

# Business bid to pay Eskom bills directly

BD 16/7/96

Robyn Chalmers

BUSINESS is calling on the National Electricity Regulator to allow it to pay electricity bills into a special account, bypassing local authorities which face being cut off by Eskom for failing to pay their accounts.

The Forum for Energy End Users — representing companies such as Sentrachem, Afrox, Sappi, Mondi and Tiger Oats — said yesterday Eskom's threatened action against authorities would lead to production losses with "huge ramifications for SA's economy".

Chairman Johan Hees said industry was an innocent party and companies needed a fund to send accounts to if they feared local authorities — about 50 are in debt to Eskom — could be cut off. Business would pay local authorities that were not in arrears to Eskom.

The call has been triggered by Eskom's attempt to recover R440m from the Northeast Rand council and Springs. Eskom has warned it will cut the two councils' supply, though the regulator has vowed to prevent this.

The business proposal would deprive the local authorities of a major portion of the R1,7bn a year they net from premiums on electricity sales. This is used to subsidise other local authority commitments, and compensating the authorities for losing the surplus is a major sticking point in talks to

reshape the distribution network.

The regulator has previously indicated it would be prepared to let Eskom deal directly with consumers to maintain supply should the local authorities be cut off. But it dismissed business's proposal, saying it was unnecessary.

"It is the wrong approach because it will constitute a breach of the existing agreements between companies and their distributors, giving local authorities the legal right to cut off electricity supply to businesses," said regulator spokesman Johan du Plessis.

He said a meeting to find a way forward would be held today with representatives of central government, the Gauteng government, Eskom, the regulator and the local authorities. Proposals being considered by the Cabinet on restructuring electricity distribution included ways of dealing with non-payment and, if accepted, could go some way towards solving the issue.

Hees said that during recent discussions on restructuring the industry, forum members had lobbied for the electricity supply to be taken away from local authorities.

There was evidence of a growing number of local authorities not paying their accounts to Eskom, despite the payment of electricity accounts by business. The culture of non-payment had resulted in Eskom being owed R1,5bn by local authorities.



## Database will help identify housing needs

Robyn Chalmers (123)

ED 16/9/96  
THE Gauteng housing and land affairs department has started a database to determine the province's housing backlog and to begin compiling waiting lists.

A department spokesman said yesterday that existing housing bureaus — set up to facilitate the transfer of state-owned rental stock to their occupants — would be used to compile lists.

The lists would be used to identify housing needs and would serve as a basis for launching housing projects in Gauteng.

"It is important that a database is established of the housing backlog and where the greatest need for housing exists in the province so that authorities can plan properly," he said.

People who would qualify for listing were those with SA citizenship or permanent residence status, families with a combined household income of R3 500 a month or less, and married persons or people with dependants.

Application forms would be available at the housing bureaus.

Local authorities' offices would be used to register applicants in areas where bureaus did not exist. Names of people registered would be transferred to a central list for the compilation of a master database.

All bureaus in the province would be used with the exception of the Johannesburg metropolitan council, which would not be able to register applicants until later.

**B**USINESS Day, in an editorial titled "Leadership vacuum" on July 11, expressed itself on the efficacy of my ministry and, indeed, on myself as the housing minister. That is your privilege, and the purpose of my responding is not to request protection from such attacks — they come with the job.

I am writing to put a more complete picture of the progress which is being made in housing, and to indicate areas where I will be instructing my department to make improvements. In so doing, I hope to indicate to readers where they have been insufficiently informed by Business Day.

In the first two years of this new government, the challenge in housing was to first create the conditions necessary for the delivery of houses on a scale never before witnessed in SA. In so doing, we have consciously avoided the many temptations of quick and dramatic interventions which produce valuable housing photo-opportunities, but no long term sustainability.

Find it somewhat ironic that it is very often the financial media that advises us to take some of the shortcuts that, when proposed by a politician, are labelled as populist and expedient. Our approach in the housing ministry is often attacked for being slow and conservative, far too friendly to the private sector, lacking in delivery, rolling over large funds and so on.

In just under two years we have introduced a national framework which has fundamentally changed the business of housing in SA.

Rather than viewing the housing economy as a structural conflict between notions such as the state and the market, we have seen our interventions as part of the market. Therefore, we have consciously and deliberately withdrawn from certain functions undertaken by the previous government. The state no

# Govt is making progress on adequate housing for all

BD 12/7/96

(123)

SANKIE MTHEMBI-MAHANYELE

longer acts as banker, builder and developer — the sole player in a particular market segment.

In other areas, we have directly intervened in places where the private sector could not cope or had ignored. We intervened via the creation of Serwcon Housing Solutions to deal with the mess created by previous practices of bad building, bad lending and the non-payment which arose from a variety of causes, including expediency.

We intervened to underwrite government's responsibilities in respect of the due legal process and issues of governance through the creation of the Mortgage Indemnity Fund (MIF). Accused by our critics of supporting red-lining, the MIF has demonstrated its value through the mobilisation of about R2,2bn of housing investment to date.

We intervened to support the emergence of a programmatic and consistent approach to consumer protection through the numerous efforts of my department in the establishment of the National Home Builders' Registration Council. For the first time in our history, we have instances of houses being

fixed and stolen deposits being repaid as part of the price of registration with the council.

We have intervened to create the National Housing Finance Corporation which will become an increasingly important vehicle for improving access to housing credit in the economy. Like so many of our interventions, it is a long-term project, not given to fulfilling the need of tomorrow's headline.

Lastly, we are intervening to create a People's Housing Partnership, in terms of which my department, with multilateral organisations such as the UN and domestic organisations such as the Homeless People's Federation and the SA National Civics Organisation (Sanco) will actively be investing in the human capital required to create a sustainable housing process of the very poorest members of our society.

With these interventions, we believe we have created conditions conducive to mass delivery of housing. However, I would like to alert you and your readers to a context which is not readily appreciated, and that is the effect of the constitutional dispensation.

As a concurrent function between the first two tiers of government, housing has had to be fundamentally reassessed. Largely unnoticed in the media, my department has been redefining and limiting its role relative to the other tiers of government, especially since the successful local elections process was only recently completed.

Your readers will better be able to grasp the significance of this by reference to the draft Housing Bill 1996, published on July 12 for public comment. In this legislation we have attempted to clarify government's responsibility towards realisation of the right of everyone to have access to adequate housing, by clearly defining the respective roles of the three spheres of government in the housing process, thus providing much needed certainty to all of the role players.

In all of the above, I hope and believe that I have managed to convey some sense of the degree to which the public sector has had to critically assess its role and its practices, introducing those changes that are necessary albeit painful. At the same time, we have been

trying to encourage a similar response from the private sector institutions, particularly the banks in the construction industry. The private sector suffers from many of the inefficiencies and practices that we found within the public sector when we were elected into office. Your readers must judge as to whether the private sector — as a whole — has been able to make the necessary adaptations and changes to behaviour as we have had to in the public service.

Let me not be misunderstood as saying that we have completed the task: far from it. However, we are undertaking these painful reforms in a manner that is both transparent and accountable to a degree not readily accepted outside of the public service.

I have answered questions in Parliament about my cell phone accounts and that of my director-general; about my overseas travel and the number of gifts that I have received. While none of this information may reduce the housing backlog it is a welcome sign of the increasing accountability of the publicly elected and the publicly appointed.

Indeed, as minister I went well beyond that and published a report including criticisms of myself and my department, a feat not matched by the private sector, a point not noticed by your newspaper.

In closing, I repeat that I have not responded to some of the criticisms in your leading article — those of your opinions to which you are most welcome. My closing observation relates to the disservice you do your readership when such criticisms occur within the context of a failure by yourselves to provide the necessary and ongoing comprehensive overview of progress (or the lack thereof) and to move beyond the instant and ad hoc judgment of a politician.

□ Sankie Mthembu-Mahanyele is housing minister.



# Housing projects worth R76m are guaranteed

(123) 6018/7/96

**Robyn Chalmers**

AN RDP presidential lead project, the National Urban Reconstruction and Housing Agency, has guaranteed 10 low-cost housing projects valued at R76m to date, the latest update on the agency shows.

Agency CEO Cedric de Beer said yesterday it was aiming to attract substantial participation in its guarantee mechanisms from a number of international agencies.

"These guarantees constitute a highly geared form of aid that will produce many times their own value in sustainable local investment in housing programmes for the millions of South Africans who are without adequate shelter," he said.

De Beer said the National Urban Reconstruction and Housing Agency had secured its operating budget and grant-making capacity for five years, jointly funded by the RDP and the Open Society Institute.

A further R35m guarantee capacity had been secured for particular pro-

grammes and more was in the pipeline.

The agency's latest newsletter said the board had authorised the issuing of guarantees worth about R11,5m to 10 projects some of which had been finalised with negotiations on the remainder continuing.

"If all the projects are successfully completed, the guarantees will release finance to the value of R76m and will provide accommodation for 5 700 families," the newsletter said.

The National Urban Reconstruction and Housing Agency board had also authorised the issuing of about R380 000 in grants to seven projects for development facilitation and conflict resolution.

The agency's prime focus was the release of finance for projects, and the agency would share risks with lending institutions by offering guarantees for bridging finance to developers of low-income housing.

Guarantees for end user finance would also be made available to beneficiaries for low-income housing projects, the newsletter said.

# 1M PROMISED BY 1999 — JUST A TENTH DELIVERED

(123) FM 19/7/96

## Striving to reduce the backlog

The Department of Housing doesn't know exactly how many houses have been built for low-income earners since the ANC came to power in May 1994. The closest it comes to a precise figure is to say that subsidies have been granted to 55 372 households. That's as at May this year, up from 35 000 subsidies granted to February. Added to top-up subsidies granted to households on sites serviced previously, the grand total comes to nearly 77 500.

The problem is that Housing Minister Sankie Mthembu-Mahanyele talked of 12 159 fully paid-out subsidies — meaning built and transferred houses — in February. The gap between that figure and 35 000 is enormous. But more disturbing is that the latest figures, issued on May 31, do not include fully paid-out subsidies.

There's a suspicion that, though money may have been granted to provinces, it may still be sitting in attorneys' trust accounts awaiting the completion of houses. That could take from one to six months. Provinces are also well aware they'll lose out if they don't spend their subsidy budget.

To be fair, the figure of 55 372 gives a better indication of construction activity throughout SA than the 12 159 completed houses — and compared with the hodgepodge of provincial statistics two years ago, it's an improvement.

Department of Housing director-general Billy Cobbett has recognised the need to radically improve the provision of accurate figures by the nine provinces and his department.

At the end of next month, he will bring in former RDP programme manager Brian Monteith (alias "Strikeforce," seconded by Murray & Roberts to government two years ago) to find out exactly how many houses have — and are — being built. But more important in the long run will be his unearthing of what, and where the holdups are at provincial and

local level.

Further good news — for business no less than the public (see *FM* cover story February 9 1996) — is the placing of joint venture arrangements between government and construction companies on the table. These involve plans to construct 16 medium- to high-density projects of 10 000 units each, starting in the four metropolitan areas at a cost to government of R35m for each.

These will be run over the next four years — but, emphasise Cobbett and his deputy director-general Neville Karsen, more mass contract delivery projects will follow. The objective is to raise matching finance from the private sector, which means ideally some sort of gearing mechanism targeting potential homeowners and would-be renters able — and willing — to meet their obligations. There will also be a place, the department reassures the *FM*, for the lowest of the low-income earners. This development, if combined with industrial and commercial enterprise cross-subsidising homes for former squatters on the sites, could be heralded as prime RDP.

As the Constitution clearly states, it is up to provincial and local authorities — not central government — to provide the land and create the conditions for these projects, though the housing will be underwritten by central government through a special R500m fund.

In Gauteng, the Greater Johannesburg Metropolitan Council has so far designated 10 nodes for housing in the city. The province has set aside further sites in outlying areas of the city for housing.

Which areas will get the projects will depend on a local authority's ability to meet criteria set by central government.

In accord with efforts to fast-track township and general development via the Development Facilitation Act, initiated by former Housing Minister Joe Slovo and Department of Land Affairs Minister Derek Hanekom, authorities throughout SA, together with business and communities, should have a better idea by next January as to what the needs are in their areas.

For example: in the next two months, both Gauteng and Mpumalanga must submit working plans to provincial development ministers to arrive at local development objectives (LDOs) by next January. The LDOs call for budgets to determine what infrastructure and social facilities can be provided.

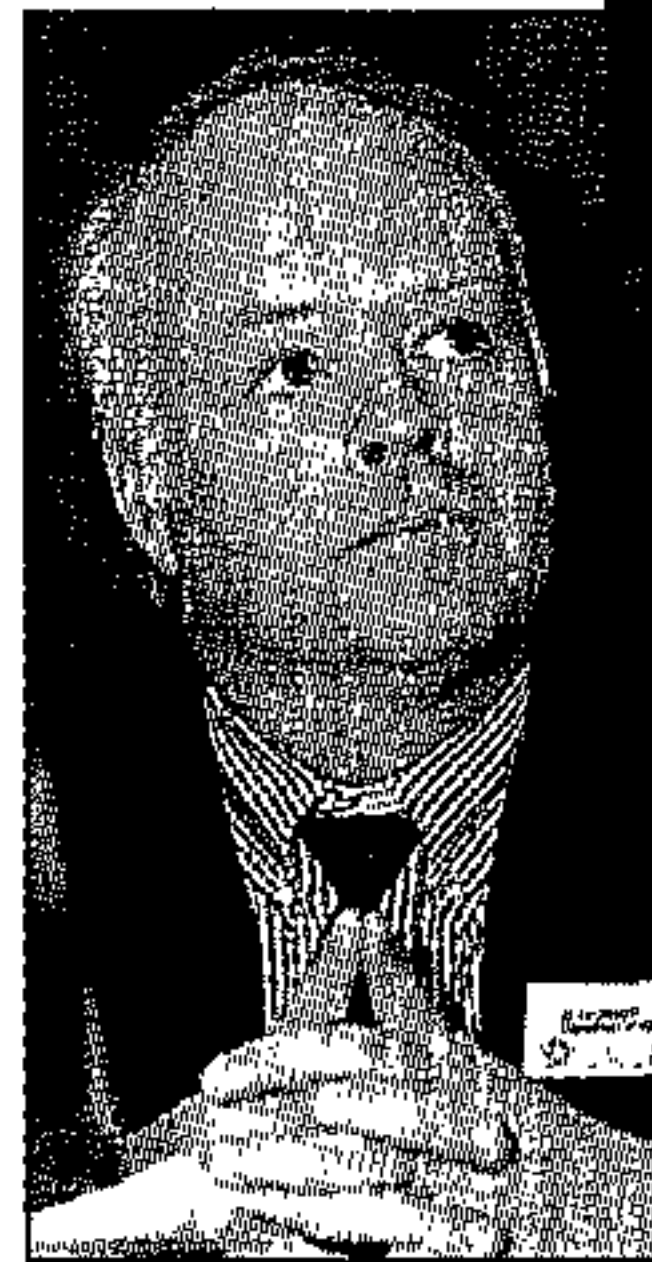
The recent surge of inner city and other development forums between local authorities, business and communities are manifestations of local efforts to arrive at such points.

To shackdwellers in the cold of winter, these grand plans mean little. So, too, do explanations about the slowly grinding wheels of bureaucracy. It has taken the Greater Johannesburg Metropolitan Council more than two years (see *Property*) to get down to the seemingly simple task of cleaning up the city and grappling with hawkers.

There has been justifiable concern that the Department of Housing has paid insufficient attention to the R800/month market and below. Talk about endless fights between government and banks over bonds is exaggerated. Bridging finance to developers for new houses has



Mthembu-Mahanyele



Billy Cobbett



not been a major problem since banks and government reached agreement on underwriting loans in conflict-ravaged areas. The problem is addressed by government under the Mortgage Indemnity Fund, which has enabled nearly 27 000 loans to be granted since June last year.

Where business and the Housing Department differ is in their approach to the poorest of poor households earning less than R800 a month. Business advocates mass contract delivery by big builders; government favours mass contract delivery, supplemented by community self-help and emergent contractor programmes.

Cobbett and Karsen argue that, were the business approach adopted alone, only 30% of SA's housing needs would be met. Estimates — still to be tested against a population census later this year — point to a total need of 1,5m urban houses and another 1,4m in rural areas.

The department's approach, for which Cobbett says it has received recognition by the UN, is to adopt the role of non-government and community-based organisations.

This means providing seed money to the Homeless Peoples' Federation and similar projects to enable them to stretch subsidies. These organisations have built 42 m<sup>2</sup> houses with the R15 000 subsidies as opposed to the 14 m<sup>2</sup>-24 m<sup>2</sup> conventionally built homes for the same price.

These initiatives have, however, to be measured against an ANC election

promise to build 1m houses in the five years from 1994-1999. After more than two years, the ANC-led government has, by its own admission, built well under 100 000 houses — less than a tenth of its target. The epithet "criminal" has been hurled at the authorities by impatient observers.

Mthembi-Mahanyele, always quick to respond to a political attack, replies: "For the last 48 years, people have been without homes in winter. For at least another 12 years, that will be the case."

Cobbett adds: "We have adopted a conservative approach, as business would demand in managing risk and the government fiscus by seeking proven ways worldwide of stretching funds and getting communities on board."

Cobbett admits that his department's earlier approach to housing was ill-conceived, because it placed too much reliance on the formation of social compacts between communities and developers. Its revised top-down approach offers new hope of speedier delivery.

Government is confident that it will improve on the disastrous run of the now bankrupt SA Housing Trust (underwritten by the previous government), which, though employing emerging contractors, failed to supervise and educate them sufficiently. But the new government will still have to do the job of the old government and enforce respect for legal contracts — through evictions if necessary.

These are not happening quickly enough, critics say.

Government is also under fire for its slow progress in encouraging building on the 720 000 serviced sites (these include the Housing Trust's 44 000) provided by the previous government. Department of Housing chief director Frikk Barnard argues that about 100 000 of these are in bad locations and almost unusable — at least in the short term. Efforts and now being concentrated on less costly sites close to transport and jobs.

Yet government — and even builders, such as LTA and the Housing Trust, which previously volunteered to project manage emerging contractors — have much to answer for in the paltry 22 117 top-up subsidies granted since they were introduced in November last year. Only 1 095 have been transferred to the owners. Does the fault lie at local authority level? Cobbett admits there's at least one municipality that has not released its serviced sites. Reports from the Eastern Cape are that land is being held unnecessarily in the former Ciskei and Transkei.

The politically correct launch last weekend of a 9 500-unit low-cost scheme in the Northern Province has demonstrated some enlightened thinking on the part of Chief Sedrick Mhinga, who has given land to his own people. On top of that, a developer — Megacom — has proved that it's possible to build a small house in half a day. Using a drystack process, communities are now building houses with Megacom's help.

An area of utmost concern is central government's failure to adequately help the different provinces learn from one another. Mpumalanga's ability to reduce township establishment processes from the normal 11 months to three or four is a case in point.

For all the department's talk about "the process" and "the people," business argues that the focus has to remain on the bottom line — the number of houses built.

Business — not to mention the homeless — wants to see the 290 000 existing subsidies, the 160 000 planned subsidies and a healthy portion of the 720 000 serviced sites translate into actual houses. ■

## HOUSING DELIVERY PROVINCE BY PROVINCE

Subsidies granted as at May 31 1996\*

	WCape	Gauteng	North-West	Mpumalanga	KwaZulu-Natal	Free State	E Cape	N Cape	N Province	RSA
Subsidies reserved	26 543	78 156	30 798	28 382	50 366	21 489	26 585	3 892	27 472	293 593
Aug '95	875	3 760	2 066	431	168	1 372	93	80	0	8 845
Sept	59	1 276	377	638	306	200	52	0	0	2 908
Oct	460	1 327	0	375	367	236	216	301	0	3 282
Nov	167	371	788	1 912	1 247	317	263	0	0	5 065
Dec	0	1 230	0	313	395	215	210	583	146	3 092
Jan '96	699	657	591	1 567	517	285	48	1 303	0	5 667
Feb	5	1 102	1 971	0	572	251	313	488	1 558	6 260
Mar	513	1 665	479	2 164	762	256	493	312	402	7 046
Apr	1 140	1 366	418	793	671	273	162	0	203	5 026
May	523	2 512	81	1 700	1 019	794	514	24	1 014	8 181
TOTAL	4 441	15 266	6 771	9 893	6 024	4 199	2 364	3 091	3 323	55 372

\*By provincial housing boards to beneficiaries who can apply for subsidies either through projects or individually. The total 55 372 subsidies granted exclude 22 117 top-up subsidies granted to beneficiaries of previously serviced sites.

\*\*Combined delivery of project-linked subsidies for the period 15 March 1994 to 31 August 1995 & individual subsidies for the period 5 June 1995 (date of implementation) to 31 August 1995. SOURCE: DEPARTMENT OF HOUSING



# Laying new foundations for housing

(123) M-G (Bm) 19-25/3/96

Housing delivery may finally be on the increase, but there is still a long way to go to meet promises made, reports **Tebello Radebe**

**P**IECES in the housing jigsaw puzzle are falling into place. An upbeat Housing Minister Sankie Mahanyele last week announced that housing delivery is on the increase.

"Major differences of the past have now been resolved, rules and regulations which tend to stall delivery have now been streamlined," she said beaming with confidence.

She said new people had contributed to the upsurge in delivery. "We've been patient to allow the right processes to go on. Our time lags do not allow for 'quick-jobs', otherwise you can end up with embarrassing situations."

Mahanyele also announced the end of the road for the National Housing Board, which is to be replaced by provincial boards to further curb "the duplication of functions".

To test the minister's "new machine", the *Mail & Guardian* conducted a snap survey of the provincial housing boards this week. Alas, we found that the "new machine" is largely unchanged from the old: still slow to deliver and full of promises, but at least more cautious now, while long-winded and elaborate explanations remain a given. However, there is a key difference: there are signs of "an upsurge in delivery", despite the R2,2-billion unspent from the 1996/97 budget allocations for the provinces.

Top of the pops is the Mpumalanga Housing Initiative, described by Mahanyele as "a bold excursion into uncharted waters fraught with risk". Through this initiative, the



Beating the clock: Housing Minister Sankie Mahanyele (above) keeps time as a house (right) is built in three hours



PHOTOGRAPHS: MADELEINE WACKERNAGEL

province leads on the delivery stakes with a rate of slightly over eight houses a day — up from around one a day in 1994.

Mpumalanga Housing Department representative Saths Moodley was quick to defend the fact that they have spent only 38% of the R200-million allocated to them.

"We have set aside a huge chunk of our budget for projects by four major developers and they seem to have serious capacity constraints of their own, otherwise we would have delivered even more houses," said Moodley.

Efforts to obtain a comment from the Northern Province provincial government, which has spent a scant 5% of the R347-million allocated, bore no fruit. The old bureaucracy is

alive and well. A Northern Province Housing Board staff member requested that all questions be faxed but at the time of going to press, the answers were still not forthcoming.

**'Major differences of the past have now been resolved, rules and regulations which tend to stall delivery have now been streamlined'**

To its credit, though, the Northern Province boasts the unique distinction of a national first — the official opening of the Mhinga Housing Project, which aims to deliver around seven houses a day over a year.

Some of the outstanding features of this project include the following:

- It is a rural community project with the full and active backing of the area's traditional leader, Chief Cydrick Mhinga.
- It has achieved the ability to deliver 28m<sup>2</sup> homes at the R15 000 government subsidy cost.

- It enables even the unemployed, or people with the least income, to have access to decent basic homes.
- It provides about 400 jobs and marketable skills for mainly rural community women.

Speaking at the opening of the Mhinga project, Northern Province Premier Ngako Ramathloeli lauded the new spirit of co-operation in his province between traditional leaders, rural communities and the Housing Board.

He also announced that five other projects similar to Mhinga are being planned.

M&G attempts to obtain progress details from Gauteng and the Western Cape have also been unsuccessful.

Gauteng was allocated R721-million and has spent nearly half that amount. It is the third-highest spender after the Northern Cape, which has spent more than 60% of its R79-million allocation, and the

Western Cape, which paid out 61% of its R205-million.

The Free State, North West and Eastern Cape provinces, to varying degrees, all blamed the lack of bond finance, legitimate local government structures and effects of the transition process for the low delivery on their part.

However, they all indicated that thousands of applications which they have processed to date will translate into both new homes and serviced sites in the next six months.

KwaZulu-Natal Housing Board chairman Charles Van Eck summarised the entire process for the country and his province when he said no single person, situation or event can be blamed for the slow delivery. "It's nobody's fault. We had to turn the country on its head completely, it takes time." But, he said, the pace of delivery has definitely increased.



## We pay too little for water – Asmal

South Africans in general were paying too little for water – and future legislation would have to take into account the real value of water, rather than judge its economic worth, says Water Affairs and Forestry Minister Kader Asmal.

Farmers had agreed during recent talks to pay for water according to its proper value.

“Farmers need a guaranteed supply of water and the state cannot be an inexhaustible purse.”

Asmal said this in Pretoria yesterday.



KADER ASMAL

day when he inaugurated two councils, comprising members of the public, academia, labour and industry, to advise him on policy matters.

The forestry and water advisory councils will also try to create a balance between development and conservation.

Asmal said that to cope with increased demands on forests

and water resources, “we need to project 20 to 30 years ahead, a period during which South Africa’s population will have doubled”. – Sapa

(123) 8/10/96 20/1/96

# Eskom in deal to wipe R204-m slate clean

STAN 23/7/96 (123) (123)

By HOPEWELL RADEBE  
City Reporter

Eskom is set to write off accrued electricity arrears of R204-million owed by the Kempton Park/Tembisa Metropolitan Substructure, provided the council agrees to pay its monthly electricity accounts from this month.

Kempton Park/Tembisa council spokesman Henriette Weese-man said the council was expected to take a resolution on Thursday to pay all Eskom's accounts because of Eskom's undertaking.

She said the North East Rand Transitional Metropolitan Council (TMC) had offered to grant the Kempton Park/Tembisa and Edenvale/Modderfontein substructures a loan to enable them to pay Eskom from the end of July.

The loan would be payable to the TMC after five years because the substructures would have normalised payment of services in the area by then.

Eskom spokesman Peter Adams said the agreement had been reached in principle, subject to council approval.

The proposal was the result of two weeks of negotiations between the TMC, Eskom, the National Electricity Regulator, the Gauteng government and the Department of Constitutional Development and Planning after Eskom's announcement that it intended cutting off bulk electricity supplies to the Springs and Kempton Park/Tembisa councils unless their arrears were updated.

Weese-man said the news would be appreciated by major businesses in places like Isando, Sebenza and Modderfontein.



# Community Bank spent low-cost housing funds

(123) (28) 2023/7/96  
Amanda Vermeulen

NEARLY R4m deposited with Community Bank for low-cost housing has been spent on the bank's operating expenses, putting the development of hundreds of houses on hold.

Curator Stewart Patterson said yesterday the Gauteng and Western Cape housing boards had deposited the cash since June last year, but it had been channelled into the bank's operating account instead of a trust account.

Patterson has asked Finance Minister Trevor Manuel for funds to cover the R4m. Manuel has still to respond.

Sources said the money, channelled through the housing boards from the RDP capital subsidy fund, should have been released to pay bond deposits and other expenses for about 400 houses.

The bank's funds and subsidies were frozen when it went into curatorship in May. Prospective home owners applied for bonds from other institutions, after which Community Bank

was to transfer funds to those banks or back to housing boards for reallocation.

Patterson had asked Manuel for R12m to repay the R4m, and to fund housing already under construction and operating costs. But finance guaranteed only R8m, leaving the curator without R4m to repay the subsidies.

Community Bank has been mired in a cash squeeze since earlier this year when the Development Bank of SA and other funders refused to release R70m of the original R200m capitalisation funds. Sources said at the time a main concern was the bank's management.

The Development Bank and Reserve Bank threw the institution a R12,5m lifeline in April, which Patterson said was absorbed into its operational budget. Patterson has since passed his recommendation that the bank merge, apparently with government institutions, to Manuel. The finance department said yesterday the recommendations had been passed on to registrar of banks Christo Wiese.

# Unhappy owners wanted say about

Mary R Tomlinson

ABOUT the only group which has not been asked about the dwellings delivered by the new government's subsidy scheme are the people who are meant to live in them. A first attempt to ask them finds that they are unhappy.

But, contrary to those who expect the homeless to rebel against the "low" standard of housing they are being offered, those who received the "magical" four-room house were among the unhappiest. The cause of dissatisfaction is not so much the standard of housing as a widespread complaint that beneficiaries have been given little or no say in choosing their housing options.

And, while the entire

housing debate currently assumes that the lack of end-user finance (loans from financial institutions) is the biggest brake on housing delivery, most beneficiaries want nothing to do with bank or building society loans.

These findings stem from a recent focus group study conducted by the Centre for Policy Studies; 18 groups were convened — two in each of the provinces — made up of people who had benefited from the subsidy scheme.

This was, to the best of our knowledge, the first attempt to interact directly with subsidy recipients, rather than with "community representatives" whose representativeness is unproven. We were interested in understanding how people accessing a

housing subsidy have experienced it and what they feel about the policy choices and constraints under which they were forced to do so.

Among issues the study sought to canvass were: How do poor South Africans expect to see themselves housed under the new government and does it have any chance of successfully satisfying their needs through the new Housing Subsidy Scheme? Equally, or more importantly, are the choices — a government-facilitated, developer-driven approach — we made after two years of deliberations at the National Housing Forum resulting in satisfied housing beneficiaries? Is it not time to do more than simply count the number of houses that have been delivered; to begin to measure the degree of satisfaction beneficiaries may or may not feel?

Contrary to expectations, beneficiaries' satisfaction with their new living conditions did not necessarily hinge on the size of the house: households accessing larger houses were not happier than those with smaller ones. In the conventional projects studied, where the subsidy was credit-linked, resulting in the purchase of a four-room house, beneficiaries were the most likely to say their circumstances had worsened. Their unhappiness was directed at three issues — size, quality and cost. Generally, beneficiaries found their houses extremely small in relation to what they paid.

They also complained that their overall living costs had been raised beyond what they could afford. As far as quality was concerned, benefi-

ciaries generally were horrified at the shoddiness of the products delivered to them — houses reportedly often cracked and leaked within weeks of owners moving in.

Owners of one-room dwellings did not believe their circumstances had worsened, but that they had remained the same. They complained that their new homes were extremely uncomfortable for carrying out their daily living activities: "We are crammed in one room with the children and we have to cook in the same room." Or, "these houses are similar to a toilet". But their dissatisfaction was not directed at the fact that they had not received four-room houses. Firstly, some said their shacks had served their needs better than the new houses did.

## Expectations

Secondly, almost without exception, and arising from their own experiences, beneficiaries felt they would have been able to purchase much more space if they had been given a voucher to buy building materials for a top structure rather than using a private-sector developer. Whether this preference took into account the cost of buying and servicing land is not clear — what is clear is that beneficiaries felt that they could have done better within the subsidy amount than the developer on which they had been forced to rely.

At first glance, the depth and range of beneficiary dissatisfaction did seem to confirm claims that low-income people had higher expectations than the subsidy policy was able to fulfil

— many felt that their dwellings fell far short of those they had been promised. But a closer look at the interview transcripts shows that the "broken promises" were not, in beneficiaries' views, made by elected politicians offering people higher housing standards but by the developers and, in many cases, the civic leadership operating alongside them. Many beneficiaries reported being shown photos of houses or actual show houses by developers, but receiving far less than either promised.

In many instances they signed documents describing their choice, but, when the houses were constructed, they did not turn out to be what they expected.

The focus group discussions also revealed almost a total lack of consultation by developers and civic associations — in a scheme which is meant to produce "people-centred developments". The social compact is the mechanism intended to bring stakeholders together to decide on subsidy projects — and without which no project is approved. But in the majority of projects, beneficiaries had never heard of the compact, indicating that they had no role in negotiating it. This contributed substantially to their dissatisfaction.

By contrast, the only three projects included in the focus group exercise whose beneficiaries expressed some level of satisfaction, were clearly driven by beneficiaries. Residents decided for themselves that they wanted something done in their area, they looked for their own developer, and participated in de-

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# their houses

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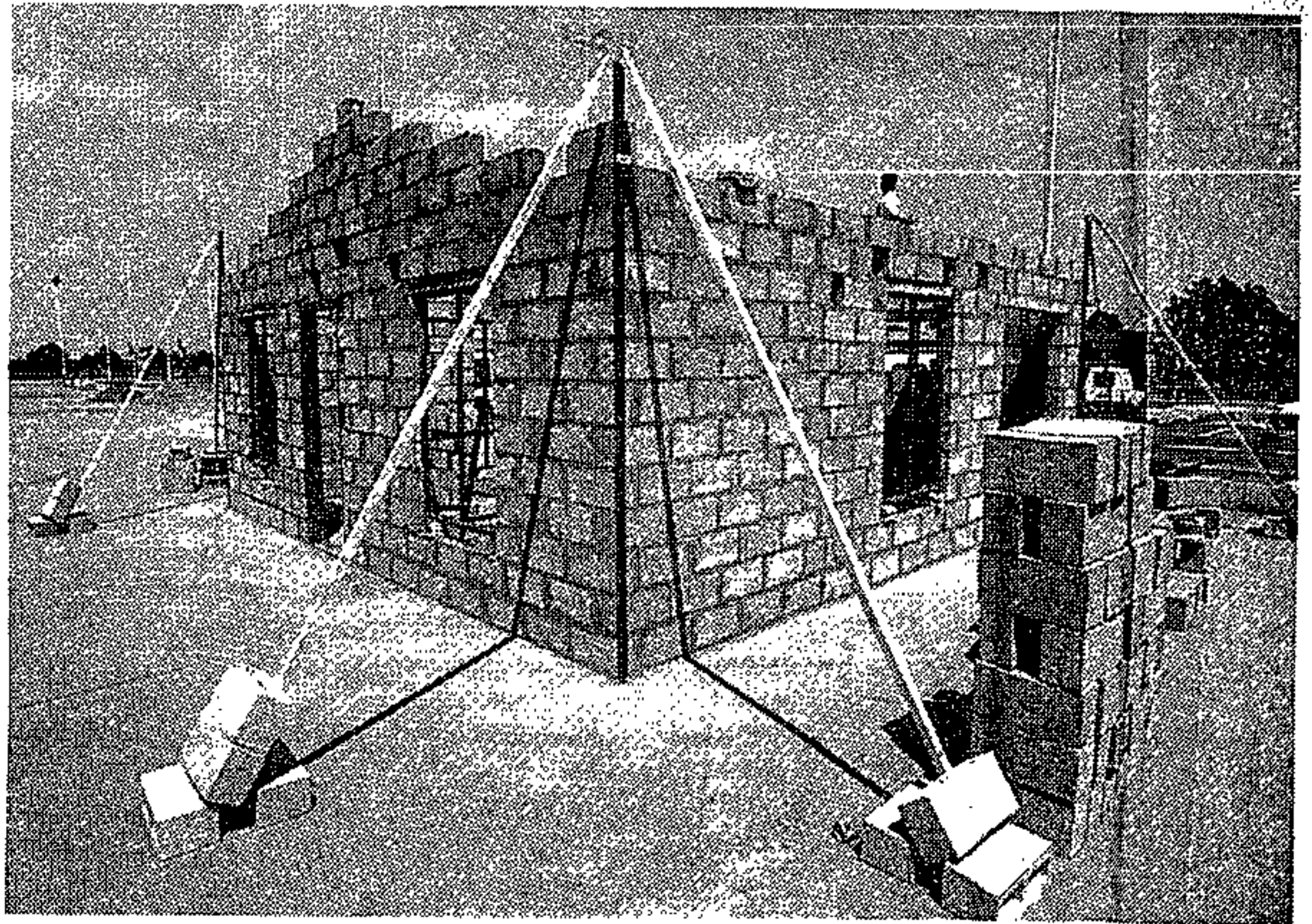
deciding the kind of development to be carried out. Ultimately, they received what they expected. This suggests the problem lies not in expectations among the poor so high that the government cannot possibly hope to satisfy them, as some have claimed. Rather, it shows that when beneficiaries do have a real say in projects the new housing policy has a much greater chance of satisfying its clients, whatever the standard offered.

What the research does seem to reveal is that a housing policy which was devised by everyone except the bene-

ficiaries has, predictably, ended up taking into account the needs of everyone bar the beneficiaries. Notwithstanding the good intentions of housing policy makers, combining a developer-driven and people-centred approach has left beneficiaries dissatisfied.

The answer, surely, lies in a policy tailored to the needs and circumstances of beneficiaries — a really “people-centred” approach — rather than those of developers and organised groups.

□ Tomlinson is a senior researcher at the Centre for Policy Studies.



A recent survey found that those meant to live in dwellings delivered by government's subsidy scheme are dissatisfied because they have been given little or no say in choosing their housing options.

# Cash for rural housing first fruits of visit to Germany by Mandela

(123)  
By NORMAN CHANDLER

Pretoria Bureau

Stan 23/7/96  
The first fruits of President Nelson Mandela's State visit to Germany in May will be realised in Pretoria today when the two countries sign a R17-million agreement on funding for the building of housing in rural areas.

Germany's deputy Chancellor and Foreign Affairs Minister, Dr Klaus Kinkel, will sign the agreement at a meeting with Foreign Affairs Minister Alfred Nzo.

Kinkel is in the country for three days as part of a southern African regional tour. He is accompanied by a delegation of business leaders and cultural representatives.

The visit is a follow up to the State visit made by President Mandela to Germany in May - when he appealed for investment - and to the "Berlin Initiative" launched by Kinkel to strengthen ties between the European Union and the Southern African Development Council (SADC).

The German embassy in Pretoria said at the weekend the money to be supplied for rural housing would be made avail-

able through its Development Loan Corporation to a South African counterpart still to be identified by the South African Government.

"This is meant to support sustainable improvement of living conditions in general and especially the housing situation in still-underprivileged areas. The project will be chosen and defined in close co-operation by the two partners," the embassy added.

Kinkel is to meet President Mandela and various Cabinet ministers, and will also hold talks with the Leader of the Opposition and former executive deputy president F W de Klerk.

Two private company co-operation agreements - involving Hulett Aluminium, the Bayerische Vereinsbank, Hulam and Mannesman Demag, as well as the Northern Province Water Board - for the building of a modern water supply scheme in Sekhukune will also be signed.

Kinkel is to address the South African Institute of International Affairs in Johannesburg on Germany and Europe's links with southern Africa, as well as meet several German and South African business leaders.



# Eskom set to write off R300m in debts

Reinie Booysen

ESKOM is preparing to write off more than R300m owed by two Gauteng local authorities, less than three weeks after threatening to cut off their electricity supplies.

It said yesterday it had offered to write off long-term arrears owed by the Springs and northeast Rand metropolitan councils provided the two agreed to pay short-term arrears and future bills. The councils owe R440m.

The offer will cut R204m from the northeast Rand council's R290m bill — the amount it owes Eskom up to July last year. The council's finance executive manager, Hennie Venter, said he expected the council to agree to the offer when it met tomorrow. No spokesman for Springs council — which owed Eskom R150m, most in long-term arrears — was available.

An Eskom spokesman said the offers were similar to those agreed to this

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month by Alberton and the Pretoria metropolitan council's northern sub-structure. Arrears to June last year would be written off if they paid for services used since May this year for the next year. The debt incurred between June last year and May would have to be repaid with interest by next May.

The parastatal, owed an estimated R1,2bn by local authorities, had also lined up other local authorities for cutting off of supplies.

The National Electricity Regulator said it would block the cut-offs, if necessary transferring electricity distribution licences from the authorities to Eskom to maintain supplies.

An Eskom spokesman said supplies to bulk buyers would be cut off only after other avenues, including legal action, had been exhausted.

Prior to taking legal action, Eskom would make every effort to negotiate an acceptable compromise. Cutting off power was the logical final step.

# Building resource centres assist communities

Patrick Wadula

(123)

BD 24/3/96  
grading programmes.

BUILDING resource centres required careful management to achieve their objectives, said a housing spokesman for the Association of SA Quantity Surveyors, Gaye le Roux.

Le Roux is also deputy chairman of the Eastern Cape province housing board.

She said the centres would provide essential support for communities, and particularly for those involved in self-help schemes, and individuals interested in skills up-

grading programmes. "However, sustainability of these centres might present a potential management problem to which the respective ministries must give serious consideration," she said.

Detailed attention had to be given to audits of stocks and components and the type of training provided.

"Improperly managed centres could lead to lack of support from communities," Le Roux said.

Building industries associations and professional bodies

should be asked to advise on and support the training programmes in such spheres as tendering and construction management skills.

These were "definite problem areas", she said.

"It must be remembered also that providing property ownership for a family whose income is between zero and R800 a month will not necessarily alleviate poverty."

Le Roux said that property ownership had to be sustainable in terms of maintenance and payments for services.



# Eskom offers to write off about R800m in local authorities' debt

Reinie Booysen

ESKOM is planning to write off about R800m in long-term debts accumulated since the 1980s by the local authorities in about 32 black, coloured and Indian townships around SA.

In exchange, the authorities concerned must undertake to pay Eskom about R500m in short-term debts plus all future bills. Failure to do so would automatically reinstate the long-term debts, an Eskom spokesman said. Eskom is owed arrears of about

R1,3bn and this is growing at about R200m a year, although there are signs that the growth rate is slowing. The level of arrears accumulation fluctuates wildly, peaking in winter months. Eskom's total annual revenue is running at R18bn to R19bn.

In an effort to stem the tide of bad debts, the utility is now proposing to draw a line at all debts pre-dating mid-1995, in the hope that an improved payment culture in the townships will help it to recover arrears since then. "I just think we realised that we

were never ever going to get the bulk of our debts, so we decided to draw a line and move forwards," a senior Eskom source said.

According to a spokesman, the write-off will not affect Eskom's financial results, as the arrears are already provided for in the balance sheet. In the 1994 annual report the bad-debt provision stood at R789m, but it grew to R1,177bn last year.

Local authorities which turn down the offer face losing their electricity distribution licences — which some use

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as a vehicle to generate substantial additional revenue unrelated to electricity. Eskom has said it will apply to the electricity regulator to be granted the electricity distribution licences in these areas if the authorities fail to respond to Eskom's offer and its consequent legal action to recover arrears.

The largest debtors by far are in Gauteng. The northeast and metropolitan council owes nearly R290m, largely related to Tembisa township. The Springs city council owes R150m, mainly related to Kwa

Thema township. Their long-term debt totals more than R300m. The northeast and council is due to decide today whether to accept the offer. Springs is still negotiating with Eskom.

Other major "problem accounts" include Zamdela (R35,5m arrears), Ikegeng (R26,7m), Embalehle (R26,6m), Ennerdale (R25,6m), Mohlakeng (R25,4m), Kwa Guga (R25m), Lenasia (R17,8m), Ratanda (R17,2m), Wesselton (R16,1m) and Lotus (R15,5m).

# Private developers under fire for slow housing delivery

(123) M+G (PM) 26/7-1/8/96

Tebello Radebe

**P**RIVATE developers look set to be next in line for criticism over slow housing delivery. So far, the government and the banks have borne the brunt of most of the attacks.

A report by the Centre for Policy Studies (CPS), the focus of a housing workshop in Johannesburg next week, recommends that the government policy shift away from "developer-driven" housing delivery towards a more "people-centred housing delivery process".

The study, conducted by senior research consultant Mary Tomlinson, contradicts many beliefs held by state policy-makers and others by stating:

- Contrary to popular opinion, people are dissatisfied, not because they do not get the conventional "four-roomed" house; rather they feel they are not able to obtain maximum value for their R15 000 state subsidies.

- Given a choice, people would have preferred to have purchased their own building materials with, say, a housing voucher, to build.

- Developers have failed to "negotiate proper" social compacts with communities, contradicting the general view that negotiations have been held up by talks with "unrepresentative leaders".

Among the most startling findings of the study is that most beneficiaries have never heard of "social compacts" — a key requirement of the government housing subsidy scheme designed to ensure community participation in housing projects.

"Therefore problems do not lie with a needless insistence on involving beneficiaries in decisions, but with a failure to follow this approach vigorously enough," says the study.

Mpumalanga Provincial Housing Board chairman Saths Moodley told the *Mail & Guardian* that if four of the top developers awarded the bulk of the housing projects in the province had been on target, "we could be showing a higher delivery rate". Mpumalanga leads all the other provinces with the fastest delivery.

One of the developers, the New Housing Company (Newco) had to deliver more than 8 000 houses and

has managed only 2 204 to date. Significantly, 1 906 of these houses fall within the R15 000 subsidy limit and therefore go to people who cannot afford housing credit.

Deon Sutherland, Newco director responsible for Mpumalanga, admitted that the rate of delivery has been slow, but "was confident that his company will be able to deliver more houses now".

Sutherland warned that delivery delays pushed up costs owing to materials and interest hikes on holding costs. He estimated interest on holding costs for Newco Mpumalanga at about R1,8-million a year. Material costs were rising at the rate of one percentage point a month and electricals at 16% annually.

**T**hese hikes are ultimately paid by the beneficiary; otherwise, the overall value of what can be built for the R15 000 subsidy is reduced, he said.

Sutherland pointed out that the social compact concept served a useful purpose during the apartheid era — to ensure housing delivery was not a top-down process and that it was legitimate.

Many social compact processes now delay delivery because some people use them as platforms to pursue other agendas, he charged.

Social compacts need change from being dominated by "community representatives" to being forums for the beneficiaries. He said the recently elected local authorities served the roles of community representatives adequately.

Mawela said: "Social compacts do not work well in all areas. There are also administrative problems such as delays in conveyancing and deeds registration, as well as the different prices developers have to pay to obtain land, which influence the ultimate product that can be delivered and also at which time."

Mawela was emphatic that private developers were essential to the housing process. "Just imagine what would happen if people just took money from the government to do their own thing. How would you ensure that the money really gets used for housing?"



# New valuations could produce rates shocks

AROUND the country properties are being revalued, which in many cases could result in higher rates.

In Cape Town, where properties were last revalued in 1979, residents could face some bad news when new valuations are made public next year. Re-assessment of properties in greater Johannesburg, which is done every three or four years, has been relatively peaceful so far, compared with the current row over rates increases.

The assessment of valuation is the foundation stone on which rates are levied. They are open for challenge.

George Nel, city valuer of the Johannesburg administration, said the basis for the new assessments was market value. They were determined from weekly returns from the Deeds Office of properties registered, and from discussions with estate agents.

Nel said changing social conditions would also see changes in valuations. Cluster house developments could be higher than those for single residences, because the market placed a higher value on those developments.

The methods of assessing the final figure differed, with for example, a different rebate on rates also applied to cluster houses. For a residential property with no more than two dwelling units, a 60 percent rebate on rates was given, but for a multi-dwelling residential property the rebate was only 35 percent.

Anyone could register an objection to the new valuation roll. In Johannesburg for example, the new rolls were open for inspection until August 26.

To lodge an objection, a form must be submitted to the relevant metropolitan substructure, giving reasons for objection and stating what the correct value should be.

Valuation boards appointed by provincial premiers consider objections. However, ratepayers must pay rates based on their new assessments, which means that if an objection heard next year for a lower valuation is successful, the objector would be due for a refund for the difference in rates.

In Cape Town, property assessments are due every 10 years, but have not been undertaken in the last 17 years because there has been ongoing discussion on revising the outdated Valuation Ordinance of 1944. The objective was to establish a uniform basis for valuations, in line with other major metropolitan areas.

## REPORTS BY CHARLOTTE MARRIS

Meanwhile, the authorities undertook interim valuations, based on additions to properties.

A Local Authorities Property Valuers Forum was set up in June this year and has already encountered a number of problem areas, according to Dr Avrie Labuschagne, valuations officer of the Cape Town Central Substructure. The forum discussed the concept of market value as a basis for valuation, the need for consistency in the nine provinces and computer systems.

It was proposed that Cape Town's assessments be based on the market value of the property because this was most easily understood by ratepayers. There was also discussion around the rebates and remissions.



Labuschagne said there were huge discrepancies in rates in the Cape Town area relative to services offered and the council was committed to rectifying these imbalances. Correcting the situation meant linking rates to quality of service and the income status of householders.

Asked about the likely changes in property values between 1979 and the present, Labuschagne cited the example of a site in Clifton, bought for a demolition contract, which changed hands recently for R8214 a square metre. In 1979, the average rate per square metre for sites in the Clifton area was R22. That rose to R822 in 1990 and at present is estimated at just over R2 000.

This did not mean that householders would face a rates increase of this order next year. However, there would be an adjustment in services offered.

## Taking issue on property valuations

WHAT do you do if you think the rateable value of your home is too high?

The valuation of a property is determined by registered valuers or associated valuers. They take into account a number of factors which affect the value. These include:

- Social standards (such as rate of population growth);
- Economic developments (new developments, interest rates);
- Government regulations (provision of services, zoning); and
- Environmental conditions (topography, future development).

Ratepayers should receive a notice of provisional valuation, which sets out the total value of a property, consisting of site value and improvements.

Valuation rolls are available for inspection at specified venues in each of the metropolitan sub-structures. A valuation roll only gives the same information as the notice of provisional valuation - it does not provide a breakdown of how the figure was reached.

If you do not agree with the new valuation, you may lodge an objection on a form obtainable from your local metropolitan sub-structure office. If you live in a sectional title dwelling, the body corporate or the majority of members must agree to lodge an objection.

You must nominate whether you will appear before the Valuation Board in person, or will nominate a representative. Your first choice should be to appear in person but if that is not possible, to request a lawyer-to-do so on your behalf, but this could be costly.

There are only two acceptable reasons for objecting - that the property is undervalued or overvalued.

According to a practising valuer, the only acceptable figure for market value is what a property of similar age, size and condition in the same area has realised.

## DON'T CONFUSE THE RATES

DON'T muddle the latest rate increases with the valuation of your property. You can object to the value placed on your property but there is little you can do about a general increase in rates.

Residents of greater Johannesburg are having to cope with a triple whammy: not only a one percentage point hike in mortgage rates over the past six months and an annual increase in property rates that everyone around the country is experiencing, but also the triennial revaluation of properties.

This year increases varied widely. In Johannesburg there was a general move to equalise the situation that had prevailed under the Group Areas Act, when poorer areas had been either rated too highly or not at all.

In Durban the annual rates increase from July 1 was 15 percent across the board and in Cape Town 12 percent. In greater Johannesburg, however, the new rates meant some areas showed an average decrease of about seven percent compared with last year, and others an increase of 50 percent.

Wim van Heerden, director, real estate of Durban Corporation, said: "It is not like a property valuation, where ratepayers can object. We find that people object to the property valuation when they are actually unhappy about the rates. To have the value of your property revised upwards should be welcome, but many people use the valuation to try and reduce their rates, rather than to get a true value for the property."



# Government plan for houses picks up momentum

(123) ST(BT) 28/7/96

BY THABO KOBOKOANE

ALTHOUGH the government's ambitious housing programme has been bogged down by bureaucratic hurdles, recent subsidy figures suggest that housing is slowly gathering momentum.

Neville Karsens, acting director-general of the Department of Housing, says delivery is picking up, with an uptick in expenditure and subsidy figures for the year ending June.

Since the government's housing subsidy scheme kicked off in March 1994, a total of 293 593 subsidies have been approved by the nine provincial housing boards.

Of this, a total of 55 372 individual ownership subsidies were granted to households by the end of May against 8 845 in August last year.

In May alone the department approved 8 181 subsidies (project and non-project linked) and expects this to increase to 17 000 at current levels of activity.

Since the government does "not keep" statistics on the number of houses built since the start of the housing programme, the subsidy figures are the only available measure of the rate of development likely to be under progress. Last year just over 10 000 houses were built as against a target of 50 000.

A major problem, however, is that most of the subsidies are granted on a project basis. This means that most of the houses are not built immediately, since there is a relatively long period from the date of approval of the subsidy to the actual date of delivery of the home.

A regional breakdown of the subsidy figures shows that 15 266 subsidies were issued in Gauteng, 9 893 in Mpumalanga, 6 771 in North-West Province, 6 024 in KwaZulu-Natal and 4 441 in the Western Cape. Anchoring the table is the Northern Cape with 3 091 subsidies.

The non-payment of bonds and illegal occupation of houses remains a significant hurdle to the normalisation of the housing environment.

According to the Council of South African Banks, 50 000 defaulters last year had their properties repossessed or were in default with repayments. Many continued to occupy the properties illegally.

Servcon, which is attempting to normalise the situation, is reporting some progress in its efforts.

In the year ending June Servcon sold about 2 700 houses and signed at least 3 500 rightsizing agreements, it says. Rightsizing refers to the restructuring of a bond to make it more affordable or moving people to more affordable houses.

Altogether Servcon has 14 000 of the 50 000 repossessed properties on its books.

Servcon managing director Dennis Creighton says there are areas which remain inaccessible, mainly because of violence.

"A small number of defaulters refuse to enter into discussions with Servcon to regularise their continued occupation of the properties. These

properties lawfully belong to the banks," says Creighton.

A key part of the housing programme is the re-entry of the banks into the low-cost housing market in townships.

In terms of an agreement between government and the banks, banks would aim towards issuing 50 000 mortgage bonds to families with a combined income of below R3 500 a month.

The government has expressed "disappointment" with Cosab for not reaching the target level.

Cosab figures show 35 000 mortgage loans worth R2,7-billion were approved for the year ending June. Of these, only about 19 000 were in Mortgage Indemnity Fund-covered areas, representing about R765-million of lending.

In terms of the Record of Understanding with the banks, the government provides political cover through the MIF in an attempt to get commercial banks to start lending in the lower end of the market.

These loans are tied with government subsidies which help to make bonds more affordable. The MIF currently covers 427 areas and more are being investigated.

Lance Edmunds, Cosab's general manager, housing, defends the "disappointing" figures, but puts the blame squarely at the door of the building industry.

"We are happy to lend provided there are sufficient houses being built. At the moment not enough homes are being built," he says.



## Warning issued on draft Housing Bill

(123)  
Robyn Chalmers

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PRIVATE-sector participants in the low-cost housing programme have warned that the draft Housing Bill could undermine their involvement.

Industry sources said the main concerns were the Bill's proposals to scrap the National Housing Board and to allow local authorities to act as developers — both of which could jeopardise private-sector interests.

Representatives of developers, contractors, banks and professions met on Monday to discuss the draft Bill and set up a committee to examine it. A further meeting will be held on Monday to discuss a submission to be made to the housing ministry before August 8.

The National Housing Board — a key component of the housing white paper — was made up of 18 members from consumer bodies, suppliers and government. The draft Bill proposes a new SA Housing Board and empowering the housing minister to appoint up to 10 members.

SS Building Industries Federation of SA executive director Ian Robinson said the representatives wanted to ensure strong private-sector representation on the board. The Bill's proposal to allow local authorities to act as developers had raised concerns of unlevel playing fields and withdrawal of the private sector from low-cost housing.

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MUNICIPAL SERVICES

# ANGER SMOULDERS AS WHITES STAGGER UNDER RATES BURDEN

FM 2/8/96

(123)

**M**unicipal government has never been particularly politicised. But it is enormously important. For the services that the local bureaucracies provide have a substantial impact on the everyday lives of most ordinary folk.

It is also the area of government where the realities of racial deprivation and difference are most visible. During the apartheid years, these divisions became even more stark as black townships within the jurisdiction of municipalities were taken away, to be administered by a government department.

Black residents responded quickly and milked the system to such an extent that adequate services at reasonable cost became an impossibility. This was made worse by influx controls which, far from keeping blacks out of metropolitan areas, contrived to mask reality.

In more recent years, as apartheid was being dismantled, black residents were encouraged by their political leaders to stop paying for the services that were provided, however inadequately. This deliberate degradation emphasised black deprivation and so aggravated government spending problems that the bubble eventually had to burst.

It was never going to be easy to reverse this situation after democratic elections. And that has proven to be the case. The black townships are now again part of the municipalities from which they were excised. But instead of being paid for by national or provincial government, they have been lumped squarely back on the municipalities which have been reincarnated as substructures of a larger metropolis.

In the consequent levelling down process of transformation, the white ratepayers are being expected to make up the shortfall created by the nonpaying black residents of these new towns.

No longer are their rates pitched according to their service requirements. They have become part of a redistributive process that is masked behind exaggerated property values and the perceived need to destroy "apartheid" town planning by allowing indiscriminate densification.

This means that once affluent white suburbs will lose their values, outgrow their infrastructure and create the conditions that will foster crime.

By forcing whites to pay for the services and rents of blacks, municipalities (or whatever they are now called) are imposing a hidden wealth tax on the law-abiding. They are entrenching a system of blatant discrimination that will have disquieting social and economic consequences.

Few would dispute the need for better infrastructure and services in black residential areas. Or, for that matter, for the redistributive effects of a steeply progressive income tax. But to formalise a system of local government that acknowledges the theft by a large number of residents of municipal services, and the obligation of a few to make up those losses, will undermine the integrity of government at its most basic and obvious level.

Emotions are bound to run high and the temptation for overburdened whites to take the law into their own hands could become irresistible.

At street level, resentment can quickly turn into violent protest which could, in turn, be encouraged by racial connotations.

Nearly three years passed between the fall of the Bastille in 1789 and the start of the terror. In that time, a posturing government failed to collect taxes and reform local government so that the lives and property of ordinary citizens became more secure.

The outcome was the formation, in desperation, of the notorious committees of public safety from whence the terror had its genesis.

Fortunately, the lessons of history are conveyed through analogy rather than repetition. We do not expect that the new rates burden will provoke the burghers of Sandton to violence. But the provocation is palpable.

If the burghers of the Eastern Metropolitan Substructure unite in their intransigence and refuse to pay, the disruption to municipal cash flows will quickly create chaos. It does not matter that the amounts involved are considered by some to be small. ■





# SANDTON RATEPAYERS APPRAISE BOYCOTT OPTION

FM 2/8/96

## Taking cue from black neighbours

A rates revolt is stirring among the largely white home-owners north of Johannesburg.

It has manifested itself in the somewhat incongruous sight of housewives in their plaid skirts and pumps and dark suited businessmen toyi-toying in the streets in protest at what they see as unreasonable property rates charges that took effect on July 1.

Especially militant are the ratepayers of Sandton. From Bryanston to Buccleuch and Wendywood to Hurlingham, ratepayers' associations are advising their members to reject the steep increases and pay their old rates charges, with some adjustment for inflation, into trust accounts.

This is a hazardous — and probably illegal — course. But what is significant is that boycott politics are for the first time being espoused by a body of citizens that has traditionally been law-abiding and responsible. Unlike others, they are not the sort who would normally buy in to a culture of nonpayment.

The incendiary device that has pushed them from their comfort zone towards the politics of confrontation is the uniform rating system introduced by the Greater Johannesburg Transitional Metropolitan Council (TMC) as part of the transition towards the new system of local government which the electorate voted for last November.

This year, in a misguided pursuit of equity, the TMC decided it would be in everyone's interest if rates were equalised. Instead of having different charges being levied in the various municipalities that formed part of the old local government administration, it looked at its expenditure requirements for the four

new municipal substructures that make up the metropole, calculated the total land values for the area and divided the one into the other. In doing so, it came up with the magic figure of 6,45c in the rand as the rate to levy on property values in the Northern, Eastern, Southern and Western Metropolitan Substructures.

That is fine, in theory; the problem is that it doesn't work in practice. The municipalities had become used to juggling their finances by offering substantial rates rebates, discounts on electricity tariffs or other incentives to residents.

The upshot was, to quote a few examples, Sandton's rates went up from 2,65c in the rand to 6,45c in the rand while those paid in Roodepoort went down

from 8,39c in the rand to 6,45c in the rand. Nice for the residents of Roodepoort, but swingeing from the perspective of Sandtonians.

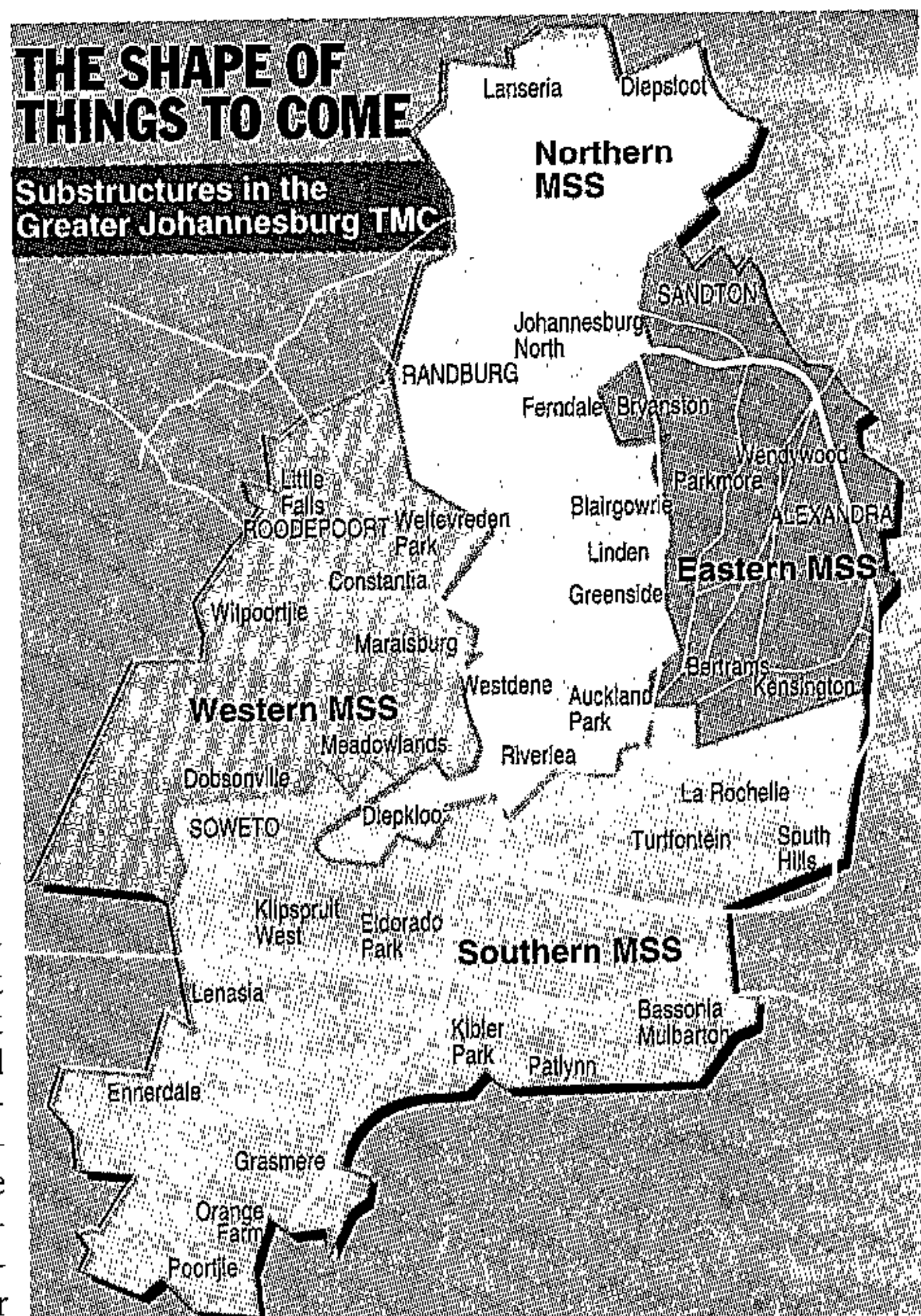
This is not the full story. In addition to the increase in the rate in the rand, water tariffs were increased by 20% and sewerage charges by 40%. What's more, the rates increases were applied on the basis of a revised property valuation roll. So residents were hit by a triple whammy.

The consequences of all this on household budgets, especially for the residents of Sandton, is significant. One homeowner in Hyde Park, which now forms part of the Eastern Metropolitan Substructure (see map), which includes most of Sandton and the areas to the east, says

the rates only portion of his monthly municipal charges has gone up from R540 to R1 360. To finance that, he has to earn an extra R2 000 a month before tax. The problem with this is that most of us have inelastic incomes. Other Sandton ratepayers have seen increases of 160%-190% in their rates bills.

Compounding the problem is the widely held perception that Sandton residents are being penalised for encouraging the former municipality to run a tight ship. To keep rates low, the town gave up the privilege of street lighting, sport stadiums, a municipal transport system and other services. This means residents of the eastern substructure are paying the same uniform rate as, say, those in the western one but are not getting the same services.

Also, they expect a R438m surplus in their municipal kitty — which the TMC has summarily announced it is appropriating to make good its projected R440m deficit on its operating budget in the Western and Southern MSSs for 1996-1997.





# UN to aid govt in assisting the poor to build houses

Robyn Chalmers

GOVERNMENT is to intervene indirectly in the low-cost housing market by creating the capacity at provincial and local level to assist the very poor to build homes, with the aid of the UN.

Housing department director-general Billy Cobbett said at the Council for Construction for SA's second annual convention yesterday the promotion of savings would be a central feature of government's focus on the poor.

"We acknowledge again that the subsidy is not enough for land, services and housing, and our people's housing partnership is a response to this. We will deploy capacity to assist the very poorest with the assistance of the UN," he said. He said an announcement giving more details would be made soon.

Cobbett said the draft Housing Bill, expected to go before Parliament during the current session, would give certainty to the low-cost housing market for the first time. It's proposals include

BD 2/8/96 (123)  
abolishing the National Housing Board and devolving control of its assets down to provincial level.

He said the board had about R10bn in assets and liabilities, including Mitchells Plain and a plethora of loans given out by the previous government, and the net return was only about 2%.

Council vice-president Ian Robinson said the Bill was an improvement on anything which had gone before it, but stakeholders had concerns which would be discussed with government.

These included that local authorities could compete directly with developers, which could create unlevel playing fields, and stakeholders wished to ensure there was private sector representation on the new body.

Robinson said plans to unify the construction industry were moving ahead, although the National Association of Housing Developers had withdrawn from the process as it wished to remain a developer rather than a contractor in the housing market.

# Govt plan for water services

Ingrid Salgado

123  
606/8/96

GOVERNMENT would shortly announce a framework for private sector involvement in water service provision to ensure services were provided in an equitable, efficient and sustainable manner, Water Affairs and Forestry Minister Kader Asmal said yesterday.

This would take the form of an Interim Measures Bill to control the wholesale handover of public assets. The Bill would ensure that asset transfers or long-term contracts that gave control of water services to private sector companies met certain criteria like competition, transparency, service quality and equitable geographical and functional coverage.

Speaking at a British Chamber of Business in Southern Africa luncheon, Asmal said the private sector had a "real role" to play in water service provision. But, SA had learnt from international experience that a framework was essential to avoid dangers.

"Unfortunately things can happen if there are no national guidelines."

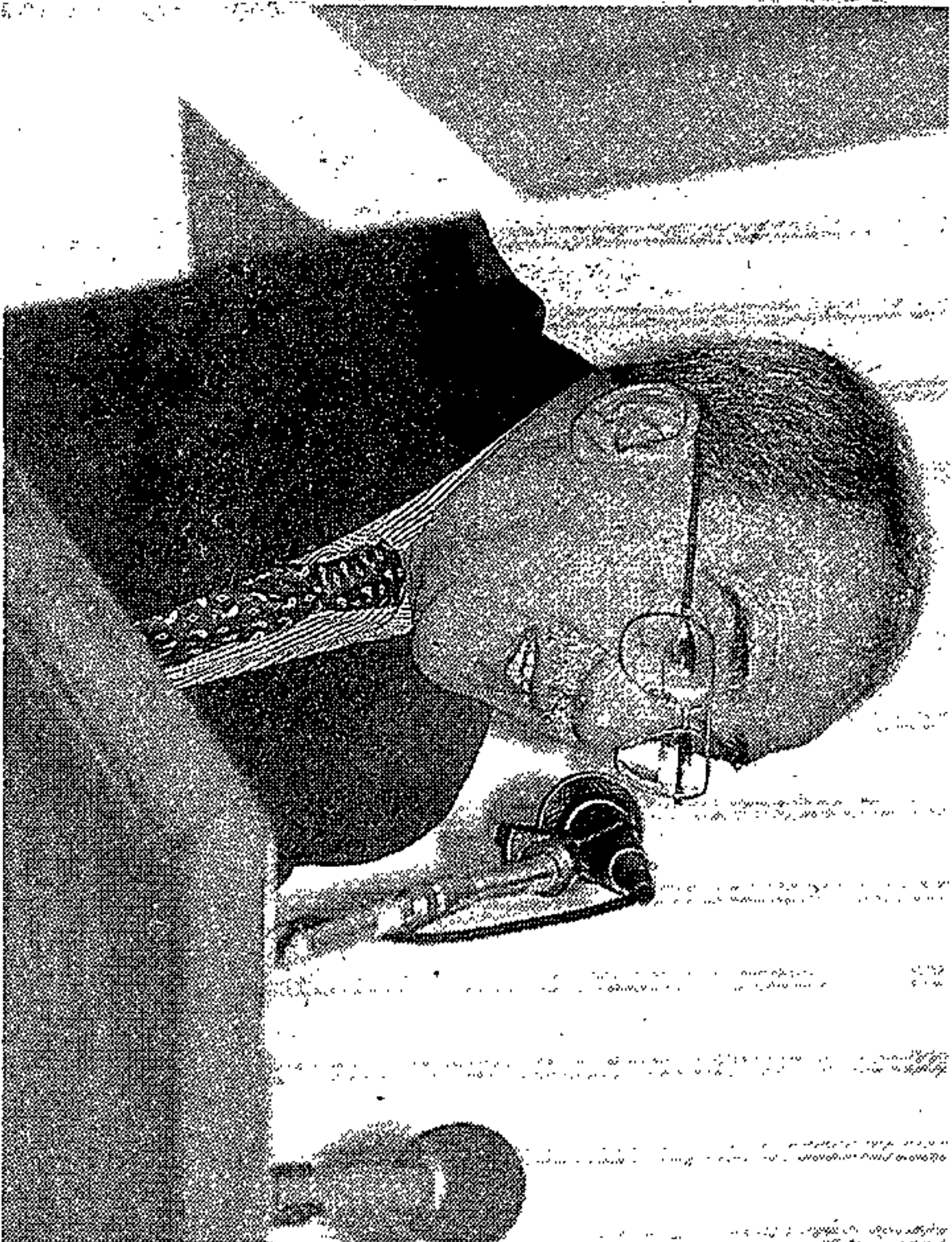
The Bill was an interim measure in response to concerns from unions, Parliament, local government and consumers that water affairs should be regulated. Further legislation providing for regulation would be introduced.

The Bill was designed to prevent problems such as private contractors picking attractive areas while leaving government to service areas where cost recovery was a problem. It would also provide measures to make easier government's task of devolving water services to local government.

Asmal, who left for Sweden and Denmark last night to canvass donors for water programmes in rural areas, said President Nelson Mandela's recent trip to Britain had signified that SA "has arrived".

Asmal said there should be "no doubt" among the British business community of government's "steely determination" to create the most favourable investment climate.

This included "vigorous prosecution" of the macroeconomic plan and tough action against criminals.



Water Affairs and Forestry Minister Kader Asmal addresses the British Chamber of Business in SA at the Johannesburg Country Club yesterday.

Picture: GARTH LUMLEY



# MDT has no stands for houses

(123) Lamejan  
6/8/96

By Muzi Mkhwanazi

THE Masakhane Development Trust's promise to start building low-cost houses in Protea Glen, Soweto, may not materialise because MDT has no sites.

Realtors, the main agency that distributes and sells sites in the area, has on several occasions refuted claims that MDT has sites there. Realtors project manager Mr Hugh Sanders told *Sowetan* yesterday that no stands had been sold to MDT. He had not heard of the trust.

National Home Builders Registration Council managing director Mr Peter Allsopp said MDT was not registered with them. Even if they had a sub-contractor to build the houses, the trust had to be registered, he said.

## Personal applications

"How do they hope to secure and access bonds or loans for their clients?" he asked.

Gauteng housing department spokesman Mr Manase Sefatle said the subsidy scheme operated on two levels. Firstly, a contractor should apply for subsidies on behalf of his clients. Secondly, individuals can also make personal applications.

Sefatle emphasised that building companies must be registered with the NHBRC for their applications to be considered. MDT is not registered with his department.

MDT board member Mr Jimmy Ndinisa said negotiations for sites in Protea Glen were at an advanced and sensitive stage. "Our clients should not panic. All the funds have been placed in a trust and we are going to deliver the houses as promised," he said.

# Revision of home loan targets likely

MD 8/8/98 (123) (78)  
Lukanyo Mnyanda

FAILURE by major banks to meet their lending targets for government-subsidised housing begged the question whether the targets were realistic, Mortgage Indemnity Fund MD Nkululeko Sowazi said yesterday.

He said stakeholders in housing would have to meet and revise lending targets after SA's major banks failed to grant 50 000 new loans in areas covered by the MIF in the 12 months to May.

Of the 35 000 loans granted in MIF-covered areas, 15 000 were not covered by government's subsidy scheme, meaning the banks had granted only about 20 000 loans. The Council of SA Banks earlier this week said it had granted about 35 000 new mortgage loans, valued at R2,7bn, in areas covered by the MIF.

The original plan had been to grant 50 000 loans by May this year, increasing to 100 000 a year up to year 2 000.

Sowazi said the failure to meet the target was "disappointing".

"The shortfall is even bigger (than thought) because 15 000 of the loans don't fit in with the (50 000) target," Sowazi said.

He said the shortfall had emphasised the need to "debate whether the target was realistic" and that the recording of understanding had also made provision for the yearly revision of targets.

Sowazi said a collective judgement of the banks was unfair, saying they should be judged individually as some had performed well. "Builders and banks have been

blaming each other. I think the truth lies somewhere in between."

Housing delivery was increasing every month and it was critical that government and the private sector worked together to "unblock" projects where subsidies had been approved.

Cosab housing GM Lance Edmunds said the banks expected to increase lending but declined to discuss possible target revisions until the matter had been discussed with all stakeholders.

Banks had the capacity to meet the original target, but had not received enough applications from potential new homeowners.

On new lending targets, Edmunds said: "That depends on what the building industry is going to produce. We need to see what the building industry and government are going to do."

Building Industries Federation of SA (Bifsa) executive director Ian Robinson said he expected housing delivery to accelerate and this should translate to an increase in the number of loans granted by the banks.

Government's recent plan to provide over R525m for the construction of high density housing would probably create about 40 000 units. The subsidy system was also likely to provide about 100 000 service sites. Overall, Bifsa was expecting an estimated 75 000 new loans for subsidised houses in the next 12 months.

Robinson said the building industry had the capacity to build more units, but it was constrained by the lack of financing for its programmes.



# Pay-back time for Eskom users

(123)  MTG(BM) 8-15/8/96

**Tebello Radebe**

**A**LL electricity users will ultimately pay for the more than R1,3-billion apartheid rent boycott power bills at some point, says Kevin Morgan, legal adviser to the electricity regulator, following the agreements reached by Eskom and debt-ridden local authorities.

"Eskom, being a state-owned enterprise, can only write off the debts against income from what all other electricity users are paying," says Morgan.

Non-payment would retard the electrification programme, he says, since less money would become available to extend electricity to those who do not have it. In addition, prices are 2% higher than necessary to compensate for the non-payment.

However, Morgan commended Eskom for having devised a method that can ensure prompt payment. At the time of going to press, Springs City Council was expected to pass a resolution accepting Eskom's plan to normalise payment. This follows a deal between the electricity body and the North East Rand Metropolitan Council (NERMC), which could see the utility write off more than R800-million in unpaid power bills if other local authorities follow suit.

"We hope the agreement will help other local authorities that are also seeking a way out of a very tricky situation," said Thom Peters, acting chief executive of the NERMC, which includes Kempton Park and Tembisa, after the deal was signed with Eskom senior general manager for sales and customer services Joe Matsau.

"We have been talking to local authorities about ways to resolve the non-payment issue since before 1990, so it is particularly pleasing to see such a protracted discussion reach a productive end," said Matsau.

East Rand sales and customer services manager Laetitia van Staden

added that the accumulated debts will be written off after 70 months unless any of the local authorities that signed the latest rounds of debt repayment agreements with Eskom default for any reason.

"If at the end of 70 months the local authority in question has performed satisfactorily, then the balance of the debt can be overlooked," said Van Staden.

Eskom is owed more than R1,3-billion by several local authorities and individual consumers. The largest debtors are in Gauteng. The NERMC (which includes Kempton Park) owes about R290-million, largely related to Tembisa township. Springs City Council owes R150-million, mainly related to Kwa-Thema township.

The main elements of the terms of the NERMC/Eskom deal are:

- Full monthly payments for the next 70 months; and
- NERMC to repay about R55-million of its accumulated debt in instalments with interest.

In return, Eskom has agreed to "write-back" the balance of their debt of R247-million to the end of the 70-month repayment period. Eskom will also withdraw the court action order to seize some of the assets of Kempton Park in return for the debt.

Eskom has since taken over the ownership of the electricity infrastructure of several other townships which owe it over R500-million. These include, among others, Soweto, Katlehong and Lekoa townships. In areas such as Vosloorus, Eskom has agreed to hold the debt in a suspense account while leasing the assets to supply the area.

When asked if Eskom would be seen as having different policies for the same problem, Van Staden said in the long run the solution will finally be the same for all areas after the restructuring of the electricity supply industry.

	(i) The issue in context	(ii) The contesting parties	(iii) The verdict
21.	Referral of a dispute by the Speaker of the Gauteng Legislature in terms of s 98(2)(d) and s 98(9). Bill constitutional	The Gauteng Provincial Legislature. In Re: Dispute Concerning the Constitutionality of Certain Provisions of the School Education Bill of 1995	CCT 39/95 (4 April 1996) 1996(4) BCLR 537 (CC)
22.	Section 21(1) of the Indecent and Objectionable Photographs Act which prohibits the possession of any "indecent or obscene" photographic matter, violated s 13 (privacy) and is unconstitutional	Case and Another v Minister of Safety and Security and Others; Curtis and Another v Minister of Safety and Security and Others	CCT 20/95; CCT 21/95 (9 May 1996)
23.	Section 20(4)(b) of the Supreme Court Act (civil leave to appeal procedures) is constitutional	Besserglik v Minister of Trade, Industry and Tourism and Others, Minister of Justice	CCT 34/95 (14 May 1996)
24.	Defamation. Constitution does not apply retrospectively, or horizontally. Constitution applies only indirectly in terms of s 35(3) to private litigation involving the common law	Du Plessis and Others v De Klerk and Another	CCT 8/95 (15 May 1996)
25.	Supreme Court is the proper forum to apply and develop the common law.	Gardener v Whitaker	CCT 29/94 (15 May 1996)
26.	Sections 6 and 7 of the Serious Economic Offences Act search and seizure provisions. (Tollgate). Admission of evidence obtained as a result of pre-constitutional searches is not unconstitutional. Admissibility of evidence is an issue for the Supreme Court to decide	Key v Attorney-General, Cape of Good Hope and Another	CCT 21/94 (15 May 1996)
27.	Section 44 of the Insurance Act is invalid because it discriminates against women on the basis of sex and marital status	Brink v Kirshoff	CCT 15/95 (15 May 1996)
28.	Notice in terms of s 2(1)(b) of the Import and Export Control Act, is not invalid	Ynuico v Min of Trade and Industry	CCT 47/95 (21 May 1996)
29.	Section 74(3) of the Income Tax Act which provides for search and seizure, is irrelevant for the determination of this case, since all events took place before the Constitution	Rudolph and Another v Commissioner for Inland Revenue and Others	CCT 13/96 (11 June 1996)
30.	The presumption in s 21(1)(a)(ii) of Act 140 of 1992, is unconstitutional	Staat v Jules	CCT 7/96 (11 June 1996)

**HANSARD**

**Local government elections: candidates killed/ injured**

563. Mr A J LEON asked the Minister for Safety and Security:

- (1) Whether any candidates in the local government elections were (a) killed or (b) injured as a result of attacks on them during the period 1 April 1996 up to the latest specified date for which information is available; if so, (i) in which province did each such attack occur, (ii) for which party was each candidate standing and (iii) what are the relevant details in respect of each such attack:
- (2) whether any persons have been (a) arrested, (b) charged and/or (c) convicted in connection with such attacks; if so, how many in each case? N1013E

**THE MINISTER FOR SAFETY AND SECURITY:**

[Period: 1 April 1996 until 19 June 1996]

- (1) Yes.
- (a) (i) KwaZulu-Natal—five
- (ii) Two ANC members  
Three IFP members
- (iii) — One ANC candidate was busy putting up election posters, when he was attacked by six armed men, shot and killed.
- One ANC candidate was shot and killed in taxi violence.
- One IFP candidate was travelling in his motor vehicle, when he was shot and killed by the occupants of another motor vehicle.
- One IFP candidate was travelling in his motor vehicle when he was ambushed, shot and killed.
- One IFP candidate was shot by an unknown man in the street.
- (b) (i) Western Province—one
- (ii) One Independent member.

(iii) One Independent member was shot by unknown persons in Landsdowne Road, Khayelitsha.

(2) (a) Yes.

Two in KwaZulu-Natal.  
None in Western Cape.

(b) Yes.

Two in KwaZulu-Natal.  
None in Western Cape.

(c) Cases still pending in KwaZulu-Natal.

None in Western Province.

**Prisoners transferred from death row**

567. Mr D H M GIBSON asked the Minister of Correctional Services:

Whether any former death-row prisoners who were transferred from death row after the abolition of the death penalty have since then (a) been released from prison, (b) escaped from prison and (c) been involved in any crimes; if so, how many in each case? N1018E

**THE MINISTER OF CORRECTIONAL SERVICES:**

(a) No

(b) No

(c) No

**Provinces: housing**

569. Mr M J ELLIS asked the Minister of Housing:

In each of the provinces, (a)(i) what amount was allocated for housing, (ii) what proportion of such allocation was spent and (iii) what proportion of the amount spent was spent on (aa) a new housing dispensation and (bb)(aaa) site and service and (bbb) formal housing in the 1995-96 financial year and (b) what was the estimated housing backlog as at the latest specified date for which information is available? N1020E

**THE MINISTER OF HOUSING:**

(a) (i)	Province	R million
	Eastern Cape	273,6
	Mpumalanga	95,4
	KwaZulu-Natal	351,0
	North West	126,0

(123)



Northern Cape	32.4
Northern Province	154.8
Free State	124.2
Gauteng	437.4
Western Cape	205.2
Total	R1 800.0

(ii)

Province	R million	%
Eastern Cape	64.3	12.5
Mpumalanga	77.6	38.6
KwaZulu-Natal	140.6	23.3
North West	30.1	12.3
Northern Cape	48.2	60.4
Northern Province	17.3	5.0
Free State	49.3	26.5
Gauteng	346.9	48.1
Western Cape	156.7	61.0
Total	931.0	100

(iii) (aa)

Province	R million	%
Eastern Cape	22.9	35.6
Mpumalanga	64.7	83.4
KwaZulu-Natal	38.2	27.2
North West	22.2	73.8
Northern Cape	39.3	81.5
Northern Province	10.9	63.0
Free State	40.2	81.5
Gauteng	205.7	59.3
Western Cape	27.2	17.4
Total	471.3	

(bb)(aaa) and (bbb)

Province	R million	%
Eastern Cape	41.5	64.6
Mpumalanga	12.9	16.6
KwaZulu-Natal	102.3	72.8
North West	7.9	26.2
Northern Cape	9.0	18.7
Northern Province	6.4	37.0
Free State	9.1	18.5
Gauteng	141.1	40.7
Western Cape	129.6	82.7
Total	459.8	

The amounts indicated in paragraph (a)(iii)(bb)(aaa) and (bbb) have been spent with regard to contracts committed to during the previous dispensation and represented site and

The above housing backlog can be an underestimate of the actual housing backlog within a province for the following reasons:

- Provincial aggregates were used in the calculations and the housing shortage is therefore, scaled down because a housing unit empty in one district will be set off against the shortage that exists in another district;
- there is an oversupply of housing for higher income groups vis-à-vis a shortage of supply of lower income housing as indicated above; and
- thousands of holiday housing units and second housing units are set off against the shortage.

Considering the above, the estimated housing backlog of 1.9 million units for the country could be considerably higher.

#### Bodyguards for Cabinet Ministers/Deputy Ministers

571. Mr K M ANDREW asked the Minister for Safety and Security:

- (a) How many bodyguards are employed by or for each (i) Cabinet Minister and (ii) Deputy Minister and (b) what monthly salary is being paid to each of these bodyguards?

N1022E

The MINISTER FOR SAFETY AND SECURITY:

- (a) (i) A total of seventy-one (71) drivers/bodyguards are employed at present for the protection of twenty-five (25) Cabinet Ministers. This number will vary according to any threats which may arise/exist against the Cabinet Ministers.

- (ii) A total of thirty-two (32) drivers/bodyguards are employed at present for the protection of fifteen (15) Deputy Ministers. This number will vary according to any threats which may arise/exist against the Deputy Ministers.

- (b) The total amount for the monthly basic salaries of the seventy-one drivers/bodyguards employed for the protection of Cabinet Ministers is R194 957,50.

The total amount for the monthly basic salaries of the thirty-two drivers/bodyguards employed for the protection of Deputy Ministers is R84 685.

Note: The above number of drivers/bodyguards and their monthly salaries are for the drivers/bodyguards employed by the SAPS. The salaries are only the monthly basic salaries and do not include allowances or subsistence and travel claims. The monthly basic salaries vary according to the various salary notches applicable to the police ranks of the drivers/bodyguards. Some Ministers and Deputy Ministers use departmental drivers/bodyguards and their monthly basic salaries are unknown to this office.

#### Government vehicles: private use

572. Mr K M ANDREW asked the Minister of Transport:

- (1) Whether any of the vehicles provided by the Government Garage to ministerial staff of each Ministry, excluding official vehicles of Ministers and Deputy Ministers, may be used for private purposes; if not, what is the position in this regard; if so, in respect of each Ministry, (a) under what conditions and (b) what distances were covered during private trips (i) in 1995 and (ii) during the period 1 January 1996 up to the latest specified date for which information is available;

- (2) whether these vehicles are being used for the purpose of commuting; if so,
- (3) whether these trips are regarded as private trips; if so, why; if not;
- (4) whether these trips are regarded as official trips; if so, why;
- (5) whether the use of these vehicles is regarded as a taxable fringe benefit; if not, why not; if so, what are the relevant details?

N1023E

The MINISTER OF TRANSPORT:

- (1) Government-owned vehicles provided by the Government Garage to ministerial staff of each Ministry may only be used for official purposes. The Public Service Staff Code D.I.V. Chapter F of the Public Service Regulations, the annexure to Trans-

The 1993 figures were updated to 1996 figures by taking into consideration the average annual increase in the population in the respective provinces over the period 1990 to 1995.

The housing shortage calculated by the CSIR for 1993 was used as basis for calculating the current backlog (the allocation of housing funds to the nine provinces: Quantification and collation of selected criteria, Division of Building Technology—CSIR, 1994). The urban housing shortage was calculated by subtracting the number of formal housing units from the number of households in each province. In the calculations the shortage for higher and lower income groups were used. If the shortage is calculated using only total figures, higher income housing units that are not affordable by lower income groups, will be erroneously regarded as available to lower income groups, with a consequent understatement of the shortage.



What percentage of the gross domestic product was spent on education in (a) 1994 and (b) 1995?

N1034E

The MINISTER OF EDUCATION:

The total public or state expenditure on education (at national and provincial levels collectively) for the 1994/95 and 1995/96 financial years was 7,2% and 6,9% of the gross domestic product, respectively.

Under-graduate/post-graduate students

583. Mr T C NTSIZI asked the Minister of Education:†

How many (a) under-graduate and (b) post-graduate students were registered at the (i) University of Cape Town, (ii) University of the Western Cape, (iii) University of Stellenbosch, (iv) Potchefstroom Universiteit vir Christelike Hoër Onderwys, (v) University of the Orange Free State, (vi) Rhodes University, (vii) University of Durban-Westville, (viii) University of the North, (ix) University of the Witwatersrand, (x) University of Pretoria, (xi) Rand Afrikaans University, (xii) University of South Africa, (xiii) University of Port Elizabeth, (xiv) University of Transkei and (xv) University of Bophuthatswana as at the latest specified date for which information is available?

N1035E

The MINISTER OF EDUCATION:

Students registered 1996

University	Under-graduate	Post-graduate
Stellenbosch	10 600	4 409
Western Cape	11 378	2 190
Orange Free State	6 763	2 620
Witwatersrand	11 749	5 308
Cape Town	10 633 (1995)	4 039 (1995)
Pretoria	18 821 (1995)	6 028 (1995)
The North	16 497 (1995)	2 130 (1995)
Rhodes	3 894	918
Durban-Westville	8 701	1 735
Rand Afrikaans	15 347 (1995)	4 923 (1995)
Unisa	111 568	23 511

will have to mediate between the opposing viewpoints to arrive at the best Transport Policy options for the social and economic development of the Country.

Correctional Services: White Papers

590. Mr F P SMIT asked the Minister of Correctional Services:†

(1) Whether his Department has released any White Papers since 27 April 1994; if so, when, in each case;

(2) whether any comments have been received on these White Papers; if so, what was the (a) nature and (b) extent of such comments in each case;

(3) whether any steps are envisaged with regard to such comments; if not, why not; if so, what steps? N1042E

The MINISTER OF CORRECTIONAL SERVICES:

(1) Yes. The White Paper on the policy framework of the Department of Correctional Services in the new South Africa, was released on 21 October 1994 with the ultimate goal of stimulating debate on correctional issues and soliciting inputs on the said issues.

(2) Yes. Input was requested and various individuals and organisations responded before and after the drafting of the White Paper.

The prior contributions from the various organisations, individuals and members were taken into consideration during the formulation of the White Paper. Many issues were again discussed afterwards with the interest groups, Portfolio Committee on Correctional Services and Transformation Forum.

(3) The results of those debates and inputs will eventually culminate in a new act for Correctional Services. Various persons/organisations will again make further submissions and invitations in this regard were sent to a total of 784 persons and institutions and a notice soliciting further response was also published in the Government Gazette. All inputs will be taken into consideration when drafting the new act.

Housing: White Papers

591. Mr M G MASHER asked the Minister of Housing:†

(1) Whether her Department has released any White Papers since 27 April 1994; if so, when, in each case;

(2) Whether any comments have been received on these White Papers; if so, what was the (a) nature and (b) extent to such comments in each case;

(3) whether any steps are envisaged with regard to such comments; if not, why not; if so, what steps? N1043E

The MINISTER OF HOUSING:

(1) Yes. A White Paper on Housing was published on 23 December 1994 in the Government Gazette.

(2) Yes.

(a) and (b) After the release of the White Paper, comments have been received from various interested parties in the housing field. These comments vary from proposals which could possibly be utilised during future policy development to submissions of entrepreneurs who provide innovative building technology and household appliances and who utilised the opportunity to introduce their products.

Concomitant with the above, enormous response was received from the private sector, banks, developers, material supply industry, organised formations such as SANCO, COSATU and NUM. Homeless People's Federation as well as individuals and experts during the Public Hearings on the White Paper on 26 and 27 March and 15 April 1996. Questions were raised in several submissions regarding the process of policy formulation whilst favourable comments on the White Paper were made in a number of submissions. Other presentations were critical of the general thrust of the White Paper such as the fact that policy had a number of serious flaws whilst some formations argue that fundamental policy review will disrupt housing delivery. Several submissions drew the distinction between a standard housing programme and

HANSARD

Port Elizabeth	4 714	534
Transkei	6 187	1 100
North West	4 508	410
Potchefstroom	7 567	2 892

Transport: Green Papers

588. Pastor Z K MANGALISO asked the Minister of Transport:†

(1) Whether his Department has released any Green Papers since 27 April 1994; if so, when, in each case;

(2) whether any comments have been received on these Green Papers; if so, what was the (a) nature and (b) extent of such comments in each case;

(3) whether any steps are envisaged with regard to such comments; if not, why not; if so, what steps? N1040E

The MINISTER OF TRANSPORT:

(1) Yes, the only Green Paper issued by the Department during this period was the "Green Paper on Transport Policy".

(2) (a) Yes, written comments, in reply to an invitation by the Department to do so, were received from 54 institutions and individuals.

In addition, two public seminars on the Green Paper were held during February and May 1996, at which many verbal comments were also made. Approximately 350 persons attended these seminars.

(b) The comments varied considerably across a wide spectrum of viewpoints on the issues highlighted in the Green Paper. However, by far the majority of comments were in support of the proposals in the Green Paper. Furthermore, most of the comments received related to details of implementation rather than matters of principle.

(3) Yes. The comments have as far as possible been taken into account in the current process of formulating the Department's White Paper on Transport Policy. Because of the sometimes completely contrasting comments on specific issues, government

HANSARD

Housing: White Papers

591. Mr M G MASHER asked the Minister of Housing:†

(1) Whether her Department has released any White Papers since 27 April 1994; if so, when, in each case;

(2) Whether any comments have been received on these White Papers; if so, what was the (a) nature and (b) extent to such comments in each case;

(3) whether any steps are envisaged with regard to such comments; if not, why not; if so, what steps? N1043E

The MINISTER OF HOUSING:

(1) Yes. A White Paper on Housing was published on 23 December 1994 in the Government Gazette.

(2) Yes.

(a) and (b) After the release of the White Paper, comments have been received from various interested parties in the housing field. These comments vary from proposals which could possibly be utilised during future policy development to submissions of entrepreneurs who provide innovative building technology and household appliances and who utilised the opportunity to introduce their products.

Concomitant with the above, enormous response was received from the private sector, banks, developers, material supply industry, organised formations such as SANCO, COSATU and NUM. Homeless People's Federation as well as individuals and experts during the Public Hearings on the White Paper on 26 and 27 March and 15 April 1996. Questions were raised in several submissions regarding the process of policy formulation whilst favourable comments on the White Paper were made in a number of submissions. Other presentations were critical of the general thrust of the White Paper such as the fact that policy had a number of serious flaws whilst some formations argue that fundamental policy review will disrupt housing delivery. Several submissions drew the distinction between a standard housing programme and



a crisis programme and argued that the White Paper is adequate as a standard or medium term programme for manageable homelessness but made little impact on homelessness of crisis proportions and it was suggested that government assumes a more direct role in land identification, infrastructure provision and housing delivery. It was also argued that substantial policy gaps exist as many of the components as contemplated in the White Paper, have not yet been developed and implemented which entails that political support has been grudging and that the private sector was less than enthusiastic. The lack of, or inadequate attention to social and rental housing is also regarded as a serious policy deficiency and government was urged to produce and implement an urgent programme on rental housing. Some submissions called for joint ventures between government and the private sector to produce mass housing.

(3) Yes. The comments received after the release of the White Paper during December 1994, have been scrutinised with a view to determine whether and to what extent they should be taken into account in government's ongoing development of housing policy. The suggestions, proposals and criticism raised at the Public Hearings on 26 and 27 March and 15 April 1996, will be evaluated on a continuous basis for the possible inclusion thereof in future housing policy.

However, some of the issues raised during the said hearings have already received attention. As mentioned in my budget speech in the National Assembly on 20 June 1996, the Department of Housing has secured an amount of R525 million from the Reconstruction and Development Programme Fund to be utilised to support scale delivery of housing in joint ventures with the private sector which will, inter alia, also stimulate the provision of rental opportunities. Comprehensive policy on rental housing is still in the process of development. In fact, the inclusion of institutional subsidies within the framework of the housing subsidy scheme, created a vehicle which can be utilised to alleviate the need of rental accommodation. Institutional subsidies are being made

available to institutions who could, inter alia, utilise them to provide rental housing. The R525 million programme will also ensure mass housing delivery at much higher densities than previously achieved. The programme also aims to provide opportunities to people to access housing under a wide range of tenure and financial arrangements, depending on their needs and preferences in a market which is currently underserved in this regard. The issue of land tenure is also receiving high priority and the Department of Housing is already working in close cooperation with the Department of Land Affairs in this regard. A further step in facilitating the housing delivery process is that the Draft Housing Bill, 1996 which was recently published for information and comments, provides for the greater empowerment of the provincial and, increasingly, the local spheres of government in housing delivery. It also identifies and defines the roles of the three spheres of government in line with the Interim and New Constitution in so far as housing is concerned. My Department is currently interacting with the Department of Constitutional Development and organised local government structures in order to finalise a set of assessment criteria for the accreditation of local authorities to administer national housing programmes.

#### Agriculture: White Papers

592. Mr I D VAN ZYL asked the Minister of Agriculture:†

- (1) Whether his Department has released any White Papers since 27 April 1994; if so, when, in each case;
- (2) whether any comments have been received on these White Papers; if so, what was the (a) nature and (b) extent of such comments in each case;
- (3) whether any steps are envisaged with regard to such comments; if not, why not; if so, what steps? N1044E

#### The MINISTER OF AGRICULTURE:

- (1) Yes, during a press conference on 6 June 1995 the Minister of Agriculture, Senator A I van Niekerk and the Deputy Minister of Agriculture, Ms Thoko Msame an-

nounced that Cabinet has in principal approved a White Paper on Agriculture. The document was tabled in parliament on the same day.

- (2) (a), (b) and (3) can best be answered simultaneously.

When the Minister of Agriculture gave his Department the task of developing a white paper for agriculture, he had two prerequisites:

- (i) it had to reflect the basic principles and key programmes of the RDP (ANC, 1994), and
- (ii) the process had to be transparent and inclusive of all the identifiable role-players in agriculture to ensure that their values and norms would be taken into consideration.

A committee, named WITCOM, was appointed by the Minister to develop the White Paper. Its members were from the Department of Agriculture (including the Deputy Minister of Agriculture), the Land and Agriculture Policy Centre (LAPC), the South African Agricultural Union (SAAU), the National Farmers' Union (NAFU), an academic and an executive manager of a development corporation.

WITCOM debated that they could achieve transparency and inclusiveness by means of a three-tier consultative process: the first two tiers are political, namely the provincial and national levels, and the third is directed at all the communities concerned.

WITCOM also argued that agriculture *per se* is a system, as well as a subsystem of broader macro entities. Schedule 6 of the Interim Constitution declared agriculture a provincial function. One of the policy implications of Schedule 6 is that departments should develop their own agricultural policies at national and provincial levels.

However, agriculture as a system with its own biological, economical and sociological subsystems cannot be divided into isolated provincial and national sections. As the overall management of agriculture had to promote provincial and national policy goals, all the formulating bodies in

agriculture needed a common launching platform regarding agricultural policy.

WITCOM therefore decided not to develop a traditional White paper, but to develop a vision and a mission statement and a set of principles or strategies as a point of departure for the formulation of agricultural policies.

It was never the intention to confront any farmer, body or institution with a vision or mission or set of principles conceived in an office. The set of principles had to be developed by the main stakeholders in agriculture; it had to be the fruit of their deliberations and mind processes. The stakeholders had to be consulted, and for this purpose WITCOM had a draft working document developed in an inclusive and transparent manner by provincial politicians and the farming community.

To develop the draft working document, WITCOM used the Agricultural Policy Paper of the LAPC (1994) as a basis that would reflect the values and norms of the ANC. WITCOM also used a document on agricultural policy developed by the Department of Agriculture (1993). Both these documents are well researched.

After consultations with the Members of the Executive Councils (MECs) responsible for agriculture, an open invitation was extended in the press and over the radio to all role-players to participate in a workshop. The purpose was to debate the principles of the working document in small groups and in a plenary session. The workshop was attended by at least 120 people from agriculture representing different constituencies from grass roots to political level. The outcome of the workshop was mailed to all the groups which attended the workshop.

The results of the workshop as well as all written comments received were used to refine the draft. The next step was to present this draft to the Minister and Deputy Minister of Agriculture. The Minister presented it to Cabinet who approved that it could be tabled in Parliament.



**Housing aid: budget/expenditure (123)** The MINISTER OF HOUSING:

211. Sen S D FISHER asked the Minister of Housing:†

What amount did the State (a) budget for and (b) spend on housing aid in respect of each of the respective population groups in each of the provinces in the latest specified financial year for which information is available?

S333E

(a) and (b) An amount of R1,8 billion was allocated to the various Provinces for housing programmes for the 1995/96 financial year. If this amount is added to their unspent funds for 1994/95 the total amount available for housing within the Provinces amounted to R3,2 billion. Of this total amount R931,1 million (29,5%) was spent during the 1995/96 financial year. Full details with regard to each Province are set out in the table below:

Province	Amount available R million	Amount spent R million	Percentage spent
Gauteng	721,9	346,9	48,1
KwaZulu-Natal	604,2	140,6	23,3
Mpumalanga	201,1	77,7	38,6
Northern Province	347,5	17,3	5,0
Northern Cape	79,9	48,2	60,3
North West	245,6	30,1	12,3
Eastern Cape	515,2	64,3	12,5
Free State	185,9	49,3	26,5
Western Cape	256,9	156,7	61,0
Total	3 158,2	931,1	29,5

No differentiation is made between the various population groups and statistics on this bases are not available.

**Professionals leaving SA permanently**

212. Sen Dr G W KOORNHOF asked the Minister of Home Affairs:

(1) (a) How many persons in each professional occupation left South Africa permanently (i) in 1994, (ii) in 1995 and (iii) during the period 1 January 1996 up to the latest specified date for which information is available and (b) for what reasons did such persons leave the Republic;

(2) whether the Government has taken or intends taking any steps aimed at encouraging persons with expertise and experi-

ence to stay in the Republic; if not, why not; if so, what steps? S334E

The MINISTER OF HOME AFFAIRS:

(1) (a) (i), (ii) and (iii) The statistics for the period 1 January 1994 to 31 January 1996 are furnished in the Annexure.

(b) No such information is available.

(2) This is not the responsibility of a single department or the Government alone. The fostering of a positive picture of South Africa that will encourage skilled persons to remain in the country, demands a continued effort from both the public as well as the private sector, including the media. Such a team effort should be championed by every South African.

## ANNEXURE

Emigrants by occupation for the period 1 January 1994 to 31 January 1996

Occupation	1994	1995	1996 (Jan)
Grand Total	10 235	8 725	1 417
Total—Economically Active	4 860	4 526	718
Professional, semi-professional and technical occupations—Total	1 960	1 680	320
Engineers and related technologists	393	319	37
Industrial/Production	24	7	1
Chemical	9	11	0
Electrical and related	39	18	2
Agricultural	0	0	0
Mechanical	22	3	1
Metallurgical	2	2	0
Mining	5	2	1
Civil and related	43	18	3
Engineers (not elsewhere classified)	249	258	29
Medical practitioner	72	56	13
Medical specialist	21	15	2
Dental professions	16	14	2
Education and related occupations	305	314	85
Accountant and related accounting occupations	200	234	40
Other	953	728	141
Managerial, executive and administrative occupations	638	664	89
Clerical and sales occupations	1 008	861	134
Transport, delivery and communications occupations	45	41	3
Service occupations	122	102	11
Farming and related occupations	14	26	0
Artisans, Apprentice and related occupations	402	319	37
Production foreman and supervisor, miner and quarry worker, operator, production and related worker	67	40	9
Occupation unspecified and not elsewhere classified	604	793	115
Total—Economically inactive	5 375	4 199	699
Housekeeping	1 440	1 158	146
Child—not scholar	959	741	116
Scholar/student	2 230	1 776	397
Pensioner	682	443	36
Economically inactive (not elsewhere classified)	64	81	4



# Agency 'can guarantee R2bn for cheap housing'

Wyndham Hartley

BD 13/8/96

(123)

CAPE TOWN — About R2bn could be guaranteed to the lower end of the housing market in the next four years to speed up delivery of homes.

National Urban Reconstruction and Housing Agency CEO Cedric de Beer told Parliament's housing committee yesterday the agency intended to issue R800m in guarantees to enable financial institutions to lend money at the bottom end of the market.

In its first year of operation the agency, a section 21 company, had developed the capacity to issue R37m in guarantees, with R13m already issued.

Funded by government and the Open Society Institute of the US, it was created to facilitate the release of loan and subsidy funds at the lower end of the market. De Beer said the idea was to phase the agency out after five years as banks became more confident with the lower end of the market.

De Beer said the best way of ensuring increased delivery of houses was through successful projects where loans were repaid with interest, en-

couraging people to become involved.

Agency operations manager Nonhlanhla Mjoli-Mncube said the agency was removing obstacles to housing delivery by sharing risk with banks.

Where community trusts were developing housing projects and emerging contractors were involved, banks were nervous. The first R13m in guarantees had resulted in projects worth more than R75m getting under way in seven provinces, she said. The projects would supply more than 5 000 homes.

In reply to a question from DP MP Mike Ellis, Housing Minister Sankie Mthembu-Mahanyele acknowledged SA's estimated housing shortage was 1,9-million units. However, the number could be higher as holiday cottages and second homes, while part of the national housing stock, were not available on the market to reduce the housing shortage.

The shortage was worst in Gauteng, where more than 600 000 units were needed, and KwaZulu-Natal, which needed more than 300 000.

Central government had allocated a total of R1,8bn for housing.



Electricity



Sewerage



Water



households and used to provide amenities such as parks, libraries etc.

# Rates shock for township residents

*Sowetan 13/8/96 (123)*



A shock awaits residents like Mr Bob Mashaba, of Soweto's Fred Clark squatter camp, who will now have to pay rates for the site on which his shack stands. In the picture, Mashaba shares a lighter moment with an unnamed neighbour.

By Joshua Raboroko

**M**ILLIONS of township residents around the country are due to pay more in rates and service charges, up to more than 50 percent in some cases, after the amalgamation of townships with formerly "white" residential areas.

In terms of the draft Local Authorities Bill to be tabled before the Cabinet next week, rates and service charges will be uniform in residential areas run by the same local authorities.

The introduction of uniform rates will affect millions of residents who live in townships and informal settlements, who did not pay rates before.

Spokesman for the Department of Provincial Affairs Mr Mpho Mosimane yesterday said the

new rates would cut across previous apartheid boundaries.

The Bill proposes many powers and initiatives which local authorities will control and will improve infrastructure in their areas of jurisdiction.

The proposed legislation is the culmination of protracted discussions between local government representatives and Provincial Affairs Minister Mr Mohammed Valli Moosa.

Regarding assessment rates, Mosimane said the Bill proposed the creation of uniformity, which is a development entirely in step with the spirit of the new Constitution.

Already, the four metropolitan substructures of Greater Johannesburg have led the way in introducing uniform valuation rolls that cut across previous artificial boundaries.

The new rates came into effect in Greater Johannesburg last month. They coincided with increases in water and sewerage tariffs.

The Johannesburg TMC has approved an assessment rate of R21,50 for "matchbox" houses in the townships and a 20 percent hike in water fees. Sewerage tariffs go up 40 percent.

For the first time, rates will be paid on up to 240 000 properties previously not valued. These are mainly in Soweto, Alexandra, Dobsonville and Diepsmeadow.

Squatters, who previously paid nothing, will now be expected to pay rates of an estimated R21,50 a month. The council has begun including residents of informal settlements on the valuation rolls to facilitate this.

The rate charged is based on the value of the property set by the new valuation roll. There is

a 60 percent rebate for single domestic dwellings and a 40 percent rebate on multiple-unit residential properties.

The monthly charges are calculated by the site value multiplied by the rate in the rand, and then divided by 12. Added to this would be the service charges for water, electricity, refuse removal and sewerage.

Soweto residents, who used to pay R56, excluding electricity, which is paid directly to Eskom, will pay between R83 and R129 a month. In Alexandra, residents used to pay R39 for services but will now pay between R45 and R56.

The Johannesburg Council has urged residents who have objections to the provisional valuation of their property to lodge these before August 26.  
● See Page 2



(2) Yes, the Department of Housing is currently interacting with the Department of Constitutional Development and organised local government structures in order to finalise a set of assessment criteria for the accreditation of local authorities to administer national housing programmes. After the criteria have been finalised, local authorities will be informed and they may then apply to the Members of the Executive Councils responsible for housing in the various provinces, for accreditation.

**Rented houses/mass housing/personal loans made available** (123)

\*41. Mr J A RABIE asked the Minister of Housing:†

Whether she or her Department intends making available (a) rented houses, (b) mass housing and/or (c) personal loans of up to R35 000; if not, what steps are envisaged in his regard; if so, what are the relevant details?

NI1134E

The MINISTER OF HOUSING:

(a) No. In terms of the constitutional dispensation, government at central level is responsible for the formulation of national housing policy and strategy. The execution of policy takes place at provincial level. Government, however, recognises the need for rental accommodation. In fact, the inclusion of institutional subsidies within the framework of the housing subsidy scheme, created a vehicle which can be utilised to alleviate this need. Institutional subsidies are being made available to institutions who could, *inter alia*, utilise them to provide rental housing. Moreover, the Department of Housing has secured an amount of R525 million from the Reconstruction and Development Programme Fund to be utilised to support scale delivery of housing in joint ventures with the private sector which will, *inter alia*, also stimulate the provision of rental opportunities. Comprehensive policy on rental housing is still in the process of development.

(b) Yes. The Department of Housing recently implemented a national framework in terms of which mass housing delivery would finally become a tangible possibility

to administer their properties in possession in terms of the programme agreed between the government and the AML.

**NATIONAL URBAN RECONSTRUCTION AND HOUSING AGENCY (NURCHA)**

NURCHA's aim is to accelerate housing delivery for low-income households in metropolitan areas in the short and medium term. NURCHA will also resolve project-specific or programme-specific barriers, blockages or risks, through direct assistance, by funding the necessary expertise or by providing guarantees to reduce the risk exposure of providers of working capital or home loans.

**MASAKHANE**

The Masakhane campaign was initiated by the Departments of Housing and Constitutional Development under the auspices of the Reconstruction and Development Programme. It was launched in February 1995. Masakhane has become a powerful rallying cry for communities seeking to uplift themselves and their environments in partnership with the government and the private sector. Payment for services rendered is one of the important themes of the campaign.

Collectively these measures support the normalisation process by enhancing access to housing opportunities for the poor and homeless in pursuit of their right to have access to adequate housing.

**Stricter control measures in respect of deaths on roads**

\*42. Mr L M GREEN asked the Minister of Transport:

Whether it is the intention to introduce stricter control measures aimed at reducing the number of people killed on South African roads; if not, why not; if so, (a) what measures, (b) when and (c) how will such measures be monitored?

NI1135E

The MINISTER OF TRANSPORT:

Yes, the reduction of road fatalities is one of the most urgent priorities of the Department of Transport, which it seeks to carry out in collaboration with the nine provincial authorities.

This is one of the main functions of the Road Traffic Management Co-ordinating Committee (RTMCC) of the Committee of Land Transport Officials (COLTO). This committee is in the process of co-ordinating the functions of all role-players involved in road traffic and traffic safety matters on national and provincial levels. The various provincial authorities are, in turn, responsible for co-ordination with local governments. Various medium to long-term projects and programmes along formal, non-formal and informal lines aimed at educating road users are being continued.

*Education of the pedestrian* involves the Child in Traffic programme (60 000 children have been trained in safe traffic participation over the last six years), seminars (3 000 to 4 000 teachers and aspirant teachers are annually equipped to educate children in safe traffic behaviour) as well as projects within the running and industrial fraternity.

*Driver education* based on the K53 system of driving for light motor vehicles involves the School Driver Education Programme (SDEP) (660 secondary schools and 60 group training centres annually train 22 000 scholars). A similar system is in place for motor cycles and heavy motor vehicles.

*Mass media and marketing initiatives* strive towards creating a traffic safety culture in South Africa via medium and long-term advertisement and publicity campaigns.

Various projects, based on sound traffic operations management principles are currently being finalised, one of which is the reintroduction of more visible and effective highway patrols on the major road network. These patrols have been approved in principle by COLTO and, being the responsibility of the provinces, will be introduced and operated by them.

Also at provincial level, 12 Incident Management Plans have been established whose aim is to co-ordinate the efforts of the various local emergency services towards:

- minimising loss of life;
- minimising traffic disruptions;
- securing the most effective deployment and co-ordination of emergency resources and personnel.



# Home loan market 'ignorant' about what banks are offering

(123) BD 14/8/96

Lukanyo Mnyanda

A SENIOR estate agent has called on banks to issue monthly reports, either jointly or individually, giving full details of home loan packages and interest rates, citing widescale ignorance in the home market.

Homenet executive chairman Victor Webster said although the "recent" preparedness by SA banks to negotiate on home loan rates, coupled with their market competitiveness, was welcomed, such flexibility would be wasted unless consumers were able to understand or compare the various home loan products.

There was great confusion in the marketplace recently when "capped" interest rate bonds were launched, which placed emphasis on fixed rates and volatility on interest rates. Webster estimated there were at least 20 packages being offered by the five big lenders.

Although it is the applicant's responsibility to negotiate the most favourable bond interest rate, "most people don't

understand how they might qualify for a discounted rate by operating more than one account or if they slot into a certain income group. Many more do not have the time or tools to investigate the best possible rate", he said.

The lack of grassroots market understanding on the negotiability of interest rates was acting like a sheet anchor on residential sales, Webster said.

"It is no coincidence that the most common reason given for holding off purchasing is waiting for rates to drop from their current 19,25%, but in fact most buyers qualify for a 17,5% fixed bond rate but do not know it."

Era Real Estate MD Willie Marais agreed that there was a need for comprehensive monthly reports on what banks had on offer because "it's confusing to see what the banks have to offer, even to estate agents. Some of the banks are doing well with their marketing but others are not clear on what they offer."

However, Council of SA Banks housing GM

Lance Edmunds felt the banking sector was a highly competitive sector in which players were advertising heavily to win market share. He said mortgage loans were an important source of the industry's profits and banks had no choice but to market their products.

Most newspapers advertised comparative rates but it could be argued that banks "could do more" to ensure consumers were informed.

Cecile Leck, MD of Bryanstone-based Steinhobel Real Estate, said she believed banks were trying to keep estate agents informed on their packages, and said it was up to agents to ensure the information was passed on to clients.



## COMPANIES

# Home loan scheme is aimed at earners of low incomes

Adrienne Giliomee

(123)

BD 20/8/96

A NEW Standard Bank scheme allows members of retirement funds — and in particular low-income earners — to qualify for home loans.

The scheme, LoanProvider, will not require members to have their bonds registered.

Standard Bank and actuaries Ginsburg Malan & Carsons said yesterday the scheme would allow members to mobilise part of their retirement funds to buy and improve their homes in townships and in areas where mortgage loans have not previously been available. Collateral would be provided by an employee's retirement fund benefit.

Standard Bank divisional GM Duncan Reekie said the scheme was a flexible, accessible housing loan at a non-discriminatory rate requiring minimal administrative effort.

He said the scheme addressed fundamental issues,

such as the difficulties workers experienced in accessing finance and providing security, as well as key labour relations issues such as disclosures and non-discriminatory benefits.

LoanProvider was designed to take over existing loans effected by retirement funds. This would give members a higher yield on their retirement funds, as the retirement fund would not be taxed on the interest earned from the loan it provided to its members.

The monthly instalment will — within legal limits — not change as interest rates change. The capital sum will be redeemable over 20 years in equal weekly or monthly instalments. LoanProvider does not limit the term of the loan to the member's retirement age.

All members of participating retirement funds will qualify for mortgage loans, provided they can afford the repayments and comply with certain minimum credit criteria.

# Possibility of rates subsidy being considered for people unable

Drew Forrest

CAPE TOWN — Government was investigating the possibility of subsidising poor people who genuinely could not pay their rates and municipal service charges, constitutional development deputy director-general Andrew Boraine said yesterday.

The investigation, involving constitutional development and other government departments, was one of a range of measures intended to get to grips with the problem of non-

payment, Boraine said. Government was moving away from a campaign based on moral exhortation to asking why people were not paying.

Boraine said at a parliamentary briefing that one option would be to shift the operating subsidies paid by central government to local authorities — currently R800m a year — towards more direct subsidies for the poor.

He conceded that this raised difficult technical issues, including the question of whether such subsidies were a welfare function which should

be performed by another department.

Asked how the authorities would distinguish those who could pay from those who could not, Boraine said means-testing of the kind used by developed countries was not possible in SA. The simplest option would be a universal subsidy, with a requirement to pay the balance of any levies.

Boraine said 600 of SA's 800 newly elected councils faced financial difficulties as they were very small and their revenue bases were limited.

A departmental survey of 60% of

SA's municipalities had shown "generally good" debt ratios. However, some councils were running into cash flow problems, affecting their ability to pay creditors and staff.

In conjunction with the provinces, government had set up a survey of municipalities that were defaulting to find ways to improve their debt ratios and ability to collect revenue.

Constitutional Development Minister Valli Moosa said legislation would be drafted soon to place the inter-governmental forum on a statutory

to pay

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footing. Developing a coherent system of relations between the three tiers of government was one of the biggest challenges facing the country, he said.

The legislation would make it compulsory for Cabinet ministers and provincial premiers to attend meetings of the intergovernmental forum, which would function like a cabinet. All agenda items would be formalised and political heads, rather than officials, would be present.

Moosa said all the provinces were attending forum meetings.



## Subsidy scheme may help poor pay municipal rates

Cape Town – The Government is investigating the possibility of setting up a subsidy scheme to help the poor pay their municipal rates, as part of a package aimed at alleviating the financial problems of local government structures.

Provincial Affairs and Constitutional Development Minister Mohammed Valli Moosa and local government deputy director-general Andrew Boraine said yesterday it was "still

early days to say" whether the scheme would be implemented.

Moosa said the informal intergovernmental forum – in which cabinet ministers and premiers consulted on various issues – was to be formalised, in line with a cabinet decision.

"The forum will now become a political body; it will become the main forum for central and provincial governments to speak to each other. Municipalities will be brought into this sys-

tem," Moosa said.

On the subsidies, Boraine said: "There are currently two forms of subsidy: the central Government subsidises municipalities, and there are also intergovernmental grants to local governments. At the moment there is no direct subsidy system for those who cannot pay rates."

Boraine said that of the 800 municipalities in the country, many of the smaller ones were running into financial problems.

To help municipalities, the department was "moving away from exhortations to people to pay but now looking at structural problems of people not paying. We need to improve revenue collection and credit control of the municipalities."

Moosa also revealed he had suggested to Safety and Security Minister Sydney Mufamadi the introduction of metropolitan policing to deal with rampant crime. – Staff Reporter.

STW 20/8/96

# New housing aid for low earners

(123) Sowetan 20/8/96  
By Joshua Raboroko

**M**ILLIONS OF WORKERS, especially low-income earners, can now use their pension and provident funds to acquire home loans without having to register a bond.

Standard Bank and employee benefit consultants Ginsburg Malan and Carsons have announced a scheme to enable workers to mobilise a part of their retirement funds to buy and improve homes in townships, especially where mortgage loans have not been previously available.

The announcement was made jointly by Standard Bank's divisional manager of home loans Duncan Riekie and director of the consultants Leon de Wit in Johannesburg yesterday.

Since collateral will be provided by way of an employee's retire-

## Low income employees can now minimise tax burden at retirement

ment fund benefit, the scheme will enable workers to acquire a more accessible finance package than conventional mortgage bonds, said the two companies.

### Tax efficient

A statement issued by the two parties said the scheme was also tax efficient and could have the capacity to minimise the tax burden on retirement funds - particularly after the Government's announcement that income that accrues on retirement funds was going to be taxed 17 percent.

"Millions of previously deprived households will benefit from this scheme."

The statement argued that the

scheme addressed issues such as difficulties that workers experience in getting access to finance and inability to provide security for loans.

The managing director of Ginsburg Malan & Carsons Leon de Wit said:

"Together with Standard Bank, we think we have devised a home loan appropriate to the times. We are confident the scheme will be popular and that it will grow."

His words were echoed by Standard Bank's Reekie who said: "This expanded product will benefit our mutual customers."

The two parties said it was possible that other banks could follow the same route in due course.



## Private sector boosts drive for housing

Robyn Chalmers

GOVERNMENT's low-cost housing programme has received a major boost with private sector participation materialising in Gauteng, where 20 000 houses will be built over three years in a R1bn deal.

Housing Minister Sankie Mthembi-

Mahanyele said yesterday that the number of subsidies granted had risen from a monthly average of 536 between March 1994 and August last year to 5 611 between September last year and June this year.

Gauteng housing MEC Dan Mofe-

Continued on Page 2

## Housing

Continued from Page 1

keng said two private sector partnerships would be set to build large-scale housing developments in the province. Each would have 5 000 homes, all using state subsidies. One partnership combined First National Bank, Gri-naker Construction, RMP Properties Services, LTA Construction and the New Housing Company; the other Gri-naker Construction and Nedcor.

The projects, backed by additional finance where necessary, would be

spread around Gauteng.

Mthembi-Mahanyele, at the Inter-build Africa conference, said despite a backlog of more than 1,9-million homes, progress was being made on delivery. "Our statistics show a discernible increase in delivery ... we are confident this trend will strengthen."

Commitments were needed from financial institutions and building material suppliers to deal with the housing problem, as was a firm indication from communities that rent, service and bond boycotts were over.

Picture: Page 3  
See Page 21

# Contractors urged to help solve housing crisis

Star 21/8/96 (23) (123)  
**STAFF REPORTER**

Small and large contractors would have to form equitable partnerships to accelerate the housing process as they were a key link in the chain of delivery, Housing Minister Sankie Mthembu-Mahanyele said at the opening of the Interbuild Africa '96 exhibition yesterday.

The six-day exhibition at Nasrec, south of Johannesburg, is hosting more than 450 local and international exhibitors that play a role in the construction industry.

Mthembu-Mahanyele said part-

nerships were essential to ensure that all resources offered by the private sector were effectively used and of benefit to potential home-owners.

The construction industry had in the past been criticised for hindering the process of delivery by favouring large contractors to build low-cost housing while sidelining emerging smaller ones, said the minister.

She added that, although her ministry was still facing several challenges, there was an indication of an increase in housing delivery.

Delivery had increased from the monthly average of 536 subsidies approved between March and August 1995, to 5 611 approvals in the 10 months between September 1995 and June 1996, she said.

"Although these numbers may seem small, our statistics show that there is a discernible increase in the delivery of housing and we are confident this trend will strengthen in the months ahead."

More than 30 000 visitors are expected to attend the exhibition, which will continue until August 25.



# Minister sees healthy increase in building homes

(123)

CLIVE SAWYER

Political Correspondent

THERE is a definite increase in the rate of house-building and this trend will grow in the months ahead, forecasts Housing Minister Sankie Mthembu-Mahanyele.

There had been healthy increases in the average monthly delivery of individual and project-linked subsidies, and the rate of spending by provinces of money advanced

for housing was high, she said in Cape Town yesterday.

However, she was still dissatisfied with the pace of delivery.

She acknowledged that time had been lost and that some groups involved had not kept to their promises as outlined in the National Housing accord.

"We are not yet out of the bush," she told a briefing for journalists and diplomats.

One of the key problems of

delivery was the time taken to process applications for subsidies.

A rural housing fund would provide access to credit for housing for communities unable to secure it through normal commercial means.

A meeting of national and provincial ministers dealing with housing and land affairs was to be held soon to resolve the problem of land tenure in rural areas, uncertainty about which was causing

delays in housing delivery.

Another problem was the legacy of the bond boycott era.

Ms Mthembu-Mahanyele said hard work was being done to resolve problems of enduring bond boycotts.

Asked whether the African National Congress's pre-election promise of a million houses within five years had backfired, she said she had "no regrets" about the slogan.

The goal had been based on an analysis of the backlog

and the government's capacity to deliver.

The government was on target in respect of allocation of subsidies to the provinces.

There were no plans to increase subsidies, because the government could not afford it, she said.

Nor did she want to lull people into expectations that the government would provide for all their housing needs without any effort by themselves.

FRUIT 23/8/96

# Success of housing policy leads to increased delivery

(123) BD 23/8/96

Drew Forrest

CAPE TOWN — Government's housing policy was starting to bear fruit and there was a discernible rise in housing delivery, Housing Minister Sankie Mthembu-Mahanyele told a parliamentary briefing yesterday.

An upbeat Mahanyele said her ministry had made considerable progress in implementing the white paper and in identifying and solving problems hampering housing provision. "All indications are that this trend will strengthen in the months ahead".

She said delivery in respect of approved individual and project-linked subsidies had risen from a monthly average of 536 between March 1994 and August last year to 5 611 between September last year and June this year.

A further positive sign was an upward trend in provincial housing expenditure. Government's financial advances to the provinces had topped R170m for July, the largest amount advanced in a single month. In June, provincial advances had totalled R155m, of which R145m had been spent.

Five provinces — Free State, Gauteng, Mpumalanga, Northern Cape and Western Cape — were ahead of target in spending

their budgets.

Housing director-general Billy Cobbett said the department had spent two years putting the policy framework in place and that "the benefits are now beginning to show". The biggest strides were being made in Gauteng, which accounted for between 40 and 50% of total expenditure.

Movement was also apparent in KwaZulu-Natal, where the local government elections and the Ingonyama Trust Act had affected delivery.

"The major metropolitan structures are also getting their act together."

But Sapa reports that KwaZulu-Natal local government and housing MEC Peter Miller said yesterday delivery in the province was still disappointingly slow despite the introduction of a housing policy.

"We have simply not succeeded in getting houses built on anything like the scale that is necessary if the enormous demand is to be met and the backlogs eliminated."

With a national housing backlog of between 1,5-million and 2-million houses, housing industry observers generally agree that the 5 600-odd houses being delivered each month countrywide are not yet making a dent in demand.



60 000 HOMES BUILT SINCE '94 POLL

# Building of houses with state subsidies increase

CT 23/8/96

(123)

**HOUSING MINISTER** Ms Sankie Mthembu-Mahanyele was upbeat yesterday about the increase in the number of houses built with state subsidies of R15 000. Political Writer **BARRY STREEK** reports.

**T**HE provision of houses with R15 000 state subsidies had increased significantly in recent months, Housing Minister Ms Sankie Mthembu-Mahanyele said yesterday.

"We are not complaining any more. We are delivering," she told a media briefing.

She said the number of individual and project-linked subsidies approved each month increased from an average of 536 for the period from March 1994 to August last year to 5 611 from September last year to June.

"Our financial advance to provinces of R170 million for July, the highest amount yet advanced in a single month.

"In June, the financial advance to provinces was R155m of which R145m was spent by provinces."

By June this year, the Western Cape had spent 33,8% of the

R100m allocated to the province for housing subsidies.

Mthembu-Mahanyele said five provinces — Free State, Gauteng, Mpumalanga, Northern Cape and Western Cape — were ahead of target on spending against their housing budget.

Provincial task teams were being formed and two provinces, Gauteng and KwaZulu-Natal, had already established their teams.

The first task of these teams would be to ensure that it did not take longer than nine months from the approval of a subsidy application by the provincial housing board to the start of building work.

It had become clear that large numbers of people in rural areas, "the poorest of the poor", had problems getting subsidies because of issues relating to land tenure, but her department, together with the Department of Land Affairs,

were devising new regulations for the rural areas.

The cabinet committee on economic affairs would consider a recommendation next week for the establishment for a rural housing loan fund which would use a Deutsche Mark 50 million (about R156m) grant as seed funding.

Since the election in April 1994, 60 000 houses had been built with the R15 000 subsidies. Many other houses had been built without government subsidies.

It was hoped that 200 000 subsidies would be approved during the current financial year.

Mthembu-Mahanyele said her department had been working "very hard" to solve the problems of bond boycotts and progress had been made in this regard.

They had also been holding talks with the South African National Civic Organisation on bond boycotts and other issues.

"We have had successes in some areas, but in other areas it is very difficult." It had to be explained to people that "the days of the boycotts are over", she said.

RATES BOYCOTT

(123)

### SOMETHING HAS TO BLOW

FM 23/8/96

**Support for** a total rates boycott by the ratepayers of Johannesburg's Eastern Metropolitan Substructure (EMSS), comprising mainly Sandton, seems to be growing.

The Sandton Federation of Ratepayers (Sanfed), made up of the chairmen of 22 ratepayers' associations, claims it has had no real response to its requests to discuss the increases (of between 145%-330%) with officials of the EMSS and the Transitional Metropolitan Council (TMC). It's attempting to forge a co-ordinated response from its constituent

associations to the rates crisis.

Chairman Peter Harmsen says ratepayers think the TMC is playing a waiting game, believing they will tire of their protest. Some say one in every two ratepayers is considering not paying any rates if the increase (from 2,65c in the rand to 6,45c) isn't reversed. This could reduce the R427m in rates Sandton has budgeted for in the current financial year — nearly R300m more than the R127,7m it collected last year.

The desire to fight the increases has swelled so much that Sanfed has opened a Ratepayers' Helpline Office in Benmore Gardens to cope with requests for information. The federation has almost completed preparations to set up a trust account into which protesters can pay rates. Some ratepayers have volunteered to act as trustees and a firm of chartered accountants is to administer the fund.

The Bryanston Ratepayers' Association has given the EMSS until the end of the month to accept its offer, contained in a letter dated August 12. The association says its members will pay for services at the new rate and will pay the rates that were effective until the end of June this year, with a 20% increase. "We're waiting for a response," says Bryanston chairman Frank Crosswell.

Association treasurer Mike Brierley predicts that if the council stalls or rejects the offer, at least 50% of residents will refuse to pay their rates.

Says Harmsen: "Sanfed is also pursuing legal options. Our ratepayer lawyers have informed us informally that we have a good chance of success."

Mike Moriarty, DP councillor for Houghton and a member of the executive committee of the EMSS, warns that the nonpayment of rates is illegal but stresses that it is not illegal for residents to challenge the new property valuations.

The DP tarnished its image by voting with the ANC and the NP to approve the EMSS's current budget. Moriarty says: "People don't understand. We were not happy with the budget but we supported it because of an amendment we were offered as a concession. That would have allowed us to bring back R200m to Sandton and pass it on to ratepayers — which would have reduced their rates contribution to the EMSS by 2c in the rand."

According to Moriarty, the DP favoured phasing in the increases the way the doubling of electricity tariffs is being phased in Alexandra — a third now, another third in six months' time and the final third a year from now. But that proposal was rejected by the ANC and the NP. "They used technicalities to block it," says Moriarty, "by claiming, for example, that the motion was not in order."

ANC TMC councillor in charge of budget matters Eugene Robson says the increases are "necessary because the TMC and the EMSS decided there was a need to supply services to everyone. Because of inflation, the costs of water and labour are going up continuously."

Ratepayers' associations tell of pensioners claiming they will have to sell their homes because they can't afford the new rates. Robson denies there's a danger that people living on fixed incomes will lose their homes because of the increases. "Not everyone will pay 200% more," he says. "Some property owners will pay less and some will pay more — the rebates also went up. Residents of stand-alone homes qualify for a 60% rebate, flat owners for 35% and pensioners who qualify get an additional 40%." To qualify for the rebate, pensioners must not earn more than R2 500/month.

Ignoring how instrumental Sandton's original low rate structure was in getting people to decide to live there, Robson says: "People choose to live in affluent areas because they can afford to do so." ■



# Big stink as MPs get R1-m homes

*(123)*  
*Sowetan 23/8/96*  
Scheme not approved by tender board

By Khathu Mamalla

**T**HE Northern Province government is building luxury houses costing R33 million for members of the provincial legislature in a scheme that has not been authorised by either the tender board or the cabinet.

An investigation by *Sowetan* has revealed that the construction of the 33 houses, which started in January this year, has sharply divided the provincial cabinet with those opposing the scheme being branded as dissidents.

Information at our disposal is that the tender board is now under increasing pressure to approve the project, which is already under way.

The secrecy surrounding the project, which was apparently given the go ahead by premier Mr Ngwako Ramathodi, also left the legislature, the African National Congress parliamentary caucus and ANC provincial executive in the dark.

Although tender board chairman the Reverend Zwoitwaho Nevuhalu could not be reached for comment, *Sowetan* can reveal that he approached a cabinet member seeking help over the pressure to approve an already existing project.

**“In this case, simultaneous reports were made to the tender board ... there is no tender board approval to purchase this particular property”**

The issue has since been discussed at cabinet level where the divisions came to the fore.

The ANC was briefed two weeks ago and has shot the project down as it felt there was no justification for the project as houses could be acquired for the MPLs at reasonably cheap prices.

#### Own risk

However government spokesman Mr Jack Mokoabi denied that the government had approved the project. He said the developer who was building the houses for MPLs had undertaken the project at his own risk.

“The cabinet accommodation committee has the authority to enter

into discussion and negotiate with the developers. Only when a clear position has emerged can the committee report to the executive council, which can sanction the proposals or reject them.

“In this case, simultaneous reports were made to the tender board with a view to obtaining authority to purchase and secondly to the cabinet in order to obtain a decision.

“There is no tender board approval to purchase this particular property,” said Mokoabi.

The developer, Mr Demetrios Kouroumbellides, confirmed that the public works department consulted about building the houses. He said two other developers had also been consulted but the department selected his proposal.

However, there was no written agreement between him and the department.

“They told me they liked my concept. They accepted my offer,” he said, adding that he had asked for R33 million for the project.

Sources said it was unlikely that the developer could start a multi-million project without a guarantee that the government would buy the houses.



Northern Province premier Ngwako Ramathodi - apparently agreed.

# Low-cost housing building up

(123) ST(BT) 25/8/96

THE government's low-cost housing programme has accelerated as more people begin to make use of the state's R15 000 grant.

However, Housing Minister Sankie Mthembi-Mahanyele says the pace of delivery is still too slow. "I am satisfied that the framework for delivery is in place and working, but several problems are still hampering the plan."

An average of 5 611 subsidies were approved each month between September 1995 and June this year,

compared to a tenth of that between March 1994 and August 1995.

The latest SA Housing Scenario, published by Khayaletu Home Loans, says more than 370 000 government subsidies were approved between March 1994 and June 1996, signalling increased delivery.

However, only 17 000 of these subsidies were linked to mortgage credit from commercial banks.

Mthembi-Mahanyele says five of the nine provinces are ahead of target in their budget spending, and

provincial task teams are being set up to monitor progress.

Provinces will be allowed to apply for more funds if they exceed budgets. "At the same time, we are not going to continue allocating money to provinces if they can't spend it."

The main problems hampering housing include a lack of experience in processing subsidy applications and confusion among very poor people about how to apply for subsidies. Boycotts continue to affect the industry, says Mthembi-Mahanyele.



# Urban overload: Creative solutions needed to solve the crisis in our cities

The world's gravest environmental problems are exacerbated by the high density and activity of city life, but attempts can be made to address this with creative development. GLENDA DANIELS reports.

ARG 26/8/96

(123) (X) (X)

**T**HE urban environmental crisis will continue to be one of the most pressing problems facing humanity in the 21st century as the trend towards city living proceeds at an alarming rate.

According to a recent United Nations report, cities today play a significant role in development.

They continue to attract migrants from rural areas because they enable people to advance socially and economically. Cities offer significant economies of scale in the provision of jobs, housing and services and are important centres of productivity and social development.

However, the report adds that the stress of this rapid urban population is overwhelming and sometimes up to 60 percent of people in urban areas live below the poverty line.

Most of the world's gravest environmental threats to air quality, water quality and availability, waste disposal and energy consumption are exacerbated by the high density and activity of urban life.

"At present, half the global population lives in cities. By 2025, two-thirds of the world's people will live in urban areas. At least 600 million urban dwellers currently live in environments that threaten not only their health but their lives, almost 50 percent of whom are children," says the UN, which held a City Summit, convened by its Secretary-General Boutros Boutros-Ghali, in Istanbul, Turkey.

According to the World Health Organisation (WHO), last year four million children under the age of five died from acute respiratory diseases in developing countries.

Many were stricken by air pollution in poorly ventilated huts where cow dung and other agricultural wastes, as well as wood, are used for heating and cooking.

Stress from polluted air in the home, says the WHO, is compounded in the urban environment; air quality in all 20 of the world's largest cities already falls below WHO standards; lead levels in urban air, primarily produced by car exhausts, are dangerously high, contributing to the lower-

ing of children's IQ levels by as much as four percent.

The conference encouraged governments and local authorities to embark on partnerships with urban dwellers to improve management of cities. In this way, there will be opportunities for citizens to participate in local decision-making and the possibility of innovative solutions.

Governments alone cannot provide for the needs of their growing populations.

They should involve all interested parties, from householders and community-based organisations through to the private sector and local government.

This would enable housing markets to work more efficiently and to guarantee equally to women and men security of tenure, access to land and credit and protection from arbitrary eviction.

Reducing poverty and creating jobs has to happen. Large economic strategies, more participatory urban planning approaches that take stock of local skills, technologies and materials will be needed to generate new and better-paying job opportunities in cities and towns.

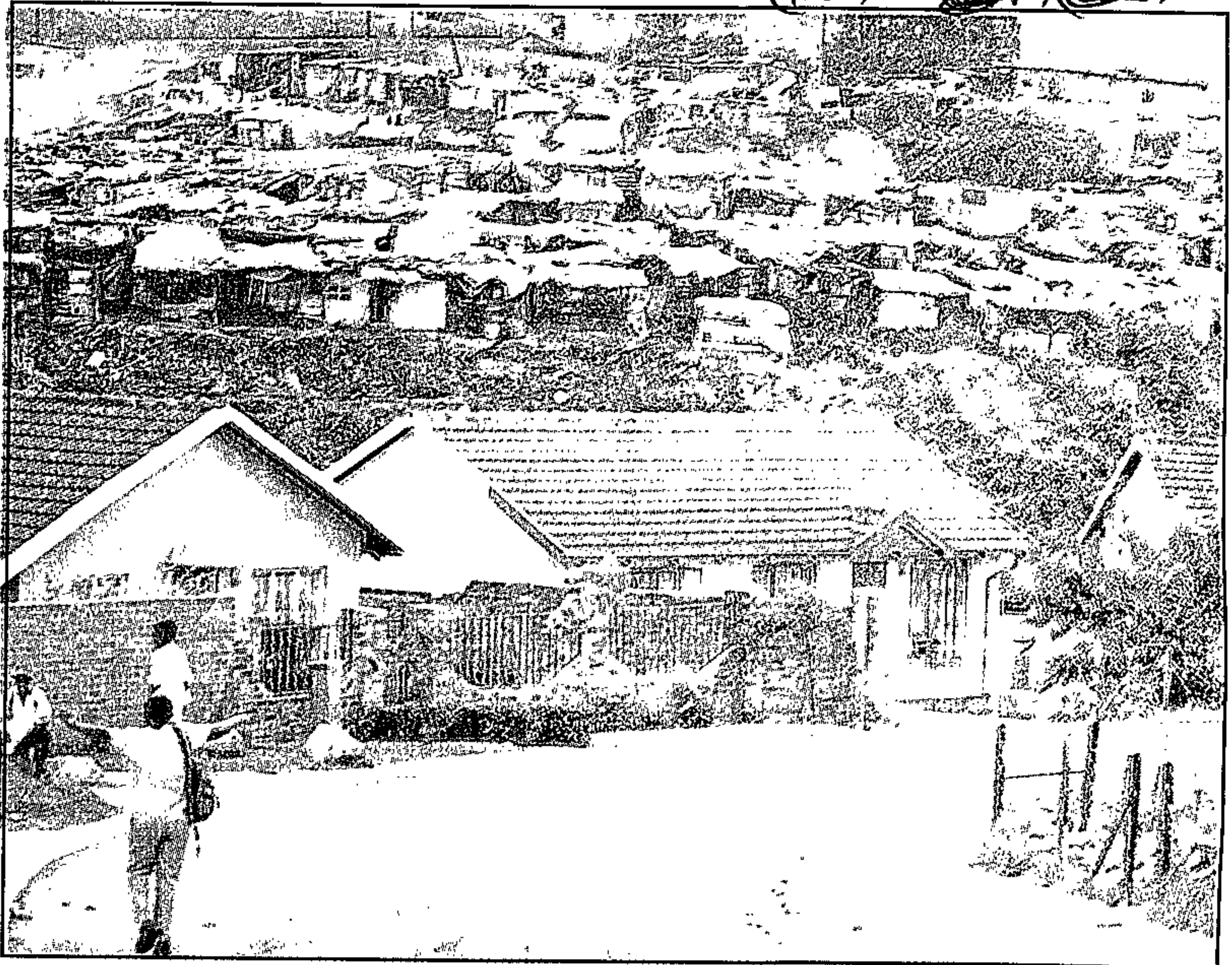
Environmental concerns have to be incorporated when planning takes place because it is the urban poor who are the most affected by environmental degradation and pollution.

Increasing an awareness of gender issues is crucial because, more often than not, women take the full burden of responsibilities when basic services and resources, such as water, are lacking.

Women also often have unequal access to resources such as property, credit, training and technology.

The conference decided all these issues had to be addressed urgently as they made it harder for women to improve their own living standards and those of their children.

Awareness can be spread as nations hear of "best practices" happening in some countries. For example, in Cairo, Egypt, an informal sector group of garbage collectors, known as zabbaleen, and local contractors or wahis, were transformed into the private Envi-



**CITY OVERFLOW:** Squatter camps like this one in Gauteng are the result of a great influx of rural people to cities in search of work and a better life. It is a worldwide phenomenon, and experts say the stress of the rapid increase in population is overwhelming urban areas. Sometimes up to 60 percent of people in urban areas live below the poverty line.

ronmental Protection Company (EPC).

EPC now has the contract for waste collection in several parts of the city.

The wahis administer the system, collect household rubbish and supervise service deliveries.

The zabbaleen, many of whom might otherwise be homeless and unemployed, collect and transport waste.

In Pakistan, the Orangi Pilot Project illustrates the role of collaboration between non-governmental organisations and the community in developing infrastructure.

In the unauthorised Orangi settlement, the roughly one million inhabitants built their own homes with no public provision for sanitation.

This demonstrates the need for

local residents to be involved more fully in planning their community.

Partnerships are working effectively in developing countries.

In 1970, Chattanooga, Tennessee, was one of the most polluted cities in the US and faced economic and industrial decline.

But, by 1993, Chattanooga met federal air health quality standards.

It achieved this transformation through partnerships to improve infrastructure, provide affordable housing, promote economic development and job creation, curtail waste, educate its workforce and green the city.

South Africa is no exception when it comes to these urban trends.

Johannesburg design consultant Ian du Toit says the influx of

people into cities is happening at a rapid rate but he is not pessimistic because he feels that South African design will accommodate the influx of people.

"South Africa has the opportunity to investigate possibilities and solutions. It will come up with solutions the rest of the world will be interested in."

Mr Du Toit predicts that over the next five years the CBD will be substantially enhanced and reactivated at night, and outlying areas will become less office-park-oriented.

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In this way we can find workable solutions to the influx of people to large urban centres and attempt to make cities vibrant and dynamic.



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ARG 26/8/96

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75% OF DEFAULTERS CO-OPERATE

# Back of the bond boycott broken

**FINANCIAL INSTITUTIONS** are optimistic because most defaulters are co-operating with bond holders, but not all the issues have been resolved, nor have all the defaulters resumed paying. Political Writer **BARRY STREEK** reports.

**T**HE back of the bond boycott in the former black townships has been broken — more than 75% of the approximately 48 000 defaulters are now in a "co-operative" relationship with the financial institutions and the authorities.

This was disclosed yesterday by the managing director of the Mortgage Indemnity Fund, Mr Nkululeko Sowazi.

He also said "very good progress" had been made in Khayelitsha in resolving problems and this was leading to new housing developments being planned in the area.

Sowazi was approached for comment after Housing Minister Ms Sankie Mthembu-Mahanyele and Housing Department director-general Mr Billy Cobbett said more R15 000 housing subsidies were now being issued every month than before and that the trend in bond repayments had been reversed.

Neither Mthembu-Mahanyele nor Cobbett could, however, provide any details about the position of the bond boycott and referred

queries to Sowazi.

He said different scenarios were involved and the overall situation was complicated by the involvement of a number of financial institutions.

In some cases, people had stopped paying their bonds but were still living in the houses, in others the houses had been repossessed but the occupants were still staying in them, and in still others people had been evicted.

In the circumstances, there were several different possible solutions. After the people were approached, an estimated 75% had entered into a "co-operative" relationship with the financial institutions and the authorities.

At the end of the process, they were offered a set of options. These could involve the resumption of bond payments, the rescheduling of loans, the resale of the houses back to the occupants or they could sign an agreement to vacate their houses and were then assisted to find alternative accommodation they could afford.

In some cases there were complaints, often valid, about defects

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or the quality of workmanship or construction, and these disputes had to be resolved before there was agreement on payments.

Sowazi said some people would fall out and were regarded as unco-operative, but they were a minority.

Although 75% of the people were now in a co-operative relationship, this did not mean that all the issues had been resolved and that they all had resumed making payments.

"But they are now talking to the financial institutions," Sowazi said.

There were also some in areas that were still not accessible. He estimated these to be between 10 and 15% of the houses.

Some areas were difficult or dangerous, such as Tembisa on the East Rand, but they were working with the communities. Most of the problem areas were in Gauteng.

In Khayelitsha the local council, the community and the financial institutions were working together and this could stimulate new private sector housing development in the area.

The mortgage indemnity scheme had also helped to stimulate new development in many areas. "When people see new development I think it will inspire them, so that where there are problems in the community they will be resolved," Sowazi said.

# Township (123) Sowetan 26/8/96 arrears of R3 billion

By Joshua Raboroko

BLACK townships owe municipalities more than R3 billion in outstanding rent and service charges up to June this year despite the massive Masakhane campaign launched by President Nelson Mandela.

Minister of Provincial Affairs and Constitutional Development Mr Mohamed Valli Moosa said at the weekend that the total amount owing in six of the provinces was about R3 billion or more.

The latest arrears are: Gauteng R2 415 million; Western Cape R275 million; Free State R124 million; Kwazulu-Natal R88 million; Northern Cape R81,1 million; Northern Province R32,1 million.

Areas for which figures were not available are Mpumalanga, North West and Eastern Cape provinces, apparently because the local authorities there did not have the "capacity building" to collect data on arrears.

According to government sources these provinces will hold workshops within the next few weeks where the exact data will be provided. The results will be released in September.

Provincial affairs spokesman Mr Mpho Mosimane said yesterday arrears of most townships up to January 1995 were written off after an agreement with the provincial governments and transitional councils.

However, he said, there were still difficulties of non-payment by residents for various reasons. People were poor, unemployed, while others had never received bills from authorities.

The authorities would introduce "proper mechanisms" where residents would be able to pay their tariffs, with a minimum of delay. He urged people to pay for services.



# Housing delivery gains pace

*sowetan 26/8/96*

*(123)*

The housing ministry sets up a task team to address problem areas

**By Rafiq Rohan**  
Political Correspondent

**P**LANS to build homes are well on schedule even though there have been some hitches to the Government's promise to provide one million houses before the year 2000, according to Housing Minister Mrs Sankie Mthembu-Mahanyele.

"We are not complaining anymore, we are delivering," she said at a briefing in Parliament.

She said while the framework for building homes was in place and working, there were issues that exasperated her.

"While it is clear that our efforts are beginning to pay off, I am still impatient with the pace of delivery of housing."

She said that her ministry had embarked on four key initiatives to address the problems areas.

Provincial task teams have been set up in the provinces requiring assistance.

The teams will try to speed up subsidy applications, which is one of the problems inhibiting delivery.

The second initiative is to devise new regulations via subsidy scheme adjustments for rural areas making it easier for "the poor" to gain access to the subsidies.

The third key area relates to the fact that institutional subsidies are not having the desired effect. "We are only processing a monthly average of 106 applications for institutional subsidies," she said. An announcement in this regard could soon be expected.

The fourth area related to the setting up of a Rural Housing Loans (RHL) which is awaiting Cabinet approval. A R200 million grant from the German government will be used as seed funding for the RHL.

"It is important that the RHL assist viable, new and emerging non-traditional lenders to enter the rural housing finance market," the minister said.

# Scathing report on sanitary conditions for rural people

(123) STAR 27/8/96  
**By ANITA ALLEN**  
Science Writer

About 95% of SA's 21 million rural population do not have acceptable sanitation facilities. In addition, 90% of rural schools catering for about 5 million pupils and 50% of the 1 100 rural clinics lack reasonable sanitation.

This was revealed in a report on an extensive study, under-

taken on behalf of the Water Research Commission (WRC) and the Mvula Trust, into the provision of sanitation in rural areas.

The report, by the Palmer Development Group in association with Makhetha Development Consultants, calls for urgent action and a new approach to address what has until recently "been an almost complete failure of public policy, backed up

with necessary resources".

The consultants recommend the formation of a national task group consisting of full-time personnel from the public and private sectors to implement a national sanitation programme.

They estimate it will cost about R4,2-billion to eliminate the current sanitation backlog. Only about 20% of existing pit latrines could be upgraded to

acceptable levels, it says. With the rural population expected to grow by about 2% annually, an additional R1,7-billion at today's monetary value will be required over the next 15 years to meet community requirements.

Copies of "Review of Rural Sanitation in South Africa" are available free of charge from the WRC, Box 824, Pretoria 0001 or by calling (012) 330-0340.



# R2-bn for low-cost houses

*Sowetan 27/8/96  
(123)*

By Joshua Raboroko

AN agency established to expedite the building of low-cost homes says it is going to create a R2 billion fund to guarantee the delivery of low-cost housing over the next five years.

The National Urban Reconstruction and Housing Agency (Nurcha) says the funds will be used to provide security for the loans granted for low income earners for housing.

Provision of security has been one of the major stumbling blocks for banks to finance the provision of low-cost housing.

Nurcha chief executive Cedric de Beer says in its first year of operation the agency has developed the capacity to issue R37 million in guarantees – with R13 million already granted.

The agency, funded by the Government and the Open Society

**‘We will only support projects and programmes which create housing for people eligible for Government subsidy’**

Institute of the United States, was created with a short to medium-term mission of clearing obstacles preventing speedy delivery of housing.

De Beer says in the delivery of homes, Nurcha must pay attention to national developmental goals, particularly relating to the empowerment of women, job creation and the stimula-

tion of entrepreneurship.

“We will only support projects and programmes that create housing for people eligible for the Government subsidy. We will direct the bulk of our help to projects focusing on people earning less than R1 500 a month.”

The agency’s board has authorised 13 projects worth R13 million and will also release more than R70 million in development finance.

It is estimated that the projects will result in the construction of more than 5 000 homes. The aim is to reduce the housing backlog estimated by Housing Minister Sankie Mahanyele to be between 1,5 million and 1,9 million units.

The worst housing shortage is in Gauteng, where more than 600 000 homes are needed, followed by KwaZulu-Natal, which needs more than 300 000 houses.

# SACP slams 'scandalous' luxury homes for MPLs

ARG 28/8/96

(123)

The Argus Correspondent

PIETERSBURG. - The SA Communist Party in Northern Province has strongly criticised the provincial government for building 33 houses for members of the legislature at a cost of R33 million.

In a strongly worded statement, SACP provincial secretary Samson Phophi said: "There is no way in which we can support a project that will benefit the elite and leave our people in their state of extreme poverty - not in a province like Northern Province.

"It is politically scandalous to proceed

with a project of this type, which deviates from our election promises as an alliance - a better life for all, and not only for elected public representatives.

"A broad liberation movement promised our people jobs, better roads, electricity, water, better education, better health care, houses and a better life - not villas for parliamentarians.

"It is politically unpardonable to begin to behave like Kamuzu Banda, Idi Amin, Jean Bedel Bokassa, Mabuto Sese Seko and Houphoet Boigny, to live in splendour while our people live in squalor."

Mr Phophi said the SACP was worried

about institutions of transformation such as the Tender Board not being transparent about government projects.

Azanian People's Organisation spokesman Kgalabe Kekana said it was insensitive for the government to build luxury houses for MPLs while unemployment in the province stood at 60 percent and houses used by former politicians were empty.

"Reports of this nature kill public confidence in those elected to take care of the provincial affairs," he said.

National Party spokesman Burger Lategan also condemned the project.



# Call for swift action on rural sanitation crisis

Report says 95% have inadequate facilities

(123)

ARL 28/8/96

ANITA ALLEN

The Argus Correspondent

DURBAN. - ABOUT 95 percent of South Africa's 21 million rural inhabitants do not have acceptable sanitation facilities.

In addition, 90 percent of rural schools, catering for about 5 million pupils, and half of the 1 100 rural clinics lack reasonable sanitation facilities.

These revelations come from a report on an extensive study into the provision of sanitation in rural areas. The study was undertaken on behalf of the Water Research Commission (WRC) and the Mvula Trust.

The report, by the Palmer Development Group in association with Makhetha Development Consultants, calls for urgent action and a new approach to address what has until recently "been an almost complete failure of public policy, backed up with necessary resources".

The consultants recommend the formation of a national task group consisting of full-time personnel from the public and private sectors to implement a national sanitation programme.

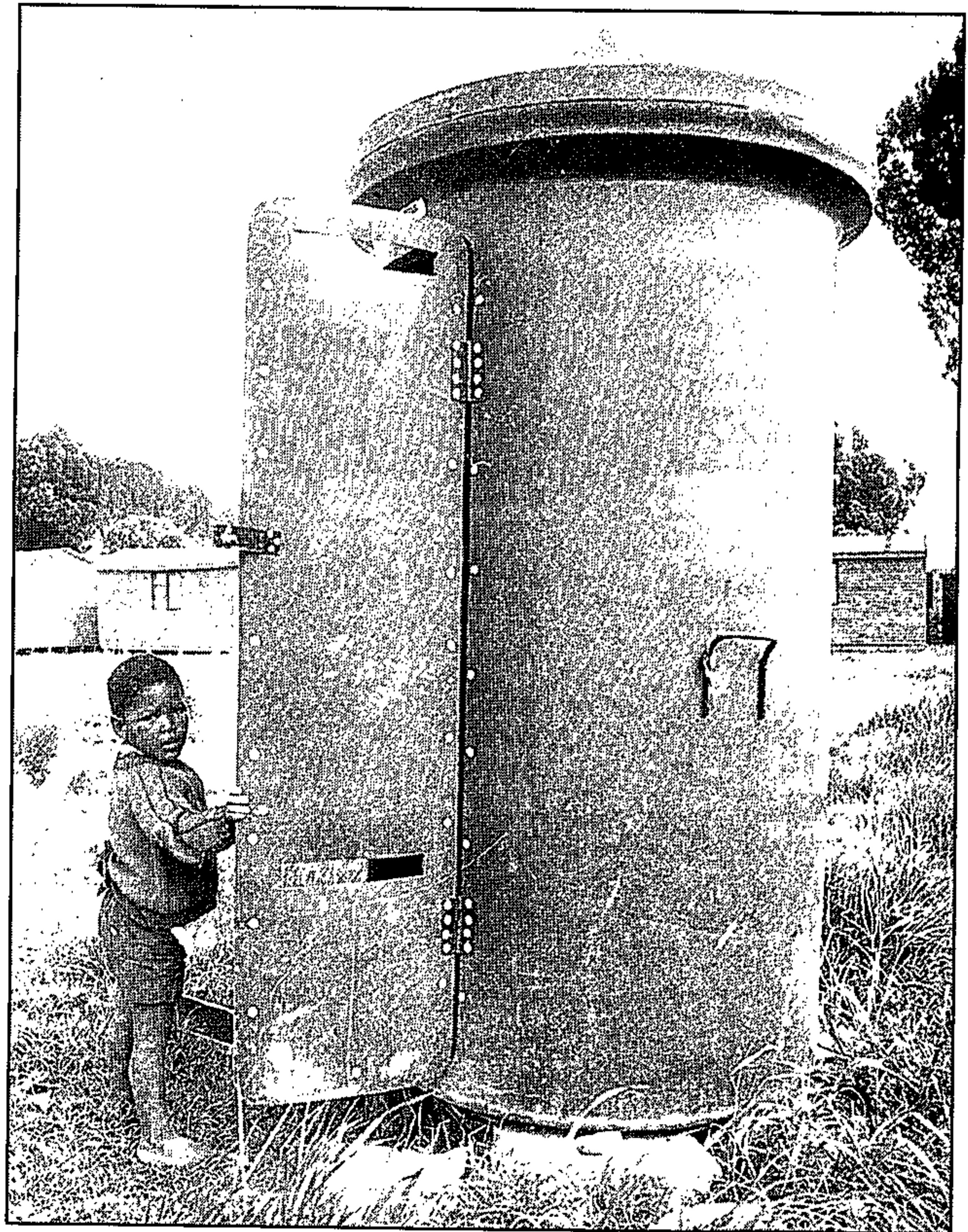
"This task group should not be involved only in planning, but also ensure that there are structures and organisations at local and provincial level which can implement the programme," the consultants said.

Although the first steps have been taken in the field of policy making, such as the recently released White Paper, "Water Supply and Sanitation Policy", of the Department of Water Affairs, the report says that "much needs to be done to enhance policies, prepare strategies and move urgently to the implementation of projects on the ground, working together with the people who are in need of improved services".

"International experience has shown that the provision of sanitation is most effective when the programmes are headed by small, dedicated groups from local communities," the report says.

In addition to being involved in sanitation provision, the groups should provide educational programmes to inform the community about hygiene, as well as use and maintenance of toilet systems.

The consultants estimate it will cost about R4,2-billion to eliminate the current sanitation backlog. Only about 20 percent of existing pit latrines could be



**ONE OF THE LUCKY ONES:** This child has access to a toilet, but millions of South Africans have inadequate sanitation facilities, says a new report.

upgraded to acceptable levels, which means that about 3,4 million new latrines will have to be built at a cost of about R1 200 each, it says.

With the rural population expected to grow by about 2 percent annually, an additional R1,7-billion at today's value will be required over the next 15 years to meet

community needs, the report estimates.

The consultants recommend that sanitation provision, like housing, should be financed through a subsidy system.

Copies of *Review of Rural Sanitation in South Africa* are available free from the WRC, P O Box 824, Pretoria 0001, or by phoning (012) 330-0340.



HE hidden subsidy that white ratepayers in areas like Sandton have enjoyed for decades has ended, and the newly created metropolitan authorities are striving to draw up budgets that service an entire city rather than selected urban pockets.

The changes to local government financing patterns may be painful for suburban residents, but they are the inevitable consequence of the removal of municipal boundaries that protected their lifestyles for so long. The decision of the Johannesburg metropolitan council in June to equalise rates throughout the city was a crucial step in integrating the civic financing structure.

The council has drawn up a budget of R5,6bn for the 1996/97 financial year. This is a marginal increase from the previous year's R5,1bn. Rates will provide about R1,472bn of the budget. Of this, the eastern suburb structure will contribute R726m, half the total rates income for the entire city. About R288m will be returned to the eastern suburb structure. The balance, R438m, will subsidise the southern and western suburbs.

The northern suburb structure, the only other suburb to produce a surplus, has a budgeted yield of R257m with a tiny surplus of just over R4m. The northern suburb structure includes a substantial portion of Greater Soweto, stretching southwards from Randburg to Diepkloof, Klipspruit and Pinville.

The southern suburb structure is expected to produce income of R416m and, on top of this, to receive a R187m subsidy, while the western suburb structure is expected to generate R71m and get a subsidy of R92m.

The subsidy is a crucial part of the Local Government Transition Act, which allows a metropolitan authority to raise a levy from some areas to subsidise others. However, it also stipulates that the levy be "reasonable", which was taken to mean that areas like Sandton would contribute to the levy, not, as it happened, provide the entire amount.

It is perhaps this aspect that gives Sandton residents some grounds for objection. The increases were introduced almost overnight at a level almost three times what they

# The bottom line on rates: someone has to pay somewhere

GAVIN DU VENAGE

BD 29/8/96

were accustomed to paying. Revaluation of property rates is a normal process that takes place every three years. Rates are adjusted up or down depending on an independent assessors' valuation of land on which a homeowner's house is built. Municipalities pay the costs of a reassessment, but are prohibited from influencing a valuer. Objections can be made through the valuation board and, ultimately, the Supreme Court.

Three years ago, the Cape Town City Council challenged the property valuation that increased rates by up to 500% in wealthier suburbs like Camps Bay and Newlands. Pressure from ratepayer associations resulted in the council taking the valuation to court. The council won the case and rates are still being levied on a 10-year-old valuation.

A council official noted that although residents won their battle not to pay market-related rates, most would not turn down market-related purchase offers that had increased steadily over the years.

The difference between Sandton and what happened in Cape Town was that not only were most Sandton properties revalued upwards in line with their increased worth, the actual scale at which rates were charged was increased. Where Sandton residents paid 2,65c in the rand of property value, they now have to pay 6,45c. Unlike with the valuation roll, residents cannot ob-

ject to the new assessment scale. The introduction of rates parity and the levy was not a way of squeezing cash from a seemingly docile community. It was an essential and basically fair way in which to tax all residents equally on the value of their properties.

But while residents could argue for better terms in implementation of the levy, they are on less solid moral ground when asking for their rates to be pegged at a lower level than the rest of the city. They have even less of a case in demanding reduction of rates income from Sandton within the eastern suburb structure, and that development spending be limited to Alexandra.

That Alexandra has pressing development needs is not in doubt. However, the sheer size of Soweto must of necessity demand that the bulk of funds be transferred south.

The former Sandton town council proposed creating a separate northern metropole, linking Randburg, Sandton, Alexandra and Tembisa. A negotiating forum was set up in the early '90s to pursue this.

Put bluntly, the needs of Alexandra were seen as a bargain next to the huge amounts of money required in Soweto. The concept was scrapped as being too divisive, and the cynicism of separating the wealthy north from the poor south

was rejected by most political parties. The strategic executive for budgets and financing Lucas Opperman says the metropolitan council cannot hope to raise the money it needs for development without Sandton's contribution, and if Sandton residents did not pay, areas like Randburg or Roodepoort would have to carry a greater share of the burden.

A condition set by former white councils like Randburg and Roodepoort prior to the acceptance of the metropolitan model was that rates should be set at the same level.

If they had remained the same, Roodepoort, whose rates were more than 8c in the rand, would have, in effect, subsidised Sandton's contribution to the city. The adjustment has not only affected Sandton. Roodepoort ratepayers received a reduction from more than 8c on the rand to the current level.

Property owners in the townships will also have to pay rates for the first time. In Alexandra, where valuations range from R4 000 to R40 000, homeowners will pay between R8,60 and R86 per month.

Soweto homeowners, who up to now have only paid for basic services, are split over the issue. About half the SA National Civics Organisation branches have accepted the rating of properties. Others have rejected paying rates on the basis of poor service standards and widespread poverty. This, and the feeble response to the Masakhane

campaign, make it likely the council will have a fight on its hands in getting rates out of Soweto residents. But it cannot back away from the principle of one city, one tax base.

Another grievance advanced by Sandton residents is that they are being penalised for running an efficient administration. The former council did not subsidise a bus service, and many parts of Sandton are without street lights. These savings, which were passed on to ratepayers, will now be paid over to the metropolitan council.

But the fact that Sandton lived cheaply does not mean it can justify its continued isolation from the rest of the city. Sandton is no longer a town—it is a suburb within a larger municipal area that, in turn, makes up one quarter of Johannesburg. Metropolitan government is a new concept in SA, but an accepted practice in most countries where large urban concentrations make demands on service provision, and income levels differ widely.

Johannesburg's four metropolitan suburb structures are expected to have completed the amalgamation of former local authority administrations by the end of next month. Once the process is complete, the emphasis will shift away from the former local authorities as separate communities to service providers within a unified city. This means Sandton residents will pay rates and service accounts to the eastern suburb structure, which will pass them on to the metropolitan council which will then allocate the pool of funds downwards according to priorities.

Northern suburb structure strategic executive for development facilitator Shumko Sowazi says it is impossible to run a modern city as a collection of autonomous local authorities. Interdependency makes progress almost impossible in isolation. "Sandton residents delude themselves if they think they can carry on their lives isolated from Soweto," he says. Experience in Brazil has shown poverty-stricken shantytown dwellers, ignored by government and civic administration, turn to crime to survive. "This is a dynamic environment," he says. "If we let the one side go, the other will eventually follow."



## Banks to meet govt on housing

Robyn Chalmers

BD 29/8/96 (123)

GOVERNMENT is seeking to tie its agreement to repay banks the bonds owed by inaccessible tenants to the industry's lending record in low-cost housing.

Bank officials will meet government today in a bid to resolve the deadlock over the issue, which stems from the record of understanding on low-cost housing.

Government undertook to pay the banks' bonds owed by defaulters, once all attempts to recover the funds — including evictions — had been exhausted.

But industry sources said yesterday there were moves by government to link such repayments to the banks' failure to meet the 50 000 loans target.

Government has warned that it could impose sanctions on banks which performed worst, with only 35 000 new mortgages valued at R2,7bn granted in the year to June 1. But more than 49 000 borrowers of about 180 000 in the lower end of the housing market are said to be in default.

Council of SA Banks housing spokesman Lance Edmunds said: "We are now discussing being compensated by the Mortgage Indemnity Fund for properties we cannot access, but ... there are other issues to be examined."

Mortgage Indemnity Fund MD Nkululeko Sowazi said that on the agenda would be ways to facilitate the rightsizing process. This involved moving people to more affordable accommodation.

# Housing comes first

(23) *Sowetan* 29/8/96

In the aftermath of the demise of the apartheid regime in SA, all ministers of housing in the Southern African region grapple with the mammoth task of providing houses, reports **Joshua Raboroko**...

**A**FTER years of fighting against colonialism and economic exploitation, many citizens of Southern African states are still plagued by homelessness and poverty because of wars involving the former apartheid regime.

Thousands were displaced and became refugees and were forced to abandon their lifestyles - seeking safety in neighbouring countries and abroad.

This was the gloomy picture painted by ministers of the Southern African Development Community at a two-day symposium in Johannesburg recently on affordable housing.

The scenario of displacement was sketched mainly by Namibia, Zimbabwe, Mozambique and South Africa, while Botswana and Swaziland gave their views on financial obstacles to housing their people.

## Affordable housing

The conference, whose theme was delivery of affordable housing to the masses, looked at finding solutions to the chronic housing shortage facing the region.

Leading the discussion was Mozambican minister of public works and housing Mr Roberto Costley-White, who said his country's history was marked by the combined effects of cruel wars and recurrent drought.

These cost Mozambique dearly in human lives, natural resources and the virtual destruction of its infrastructure.

As a result, thousands of people were displaced and made refugees, particularly in the rural areas.

"This resulted in greater pressure on the infrastructure in cities built to cope only with a limited, mainly Portuguese community," he said.

There is now peace in Mozambique and many people are returning to their homes. The country is giving priority to partnerships with the private sector to build homes.

Costley-White said housing and construction markets were promising. He was confident there were good possibilities of setting up joint ventures to promote employment and housing.

Mozambique's demand for houses was expected to increase with the introduction of projects in the Maputo corridor.

## Enormous potential

There was also an enormous potential for the country to attract investors to build houses, harbours and transport systems and to inject cash into mining and tourism. Costley-White said.

South African Housing Minister Mrs Sankie Mahanyele called for the active participation of all people involved in the broader building and construction industries.

icy based on developing shelter and infrastructure on the principle of partnerships between the public, private and community sectors.

The next step was to translate this policy into the "build-together" programme, which included active participation of beneficiaries, families, communities, villages, local authorities and regional councils.

"Our government has realised that in order to make housing affordable and secure, it needs to fight poverty and improve the living conditions of the majority."

Costley-White said the Mozambican rural population had the capacity to build their own houses and this had been proved by the rebuilding now occurring in the countryside.

"In these areas, our policy is directed to ensure that resettlement is made in an organised manner in a good environment," he said.

"We are injecting money into rural areas through labour-intensive rehabilitation and to allow local savings to be used to build houses with improved materials and appropriate technology."

## Role of women

Mahanyele, the only woman minister at the conference, said the role of women in the housing process was significant.

"Being a woman myself and Minister of Housing, it is one of my primary objectives to see to it that women benefit from our subsidy scheme and play an important role in housing."

"We try to make sure that our housing policy is gender-conscious by making sure women are not discriminated against."

"We also took the initiative to ensure that there is no gender discrimination when applying for a subsidy."

The conference also heard from participants how poor people had proved in many ways that they were willing and able to provide their housing needs.

All they need are appropriate forms of support and financial assistance from governments. The conference also noted that small building and construction contractors should be economically empowered so that they could create jobs and wealth for their countries.

Perhaps South Africa's Reconstruction and Development Programme should be adopted by other states in the region.



**Housing Minister Sankie Mahanyele ... calls for the active participation of all people involved in the building and construction industries in providing houses.**

These included suppliers of building material and building contractors, as well as public, private and non-governmental organisations.

"The concept of a broad partnership between the public and private sectors and beneficiaries in addressing the housing challenge is central to the Government's approach," Mahanyele said.

"Government alone cannot meet the funding demands to properly house the poor, and we therefore welcome the participation of all possible role-players in creating the energy needed to maximise housing output."

## Delivery of houses

She called for partnerships between large and small contracting concerns to ensure the effective mobilisation of all private sector resources in the delivery of houses.

At the same time, Mahanyele pleaded for a commitment from suppliers of building materials for reasonable prices in servicing an affordable housing market.

Sharing his Namibian experiences, director of housing Mr Karl Govasch said: "We found after independence that any government that is serious about its people must make housing a priority." He said Namibia had a national housing pol-



# Deadline for comment on Bill extended

Robyn Chalmers 20 4/9/96

PUBLIC comments on the draft Housing Bill covered mainly finer details and recommendations to improve certain areas, with reservations voiced only on a few clauses of the Bill, a housing ministry spokesman said this week.

Housing Minister Sankie Mthembu Mahanyele said earlier that there had been a big response from the public to the draft Bill. This had led to the period for comment being extended to October 14.

"In briefly reviewing the submissions, it is clear that the comments — many from local authorities — will add a great deal of value," said Mthembu-Mahanyele.

The Bill is intended to align the housing function in all three spheres of government

and proposes to give effect to the housing policy and objectives outlined in the white paper. It proposes limiting government to a facilitating role.

The Bill also calls for the scrapping of the National Housing Board, to be replaced by an advisory body, and provides for a national housing code which will contain national policy for housing development.

Private sector participants have expressed concern about certain elements of the Bill, notably the proposals on replacing the National Housing Board and allowing local authorities to act as developers.

Representatives of developers, contractors, banks and professions decided at a recent meeting to set up a committee to discuss the proposals.

Although broadly welcoming the draft

Bill as a significant improvement on the previous legislation, they said they wanted to ensure adequate representation on the new board.

They also wanted to discuss concerns about the possibility that local authorities entering the market as developers could lead to unfair competition.

Mthembu-Mahanyele said the extension of the closing date meant the Bill would not be ready for consideration by Parliament before the end of the year.

"We expect Cabinet to consider it in late January next year and Parliament about the beginning of March."

"The new implementation date now moves to July 1 next year from April 1 — coincidentally the first day of the new financial year for local authorities," she said.

# Low-cost housing pays price for crime

Robyn Chalmers

SA's high crime levels were beginning to have a serious effect on the delivery of low-cost housing, particularly in Gauteng and KwaZulu-Natal, Housing Minister Sankie Mthembi-Mahanyele said at the annual National African Federated Chamber of Commerce conference in Durban yesterday.

The crime wave had resulted in major contractors shying away from tendering for these jobs, she said. "When they do tender they push up their rates; to include down time in case they can't get on site, for damage to vehicles, for theft of materials and so on."

Crime was putting contractors'

lives at risk, leading to spiralling costs and slowing down work.

Mthembi-Mahanyele said the situation was unacceptable, and action had to be taken as the real losers were the millions of homeless people who were being denied the right to shelter.

Mthembi-Mahanyele said that the project to repair houses damaged by violence in the Katorus area had had to be rebudgeted, largely as a result of rising crime.

The project would cost an additional R46m, with an estimated 10%, or about R5m, of the extra cost caused by theft. In addition, about 10% of the overall budget allocated to the Katorus special presidential lead project had been

allocated to improving general security measures on the project.

Despite obstacles, there had been an increase in delivery and this would continue, she said.






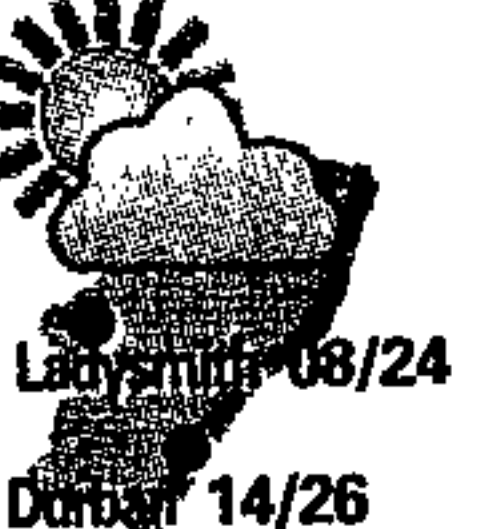



The average monthly delivery for individual and project-linked subsidies approved, increased from a monthly average of 539 for the period between March 1994 to August last year to 5 946 for September 1995 to July this year.

"While delivery is increasing, it is still not enough. I am impatient with the pace and I expect to announce new measures to speed up delivery," she said.

She remained concerned that there was no unified voice in the construction industry.

BD 4/9/96

## TODAY'S WEATHER

GAUTENG	MPUMALANGA	NORTHERN PROVINCE
 Pretoria 12/24 Johannesburg 10/21	 Nelspruit 13/22	 Polokwane 08/23
NORTHWEST	FREE STATE	KWAZULU-NATAL
 Potchefstroom 07/23	 Bloemfontein 02/23	 Ladysmith 08/24 Durban 14/26
NORTHERN CAPE	WESTERN CAPE	EASTERN CAPE
 Upington 03/23 Kimberley 07/19	 Cape Town 08/17	 East London 13/23 Port Elizabeth 09/21

### GLOBAL TEMPERATURES

	Min	Max		Min	Max		Min	Max
Amsterdam	08	21	Lisbon	18	29	Rome	17	25
Brussels	10	19	London	15	21	Sydney	10	17
Dubai	28	43	Los Angeles	19	29	Taipei	24	30
Frankfurt	11	21	Moscow	12	25	Tel Aviv	22	30
Geneva	11	19	New York	23	32	Tokyo	23	30
Harare	09	24	Paris	12	21	Toronto	15	28
Hong Kong	26	30	Rio de Janeiro	20	29	Vienna	17	20

## Erwin rules out rates help for small business

Nicola Jenvey

DURBAN — Government did not intend subsidising interest rates to small, medium and microenterprise businesses, and would rather direct resources to education and training of business management skills, Trade and Industry Minister Alec Erwin said.

He told the Nafcoc convention yesterday that developing a sustainable economy that empowered black businesses demanded strengthening the small medium and micro enterprise sector.

Subsidising loan rates created businesses which would not be viable in the long run.

Erwin believed that by December SA would have an economic philosophy promoting growth with empowerment. He challenged black business to grasp the opportunities provided.

KwaZulu-Natal economic affairs and tourism MEC Jacob Zuma said provincial government remained committed to transforming proposed development nodes around KwaZulu-Natal into black economic empowerment opportunities.

"However, serious businesses cannot survive on outside financial injections, and before demanding anything from others, businessmen must demand many times more from themselves," Zuma said.

Labour Minister Tito Mboweni, although not providing a specific time frame, said SA urgently required antitrust legislation to counter past imbalances. "Its delay is only delaying the necessary restructuring of the economy ..." he said.

Safety and Security Minister Sydney Mufamadi urged black business leaders to counter crime by becoming visible role models to youth.

"Black role models are not giving sufficient of their time to their communities ... too often the role models are drug dealers and flashy criminals."

BD 4/9/96



# End to bond boycott sought

(123) *Sowetan* 4/9/96

By Joshua Raboroko

**G**OVERNMENT AND BANKS are negotiating solutions to end the bond boycott, which has cost financial institutions over R2 billion, in a major attempt to facilitate lending to the poor, particularly in the low-cost housing sector.

The Government-formed Mortgage Indemnity Fund and the Association of Mortgage Lenders, representing banks,

## Continued non-payment will force banks to refuse loans to township folk

have also discussed various issues pertaining to the deadlock over the repayment of bonds, which has been sparked by unemployment and poverty.

The discussions come after speculation that Government is seeking to repay banks the bonds owed by tenants in a bid

to facilitate lending for low-cost housing.

MIF managing director Mr Nkululeko Sowazi said yesterday the parties had agreed to facilitate the "rightsizing process", which involved moving defaulters to more affordable homes.

Sowazi said there was a need to reha-

bitate defaulters, who because of reasons beyond their control would not be in a position to meet their obligations.

The continued non-payment of bonds would force banks to be reluctant to lend money to township folk, impeding the government's aim to provide cost houses.

Sowazi denied the Government wanted to repurchase the bonds owed by defaulters instead of prosecuting and possibly evicting them from their present homes.

# Local authorities take drastic steps to end payment

(123) Star

## Problem exacerbated by mushrooming informal settlements demanding swift and decisive planning for delivery of electricity

By HOPEWELL RADEBE  
City Desk

Local authorities have resorted to drastic measures in a serious attempt to end a culture of non-payment and reducing municipalities from burgeoning debts.

Councils recently agreed to implement credit control measures which include taking debtors to court, submitting debtors' names to a credit bureau and cutting electricity.

Kempton Park/Tembisa executive committee chairman Mike Madlala says councillors have vowed to implement these measures, even at the risk of diminished popularity.

The message carried in the Masakhane campaign emphasised an approach of gentle persuasion. But councillors now admit their pleas are being ignored.

The problem has been that most townships have had uncoordinated and irregular delivery of services in the past and residents expect these things to be addressed before they are prepared to pay.

More radical groups, however, are challenging councils' powers to implement credit control measures.

The Tembisa branch of the South African National Civic Organisation (Sanco) recently announced its intention to reconnect all residents which the Tembisa/Kempton Park council cut off. This has led to confrontation and a possible legal battle between the council and the civic.

Sanco argues that some townships are veritable pigsties; refuse has not been collected for years, roads have turned into dongas from soil erosion and there is severe sewage spillage.

But Greater Boksburg executive committee chairman Vusi Sikhakhane says upgrading of services can only become a reality when people start paying.

Says Sikhakhane: "It's difficult for councillors to stand up in the council meetings and proudly voice the concerns of their electorate which is not showing its support by paying up."

Officials say residents seem to have adopted a wait-and-see attitude. This attitude has led to critics slamming the national Masakhane campaign as a failure.

The effectiveness of the Masakhane campaign has also come under scrutiny in the Gauteng Association of Local Authorities (GALA) and in a new body called the Gauteng Inter-Governmental Forum (GIGF).

During the recent GIGF meeting, councils of Greater Johannesburg and Khyalami, and some

other local and rural councils, agreed to implement credit control measures.

The campaign to boycott payment of services was started in the early eighties to defy an apartheid regime at all levels which was seen as illegitimate and unrepresentative.

### Pleas based on gentle persuasion are ignored

Madlala recalls that many communities were at first afraid to join the rent boycotts because of rumours that the white Government would kick them out of their houses, jail them or even ship them off to homelands, where living conditions were unbearable.

Madlala says in the past some community leaders wielded power by threatening people who were willing to pay with physical harm or death. Councillors have found that in some areas these people still operate and are just as powerful and feared.

"To further their political aspirations, they are engaged in a tug-of-war for leadership control over communities that have formally chosen their representatives," says Madlala.

This scepticism towards civics, which are in fact legitimate organisations, is not uncommon.

But councillors and civics do agree that problems in Gauteng's townships started when unrest began and electrification was stopped.

That was when illegal electrical connections were made at an unprecedented scale.

Municipalities, who bought

the service from Eskom, stopped supplying electricity to townships altogether and Eskom started supplying directly according to pre-paid agreements.

Councils in those areas say it is difficult to encourage payment of other essential services like maintenance of sewage, roads, water and refuse removal because defaulters cannot be denied or cut off from such services.

Instead councillors have decided to continue with the electrification process and also to register thousands of households that have been illegally connected and hope the credit control measures work.

Millions - if not billions - will be needed to connect illegal households formally.

The problem is currently being exacerbated by informal settlements mushrooming all over the province, demanding swift and

# boycott

4/9/96

## and basic services

decisive planning for delivery of electricity and basic services.

No-one knows how many families are in these settlements. The squatters demand services, but the majority have no means to pay for them.

Councils like Greater Benoni and Tembisa, in recognition of poverty levels in their areas, have called on residents to approach officials to negotiate a system of deferred payments.

Debtors are allowed up to 60 months to settle arrears, while also paying current accounts.

They have been informed that interest will accrue on outstanding accounts. Debtors will have to start paying for not paying.

Strike Ralegoma, executive chairman of the Western Metro Council, says the Masakhane campaign's existing networks will be used to inform residents of this new no-nonsense approach.



# Corruption 'threatens better water supplies'

CT (BR) 6/9/96  
By James Lamont

INDUSTRIAL EDITOR

Johannesburg — Corruption could undermine the partnerships that the South African government wants to forge between public utilities and foreign private water companies to improve the local supply of water, Mike Muller, the deputy director general of water affairs, has warned.

"It is all too easy for partnerships to degenerate into relationships of patronage and worse," Muller said this week. South Africa was at a delicate stage in its progress towards local democracy and was trying to overcome a vast wealth disparity and crime, he said. Kader Asmal, the water affairs and forestry minister, is expected to release guidelines on the participation of private water companies in the management of local water supplies next month. Local authorities will be able to contract private companies to run their water supply operations, within a new regulatory framework.

Addressing a French water industry forum at the Afri-Water '96 exhibition in Midrand, Muller said his department was concerned about opposition in Europe to the introduction of measures to prevent companies from bribing government authorities in the developing

(123) (2)  
world for the reward of public contracts.

"We understand that some countries insist not only that their companies should have

the right to make payments to have foreign contracts awarded to them, but that such payments should be tax deductible," he said.

"In some European countries, there is even a sliding scale whereby the percentage deduction is set according to how corrupt a country is perceived to be."

Muller said water services in South Africa wanted to remain "an island of integrity" and that his department wanted water to be a leading sector in the development of local government.

He said the government did not want partnerships with foreign private companies to erode local skills, which were mainly in the public sector.

"Our water industry is relatively well developed. Where we have this kind of leadership we want to maintain and develop it. We are not inviting foreign industry to undermine our existing capabilities," he said.



Mike Muller warns of bribery



# A toilet approach to development

(123) Mt G 6-12/96

The government's programme to provide sanitation has come under fire for perpetuating apartheid discrepancies, writes **Eddie Koch**

**S**OUTH AFRICA faces the prospect of segregated urban slums, where people are separated not by race but by the way the sewerage flows in post-apartheid cities, with social and environmental conditions worse than those created by the old government's housing policies.

This hard-hitting argument is contained in a critique by the National Institute for Economic Policy (NIEP) of the government's new programme to provide water, sanitation, roads and electricity to municipal areas that were severely neglected during the apartheid era.

NIEP, a think tank that advises organised labour and the civic movement on economic policy, argues that the Municipal Infrastructure Investment Framework (MIIF) currently being devised by the government reneges on pre-election promises to provide proper city services to all residents.

The proposal at the centre of the controversy is a plan to provide only "basic" services — communal taps, improved pit latrines or portable toilets, open stormwater drains and streetlights only — to urban households with a combined income of less than R800 a month, estimated at some 20% of the urban population.

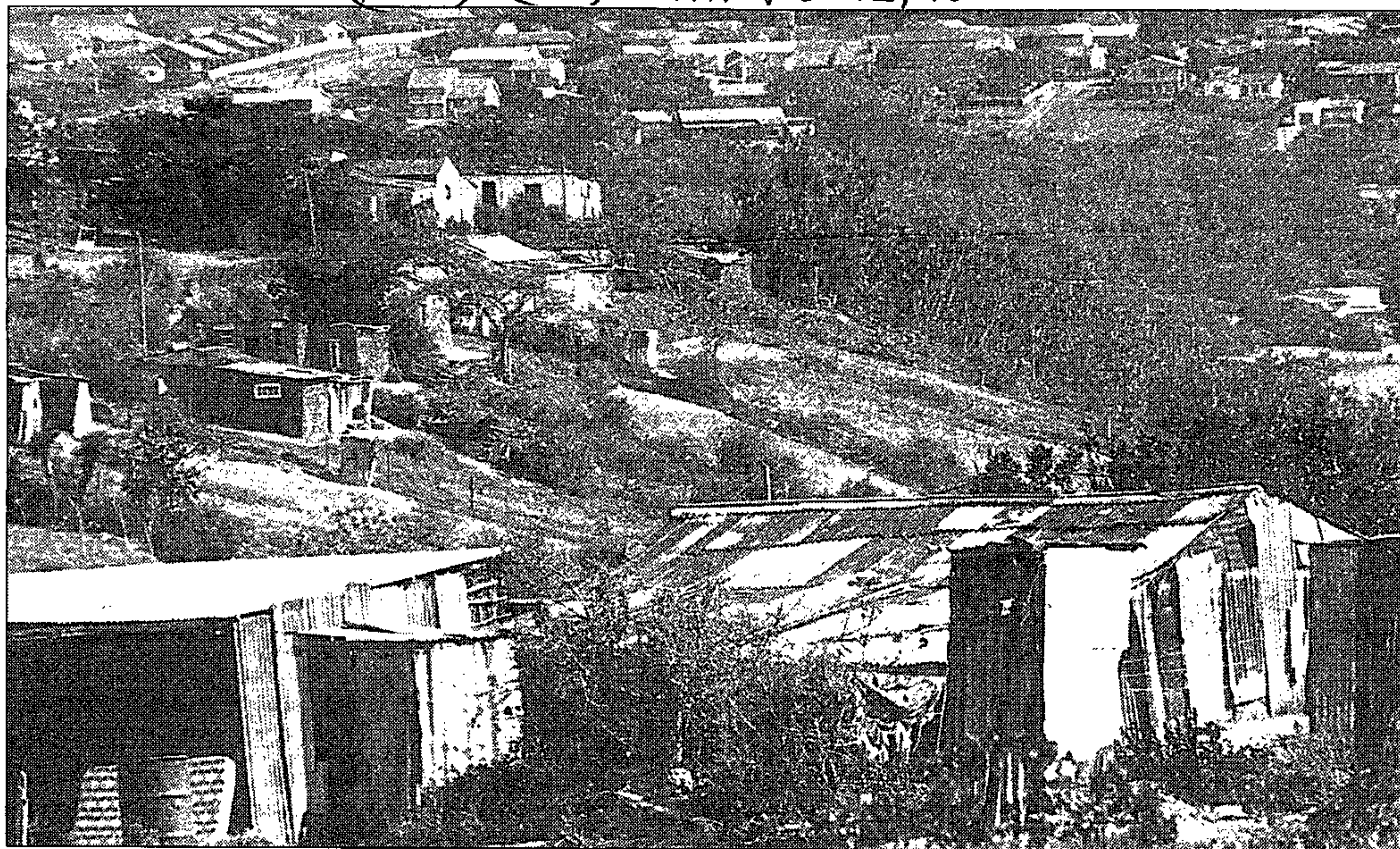
The MIIF and the government's Urban Development Strategy, both unveiled late last year, state that the scheme is based on harsh economic realities. The strategy aims to ensure that consumers pay for their municipal services so that government coffers are not drained by the heavy costs of providing water, roads and electricity to the poor.

NIEP says the new urban upgrading strategy, based on advice from various World Bank teams that visited the country in 1994 and 1995, offers urban victims of apartheid neglect far less than what was promised in the Reconstruction and Development Programme.

NIEP senior researcher Patrick Bond, who parodies the model as a "pit latrine approach to development", says a small levy on big industrial users of water and electricity who currently enjoy among the cheapest rates in the world, would have allowed the government to finance the RDP's alternative vision of adequate municipal infrastructure for all.

"The main reason that the 'basic' levels of service are being imposed on the vast majority of the urban poor is the allegedly high recurrent costs of water and electricity. In the absence of subsidies, these costs prohibit low-income households paying 'economic' [full cost recovery] rates for even a minimal monthly amount," says Bond.

This cost-recovery approach, in line with the neo-liberal principles behind the government's new macro-economic strategy, ignores the RDP's promise to deliver to every urban household water-borne sewerage, an on-site supply of at least 50 litres of water to every house, and



Sanitation woes: The government's Municipal Infrastructure Investment Framework falls far short of the RDP's promises

enough electricity to cover essential lighting, heating and cooking needs for a typical family.

"One of the most tragic legacies of apartheid was the extreme social and geographic segregation forced upon people of different races. Under the proposed system of infrastructure provision, such service provision will take the form of class differentiation according to service levels," says Bond.

"Residential areas will be divided into those that have no sewage reticulation and only collective taps, dirt roads and no electricity, and those with better services. Under the proposed arrangement, there is no possibility for a low-income earner raising her or his standard of living and then upgrading their dwelling by installing water-borne sewage, since the entire residential area will be without the bulk infrastructure required."

He adds the potential for leakage from pit latrines into the water table, pollution from burning coal for cooking, and intensified deforestation from wood being used as an energy source is increased by the government's cost-recovery programme.

Labour productivity rates of industrial workers and the ability to start small businesses in the urban areas supplied with only basic services are also likely to be negatively affected by the proposed urban programme.

The Urban Development Strategy does provide for government aid in the form of limited subsidies and "lifeline" support for the most

indigent households — but Bond says the level of poverty inherited from the past is so great that the tariff system needs to be restructured in order to obtain substantial subsidies from big users of electricity.

"If such a proposal had been considered and adopted, it would have been relatively easy to cross-subsidise from national-scale industrial, service-sector, mining and agricultural bulk users of water and electricity, to low-income residential consumers. The vast difference in use patterns would have meant a marginal increase in tariffs for the large users and lifeline service at no or nominal cost to low-income users."

The MIIF, however, outlines the massive challenges involved in correcting the imbalance that the country has inherited in the delivery of municipal services. Four million urban people have access only to untreated water, eight million have minimal sanitation, 17-million have no access to electricity and eight million have no formal road access to

their homes.

The cost of addressing these backlogs is estimated at between R60-billion and R70-billion over 10 years — but only if the level of services supplied is matched to the ability of households to afford the costs involved in maintaining, administering and supplying these services once the infrastructure is in place.

"While the recurrent costs are not included in the above figure, the need to cover such costs associated with this programme is cen-

tral to the affordability analysis which requires that service levels are matched to predicted household income levels," says the MIIF.

The affordability model used to determine government strategy predicts that 20% of all urban households will earn less than R800 a month over the next 10 years. As these families will only be able to pay between R35 and R50 a month, it will only be economically feasible to provide "basic" services to them. These include gravel roads, open drains, improved pit latrines, and communal water points.

The model predicts that 25% of households will earn between R800 and R1 700 a month, making it feasible to supply "intermediate" services in the form of taps in the yards of all homes, simple water-borne sanitation and pre-paid electricity metres in each house. Full services will be provided to an estimated 55% of the population who are expected to earn more than R3500 a month.

Bond says the prospect of a new form of post-apartheid segregation, a line that will be drawn across the country's cities by the flow of the sewerage pipes, could be even worse than expected given that the number of families with an income of less than R800 a month is likely to be far greater than 20% of the urban population in 10 years' time.

He warns: "It should be noted that the 'basic' services contemplated by government are not merely emergency services [piped water or portable toilets in slum settlements that are without water or hygienic facilities at present] but are more fundamentally, permanent development policy."

**20% of all urban households will earn less than R800 a month over the next 10 years**



# Masakhane gets a second chance

MFG 6-12/9/96 (123)

Marion Edmunds

**A** NUMBER of African National Congress ministers are trying to breathe new life into the Masakhane Campaign by making Deputy President Thabo Mbeki its new figurehead. Mbeki will promote payment of rates and taxes, as part of the drive to create a "new patriotism".

A representative from the Constitutional Development Ministry, Mpho Msmane, said Mbeki would be taking political responsibility for Masakhane, although the programme would be driven from within the Constitutional Development Ministry under Minister Valli Moosa. The second thrust of the campaign, he said, was to persuade provincial premiers to drive the campaign regionally from their offices. Meetings with premiers are under way.

The Masakhane campaign, launched last year, failed to convince citizens to pay their rates and taxes. It was a campaign planned and driven by former housing minister Jo Slovo, constitutional development minister Roelf Meyer and minister without portfolio Jay Naidoo, all of whom left their portfolios, leaving Masakhane in the hands of their successors.

Msmane believes the first launch of Masakhane created a national profile for the campaign, and now was the time to really bring its message home.

He said that the media had mistakenly emphasised the payment of rates and taxes as the only element in the campaign. There were other strategies.

"It's about teaching people civic responsibility," he said. "It's about ending the Eighties culture of destroying state assets because they were part of the apartheid system. It's about telling people that they must report on criminals for the sake of the community. It's about teaching people to take ownership of their communities."

Documents on the revitalisation of the campaign urge officials to put the payment of rates and taxes in the right context. Other aspects that need to be introduced are social partnerships between communities, businesses, civics and municipalities, and the promotion of local economic development.

The document concludes with these words: "Masakhane is a call to all South Africans to build the country through unity and solidarity. There should be efforts towards dealing with previous divides by developing programmes ... that will promote the new patriotism. Racism and ethnicity have to be eradicated through a new consciousness and value system that promotes equity and justice."

Payment of rates and taxes, however, is crucial to empower newly elected local governments to deliver the services the ANC promised in the 1994 elections. The momentum for



Thabo Mbeki: The new figurehead of the Masakhane campaign

PHOTOGRAPH: ANDREW MOHAMED

the revitalisation of Masakhane has its origins in Shell House's policy unit.

Although decisions have been taken behind the scenes, a memorandum is being drawn up on the campaign for Cabinet approval. Msmane said a great deal of consultation with communities needed to take place before the revitalisation campaign was officially announced.

Independent Reconstruction and Development Programme monitor Gavin Lewis believes Mbeki will be flogging a dead horse: "I just don't see this campaign working unless they have a secret formula ... or perhaps they set measurable targets for the provincial premiers and say they must answer to Mbeki should they not reach the targets. Otherwise it just becomes a woolly feel-good picture. The previous campaign failed; the picture of non-payment is a dismal one."

## SA Housing Trust tackles bond boycott

(123)  
BD 6/9/96  
Robyn Chalmers

THE SA Housing Trust is to split into three entities in a move to deal with the problem of non-payment of home loans.

The restructuring is also aimed at boosting low cost housing delivery and broadening the lending base.

The trust's main problem has been bond boycotts by clients of its housing loan finance subsidiary, Khayaletu Home Loans (KHL). In terms of the new structure announced yesterday, KHL would operate as a separate and

independent company, focusing only on converting non-performing loans to performing loans in the shortest possible time.

A new company would be formed which would buy all KHL's performing loans as an initial asset base but substantially expand its retail lending in the low income sector through funding obtained by the National Housing Finance Corporation.

The trust's existing development

Continued on Page 2

## Housing

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Continued from Page 1

division would also become an independent company, continuing and expanding its township and housing developments, mostly through the use of emerging contractors.

The trust itself would continue to operate as holding company of the group until the three companies were fully operational. Stock issued would still be guaranteed by government.

The trust said the three companies, yet to be named, would have separate boards, management teams and financial structures.

Chairman Frank Chikane said the restructuring, approved by government, was in line with the broader pol-

icy of forming viable housing delivery entities capable of generating funding through the open market.

"In the interim ... business activities will continue and bond repayments should continue to be made in the normal manner," he said.

Established by government in 1987 to administer and supplement a R400m special government loan for low-cost housing, the trust reported a R57m net loss for the year ended June 1995 against a R62m loss for the previous year.

An estimated 45% of KHL's clients took part in the boycott by end June last year.

Chikane said a joint co-operation agreement between the SA National Civic Organisation and the trust would be signed on Monday to facilitate normal bond repayments.



# Govt issues tough warning on rates boycott

(123)

Star 6/9/96

## 'Culture of payment' bears fruit

By SHIRLEY WOODGATE

The deadline for Sandton residents to pay their new, higher rates expired on Wednesday and other suburbs are threatening to join the boycott.

But proactive measures by the Eastern MSS, which includes Sandton, are encouraging Alexandra residents to pay.

Chief executive officer Canzi Lisa says marches led by ward councillors and the SA National Civic Association to promote a culture of payment and door-to-door visits are bearing fruit, and indications were that many more township residents were now paying for full rates and services.

However there was still a problem with collecting the money and a census was needed to pin down residents.

"Nobody knows how many people live there and it is home to large numbers of illegal foreigners," he said.

"Even if we catch them, how do we bill them for rates and services?"

While Alexandra residents are dipping into their pockets, the boycott by Sandton businesses and residents is picking up momentum.

In the Northern MSS, Greenside and Emmarentia associations have urged residents to pay in full for services but only 20% more than their rates bills for June.

And in the Western MSS, rumblings of action by Honeydew and Ruimsig smallholders settled down only after it was agreed they would be granted the same rebates as other residents.

■ The Gauteng government was given full marks for the efficient way it functions by Provincial Affairs and Constitutional Development Minister Mohammed Valli Moosa yesterday.

### Residents do not understand serious implications of their action and are on a dangerous path, says minister

By JOVIAL RANTAO  
Political Correspondent

The Government has sounded a strong warning to Sandton residents, businesses and property owners about the implications of their non-payment of rates and taxes in protest against a 200% increase.

"It would appear as though these residents had not understood the serious implications to themselves of the boycott. It seems they did not know that they were going on a dangerous path," warned Provincial Affairs and Constitutional Development Minister Mohammed Valli Moosa.

"Black communities embarked on the boycott some time ago as part of the liberation struggle. The boycott campaign brought hardship to the boycotters and great costs to the residents themselves. The people in Sandton did not take the potential costs into consideration, nor will they be able to sustain the costs of any hardships brought to them."

By embarking on a boycott, residents have relinquished their right to services, he added.

Moosa said he had raised the boycott issues with the Gauteng government and had suggested that it should take a direct interest in the matter. He preferred that the provincial government enter into discussions with the discontent residents, property owners and business in a "cool and calm manner".

Gauteng Development Planning and Local Government MEC Sicelo Shiceka warned that the boycotters risked the non-collection of refuse and the loss of electricity and water supplies and other services provided by the Eastern Metropolitan Council.

Shiceka said the boycott of rates was a "broad problem" experienced in the province.

"It started in the Vaal. There have been threats of a boycott in Midrand and Centurion where residents did not want low cost housing to be implemented."

He said he would, along with Collin Majola, chairman of the executive committee in the Johannesburg Council, meet representatives of Sandton ratepayers next week to explain the implications of their action and to seek a solution.

The ANC in Gauteng yesterday joined organisations which have condemned the actions of Sandton ratepayers, labelling the residents' action as irresponsible.

"The Government needs resources to address the immense disparities created by years of apartheid rule. The call for boycott of rates flies in the face of the Masakhane Campaign, which is an attempt to bring back the culture of payment to ensure the development of all communities.

"The ANC Gauteng therefore strongly condemns the calls for any form of boycott of services and urges all communities, including business, to act responsibly and not plunge our country into further chaos."

"It will be unfortunate if a perception were to develop that those calling for a rates boycott aim to undermine the legitimate government," it said in a statement.

"The ANC will support a wholesale clampdown on defaulters, irrespective of the constituency involved and urge the local authorities to do everything in their power to enforce the payment of services," it added.

# Homeseekers being ripped off (1a3)

By Joshua Raboroko

HUNDREDS of desperate homeseekers are being ripped off thousands of rands by unscrupulous property developers and estate agents after promising to build them houses and to acquire land by using the Government's capital subsidy.

Out of anxiety, the people pay fees ranging from R100 to R10 000 to developers who later vacate their offices in the centre of cities such as Johannesburg and neighbouring towns,

leaving their clients destitute.

The news of the housing racket was broken to Sowetan yesterday by victims who reported their cases to the Housing Consumer Protection Trust and the National Home Builders Registration Council.

Mrs Beauty Tshabalala, who lives in a backyard shack in Zondi, Soweto, said she paid a deposit of R7 000 to Gable Homes after she was promised a house in Dobsonville last October.

The promised house was never given to

her.

The company, whose offices were in Johannesburg, has since moved and cannot be traced.

HCPT director Penelope Beck said they dealt with hundreds of claims from people who were dissatisfied with companies after paying monies to get houses or land.

She claimed Gable Homes had apparently changed their offices and the company's operations would be discussed at a meeting with NHBRC on September 11.

Sowetan 6/9/96

Committee



# KHL and Sanco end the bond boycott

(173) CT (BR) 10/9/96

By Thabo Leshilo

Johannesburg — Khayaletu Home Loans (KHL), the country's leading financier of low-cost homes, signed a landmark deal with the South African National Civics Organisation (Sanco) yesterday to end a four-year bond boycott which has cost the company about R500 million.

The agreement, signed by Frank Chikane, the chairman of the South African Housing Trust, Khayaletu's parent company, and Mlungisi Hlongwane, the president of Sanco, does not cover other financial institutions exposed to non-performing housing loans.

The deal stipulates that Khayaletu's defaulting clients should start paying at least 80 percent of their normal monthly instalments for six months from November 1. More than half of its 28 000 clients are in default.

During that period, all the debts will be re-evaluated to determine their new value. Thereafter, homeowners will have to pay their monthly instalments on the remaining value of their properties in full.

"Leading up to November 1, Sanco and KHL, through their National Joint Task Force, which was established some time ago, will sensitise the affected communities nationally through mass meetings and other forms of communication, to ensure a full understanding of the process and



**RESOLUTION** Frank Chikane, left, and Mlungisi Hlongwane have signed a deal to help people keep their homes

PHOTO JOHN WOODROOF

provide assistance where required," Hlongwane said.

He said political reasons could no longer be used to justify bond boycotts, which were started in the 1980s as part of a political

strategy aimed at the apartheid government. However, the deal signed yesterday recognised that people refused to pay because some houses were defective.

Chikane said the parties want-

ed to ensure that as many of the defaulters as possible kept their homes. Those who could not afford to pay the required instalments, or were unemployed, would be helped to relocate to cheaper accommodation or be allowed to make new arrangements to pay.

Pensioners and people with disabilities would be allowed to stay without paying.

Hlongwane said all Sanco's structures supported the agreement and had "embraced it with pride". He said the deal marked the beginning of a process to normalise relations with financial institutions and end boycotts.

The agreement would enable Khayaletu to continue to provide loans and build houses in areas previously affected by the boycott. That would help create jobs and business opportunities for small contractors.

Duncan Reekie, the chairman of the Association of Mortgage Lenders, welcomed the agreement between Sanco and Khayaletu.

He said it would contribute to efforts already under way by the government and financial institutions to normalise the housing market.

Figures from Servcon, the non-profit company set up by the national housing department and the banks to normalise the market, show that 50 000 bonds, worth about R2 billion, are not being serviced at present.



# Housing Trust bids to end bond boycott

Lukanyo Mnyanda

(123)

THE SA National Civics Organisation and the SA Housing Trust have signed an agreement intended to end bond boycotts by 14 000 defaulters who owe about R500m.

Sanco president Mlungisi Hlongwane — who signed the agreement with trust chairman Frank Chikane — said that boycotts against other lenders would continue until the lenders showed they were willing to renegotiate the record of under-standing on low-cost housing struck with government in 1994.

According to the agreement, defaulters to trust subsidiary Khayalethu Home Loans would resume payment from November 1 and would pay 80% of their original instalments for

the first six months. Payments after the six months would depend on the value put on their homes by an "evaluation process".

Chikane said the six-month transition would give defaulters, some of whom had not paid for more than four years, time to adjust to having to pay.

The parties undertook to sell the agreement to affected communities through a National Joint Task Force, which would hold mass meetings.

On the thorny issue of evictions, the two committed themselves to assisting co-operative defaulters who were unable to meet payments by providing alternative accommodation or renegotiating terms. "Pensioners and disabled KHL clients will continue to be accommodated in their (present) houses," Hlongwane said the agreement had

the support of all Sanco national, regional and local structures. This (agreement) will be a role model in our dealings with other financial institutions," he said.

However, Sanco would not protect defaulters who refused to co-operate with the two bodies. "Sanco does not represent the aspirations of people who have no intention of paying, even when they can afford to. Individuals who refuse to co-operate will face the due process of the law."

The trust reported a R55m net loss for the year ended June last year, with the continuing boycott leading to losses of at least R165m over the last three years.

□ Sapa reports Gauteng's housing and land affairs department said that long-term tenants of state-owned houses in

the province would have their homes transferred into their names.

Housing and land affairs MEC Dan Mokokeng would introduce an amendment Bill to amend Section 50 of the Local Government Ordinance, which affects the new measure, in the Gauteng legislature today.

Department spokesman Jubie Matlou said that tenants would not be buying their own homes but would be given ownership by settling all service charges incurred after January 31 of this year. An arrangement would be made to allow time to pay.

Matlou said the legislation would see the transfer of about 60 000 units to long-term tenants. A further 140 000 units and 80 000 less formal housing units would be transferred to tenants once the Bill was enacted.



## Nomavenda Mathiane

ELECTED representatives, public servants and government officials would have to sign a pledge committing themselves to paying for service charges, a meeting of Gauteng councillors and mayors resolved at the launch of the "new look" Masakhane campaign yesterday.

The meeting, held at the Johannesburg City Hall and addressed by local government MEC Sicelo Shice-

## Govt officials 'must sign pledge to pay for services'

ka, Gauteng premier Tokyo Sexwale and Soweto mayor Sophie Masite, resolved that the time had come to take decisions in order to get residents to pay for services.

Councillors said they had taken over the Masakhane campaign from government and were taking it to the people. The councillors plan on using the proposed pledge strategy

to its limits, starting with the present signing it and taking it to the people in squatter camps.

Those who signed the pledge and defaulted on their payments would have their names made public. The councillors also proposed to compile data showing which public servants had paid and which not.

Shiceka said there was R86,7m

do with Liberty Life, particularly as several Gauteng government ministries were leasing properties belonging to Liberty Life.

Shiceka said Masakhane was part of the RDP and local government would have to monitor delivery mechanisms.

A forum of councillors, to be chaired by Gauteng local government standing committee chairman Mathole Motshekga that would meet twice a year, was proposed.

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Boksburg mayor Eric Xayiya addresses councillors at the relaunch of the Masakhane campaign yesterday.

Picture: TREVOR SAMSON



# Homes deal opens way to clear bond defaulters

Lukanyo Mnyanda

BD 11/9/96

(123)

THE SA Housing Trust has still to quantify how much of the R500m it will recover from defaulters after its boycott-breaking deal with the SA National Civic Organisation.

A spokesman said yesterday that the deal — under which 14 000 defaulters will have their homes revalued to determine payments — would definitely see the trust lose part of the R500m owed. It had, however, “no idea” how much would be lost.

Both sides hailed the deal, unveiled earlier this year, as a ground-breaking move towards normalising bond payment in the low-cost housing market.

The debt, owed to SAHT subsidiary

Khayaletu Home Loans, has been crippling KHL. Under the deal, defaulters will have to pay 80% of their bond for six months from November, and 100% of the bond determined by the revaluation.

A trust spokesman said valuations were part of a concerted effort to fight boycotts by discovering the reasons for non-payment. It would look at buildings' standards as well as the occupiers' financial positions.

This would be done in co-operation with home owners and the trust had, as part of the agreement with Sanco, committed itself to fixing defects where houses were found to be below accepted standards. “It will cost in terms of rectification. But people need to be happy or else they will not pay willingly.”



# Big business should aid in delivery of homes

By Joshua Raboroko

BIG business should form joint ventures with small, medium and micro enterprises (SMME) to meet the speedy delivery of homes, particularly low-cost housing.

Speaking at the 91st annual conference of the Building Industries Federation of South Africa (Bifsa) in East London yesterday, a business consultant Mandla Adonisi said the private sector could play an important role in creating and exploiting opportunities to interact with the SMMEs.

(123) Sowetan 11/9/96  
"We need to develop SMMEs by transferring intellectual capital and know-how and building long-term relationships with those entrepreneurs who want help."

## Economic growth

Speaking at the same occasion, the president of the South African Chamber of Business Rudi Heine said the Government's macro-economic strategy emphasised the contribution which the SMME sector could make to economic growth, job creation and black economic empowerment.

One of the aspects of the strategy that had been welcomed by the business community was the fact that it effectively identified the causative relationship as being from growth to employment and redistribution, rather than the other way around.

This approach seemed to be consistent with the experience of the high performing Asian countries, where progress in reducing wealth inequalities had generally been higher in those countries which placed the emphasis on sustaining high rates of growth, than in those that actively pursued redistributive objectives.

# Proposal to amend law to benefit long-term state tenants

By **BONGIWE MLANGENI**

About 60 000 state-owned houses could soon be transferred to long-term renting tenants - if a proposal to amend the law is passed by the Gauteng government.

Speaking at the Gauteng Legislature yesterday, Housing MEC Dan Mofokeng asked for the amendment of Section 50 of the Local Government Ordinance of 1939, which requires

tenants to be cleared of any debt with the council before they can obtain ownership of their houses.

He presented an amendment bill to the legislature yesterday.

"Section 50 stands in the way of the housing bureaux to transfer all the state-funded houses in the province to the long-term tenants," he said.

He said that the amendment bill made provision for about 60 000 state-owned houses to be

transferred to tenants immediately without clearance certificates being issued by local authorities.

The bill would also allow tenants to pay outstanding arrears, incurred after January 1994, in installments.

All arrears before then, which were estimated at about R3-billion, had been written-off, Mofokeng said.

"We need to enact the necessary piece of legislation to en-

able us to start on a clean plate," he said.

Mofokeng said although the bill would speed up the transfer of houses, it however did not remove the liability of those indebted to the councils.

"Resident should be encouraged to pay for the services they receive.

"On the other hand, local authorities should issue out bills regularly and make pay-points accessible," he said.

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# Housing Trust revamp may cost jobs

(123) BD 13/9/96

THE SA Housing Trust, about to embark on a reshuffle, is trying to figure out how many of its 250 staff will be shown the door in the process.

"It (retrenchments) will happen as we move along," MD Wallie Conradie told Insider. "We will have to follow a detailed and logical process." Job losses, he said, were "probable".

The trust announced last week that it would split into three to deal with bond boycotts, boost low-cost housing and broaden its lending base. Boycott-hit subsidiary Khayaletu Home Loans would operate as a separate company, dedicated to getting performance from non-performing loans.

It now seems likely that Community Bank will also be brought into the new structure in line with its curator's recommendations that it merge with the trust. Insider has been told this would also put pressure on the trust to scale back its staff.

□ □ □ □

THE 50 or so members of the National Empowerment Consortium are now busying themselves with the threesome task of drumming up the cash to pay for the first chunk of Anglo American's

stake in Johnnic. The deadline is October 28.

One of the leading members, New Africa Investments, has long been thought to have its funds already in the bag, given the R1.5bn it supposedly has to hand through its 30% stake in Metropolitan Life.

However, Metlife MD Marius Smith told Insider this was not precisely correct. In fact, the board has still not approved Nail's plans to use part of Metlife's cash to fund its Johnnic foray.

Smith said the matter had been referred to a subcommittee for further discussion, and would be voted on at the board's next meeting. He said there were a number of minor conditions which had to be met before a decision could be made.

He said, however, that the board was unlikely to have any difficulty in going along with Nail's plans, as they had agreed in principle when the matter was first raised with the board.

□ □ □ □

LOCAL public relations firm Sussens Mann Carte was uncharacteristically coy yesterday about its negotiations with UK counterpart Lowe Bell.

Although we hear that nothing has been finalised, talks centre on Lowe Bell taking a majority stake in the Sandton company, though current partners Peter Mann, David Carte and Alan Rabinowitz will probably stay with the enlarged entity.

The local company counts among its clients Sasol, Reunert and British Airways, while Lowe Bell's customers in the UK include British Airways, P&O and Andrew Lloyd Webber's Really Useful Group (former employer of Prince Edward).

Lowe Bell's SA history includes defending the National Party during the 1994 election (no doubt drawing on partner Sir Tim Bell's experience in burnishing the image of former UK prime minister Baroness Thatcher). It also handled the image of Russian President Boris Yeltsin.

In the UK, Lowe Bell holds the distinction of being one of the few public relations companies to have been publicly told off by its client. The client was Hanson Group, who in 1991 wanted Lowe Bell to put up a better fight against the in-house communications department of Hanson's target, ICI. (Hanson's takeover attempt failed). The merger is mooted to affect only

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THE waiting is almost over for Frankel Pollak Vinderine, we are told. A source close to the company said that the stockbrokerage would shortly announce which international bank had bought a stake in the firm.

It has been a long journey for Frankels, which was left at the altar somewhat unexpectedly by Investec earlier this year. Not long after Frankels was jilted, Investec bought Ferguson Bros.

Insider is told that the Frankel deal will now remove any necessity for the firm to pursue a banking licence. Earlier this year, Frankel Pollak Vinderine MD Sydney Frankel said the Reserve Bank had granted the firm a banking licence — a statement strenuously denied by the Bank which said although the brokerage had been given permission to start a bank, it had not been registered as a bank.



# Old chugging Masakhane plan now moving into the jet age

(123) Star 14/9/96

It has been admitted that the original Masakhane plan was riddled with faults. There is now confidence that the problems can be overcome if everyone co-operates, reports **JACQUI REEVES**

The relaunched Masakhane project "is like a sleek jet, powering itself upwards, achieving ever greater heights", says Gauteng MEC for Development Planning and Local Government Sicelo Shiceka.

While that may be true, the original Masakhane project more resembled a third-class train compartment chugging its way around the country, in which passengers had to share their seats with an array of livestock. Speaking to the *Saturday Star* this week, Shiceka admitted that the original project was riddled with faults, but said he was confident the problems could be overcome.

One of the project's greatest faults

*One of the project's greatest faults was the weak position awarded to local authorities*

was the weak position awarded to local government in running the programme, and the lack of power given to locally elected leaders.

"Elected leaders were not given the responsibility of driving the project in their areas. What we are now doing is making Masakhane a people-driven project," Shiceka said.

The new campaign has broadened its focus so that it is not only encouraging payment for services, but also improved quality.

"We are now also looking at the actual delivery of services. Where there is no service, we are investigating why, and how we can change the situation," he said.

Words frequently used in the office of the MEC are "co-ordination", "timeframes" and "performance measures".

Shiceka believes that some of the most bottlenecks in service delivery can be removed simply by better communication and co-ordination.

"The Masakhane campaign that department inherited had no

defined project leaders who could take the ideas and turn them into bricks and mortar. There was also no way to monitor performance levels, which meant that specific projects sometimes wandered aimlessly without delivering the goods," he said.

The department is looking at individual projects and appointing team leaders who will assess what resources are needed, both physically and in terms of human resources.

He said the way to success is to destroy archaic notions that a hierarchy is essential in all projects, and to encourage creative thoughts in solving the problems of the poor and homeless.

"Our idea is to build an open, co-ordinated system that will be output driven and will actually deliver in as short a time as possible."

The new campaign will encourage the formation of street committees that will be divided into wards with elected representatives.

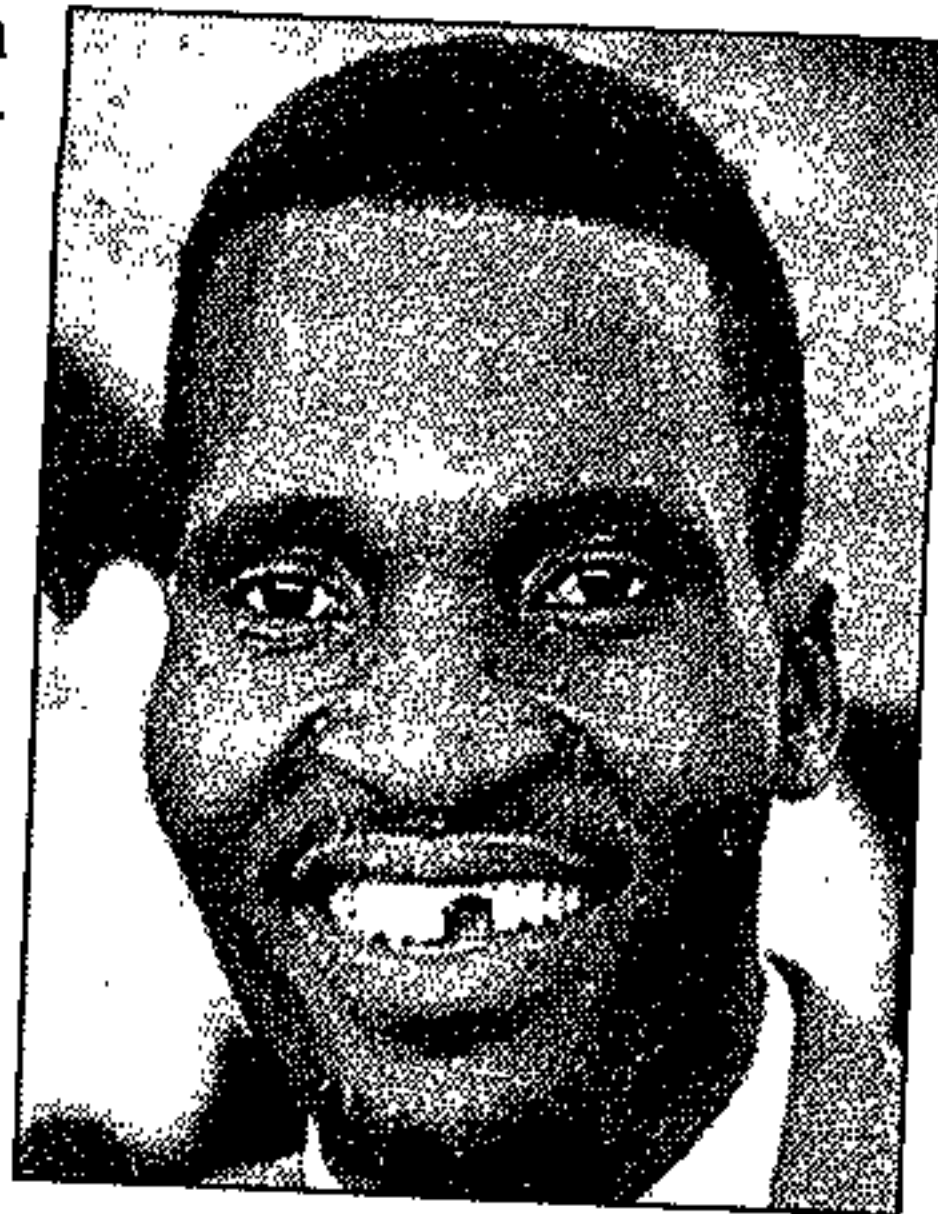
These representatives will be directed to discussion meetings with their ward councillors, who can then take up their grievances and requests with their substructures.

"We have to encourage a greater feeling of community, a closeness that will show how South Africans can act in unison to improve their lives."

While Shiceka shows a will on the part of his department to encourage community action, the recent show of force by Sandton residents in the form of a rates boycott appears to fly in the face of Masakhane's ideals.

Sandton residents are refusing to pay the more than 200% increase in their rates that came about after the GJTMC, in conjunction with the four substructures, agreed to make rates payments uniform.

Most residents have agreed to pay only their old rates, plus an additional 20%. Shiceka, unlike many politicians of late, did not bad-mouth the Sandton boycott, but did say the residents were unaware of the implications of the boycott.



**SICELO SHICEKA:** Masakhane now a people-driven project

He said the problem could be traced back to the urgency that surrounded the passing of the local government budget in November last year.

"Local governments were under a lot of pressure to pass the budgets as soon as possible, and in many instances they did not fully understand the process. Because of the time constraints, there was also a lack of consultation," he said.

Shiceka laid the blame at the feet of ward councillors in the Eastern Metropolitan Substructure, accusing them of letting down the people who elected them.

"During the pre-interim phases there were negotiations around the issues of rates and taxes, where the ward councillors of the EMSS, who are part of the Democratic Party, were present along with ratepayers associations. The DP never went

back to report to their constituents. It is petty politics that they pursued; it is they who have failed the people of Sandton."

Shiceka did, however, lash out against major property manager Liberty Life and its support of the rates boycott. He accused the company of "never lifting a finger during the liberation struggle" and said it was now prepared to undermine "good governance".

"They (Liberty Life) do not understand the implications of this boycott. The Government owes R320-billion nationally. The macro-economic document is looking at cutting government expenditure, so intergovernmental grants and bridging finance that was once available is now gone," he said.

"People in affluent areas like Sandton cannot just expect things to stay the same. Business support of this boycott is going to threaten investment; this squabbling is going to undermine the confidence of investors."

Shiceka has based Gauteng's new Masakhane campaign on a five-year plan that will plot the path of local economic development for the whole province.

Local authorities are in the process of submitting economic development plans that will be open for consultation by the public.

By the end of March, the department of development planning and local development will have facilitated the formation of parallel growth strategies that will be studied, assessed and altered over the five-year timeframe.

"Before the plans are passed, there will be a summit of all local leaders, executive committee members and heads of department where ideas can be thrashed out. After this, the public will have a chance to make a further contribution at a 'social summit' where unions, NGOs, CBOs and other stakeholders can make their input."

The success of the Masakhane project, however, hinges on more than just favoured catch-phrases. People have to be willing to transform their society and their institutions to better reflect the country.

He said local institutions did not

*The new plan is encouraging payment for services and focusing on quality*

reflect the cultural ethos and diversity of the province or the country, and that people must be prepared to "reflect their uniqueness more openly".

"Investors and even visitors want to see us as Africans. We need to move away from the idea of a white and a black culture, and towards a South African culture."

Although the reason for the banding together of Sandtonians may be somewhat contrary to the principles of Masakhane, the boycott has shown that blacks and whites in the area are willing to participate in their local councils, if they feel the need.

This move has also highlighted the poor understanding many residents have concerning the role of the four substructures with respect to the GJTMC.

Referring to the poor communication between some ward councillors and their constituents, Shiceka said the Masakhane campaign could be assisted in all areas with more open channels of access.



R150m given to housing project,

Robyn Chalmers (193)

THE housing ministry has allocated R150m this year to help its self-build People's Housing Process initiative.

At the weekend launch of the initiative in the Eastern Cape, minister Sankie Mthembu-Mahanyele said the housing backlog of up to 2-million units could not be cleared without organised groups building their own homes.

Official housing programmes had not been able to meet communities' needs and the necessary resources were not always available.

"People throughout the world are the main producers of housing and they have proved that they are willing and able to contribute in meeting their own housing needs," she said. Government support for the People's Housing Process included accessing serviced land, subsidies and appropriate forms of credit.

# Expert warns on academic isolation

BD 16/9/96

Bonile Ngqiyaza

UNIVERSITIES should guard against being isolated from the rest of society since any form of exclusion negated human rights and freedoms, United Nations Education, Scientific and Cultural Organisation (Unesco) director-general Dr Federico Mayor said at the weekend.

Speaking at the University of the Witwatersrand in Johannesburg, he urged universities to strive for scientific rigour without forgetting there were immense global asymmetries that needed to

be rectified. "We must realise that a world in which 90% of decisions are taken by men, is underserved," Mayor said.

While he agreed universities should be autonomous and diversified institutions, they should facilitate a closeness in mankind intellectually and culturally because the different experiences had much to offer.

Mayor said he had found countries which were poor in material terms but rich in wisdom and experience.

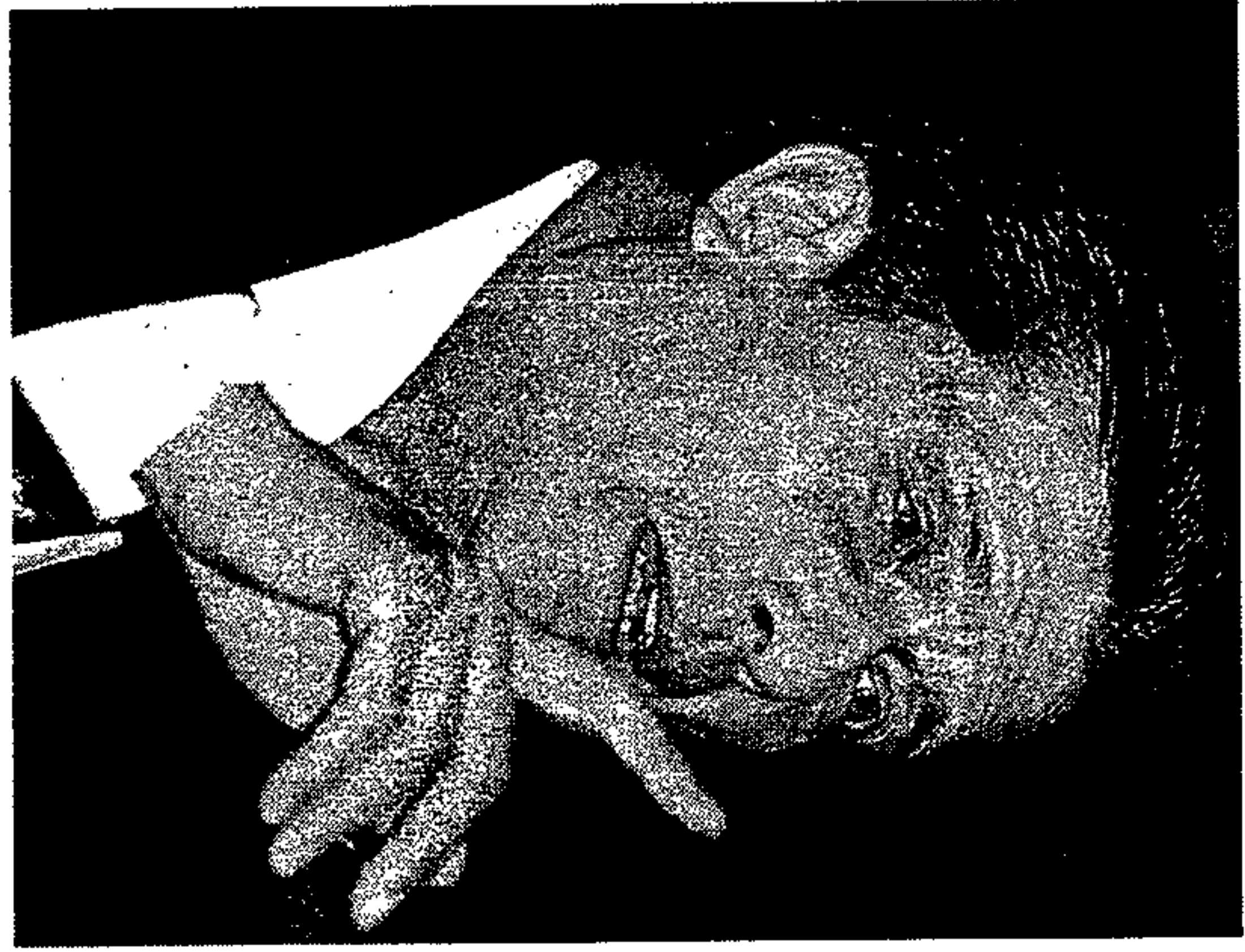
He warned, however, that optimism could never hope to survive

where there was poverty. "How can we have global security if there is immense disparity in the spread of wealth?"

Tertiary institutions, he said, should lead the way in getting the rest of the world to move from the "use of force to reasoning and from a culture of war to dialogue".

It was essential, especially in this transitional period, that education provided people with something more than literacy and numeracy — a sense of self-worth and independence.

Education should help foster a sense of justice and equality.



Unesco director-general Federico Mayor speaking at Wits University. Picture: THRONEARTHUR

# Customs uncovers textile shipment scam

BD 16/9/96

Nicola Janvey

DURBAN — Customs and excise officials pounced on another smuggling scam at the weekend, recovering goods, in a raid in Durban, which would have cost SA R3m in evaded import duties.

National investigation task team head Johan Beets said containers packed with textiles had been confiscated — part of a 3-

month investigation which had recouped goods liable for R25m in duties. The scam had involved two containers allegedly destined for Botswana and so exempt from customs duties.

The containers — packed with fabrics and Chinese-made polycotons — had crossed into Botswana for clearance papers before being smuggled back into SA. Officials had also recovered an-

other 10 containers. False bills of entry and permits had been found. Beets said no arrests had been made, but investigations were under way.

The national investigation task team was created six months ago. Its biggest success has been pouncing on an illegal Cape Town clothing and textile syndicate in June, recovering goods worth R150m.

# Cosatu faces challenge

## over wages

(123) (1994)

By Shadley Nash

CT (BR) 18/9/96

Port Elizabeth Cosatu in Port Elizabeth has the mammoth task of winning over workers after a historic agreement with organised business to deduct municipal service payments from workers' wages.

With services arrears now totalling R86 million, and rising by more than R1 million a month, the initiative by the trade union federation has been widely supported.

On Monday Cosatu and the Port Elizabeth Regional Chamber of Commerce and Industry concluded an "in principle" agreement, believed to be the first of its kind, as part of a campaign to forestall rising arrears and to put the Masakhane programme back on track in the city.

But Cosatu still has to gain the support of its members who will have the final say. Mbuyiselo Ngwenda, Cosatu's regional secretary said: "It's going to be a massive priority campaign."

Ngwenda said Cosatu was due to meet its shop stewards council yesterday to develop a programme whereby shop stewards would be dispatched to their workplaces to iron out practical problems.

"Our members are fully aware of our stand point. Workers want to pay and we are now looking at resolving problem areas," said Ngwenda. — Ecna



Mr G M MUSHWANA: Madam Speaker, I want to thank the FF for the support they have given to this interpellation. I would therefore request the hon the Minister to take the initiative of discussing this issue with all the role-players—with the FF, with our farmers and with the other people concerned—in order to see to it that this initiative is taken further, not only to Mozambique, but also to neighbouring countries such as Zimbabwe, Malawi, Lesotho and further up north, so that we can really develop the agricultural potential of our country, making the whole of Southern Africa the food basket of the world.

**THE MINISTER FOR AGRICULTURE AND LAND AFFAIRS:** Madam Speaker, it is true that what we are largely talking about is private sector investment and response to opportunity.

However, it is also true that Government has, not because it sees itself obligated to assist private investors, but because it believes that the initiative is a very important initiative, committed material resources in support of this programme. It is very important, as the hon member Mushwana has said, that I do interact with the key role-players in this regard, and I look forward to a meeting with Gen Viljoen and other people who are engaged in this initiative.

As members know, I have only recently taken over from my predecessor who was meant to convene a committee of various Cabinet Ministers to discuss, and provide support for, this process. That was less than satisfactory. Starting off with a meeting with Gen Viljoen, I would like to take this process forward. I also look forward to a meeting with my counterpart in Mozambique, the Minister of Agriculture, so that we can discuss exactly what other forms of assistance and co-operation would be relevant to mutually building up our economies and that spirit of co-operation which we are seeking in Southern Africa.

Debate concluded.

2. Mrs S M CAMERER—Justice. [Withdrawn.]

**Squatters: housing strategy**

3. Dr K RAJOO asked the Minister of Housing:

- (1) Whether her Department has embarked on a housing strategy in conjunction with the provincial MECs for Housing in order to provide a comprehensive policy on housing for and the improvement of living conditions of squatters; if so, what are the relevant details;

(2) whether her Department has introduced any measures to monitor and to control the escalation of squatter settlements in the Republic; if not, why not; if so, what are the relevant details?

N2000EX.INT

**THE MINISTER OF HOUSING:** Madam Speaker, the following reply is my response to Dr Rajoo.

Squatting is driven by a variety of socio-economic and political processes, not the least of which is the failure of the previous government to ensure access to housing and land for all its citizens. A housing policy and strategy is not the sole solution to the problem. Secure tenure, access to land and the provision of bulk services are of equal importance in addressing squatting.

To this end the Department of Housing and the Department of Land Affairs are collaborating on the revision of the Prevention of Illegal Squatting Act, because we consider some of the current provisions to be unconstitutional.

The Department of Housing, in collaboration with provincial governments, is actively supporting the people's housing process. The people's housing partnership is rooted in informally housed or squatter communities and empowers people to provide and improve their own housing and living conditions.

In response to part two of the question, the reply is that the Department of Housing, in collaboration with the Department of Land Affairs, is currently revising squatter legislation in order to bring it in line with the requirements of the Constitution. It is not the Department of Housing's role to monitor or control squatter settlements, but rather to ensure access to adequate housing by all through appropriate policy and financial measures.

Dr K RAJOO: Madam Speaker, we understand very well the Minister's articulation of points in her White Paper. What she is stating is simply a rehash of what has been happening all the time. She and her department are doing nothing for the squatters in this country. That is the issue, that is the crux of the matter.

What we are telling her is that squatters in this country are people with feelings and needs who desire homes, which the ANC and Minister Kader Asmal have promised. They promised housing for the people. Where is the housing? The people are there, crying out! [Interjections.]

I am glad to say that the Minister of Water Affairs has provided water in many areas, and that is to his credit. But for the rest of the Minister's speech, I want to tell her that her department has a number of organisations, NGOs and all sorts of different departments, but what are they doing? Nothing has been done for the squatters. They are still there. The squatter population in this country is increasing by 150 000 every year and what has her department done? She is saying that she will have legislation in order to liaise with different groups of people. [Interjections.]

The trouble with this Government, and this Ministry in particular, is that there are too many consultations, too many forums and NGOs, too much running around and doing nothing. [Interjections.] This is the problem, and I would like her to ask her colleague the Minister of Finance—do hon members know that in Pretoria they are calling him Trevor Manuel, the saviour!—to provide a miracle and to give more funds to her so that she can give homes to the neediest of the needy in this country. That is what matters.

I would like to say that in this country the Department of Housing's strategy and policy is a failure, just as the RDP was a failure, a promise, pie in the sky, a hope for the people when they are battling for homes, shelter on the land.

The people of this country, the neediest of the needy and the poorest of the poor, need homes. What hope for the future can they find in this Ministry? The Minister is responsible for housing, and she says that she is liaising with the Ministry. The hon Minister must take the R15 000 subsidy, which people earning R800 and the unemployed will never be able to utilise. [Interjections.]

Mr G M MUSHWANA: Madam Speaker, on a point of order: I just wanted to ask the hon member to mind his language. [Laughter.]

**THE MINISTER OF HOUSING:** Madam Speaker, the hon Dr Rajoo has been very eloquent in trying to say something with very little content. I would like to say to him that it does appear that he is absent from the scene of activities, and also absent from the activities of this Parliament, because if he had been available and had wanted to open his eyes and see, he would be aware of the fact that for the first time ever in this country, the Ministry of Housing, through this new dispensation, is going to the squatter communities to begin to address that problem, a problem inherited from the past. I wonder if he is aware that these very

NGOs, which he thinks are running around and not knowing what they are doing, know their business very well.

If the National Homeless People's Federation would respond by inviting him to study their programmes, I think he would then be better able to see what is happening in the country. I wonder if he is aware that statistics for the housing delivery process have shown an increase, the spending trend has gone up and activities on the ground have taken off. I do not exactly know what he is trying to complain about. I would like to invite him perhaps to join our portfolio committee in an effort to inform himself more actively about the activities of this Ministry. But I would also like to remind him that he has done very little in trying to resolve some of these problems he is talking about. For example, in KwaZulu-Natal, the provincial housing Ministry has been unable to work because of problems which he could have influenced differently on the ground. I would like him to participate in the solution to those problems.

Rev M ABRAHAM: Madam Speaker, I think that the Minister of Housing has deliberately or unconsciously missed the point of the debate. I do not think that is fair. It is an old ploy to blame the old regime and the past. That is the truth of the matter. But she cannot use that argument here, because she is dealing with people. We have nearly 8 million people who have no homes and live in backyard shacks. And this is the housing Minister who is addressing Parliament!

In a previous interpellation I asked her about applying differential rates of interest for different income groups, and she promised to come back to us on that matter. She must give this Parliament a categorical assurance that people out there, especially in the informal settlements, who have no income, will have the hope of getting a house.

Let me explain that her strategy will not work, because if one gives a squatter R15 000 as a one-off subsidy, how can he afford a house? Government must take the initiative to give assistance to the people on a differential rating system so that a man who is not employed or earns less than R2 500 a month can afford a house, because the banks will never give him a loan. So there is no chance for him.

The projected population growth rate is 2.27. That would mean that by the year 2000 we will have approximately 48 million people in South Africa.



If the Minister wants to talk about the previous regime, I think that she should come to the point and address this matter because it concerns her, her department and the poor people who were told in 1994: Vote for the ANC! Vote for houses! Vote for jobs! However, they have nothing now. The Minister is responsible. [Interjections.] She should give the poor ones a chance. Does she really understand her own housing policy? I do not think that she does, because since our last interpellation she has never come back with the answers about the differential rating system. [Interjections.]

Dr K RAJOO: Madam Speaker, I think that the Minister is trying to cast a red herring across our path.

She has conveniently drawn me into the net as if I were the Deputy Minister of Housing.

The DEPUTY SPEAKER: Order! Could hon members please lower their voices so that we can hear Dr Rajoo.

Dr K RAJOO: Madam Speaker, if the ANC forces on the left wing could be quiet then we could lower our voices. [Laughter.]

We are just moved. The Minister of Housing should not think that we do not know what is happening in the squatter camps. We visited them in the Kennedy Road area in Durban. We see them. We know the plight of these people. We are saying that the Ministry of Housing is not adequately providing for the needs of squatters in South Africa. [Interjections.] That is what we are saying.

We do not want the Minister to take umbrage, to find out that she is personally responsible. I am not attacking her personally. I attacked her Ministry. I attacked her department which is responsible. She should not pass the buck to us and tell us what is happening in KwaZulu-Natal. The Minister is responsible for national housing. [Interjections.] She is responsible for the purse strings and the monetary factor that she has to pass on to the KwaZulu-Natal government. So, what is the Minister doing if those people are not doing their job? Is she holding back the funds? Is she checking on why the roll-over factor is escalating? This is what we would like to know.

In a place called Waterloo in Verulam there are 4 000 serviced lots with electricity, sewerage and with a school completely built. For three years, nobody has used that. We are appealing to the

Minister to see that these types of excesses do not continue.

Mr S J GCABASHE: Madam Speaker, I would like to know whether the speaker would take a question.

Dr K RAJOO: Madam Speaker, I do not have the time to take that particular question, but if we could go outside after the debate I will answer all the questions to that member's satisfaction. [Laughter.]

We would like the Minister to look into this fact to prevent the escalation of squatter problems in the urban areas. We need to develop rural and traditional areas. We need the Minister to see how best industries and housing could be encouraged in those areas so that people in the rural areas do not flock to the city and add to the squatter problem. [Interjections.] We would like certain substantial answers in that regard. We do not want her to attempt escapism by telling us about the White Paper. The White Paper is deficient as far as squatters are concerned. That is the issue.

I would like to ask the Minister why she does not look to the banks. There are institutions such as insurance agencies and large parastatal companies that amass millions of rands, for instance Sasol which has posted R3,25 billion as profit. She should use that money, because we contribute to it for the housing of the people. She should use that money to provide service funds. . . . [Time expired.]

The MINISTER OF HOUSING: Madam Speaker, Dr Rajoo is a very interesting interpellant.

He tells me that I should be running around looking for money, as if we have not been doing that. For his information, this Government, through our Ministry, has what is called joint ventures, which are agreements between Government and the financial institutions to speed up housing delivery in a contracted manner—in a manner that will allow us to begin to address the statistics of the huge backlogs. It seems he is not aware of that fact.

He is also not aware of the fact that we are building in the rural areas. This weekend we are launching projects in the Eastern Cape, and two months ago we were in Mingo in the Northern Province. These are not cities or towns.

The hon member forgets that people do not simply need houses to move in and sit in. They need industry, an economy that will keep them in those rural areas. Even if I were to build houses in the rural areas, there may be no occupants unless

we deal with the issue in a different manner. These are the issues that we are trying to avoid.

He is also not aware of the fact that our housing programme has allowed us in the past few months to get all the stakeholders on board. We have the registration council intact, which means that our emerging contractors are now able to participate in the economy and are delivering on housing. He is also not aware of the fact that our own people on the ground are utilising the subsidy and building on their own. The issue is therefore not simply money. One might have all the money in the world and not have the process moving.

It has been very important for this Government, through our Ministry, to make sure that our people participate and are delivering houses on their own. I promise the hon member that in a few weeks we will be able to give accurate statistics, because we have been building and delivering. The houses are so many that we need to count them now. I wonder if he is aware of that fact. [Interjections.]

Mr Rajoo is also not aware that I do not need to be a supervisor or a monitor; I am facilitating a process. [Time expired.]

Debate concluded.

#### QUESTIONS

Indicates translated version.

For oral reply:

Executive Deputy President:

#### Task group on government communications

\* 1. Mr A J LEON asked the Executive Deputy President:

(a)(i) What is the purpose of the task group on government communications, (ii) what are its responsibilities and (iii) what is its expected lifespan and (b)(i) who are the members of this task group and (ii) what qualifications and experience does each of these persons possess? N1669E

#### The DEPUTY MINISTER IN THE OFFICE OF THE EXECUTIVE DEPUTY PRESIDENT:

(Reply partially laid upon Table with leave of House)

(a) The Task Group on Government Communications arose out of a Con-

ference of Communicators convened by the Deputy President in August 1995. One of the conference resolutions was "that there should be an independent task group on government communications and that the task group be charged with the responsibility of investigating policies and structures for the future government communications in South Africa." (See resolutions attached.)

(b) The Task Group's brief is as follows:

1. The Task Group should review:

- existing government communication policy at national, provincial and local level;
  - existing government communication structures and facilities at national, provincial and local level;
  - existing government budgets with special reference to personnel, operations and equipment;
  - relationships between government communications functions at national, provincial and local level;
  - government communication training and capacity building with special emphasis on affirmative action; and
  - ownership and control of South African media and how these affect government communication.
2. The Task Group should define existing information delivery systems.
  3. The Task Group should examine international communication functions with special emphasis on information dissemination.
  4. The Task Group should do research on government communi-



# Govt aims to eliminate 'shoddy' housing

Robyn Chalmers

GOVERNMENT would seek to conclude further agreements with contractors to ensure that shoddy workmanship was eliminated and full use was made of subsidies, Housing Minister Sankie Mthembu-Mahanyele said yesterday.

Speaking at the National Home Builders' Registration Council, which was set up to protect consumers against unscrupulous contractors, the minister said she had encountered a host of housing quality problems in various provinces, especially in Northwest and Eastern Cape.

In addition, some consumers were not getting the full benefit of their subsidies, which industry sources said was largely due to high building costs, excessive fees charged by some contractors and rising building material prices.

Mthembu-Mahanyele said government spending on housing was improving, good progress was being made with the delivery of low-cost housing units, and the "people's housing process" was moving ahead.

The minister recently announced the allocation of R150m to the process to assist organised groups of people who were willing to save and build

their own homes. Government would help people gain access to subsidies and appropriate forms of credit, training opportunities and suitably located serviceable or serviced land.

Council chairman Mike Mohohlo said significant obstacles had been overcome to form the council, as well as more recent opposition from a number of large construction firms.

More than 2 800 applications had been received from large to small construction firms looking to join the council — a prerequisite for bond finance — and 2 190 of these had been approved.

Only 202 applications had

been rejected — the remainder were still being assessed — as a result of poor credit ratings and strong evidence of shoddy workmanship that had not been rectified. Mohohlo said eight contractors had been deregistered.

It was becoming clear the council was a risk management organisation. The potential for defects on homes was closely related to the experience of contractors the council certified.

While the international age profile norm for warranty scheme members was seven to 10 years, it was three months to two years in SA, evidence of the mushrooming contractor businesses, Mohohlo said.

(123) BD 18/9/96

# No MIF claims by banks yet

CT (BR) 20/9/96 (58) (123)

By Maggie Rowley

Cape Town — No claims have yet been lodged by the banks with the government's Mortgage Indemnity Fund (MIF), which stands at R150 million.

The fund was formed in June last year to insure banks against the political risk of providing home loans in areas which had become no-go zones for lenders. A further R100 million is set to be injected into the fund next year.

Nkululeko Sowazi, the managing director of the indemnity fund, said the fund was pleasantly surprised that no claims had yet been lodged.

The first claims were expected towards the end of the year or early next year. "We are monitoring the situation closely."

Sowazi said the banks could only claim with the fund as a last resort. Banks were covered for the

political risk incurred in lending and not the commercial risk.

"If a borrower defaults, the banks have to go through the process of trying to repossess the home. Only if they cannot take possession of the house can they look to the fund for compensation. However, they have to prove the due process of law has been followed," he said.

Dennis Creighton of Servcon, the company formed jointly by the government and the banks last year to deal with properties in possession, said negotiations with about half of the occupants of 14 000 houses affected had been successful.

The occupants had either signed repurchase documents or had agreed to downsize to more affordable accommodation.

The other 7 000 properties remained a problem, and it was now up to the financial institutions

holding the bonds over these properties to pursue the due process of law through evictions. If the banks were unsuccessful, they could lodge a claim with the fund.

Duncan Reekie, the chairman of the Association of Mortgage Lenders, said the banks would not embark on large-scale evictions, but would first concentrate on areas where evictions would cause the least disruption.

He said the banks were also talking to the government and exploring other options.

He did not envisage any claims on a large scale would be lodged with the fund until bottlenecks in the housing delivery process had been ironed out.

Sowazi said that 450 areas had been approved for cover under the fund, while cover of a further 80 areas where disputes over bond and service payments were continuing had been deferred.



# Tensions on township building centres

(123) (123) (123) ET(BR) 20/9/96  
By Jonathan Rosenthal

Johannesburg — Dan Mofokeng, the Gauteng MEC for housing, met yesterday with building materials merchants to head off tensions over government plans to establish township building material distribution centres.

Mofokeng unveiled the plan that would combine advice services with initiatives to ensure the cheap supply of building materials.

The national government had already allocated R150 million to

support the establishment of these centres. The Gauteng government would provide additional funds for 14 centres in the next year.

Mofokeng said building materials cost more in townships than in traditionally white areas.

This had put a brake on government's plans to encourage people to build their own homes.

Mofokeng said the government wanted to shorten the supply chain and ensure that materials were delivered in bulk to township hardware stores. This move could result

in white merchants and retailers being bypassed.

He said government planned to set up these centres in existing retailers in the townships.

Building supplies merchants contested the plan, arguing that the existing supply chain was adequate but that lack of credit and high risks pushed up the costs of supplying to emerging contractors and township hardware stores.

Instead of an overhaul of the existing chain, they argued that government resources would be

better spent on providing credit guarantees and support to black builders and retailers.

Establishing new supply centres would only duplicate existing infrastructure and threaten the existence of small, black hardware stores in the townships.

The marketing manager of a retail chain argued that the government should rather allow market forces to govern the supply of materials and prices, which would fall in the townships as demand increased.

# THE RATES WAR: HIGH NOON FOR DEMOCRACY

(123) FM 20/9/96

## Perils and fallacies of collectivism

If the Sandton rates protest was simply about money, it would be doomed to failure. Household budgets would be adjusted to accommodate the rates bite and less well-off residents would move away or hold on to their properties with the help of relatives and friends.

The anger that has spilled into the streets and civic chambers of the Eastern Metropolitan Substructure would dissipate, leaving a bitter residue of racial and class resentment ready to flare up again at the least provocation. It has happened before and no doubt will again.

But this is not about money, at least not only about money. What is at stake in the northern suburbs of the Greater Johannesburg Transitional Metropolitan Council (TMC) is the nature of good governance and the means by which all of us, as South Africans, seek to define our democracy.

In that sense, the rates boycott is a defining moment, a brick in the construction not only of Johannesburg but of the emerging nation.

Lose sight of the big picture and one might as well pack in the protest and pay up. For that would be handing victory to the critics who say that the protest revolves around rich whites balking at the upliftment of the blacks on whose labour and coin they have prospered.

Of course, it is a specious argument — but one easily sold to the covetous; and a dangerous one, for it exploits and inflames race and class divisions. That harms everyone, including the critics.

Almost 250 years ago, French political philosopher Charles de Montesquieu observed that "democracy has two excesses to be wary of: the spirit of inequality, which leads to aristocracy, and the

spirit of extreme equality, which leads to despotism." He could have been writing about SA today.

After discarding the dark spirit of our unequal past, we are left with an aristocracy and a proletariat. The ANC's remedy — at least at local government level — is to seek to establish equality by taking from the rich and giving to the poor. It has endeavoured to do so not by despotic means (though some may use that word) but with an air of arrogance and an appalling ignorance of the fundamentals of good governance.

As the primary taxpayer and dispenser of services, local govern-

tion to local government issues until July when they were hit in their pockets by rates bills 200%-300% higher than they had been paying.

As eastern executive committee deputy chairman Sol Cowan points out, the council held several public meetings and placed newspaper advertisements to inform ratepayers of the impending increases. As judges have oft remarked, ignorance of the law is no excuse.

But what the ANC is learning to its cost is that government cannot survive by punishing its citizens. It will also learn, if the rates boycott hasn't driven home the lesson already, that there is a limit to the ability or willingness of the relatively small affluent part of society to pay for policies with which it disagrees, or knows will not work.

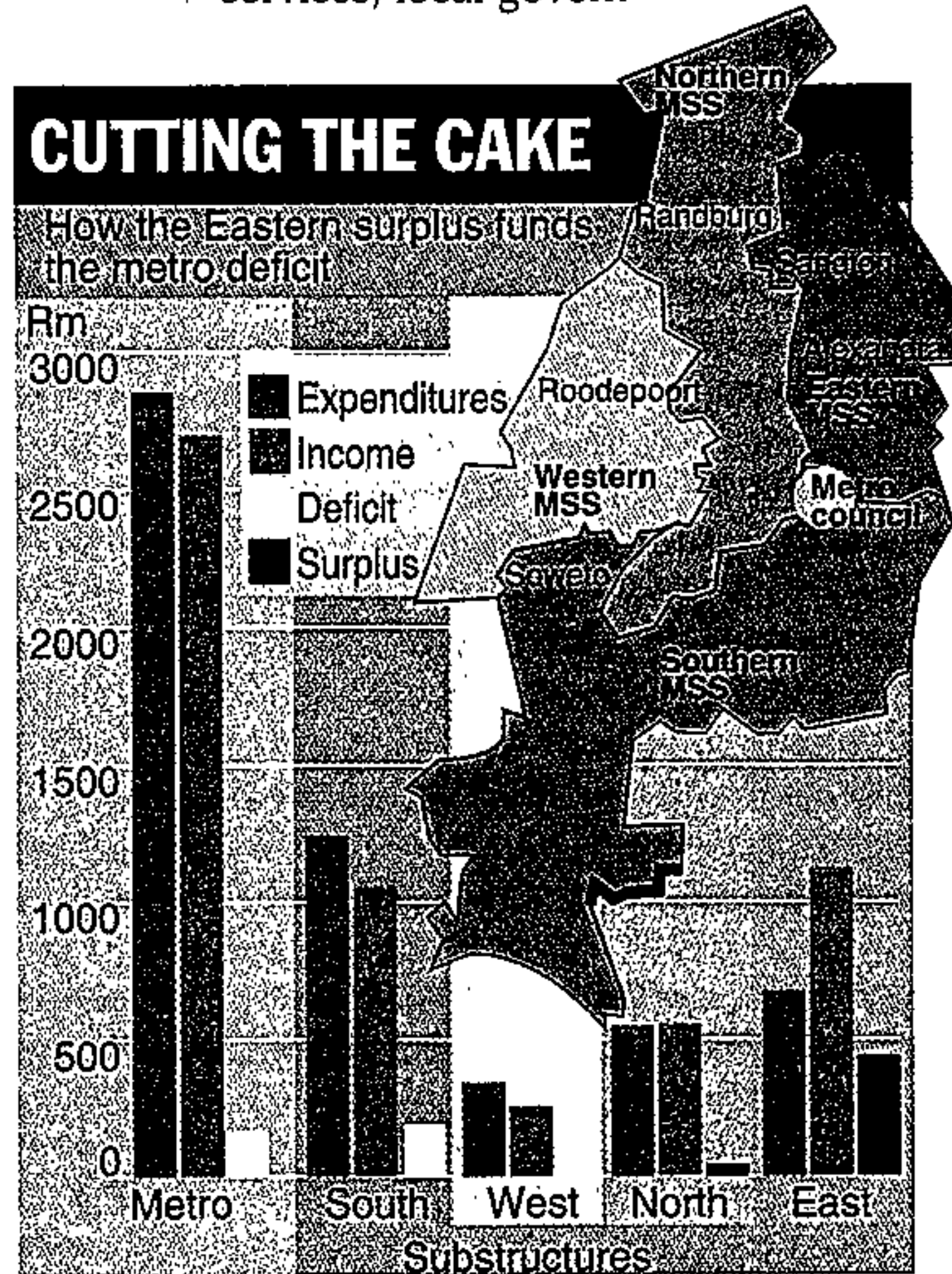
This is another reason the Sandton residents' protest must not be allowed to fizzle into nothing. If the collectivists win this round, they will be encouraged to maintain the arrogance which some members of the ANC majority in the eastern substructure have displayed.

This was demonstrated by the substructure's dogged refusal to negotiate with residents for a way out of the rates impasse. It refused even to consider a phasing in of the rates increase, as suggested by the Democratic Party, even though it had earlier agreed to allow a year to phase in electricity increases in the substructure's black suburb of Alexandra.

"There is clearly a retributive mentality in the ANC on this issue," says DP councillor for Houghton Mike Moriarty. "It's as if they want to squeeze the non-ANC voter."

But more important than politics and courtesy is the cockeyed manner in which the TMC has gone about its redistributive budgeting.

The TMC calculated it would have a R442,5m shortfall this year — a R162,5m deficit on its own accounts, R188m in the south (including Soweto) and R92m in the west (including Lenasia and Ennerdale). What isn't generally known is



ment has become more important to the lives of South Africans than before. That is a positive development. Taxpayers can ignore this at their peril, as demonstrated by the current dispute.

It seems fair to say that eastern substructure (including Sandton) ratepayers were remiss in not paying much atten-



# Housing subsidy 'vultures' berated

(123) BD 20/9/96

Robyn Chalmers

SOME local authorities and developers were openly abusing government's housing subsidy scheme, seriously reducing the value that homeless people were getting out of it, housing department director-general Billy Cobbett said yesterday.

He told a housing conference that the subsidy was subject to a series of raids by self-serving entities. "The subsidy must be able to move through the system without being picked clean by vultures," he said.

Community representatives and housing specialists said they were aware of instances where less than 50% of the subsidy reached the needy. The individual subsidy system works on a sliding scale, with those earning less than R800 a month eligible for a R15 000 subsidy down to a R5 000 subsidy for those earning between R2 501 and R3 500 a month.

Cobbett said generally the subsidy system had been bedded down and was working well, but there remained abuse which had to be eradicated. The focus had to be on how much could be delivered from the subsidy and not how much it could be ripped off.

The role of local government was being heightened significantly in housing delivery, with joint ventures with the private sector to be promoted and a greater focus on social housing with a rental component. There would be a far stronger emphasis on the densifying of mass housing projects, with indi-

vidual ownership to be played down and more collective forms of ownership such as rural tenure to be promoted, he said.

Standard Bank consumer market GM Bob Tucker said the previous reliance on private ownership financed by formal lenders had been wrong, and SA's "addiction" to individual ownership was seriously flawed. He said innovative forms of financing were necessary, as only 20% of SA's population qualified for traditional 20-year mortgages. Banks would do well to extend this beyond 22% in the next few years.

National Housing Finance Corporation CEO Johan de Ridder said local authorities faced three broad options in housing delivery: withdraw completely, dispose of existing housing stock, or leave it to the private sector, but this was unsustainable.

De Ridder said local authorities could become developers and financiers, but this was likely to lead to the withdrawal of other private sector players in the market and mistakes of the past would be repeated.

The best option was to create capacity outside local authorities in conjunction with the private sector where risk and accountability were shared.

The government's determination to deliver homes for the poor has recorded some successes.

LEE-ANNE SMITH reports

# National priority has room for all

ST (BT) 22/9/96 (123)

THE concept of a broad partnership between the public, private sector and beneficiaries in addressing South Africa's housing challenge is central to the government's approach, says Housing Minister Sankie Mthembu-Mahanyele. "We are moving from empowering bureaucracy to empowering people to help themselves," she says.

"The government has a limited role to play (limitations on the fiscus and other pressing social needs mean government is only able to offer a subsidy to those who earn less than R3 500 a month), and it is vital that all partners make a contribution."

"Housing is a people-driven process, and the participation of all possible role players in the process to create the synergy needed to maximise housing output is necessary."

The construction sector is a key link in the delivery chain and Mthembu-Mahanyele says the establishment of an equitable and comprehensive partnership between large and small contractors is essential to ensure effective mobilisation of all private sector resources in the delivery of housing.

"This sector should also be committed to the promotion of competition between as many delivery agents as possible. Self-regulation of prices is a critical element as their uninhibited escalation will certainly destroy any benefit to be attained from state subsidies and other investment in housing," she says.

Mthembu-Mahanyele points out that the withdrawal of private sector finance from low-income communities caused a deterioration in the physical and environmental conditions in these areas which in turn led to further withdrawal of investment. If this cycle is not broken, the situation cannot be expected to improve.

"Given a conducive environment for private investment and the provision of credit in these areas, financial institutions should do their part by providing finance at the lower end of the market."

"The government recognises and accepts the responsibility to create and maintain an environment in which contractual rights and obligations are respected and enforceable. Simultaneously, we believe that there is an obligation on the private sector to support the government in stabilising the housing environment."

She says it is also important that suppliers of building materials be considerate when dealing with the low-cost housing market.

"In order to support affordable housing, they should impose effective measures of self-regulation and control inflationary pressures on the prices of goods and services."

She says it is clear that not one, but many integrated campaigns are necessary to deal with the

housing problem. These include:

- Greater commitment on the part of financial institutions to allocate resources to poor areas;

- Greater commitment from building materials suppliers to keep their prices in line with the policy of affordable housing, in both urban and rural areas;

- Firm indications from communities that rent service and bond boycotts have come to an end, and

- Respect for due legal process.

"The government is fully involved in this process through the housing subsidy scheme. The scheme, in conjunction with various other interventions aimed at mobilising credit, is one of the cornerstones of the government's approach to the housing challenge," says Mthembu-Mahanyele.

Stabilising the housing environment is a major problem in South Africa. Many communities were in disarray, and refused to pay for the services rendered by the government. This resulted in even the private sector restricting its investment in communities.

"The task now is to create conditions favourable for investment by the public, private sector and individuals in this area."

She points out that poor people

the world over have proved in many innovative ways that they are willing and able to provide their own housing needs. All they require is appropriate support from the government. The government is currently in the process of facilitating the establishment of housing support initiatives, some of which are in the form of building and information centres.

These housing support initiatives — for which the state offers facilitation and grant funding — will provide:

- Advice and support to communities in planning and funding new housing developments and their continuous upgrading;

- Advice to prospective home owners and tenants on technical, legal, financial and consumer protection aspects;

- Planning and design assistance, including the quantification and costing of building materials and other requirements;

- Help and advice on contracting and supervision;

- Help and advice on buying materials at affordable prices; and

- Support during the implementation and construction phases of the housing process. Since the government of national unity took office the average monthly delivery in respect of individual and project linked subsidies approved increased from a monthly average of 536 between March 1994 and August 1995, to 5 611 from September 1995 to June.

"Our statistics show there is an increase in the delivery of housing, and we are confident this trend will strengthen in the months ahead," says Mthembu-Mahanyele.

## QUOTE:

The government has a limited role to play and it is vital that all partners make a contribution

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# 'Foundations laid', houses next

HERE'S a spring in Sankie Mthembu-Mahanyele's step these days.

The Minister of Housing says the cornerstones for the mammoth task of housing the nation are in place and the bricks are being laid at an accelerating rate.

This time last year, housing was bogged down in a quagmire because of uncertainty over government planning, hold-ups in the allocation of bonds and subsidies and differing views over just how to house almost half the country's population who fall into the low-income bracket.

The result was that most of the money allocated for housing was not spent.

But now that most of the tempests which raged last year over the housing issue have abated, the housing ministry has set about tackling the main obstacles identified by a top-level task-team as holding up housing, and further measures to speed up delivery are in the pipeline.

Issues in a second task team report to be released next month will cover higher-density development... and rental housing, an area where the government is likely to favour greater tenant protection and

**MINISTER of Housing, Sankie Mthembu-Mahanyele, believes much housing headway has been made now that the main obstacles delaying the provision of housing are being tackled – but serious problems still remain. CHIRAZ CARTER reports.**



schemes which enable tenants to eventually purchase their homes. Mthembu-Mahanyele said official statistics indicated the housing process had already speeded up.

According to the Department of Housing, the average monthly delivery of approved subsidies increased more than tenfold from 539 between March 1994 and August 1995 to 5 946 between September 1995 and July this year.

June and July of this year saw the number of subsidies taken up approach the 10 000 mark.

These figures are an indicator of bureaucratic speed rather than actual houses because the department's

statistics are based on subsidy applications and approvals. There is not yet a data base for recording the actual number of houses built.

The minister reeled off a series of measures taken to speed up delivery.

- The allocation of a further R525 million for housing delivery, mainly through joint ventures between the state and private sector developers.
- The signing of 16 agreements with the private sector for mass housing projects.
- The National Urban Reconstruction and Housing Agency (Nurcha) has assisted many black contractors' while the National Home Builders' Registration Council has registered

more than 2 000, mostly small, contractors in a move to ensure skills are upgraded and consumers do not suffer from fly-by-night developers.

- Bureaucratic delays in subsidy approval, land acquisition and transfer have been addressed.
- The state has developed a closer relationship with non-governmental organisations like the Homeless People's Federation and is targeting local government authorities.
- Meetings with the private sector has led to a firmer bond with lending institutions and developers.
- Women are driving the housing process in the rural areas.
- Housing support centres are being set up in a range of areas.
- The SA Housing Trust is being revamped.
- The Finance Corporation is in place to provide finance for those who do not meet conventional credit requirements.

Several legislative measures are also underway, such as changes to illegal squatting laws and moves to safeguard the right of tenants.

- But serious problems remain:
- The culture of non-payment remains entrenched in several areas, leaving these outside the Mortgage Indemnity Scheme – a problem being handled at presidential level.

Crime has bitten at housing projects – according to Mthembu-Mahanyele, major contractors either do not want to tender or push up their rates to include costs such as damage to vehicles, theft of materials and periods when they are unable to get to site.

One of the Katoru projects (the repair of houses damaged by violence) will cost R46 million more than expected. About 10% of this extra cost is a result of crime. A further ten percent of the overall budget has been allocated to improving security measures on the project.

- Still more serious is lack of capacity at a regional level, as provinces differ vastly in their ability to deliver housing.

Statistics for provincial expenditure on housing between April and July this year indicate that Gauteng, the Free State and the Western Cape have spent about half their available funds.

At the other end of the spectrum are regions with the most dire housing needs – KwaZulu-Natal, the Eastern Cape and Northern Province.

The Eastern Cape has spent just over seven percent of its R450 mil-

(123) CP 22/9/96

lion allocation, KwaZulu-Natal has spent 16 percent of its R460 million and the Northern Province has spent eight percent of its R340 million.

Mthembu-Mahanyele said there was a serious problem of lack of capacity in some regions which had not even been able to form provincial task teams to examine the delays.

The present housing backlog is estimated to be between 1,5 million and 1,9 million units, but the minister said she feared the problem was far bigger.

The size of the problem, limited resources, together with the experience of Third World countries, mean the government is wedded to a strategy which relies on a partnership with the non-state sector.

"State resources and capacity to deal with the backlogs are limited. We cannot address housing without mobilising the broader non-state sector," said Mthembu-Mahanyele.

She said government was not the "central provider of housing" but saw its role as helping to "empower" people.

She has devoted many hours this year to meetings in which she sought to convince hard-nosed business leaders that investment in low-cost housing was not only a matter of social responsibility, but also in their long term best interest.

A question frequently raised last year – the possibility of increasing the subsidy amount – has been firmly ruled out as "unaffordable".

This, together with a situation where most people who qualify for a subsidy do not meet the credit requirements of lending institutions, means the Housing Ministry has steered away from the thorny issue of minimum standards and favoured an incremental approach.

People get the subsidy – much of which goes towards purchasing land and providing services – build what they can afford, hopefully improving the property later.

Mthembu-Mahanyele said the hard realities of limited government finance and mass poverty meant any approach towards provision of housing had to be "creative".

This included community-based self-help schemes and co-operative ventures as well as formal developments. The type of housing ranged from the starter houses built in Katoru built in Protea Glen.

Mthembu-Mahanyele said the eighteen months' initial delay was not all loss.



Picture: JEREMY GL...

# Indemnity fund keeps banking safe

ST (BT) 22/9/96 (123)

THE primary aim of the Mortgage Indemnity Fund, which administers the Mortgage Indemnity Scheme, is to indemnify financial institutions against an inability to enforce their rights in the event of a breakdown in the rule of law.

Its other functions include devising remedial mechanisms in problem areas, encouraging the private sector to resume lending in areas in desperate need of finance and triggering new lending in the affordable housing market.

Nkululeko Sowazi, the fund's chief executive, says the pillars of housing finance are the availability of funding, a distribution network, the willingness of people to pay, and the due process of law.

The risk profile of an area is assessed according to three main criteria — the state of local government administration; the state of civil stability; and housing performance in the area (the payment of rates and services, boycotts, and rates of bond defaults). The greatest weight goes to civil stability because that is the specific risk banks are covered against.

Sowazi says applications for indemnity cover can come from financial institutions, local authorities, and provincial housing boards only. The MIF has assessed 550 areas, provided cover in 437 former red-lined areas (mainly in Gauteng), and has "deferred" 80 areas.

"MIS-deferred areas are not condemned forever; we try, through the MIF provincial forums, to create platforms to resolve ongoing area-based disputes that have prevented them from getting cover. Many areas that were previously deferred have since been granted cover."

Sowazi believes the MIF has made quite a significant contribution to new

housing development and towards the normalisation of the lending environment. Up to July this year, 41 679 loans with a total value of R3,2-billion were granted in MIS covered areas, and of these, 26 298 loans with a value of R1,1-billion were granted in the government subsidised market.

"While this is nowhere near what we would like to have unlocked, this is new investment in areas where lending had completely stopped," he says.

"Furthermore, there is a discernible increase in the number of loans granted and this is aside from the approximately 60 000 micro-loans that have been granted for housing purposes, some in MIS-covered areas."

He adds that the MIF's general conclusion is that the rate of housing delivery is definitely on the increase; that lending institutions are beginning to respond more appropri-

ately to the low-income market; and that, given the state of unemployment and the lack of affordability, there is no longer reason to believe that housing is not on a gradual, sustainable move forward.

Sowazi says the MIF, which is wholly owned and funded by the government, was never intended to be a long-term scheme, but rather a short-term mechanism. "We are hoping that by 1998 a substantial number of relationships between lenders and borrowers will have reached normality, obviating the continued need for an indemnity scheme."

"One also hopes that during this period appropriate long-term mechanisms to deal with disputes between lenders and borrowers will take hold and ensure that such a breakdown is minimised in the future."

## QUOTE:

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WANTING TO BE UNWANTED . . . Nkululeko Sowazi, chief executive of the Mortgage Indemnity Fund, which assesses an area's risk profile



The government's determination to deliver homes for the poor has recorded some successes.  
LEE-ANNIE SMITH reports

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ST (05) 22/9/96 (123)

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"The government has a limited role to play (limitations on the fiscus and other pressing social needs mean government is only able to offer a subsidy to those who earn less than R3 500 a month), and it is vital that all partners make a contribution.

"Housing is a people-driven process, and the participation of all possible role players in the process to create the synergy needed to maximise housing output is necessary."

The construction sector is a key link in the delivery chain and Mthembu-Mahanyele says the establishment of an equitable and comprehensive partnership between large and small contractors is essential to ensure effective mobilisation of all private sector resources in the delivery of housing.

"This sector should also be committed to the promotion of competition between as many delivery agents as possible. Self-regulation of prices is a critical element as their uninhibited escalation will certainly destroy any benefits to be attained from state subsidies and other investment in housing," she says.

Mthembu-Mahanyele points out that the withdrawal of private sector finance from low-income communities caused a deterioration in the physical and environmental conditions in these areas which in turn led to further withdrawal of investment. If this cycle is not broken, the situation cannot be expected to improve.

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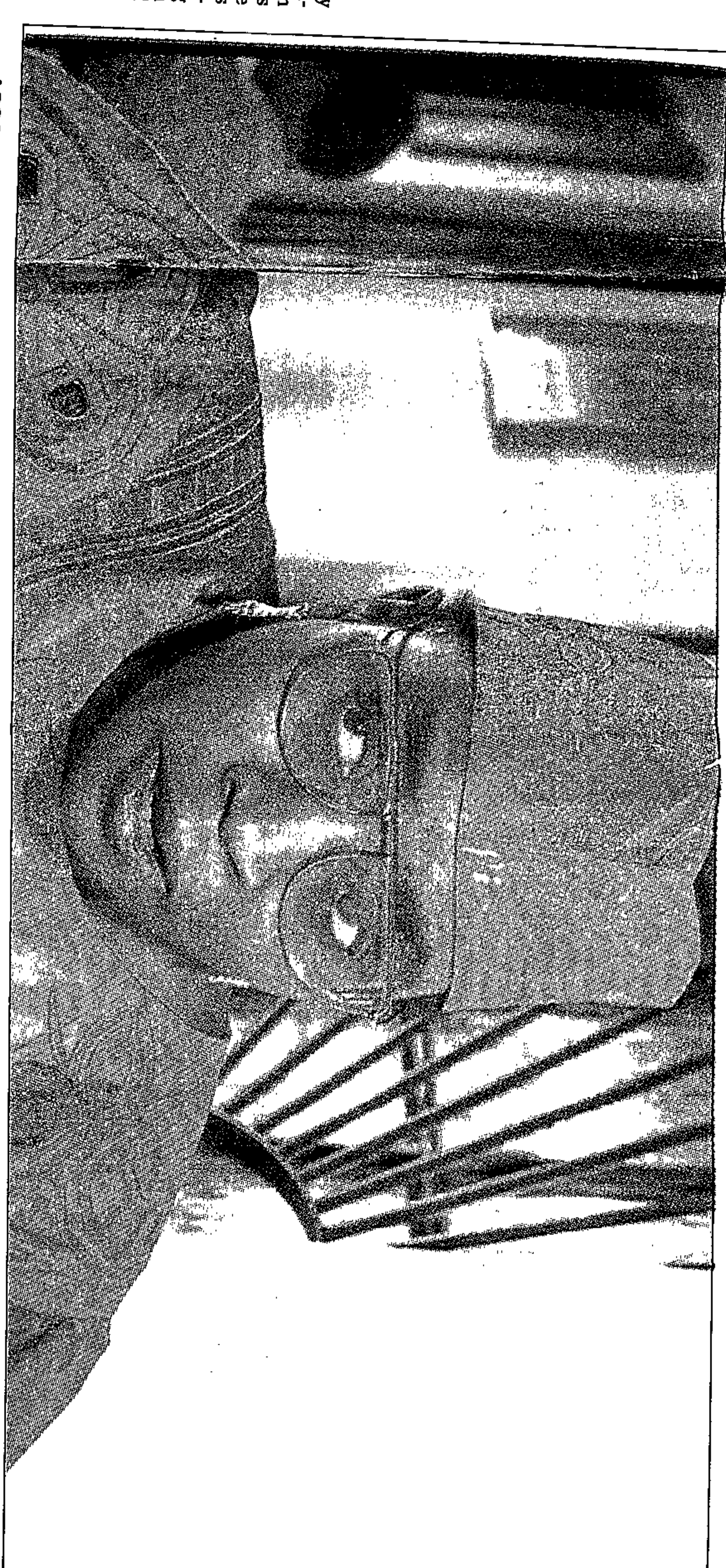
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ACCOMMODATING... Housing Minister Sankie Mthembu-Mahanyele, who says the government is doing its bit in the drive to provide housing

## Keeping home-owners covered

THE need to set up a home builders' warranty scheme which would provide consumers with protection from shoddy workmanship was called for in the Department of Housing's White Paper, the Botshabelo Accord, and later in the government's record of understanding with the banks.

The scheme's establishment was necessary to facilitate the large-scale delivery of housing, especially considering the many bond boycotts and areas redlined by banks, says Mthembu-Mahanyele, Chairman of the National Home Builders' Registration Council, which was established on June 5 1995 as a private, non-government Section 21 organisation.

"It took the Council for Construction in South Africa (an umbrella body consisting of stakeholders in the home building and associated industries) 15 months to workshop the details of a construction industry self-regulatory mechanism with

teeth that would manage a defects warranty scheme to protect the consumer and enhance the integrity of the home building fraternity," he says.

"It was a challenging process, and still is, but we have achieved general consensus on the fundamental working principles of the NHBRC. The main thrust of the council is to offer home-owners protection against poor workmanship."

The warranty scheme is not an insurance scheme, but rather a facilitatory mechanism where, if a registered contractor refuses, or is unable to honour his contractual or warranty obligations, consumers can request intervention from the NHBRC. A contractor is vetted upon registration with the council.

"We have to ensure he is competent to build the number of houses he says he is going to build, and that he does not have a track record of bad workmanship or dishonesty in business. Sub-contractors such as plumbers, electricians, and carpenters do not need to register — only those who actually sign a contract with the homeowners," he says.

Registered contractors are obliged to adhere to the NHBRC's code of conduct and rules; attach a standard home builder's warranty to each building contract or deed of sale; construct the house in accordance with the standards and guidelines as laid down by the NHBRC; enroll each house which has a total selling price of R250 000 or less with the NHBRC (from February 1996); and pay a warranty levy of 1.3% of the total contract value of each enrolled house to the NHBRC.

At the moment, the defects warranty scheme only covers products up to R250 000, but there is a strong call from many quarters to lift the ceiling so that all homeowners can be protected.

"We will be the first organisation in SA to develop these kind of statistics. This information, which will indicate the capacity of SA contractors, will be of great use to government, banks, estate agents and material suppliers, and the country as a whole."

According to the NHBRC a large proportion of new houses that have been built by registered members meet the NHBRC's technical standards. Some 500 houses are being registered with the council every week.

He says that although the NHBRC has enjoyed wide publicity large pockets of ignorance and misinformation about the principles and procedures of the NHBRC still need to be countered.

"We also have to educate consumers about their own responsibility in homeownership, often what is perceived as a structural defect is negligence on their part," he adds.

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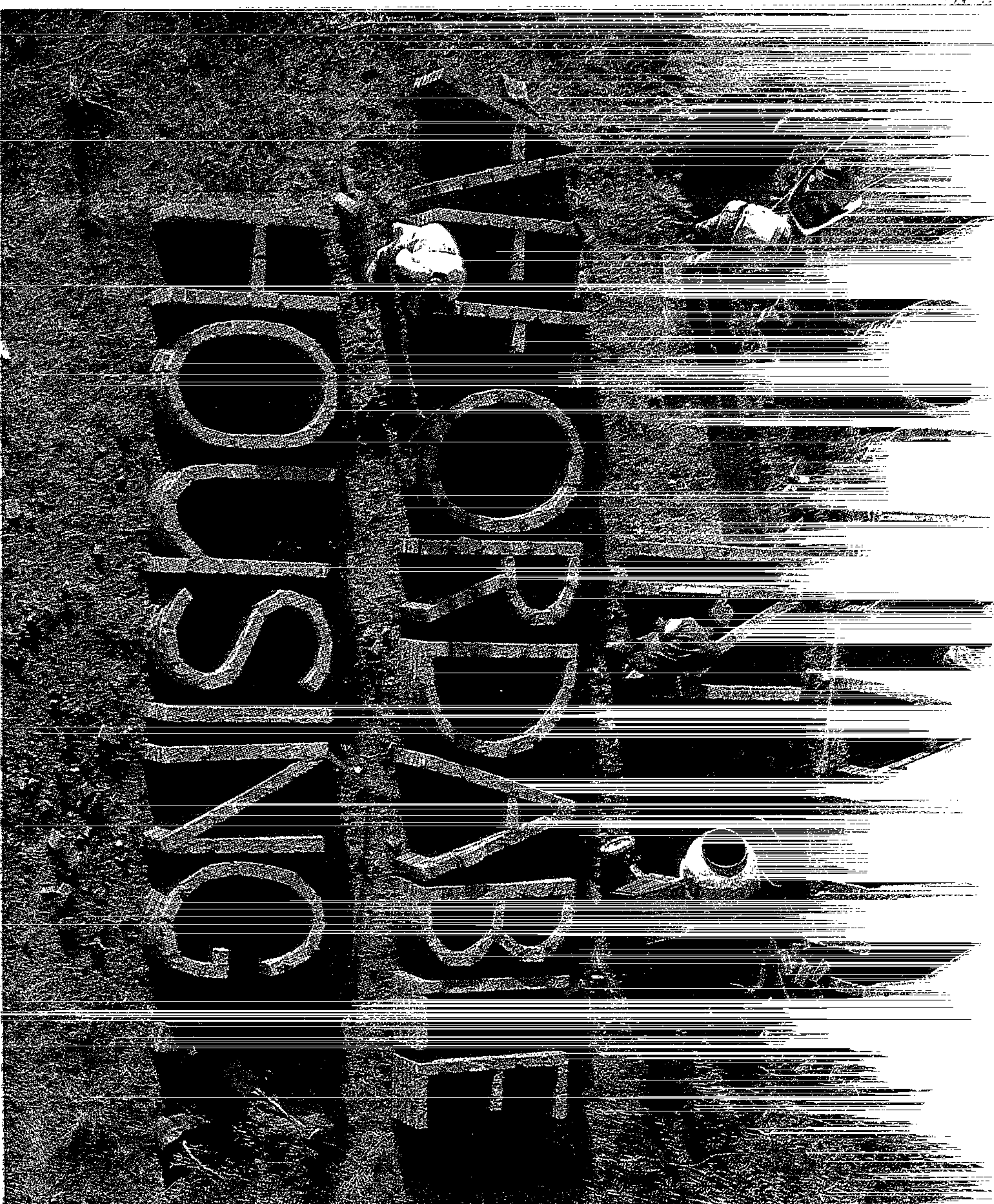
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# Guidelines for private water services

Robyn Chalmers

THE water affairs and forestry department will issue guidelines this week for greater private-sector involvement in water services provision.

Department deputy director-general Mike Muller said some local governments were considering handing responsibility for the management and development of water services to a private contractor for lengthy periods.

This was typically 20 to 30 years under contracts for delegated management, concessional operation or full privatisation.

The guidelines were being issued to local authorities and provincial governments to ensure private-sector capacities were used in a way that achieved government's goals. These included lower tariffs, expanding services and facilitating access to finance for the expansion of services.

"We want to make sure that lo-

cal authorities, some of which have little experience of contracts of this nature, are properly equipped when entering into negotiations," he said.

Three criteria to govern private-sector involvement in water services have been identified. The first was competition, with international experience showing that competitive bidding was essential to reap the full benefits of private-sector involvement.

The second was transparency,

with consumers and workers to be kept up to date with events to avoid unnecessary conflict between labour and management.

The third was coverage as it was important to ensure that poorer and problem areas were included with more attractive regions.

The guidelines were an interim measure, as a government-led task team was developing draft legislation for the water services which would provide a framework for private-sector involvement.

One regulation being considered was that all water service providers produced a development and operational plan for the services to ensure their approach met the basic goals of public policy.

Muller said that it was impossible to estimate the extent of possible private-sector involvement in water and sanitation services provision as it would depend on the decisions of individual local authorities.

This follows comments from

Ungeni Water former CE Graham Atkinson, who last week said the privatisation of water facilities would spell disaster for the more than 11-million South Africans who did not have more than a rudimentary access to water. "Water supply predators from European corporate jungles have been stalking the South American continent and parts of Asia for years. They have now set their sights on SA, where they see rich pickings," he said.

Released

# Local councils crucial to delivery of new housing

(123)  
Ahan 23/9/96

Communities should be encouraged  
to adopt a self-help approach to  
the problem, experts say

By BONGWE MLANGENI

Local government structures have a crucial role to play in housing and should encourage communities to adopt a self-help building approach to increase housing delivery, say housing experts.

The role of local government in housing was put under the microscope during a conference held in Johannesburg last week and organised by the Institute for Housing of South Africa.

Experts said although housing delivery relied heavily on the central Ministry of Housing, local government had an important role to play, as stipulated in the draft housing bill.

The bill stated that local government should ensure communities had access to housing opportunities.

It should also identify and designate land for housing.

Advocate

Werner Zybrand said there needed to be a mind-shift and attitude change for local government to make it.

He said new skills and plans should be introduced to local government to create better delivery strategies.

He emphasised the involvement of communities, saying it would make delivery seem an effort of all stakeholders.

It would also promote a positive environment.

Sapa reports that housing director-general Billy Cobbett

stressed that the involvement of communities in housing developments would make them responsible for the care of such properties.

Cobbett said by such participation, the work-load of the already overburdened local government authorities would be reduced.

Experts pointed out that since local councils had been elected they had provided fewer than the number of houses needed.

In Greater Johannesburg about 300 000 families, mostly in low-income groups, were in need of houses and the council would have to deliver about 80 000 houses annually over the next three years, said housing acting-director George Huntley.

However, he said land invasion in the area had hampered housing development and delivery.

Resources which could be used elsewhere had been spent in preventing

squatting and moving people who had set up informal housing projects.

Experts urged local government to improve communication with communities and involve them in housing projects.

Later, at a function, Patricia Matolengwe, a single mother from Cape Town, was chosen the National Housing Person of the Year.

She is part of a housing saving scheme in the Western Cape which has started building houses for the poor in the Philippi area.

“  
**New skills  
should be  
introduced**  
”



# Partial success for Servcom in battle over defaulters

Robyn Chalmers

ABOUT half the defaulters, occupying 14 000 properties overseen by Servcom, the government and banks joint venture established to deal with repossessed properties, have responded to its attempts to solve non-payment.

Servcom head Denis Creighton told a recent housing conference that 7 100 defaulters had signed up with its programme — a key

component of the low-cost housing process. But many had still not come forward, despite an extended deadline of June 30 this year.

About 3 000 properties were not freely accessible to Servcom and direct contact with ex-owners had been prevented by violent conditions or action by civic or residents associations.

"This is an unacceptable situation and the Mortgage Indemnity Fund is working hard to remove

the blockages and help us deal with the underlying problems."

Government said earlier this year that it would evict "unco-operative" defaulters who did not respond to Servcom's programme. This involved entering into a sales agreement and repaying bonds, or moving to more affordable accommodation.

Details on evictions to date have not been available from government, banks or the Mortgage

Indemnity Fund.

About 3 300 defaulters had entered into sales agreements and 3 800 into rightsizing deals. Many would have to receive "intensive care" until they established a consistent payment pattern. Some who had signed agreements had defaulted again, Creighton said.

Problems facing Servcom included difficulties with the Masakhane Campaign and continuing poor economic conditions.

(123) BD 25/9/96

It was estimated that up to 60% of the occupants of repossessed properties were unable to afford them.

Other factors included the lack of significant housing delivery, a lack of cohesion around and acceptance of housing policy, as well as the SA National Civics Organisation's resistance to the record of understanding. The agreement was signed between government and banks in 1994 to boost bank lending into perceived risky areas.

However, government and Sanco have set up a technical committee to investigate certain aspects of the agreement which should lead to greater acceptance of it on the part of civics.

Creighton said the challenge facing Servcom was to complete the first phase of its programme as soon as possible, which meant defaulters either had to sign a sales or rightsizing agreement, or face the normal legal process.

# defaulters

# New electricity connections have hit 478 000 mark

Robyn Chalmers

LOCAL government, Eskom and other institutions took the number of new electricity connections to 478 000 last year from 82 000 in 1991, putting government on track to meet its electrification targets.

The National Electricity Regulator's first annual report for the year to March — it was formed last year — showed that about 50% of the dwellings in SA had no

access to electricity, but that inroads were being made.

The report said that if the current rate of electrification could be maintained, government's objective of raising the percentage of electrified houses to 70% by 2000 from 40% in 1992 would be met.

However, the viability of electrification programmes was being affected by a lack of funding, low consumption by newly connected customers, the remoteness of communities from the grid and non-

payment by consumers.

The Eastern Cape was the most severely affected by limited access to electricity, with 72% of dwellings not electrified by the end of last year. It was followed by the Northern Province at 71%, the Northwest at 64% and KwaZulu-Natal at 57%.

Only 18% of dwellings in the Western Cape were not electrified, 23% in Gauteng and 34% in the Northern Cape, the report showed.

The regulator was set up last year to regulate the electricity supply industry. It was given the power to issue or revoke licences, regulate tariffs and structures and to regulate service standards and the achievement of electrification and other national targets.

During the review period the regulator issued new guidelines on an interim tariff system and established a transmission tariff working group to consider issues surrounding the purchase price of

electricity by distributors.

The report outlined recommendations made by the electricity working group to government on restructuring the electricity supply industry. An announcement on government's decision is expected within weeks.

The recommendations included that the electricity distribution industry be consolidated by merging the distribution businesses of Eskom and local governments into financially viable independent re-

gional distributors.

The group proposed that tariffs be cost reflective to ensure the industry's financial viability and that separate, transparent taxes to fund electrification and other municipal services be introduced.

A full-time and specialist transformation team should be established to finalise various outstanding issues, plan and negotiate transformation with stakeholders and draft legislation for restructuring.

(123)

6/10 25/9/96



# Competitive bidding essential, says Asmal

**Lukanyo Mnyanda**

BD 26/9/96 (123)

WATER Affairs and Forestry Minister Kader Asmal has identified competitive bidding, transparency and the need to ensure the widest coverage possible as the guidelines to be applied when deciding on private sector involvement in the provision of water services.

Releasing the guidelines yesterday—water services legislation is to be introduced in Parliament next year—Asmal said they were a matter of common sense “but common

sense based on extensive consultation and international experience”.

Competition was essential if the full benefits of private sector involvement were to be realised. No company would be awarded a contract before bidding against other qualified companies.

Transparency in the way contracts were awarded would ensure that unnecessary conflict between labour and management was avoided. “Private sector partnership in the water sector should be established in an open and transparent ef-

fort and not by stealth,” Asmal said.

Local governments had to ensure the widest coverage possible so that poorer communities also were catered for.

Sapa reports that while the guidelines did not have the force of law, if any local authority did not comply, they would be liable to explain that decision should the terms of a contract be questioned.

Asmal said that as an extreme measure, he could reconsider the permits which entitle local governments to use public water.



# Housing target is still elusive

*Source: Star 26/9/96*

## Unanticipated difficulties have seriously delayed progress (123)

By Joshua Raboroko

**T**WO YEARS after the banks promised the Government that they would finance some 50 000 new low-cost homes a year for poor people in South Africa, this target has still not been met.

Unanticipated difficulties have seriously delayed progress since the Record of Understanding (ROU) between the Government and the banking industry and the Housing Accord of Botshabelo in 1994.

The Mortgage Indemnity Fund (MIF), Servcon Housing Solutions (Pty) Limited and the Defect Warranty Scheme, under the control of the National Home Builders Registration Council (NHBRC), were then established.

### Effective implementation

A senior appointment was subsequently made by the Council of South African Banks in July 1995 to ensure the effective implementation of the banking industry's undertakings.

The housing agreements were intended to enable banks to make lending decisions based purely on commercial risk. They would only operate in that part of the market that could afford home-loan finance.

The mass housing market, it was agreed, would be the responsibility of the Government and alternative funding structures.

It was also agreed that it was the Government's responsibility to create an environment in which the business sector could operate with confidence.

The rule of law must be strictly, fairly and effectively upheld to make it clear to borrowers that defaulting on their mortgages would result in firm action against them.

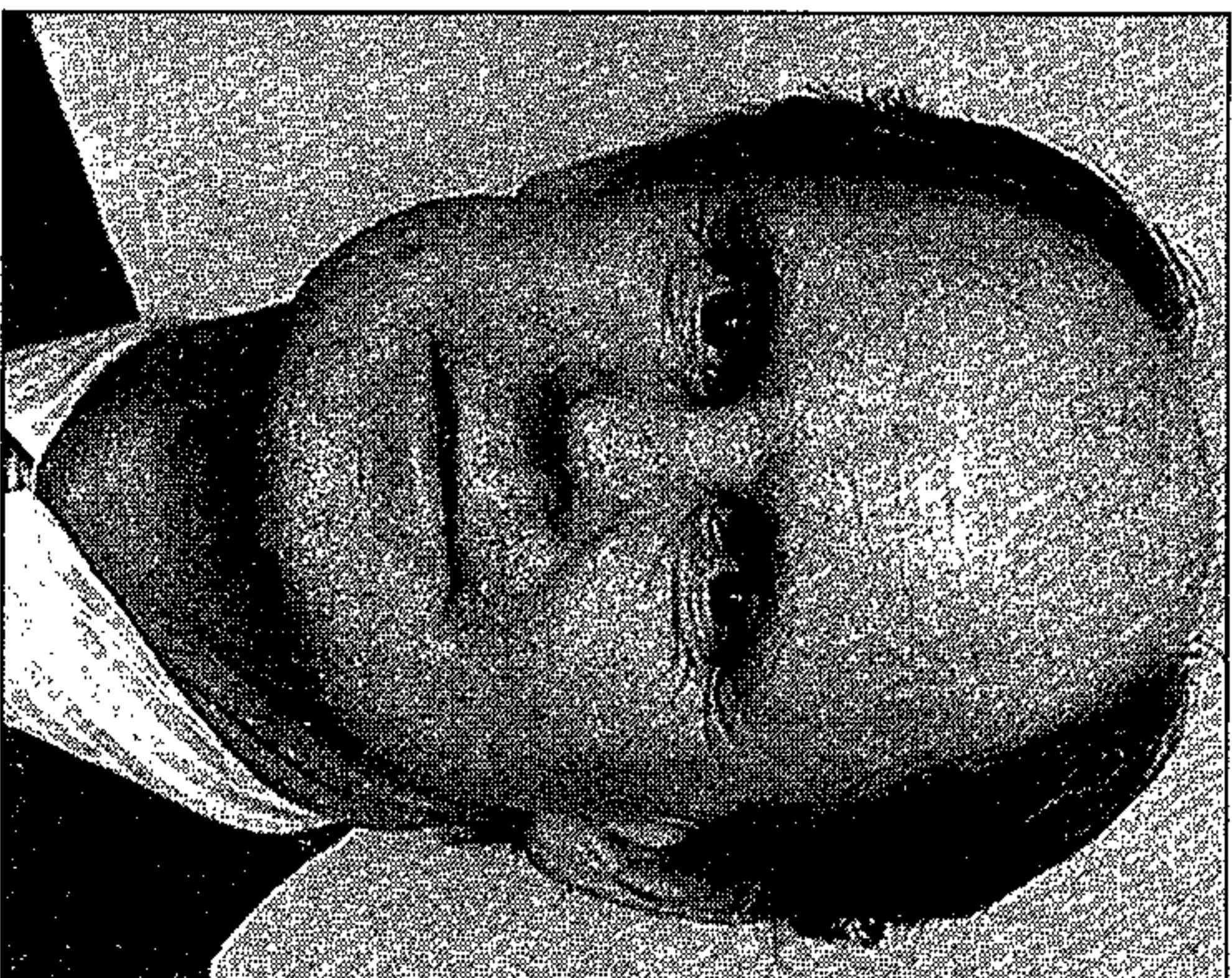
Since those agreements, said Association of Mortgage Lenders (AML) chairman Mr Duncan Reekie, major difficulties arose which hampered their undertaking to advance up to R2 billion for 50 000 new loans in the 12 months up to May this year.

The major cause for the delay in delivery lay outside the banking sector. It had always been acknowledged that banks couldn't hope with assisting the estimated 65 percent of the population who earn less than R1 500 a month and who are unable to service debts of any nature.

A particular area of concern was that the Masakhane campaign had so far not had the desired effect of encouraging property owners or lessees to resume regular payments for services.

There has, in fact, been an increase in the number of non-performing mortgage loans.

The inability of the economy to provide increased employment opportunities had also made it increasingly difficult for applicants to meet basic



**Duncan Reekie ... says the major cause for the delay in housing delivery lies outside the banking sector.**

lending criteria.

Many prospective homeowners were unable to provide the required five percent cash deposit plus costs.

Other areas of concern are labour unrest, the high number of refugees, squatting and land invasion problems and the initial problems experienced by Servcon in accessing properties and meeting with breadwinners.

From June 1995 to April 1996, the

banks had only achieved about 35 000 new loans to the value of R2,7 billion in MIF-approved areas. The failure to achieve their target is of significant concern to the banks involved.

The AML, which represents South Africa's 16 major banks and lending institutions, said it was firmly committed to playing a pivotal role where possible to provide home loans.

However, the view of the banks was that demand for credit had been weak because of poor economic conditions.

The lack of growth in the economy had failed to provide new employment opportunities for a new pool of homeowners to achieve the stable income required to service a mortgage loan.

In turn, these conditions raise the risk for developers in providing new housing stock as demand for the end product is uncertain.

High bank interest rates also impacted unfavourably on housing. Present home loan rates were about four percent higher than in the period between November 1993 and September 1994.

"It must be remembered that it was in late 1994 when the ROU was finalised," said Reekie. On a loan of R60 000 at current interest levels, the monthly instalment is R1 007,83 while during the earlier period it was R823,52.

In some forums, he added, it was perceived that banks regarded the MIF as a way in which the Government would bale out the banks for problems in housing such as non-performing loans.

However, Reekie said, banks were not seeking a bale out, but an environment in which lending could take place.

The banking groups were also working with the Home Loan Guarantee Company on collateral replacement guarantees to cover the risks involved in housing loans in terms of revised credit criteria.

### Improving dialogue

Dialogue with the building sector - mainly through the NHBRC - was also improving and was aimed at reviewing the credit criteria for applications for affordable housing.

But, Reekie pointed out, the success of the housing market was inextricably tied to the success of the broader economy.

With interest rates already at near-peak levels, and economic forces creating further pressure to increase it, the actions of the Reserve Bank will be watched closely.

It must protect the currency - but without having to resort to an increase in bank rates.



# W

ELL over a third of the 400-odd local authorities which distribute electricity could soon default on their bulk payments unless the government implements wide-ranging proposals to restructure the electricity-supply industry.

The proposals, by the statutory National Electricity Regulator and Electricity Working Group, will drastically reshape the finances of local authorities by removing their power to sell electricity directly to consumers in their areas.

The recommendations were presented to the Cabinet in May, but a decision has been delayed pending investigation by various sub-committees.

In terms of the proposals, the 400 distributors of electricity will be rationalised into a small number of new regional electricity distributors (possibly five). These will sell electricity directly to consumers and take over responsibility for the electrification programme. Local authorities will be compensated for the loss of income by a capped amount levied on electricity sales.

However, the plan envisages that tariffs will in future be cost-reflective and not merely a revenue-raising tool for municipalities. It is therefore likely to lead to cheaper electricity for consumers in the long run.

Ian McRae, chairman of the regulator, said few of the 2 000 odd tariffs were cost-reflective. "Income from electricity tariffs is used to make up municipal budget shortfalls and some industrial and commercial tariffs are almost double what they should be."

The regulator estimates that about 150 local authorities will soon be in serious financial trouble and likely to default on their payments to Eskom. Eskom is owed about R1,4-billion, mainly by municipalities, which in turn face non-payment from townships users.

In terms of the proposals:  
 A number of distributors will be established in defined geo-

# Councils in line for electricity

## earnings

### Shock

ST (PT) 29/9/96

(123)

## Reforms are needed to forestall a crisis, SVEN LUNSCHE reports

Provincial boundaries will not be used to determine the areas. Instead, provinces have been grouped together to create financially viable entities.

The regions could be grouped around Gauteng; KwaZulu-Natal; Western Cape; Eastern Cape and Free State; and Mpumalanga, Northern Province and North-West.

In a defined area the resources of Eskom and local authorities will be merged and facilitated by a joint supervisory board or through a shareholding structure.

The distributors will supply electricity and set up the ad-

ministrations to collect payments. A portion of the income from electricity sales will be returned to local authorities through a transparent tax.

Some large customers will have a choice of suppliers and may, for example, negotiate supplies directly with Eskom.

The distributors will also be responsible for the electrification programme in their regions. The programme will continue to be financed by the electricity supply industry internally. Eskom is the largest contributor to electrification.

An alternative proposal is that Eskom be transformed into a tax-paying company and



GENTLE JOLT... Ian McRae says the alternative to an overhaul is stricter control

that the electrification programme be financed through the fiscus.

McRae warns that delays in implementing the proposals will sharply reduce the pace of electrification.

Eskom is on track to electrify 300 000 homes this year, in line with its RDP commitment of 1.5-million homes over five

years. However, certain local authorities have consistently failed to meet their electrification targets and are unlikely to connect the targeted 150 000 homes this year.

McRae says the rationalisation of distributors is also vital as local authorities are losing skilled people rapidly and are thus not able to deliver elec-

tricity efficiently. He says a number of municipalities have already asked the regulator to transfer their licences to Eskom or other distributors. He warns that if the proposals are not implemented the regulator will be compelled to regulate the industry through stricter controls on distribution licence requirements.



elsewhere, or the amount of funds that will become available as result of the President's Education Initiative.

I have done the preparatory work that is necessary to obtain funds that may be required in this regard. When it is possible to determine exact amounts, I will proceed and inform the public.

I can assure educators that requests for the voluntary severance package will not be turned down solely because of a lack of funds. If requests are turned down it will be because they did not satisfy the objective, namely to facilitate redeployment, also taking into account the retention of required expertise.

#### Cuts in subsidies to children's welfare organisations

\*35. Mrs E J CHAIT asked the Minister for Welfare and Population Development:†

- (1) Whether her Department is envisaging any cuts to (a) children's and/or (b) other welfare organisations; if so, (i) how many and (ii) what are the reasons for the cuts;
- (2) whether she will make a statement on the matter?

N1497E

The MINISTER FOR WELFARE AND POPULATION DEVELOPMENT:

- (1) (a) No cuts are envisaged for child welfare services in this financial year. The Welfare Re-prioritisation Committee did not recommend cuts to children's homes and crèches and provinces have confirmed that they have not affected any cuts. In some provinces, there has been an increase in expenditure on child welfare services and
- (b) yes, there has been a cut in subsidies to old age homes of approximately R50 million in this financial year. The subsidy formula was negotiated with stakeholders, and whilst this will mean hardship for old age homes we reached agreement after lengthy discussions that this was the only option to take. No cuts have been recommended for other welfare services this financial year.

- (i) the cut in subsidies to old age homes amounted to a saving of R50 million. The government currently subsidises 800 old age homes which were all affected and

(ii) the Welfare Re-prioritisation Committee, appointed by the previous Minister for Welfare and Population Development, developed uniform guidelines for the financing of welfare programmes in line with the draft White Paper for Social Welfare.

The recommendations of this Committee provided for more effective targeting of services at the poor through the introduction of a sliding scale and setting of minimum standards for residential and community services.

In many parts of the country, government is still subsidising programmes which serve primarily white beneficiaries. Many of the programmes are still fashioned on First World welfare models and there is an over-reliance on institutional care. Much of the proposed changes at present relate to freeing of resources by cutting back on excessive institutional care especially for the elderly.

The R50 million saved as a result of cuts of old age homes is being redirected to new priorities such as HIV/AIDS, child and family welfare services, community-based care and developmental initiatives which will address the vast socio-economic backlogs in services.

We are aware of the great need for financial support for crèches and we will need to go to the drawing board to look at the financing of community based early childhood development programmes. We are also aware that children's

homes are struggling, but we need to establish real costs. A large part of the work done by child welfare organisations is statutory work. Essentially, statutory work is work which is carried out in fulfilment of the requirements of legislation. Much of this work has to do with protecting the basic rights of children and other vulnerable persons. This is essential work and it is the government's responsibility to fund this work according to appropriate norms and standards. Should government fund all programmes fully according to current norms and standards, it might be totally unaffordable. It is critical therefore that sustainable and affordable norms and standards be set to deliver statutory services in line with the new developmental social welfare paradigm.

I have recently held meetings with national stakeholders in the child and family welfare field in this regard. I have reported to these stakeholders that Government is faced with real financial constraints arising from the need to address the national debt burden. I have also pointed out that welfare funding has reached a ceiling and that it is critical that re-prioritisation and rationalisation of services be instituted.

- (2) no, a media release was issued on the 16th of May 1996. In addition, there is ongoing consultation with the various interest groups.

#### Housing: joint ventures

\*36. Mrs P DE LILLE asked the Minister of Housing:

- (1) Whether any joint ventures for which an amount of approximately R525 000 was made available for the 1996/97 financial year are to be undertaken; if not, what is the position in this regard; if so, (a) when

and (b) how will these joint ventures be undertaken;

- (2) whether international business will be allowed to involve itself in these joint ventures; if not, why not; if so, what are the relevant details;
- (3) whether the Government will provide guarantees for international capital; if not, why not; if so, what are the relevant details?

N1498E

The MINISTER OF HOUSING:

- (1) The amount of R525 million has been set aside for scale delivery of housing in joint ventures with the private sector. The programme will be structured to maximise private sector gearing and investment, and will focus on increasing delivery at scale in the crucial R17 500 to R45 000 house price range. The main purpose of the programme will be to ensure mass delivery at much higher densities that are being achieved by the one-person-one plot approach. The funds will involve all three tiers of Government and will aim to:

- Address political and administrative risks inhibiting delivery;
- Provide an acceptable ratio between commercial risk and return to investors and developers on projects in this market segment;
- Enable housing to be undertaken on a basis that optimises the price benefits of economies of scale, and ensure that such benefits are passed through to consumers;
- Optimally gear state funds with private sector investments using mechanisms that will be sustainable in the long term;
- Provide opportunities to people to access housing under a wide range of tenure and financial arrangements, depending on their needs and their preferences, in a market currently under serviced in this regard; and
- Promote a savings driven housing process.

The task team that I appointed in August 1995 is in the process of formulating



proposals in this regard and I am expecting their second report with more information on this matter in the very near future. I intend to make the report public as I did with the first one.

- (2) and (3) As far as international business and the provision of guarantees are concerned, I can't express myself on these matters until the awaited report of the Task Team has been considered. However, it should be noted that it is not the practice of this Government to provide guarantees.

#### Fraud/corruption: losses

\*37. Mr J A JORDAAN asked the Minister for the Public Service and Administration:

Whether his Department incurred any losses as a result of fraud and corruption in the 1995/96 financial year; if so, what was the total cost to his Department incurred as a result of such fraud and corruption?

N1500E

**THE MINISTER FOR THE PUBLIC SERVICE AND ADMINISTRATION:**

No losses were incurred as a result of fraud or corruption in the 1995/96 financial year.

#### SANDF: use of land reviewed

\*38. Mr D H M GIBSON asked the Minister for Agriculture and Land Affairs:

Whether, in the light of changed circumstances in South Africa, any steps have been taken to review the use of land owned and/or controlled by the South African National Defence Force; if so, (a) what steps, (b) how much land is available (i) for the purposes of land reform and (ii) for sale for the purpose of raising funds for land reform and (c) what action is to be taken on the basis of this review?

N1501E

**THE MINISTER FOR AGRICULTURE AND LAND AFFAIRS:**

Yes.

- (a) The changed circumstances in South Africa have necessitated the review of the use of South African National Defence Force (SANDF) controlled land. Land under the control of the SANDF is audited on an ongoing basis with reference to the use thereof and the SANDF's responsibility

for executing its primary function, namely the protection of South Africa's sovereignty and territorial integrity.

According to an arrangement with the Department of Public Works, the SANDF (like all other state departments) is obliged to provide, on a continuous basis, the Department of Public Works with information on land under its control which is no longer required for its line functions.

According to the Green Paper on South African Land Policy, which was released by the Department of Land Affairs in February 1996, state land should be managed in such a way that it will promote the objectives of the RDP, and in particular the Land Reform Programme.

- (b) (i) The SANDF, which manages approximately 490 000 ha of land, has started to actively contribute to social development issues, such as making land available to previously disadvantaged communities. In doing so, the SANDF has since 1992 handed back approximately 175 000 ha of state land. In this regard, particular mention can be made of the following:

— The whole of the Riemvasmaak Training Area in the Northern Cape Province, where a total of approximately 74 000 ha of land was handed back to the Riemvasmaak Community; and

— approximately 14 000 ha of land at Army Battle School in the Northern Cape Province (presently known as Jenn Haven) was made available to the Khosis community. Negotiations are currently underway to identify additional land in this area to resettle other displaced communities.

Another important result of the ongoing process of auditing the use of SANDF land is the handing back of under-utilised military areas. Since 1992 a total of approximately 10 000 ha of land has been made available, which was subsequently used for land reform. In this regard mention can be made of the following:

— Land at Khayelitsha and Blue Downs (Cape Flats), Da Gama Park (Simon's Town) and Saldanha, which was originally reserved for military purposes, has been re-developed for extensive housing projects. Portions of the Saldanha Military Area have been allocated to the Local Authority for extensions to the adjacent residential areas;

— under-utilised land adjacent to the Odi Base at Winterville near Mabopane in Gauteng has been allocated for a housing project. The whole of Elandsfontein Training Area near Pretoria has been made available for the extension of Ateridgeville; and

— former military areas at Ladysmith in KwaZulu/Natal were utilised for housing, while a large parcel of land at Pongola is to be transferred for purposes of small scale farming.

There are currently five military terrains which are experiencing pressure to relinquish some, or all, of their land. Extensive negotiations are currently underway on each of these terrains. It should, however, be noted that the availability of land is dependent on the parties involved reaching a workable solution. The replacement of facilities will be very expensive. The terrains affected are Schmidtsdrift Training Area (Northern Cape), Army Battle School (Northern Cape), Bosch Hoek Training Area (KwaZulu-Natal), Mosita Training Area (North West) and Madimbo Training Area (Northern Province). These areas constitute an approximate area of 65 000 hectares.

- (ii) All the SANDF land which has, or will be, handed back to the Department of Public Works will, however, not necessarily be suitable for land reform. Such land will be sold by the Department of Public Works to other users. The proceeds of such sales, which will be paid into Treasury, may be considered for land reform purposes. At this point in time I am not in a position to give an indication of the amount of money which will be involved.

(c) The optimal utilisation of all SANDF, as well as other state land, will be continuously monitored to identify superfluous land which can be considered for land reform purposes. Mechanisms have already been established between the SANDF and the Departments of Public Works and Land Affairs, in order to make available information on such land. Ongoing audits on all state land will be conducted by the Departments of Land Affairs and Public Works, in conjunction with the user departments (including the SANDF), in order to identify land which is not used optimally and may be utilised for land reform.

#### Mandatory health insurance scheme

\*39. Mr M J ELLIS asked the Minister of Health:

- (1) Whether a mandatory health insurance scheme in respect of hospital benefits is now in place; if so, what are the relevant details; if not, why not;
- (2) whether it is the intention to introduce such a scheme; if not, why not; if so, when is it anticipated that such a scheme will be in place?

N1502E

**THE MINISTER OF HEALTH:**

- (1) No, the mandatory insurance scheme is not yet in place.
- (2) It is still the intention to introduce such a scheme. Once the task team has completed its work and the process of consultation with interested stakeholders has been completed and the policy-makers have agreed.

Source: National Department of Health, Chief Directorate: Health Resource Planning.

**Black households: land for farming purposes**

\*40. Mr K M ANDREW asked the Minister for Agriculture and Land Affairs:

- Whether his Department has any figures available on the number of black households seeking to obtain land for farming purposes; if not, why not; if so, (a) what are the relevant figures, (b)



## HANSDARD

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

N1479E

The MINISTER FOR SAFETY AND SECURITY:

(1) The present Annual Police Plan identifies (13) thirteen priorities and (84) eighty-four objectives, some of which address crime whilst others address the transformation and change in the South African Police Service. The operationalisation of the Annual Police Plan has to take place during the present financial year, which spans from the 1 April 1996 to 31 March 1997, within the existing budget allocated to the Department of Safety and Security. "Sword and Shield" is, therefore, not a campaign, but an operational plan to address priorities 2 to 8 of the Police Plan, which are aimed at addressing specific crimes.

"Sword and Shield" is not managed separately from ordinary policing, or the operationalisation of the rest of the Police Plan, but forms an integral part of the overall approach to policing in South Africa.

(2) No.

### Local authorities: national housing programmes (123)

\*18. Mr A G MOHLAMED asked the Minister of Housing:

(1) Whether she or her Department has finalised the criteria according to which local authorities can participate in national housing programmes; if not, why not; if so, what are these criteria;

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

N1480E

The MINISTER OF HOUSING:

(1) No. The Department of Housing has finalised its interactions with all relevant national and provincial government structures and other role-players and, where necessary, incorporated their views and concerns into the accreditation criteria. The Department still awaits the views and comments of organised local government

structures in order to finalise the assessment criteria.

(2) After the finalisation of the assessment criteria, a public statement will be made.

### Housing: process of land delivery

\*19. Mr M G MASHER asked the Minister of Housing:

(1) Whether any mechanism exists to coordinate the activities of the Department of Land Affairs and her Department in order to accelerate the process of land delivery; if so, what mechanism;

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

N1481E

The MINISTER OF HOUSING:

(1) The Department of Housing and of Land Affairs have over the past two years established a very good working relationship and issues of common concern are being discussed on a regular basis.

For instance, the Management Structures of the two Departments meet on a regular basis in order to identify and discuss common issues such as tenure arrangements, land delivery mechanisms, the future of state-owned land and so on with a view to the joint formulation of policy and strategy. The Department of Housing is also a member of the Forum for Effective Planning and Development, which is chaired by my colleague, Minister Hanekom. The Planning MEC's of the Provinces serve on this Forum and issues of common concern are discussed here. The Development Facilitation Act, which was initiated by my Department and has now become the responsibility of Minister Hanekom, was for instance taken through this Forum before it was tabled in Parliament. This Act is a good example of legislative mechanism that has already been put in place to facilitate the speedy delivery of land. In addition the two Departments are continuously involved in *ad hoc* discussions with *inter alia*, Provincial Administrations about the land delivery process, of which a good example is the Gauteng Rapid Land Release Programme. More recently, our Departments have been meeting to review the question of rural

tenure systems and the applicability of the housing subsidy system thereto.

(2) As in the past, I will fully communicate all new policy matters once a decision has been made to implement it.

### Housing: personal loans of R35 000

\*20. Mr J A RABIE asked the Minister of Housing:

(1) Whether the introduction of a personal loan of R35 000 by the State is envisaged to persons in the income groups between R1 500 and R2 500 per month, if so, (a) when will the scheme come into operation and (b) what are the criteria according to which such loans will be granted.

(2) whether local authorities will act as agents in this regard; if not, why not; if so, what are the relevant details?

N1482E

The MINISTER OF HOUSING:

(1) No. It is not the government's function to fulfil the duties of financial institutions by providing loans directly to individuals. On the contrary, government's role is to support the housing market and delivery process through the positive facilitative interventions already established by my Department.

(a) and (b) Fall away.

(2) Falls away.

### Prisoners: trial period shortened

\*21. Mr N J GOGOTYA asked the Minister of Justice:

(1) Whether his Department is planning to shorten the period of bringing prisoners to trial; if not, why not; if so, what are the relevant details;

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

N1483E

The MINISTER OF JUSTICE:

(1) and (2) Yes. The efficient and expeditious finalisation of criminal cases is crucial for an effective legal process. Actions are taken by my Department to address delays in the adjudication of criminal matters. These actions, *inter*

*alia*, include the monitoring of court rolls on a monthly basis and consultation with various role-players to identify problem areas and to consider corrective measures. It should be stressed that the Department is not solely responsible for delays in the finalisation of cases and cannot alone address this problem. From investigations it appears that a large number of persons awaiting trial in custody have been remanded for further investigation by the Police or to obtain the record of previous convictions. The causes of such delays are being addressed in the framework and structures provided for by the National Crime Prevention Strategy (NCPS).

The Department is also working on developing shorter, simpler and more effective and efficient court process and procedures. In this regard mention should be made of the Simplification of Criminal Procedure Bill, 1996, which emanates from an investigation by the SA Law Commission and envisages a comprehensive revision of our existing criminal procedure with the view to simplify procedure and speed up the legal process. This Bill has been approved by Cabinet and will be introduced in Parliament for promotion during the 1996-session of Parliament.

I am also one of the Minister's responsible for the implementation of the NCPS. As general point of departure the South African Police Service/Safety and Security is the primary State agency tasked with the prevention of crime. Other Departments, institutions and the public also have important roles to play. The prime responsibilities of my Department in terms of the NCPS flow from its involvement in the criminal justice process. My Department's main contribution to the effective prevention and combating of crime is an endeavour to ensure, in conjunction with other role-players, an effective criminal justice process.

On 6 August 1996 the Ministers and Directors-General/Secretaries responsible for the implementation and management of the NCPS, after an investigation into the blockages in the criminal justice process by Anderson Consulting on behalf of Business Against Crime, approved twenty-four priority programmes that should receive urgent attention during the next five years to eliminate these blockages.

In accordance with this decision my Department will be responsible for National Pro-



# Govt may bring back rent control<sup>(123)</sup>

CT 1/10/96  
**POLITICAL WRITER**

RENT control may be on the way back in a bid to offer greater protection to all South Africans and not just the privileged few.

The director-general of housing, Mr Billy Cobbett, said yesterday that the Rent Control Act would be reviewed and is likely to focus on providing equal protection to all tenants. However, this was part of a review of all the laws affecting housing and it was not a priority.

His comments followed recent remarks by Housing Minister Ms Sankie Mthembu-Mahanyele that legislative measures were under way, including moves to safeguard the rights of tenants and changes to the illegal squatting laws.

Under pressure from landlords, the former NP government drastically reduced the number of buildings, particularly flats, that were subject to rent control and regularly stated that rent control would be phased out.

Although the law is only applied now in former white and coloured areas, it did provide considerable protection to tenants against unscrupulous landlords, particularly against sudden rent increases and eviction notices.

Where tenants were exploited, they could approach the Rent Board to investigate their complaints and to send in inspectors. Tenants and landlords were then bound by the board's ruling.

The Department of Housing has not yet adopted a policy position on whether to intervene to protect tenants' rights, but its attitude is that there should be general security of tenure for all occupiers of property.

N  
of

# Councils in crisis as debts soar

(123) (123)

ARG 1/10/96

## *Eskom is owed R938-million*

### ARGUS CORRESPONDENT

**Pretoria - A total of 95 local authorities do not have enough money to pay their staff one month's salary.**

At the same time, 48 local authorities have insufficient cash reserves to pay Eskom for electricity.

This was revealed in Pretoria yesterday by Minister of Provincial Affairs and Constitutional Development Valli Moosa, who said that the figures applied from the end of June this year.

Mr Moosa told a news briefing yesterday that the figures were a result of Project Liquidity launched by his department to monitor municipal finances

and cash flow.

But he declined to say which councils had problems.

He said the total amount outstanding for rates and service charges had risen from R5,2-billion in June 1995 to R5,6-billion in June this year.

Debts to Eskom had risen by 22 percent over the past year to R938-million.

Effectively, local authorities were using Eskom as an overdraft facility, Mr Moosa said.

He announced a framework for intervention in the financial affairs of municipalities facing imminent default or already defaulting in payment to creditors and said this had been approved by the Joint Local Government Minister

and MECs Meeting (Minmec), together with the minister of finance.

This framework would include the monitoring of all municipalities.

In cases where there were signs that local authorities were not paying creditors, financial management support would be offered.

In cases of actual default, attempts to renegotiate debt would be made.

Mr Moosa said that both central government and the nine provinces would take steps to ensure that the next stage - collapse, service delivery failure and the disintegration of administration - was not reached.



**ELECTRICITY CHARGES**

**TRANSPARENCY URGED**

(123)

FM 4/10/96

The Forum for Energy End-Users says the electricity restructuring and reform process is not sufficiently representative of customers' views.

"The National Electricity Regulator is led by and consists mostly of former Eskom employees," says forum chairman Johan Hees. "The various joint government and union committees debating the R21bn/year industry's restructuring have few representatives of end-users."

Forum members — Sappi, Mondi, PPC, Consol, Sentrachem, Karbochem, NCP, Siltek, Telkom Property Division, Afrox, Cullinan, Hulett's, Tiger Oats, Safripol and

Chromecorp Holdings — are also concerned that two issues have not yet featured in the three-year-old national debate on electricity reform.

They are the need "to move towards a trading system (in electricity) as soon as possible" and the importance of a transparent, itemised billing system at local government level.

"Global experience," says Hees, "proves it is of cardinal importance that separate, independent entrepreneurs be allowed to run the electricity trading market. Government's original position was that Eskom should run the market. It has changed its position to one that local authorities should be given the task.

"Under either proposition, though, the status quo would effectively remain unchanged and the forum, therefore, emphatically rejects them."

Hees says the forum supports the National Union of Metalworkers' proposal that "51% of the generation pool remain as a public corporation" but wants this coupled with an independent power producers' market operating freely to compete with Eskom in 49% of the pool.

And though "it would not make sense to duplicate Eskom's national transmis-

sion grid," this "would have to be regulated closely as a national grid and pool system."

Though Eskom's physical "wires" infrastructure would continue carrying the nation's electricity flows, the forum supports opening the door for competing, independent operators such as Electricité de France (which recently opened an SA office), Siemens and AEG in the generation of electricity.

It suggests the grid be opened to allow these independent power producers to "wheel" their power to end-users. Generators would be reimbursed for contributions to a national daily pool according to orders received from customers through independent traders.

By supporting the concepts of free trading in electricity and of allowing independent generators to "wheel" electricity countrywide at competitive rates, the forum clearly supports a free market in electricity.

The concept, put forward by National Electricity Regulator chairman Ian McRae (*Business* September 13), of a handful of statutory distributors taking over from the present 400, would be acceptable only as an interim arrangement.

"Trading in electricity should be free and independent of the State and its public corporations, with an open, wheeling option from the various power stations," says Hees.

The forum is adamant that the billing system applied by local authorities should be abolished and replaced by a transparent system reflecting "democratic," real-cost values.

"Monthly municipal bills itemise only electricity, water, sewerage, refuse removal and local authority taxes. Other items such as health, roads, traffic, parks and recreation are omitted. The cost of running and providing these services lie hidden in the electricity account.

"This subterfuge is not acceptable in most democratic countries as it allows local authorities to hide their budgeting and cost experimentation from ratepayers."

The forum proposes that electricity billing reflect only the actual distribution and reticulation costs — and that all other budgetary and cost issues be itemised separately so that ratepayers can see what they are paying for.

"Hidden tariff cross-subsidisation should fall away," says Hees. Such a transparent system, he believes, would

enhance democratic values, encourage debate and prevent local authorities from loading electricity bills with hidden charges. ■

# Council electricity dues payments grow

Lukanyo Mnyanda

BD 7/10/96 (123)  
THE non-payment for electricity supplies had improved in recent months with just more than 70% of local councils now paying their dues, said electricity supplier Eskom.

A spokesman said however that the non-payment of electricity bills by some councils was still a major headache for the utility, and would probably have a negative impact on its financial performance and electrification programme.

However, the situation was not as gloomy as recently reported. Government figures showed council debt to Eskom had risen 22% to R938m over the past year, but the Eskom spokesman said the utility was currently owed just more than R800m.

The utility's extensive consultation with communities was bearing fruit. "We are consulting widely with communities and are confident that figure will continue to improve," the spokesman said.

The non-payment of electricity bills came to a head in July when Eskom threatened to cut supplies to the Northeast Rand Metropolitan Council and Springs City Council, which together owed R440m.

However the move, which would have affected much of the East Rand's gold industry, and other businesses such as Impala Platinum, Sappi, Mondi, Engen, AECI and Carlton Paper, was shelved after strenuous opposition from government's national electricity regulator.

Eskom eventually agreed to write-off long-term debt incurred by the two councils prior to June last year, in return for the guaranteed payment of short-term debt and future bills.

The Eskom spokesman said the continued non-payment of electricity bills would be a major financial blow for the corporation in the long-term and the electrification drive — which aims to increase the percentage of homes supplied with electricity to 70% by 2000 — would suffer as a result.

"We are spending about R1bn a year on new connections and we need to generate more income from our electricity sales." However, Eskom would consider cutting off supplies only as a last resort.

Government's recently announced rescue plan to head off a financial crisis in the finances of many newly elected authorities was a welcome development which had the potential to speed up an increase in payment rates, he said.



# Hostels must be upgraded — Mboweni

(123) *Star*  
7/10/96

Labour Minister Tito Mboweni has threatened to introduce legislation unless South African mining houses upgrade single-sex, ethnically based hostels.

Speaking after being handed Judge John Myburgh's report on findings of the commission of inquiry into recent mine violence, Mboweni said he would use the law "as a last resort" if mining houses did not produce "concrete plans and action" to convert hostels into family units.

Recommendations in the 58-page report following the inquiry into mine violence which claimed more than 40 lives at the East Driefontein and Leeudoom gold mines in western Gauteng and Northam platinum mine near Rustenburg have been described as "far-reaching".

It is believed the report, which will be presented to President Mandela today, urges the scrapping of the migratory labour system and also of single-sex, ethnically based mine hostels which house 12 000 men in dormitories.

"Mining houses must show intent and some action. We must engage the mining houses and if they do not do it, we will have to consider legislation. This is the last resort if they do not do it voluntarily," Mboweni said. — Staff Reporter.

# Rise in provincial expenditure on housing

Robyn Chalmers

PROVINCIAL housing departments have spent a total of 31,5% of their combined R2,26bn budget on low-cost housing by August — almost halfway through their financial year, housing department figures show.

The figures indicate there has been an upward trend in spending since April when provincial governments spent R99,9m on new subsidies and commitments made under

the old dispensation. Meanwhile a total of R166,4m was spent in August.

However, government sources warned that some of the spending figures could be inflated as funds allocated to certain provinces were believed to be languishing in trust and conveyancer's accounts.

One source said this was largely due to bad management on the part of some provinces along with poor capacity to implement housing spending strategies.

Housing department figures show that total expenditure in May amounted to R128m, R137,8m in June and R168,4m in July.

In a separate development, Housing Minister Sankie Mthembu-Mahanyele said at the weekend that the white paper on urban development currently being drafted should be released soon.

Mthembu-Mahanyele said current urbanisation trends indicated that SA's cities were growing at a rate of 200 000 households a year

(123) BD 7/10 196  
where a household size was approximately five people.

The urban housing backlog is currently estimated at a minimum of 1,5-million units and unless there was a dramatic increase in urban housing provision, the housing backlog would increase at a rate of 178 000 units a year.

The white paper on urban development would seek to provide a regulatory framework for the development of SA's urban areas. Mthembu-Mahanyele said urban

densification was a vital component of the framework, with R525m allocated to housing from the RDP fund having been earmarked for the urban densification programme.

She said the programme aimed to increase efficiency of urban areas by providing centrally located housing, social and economic opportunities to the lower-income groups.

Two major thrusts of the programme would be the enhancement of public transport systems and a decrease in urban decay.



# Minister unveils strategy to tackle SA's housing backlog

ARG 7/10/96 (123)

Pretoria - The housing department had developed a three-pronged approach to deal with an increasing urban housing backlog in South Africa, housing minister Sankie Mthembu-Mahanyele said today.

According to urbanisation trends, South Africa's cities are growing at a rate of about 100 000 people a year and the urban housing backlog is estimated at 1,5 million units.

In a statement marking World Habitat

Day, Ms Mthembu-Mahanyele said the backlog would increase at a rate of 178 000 units a year if there was no dramatic increase in urban housing provision.

To counter the problem, the department had drafted a framework for urban development and a White Paper would be released soon. In line with the framework, South African cities would develop into non-discriminatory centres of equal social and economic opportunity.

The process would be managed by

accountable democratic local government. The cities would also be integrated and would be environmentally sustainable.

Urbanisation trends showed people were moving from rural areas to cities and from city limits closer to their workplaces, while the city centres were decaying.

An urban "densification" programme would be implemented to provide housing, social and economic opportunities for lower-income groups close to the city centres.

(123)  
Sowetan 8/10/96  
**Housing  
backlog on  
the increase**

By Joshua Raboroko

HOUSING Minister Sankie Mahanyele says the housing backlog - estimated at 1,9 million units - will increase at a rate of 178 000 homes a year if there was no dramatic hike in providing urban housing.

In a statement at the weekend to mark World Habitat Day, Mahanyele said according to urbanisation trends, South African cities were growing at a rate of about 100 000 people a year.

Her department had developed a three-pronged approach to deal with the increasing urban housing backlog which was reaching alarming proportions every year.

The department had drafted a framework for urban development and a White Paper would be released soon to counter the problem of urbanisation.

The cities would develop into non-discriminatory centres of equal social and economic opportunity. The process would be managed by accountable democratic local government and be integrated and environmentally sustainable.

She said urbanisation trends had shown that people were still moving from rural areas to cities. They also wanted to be near their workplaces. City centres were decaying.

The Minister also announced a R525 million programme that would be supplemented by improved public transport and initiatives to fight urban decay.

The department had issued a tender for an information and urbanisation information system which would provide data to organisations working towards housing provision, urban planning and management.

The system would further measure the efficiency and sustainability of urban settlements.

Mahanyele also said the Government was considering various options, including providing rental accommodation as a strategy to deal with the increasing housing backlog.

The government wanted to develop rental stock as a priority programme that needed to be implemented as a matter of urgency, particularly as the population in cities continues to grow.

People would be allowed to buy and own the houses if they wanted to in the future.



(b) No Ministry has its own public relations section. However, Ministries do employ liaison officers. The salaries of these staff

members, who hold different ranks and of whom a few are contract appointments, are indicated in the table below.

(i) Ministry	(ii) Staff	(iii) Cost
Agriculture and Land Affairs	1	103 000
Arts, Culture, Science and Technology	1	98 463
Correctional Service	1	78 141
*Defence	2	210 000
Education	1	163 963
Environmental Affairs and Tourism	1	115 000
**Finance	1	163 421
Foreign Affairs	1	163 360
Health	1	73 248
Home Affairs	1	78 141
**Housing	1	230 400
Justice	1	23 526
***Labour	0	0
Mineral and Energy Affairs	1	163 963
Post, Telkom and Broadcasting	1	163 260
Provincial Affairs and Constitutional Development	1	115 000
Public Enterprises	1	115 000
Public Service and Administration	1	163 000
Public Works	1	163 963
Safety and Security	1	153 133
Sport and Recreation	1	63 963
****Trade and Industry	0	0
Transport	1	163 260
Water Affairs	1	89 757
Welfare and Population Development	1	115 000

\* The salaries of administrative staff are included in these totals

\*\* Contract appointments (all-inclusive packages)

\*\*\* Post vacant at present. A staff member of the Department officiates as ministerial liaison officer

\*\*\*\* The Director: Communication of this Department also officiates as ministerial liaison officer

(c) The Parliamentary Office of the South African Communications Service will continue operating as usual during the period referred to.

Members of SAPS: number of inhabitants in provinces

327. Sen Dr G W KOORNHOF asked the Minister for Safety and Security:

(1) As at the latest specified date for which information is available, (a) what was the ratio of members of the South African Police Service to the number of inhabitants in each of the provinces, (b) how did these ratios compare to internationally accepted ratios and (c) based on these ratios, what were the personnel shortages experienced by the SAPS in each of the provinces;

(2) whether any action is being contemplated to (a) eliminate such shortages and (b) prohibit an outflow of personnel from the SAPS; if not, why not; if so, what action?

SS41E

The MINISTER FOR SAFETY AND SECURITY:  
RTTY:  
(1) Latest specified date: 1996-09-09

(a)	Population	Members	Members per thousand of the population
Mpumalanga	3 007 100	6 122	2.0
Northern Province	5 397 200	8 290	1.5
Western Cape	3 721 200	11 274	3.0
Eastern Cape	6 481 300	15 803	2.4
Northern Cape	742 000	3 320	4.5
KwaZulu-Natal	8 713 100	19 371	2.2
Free State	2 782 500	9 478	3.4
Gauteng	7 048 300	27 537	3.9
North West	3 351 800	9 164	2.7
Total—All provinces	41 244 500	109 359	2.7

Note: Police personnel of Head Office not included.

(b) There is no international accepted ratio that could be compared with. The proportionate distribution of departmental resources is allocated by means of a highly mathematical formula.

This formula consists of provincial population figures, area size, gross geographic product, human development index, urbanisation figures, unemployment ratio, reported crime figures and values in comparison with other provinces. This criteria is unique to the South African Police Service and therefore cannot be compared with any other police agency in the world.

(c) Unknown.

Note: At this stage no percentage shortage in each province can be supplied. With projects Rubicon, Rationalisation and *en masse* transfers, the redistribution of all the resources in the South African Police

Service, regarding this issue, is to be addressed.

(2) Yes.

(a) Various actions are and will still be launched under the banner of RDP programmes and the 1996/97 annual Police Plan.

(b) The improvement of service conditions by implementing the new salary grading system over a three year period.

Amount spent by Government on housing

333. Sen S D FISHER asked the Minister of Housing:

(1) In respect of the 1995-96 financial year, (a) what is the total amount spent by the Government on housing, (b) how many houses were built in each of the provinces and (c) what portion of this amount was spent on administration;



- (2) whether any steps have been taken or are envisaged to attain a greater degree of cost-effectiveness in respect of the provision of housing by the Government; if not, why not; if so, what steps?

S548E

The MINISTER OF HOUSING:

- (1) (a) R1 479,1 million was spent on the Housing Subsidy Scheme, the phasing out of commitments under the previous dispensation and various interventions aimed at facilitating a sustainable housing process.

(b) It is not the Government's function to build houses but to facilitate and contribute to a sustainable housing process. Government's contribution can best be expressed in terms of the 41 061 individual ownership subsidies that were granted during the period in question. Government's contribution needs to be augmented by savings, credit and sweat equity in order to produce affordable housing. The 41 061 subsidies can be divided as follows:

Provincial Administration	Number of subsidies
Western Cape	2 778
Gauteng	11 122
North West	6 105
Mpumalanga	7 400
KwaZulu-Natal	4 334
Free State	2 461
Eastern Cape	1 688
Northern Cape	3 067
Northern Province	2 106
Total	41 061

(c) R26,4 million was spent on administration for the Department as a whole and includes expenditure on activities not directly related to housing production. Administrative expenditure on housing within the provincial and local spheres of government is not included.

- (2) A single housing subsidy scheme has been introduced to replace the variety of subsidy schemes administered under the previous dispensation. The new scheme, based on a single capital amount per

eligible beneficiary, is much simpler and more cost effective to administer, as opposed to previous subsidy formulae. The Department of Housing has already been restructured to accommodate the new housing policy. A monitoring system is also presently being implemented nationally and provincially to measure the effectiveness of the housing delivery process.

Settlements established in each province

334. Sen A E VAN NIEKERK asked the Minister of Housing:†

How many settlements (a) have been established in each province since 1990 and (b) are being planned in accordance with section (6) (3)(a) of the Prevention of Illegal Squatting Act, 1951 (Act No 52 of 1951)?

S549E

The MINISTER OF HOUSING:

The following information has been obtained from the provincial governments:

(a)	(b)
Western Cape	4
Northern Cape	None
Eastern Cape	None
Gauteng	Not available
Mpumalanga	None
North West	None
Northern Province	6
KwaZulu-Natal	None
Free State	None
Western Cape	None
Northern Cape	None
Eastern Cape	None
Gauteng	Not available
Mpumalanga	None
North West	None
Northern Province	None
KwaZulu-Natal	None
Free State	None

Advisers/consultants employed

340. Sen J SELFE asked the Minister of Transport:

- (1) Whether he or his Department employs any (a) advisers and/or (b) consultants; 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 provision is made for (a) housing allowances, (b) business class travel, (c) home telephones, (d) overseas (i) travel and (ii) accommodation, (e) car allowances, (f) entertainment allowances and/or (g) any other specified fringe benefits for such advisers and/or consultants; if not, what is the position in this regard; if so, what are the relevant details in each case;

- (3) whether any (a) organisations, (b) bodies and/or (c) persons are paying the costs of any advisers and/or consultants; if not, what is the position in this regard; if so, what are their names?

S570E

The MINISTER OF TRANSPORT:

Kindly note that a similar question was addressed to me by Senator Selfe last year. My reply to the question can be found in Hansard (See Hansard, Senate, vol 12, Interpellations, Questions and Replies, dated 17 August 1995, columns 583-598.)

Since the information on this matter contained in my reply of August 1995 has not changed substantially, I would refer the hon Senator back to that reply.

I should also like to take this opportunity to point out that the task of compiling last year's exhaustive answer involved withdrawing at least six officials from their normal daily activities over a full two-week period. I think I can fairly claim that my Department's practice over the last two years has clearly demonstrated our commitment to transparency and accountability. However, I have to say that regular repeat questions of this degree of complexity neither assist the cause of transparency nor allow my officials to concentrate their efforts where they are most needed. On behalf of my officials—who are engaged in a serious attempt to deliver on the developmental and transformational goals this Government has set—I am concerned about the dissipation of energies occasioned by the need to respond to complex repeat questions on an annual basis.

I would emphasise that I do not question the right of a member to access information. But I do appeal for consideration of the need for a

balance which allows my Department to meet its obligations to parliamentary scrutiny without negatively affecting its capacity to perform its duties in the context of a wide-ranging developmental and transformation programme.

Perhaps this balance could be achieved if all party whips dealing with the Questions Office in Parliament would consider carefully scrutinising complex questions annually recycled in this way, and not selecting them if they do not address substantive new issues or request information which is likely to have changed significantly.

Persons/communities relocated

343. Sen A E VAN NIEKERK asked the Minister of Housing:†

Whether any (a) persons and/or (b) communities were relocated in terms of section 5(1)(b) of the Prevention of Illegal Squatting Act, 1951 (Act No 52 of 1951), during the period 1 January 1990 to 30 June 1996; if so, (i) how many (aa) persons and/or (bb) communities in each of the provinces, (ii) (aa) from and (bb) to which areas were such persons and/or communities relocated in each case and (iii) who applied for such relocation in each case?

S574E

The MINISTER OF HOUSING:

The following information was received from the provincial governments:

Eastern Cape	(a) and (b) Yes.
(i) (aa) 1 670.	
(bb) Two.	
(ii) (aa) and (bb) —	1 200 persons from an open site in

an open site in  
Dordrecht to an adjoining area with serviced erven.

— 470 persons in the Gonaibe area (East London) to Mzomomhle Township (newly established township).

- (iii) Respectively by the Administrator of Dordrecht and the Gonaibe Municipality.



GOVERNMENT intends to resuscitate the Masakhane campaign — widely criticised for its failure to improve rates and service payments — and will channel a further R30m into the programme which has cost R30m already since it was launched in January last year.

Government research shows that since June last year, unpaid rates and service charges have increased from R5,2bn to R5,6bn.

As a percentage of rates and services income, debts rose from 25,1% to 27,2%.

However, it is hoped that new high-profile leaders for the next phase of Masakhane — Deputy President Thabo Mbeki and the provincial premiers — will provide the necessary political clout and charisma to revitalise it.

Mpho Mosimane, spokesman for Constitutional Development Minister Valli Moosa, said the campaign had not "fizzled out" but merely reached a crossroads in its development.

"We are now calling on all stakeholders, including business, communities and local government, to breathe new life into the campaign," he said.

Intended to complement the state's rescue plan for newly elected local authorities facing insolvency, the next leg of the campaign was set to be approved by Cabinet within the next few weeks, said Mosimane.

## Govt to give R30m kiss-of life to Masakhane

The emphasis would now be on involving all government departments in addressing the underlying reasons for non-payment. The campaign would empower local authorities to take a stronger stand on defaulting.

Among the reasons cited for the failure of Masakhane to boost payment levels are its somewhat premature launch — local authorities were elected nearly a year later — and government's attempt to run the campaign at a national level.

Although interim councils had been in place, many officials were hoping to be re-elected in the local government elections and they were therefore afraid to alienate their constituencies by taking action against defaulters, said Mosimane.

Market sources said communities had failed to "buy" the campaign because they did not identify with its goals.

The initial understanding that communities would be rewarded for paying their rates with upgraded services had been replaced by a sense of disillusionment when government had been unable to deliver its part of the bargain, a source said.

Mosimane said Masakhane was as much about the delivery of services and economic empowerment as it was about payment.

The provincial affairs and constitutional development ministry — being responsible for local authorities — had taken over the campaign because of its focus on the payment issue. However, it was now calling on all government ministries to participate in remedying the underlying socio-economic problems, such as crime and unemployment, which contributed to non-payment.

The campaign strategy would be adapted to target the three categories of non-payers. The poorest people, who could not afford to pay for basic services, could be assisted, said Mosimane.

An educational drive — teaching people how to budget and demonstrating the value of rates payment — would be aimed at those who were able to pay but were spending all their disposable income on what were considered other "necessities".

"Iron-fisted" strategies, such as service cuts and legal action, were possible measures against wilful defaulters.

QUESTIONS

Indicates translated version.

For oral reply:

Executive Deputy President:

**THE PRESIDENT OF THE SENATE:** Order! We will proceed with the questions on the Question Paper. I wish to point out that according to the Rules of this House, a maximum of 50 minutes is available for questions. This afternoon I intend not to exceed the stipulated period. Therefore it will be appreciated if hon Ministers would apply the three-minute rule rather strictly this afternoon. Questions not replied to at the expiration of the allotted time, that is after 50 minutes, will be published in the Hansard. We now proceed with the questions.

**Masakhane campaign: assessment of success**

\*1. Sen S D FISHER asked the Executive Deputy President:

- (1) Whether any assessment has been done to establish the measure of success that has been achieved with the Masakhane campaign; if not, why not; if so,
- (2) whether the said campaign has been found to be a success; if not, why not; if so, to what extent;
- (3) whether he is considering any alternative measures in this regard; if not, why not; if so, (a) what measures and (b) when will such measures take effect;
- (4) whether he will make a statement on the matter?

S651E

**THE MINISTER FOR PROVINCIAL AFFAIRS AND CONSTITUTIONAL DEVELOPMENT**  
(for the Executive Deputy President):

- (1) Yes.
- (2) Since its launch in February 1995, the Masakhane campaign has managed to achieve the following:
  - (a) raising a new consciousness among the public regarding the need for co-operation and partnerships towards economic development.

far as local government finances are concerned. That information is available and I can make it available to the hon senator.

Ministers:

*Question standing over from Thursday, 5 September 1996:*

**THE MINISTER OF TRANSPORT:** Mr President, unfortunately the Minister for Public Enterprises has been called up to Gauteng today on urgent matters. She has asked me to request that the question stand over.

Senator Dr G W KOORNHOF: Mr President, this is the second or third time that this question has had to stand over. I want to object in the strongest possible terms to this House being treated in this manner. I think it is in the public interest that this particular question be answered in public. I strongly object to this state of affairs.

**THE MINISTER:** Mr President, I bear in mind the sentiments of the hon senator. May I just explain that this question was answered yesterday in the National Assembly, so I would certainly urge that the Minister is not trying to avoid this question. She has unavoidably been called up to Gauteng because of the go-slow at SA Airways.

\*10. Sen Dr G W KOORNHOF—Public Enterprises. [Question standing over.]  
*Question standing over from Thursday, 12 September 1996:*  
**Driving of government vehicles without authority**

\*2. Sen J SELLIE asked the Minister of Transport: Whether any persons were found to be driving government vehicles without authority during the period 1 January 1995 up to the latest specified date for which information is available; if so, (a) how many and (b) what action was taken against the (i) drivers of the vehicles and (ii) authorised users of the cars?  
S552E

**THE MINISTER OF TRANSPORT** (Reply laid upon Table with leave of House):

On behalf of the Minister of Transport, the Department of Transport has as far as possible gathered and co-ordinated the required information from the various Provincial Governments.

- (3) No, but we are constantly re-assessing the campaign and will take alternative measures if and when necessary. For example, Project Liquidity is monitoring the financial position of municipalities and is supported by a Financial Management Support programme.
  - (4) Yes. As in the past I will continue to make statements in this regard to inform the public on the status of Masakhane.
- Senator A E VAN NIEKERK: Mr President, arising out of the hon the Minister's reply, I just want to know whether there is any assessment in financial terms of what has been achieved by the Masakhane campaign?
- THE MINISTER FOR PROVINCIAL AFFAIRS AND CONSTITUTIONAL DEVELOPMENT:** Mr President, there is no assessment in terms of what the campaign has achieved as a campaign, but my department, together with the SA Institute of Municipal Treasurers and Accountants, has just completed a major study of the state of municipal finances.
- Two weeks or 10 days ago we released to the press all the facts and figures about the state of affairs as

Provincial Government	Effective date	How many persons	Action against driver of the vehicles	Action against authorised users of the cars
Northern Cape	1 Jan '95-30 Sep '96	No government vehicles were driven without authority		
Gauteng	1 Jan '95-30 Sep '96	Not available (see notes)		
KwaZulu-Natal	1 Jan '95-31 Aug '96	17	They were strongly warned in writing	None
Free State	1 Jan '95-31 Aug '96	112	First offence: Letter of warning Second offence: R250 Third offence: R500 Fourth offence: Barred from using Government vehicles.	None
Mpumalanga	1 Jan '95-17 Sep '96	243	121 drivers were prosecuted. 91 drivers were reported to their Head Offices. In 31 cases, no action was taken against the drivers.	None



# Starting to square up the councils

(123)

**A** VITAL shift has taken place in government's thinking on housing which will have ramifications for local authorities, in particular, and poses the question of whether local councils are equipped to handle the task.

The change in approach has several aspects. Primarily, though, the focus of SA's housing policy is now on promoting partnerships between the public and private sectors with a strong focus on the very poor. Some will argue that it has always been on the poor, but government has had to spend so much time co-opting various stakeholders and setting up its framework that it has been only in the past few months that the focus has been fleshed out in the form of the people's housing partnership.

In addition, the housing ministry's communication strategy has been virtually non-existent for about a year — although this is hopefully changing — and detailed information on policy issues has been sketchy at best.

Detail on how the new approach will be implemented should be revealed in the eagerly awaited second task team report removing blockages in the housing system, which is expected in about two weeks' time. The report is still a closely guarded secret, but there are some broad issues which seem sure to be addressed.

Emphasis is likely to be placed on joint ventures between the private sector and government to build mass housing projects with a rental component and a strong focus on densification. Government has already allocated R525m over three years for joint ventures with the private sector for high-density housing in a bid to move away from the current one-person-one-plot approach.

One of the more interesting aspects of the report will be the

**Robyn Chalmers examines the shift to a new approach on housing provision which poses the question of whether local councils are equipped to handle the task**

fleshing out of government's view on rental. Housing Minister Sankie Mthembi-Mahanyele has indicated that this is an area government wishes to explore further, but providing rental units is notoriously expensive and would place a huge administrative burden on the state. Setting up housing co-ops in conjunction with local authorities along the lines of the UK model may well be a way to go if government is set on this approach — which many private sector entities are wary of.

There could also be a move away from the previous concentration on formal mortgage finance as it is becoming increasingly clear that this route will achieve limited success. Less formal methods of financing such as retail lending institutions, the National Housing Finance Corporation and even stokvels are likely to play a bigger role in housing.

There will be a range of other announcements, but what has become clear is that the focus will remain on local government. The first task team report released in January proposed that housing powers and functions be devolved to provincial and local level, a suggestion which has been cemented in the draft Housing Bill.

In the Bill, local authorities are called upon to plan and provide bulk infrastructure, uphold the principles of housing policies and meet delivery goals — as well as identify and mediate in conflicts. They can also establish a separate business entity to undertake a housing development project — likely to be a critical component of

the task team report — and ultimately compete with developers one-on-one in housing delivery.

The question that must be posed is whether post-apartheid local governments are ready to deliver on these and other counts.

The general consensus is that they are not. As National Housing Board chairman Ishmael Mbhele put it recently, they cannot, on their own, rise above problems associated with weak institutional capacities, resource deficiencies, bureaucratic ineptitude and centuries-old racial and class imbalances and inequities.

An already overburdened and weakened local government is being asked to implement not only housing ministry policies but also those of the RDP and the municipal infrastructure investment programme, to name but a few.

There are reports that local governments around the country are losing skilled staff which they can ill afford to do; while rates and services boycotts have already crippled a number of mostly former black local authorities.

The extent of the problem was highlighted recently when Constitutional Development Minister Valli Moosa said 95 councils did not have the resources to cover payment of one month's wages.

As a percentage of rates and services income, debts had risen to 27,2% from 25,1%, mostly as a result of rent and services boycotts. While the ministry has launched a rescue plan, it consists largely of monitoring and formulating financial management plans rather than bailing out stricken councils,

(123) RD 10/10/96

so there is unlikely to be a dramatic improvement in the short term.

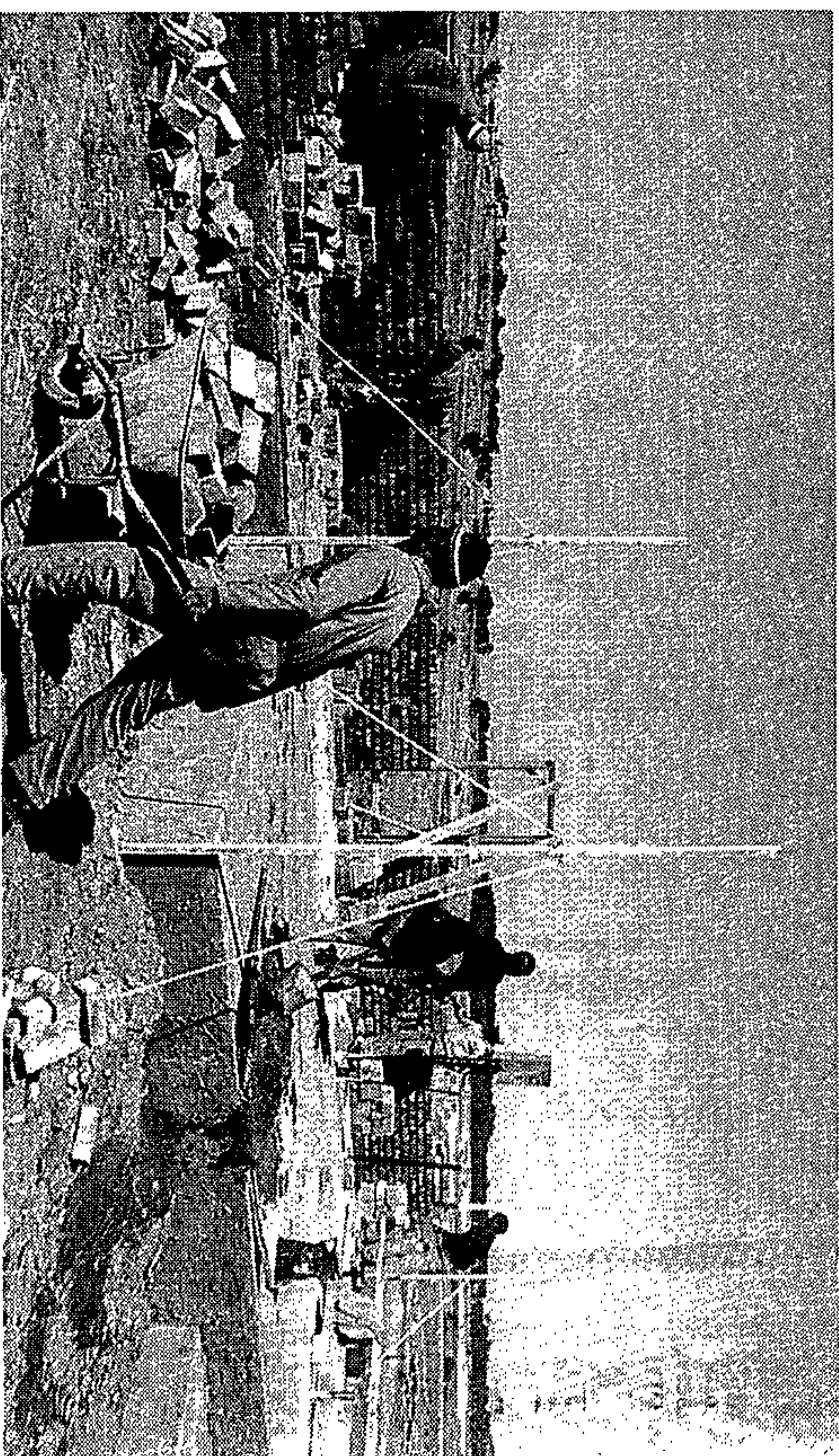
Analysts generally agree that if local authorities are to be effective in the low-cost housing market, it is vital a strategy be formulated which begins with creating understanding of the delivery process. Settlement Dynamics head Rodrick Mackinnon says vision documents should also be formulated

to establish the principles for delivery as well as make a statement of intent for local delivery.

Local authorities will be unable to take on all the delivery roles, so they should decide on council roles while outlining roles for other stakeholders. Mackinnon says that, thereafter, a delivery and monitoring programme should be set up with regular reviews held.

"To achieve results in the highly politicised housing environment, order must be created by choosing roles and getting others to lock into complimentary ones. At the local level, contradictions will destroy the ability to deliver and local authorities ought to focus as a priority on obtaining buy-in to the visions," he says.

The shift towards involving local authorities will work only if radical changes are made to the current culture of councils and the environment in which they operate. As such, the housing programme will fulfil its task of housing the very poor only if councils across the board rise to the challenge and do so immediately.



**Housing the destitute ... the focus of SA's housing policy has fallen on promoting partnerships between the public and private sectors in building homes for the very poor.**



# Plan to revitalise Masakhane gets go-ahead

(123) Star 14/10/96

By JOVIAL RANTAO  
Political Correspondent

A two-year plan of action to revitalise the Masakhane campaign and to broaden its focus was approved at a weekend summit held to evaluate the initiative.

The two-day summit was attended by 90 delegates from the ANC, Cosatu, the South African Communist Party, the South African National Civic Organisation, the South African Students' Congress and the Congress of South African Students.

The first phase of the two-year strategy involves the empowerment of ANC local councillors and the development of an innovative approach to participatory budgeting at local level.

Delegates gave the Government until January to issue a policy decision on the implementation of the participatory ("people's") budget approach in all local structures.

A decision was taken to use the RDP presidential awards and Masakhane annual award to mobilise communities and councillors, and to popularise the campaign.

ANC deputy secretary-general Cheryl Carolus said the summit

believed Masakhane should be a broad and diverse people-driven process of transformation, instead of being government-driven.

"The rich and innovative idea of Masakhane has been reduced to a campaign to get black communities to pay for services," Carolus said.

"All participants agreed that people should indeed pay for such services, when they were receiving adequate services and

## Focus has narrowed to payment for services

when they could afford to pay.

"Payment, in these circumstances, is part of building a sense of ownership, responsibility and active citizenship. However, the tendency to confine Masakhane to a payment campaign has been inappropriate," Carolus said.

She said the summit found that the narrowed focus of Masakhane tended to undermine community mobilisation, stifled countless localised initiatives and

treated communities as purchasers of top-down delivery.

The summit called for a much broader definition of Masakhane, involving all elements of popular involvement in the overall struggle for transformation.

The summit noted that, over the past two-and-half years, there had been thousands of successful examples of this kind of Masakhane, such as water projects in remote rural areas where communities had accepted responsibility for these projects, Carolus said.

It was resolved that the represented organisations should help to create a wider understanding of Masakhane and take part actively in structures such as the community policing forums.

The Masakhane campaign should not be understood as a single campaign with a clear time-frame, but rather as a broad approach to development, from which concrete and various participatory development campaigns should flow.

The summit was supported by the Government through Provincial Affairs and Constitutional Development Minister Valli Moosa, who spoke at the gathering.



# Philippi housing project 'example to rest of SA'

(123) CT 14/10/96

US SECRETARY of State Mr Warren Christopher, in Cape Town as part of his five-nation tour of sub-Saharan Africa, yesterday visited a Philippi self-help housing project, which he said was an example to the whole country.

The people of the United States stood with those people who took control of their own destiny, he said to a group of about 50 homeless women, gathered at a housing complex where they have been building homes on land donated by the Catholic Church.

He praised the women's efforts, saying actions like theirs were essential to ensure the success of post-apartheid South Africa.

"I am able to see with my own eyes that you ladies are building with your own hands," said Christopher.

"Brick by brick the people of this community are helping to build a South Africa that can finally meet the needs of all of its people," he said to the women, who beamed proudly in front of the first four houses built in the complex.

"The American people are proud to stand with the people of South Africa and we're proud to stand with you as you take your own destiny in your hands, brick by brick."

Relations between the US and South Africa have been strained on several occa-

sions since the ANC came to power in 1994, with the US government criticising Pretoria's ties with Cuba, Libya and Iran.

Critics have questioned the motives for Christopher's trip, coming just weeks before the US presidential elections. Some have said it appeared intended to send a signal to black Americans that President Bill Clinton's administration takes Africa seriously.

Christopher on Saturday defended Washington's role in Africa, but conceded there was debate over just how important the continent was for the US.

"I will not pretend to you that there is no debate in America about Africa's relative importance ... (but) we cannot and will not walk away," he said in a speech in Johannesburg.

Christopher has used his visit to try to drum up support for an all-Africa intervention force, which could be deployed in times of crisis.

But President Nelson Mandela, whose support is seen as vital, was cool over the proposal. Mandela said he could only support the plan if it was channelled through the United Nations and not just the US.

Christopher leaves for Angola today, where he will meet President José Eduardo dos Santos to discuss that country's fitful peace process. — Reuter

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## Bid to inject dynamism into Masakhane project

(123) CT 14/10/96

JOHANNESBURG: A relaunched Masakhane Campaign, to be a broad and diverse people-driven process of transformation, was called for by delegates at a national summit here at the weekend by the ANC-led tripartite alliance and other mass democratic groups.

The campaign's failure was blamed on a tendency to confine Masakhane (let us build together) to a payment campaign.

"For a variety of reasons the rich and innovative idea of Masakhane had been reduced to a campaign to get black communities to pay for services," a joint statement by the delegates said.

Priority should have been given to getting legitimate, democratic local

government in place, and to making local delivery effective, only then would more focused attention on a payment campaign have been appropriate, the statement added. "We have tended to treat communities simply as the purchasers of top-down delivery."

The summit aimed to consolidate efforts to revitalise the Masakhane campaign and was attended by 90 delegates from the tripartite alliance (ANC, SACP and Cosatu) and other groups, including the SA National Civic Organisation and student groups.

The summit approved a broad two-year plan involving among other things the empowerment of ANC local councillors. — Sapa

# 'Masakhane not just about payment'

Pearl Sebolao

(123)  
BD 14/10/96

THE failure of the Masakhane campaign was as a result of a tendency to regard it as a payments campaign, rather than a process of transformation, ANC deputy secretary-general Cheryl Carolus said yesterday.

Carolus was speaking after talks held in Johannesburg by the ANC-led tripartite alliance to consolidate efforts to revitalise the Masakhane campaign.

It was resolved that the idea of Masakhane should be firmly located within the RDP principle of a broad and diverse people-driven process of transformation, Carolus said.

Carolus said the campaign's failure was a result of the tendency to confine Masakhane to a payment campaign.

She said priority should have been given to getting more legitimate, democratic local government in place and to effective local level delivery before focusing on a payment campaign.

"For a variety of reasons, the rich

and innovative idea of Masakhane (Let us build together) had been reduced to a campaign to get black people to pay for services.

"We have tended to treat communities simply as the purchasers of top-down delivery." She said that the revitalised Masakhane should not be confined to residents of black townships and should begin to "challenge those people in Sandton who say they won't pay the new rates".

"It is improper for white people to think that the only people who should bear the burden of transformation are black people," she said.

The talks were attended by 90 delegates representing the ANC, SACP, Cosatu, Sanco and other mass democratic formations.

It approved a broad two-year plan of action which involves the active empowerment of ANC local councillors and developing an innovative approach to participatory budgeting at the local level.



*Task team proposes joint venture*

# State likely to intervene in housing

(123)

ET (BR) 17/10/96

**MAGGIE ROWLEY**

PROPERTY EDITOR

Cape Town — The government is set to enter the low-cost housing market as a developer for the first time, providing 150 000 low-cost, high-density units within the next four years, if the proposals of the Housing Task Team are accepted.

In its second report delivered to Sankie Mthembu-Mahanyele, the housing minister, yesterday, the task team recommended that at least 12 large-scale, high-density projects be undertaken in the major urban areas on a joint-venture basis with the private sector, but with government spearheading the developments.

It has also proposed a R500 million package of incentives to speed up housing delivery, build capacity within the industry to handle large-scale development, encourage essential private-sector involvement in mass housing projects and introduce a greater variety of social housing options for the poor, including rental stock.

These measures are aimed at providing housing in the R18 000 to R50 000 range for those earning R2 500 a month or less.

The recommendations are aimed at unlocking bottlenecks in the housing delivery programme.

To date, the private sector has been reluctant to participate on a large scale in the provision of low-cost housing because of the high-risk, low-re-

turn nature of the market.

The task team proposes that, for the first time, the state intervenes in this market to reduce the commercial risk to private-sector investors through the creation of a R400 million underwriting facility to be administered by the National Housing Finance Corporation.

The team proposes a R125 million development fund to address the capital constraints limiting development capacity.

This fund would invest in joint ventures with private developers, aimed at leveraging at least R3 of working capital for every R1 invested by the state. It will only invest in projects delivering 100 to 300 houses a month and where existing and emerging contractors are in partnership.

The team also proposes increasing housing options for the poor, concentrating on providing security of tenure rather than straight home ownership through high-density developments in urban areas.

To facilitate this it recommends that the existing Institutional Subsidy Scheme, which consists of four bands depending on affordability, be adjusted to provide a flat rate subsidy of R15 000. This would be more than the average institutional subsidy granted to date of R12 500.

The recommendations have to be considered at cabinet level before they can be translated into policy. However, the first report of the task team was accepted by the Cabinet without amendment.

# Task team moots mass rental housing in radical govt strategy shift

Tim Cohen  
and Robyn Chalmers

CAPE TOWN — Frustrated by slow housing delivery, a government task team has suggested a radical departure from policy, proposing more direct government involvement in bigger, high-density housing schemes.

The provision of mass rental and social housing has also been proposed for the first time and there will be a strong focus on joint ventures between the private sector and the state to provide

large-scale, low-cost housing projects.

The housing ministry's task team on short-term housing delivery admitted that its current approach, which relied heavily on the private sector, was falling short of expectations.

"There has been insufficient engagement by the private sector in the housing programme, with the more significant players focusing their attention on more profitable and less painful avenues for investment," the report said.

The report was broadly welcomed

by private sector developers, many of whom have burnt their fingers in the housing market. They said it should boost the delivery of houses in SA.

The report suggested that the existing institutional subsidy be standardised at R15 000 around the country.

Eligible institutions such as local governments and employer corporations should match the national subsidy "and for rand".

The report, likely to be accepted by government within weeks, suggested three broad "interventions". One of

these envisaged promoting a dozen large projects which would deliver 150 000 units over four years.

These projects were to be undertaken on a joint venture basis between the private sector and local government.

A new R400m facility under the National Housing Finance Corporation's management would be set up to share the direct risk with the private sector investors. This means government would be underwriting the private sector without direct guarantees.

A R100m state fund would also be

set up to invest in joint ventures with private developers in a bid to expand delivery.

Another intervention would be aimed at creating social and rental housing options rather than promoting an individual home ownership system, with a strong focus on densification.

The report also suggests the stimulation of initiatives using different and innovative approaches such as deferred sales, rent-to-buy, rental and

Continued on Page 2

## Housing

Continued from Page 1

other arrangements.

To facilitate these systems it was proposed that stock also be created with subsidy assistance and made available to those with incomes below R2 500 a month. Institutions that would be included were local author-

(123)

BS 17/10/96

ities, corporations or employers.

The third intervention would relate to the public sector and the service it provided to the general public.

The task team said it believed that institutions charged with overseeing the state's involvement in the process should commit themselves publicly to a set of minimum performance and behavioural standards.

See Page 13



# Call for consultants to quantify housing fund

Linda Ensor

BD 17/10/96 (123)

CAPE TOWN — The housing department needed to bring in external consultants to deal with R12bn in underperforming assets in its National Housing Fund, director general Billy Cobbett yesterday told the joint standing committee on public accounts.

The consultants would be used to quantify, value and assess the portfolio prior to the devolution of the assets to provincial and local governments, as proposed in the draft Housing Bill.

Cobbett believed the substantial costs of using external consultants would be justified by the results. The auditor-general reported the fund had not been able to prepare proper accounts for years and there was no guarantee that its assets were safeguarded. There were no balances of what had been loaned and what had been paid back.

The R12bn included R9,7bn in 21 000 loans to local authorities, amounts outstanding on 47 000 rented properties financed by the fund, and over 100 000 loans to individuals to enable them to buy houses. Most of the assets were in the Western Cape, KwaZulu-Natal, and Gauteng, where there were "own affairs" departments under the former government.

In a letter to deputy auditor-general Bertie Loots, which was distributed to members of the committee, Cobbett said neither his department nor the provincial governments had the capacity to deal with the problem. Cobbett called for a fundamental change in approach.

He believed the situation was likely to deteriorate in the immediate future "not least because of the number of key personnel taking voluntary severance packages, particularly in strategic areas such as the Western Cape".

# You will foot R36m water bill

*ET 18/10/96*  
 CITY ratepayers will have to pick up a R36 million tab for bad debts, mainly for water supplied to Khayelitsha and the iKapa townships of Langa, Guguletu and Nyanga.

City treasurer Mr Eddie Landsberg told the Cape Town exco yesterday that total debts owed to the council for services pro-

*(123) 3*  
 vided to the townships, as at the middle of this year, are about R140m, of which the government will pay R48m over three years.

Of the remaining R92m, R55,5m has already been provided for out of the water undertaking's reserve funds, thus reducing the deficit to R36m. — Metro Writer

## ONE



MARK FISH

### in United?

African soccer star...  
 ying for Italian club...  
 linked with English...  
 Manchester United...  
 reportedly offered...  
 m. However, Lazio...  
 leaving an offer.

### in for safety

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### Cyberscrum for Pienaar

JOHANNESBURG: Francois Pienaar won't be in the lineout during the upcoming rugby tour, but he is on-line — on an Internet "Air Your Views" website, which has been swamped with comments ranging from advice to Springbok coach Andre Markgraaff not to quit his day job to demands for Pienaar to be reinstated. The site is at <http://africa.cis.co.za:81/ayv/ayv.pl.cgi>

### Cellphone strain injury?

LONDON: Mobile phones can be a real pain, a British medical journal has reported. A man who cradled a mobile phone in the crook of his neck while driving developed severe muscle weakness and pain in his arm and shoulder. The pain took a month to clear, and during that time the man could not even put his hand into his jacket pocket.

### Counting the cost

LONDON: A policeman was acquitted yesterday of stealing a R3,60 calculator from his own police station, in a case that has cost the British taxpayer about R720 000.

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## CRACK of DAWN



*"Trouble is I can't make census out of this form."*



## HOUSING

# A WAY FORWARD

(123) FM 18/10/96

In its second report published this week, the task team charged with identifying the practices blocking housing delivery stops just short of stating the obvious. It says the State should play a far greater role in clearing the housing logjam.

While it is repeating what others have been saying for a long time, the report does add some value by making some tangible recommendations. Housing Minister Sankie Mthembu-Mahanyele should be well pleased with it.

It suggests that the State should:

- Adjust the institutional subsidy scheme to promote more rental and social housing options;
- Create a special programme to promote larger scale projects through joint venture partnerships between the public and private sectors, and;

□ Take urgent steps to make the housing bureaucracy more efficient and responsive to the needs of the public.

Many would endorse those sentiments — especially the vision inherent in providing more higher density, social housing solutions which the big contractors could be involved in on a larger scale.

Thus far these have generally been undertaken under the institutional subsidy scheme. But rigidities in the application of the subsidies and bureaucratic delays have sometimes frustrated developers' best efforts.

The task team now proposes that the institutional subsidy should be nationally standardised at R15 000 per applicant, that institutions, corporations and employers be encouraged to contribute matching finance to the subsidy rand for rand, and that the changes to the regulations be made retroactive to housing schemes already approved.

To boost large-scale housing delivery and address developers' concerns over the availability of credit, it proposes to establish a special fund of R400m under the management of the National Housing Finance Corporation, and channel further private-sector investment through smaller housing corporations at provincial or local level.



Sankie Mthembu-Mahanyele

By so doing the task team hopes to initiate about a "dozen large-scale projects in the major urban areas which have the capacity to deliver over the next four years some 150 000 low-cost, high density housing units."

One obstacle to this initiative, though, could be the sometimes violent reaction of communities to the location of the poor near their neighbourhoods.

The report stresses that there is a danger in this of the apartheid set-

tlement patterns of the past being repeated under a different guise. "The policy challenge," it says, "is not to hide the poor but to take steps to bring them into the mainstreams of settlement and economic activity."

Nevertheless, the report is critical of the private sector's housing effort saying little real innovation is being offered in the R18 000-R50 000 housing price bracket. Developers were largely making use of only the subsidy figure (around R15 000/individual) in their housing schemes, which had led to the perception that the product being offered was sub-standard.

The major contractors and the banking sector, it claims, were largely absent in this housing category and tended often to blame each other and the State for their non-involvement.

But it adds: "The State should not merely attack and scapegoat the private

sector while it has so many deficiencies of its own to resolve."

Many of the problems deterring private-sector involvement, identified in the first report earlier this year, are still relevant today. They include the political risks of housing development associated with the culture of nonpayment and the calls for bond boycotts; the level of crime and violence which contractors have to deal with on site; administrative problems associated with a slow moving bureaucracy; and the commercial risks of trying to match housing requirements to peoples' ability to pay.

Yet, the team's members are confident an appreciable difference can be made to the pace of housing delivery in SA.

They say there is already a discernible improvement in delivery levels following the first report.

About 10 000 individual, end-user subsidies are now being paid out by the State each month. Between June last year and May this year the banks advanced around R3bn in respect of 45 000 new loans in the areas covered by the Mortgage Indemnity Fund Agreements, R765m of which was for the subsidised market.

The task team's third report, which will deal with housing the majority of the homeless and the promotion of a Peoples' Housing Process, is now awaited. ■

MALAN TRIAL

## ENTER THE COMMISSION

*FM 18/10/96*  
The acquittal of all the accused in the Malan trial had hardly been announced by Judge Jan Hugo when the Truth & Reconciliation Commission declared that it was better equipped to establish the "truth about our past" than the trial court.

Before former Defence Minister Magnus Malan and the 19 co-accused could fully savour their freedom, the commission warned that it might conduct its own investigation "into the issues raised in trial." If it did, it would not hesitate to



# Proposal on services a recipe for the collapse of the urban system

GOVERNMENT policy on municipal service provision has been attacked as promoting "unacceptably low service levels" by the National Institute of Economic Policy. The institute claims the approach will foster urban slums and continue the pattern of urban apartheid.

Government's approach to minimum standards, which seeks to guarantee every South African access to basic services, is described as making pit latrines into "permanent development policy".

The institute has proposed instead that high service standards should be provided to all urban residents upfront, and that these should be financed through subsidisation by industry and wealthier residents.

The institute's critique demonstrates some profound misunderstandings of government policy. The aim of this article is to examine the costs and viability of its proposals, and to set out key aspects of government policy on municipal services.

A distinction must be made between policy, which seeks to ensure that service levels are affordable, and service levels themselves, which should rise as affordability considerations permit.

Government aims to support a local development process which will give most South Africans access to much higher levels of service.

This is, of course, dependent on the speed of economic growth, local job creation, financial and institutional strength of local government and, most importantly, the individual and collective choice of consumers.

For example, a growth rate of 2% will give us a GDP in 2006 of R600m, while a growth rate of 6% will give us a GDP of R900m.

We need a policy that is sufficiently flexible and robust to cope with both low- and high-growth scenarios, but at the same time meets the basic needs of everybody as quickly as possible.

Government's approach to financing and delivering municipal infrastructure and services is guided by the interrelationship between three key sectors, namely the "household" (and its ability to afford the current costs associated within any particular form of service), the local authority (and its long-term financial viability

based on the integrity of its tax base), and the financial markets (and their ability to assist the development process through appropriate "gearing" of investments).

The proper functioning of these three sectors, and the way in which synergy between the resources in each sector can be attained, is key to realising the RDP vision.

Government's subsidies and other interventions in terms of infrastructure provision aim primarily to achieve the optimum leverage of resources to address the needs of the poor.

Government achieves this through a system of upfront, transparent capital grants, both to households through the housing subsidy, and to local authorities through the municipal infrastructure programme.

These grants are targeted at poor households and are the principal instrument through which redistribution takes place in housing and municipal services.

By subsidising the capital costs of housing and infrastructure, poor people are able to attain at least a basic level of service compatible with international standards.

They are also provided with tenure, access to services and residential fiscal security to leverage in other resources for improved employment opportunities.

Through the interaction between markets providing further investment in infrastructure from which a financial return is possible, local authorities (which can recoup the additional capital costs of higher

service levels) and households (with improved household in-development process), it will be possible for the majority of the poor to attain higher levels of service than those financed just through government grants.

Government's primary responsibility remains, however, to ensure that every South African has access to at least a basic level of service — on its own the system of capital grants will ensure this.

The institute's suggestions are unaffordable. Its proposal for high service levels for all urban residents has been costed by a team of engineers and finance specialists. We have developed a high and low estimate, using information from actual local authorities' budgets, as well as independent engineering estimates.

Between R7,4bn and R10,5bn will be required as an annual recurrent subsidy to finance the NIEP proposals.

The question is how to finance this. The NIEP believes that the choice of high service levels should not be borne by consumers, but that the wealthy and industry must pay.

The effect of this on tax would be to increase VAT to 17% or 18%, or to increase corporate taxes 35%-50%.

While government covers the capital costs equivalent to a basic level of service, the capital costs are not the primary concern here. The critical factor in determining affordability is the continuing recurrent costs associated with operating a particular level of service.

Unless a local authority does the necessary financial projections, and secures a local revenue stream to cover operating costs, in a few years time the local authority will go into the red, and the infrastructure will collapse.

This places a heavy burden of responsibility on local authorities to make sound financial choices.

The institute writes that due to different service levels in different neighbourhoods, "there is no possibility for a low-income earner raising her or his standard of living...."

This is incorrect on two counts. First, neighbourhoods go through an incremental upgrading process as residents consolidate their material position and are able to afford better services, and as urban growth, for example, leads to a bus service and the tarring of roads. Second, low-income earners who earn more can and do raise their standard of living by moving to neighbourhoods with better services.

The broader developmental vision requires, of course, far more than just a system of capital grants. For this reason there has been extensive work undertaken on the "developmental finance" side, aiming to mobilise private sector loans and equity into the local government system.

A major programme to improve municipal financial management is under way, with its starting points being a proper monitoring, reporting and accounting system.

In the light of the proposed new constitution, a major review of the whole system of intergovernmental grants is also required.

The system inherited from the apartheid era has effectively been rewarding bad financial management by local authorities — this requires a restructuring of the fiscal system, again with a more explicit and transparent approach to subsidising the poor.

The challenge facing public sector policy makers in the field of urban infrastructure is how to make the system as a whole — households, municipalities, markets — deliver more effectively.

The institute's assertion that the state can deliver full services to the poor on its own is outdated, misguided, and a recipe for long-term collapse of the urban system. Only a minority of residents will benefit from such an approach.

The solution lies in targeted government assistance which allows the urban poor to gain the threshold necessary for their participation and assertion within the urban economy, and for "gearing in" additional municipal and private sector resources.

In our opinion, there is a limit to cross-subsidisation — at a certain point it becomes self-defeating as business moves to cheaper areas, in conjunction with the communities they serve, have the primary responsibility for determining the nature, strategic location, service levels and financing of any municipal infrastructure project.



# Threat to councils' electricity licences

Robyn Chalmers

**UNDERPERFORMING** municipalities could have their licences to distribute electricity withdrawn following the development of a performance framework by the National Electricity Regulator.

Spokesman Johan du Plessis said yesterday the framework would not be implemented until government made a decision on the restructuring of the electricity supply industry — expected before the end of this year.

"However, we cannot wait indefinitely for government to make a decision and we will implement the framework should it become clear that government will defer its decision.

"The implementation of the framework will undoubtedly lead to at least some municipalities losing their licences," Du Plessis said.

The regulator's framework states that licences could be withdrawn or re-allocated if electricity distributors, mainly municipalities and Eskom, do not measure up to one or more criteria.

These include non-payment of bulk electricity accounts or failure to honour agreements in this regard, and the non-viability of the electricity business when measured in terms of income and expenditure, cash flow and a prescribed return on assets.

Those municipalities with large bulk arrears include Springs, the northeast Rand, Sasolburg, Randfontein, Johannesburg, Umtata, Witbank and Ermelo. There are more than 30 municipalities with bulk arrears.

Inadequate billing and revenue collection procedures, high connection costs, failure to connect the targeted number of new consumers within a reasonable period and poor quality of

supply will also be taken into account and could lead to the loss of licences.

Speaking at a privatisation seminar yesterday, mineral and energy affairs director-general Gert Venter said stakeholders in the electricity supply industry generally agreed that change in the sector was vital.

Venter said the fragmented nature of the industry had led to a wide disparity of pricing and cost of supply. Electricity tariffs were used to finance other municipal services and there were large differences in service and supply quality standards.

He said there was a need to provide low-cost, equitable tariffs to all consumers, to maintain the financial health of the industry, improve the quality of supply and meet SA's electrification targets.

Continued on Page 2

BD 23/10/96

## Electricity

Continued from Page 1

Proposals for the restructuring of the electricity supply industry have been placed before government by the electricity working group. These include that the industry be consolidated by merging the distribution business of Eskom and local governments into financially viable, independent regional

distributors.

Tariffs should be cost-reflective to ensure the financial viability of the industry and separate, transparent taxes to fund electrification and other municipal services should be introduced.

A full-time and specialist transformation team should also be set up to plan and negotiate the transformation process with relevant stakeholders and draft the legislation necessary to effect the restructuring, the working group proposed.

BD 23/10/96

# Defaulters to pay up bond arrears

*Sowetan 24/10/96*

This agreement between the parties can be used as an example (123)

By Joshua Raboroko

**M**ORE THAN 100 000 bond defaulters who bought low-cost homes financed by the South African Housing Trust's subsidiary Khayaletu Home Loans are to resume paying their bonds from November 1.

This follows an intensive campaign by the SAHT and the South African National Civic Organisation to bring an end to a four-year old boycott by about 15 000 bond holders.

After a housing summit in Cape Town yesterday, SAHT chairman the Reverend Frank Chikane said that Sanco and the SAHT signed an agreement to assess and repair houses where workmanship was below standard.

Most of the defaulters claimed they started the boycott because of structural defects in their homes which they maintained despite the poor quality.

The trust has budgeted for R43 million to repair houses which had defects. So far R15 million has been used to do the job in

many areas - the reason bond-holders were urged to resume paying.

The bond boycott cost the SAHT about R200 million and sources said that with that amount of money more than 50 000 low-cost homes could have been built in the past years.

The parties also see the agreement as a breakthrough, setting the stage for similar moves to end the boycott with other financial institutions.

### National action

"Now we are embarking, with our partner Sanco, on a drive to sensitise affected areas throughout South Africa about the agreement and its implications," Chikane said.

He added that letters had already been posted to the defaulting bond-holders explaining this process and the fact that they need to start paying from November 1.

Defaulting bond-holders are urged to pay at least 80 percent of their normal payments for the next six months while their full debt and property value was being re-evaluated and a new instalment set.



## Most people 'willing to pay' (123)

Farouk Chothia

24/10/96

DURBAN — Most South Africans were willing to pay rent and service charges, but the effectiveness of the Masakhane campaign was being crippled by economic, infrastructure and political problems at local level, the Human Sciences Research Council said in a survey released yesterday.

The HSRC said that 61% of 2 241 respondents interviewed in July indicated a willingness to pay. Of the 61%, 33% was prepared to pay a full rate, while 28% were prepared to pay a flat rate.

Only about 8% of respondents — mostly with no income or low incomes — said they were unwilling to make any payment.

It said while this data indicated a basic willingness to pay, there appeared to be a lack of political support for the Masakhane cam-

paign at local level, as well as a lack of capacity to read meters, issue accounts and collect rent.

The HSRC said 34% of ANC supporters were willing to pay for services, followed by 33% of IFP supporters and 23% of PAC supporters.

DP supporters were most willing to pay, at 68%, followed by NP supporters (52%) and supporters of right-wing parties at 44%.

Residents in Northern Cape were most willing to pay (59%), while residents in Northern Province were least willing (16%). More KwaZulu-Natal residents (42%) were willing to pay than Western Cape residents (37%), Gauteng residents (35%), Eastern Cape residents (31%) and Mpumalanga residents (28%).

Willingness to pay in North West was higher at 55%, and Free State at 47%.



HANSARRA

we want to. We are delivering. Let me tell the hon senator that in a few weeks' time, I will come and tell senators that in two years' time we have been able to produce products which the old administration could not produce in 30 years... [Time expired.] [Applause.]

Debate concluded.

**Masakhane programme not successful**

2. Sen A E VAN NIEKERK asked the Minister for Provincial Affairs and Constitutional Development:\*

- (1) Whether his attention has been drawn to a statement of a certain political party, the name of which has been furnished to his Department for the purpose of his reply, to the effect that the Masakhane programme was not successful; if so,
- (2) whether he or his Department conducted an investigation to ascertain whether or not this programme was successful; if so, what were the reasons for this programme succeeding or not?

S794E:INT

**THE MINISTER FOR PROVINCIAL AFFAIRS AND CONSTITUTIONAL DEVELOPMENT:** Mr President, in the first place I would like to express my appreciation for the interest which the Senate has been showing in the Masakhane campaign. I have been here on numerous occasions to answer questions. I think that this is the kind of interest which all South Africans should be showing in the campaign.

The answer to part (1) of the question is yes. The answer to part (2) is yes. The Masakhane campaign has been reviewed by the department, by Government as a whole and by key stakeholders represented at Nedlac. The recommendations arising out of the various assessments were submitted to Cabinet on 16 October 1996. In my opinion, it is not a question of whether the Masakhane campaign is successful or not, because when one tries to answer that sort of question, one enters the terrain of answering questions which really involve assessments with regard to things like beauty, which is in the eye of the beholder.

I would like to say, however, that tremendous progress has been made in the Masakhane campaign. I am saying this because the campaign has raised a new consciousness amongst the public

regarding the need for co-operation and partnerships for development. The consultants who were appointed to deal with advertising during the campaign indicated that research showed that at least 70% of the population was aware of the campaign. It has encouraged people to be part of a nation-building process, which is critical for addressing the social divides which were created in the past, and for enhancing a system of good governance.

The campaign has helped to promote better relations between the Government and the people. It has sensitised newly elected municipal councils to the need to make democracy meaningful at local level by working closely with communities. It has promoted sustainable development by linking payment for services to delivery. All nine premiers, without exception, have agreed actively to promote and support the campaign in their respective provinces. Provinces have conducted Masakhane summits involving all stakeholders and have established Masakhane support teams.

Through the Mayors for Masakhane Project, the campaign has succeeded in committing the newly elected councillors to endorsing the aims and objectives of Masakhane. Mayors from almost every municipality in the country have pledged their support for the campaign and are actively promoting its goals.

The campaign has resulted in an improvement in service delivery. My department has allocated an amount of R1,35 billion towards the municipal infrastructure programme for approximately 850 projects. Of these... [Time expired.]

\*Senator A E VAN NIEKERK: Mr President, right from the start I want to say that we do not intend to be wilful with this interpellation. I will also not attempt to score political points, although it would be easy to do so if one wanted to.

The aim of this interpellation is merely to reaffirm the importance of the principle of Masakhane, the principle of "let us build together", and the principle that after the struggle and apartheid the authorities and citizenry should develop a conscience. Both should be reminded of the fact that they have a responsibility towards each other. The authorities should realise that they have to fulfil promises regarding the rendering of certain services, and the citizenry should learn and realise that they have a responsibility towards the authorities as soon as those services are rendered. With this principle we have no difficulty. We

supported it from the start, but at the moment the project is not succeeding in this respect, and we will have to take a look at that. [Interjections.]

The project's emphasis falls on the culture of nonpayment that was developed during the previous struggle period as an instrument of protest and pressure, and which should now become a culture of payment. This is an enormous task and it must succeed. The newspapers are full of references prompted by your report, hon Minister, about the state of finance in local authorities, which indicates that this main goal is not even near being achieved. On the contrary, there is a deterioration in the gaugeable sections. Then we are not talking about those that cannot be gauged, which you referred to. Your party has confirmed this, in the words of the deputy secretary-general, and here I do not want to go into detail.

One should now look at replanning, at streamlined structures that do not have to cost billions, and at cost-effective implementation, because the principle of Masakhane must succeed or else the people in the focus group, the disadvantaged group, will suffer even more, because the culture of nonpayment is now spreading to those who have always been paying. All development is being thwarted and the plans of the Minister of Housing will never succeed.

We are giving momentum to a vicious circle. This emphasis on payment for services, as scanty as they may be, should not be watered down as is being suggested by Cheryl Carolus, because this is the very focal point. The Masakhane project should involve all of us and the perception that it is an ANC project should disappear; it is South Africa's project.

Senator M BHABHA: Mr President, judging from the question, there appears to be a misconception of what Masakhane is. It is not an event, but a process. It is certainly not synonymous with the payment of service charges.

In so far as it does impact on service charges, there are a number of problems that my learned friends should know about. One of these problems is that we inherited a system in which computer systems did not exist at all. As a result, billing could not be done. Secondly, the poverty levels are very high. There is no disposable income. [Interjections.]

The DEPUTY PRESIDENT OF THE SENATE: Order! I will definitely allocate more time to a

speaker if he is interrupted during the interpellation. Senator Bhabha may proceed.

Senator M BHABHA: It is very easy to make pronouncements from the well-manicured suburbs the hon senators live in. They should come into the townships to understand what it is all about, rather than make intellectual pronouncements on something they know nothing about.

The Minister has already stated that we are proud of this project. We are succeeding in it and we will continue to succeed.

\*Senator B J VAN DER WALT: Mr President, as always in debates of this nature, there are two sinners. On the one hand we have apartheid and on the other the freedom movement, supported by the ANC, which created a culture of nonpayment. It appears to be very difficult to change that sort of culture under present circumstances once it has taken hold.

In this regard one only has to look at the HSRC's latest research, which in reality shows that it is actually not the whole population that is not willing to pay. Looking at the supporters of the various parties in this House, on which the HSRC's research was done, it would indicate that the DP, the NP and the FF's supporters are more willing to pay for services than all of the other parties' supporters. The research indicates, for instance, that only 34% of all ANC supporters questioned were prepared to pay for services. So we have as yet not reversed that spirit and culture of nonpayment.

Where does the solution to this problem lie? The solution lies in the fact that the newly elected councillors, particularly on the side of... [Time expired.]

Senator D M MALATSIS: Mr President, I think the spirit of Masakhane should be developed in such a way that it prevails amongst all the people of this country. Rather than being a debate of finger-pointing, it should be a debate in which we say to the community out there: We wish that everybody could participate in the spirit of Masakhane, so that it will not develop negatively in Randburg or Sandton, where other people will say that they feel that they are also entitled not to pay.

It is true that many people grew up used to not paying for services. The spirit of Masakhane should be a spirit that says to the people that we now have our own Government which we all voted for, and we have to help this Government to



built in order to give people benefits. It was in that spirit that I understood Masakhane when it was introduced—that it should cross party-political boundaries so that people of all political parties would feel that it should prevail for the benefit of South Africa.

If the country falls, it is not the ANC which falls. It is all of us who want to participate in the political dynamics of this country. We owe it to the people of this country and the future generation. [Time expired.]

Senator C H PIENNAAR: Mr President, we in the IFP obviously support the Masakhane programme, and it is to be welcomed that, according to the Minister, it is being reviewed. We trust that it will soon be revitalised and that new life will be breathed into the whole programme. We appreciate that the paradigm shift that has taken place makes it very difficult. It is like trying to turn around a giant tanker in a kilometre, whereas it takes 10 km to 15 km to turn such a tanker at sea. This is figuratively what has been happening here.

We ask the Minister figuratively to rub some turpentine under the tail of this thing. We are not asking him to rub turpentine under his tail—it might propel him into flight—but under the programme's. [Laughter.] He must get some turpentine working there.

Senator J SELFE: Mr President, the point has been made in this debate that the Masakhane campaign extends more broadly than a matter of mere payment. It is, however, common cause that good governance at any level is impossible when people do not pay taxes.

The Masakhane campaign seeks, *inter alia*, to encourage people to pay for services that they receive from local government and to reverse the culture of nonpayment that bedevils good governance and service delivery. I think we need to focus very clearly on the end goal of the campaign, which is to permit good and co-operative governance.

The Masakhane campaign, and other campaigns of this sort, have an important role to play. So do campaigns that make Government more user-friendly and responsive to the people it serves. So do, in the last resort, campaigns of law enforcement. No government can indefinitely turn a blind eye to ongoing nonpayment. To do so is to invite anarchy.

Senator A E VAN NIEKERK: Mr President, I just want to ask Senator Bhabha not to deny things. Let us get some turpentine and get going. It would be unwise to assume that everybody understands the new dispensation of governance in South Africa, and that the people from disadvantaged communities will now quite happily enquire where the nearest revenue office is, so that they can pay their municipal accounts. That is the reality.

Good relations between taxpayers-to-be and municipalities must be promoted, for a lot, if not all, of the blame for not paying, which has resulted in 48 local authorities not having cash to pay their Eskom bills and 95 local authorities not having sufficient cash to cover one month's manpower bill, should be placed on ignorance—ignorance amongst political office-bearers about the importance of the success of the Masakhane project and a denial of realities on their part, and especially ignorance amongst the people, of why they should pay and what they are paying for. I have scientific research to prove that they do not know what they are paying for. Let us stop bluffing ourselves. Let us stop making excuses and go out there and get the programme going so that we can get people really to understand the meaning of Masakhane where it is needed so badly.

I thank the Minister for his concern about getting this project back on track and I also thank senators for their concern and their participation in this interpellation.

#### THE MINISTER FOR PROVINCIAL AFFAIRS AND CONSTITUTIONAL DEVELOPMENT:

Mr President, the campaign has resulted in improvement in service delivery. My department, as I said earlier, has allocated an amount of R1,3 billion for municipal infrastructure for approximately 850 projects. Of these, 74 have been completed and 281 are currently on site. This programme will benefit 8,5 million poor and previously disadvantaged people.

The municipal infrastructure programme complements a range of other delivery programmes initiated by Government, in particular the housing programme of the Department of Housing and the rural water programme of the Department of Water Affairs and Forestry.

The Masakhane campaign has helped speed up the delivery process by mobilising both municipalities and communities concerning their respective rights and responsibilities.

I must take this opportunity to make it very clear, and to agree with the newly elected leader of the NP in Mpumalanga, that this campaign is neither an ANC campaign nor is it a Government campaign. It is a campaign of the South African community, of the people of this country. It does not belong to us. We are all trying to make this campaign work. Government makes a contribution to this campaign. We play our part in it, and I have spoken about some of the things we have been doing.

The ANC as a political party makes its contribution. It is prepared to make a contribution. I am quite sure that all other political parties here, in whichever way they see fit, would make a contribution. We have asked the Nedlac partners, the business community, the labour movement, the churches, the civic organisations, all of them, to play their part in this regard. Therefore, I would agree with the many inputs that have been made.

It is a pity that Senator Van der Wal, in the manner in which he speaks, gives the impression that the supporters of the NP and the DP are all white. I do not think the other parties would agree with him. He should perhaps speak for himself. His supporters are racially based. That is well and good for him, but certainly the other parties here do not have that ambition.

Finally, let me say to Senator Pienaar that perhaps he underestimates our resolve in this matter. What we really intend doing now is to make use of jet fuel, not turpentine.

Debate concluded.

#### QUESTIONS

Indicates translated version.

For oral reply:

President of the Republic:

#### Remuneration received by certain person

\*3. Sen J SELFE asked the President of the Republic:

- (1) (a) What remuneration did a certain person, whose name has been furnished to his Office for the purpose of his reply, receive from his Office during the period 1 July 1996 up to the latest specified date for which information is available and (b) for

how many hours work was this remuneration received;

- (2) whether the said person is entitled to any benefits and/or allowances; if so, (a) what are the details concerning claims submitted by the said person for these allowances during the abovementioned period;
- (3) whether the said person's contract permits him to contract out his services to or accept employment from any other organisation or individual for the duration of his contract with his Office; if so,
- (4) whether the number of hours the said person may devote to such other business is specified in his contract; if not, why not; if so, what are the relevant details?

S756E

#### THE MINISTER FOR PROVINCIAL AFFAIRS AND CONSTITUTIONAL DEVELOPMENT (for the President of the Republic):

- (1) The individual is remunerated in accordance with a standard category III special adviser's contract as approved by Cabinet, which is calculated on the all-inclusive package of a Deputy Director-General in the public service as it was in 1994.

(a) In terms of this contract he receives an "all-inclusive" amount of R28 800 per month in lieu of salary and benefits.

(b) He is required to work 176 hours per month (40 hours per week). He usually works approximately 40 hours per month additionally for which he is not remunerated. I would point out that during the period 1 July to 15 October 1996 he worked more than 40 hours per month in excess of his required hours of service.

- (2) (a) Yes. He is not entitled to any pension contributions, medical aid contributions, unemployment insurance, car allowances, membership of any car scheme, service bonus, nor does he qualify for parliamentary sessional benefits.

(i) He is, however, entitled to 2,5 days leave and 3,3 days sick



**THE DEPUTY MINISTER OF HOME AFFAIRS:**

No provision is made for the granting of permanent residence to illegal immigrants from the countries, as indicated by the hon member. However, with regard to the granting of exemptions to citizens from the South African Development Community (SADC) member States who have resided illegally in the country for a period of five years or more and who comply with certain conditions, hon member is referred to the announcement in the Minister's budgetary speech in the National Assembly on 4 June 1996.

With the implementation of the Aliens Control Amendment Act, 1995, on 1 July 1996, all aliens, except the holders of valid work permits, can only apply for permanent residence permits from their countries of ordinary residence. It implies that illegal aliens residing in the Republic of South Africa cannot apply for permanent residence within the RSA.

The exemption referred to above was the only legal instrument which could be applied in order to address the problem of those people from SADC countries who resided illegally in South Africa for at least five years.

Senator Dr G W KOORNHOF: Mr President, arising out of the hon the Deputy Minister's reply, could she indicate to us how many exemptions have been granted in the past year?

**THE DEPUTY MINISTER OF HOME AFFAIRS:** Mr President, it is not possible for me to indicate that, because the process of exemption is continuing. When the process has been completed, we will begin the process of sifting the acceptable conditions that we have laid down. Then we will grant exemptions. We have not started the process yet.

*For written reply:*

**Number of employees in Department**

387. Sen A VAN BREDA asked the Minister for Public Enterprises:

- (1) (a) What was the total number of employees in her Department as at the latest specified date for which information is available and (b) how does this figure compare with the number of employees on the corresponding date or during the cor-

responding period in the previous (i) quarter and (ii) year;

- (2) whether there were any changes in the total number of persons employed in her Department; if so, what were the reasons for these changes;
- (3) what is her or her Department's policy in regard to the optimum number of persons employed in her Department?

S670E

**THE MINISTER FOR PUBLIC ENTERPRISES:**

- (1) (a) 35  
(b) (i) 36  
(ii) 31
- (2) Filing of five vacant posts.
- (3) Having only 38 posts on our establishment it is essential that all posts are filled to ensure the optimal efficiency and functioning of this Office.

**Advisers/consultants/other contract staff in Department**

392. Sen A VAN BREDA asked the Minister for Public Enterprises:

- (a) How many persons are currently being utilised as (i) advisers, (ii) consultants and/or (iii) other contract staff in her Department, (b) what are the names of these persons, (c) what does the total remuneration package of each such person amount to, (d) what is the term of appointment of each and (e) for what purpose is each being utilised?

S675E

**THE MINISTER FOR PUBLIC ENTERPRISES:**

- (a) (i) Two  
(ii) Nil  
(iii) Nil
- (b) Messrs Jeff van Rooyen and Kennedy Memani
- (c) R345 600 per annum; R228 000 per annum
- (d) 12 months
- (e) Advice to the Minister.

**National Home Builders Registration Council:**

requirements for membership

408. Sen W F MNISI asked the Minister of Housing:

- (1) What requirements must be met by persons wishing to become members of the National Home Builders Registration Council;
- (2) whether the Council has any authority to act against member companies or organisations for non-performance or inadequate performance; if so, what action may it take in this regard;
- (3) whether action has been taken against any members since 1 February 1996; if so, what are the relevant details?

S691E

**THE MINISTER OF HOUSING:**

The following information was supplied by the NHBRC, which is an independent private company:

- (1) Contractors wishing to register with the NHBRC are evaluated upon the following criteria:

1. Number of years in the construction industry.
2. Number of houses or projects previously constructed.
3. History and quality of trade references.
4. History and quality of consumer references.
5. History and quality of professional references (Items 3-5 all as available and appropriate)
6. Bank account details and references.
7. The size and structure of the institution/company.

All of the above are evaluated and judged against the number of dwellings the contractor is expecting to construct over the next 12 months period.

For example: A contractor who intends to construct only six houses this year does not require larger-value trade accounts and huge plant and equipment. If the bank

account and previous history of the contractor indicate that he/she has the abilities and capacities to construct the required six, then NHBRC shall register such contractor with a condition of six dwellings to be enrolled. During the early part of our relationship with the contractors we will, through our site inspectorate continually re-evaluate the contractors' abilities and either lift the conditions of registration, or increase such conditions as necessary.

- (2) Should we, in the course of our evaluation, find unacceptable references we may request that some rectification of previous problems be required.

The Council has within its Rules, agreed to by the Contractors, the power to:

- register, or not, as the case may be, any applicant contractor;
- set appropriate conditions of registration;
- amend the conditions of a contractor's registration;
- demand compliance with any conditions of registration;
- demand compliance with its rules, including the construction of dwellings in accordance to the NHBRC technical standards and guidelines as well as the National Building Regulations;
- cancel a contractor's registration, including the publication of such cancellation.

The NHBRC's database allows the Council to record any cancellation of registration against the:

- Company, and its
- Principals
- Directors

• Officers and Guarantors of the contractor, thereby preventing any of the above from registering under a separate name.

The Council has already received 3 054 applications for registration, 199 applications have not been approved due to the inability to satisfy the above criteria.



(3) The Council has de-registered 9 contractors, the details of which are:

Name of Company	Reg No.	Reasons	Manuels Construction T/A Alby's Construction	261	Numerous large scale judgments, R1 million exposure.
Howz-It Property Developers	562	Company went into liquidation. There are allegations of receiving bond draws without completion of house.	Tanas Building Construction	526	Bounced cheque. No response to contacts.
			Nisele Property Developers—T/A Comfort Properties	1081	Bounced cheque. No response to contacts.
			ME Moraba Projects CC	529	Bounced cheque. Unco-operative.
			Pro Builders T/A Rand Construction	122	Fraudulent use of NHBRC registration certificate, forged to obtain bond from bank not willing to lend under his real name.
KK Home Improvers	n/a	Several cases of incomplete work, work not to building regulation. No supervision of site. Fraudulent use of NHBRC logo and NHBRC warranty ±R200 000 paid for incomplete work.	Jan Mahlangu Builders	1895	Bounced cheque. No response to contacts.
JJ Viljoen Developers	1083	Cheque bounced, no response to contacts.	A further two contractors have been given notice of our intention to cancel their registration unless they satisfy our complaints within 22 working days.		

### QUESTIONS

†Indicates translated version.

For written reply:

#### Oil pollution of South African coastline

407. Sen E K MOORCROFT asked the Minister of Environmental Affairs and Tourism:

- (1) (a) How many shipwrecks or instances of the spillage of oil from ships resulting in the pollution of the South African coastline occurred during the period 1 January 1990 and 30 June 1996 and (b) in each case, (i) what was the (aa) name and (bb) nationality of the ship involved, (ii) what were the circumstances surrounding the oil spillage, (iii) what quantity of oil was spilled, (iv) what was the extent of the damage caused to the environment and (v) what was the cost of the clean-up operation involved;
- (2) whether any (a) action has been taken against and/or (b) expenses have been recovered from the ships concerned; if not, why not; if so, what are the relevant details?

S690E

#### THE MINISTER OF ENVIRONMENTAL AFFAIRS AND TOURISM:

- (1) (a) For the period 1 January 1990 to 31 December 1995, the Kuswag VII (the Departmental patrol aircraft) spotted a total of 330 oil slicks. For the same period, another 319 spills were reported to us by other parties.
- (b) (i) In the majority of cases it was not possible to identify the source of the spill. Of the 330 slicks sighted by the Kuswag VII, for example, only 83 (±25%) were linked to particular vessels. Available details are provided for 1995 in the attached table.
- (ii)/(iii) In most cases, the volumes of oil involved were relatively small (less than one tonne), and were probably the result of illegal discharges of bilges. The only significant exception to this for 1995, was the spillage of some 70 tonnes of oil from the Hawaiian King into Saldanha Bay. This occurred as a result of an undetected leak into the ballast water tanks from the pipe through which oil was being loaded to the vessel. The contaminated ballast water was subsequently discharged into the bay.
- (iv) The environmental damage caused by minor slicks at sea is negligible, but where spills impact on sensitive areas of the coastline, damage can be more significant. Of greatest concern, are the cumulative effects of a series of spills. In the case of the Hawaiian King, the oil affected a number of birds, and penetrated into Langebaan Lagoon.
- (v) For the Hawaiian King, the clean-up operation cost in the order of R3 million.
- (2) (a) Where the ship is identifiable the following actions can be taken:
- (i) If the vessel is not coming into a South African port, then a notification is generally sent to the International Maritime Organization and/or the port of registry.
- (ii) Where the vessel does enter a South African port, it is prosecuted. A list of successful prosecutions for 1995 is attached.
- (b) The costs of the clean-up for the Hawaiian King incident are currently being processed by insurers.

# Newhco's fortunes turn around

Robyn Chalmers

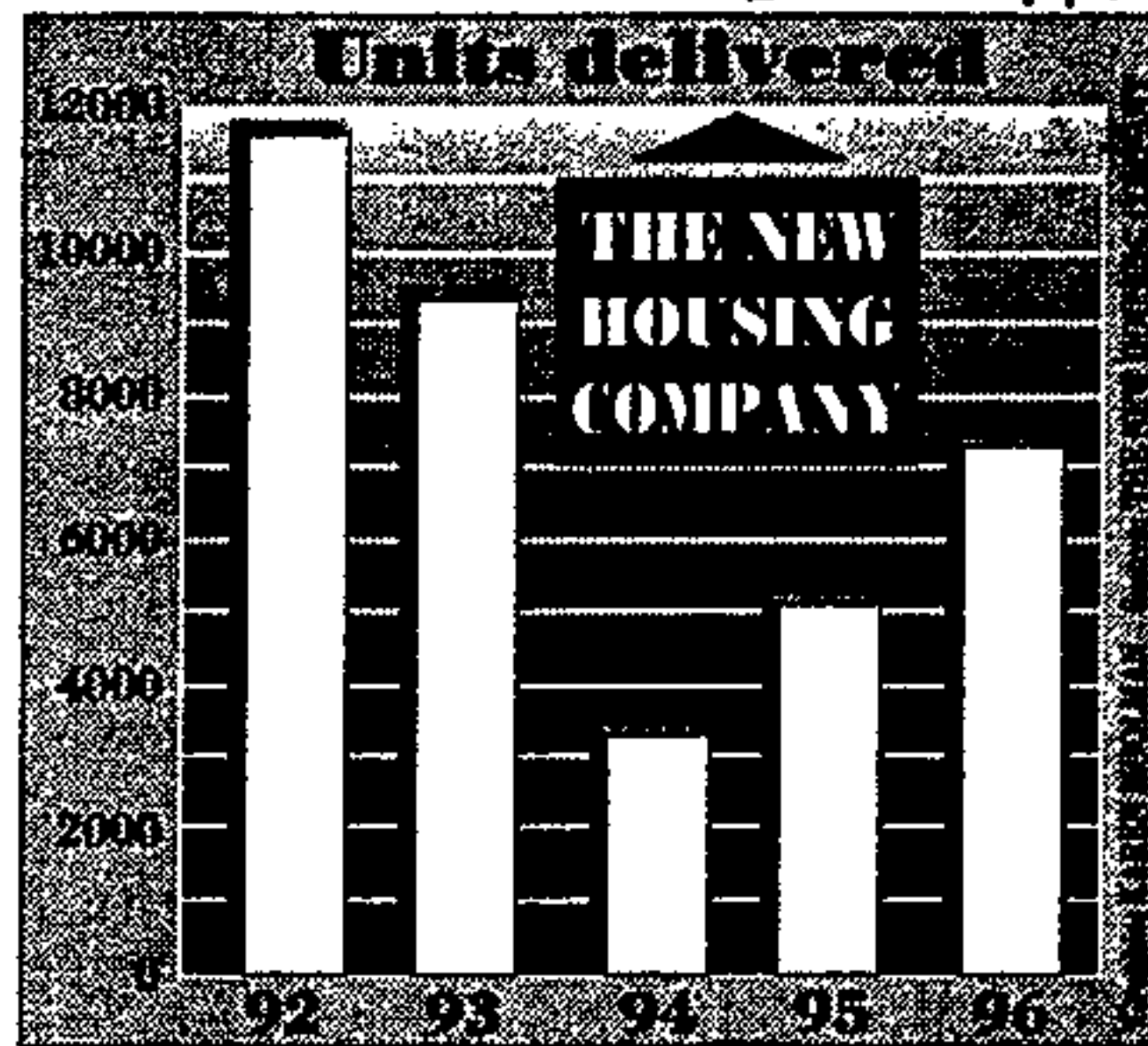
THE New Housing Company's (Newhco) fortunes turned around in the year to end-June in line with increased delivery on the low-cost housing front, with profit before grants received rising to R4m against a loss of R9,7m in the previous year.

Turnover increased 98% to reach a record R176,7m while Newhco's delivery of housing units rose to 7 523 from 5 349 previously. Grants received fell to R21,2m (R25m), but together with profit, the group's reserves rose to R52,7m (R27,3m).

Newhco chairman Selwyn MacFarlane said despite the higher turnover and delivery, the group's share of the market halved to about 11,4%.

"This demonstrates two very welcome things — that the housing market has at last taken off, and that many developers are returning to join us in the vitally important economic sector," he said.

Directors said there were encouraging signs for housing with bank loans beginning to flow and delivery improving, but they warned that there were a number of factors impeding the programme.



These included inconsistent approval criteria being applied by financial institutions to loan applicants, bureaucratic hold-ups and land invasions. The possibility of local authorities competing directly with the private sector in developing projects was also cause for concern.

The concept of local authorities acting as developers was contained in the draft housing bill. Newhco MD Rod MacGillivray said

that if authorities did enter the market themselves it was essential that they competed with the private sector on level terms without hiding some of their costs.

MacGillivray said it was equally important that undue preference was not given to public-sector projects that caused private-sector housing delivery initiatives to be stalled or cancelled.

"We have just been through a down-scaling exercise in our East Cape division where six of our proposed projects in the province have been shelved as a consequence of this type of preference to public-sector projects. As a result half of our staff in that division — all experienced housing practitioners — have lost their jobs," MacGillivray said.

He said that to reduce Newhco's reliance on the government-assisted sector of the housing market, and to guard against possible delays resulting from policy changes, the board had approved an accelerated expansion programme.

Although this would broaden the scope of projects the group would undertake in future, MacGillivray said it remained committed to the delivery of housing to the poor.



# PRIVATE-SECTOR ENGAGEMENT POISED TO BOOST DELIVERY

(123) FM 25/10/96

## New era of partnership in offing

Practical schemes by the private sector, coupled with a growing emphasis on public-private sector partnerships, are likely to soon boost the delivery of mass housing.

As a result of this shift in focus, housing delivery is improving, says National Housing Board vice-chairman and housing consultant Matthew Nell. He notes that, whereas the monthly average during March 1994-August 1995 was 536 new subsidies, in June a total of 9 581 subsidies were paid out to beneficiaries. In July, the pace was maintained with 9 297.

According to Settlement Dynamics, 65% of subsidised units in a research sample of 456 765 are being developed by the private sector. A further 12% are public-private sector joint developments, with the balance being developed either exclusively by the public sector or the State enterprise sector.

Consensus is that SA has a housing shortage of 1,5m-2m units. About R165m/month is being drawn down for nearly 10 000 housing starts in low-cost subsidised units. More important, says Settlement Dynamics' Mike Morkel, is that things are now in place for delivery to begin.

Nell says: "The emerging collaborative endeavours involving employers, unions and private-sector housing financiers has the potential to extend housing credit to all low-income households who have a member in stable formal employment. Progress over the last 18 months has been phenomenal, and the next few years will see widespread coverage and greater competition by service providers to service the housing needs of the formally employed."

The housing market, Nell adds, is being looked at in different ways and segmented according to target groups (see graph). This is because of the growing importance of workplace support programmes in providing access to housing.

According to Nell, the market is split along lines of affordability, ability to provide collateral and administrative support for repaying loans.

Those earning above R3 000/month (about 12%-15% of the total and represented in segment one of the graph), do not present a problem.

The low-income formally employed (segment two) who have access to payroll deduction facilities and provident fund backed loans comprise the fastest growing segment. Over the past 12 months, there have been an estimated 100 000 short-term housing loans of R5 000-R12 000 made to this segment.

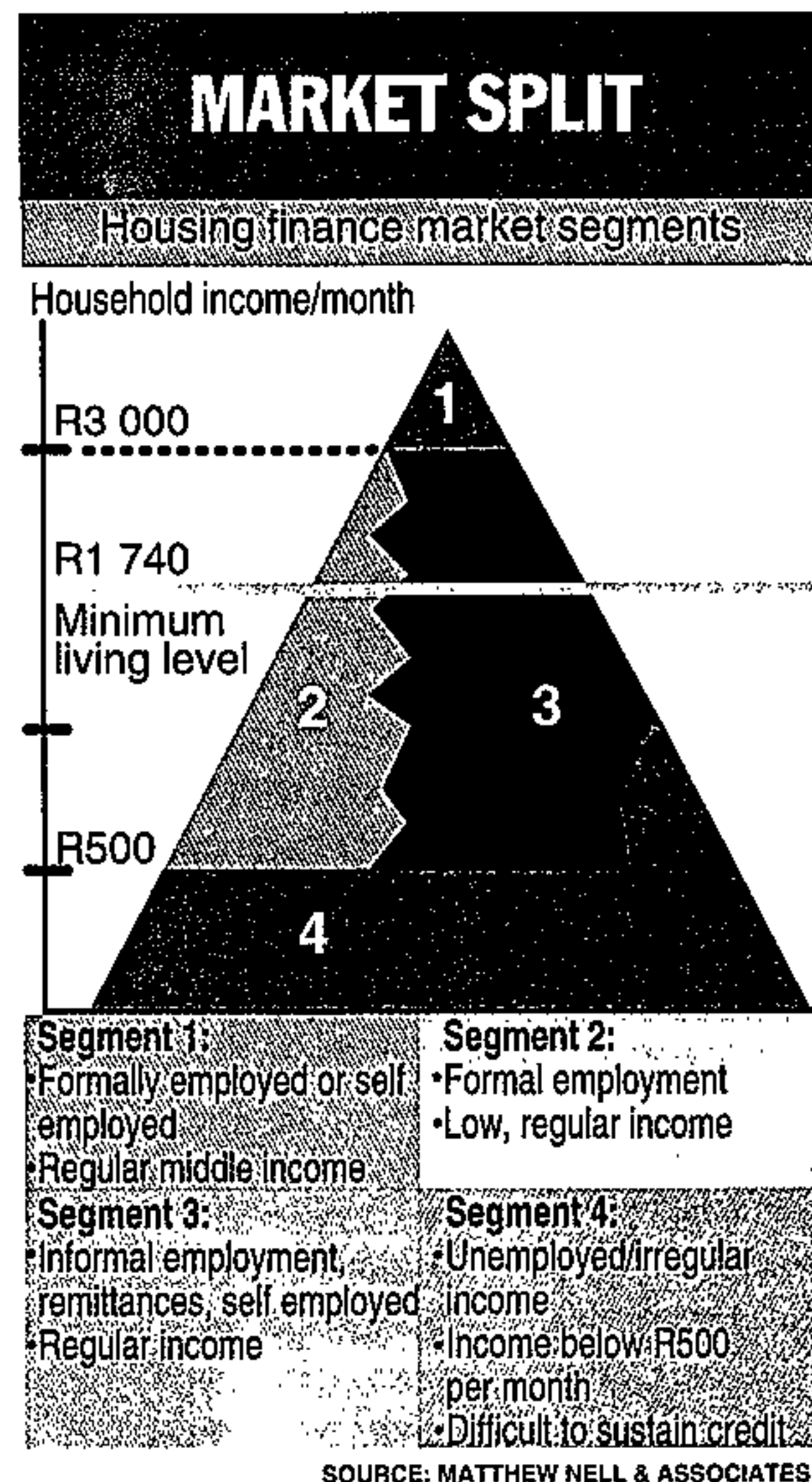
consideration include pooled collateral schemes and savings-driven arrangements. Nell predicts much innovation in this area, led mainly by the private sector. "What's interesting is that the financial institutions have developed workable credit arrangements for segments one and two. The issue concerns the degree of penetration of the second segment as a whole." It's at the bottom end, however, comprising about 20% of the population, where it's difficult to see housing credit as a feasible route, unless linked to productivity.

Nell believes that the tax structure should be used to encourage employers to assist their workers to provide housing. This would assist the mining industry, where the tax regime discourages the on-selling of company-provided accommodation to workers. It is important that the tax structure be designed to encourage personal saving for future housing needs by taxing such savings in the way that retirement funds are.

Corporate low-cost housing initiatives have until now tended to take the form of companies facilitating loans from the banking sector on behalf of employees. A number of companies offer various types of housing benefits to employees, such as low-interest loans and subsidised mortgage schemes.

A growing tendency is for retirement funds to allow members to use their retirement withdrawal benefits to secure home loans for workers, for employers to facilitate payroll deductibility and to take some risk in respect of employee retrenchment. This move towards indirect financial assistance makes more sense, says Home Loan Guarantee MD Charlene Lea. She argues that, instead of lump sum loans, assistance can be more efficiently provided by putting the money into a guarantee pool.

According to the latest remuneration survey by FSA-Contact, based on responses by 400 companies, more than 30% offer a collateral security scheme or a subsidised mortgage scheme. Direct



What's now being grappled with is the third — informally employed — segment, where the main issue concerns the basis on which to collateralise loans too small to mortgage. Some of the options under



low-interest loans are provided to 13% of staff. Aside from this sort of hands-off facilitative role, another tendency has been the development of company villages.

Three years ago, Murray & Roberts Engineering established a village called Graceland for employees of the Wadeville industrial area near Germiston. Now in its last phase, it has about 1 000 houses with outstanding community facilities. Graceland is based on the concept of "walk or cycle to work." Eleven companies are involved in the scheme, which, says Murray & Roberts Engineering's Ian Colepeper, is not so much about housing as "quality of life" and community building.

Nissan is planning an employee village within walking distance of its Rosslyn plant outside Pretoria, initially of 500 houses. The project has been planned with the National Union of Metal Workers of SA (Numsa) and the Iron & Steel Workers, says housing consultant Jo Dunstan.

AECI is planning a residential component as part of the development of its Modderfontein land. It will be a pilot project to test the interlinking of industrial and residential land as a model for the future. The intention is to involve companies from the Isando, Spartan and Sebenza industrial areas in the project.

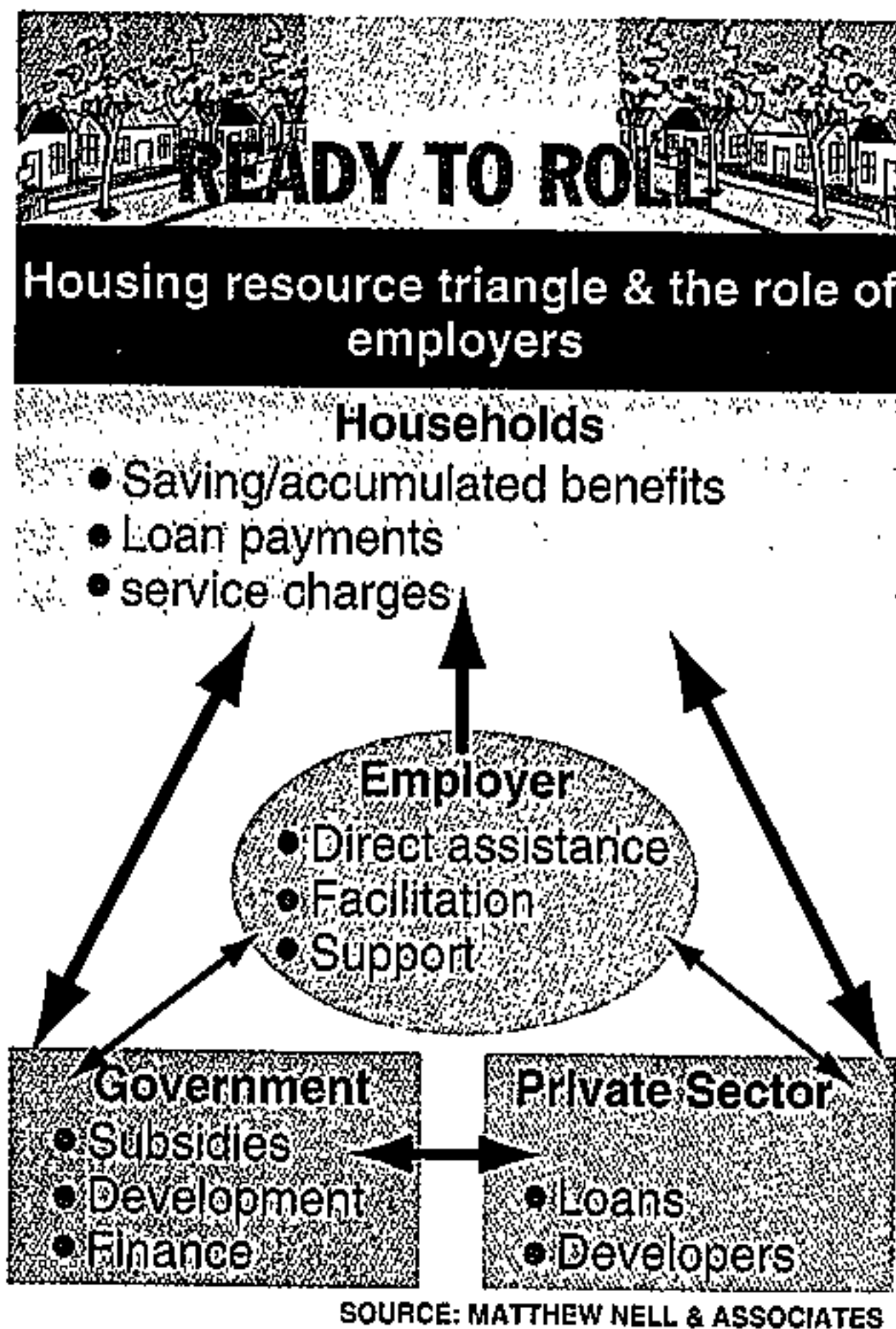
Transnet aims to see that all its employees are homeowners by the year 2000. To address the issue of nonavailability of affordable homes for the lower-income groups, it has renewed its focus on projects to provide houses to its employees and private individuals earning R20 000-R50 000/year. Its approach is to allow for a dilution factor (of nonTransnet employees) ranging from 20%-40% "to prevent the establishment of traditional Transnet villages and promote community stability." Stands and newly built houses are sold at cost. In 1995-1996, Transnet Housing has built 693 project houses (343 low-income units) costing R46,1m and sold to employees nationwide. The average selling price for the low income units was R51 912.

Transnet recently launched a 227-house project at Clayfield, Phoenix (KwaZulu-Natal). Several other projects are proposed or under way, mainly on railway reserve land.

Mercedes-Benz SA (MBSA) has invested R27m in its Siyakha ("we build") project to erect 901 houses at East London, 63 at Pinetown and 36 in the Johannesburg/Pretoria area, targeted at employees earning R2 000-R3 500/month.

It has successfully negotiated with three contractors for the projects. Potential owners with mortgage approval are subsidised by MBSA for the first R27 000 of the mortgage (of up to R65 000), with the rate fixed at 3%/year for the 20-year duration of the mortgage. The project was designed in consultation with Numsa. In terms of its earlier social responsibility fund initiated in 1990, MBSA assisted 500 employees with mortgage finance and 1 350 with minimortgages to upgrade their rural homes.

One of the first corporate social responsibility projects, started in 1985, was



the Alexandra Development Foundation, brainchild of Stephen Mulholland then Editor of the *FM*. Supported by donors like JCI, the Anglo Chairman's Fund, Toyota, Perm, FNB and Standard Bank, the foundation built 300 houses on the old west bank at Alex and serviced 99 stands — bringing the first indoor flush toilets and hot water to the township ahead of government's upgrade programme. A new project of 70 freehold title cluster homes at Lombardy West was launched in August by *FM* Editor Nigel Bruce.

"The corporate village is an interesting concept, since it links a worker's quality of life — and his housing — with his productivity in the workplace," says Dunstan. "From the company's point of view, it's an enlightened self-interest investment, or conscious attempt to put an end to the apartheid practice of workers travelling for hours to work from distant townships and spending as much as 20%

of their wages on transport, or alternatively living in unsanitary conditions in hostels separated from their families."

However, it's difficult to see the direct involvement by companies in housing provision becoming a trend. Projects such as that at Alexandra were started as a result of frustration caused by the old apartheid housing policies.

"I can't see it continuing, since, with the wide availability of the new government subsidies, the Mortgage Indemnity Fund and the National Homebuilders' Warranty, new mechanisms are in place, making the housing environment more friendly," says Morkel.

The problem since the advent of SA's democratic government has been too much emphasis on politically correct "process" in the form of "social compacts" — which failed to get translated into houses on the ground. Between March 1994, when government's housing subsidy policy was introduced, and August 1995, about 6 432 subsidies were paid out to low-income beneficiaries nationwide — a far cry from the 50 000 envisaged in its first year.

An increasingly frustrated private sector argued that, given the low levels of return in the low-income housing sector and the high political, administrative and commercial risks involved, greater and speedier delivery was not possible.

Government's housing White Paper explicitly called for "a partnership between the various tiers of government, the private sector and the communities . . . as a fundamental prerequisite" for the hoped for massive housing delivery.

However, disputes soon arose over the enforceability of this approach.

The Department of Housing, having recognised the drawbacks of the social compact approach, now seems more practically orientated and is encouraging local-level arrangements with the private sector that are under way in various provinces. And it's also giving more discretion to provincial housing MECs to enter into joint ventures with the banking and construction sectors.

The draft Housing Bill similarly emphasises local government capacity to deliver and opens the way for public-private joint ventures at local level. Gauteng housing MEC Dan Mofokeng has observed: "The capacity to develop houses lies to a great extent with the big banks and construction companies. Their involvement is certainly a step in the right direction." ■



## EU giving R26,4-m to boost water, sanitation

BY NORMAN CHANDLER

Pretoria Bureau

Star 29/10/96

The European Union (EU) is to provide R26,4-million for a water and sanitation non-governmental organisation (NGO) programme.

EU ambassador Erwan Fouere said in Pretoria yesterday that the grant to the Mvula Trust symbolised the friendship and dynamic relationship that exists between the EU and South Africa.

Water Affairs and Forestry Minister Professor Kader Asmal and representatives of 15 European countries attended the signing ceremony.

The grant brings the contribution to Mvula - the largest NGO financing water supply and

### Grants of R600-m per year

sanitation projects - to R74,9-million. It forms part of the EU's programme for reconstruction and development announced last year. The EU will provide grants of about R600-million a year for four years to support the RDP.

The programme expects to finance about 100 water and sanitation projects over the next two years with emphasis being placed on infrastructure development, capacity-building and pilot or innovative project initiatives.

Mvula Trust executive director Peter Cross said yesterday development of the services was a critical challenge facing the country. "Water supply is a daunting challenge requiring the contribution of government, the private sector and NGOs," he said.

# Call on Govt to control housing flow

*Sowetan 30/10/96*  
Task Team report recommends Govt  
pulling out once houses are completed

**By Rafiq Rohan**  
Political Correspondent

**T**HE Ministerial Task Team's second report on the short-term delivery of housing came under fire in Parliament yesterday, with a call being made for Government to continue controlling housing and prevent the private sector taking charge.

In one of its more controversial points of departure, the task team report suggested to the portfolio committee on housing that the Government should pull out once the houses have been provided.

It said the state's involvement "should be structured to enable gradual withdrawal without disruption".

However, committee members agreed that the Government's withdrawal would lead to "a disaster" in housing.

It would leave consultants, building societies and developers to benefit from the housing subsidies provided by Government and not the "poorest of the poor", the IFP's Michael Abrahams argued.

This sentiment was shared by Mrs Adelaide Tambo (ANC MP), who said "all parties here should club together and refute the withdrawal of Government".

With feelings running high on the issue, the committee agreed to recom-

mend to Government that it stay in control at all times.

In another recommendation by the portfolio committee on housing, it was said that people who received the R15 000 housing subsidy should have better control over it and not be at the mercy of building societies and contractors.

There was a general agreement that there has been progress in the delivery of housing. But Democratic Party senator William Mnisi insisted that "we can do better".

Mnisi challenged the procedure of having contractors draw the R15 000 subsidy on behalf of the beneficiaries and recommended that the Government make it easier for individuals to have access to the money.

## Attacked

The committee also attacked the Housing Department, accusing it of bureaucracy. Members complained that the department did not take recommendations the committee made seriously.

Mr Jac Rabie of the NP complained that the committee found itself "landing in a mess of red tape" and it was time "to put our foot down".

He said that recent public hearings on housing were nothing more than waste of time.

(123)



# Pay day dawns for bond boycotters

Robyn Chalmers

(123) 20/11/96

TODAY is the final day for more than 15 000 borrowers who are boycotting bonds obtained from SA Housing Trust subsidiary Khayaletu Home Loans to resume payment.

SA Housing Trust chairman Frank Chikane said yesterday that today would mark the end of the four-year bond boycott.

"The repayment agreement, signed between the SA National Civics Organisation (Sanco), and the trust last month, was the first step in reversing the boycott, which has cost more than R200m over three years. This money, together with the funds received from subsidies, would have been sufficient to build about 30 000 homes," he said.

In terms of the agreement between Sanco and the trust, bond boycotters would have to pay at least 80% of their normal monthly payment for the next six months. During this period, Khayaletu Home Loans would reassess its debt and property values and establish new instalment levels.

The organisation estimates that up to 75% of defaulters should have resumed payment by today, and has pledged that uncooperative defaulters will be evicted as a final resort.

In the wake of a housing summit hosted by Sanco and Khayaletu Home Loans two weeks ago, local leaders nationwide have been encouraged to communicate the implications of the agreement to their respective communities. They have also been called upon to motivate people to begin paying their monthly instalments from today at Khayaletu Home Loan offices or at any Standard Bank branch.

Chikane said the resumption of bond repayments was vital to ensure the building and delivery of new homes as soon as possible.

Sanco national president Mlungisi Hlongwane said the bond boycott had been initiated as part of the liberation strategy directed at the former apartheid government.

"However, that apartheid government is no more, so political reasons no longer justify the boycott."

## Officials work to ward off more chaos at school

(123) 20/11/96

PORT ELIZABETH — Education authorities were hard-pressed yesterday to prevent another day of chaos at a high school in Port Elizabeth after teachers and matric pupils clashed following a physics examination on Wednesday.

Police were called in to quell the chaos at the Ithubelihle High School in New Brighton when teachers, reportedly armed with spades, garden shears and broken bottles, clashed with pupils in running battles on the school premises.

A number of the pupils were said to be slightly injured.

SA Democratic Teachers' Union regional secretary Siphosiso Matyolo said the incident was "regrettable" and that lasting solutions to the school's problems had to be found.

Long-standing tensions between teachers and pupils, following allegations of mismanagement of funds against suspended principal Nomaxabiso Mkencele earlier this year, erupted into open confrontation.

Chaos erupted at the school following Wednesday's physics examination, when pupils demanded independent invigilators after one pupil's script was found in another classroom. Teachers were also accused of intimidation.

One report said police had to restrain a parent who claimed a teacher chased her child with a broken bottle. Education department sources said attempts were being made to get teachers from other schools to invigilate today. — Ecna.

# Income may decide service provision

(123)

CT 4/11/96

**METRO WRITER PETER DENNEHY** examines the vexed issue of providing affordable services in newly integrated municipal structures.

**S**TANDARDS of roads, drainage, electricity, water provision and sanitation may in future differ within a single municipality — depending on the income levels of the households receiving these municipal services.

This may not seem a new idea, since it is common knowledge that the standard of municipal service provision in black townships has been far below that which is enjoyed in other suburbs.

Yet it is a departure from the usual practice within municipalities. Those who ran them strove, not always successfully, to provide the same level of services to all within their boundaries. Black townships used to be outside their boundaries.

Yet, now that black townships are included in municipalities, central government officials have proposed that new local roads, drains, sewers and water pipes should be built in such a way that the tax man, and the households that benefit from them, will be able to afford to pay their respective share of the costs.

This proposed new plan is called the Municipal Infrastructure Programme (MIP). In respect of municipal services it is, in effect, the latest version of the RDP.

In April this year the government held a major conference in Cape Town on investment in municipal infrastructure. At that conference, Deputy President Thabo Mbeki said there were two possible scenarios for the future of the RDP.

He said the more conservative of the two scenarios involved expenditure of just over R60 billion on municipal infrastructure in the next 10 years, without pushing the central government's budget deficit before borrowing beyond six percent of GDP.

The less likely five-year fast-track scenario for the RDP involved more spending and a nine percent deficit before borrowing.

The MIP says between R60 billion and R70 billion should be spent in total on municipal infrastructure in the next 10 years, so it is clearly in line with Mbeki's less expensive scenario.

The MIP is still under discussion between Minister of Provincial Affairs and Constitutional Development Mr Mohammed Valli Moosa and his nine provincial ministers. The report says service levels can be matched with predicted household income levels 10 years

after a project begins. It expects that in 10 years' time, 55% of urban households and households in densely populated rural areas will have full municipal services, another 25% will have an intermediate level and the poorest 20% will have just basic services.

The report says elsewhere that it will be the municipality's responsibility to ensure that levels of service are matched to household income "and that a suitable mix of service levels is on offer within the municipal area".

The report does not spell out what these service levels are. Yet it is clear from the report that the basic services will not always include flush toilets.

One problem with this, says Cape Town city engineer Arthur Clayton, is that it will be impractical to have an intermediate level of services on the Cape Flats for a sewerage system. The water table is too high for soakaway septic tanks. Another problem, says his colleague Mike Marsden, is that you can't have a situation in which you provide services of a different level to people in the same municipality without a schedule for wiping out this disparity within a set time.

The central government says it is willing to pay the full capital costs for poor households of a basic level of "bulk and link" services. These are all the pipes and connections that are not on your site, not specific to your own housing project.

The MIP subsidies of about R3 000 per household will be paid out in addition to housing subsidies, but not to individual beneficiaries. The state is only willing to pay this amount where the beneficiaries earn less than R3 500 a month. If the municipality wants to provide more than the basic standard, that is its choice, but it must bear the cost itself or get the private sector to do so. The central state will not.

Faan Naudé, chairman of the MIP in the Western Cape, has conceded that where there are different levels of service, "the tariffs which apply must acknowledge that difference". In other words, it will not be possible to charge everyone in a single municipality the same amount of service charges, where the type of service differs.

There could be a problem with property rates, which are soon to be extended to former black townships. It will not be possible to charge different property rates in a single municipality — although a plan could be made with rebates.

Naudé said the new plan acknowledged that "we do have a problem of affordability". On the other hand, he said the impression must not be created that this is a convenient loophole for local authorities which want to render a service of a lesser quality to some of their citizens.



# Fund to pay out R18m (123)

— Robyn Chalmers 

THE national home builders registration council's warranty fund would have spent R18m on rectifying shoddy workmanship by February 1999, leaving R13,6m in reserve.

The council recently established a separate warranty fund, funded by a 1,3% levy on the selling price of new houses valued at under R250 000. While no legitimate claims against the fund had been lodged, some were expected soon.

Council MD Peter Allsopp said at the weekend that nine contractors registered with the council had been blacklisted for poor workmanship and financial problems.

"The council anticipates an escalation in the deregistration of defaulting and unco-operative contractors, mainly brought about by financial irregularities."

Allsopp said a contractor grading system would be introduced in 1998, whereby contractors would be given a star-rating based on their quality of workmanship rather than the quantity of homes they had built.

BD 4/11/96

# Housing fund to hand over R5bn in assets

Robyn Chalmers

(123) BO 5/11/96  
GOVERNMENT will write down about R5bn of the estimated R12bn assets residing in the beleaguered National Housing Fund through its extended scheme to transfer state-owned housing to the occupants.

Housing department deputy director-general Neville Karsen said yesterday that an in-depth investigation into the state of the fund — inherited from the previous government in a state of chaos — was likely next year.

"Only once this investigation has been completed will we have a good idea of the state of the fund ... but there are a lot of outstanding obligations and it must be accepted that a portion will have to be written down."

The scheme to transfer ownership meant that between 1-million and 1,2-million tenants could buy units first occupied before June 30 1983 at discounts of up to R7 500 on the selling price. Assuming a 100% acceptance

Continued on Page 2

## Housing

(123)  
Continued from Page 1  
BO 5/11/96

rate and a replacement value of R40 000 a serviced site plus the house, this represented a potential free transfer of assets valued at more than R5bn.

Karsen said the fund had assets of R9,7bn in loans to local authorities and R1,8bn in fixed property and direct individual loans, giving it a nominal book value of R12bn.

Loans had been granted at 0,75% interest over 30 years in some cases, and the fund was earning between 1,5% and 2% interest a year — or between R200m and R250m. Even at interest rates of less than 2%, many local authorities were struggling to pay back their loans.

Housing Minister Sankie Mthembu-Mahanyele told Parliament recently that many local authorities lacked the ability to recover debts and therefore service loans of up to R10bn granted by the fund. This was due to rent and service boycotts as well as administrative and capacity problems.

Karsen said the housing transfer

scheme was only one element of government's strategy to manage housing assets accumulated under the previous dispensation. It had been agreed that these assets should be consolidated at local government level and that surplus assets should be disposed of at market value.

A strategic policy framework to deal with strategic housing assets was outlined in the draft housing Bill which was expected to become law in July next year.

A report on the framework said it was evident that the translation of the framework into an effective implementation programme would require additional resources due to the existing unsatisfactory state of asset management. Additional resources were also necessary due to the lack of government capacity to assess the situation accurately and to plan and implement a programme across all three spheres of government, it said.

Karsen said moving assets down to local government level meant local authorities would be given a large potential asset base. This could either be managed or sold and the funds used to create new housing stock.



# 18-m people lack sufficient water supply

(123) (e)

Cape Town - As many as 18 million South Africans may still lack an adequate water supply, according to a report released by Water Affairs Minister Kader Asmal yesterday.

The report, a first draft of a water affairs department study on community water supply and sanitation, says the size of the problem is far greater than first estimated.

The data collected indicated that the needy population could be as many as 18 million, and that it would cost R9,5-billion to provide them with the Reconstruction and Development Programme goal of 25 litres of water a day within 200m of their homes.

Asmal told a media briefing that his department had been working on a lower figure of 12-15 million, and that the total arrived at in the first draft report would have to be tested.

However, there was "no real discrepancy," he said.

The 12 presidential lead projects that his department was engaged in throughout the country would bring water to 1,2 million people at a planned cost of R282,3-million.

Two further rounds of funding approved last year would ensure that a total of 6,4 million people gained access to basic water supply and 100 000 to adequate sanitation.

He said he hoped to table a new Water Act by October next year, and intended to ask Cabinet at its last meeting of this year to approve a set of principles to act as an "umbrella" for this new law.

The first principle in water allocation would be that environmental and human needs be met. Another important principle was that water could not be owned, merely used, and that his department would act as guardian or trustee of a national resource.

New legislation on water supply would be tabled in Parliament in February or March. - Sapa.

Star 5/11/96

1045  
1916  
129

# Many face rates bill for first time - along with leaks

*Building methods reviewed*

(123)  
ARG 7/11/96

ANDREA WEISS  
METRO CORRESPONDENT

**The shock of the first rates bill, a leaky roof and less living space is what faces families moving into low-cost housing in the Western Cape.**

This is the finding of a report to the Cape Town housing committee on show houses in the serviced land project in the Weltevreden Valley.

The report follows an inspection of show houses built for R6 500 by various building methods. The R6 500 is the balance of a R17 250 capital subsidy after the cost of the serviced plot has been deducted.

A problem pointed out to the housing committee was that most families moving into the new houses would be leaving behind "reasonably large self-built structures", which were probably fairly weather proof.

Very soon after moving to a formally developed township they would get their first accounts for services and rates. This, coupled with the problem of fitting into smaller houses, could lead to residents resisting payment, the committee was told.

A professional team from Cape Town's housing department found all the houses

had technical shortcomings at roof level and could be expected to leak in wind-driven rain. They found all concrete-block houses had damp problems of varying degrees, including rising damp, damp at roof level and damp penetrating walls.

While concrete-block houses were the most popular because they had the biggest floor area, they could be expected to be wet in winter.

"Experience has shown that single-skin blockwork construction is not suitable in the Western Cape climate."

The house type that was technically acceptable and would perform best in local conditions - a reinforced polystyrene system plastered on both sides - was the least popular because it had the smallest floor area - only 10 square meters - for the price.

Fibre cement sheet houses plastered on one side would also perform well if their corner joints were properly sealed and the floors raised.

Houses built with a slip-formwork system showed signs of damp penetration and could be expected to be very cold in winter, with problems of condensation.

Timber houses performed well technically but were not popular because of maintenance and the risk of fire.



## Employers 'can help break rent boycotts'

(123)

**MAGGIE ROWLEY**

CT(BR) 8/11/96  
PROPERTY EDITOR

Cape Town — The assistance of employers was necessary to ensure the payment of rents if the government's proposed rental-stock option for low-cost housing was not to be bedevilled by the continuing rent boycotts, Herman Fourie, the chairman of Communicare, the Section 21 company, said yesterday.

Communicare has operated in the affordable housing market for the past six decades. Fourie said it was the biggest owner of rent stock in the country, excluding central government and local authorities.

It has provided about 15 000 rental units for low-and middle-income earners. However, Fourie said 60 percent of tenants in the low-income market had staged a rent boycott since before the April 1994 elections, which had cost the company about R1,5 million a year in lost income.

Though evictions had been carried out in some instances, the situation had been hard to control with some tenants illegally reoccupying the houses.

Because of the problems encountered at this end of the market, particularly in the Cape flats area of Bishop Lavis, Communicare had decided to give the houses to tenants free of charge and hand over the responsibility of maintaining services to the local authorities.

This would be a cheaper op-

tion because Communicare would no longer have to cover maintenance, services and administrative costs against which no revenue was forthcoming.

Fourie said some tenants had resisted the move in spite of being offered their homes free of charge, because they would then have to pay for rates and services. As a result, more than 2 000 houses still had to be transferred into tenant's names.

Fourie said rental accommodation was still a necessary option if the country's low-cost housing needs were to be satisfied. But certain safeguards needed to be put in place.

"Firstly, rental accommodation should only be provided to those with employment (so that) an arrangement can be made with employers whereby they guarantee payment of rents through a stop-order facility."

Fourie said Communicare had appealed to the government for low-interest funds to extend their capacity in the provision of rental stock as they had the experience and the capital base.

Communicare also believed that employers had an important role to play in providing housing subsidies to their employees. These subsidies should be tax-deductible to encourage employers to assist their staff.

"Such a tax incentive should apply across the board to all employers who provide housing assistance to their workers, irrespective of the size of the company," said Fourie.

## Investors snap up hotel deals

**MAGGIE ROWLEY**

Cape Town — Sectional title hotels are mushrooming countrywide. In the Western Cape two hotels are being launched involving a total investment of more than R80 million.

These include the R40 million 80-suite Peninsula Bay Conference and Resort Hotel to be built on the beachfront at the Strand.

The hotel is being developed and managed by Consort International, a subsidiary of the Jali Leisure group. Jali Leisure pioneered the sectional-title hotel concept with its Kapenta Bay project on the KwaZulu Natal south coast.

The studio, one- and two-bedroomed suites, each with a self-catering facility, are available to investors for between R249 000 and R399 000, and the luxury two bathroomed suites are priced at R499 000.

The second development launched recently is the R40,2 million Fairfield Hotel in Kenilworth. Nearly half of the units have already been snapped up. In the first phase the four-star hotel will comprise 57 luxury suites.

It is being developed jointly by Devprop, South Sea Homes and Ray Alexander. The minimum investment is R249 000 excluding VAT, offering investors a projected return of 14 percent on a 55 percent occupancy in the first year.

# Private developers 'fall short'

## Minister wants to set standards for housing

CHARLENE CLAYTON  
PROPERTY EDITOR

The Government is to consider setting minimum standards for low-cost housing National Housing Minister Sankie Mtembi-Mahanyeke says.

Speaking at an ANC media briefing yesterday, she said that she was not satisfied with the quality of product some private developers were offering and had instructed the housing director-general, Billy Cobbett, to investigate steps to overcome the problem.

"I am considering setting some minimum standards regarding the size of hous-

es to be built with our subsidy money and I believe it is possible to set a target goal.

She said it was possible to deliver affordable housing units of between 40 and 54 sq m in size.

But, where private developers drove the delivery process, the results were sometimes unsatisfactory for the target community.

There had been a lot of dishonesty in the market from developers who took the subsidy but delivered an inadequate product.

"The private sector has a significant role to play in the area of low-cost housing. But it is of some concern to me that there are some in the private sector who seem

not to have altered their attitude," she said.

The Minister referred to an example which took place in the past three weeks, in which a large European company sought to invest in a R100-million production plant for prefabricated houses. The company set up a R20-million pilot project, but this was in jeopardy because no South African finance could be found.

She said a consortium of international banks and the International Finance Corporation agreed to fund the venture into this country on condition that a South African partner was found to put up just 15 percent of the cost of the project.

"But the company could not find a sin-

gle South African bank or investor prepared to get involved simply because the project was aimed at low-cost housing," said Ms Mtembi-Mahanyeke.

The Minister said that 1997 would be the first year of delivery for mass low-cost housing.

A total of 30 000 houses had been built using the Government subsidy scheme, a further 139 000 were in production and a further 56 000 were in the planning phase.

Since April 1994, more than 362 000 subsidies had been approved.

More than 10 000 subsidies a month were released by the Provincial Housing Boards.

(123)

ARG 8/11/98



# Govt subsidies reach 362 000

BB 8/11/96

(123)

Lukanyo Mnyanda

ABOUT 169 000 low-cost housing units had either been built or were under construction through the government subsidy system — the highest in SA's history, Housing Minister Sankie Mthembu-Mahanyele said yesterday.

She told an ANC media briefing in Cape Town that government had approved more than 362 000 subsidies since the April 1994 elections and the provincial housing boards were releasing about 10 000 subsidies, valued at an average R12 800, each month.

The subsidy system had produced 30 000 houses so far while another 139 000 were at "some stage" in production. A further 56 000 were in the planning stage.

Although housing policy was beginning to deliver, it was still being inhibited by lack of capacity, skills and resources within local authorities — crucial in ensuring successful implementation.

The second ministerial task team report had generated a great deal of interest and the ministry was considering some of its recommendations, which could be modified to make room for input from other stakeholders.

The department had worked closely with the departments of constitutional development and fi-

nance on minimum infrastructure standards and their recommendations would be taken to government for approval shortly.

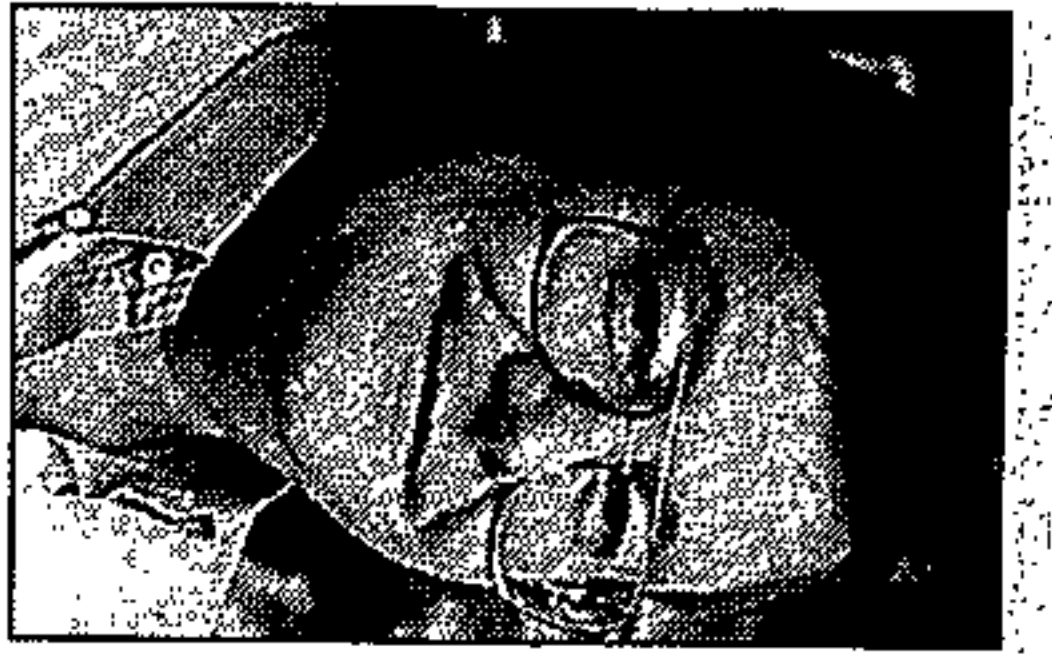
It was also working with the land affairs department in solving land issues related to rural housing and the issue of land release "will certainly feature prominently in announcements that will be made in the near future".

Dealings with the private sector had yielded mixed results and she was especially disappointed with the performance of some developers. "We have found that where the developer drives the delivery process, the results are usually unsatisfactory for the target community."

Mthembu-Mahanyele said she was considering setting minimum standards for the sizes of houses being built through the government subsidy and believed the promulgation of a national housing code would be an appropriate way of addressing the issue.

She criticised the private sector — which had a significant role to play — for its reluctance to get involved in low cost housing projects, saying some businesses had not altered their past attitudes.

Despite problems, she could say with conviction that "1997 will be the first year of delivery for mass low-cost housing in SA".



# Watershed success washes

# well

RDP beats all odds with the supply of water to 640 000 households, writes Gavin Lewis

With so much scepticism surrounding the RDP in general, the achievement of giving 640 000 households access to clean, piped water since 1994 is worth recognition.

Easy access to such water supply within 200m of households transforms people's lives. It lessens the labour load on women, and has dramatic impact upon the health of the community, particularly of infants and children.

The water supply projects, under the overall direction of the Department of Water Affairs and Forestry, proceeded in three phases as Presidential Lead Projects. In the first, in the form Transkei, some 59 projects, grouping villages together at an average cost of R21-million each have all but been completed.

These projects are small scale with the emphasis on low cost, low maintenance, gravity-fed water supply. They utilise local labour and are run by village steering committees, supported by technical assistance provided by project managers appointed by Minister Kader Asmal's office.

In the former KwaNdebele, where the second phase is under way, some 800 000 people lack any access to water. It is either brought in for them by water tankers, or small household budgets are further depleted by paying for combi-taxis to fetch it.

Given the shortage of local water, the project is larger-scale, involving engineers to provide bulk water supply, and drawing on a loan for the project from Japan. Contract tenders have already been awarded and more are to come, again with the proviso that, wherever possible, small emerging contractors and local labour is involved.

Finally, a water supply project is due to be launched in February 1997 in the Pietermaritzburg region, overseen by the Umgeni Water Board. In all, R1 800-million has been committed to these and future projects. At local levels municipalities who have neither the technical skills nor the finance will, subject to the department guidelines, be allowed water supply to the private sector.

Indeed, this is already under way, with both local and foreign companies taking part, the French being particularly prominent in this area. Business involvement in local water supply can take several forms.

These include entering service contracts to run the water supply or to manage it, as well as contracts to invest in new or upgrade old water supply systems. The emphasis here is on rapid delivery and public-private sector partnerships. Nor does the innovative process end here. The Working For Water programme, using largely unemployed people to clear alien vegetation from watercourses is another example.

It has employed nearly 7 000 people, clearing over 33 000ha. The wood can be sold or used to make charcoal or furniture. The environment benefits. And the water never had before - clean water from a tap.

The target is to reach 5 million people by 1999, via 500 water projects, at an estimated capital cost of R1,5 to R3 billion - if all the anticipated funding is forthcoming. A key focus is on payment for services rendered, even if at "life line" tariff levels, with the community empowered to cut off defaulters.

In this regard the water projects could hold some lessons for the Masekhane campaign, now in its third re-launch in the face of alarmingly low figures for payment - as low as 3% in some areas.

Water supply seems at first glance a prosaic project to people who take it for granted. For those who don't, particularly the rural poor, it is an intervention that has a dramatic impact on the quality of their lives. And, in the longer run, it saves money, not least in the prevention of waterborne diseases which can be costlier to cure than to prevent.

One of the reasons water supply is a success area for the RDP is that even before the RDP water boards were in place in all provinces, projects were completed. Another is that water is a national responsibility which cuts across bureaucratic, political and provincial boundaries. Yet another is the dynamism of the department itself, and of Minister Asmal.

In the end what matters is that by the middle of next year, over two million people will have access to something they

In RDP terms too the projects are admirable - they take into account maintenance and running costs, they use local resources, they are modest and low cost, and the community, with technical support, is intimately involved at all stages. They provide a model for development on a broader scale in South Africa as a whole.

Dr Gavin Lewis is editor of the independent monthly, the RDP Monitor, and a writer and consultant.

flow improves, producing an estimated extra 17,5 hectolitres a year - at a much lower cost than building a new dam.

(123) Star 8/11/96

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Dr Gavin Lewis is editor of the independent monthly, the RDP Monitor, and a writer and consultant.



# Patel calls for massive public works and housing programme

~~173~~ (123)  
BUSINESS EDITOR

Trade unionist Ebrahim Patel has renewed the labour movement's call for a massive public works and housing programme to tackle unemployment and basic needs in the country.

Addressing the Bureau for Economic Research conference yesterday, Mr Patel, who is deputy general secretary of the South African Clothing and Textile Workers Union (Sactwu), said the construction of 300 000 housing units each year for three years could create up to 550 000 jobs at a cost of R30 billion.

The programme should be financed by the Government, business and labour, with business paying a five percent levy over three years on pre-tax profits, Mr Patel said.

Labour's contribution would be covered by a requirement that pension and provident funds invest five percent of assets in special Government bonds to finance housing.

ARG 9/10/96  
The recommendation on prescribed

assets had not been taken lightly by the labour movement, Mr Patel said, because it could mean lower returns for members of the funds.

Responding to Mr Patel, Finance Minister Trevor Manuel admitted the Government was not on track with its housing programme.

But this was not only a matter of money, he said.

Funds were available but had not been absorbed and the rollover of funds for housing from one year to another was one of the "saddest" parts of Government accounting, Mr Manuel said.

He told Mr Patel that the trade union movement's investments so far had not included any "greenfields" projects. The movement had invested only in established companies, he said.

Mr Patel said he agreed that the union movement's rush to invest in the "commanding heights" of the economy was not consistent with its development goals.

But it could be argued that the movement needed to build up resources before making other investments, he said.

# Poor response from bond boycotters

Robyn Chalmers

(123) 80 11/11/96

ONLY 4 000 of 15 000 bond boycotters heeded the SA Housing Trust's final call to resume payment by November 1 — well below the trust's initial expectations of a 75% success rate.

However, Siza Khampepe, network and operations GM of trust subsidiary Khayaletu Home Loans, said he was pleased as the response showed the beginning of a return to a culture of payment. He said the deadline had been extended to the end of the month to allow stop orders to kick in and give defaulters time to respond.

The initial deadline was imposed under an agreement signed in September between the trust and the SA National Civics Organisation (Sanco) in a bid to deal with the 15 000 defaulters

owing around R500m.

Khampepe said the response to the Sanco-trust agreement between November 1 and 7 had led to a 61% increase in bond payments compared to the same period in 1995.

He estimated that resumed payments would boost Khayaletu's bottom line by 15%-20%. In the year to end-June 1995, the trust made a net loss of R57m (1994: R62m).

Last week Sanco appealed to all Khayaletu bond holders to support the agreement, saying boycotters would "not be defended by Sanco or government when the due process of law takes its course".

Sanco national president Mlungisi Hlongwane said there was no longer any political justification for the continuation of boycotts.



# 'People's budgets' mooted as boost to ailing Masakhane

Tim Cohen

BD 12/11/96 (123)

CAPE TOWN — The ANC's national executive committee has endorsed the relaunch of the stagnant Masakhane campaign, but instead of a narrow focus on resuming rent and service payments the project will feature "people's budgets".

According to a document approved by the national executive committee, the new campaign will include such ideas as a "participatory budget", the inclusion of crime issues into the campaign and the granting of presidential awards.

The document listed the major weakness of Masakhane as being that it focused too narrowly on a single campaign — the payment of services.

The sequence of the campaign was wrong, it said. Its priority should have been democratisation and local delivery and only then would a more focused attention on payment of services have been appropriate.

Community involvement had been devalued and a much broader definition of Masakhane, involving initiative and involvement by the community, should be included, the document states. It calls for government to issue a memorandum for the implementation of a "people's budget".

This would involve local forums within communities to discuss both the content and structure of national, provincial and local budgets.

The memorandum would include a manual on how such a participatory budget could be implemented.

The budget cycle should be reformulated and redesigned to accommodate this approach.

The document suggests that within the first six months councillors should be trained to run a campaign around popularising the budget process at a community level.

On including tackling crime in the campaign, the document calls for police forums to be "reclaimed" and for the bodies to develop a clear perspective of their role.

# Provinces accelerate spending on housing <sup>(123)</sup>

BD 13/11/96

Robyn Chalmers

THE Western Cape, Free State, Gauteng, Northern Cape and Mpumalanga had spent well over 60% of their housing allocations by September, a marked improvement against last year that reduces the prospect of significant rollovers next year.

The comparatively strong performance by these provinces was offset to some extent by low spending in others, including Eastern Cape, Northern Province and North West.

The national housing fund allocation was reduced by more than half to R1,5bn in the 1996 budget as a result of rollovers of R3,1bn from the RDP and national housing funds. But housing officials are becoming increasingly confident that they will be able to call for a larger budget next year should the current spending trend continue.

"Gauteng and the Western Cape — along with KwaZulu-Natal — have the biggest housing needs in SA with up to 60% of the need concentrated in Gauteng alone, so the figures are encouraging," one housing analyst said.

The figures showed that the Western Cape had spent 94,1% of its housing allocation by the end of September, but most of this had gone to projects approved under the previous dispensation, as opposed to new subsidies.

The Free State spent 84% of its allocation, Gauteng 79,2%, the Northern Cape 71,3% and Mpumalanga 66,4%.

The worst performing province was Eastern Cape, which spent only 14,5% of its allocation in the face of major administrative and capacity problems, particularly at local government level.

The Northern Province spent only 14,6% of its allocation, North West 25,9% and KwaZulu-Natal 31,4%.

The figures showed that more than 440 000 subsidies had been approved around SA by the end of September, the majority being project-linked subsidies of which 316 776 had been approved since March 1994.

Industry analysts said the latest figures appeared to support Housing Minister Sankie Mthembi-Mahanyele's assertion that 1997 would be the first year of delivery for mass low-cost housing in SA.

"There are still a lot of problems and it remains questionable whether the developers are fully on board, but barring any major upheavals, delivery really could take off next year," one analyst said.

Mthembi-Mahanyele said the experience of government in its interaction with the private sector had been mixed. "We have found that where the developer drives the delivery process, the results are usually unsatisfactory for the target community," she said.

She was not satisfied with the quality of product some developers were offering and had instructed director-general Billy Cobbett to investigate steps that could be taken to overcome the problem. "I am considering setting minimum standards regarding the size of houses to be built with our subsidy money," she said.

There were many issues and real risks which affected low-cost housing, but she wanted to challenge financial institutions to adopt problem-solving attitudes to the housing programme.

See Page 24



# Fund takes pressure off redlined areas

Robyn Chalmers

ALMOST 52 000 new housing loans totalling more than R4bn had been granted, in areas previously redlined by banks, since the establishment of the Mortgage Indemnity Fund last year, it was announced yesterday.

Fund MD Nkululeko Sowazi said at the launch of the fund's first annual review that 567 areas had been assessed — and cover granted in 437 — between June last year and August this year.

Gauteng led the field in terms of the value of new loans granted, at R1,2bn or 31,3% of the total in all fund-covered areas. Of that, R629m was made up of new loans granted in the government-subsidised market. A significant number of loans were also granted in the Western Cape and KwaZulu-Natal.

The state-owned fund indemnifies financial institutions against losses

where they are unable to realise their assets — or evict defaulters — due to a breakdown in law and order.

Sowazi said no claims had been lodged during the review period. This was in part due to the slower-than-expected pace of implementing the payment normalisation scheme designed to give defaulters a once-off opportunity to rehabilitate their loans.

"Claims should start to flow through the system during 1997."

Sowazi warned that the fund still faced serious problems in some areas. Affordability stood out as the single biggest factor inhibiting housing development in the low-cost market.

The inability of court officials to carry out their duties due to community resistance, official boycotts in some areas and a lack of interest on the part of a few local authorities were further problems. The lack of co-operation on the part of "some important stakehold-

ers" at local level posed challenges for the whole mortgage indemnity scheme, Sowazi said.

"On balance, however, we believe the fund will continue to add value. Even given the anticipated flow of claims during 1997, the value unlocked by the fund is expected to continue rising and substantially outstripping total government costs in relation to the scheme," he said.

Housing Minister Sankie Mthembu-Mahanyele said it had not been intended that the fund should be a permanent institution, but it had made a huge impact on the low-cost housing market and, "once (the fund) has bridged the gap between consumers and lenders in areas where there is political risk, then that would be the time when we should withdraw. But we are not at that point just yet," she said.

Comment: Page 17

BD 14/11/96 (123)

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Comment: Page 17



# R4-bn housing loans granted in previously excluded areas

123  
STAFF REPORTER

14/11/95

About 52 000 new housing loans with a value of more than R4-billion have been awarded to families living in areas that were previously excluded by financial institutions because of bond boycotts.

This follows a decision by the Ministry of Housing to set up the Mortgage Indemnity Fund (MIF) to provide insurance to financial institutions to encourage them to re-enter the low-cost housing market.

Presenting the first review of the MIF, managing director Nkululeko Sowazi announced yesterday that 437 areas which banks had stopped lending to because of non-payment and instability were now eligible for finance from banks.

This meant banks could start lending to families who fall within the government housing subsidy market - earning not more than R3 500 - and who live in areas that had been "red-lined".

Sowazi said that as a result of MIF cover, there were plans to build 181 117 houses in these areas and 52 000 loans had been awarded. Most loans, to the value of R1,2-billion, were given to Gauteng residents. Other areas which received a significant slice were the Western Cape and KwaZulu Natal.

Sowazi said that out of 567 areas assessed between June 1995 and August this year, 130 areas were refused MIF cover. These included areas such as Tembisa where bond boycotts were still prevalent.

"A risk intervention group had been sent to try to resolve the problems with residents in such areas. Until stability is reached, we will not cover them," he said.

Housing Minister Sanjie Mthembu-Mahanyele said the MIF had laid a solid foundation for banks and the communities to have a normal lending relationship.

"It would also be useful if they could produce education materials dealing with matters on mortgage loans, interest rates and their impact on bonds."

*Mortgage Indemnity Fund grants R4bn in leveraged housing finance*

# Home loans for high-risk areas

**MAGGIE ROWLEY**

PROPERTY EDITOR

Cape Town — Nearly 52 000 new housing loans worth more than R4 billion have been granted in areas covered by the Mortgage Indemnity Fund (MIF) during its first year of operation.

The loans have been granted in areas from which the banks had previously withdrawn their lending activities because of the high risks involved. Of the loans granted in the past year, 39 742 worth R1,7 billion were in the government-subsidised market.

Though this falls short of the 50 000 loans the banks had anticipated granting in the first year under the scheme, the number of loans granted has been rising by 20 to 30 percent on a monthly

basis since February, Nkululeko Sowazi, the managing director of the fund, said yesterday.

“What is important is that the numbers are continuing to increase in conjunction with the increase in the subsidies allocated by the provinces, which is resulting in sustainable delivery. Banks are currently granting 4 000 new loans a month of which 2 900 are in the government-subsidised market, and we expect this number to continue rising,” Sowazi said.

Presenting the first annual review of the fund to Sankie Mthembu-Mahanyeli, the housing minister, in Johannesburg yesterday, Sowazi said 567 areas were assessed for cover between June last year and August this year, and of these 437 were successful.

ETCBR) 14/11/96  
Sowazi said 181 117 units were planned in 151 new development areas covered by the fund.

He said no claims had as yet been lodged with the Mortgage Indemnity Fund partly because of the slower than expected pace of implementation of the Payment Normalisation Scheme, a programme designed to give low-income occupants of repossessed properties or those in default a one-off opportunity to rehabilitate their loans.

Considerable time was spent negotiating some elements of the record of understanding between the government and the Association of Mortgage Lenders. This was expected to result in simpler and less contentious payment normalisation efforts for government, financial institutions and

(123)  
affected bank clients.

Sowazi said the fund expected claims to start flowing in next year but it was impossible to estimate the extent of its liability.

The fund, which is a government owned company established as a short-term entity, was started with R50 million; R210 million has been allocated for the second and third year of its operation.

Sowazi said that for every rand spent by the government on the fund during the review period, R514 was leveraged from the financial institutions.

“Even given the anticipated flow of claims during 1997, the value unlocked by the MIF is expected to continue rising and substantially outstrip total government costs in relation to the scheme,” he said.



# More low-cost houses for the people in 1997

By Joshua Raboroko

THE private sector has started forming partnerships with community groups in a bid to boost the delivery of mass low-cost housing.

As a result, the delivery of houses is now gaining momentum, according to the Housing Ministry, the private sector, banks and community-based organisations.

At the African National Congress media summit in Cape Town recently, Housing Minister Mrs Sankie Mahanyele said 1997 would be the first year of delivery for low-cost housing in South Africa.

The number of low-cost units presently under construction is already the highest in history. At least 30 000 houses have been built using the government subsidy scheme.

Another 139 000 are in production and a further 56 000 are in the planning phase.

Since 1994, more than 362 000 housing subsidies have been approved by the Government. Presently, more than 10 000 subsidies a month are being released by the provincial housing boards.

"This means more than 50 000 people a month are being given opportunities for adequate shelter and most of these subsidies average R12 000, indicating that the poor are benefiting from the subsidy scheme," she said.

"Our people are being given opportunities for adequate shelter, (but) these opportunities have in many cases

*Lawejan 19/11/96 (123)*

not yet been turned into houses.

"And while I am more than satisfied that our housing policy is beginning to deliver, I am aware that there are still too many people who have to sleep out in the cold, on pavements, under bridges or in shacks."

South Africa has a housing shortage of 1.9 million units. As a result, Mahanyele said, local authorities must become important implementers of the housing programme.

But, she pointed out, there are a number of factors inhibiting them, including a lack of capacity and skills as well as limited resources.

### Solve problems

"We appointed a national task team to go through the system with a fine-toothed comb and to solve problems which are seriously blocking the flow of housing subsidies from paper promises to houses to live in."

Referring to factors which impacted on housing, she said the ministry is actively involved in ensuring that housing does not end up on the casualty list of delivery.

The ministry is working closely with the Department of Land Affairs, for instance, to solve land issues relating to rural housing.

In Mahanyele's second report on the Ministerial Task Team released this month, she recommended several key initiatives to speed up delivery.

These included her ministry working closely with the departments of Constitutional Development and

Finance on the issue of municipal building infrastructure.

In her report, she again touches on the role of the private sector in low-cost housing. She is concerned that some in the private sector did not seem to have changed their attitudes.

Mahanyele cited the example of a large European company which visited South Africa in search of a local partner to invest in a R100-million production plant for prefabricated houses.

This company was so confident of the appeal of its product that it spent R20 million to set up a pilot project. A consortium of international banks and the International Finance Corporation agreed to fund this venture into the low-cost housing market on condition a partner was found to put up just 15 percent of the cost.

However, the company could not find a single local bank or investor prepared to become involved because the project was aimed at low-cost housing.

Another European company also wanted to establish a plant to manufacture prefabricated material for low-cost housing.

This group was told by the managing director of a major material manufacturer that they were "wasting their time" as there was no future in low-cost housing for private sector investors.

Mahanyele said: "It is Government's responsibility to deal with (such) issues, and obviously the risks associated with low-cost housing delivery are also our responsibility."



Housing Minister Sankie Mahanyele ... the delivery of mass low-cost housing is gaining momentum now.

"But it is the joint responsibility of all the people of this country to build a new democracy together. Government is doing its part."

The Mortgage Indemnity Fund, for instance, indemnified banks in areas where political risks were high and had mobilised R4 billion in mortgage finance in previously red-lined areas.

The National Home Builders' Registration Council introduced a warranty scheme in low-cost housing, while the National Urban Reconstruction and Housing Agency was set up to help emerging contractors with bridging finance in the low-income market.

In her report, Mahanyele further challenges banks and companies to adopt a creative, problem-solving attitude towards low-cost housing.

She points out that the emerging collaborative projects involving employers, trade unions and private-sector housing finance also have the

potential to extend housing credit to low-income earners.

National Housing Board chairman Mr Ishmael Mkhabela told *Sowetan* that progress has been phenomenal over the past 18 months and that the next few years will see greater competition by service providers to service the housing needs of the formally employed.

He referred to the growing importance of workplace-support programmes in providing access to housing.

According to Mkhabela, a number of companies now offer various types of housing benefits to employees, such as low-interest loans and subsidised mortgage schemes.

This is in line with the draft Housing Bill's explicit call for "a partnership between various tiers of governments, the private sector and the communities."

This, she stresses, is "a fundamental prerequisite" for mass delivery.



# Housing credit explored

Sowetan 19/11/96

(123)

By Shadrack Mashalaba

THE NATIONAL Housing Finance Corporation and Khula Enterprise Finance will co-host a seminar on how to broaden access to credit for housing and micro enterprises tomorrow.

The seminar will be held at Magaliesburg, west of Johannesburg.

Among the speakers at the seminar will be Paul di Leo of the Southshore Bank in Chicago and a representative of the National Housing Development Company of India.

It will be attended by delegates from housing and other government departments, non-governmental organisations, donors, Cosatu and banks.

Khula Enterprise finance chief executive officer, Sizwe Tati says, "In many countries, a number of ways of providing access to sustainable credit for housing and micro enterprises are being explored and developed.

"In March next year the USA will host an international conference of this nature, and we believe that next week's seminar will help prepare South Africa for the conference."

NHFC chief executive officer John de Ridder says the seminar will propose new lending methods and

explore ways of expanding those already operating successfully.

"The seminar will offer a n opportunity to plan a programme of action for strengthening the housing, micro enterprise and lending institutions in South Africa," says De

Ridder. Current credit access statistics reveal that 76 percent of the population are unable to utilise credit facilities for their housing needs, small and micro-enterprises.



**Soweto distributor Dan Thibede has won a Business Innovation Award from Afrox for helping to develop the gas business in the township.**

"This anomaly will not only affect housing for the low-income sections of our society, but will also discourage entrepreneurship," said De Ridder.



# It's down the drain for SA's old water laws

**GLINE SAWYER**  
POLITICAL CORRESPONDENT

The Government is poised for far-reaching reform of water laws, including the abolition of apartheid-era legislation making water resources a state secret.

A cabinet committee is to be asked today to approve a set of principles, proposed by the Water Affairs Ministry, to open the way for more equitable and cost-

effective laws on water. Meanwhile, new legislation is already in the pipeline to replace South Africa's 40-year-old Water Act.

The Water Services Bill and Water Laws Review Bill are in the early stages of drafting and, depending on progress, could be approved by Parliament in the second half of next year.

One of the most dramatic revisions in new legislation is expected to be the scrapping of a clause in the 1956 Water Act

declaring water affairs a state secret.

Themba Khumalo, spokesman for the ministry, said this was out of line with the constitution and forthcoming open democratic legislation.

Changing the laws will mean every citizen will have the right to examine documentation on water.

In a country where water is a scarce and contested resource, this is a vital change.

Already the Durban Supreme Court is hearing a case in which an unemployed

ARL 20/11/96 (123)

woman is suing the metropolitan council, which has cut off her supply for non-payment, for restoration of her water rights.

The new constitution says citizens are entitled to clean water.

The principles which will be put to the cabinet committee today flow from a prolonged and careful consultation process.

Water Affairs Minister Kader Asmal said many experts and ordinary people had been saying for years that South Africa's water law needed thorough revision.

# 'Masakhane needs reasonable time'

Lukanyo Mnyanda

(123) 0020/11/96

GOVERNMENT should emphasise a realistic time frame of between five and 10 years in its attempts to revitalise the Masakhane campaign, as the problems were complex and deeply rooted, said Khayaletu Home Loans.

This follows the October 13 decision of the ANC and its allies to revitalise the campaign, not only to reintroduce a culture of payment for mortgage bonds and municipal services, but to link it also to broader issues of transformation.

"The complexity of factors that have resulted in SA's current dilemma of high unemployment, widespread poverty and a general distrust of authority were more than a century in the making," KHL said in its latest SA Housing Scenario.

The organisation, which recently entered an agreement with the SA National Civic Organisation to end the four-year rent boycotts by its clients, said many of SA's problems were structural.

Sustained economic growth and the consolidation

of effective democratic structures at local government level were necessary for the entrenchment of a culture of payment.

However, it was "ludicrous" to say the campaign had failed as a number of RDP-related programmes, such as the approval of housing subsidies at a rate of 500 a day, showed success. "Masakhane is alive and well but needs encouragement," it said.

Khayaletu Home Loans said that recent statistics showed a strong shift to smaller houses of less than 81m<sup>2</sup>, with the number of houses completed in this category in the first seven months of the year rising by 46%.

It noted also that residential building activity was concentrated in four municipal areas — Cape Town, Witwatersrand, Pretoria and Durban — which accounted for about 50% of all houses built during the first seven months of the year. "Even though 1996 will probably witness growth in residential construction activity of between 15% and 20%, this will translate into less than 30 000 housing units, which is inadequate to reverse the growing backlog."

Meanwhile, the first fully financed, affordable housing development to receive Mortgage Indemnity Fund cover in Khayelitsha, Cape Town, was launched last week. The Nedcor-Condev Cape joint venture consists of 1 500 units valued from R20 000.

Condev Cape community housing development manager John Hopkins said development had been almost non-existent in Khayelitsha for the past five years, poor payments discouraging investment.



## FARMERS INSIST ON COMPENSATION

# Govt to scrap water ownership rights

**PRETORIA:** The acceptance by the cabinet of principles for the new water law was hailed as a quiet revolution by Water Affairs and Forestry Minister Mr Kader Asmal.

**T**HE cabinet has approved a set of principles that will radically change the country's water laws and strip South Africans of the right to own water.

But farmers yesterday rejected the loss of their water rights, saying they would insist on compensation if these were taken away.

Among the changes envisaged in a new water law are the abolition of riparian rights and ownership of any water. Riparian rights are the rights of use of surface water given in perpetuity to owners of land bordering on any surface water. Riparian rights are inherited with the land and give land owners the right to the water whether it is exercised or not.

Announcing the acceptance of the principles after yesterday's cabinet meeting here, Water Affairs and Forestry Minister Mr Kader Asmal said the acceptance of 28 principles and objectives for the new water law was nothing more than a quiet revolution.

When it is implemented, it will abolish the notion of the right to use water attached to a piece of land.

It delinks water from the assumption that water rights can be in perpetuity and that underground water is private property. This means no one can sink boreholes any time they want.



**NEW LAW:** Mr Kader Asmal

Asmal said the new water law — which he hoped would be published in a White Paper by February or March and would be tabled in Parliament in the next session — would also affect the government, which would not be allowed to build a dam any time it wanted to.

The new act hinges on the notion of a Water Reserve which Asmal said was founded on the principle that no one has a right to water except for two elements: the environment and the basic needs of people. All other water uses will have to be authorised.

At all times there must be an allocation of water to the environment. The reserve abolishes the

water law which says water shall be allocated to agriculture, mining, industry and for pasture. No rights would be given to these, Asmal said.

Explaining the practical effect of the water laws, Water Affairs deputy director-general Mr Mike Muller said they would have little effect on the general public.

"We don't intend regulating everything. We aim to regulate those things which have a significant effect and which interfere with the use of water by others."

Regarding the use of boreholes on private property, he said the law would not change much from the present legislation.

Under the current legislation, boreholes over a certain size are regulated and it will be no different under the new law. However, the new law will reinforce the government's control over the use of ground water.

The South African Agricultural Union (SAAU) said yesterday farmers would stand by their water rights.

After a three-hour meeting with Asmal, SAAU director for resource services Mr Nic Opperman said: "We are in favour of water rights and feel they must be included in the property itself. This includes unexercised rights. We invested in these water rights. We are in favour of a free market approach where you can sell your rights."

Asked if a Constitutional Court challenge was on the cards, he said it was too early to say. — Own Correspondent

# Cabinet gives go-ahead for radical changes in laws over water

Stephen Lauffer

THE cabinet had given the green light to a "quiet revolution" in SA's water laws which would abolish the link between water rights and land ownership and place much greater emphasis on conservation in an effort to avoid capital expenditure, Water Affairs Minister Kader Asmal said yesterday.

Underground water would no longer be private property, but could be subjected to charges if its use affected others further downstream. Trade in

water rights would possibly be allowed, as would changes from one use to another, although any market would be strictly regulated to prevent the formation of monopolies.

The policy changes are unlikely to affect business dramatically as it already pays the full cost of its water in most cases. Costs to industry could rise in cases where other users further downstream are able to use water more profitably and would pay over the odds. But many farmers could see dramatic rises in irrigation costs.

Replacing the 1954 Act, the new law is expected to come before Parliament in June after publication of a white paper in February or March. Its aims include a delineation of responsibilities making national government, while local government takes charge of supply and — in many cases — pricing.

The new tariff policy is intended to delay big projects such as the Lesotho Highlands Water Scheme or make them redundant. Conservation measures encouraged by rising tariffs for in-

efficient water use could allow delays in drawing down the R11bn to be borrowed for phase 1b of the highlands project, saving interest charges.

Agriculture accounts for more than half of SA's water use, and many big farmers — most of them white — do not pay for water at all or pay less than the infrastructure maintenance costs. Water accounts for between 3% and 5% of agricultural input costs, and even price increases of 100% would not alter price structures radically.

Asmal said talks with the SA Agri-

cultural Union and other farming organisations had indicated a view that water rights were equivalent to property rights, and as such were protected under the constitution. He had asked agricultural organisations to make formal submissions on the issue by end-December. He was open to discussion and there would be no "water grab" but the issue of how to encourage small black farm operations without access to adequate water had to be resolved.

See Page 3

rights



# 'Housing programme rests on access to credit'

Lukanyo Mnyanda

BD 21/11/96

(123)

ABOUT 70% of SA's population lacked access to credit and this situation would have to be tackled quickly if the country's housing programme was to succeed, Housing Minister Sankie Mthembu-Mahanyele said yesterday.

She was speaking at a conference organised by the National Housing Finance Corporation and Khula Finance on better access to sustainable credit in Magaliesberg outside Johannesburg.

She said mortgage instruments, which were expensive to register, were not always the most appropriate form of credit and this had given rise to the growing importance of micro loans as a tool to speed up delivery.

Micro loans were usually smaller in size with the payment period typically shorter than that of mortgages.

"These micro loans have become a vital part of the housing and micro-enterprise finance systems because it allows poor people to access repeated micro-loans, enabling them to develop a credit record which gives them access to the mainstream financial system."

Micro lenders were typically more

innovative than larger banks and some of their new products had led some traditional banking institutions to consider offering micro-loans.

Mthembu-Mahanyele has clashed with SA's major banks over their failure to increase their involvement in the low-cost housing market. SA's major banks had failed to meet the target to grant 50 000 new loans in Mortgage Indemnity Fund-covered areas by May, in terms of an agreement with government. The banks had only granted about 35 000 loans.

Although micro-credit instruments were becoming more effective, the lenders were often small and under-funded with very limited reach and this had to be improved. "Little access to credit is being provided to informally employed people, or to people living in rural areas, and for many people without a job, a home loan is unaffordable."

The minister said SA must encourage the poor to save more of their disposable income to unlock credit through the payment record built up by borrowers. "A wide-scale savings culture would help the overall macro-economic position of our country."

# Cabinet approves radical water-law changes

Star 21/11/96

(123)

## Abolition of riparian rights and ownership of any water is envisaged

By MARCO GRANELLI  
Political Staff

The Cabinet has approved a new set of principles which will radically change the country's water laws and strip South Africans of the right to own water.

Announcing the acceptance of the principles after yesterday's cabinet meeting in Pretoria, a clearly excited Water Affairs and Forestry Minister Professor Kader Asmal said the new water law was nothing more than a quiet revolution.

"Underground water is no longer private property. No one can drill boreholes whenever they wish," he said.

"The notion that the right to use water is attached to a piece of land will be abolished. The new principle is that water will be used for the maximum benefit of society as a whole." Farmers, however, have reject-

ed the loss of their water rights and said they will insist on compensation if these are taken away.

Among the fundamental changes envisaged in a new water law are the abolition of riparian rights and ownership of any water.

Riparian rights are the equal rights to use of surface water given in perpetuity to owners of

new law would abolish the notion of the right to use water attached to a piece of land.

In future, water would be used to the maximum benefit of society as a whole.

It also separates water from the assumption that water rights can be in perpetuity and that underground water is private property.

Asmal said the new water laws would be tabled in parliament during the next session.

The new act hinges on the notion of a water reserve which, Asmal said, was founded in the principle that no one has a right to water except for two elements: the environment and the basic needs of people. All other water uses would have to be authorised.

The reserve abolishes the present water act, which says water shall be allocated to agriculture, mining, industry and for pasture. No rights would be given to these, Asmal said.

Explaining the practical effect

of the water laws, water affairs deputy director-general Mike Muller said:

"We aim to regulate those things which have a significant effect and which interfere with the use of water by others."

The effect of the new law was that the government could meter and tariff all water.

Tariffs would be used to en-

## Reaction of agricultural union 'less optimistic'

courage proper use. The metering and regulation of water would be done at the source.

It was possible that the municipalities may not be doing enough to discourage wastage and had taken no responsible steps, especially during a drought.

Then the authority to use the water could be taken away, Muller said.

He added that the new law would be positive rather than negative. "What the new laws mean is that in 25 years there will still be water for everyone. It gives a sense of security."

But the South African Agricultural Union was less optimistic in its reaction yesterday.

Following a three-hour meeting with Asmal and members of the Water Affairs Department, SAALU's director of resource services Nic Opperman said farmers would stand by their right to water.

"We are still in favour of water rights and feel they must be included in the property itself. This includes unexercised rights. We put our money in the investment of these water rights. We are in favour of a free-market approach where you can sell your rights," he said.

## Excited Asmal talks of 'quiet revolution'

land bordering on any surface water. The rights are a form of real property and are inherited with the land and give landowners the right to the water, whether they exercise that right or not.

When it is implemented, the



## Government prepares to become 'custodian' of all water

Legislation to end the private ownership of water in South Africa would be introduced next year, Water Affairs and Forestry Minister Kader Asmal said in Pretoria yesterday.

It would be based on new

water-management principles approved by the Cabinet.

"Underground water is no longer private property. No one can drill boreholes whenever they wish," he said.

Describing the new approach

as a total break with the past, Asmal said the state would in future be the custodian of the country's water resources. - Sapa

► **Changes approved**

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(123) Star 2/11/97

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► **Changes approved**

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(123) Stan 21/11/97



## MASS HOUSING

# DELIVERY PROSPECTS BOOSTED AS MUNICIPALITIES ENTER FRAY

(123) FM 22/11/96

## Competition for funds hots up

Only recently charged with the responsibility of developing low-cost homes en masse to boost delivery, particularly to the poorest of the poor, municipalities have now entered an all-out battle to attract funding and the best partners.

While many councils are still setting development targets, the feeling is that it will be the Gauteng private-sector developers, with or without councils, who will build the most houses — and who have built the most so far.

Latest figures released by the Department of Housing show that 362 000 subsidies have been approved and 30 000 houses completed since April 1994. The location, agents and delivery dates of the department's 139 000 houses in production and 56 000 housing units still in the planning stage are still unclear.

A further 137 000 are blocked "but are actively being unblocked by national and provincial task teams," says Department of Housing director-general Billy Cobbett.

"The continuing challenge is to unblock all projects and to withdraw housing funds where they are lying idle. In short, we will reward delivery and penalise procrastination," Cobbett says.

While the municipalities of Johannesburg and Cape Town talk the biggest numbers of housing units in order of need, housing experts are placing bets that Durban will lead the pack. Unlike Gauteng authorities, who only a fortnight ago started talking publicly about development corporations as the best vehicles to combine public- and private-sector strengths, and Cape Town's contemplation of the matter, the Durban Housing Corp is being set up.

Through this body, Durban housing manager Julian Baskin intends to subcontract builders and, with the help of banks, erect 7 000 units/year over the next 10 years, with a strong emphasis on high density. These will be provided for

households earning R1 500 a month or less. It expects the private sector to deliver a further 7 000 units/year over the same period.

"This means council (alone) would be producing between 200-300 units a month and achieving a density approaching 50 units/ha, which is the rate and density we're seeking," says National Housing Finance Corp MD Johan de Ridder.

Though larger housing numbers are planned in places such as Cato Manor (32 000) and Block AK (3 000) in Durban, as well as in Mount Moriah (8 000) by Tongaat-Hulett on land it owns and in densities of 50 units/ha, it appears that the council's clear focus on tackling specific projects at the lowest end of the market through a dedicated body is what counts.

Over the next four years, the National Housing Finance Corp must channel central government's recently allocated R500m for mass housing delivery.

De Ridder says that this money will be targeted at SA's 16 noninstitutional lenders, who are experienced players in the end-user finance market. About 16 high density projects — either government or private-sector developed, or both — are a pilot scheme. If it works, more central funding will flow. De Ridder says that a large range of projects is under negotiation. But only three formal applications have been lodged by noninstitutional lenders.

"Collectively, these lenders have been putting out R30m-R40m a month in small loans averaging from R3 000-R4 000 each. That means 10 000 loans a month, most of which are for housing," he says. The 16 include King Finance, Altfin (the old Industrial Development Trust), the

Great North Credit Co and Grand Finance (Pretoria).

Apart from a number of employee-driven housing financiers, new private-sector funders aiming at financing infrastructure only are also coming to the fore.

The recently launched Infrastructure Finance Corp — Inca — will raise finance from life offices, pension and provident funds and extend much-needed loans to councils and other providers of infrastructure.

Inca will look at the credit worthiness of the borrower. Because of growing competition in the funding market, Inca director Attie van Zyl will not divulge which councils will rate highest or which have been targeted for the first Inca loans.

The empowerment of local authorities has not been welcomed in all quarters.

New Housing Co has pulled out of Port Elizabeth because the local council will develop four of its own projects. But word is that government has long been unhappy with the New Housing Co's lack of imagination in its architecture and urban layout in the R15 000 and below market.

More worrying over time will be local authorities' ability to run separate and fully transparent accounting systems to show where cross-subsidisation is taking place. This they must do to qualify for central government finance. The private sector is still not convinced that these provisions will be sufficiently regulated.

The upside of their entry is that competition between councils — and between councils and the private sector — is hotting up. Both players are now seeking to top each other's innovations.

Johannesburg TMC planning, urbanisation and environmental management



Johan de Ridder

# Nedlac 'can aid campaign'

Farouk Chothia

(123)

BD 22/11/96  
and local forums".

DURBAN — The National Economic Development and Labour Council (Nedlac) could bolster the Masakhane campaign as the body's stakeholders could assist in breaking the culture of non-payment for services, Constitutional Development Minister Valli Moosa said yesterday.

Addressing a local government meeting in Durban, Moosa said that Masakhane had been wrongly perceived as a payments-only campaign, when its objectives included forging a partnership between government, labour, business, and communities in order to bring about delivery in each and every municipality.

He said the campaign should no longer be seen simply as a government initiative, but as a "broad-based campaign driven through structures such as Nedlac

Moosa said he would be "comfortable" with the campaign being located in Nedlac's development forum, in which community and civic organisations participated.

He said Nedlac would host a national Masakhane summit next March which would be preceded by workshops in all nine provinces for "assessment and planning".

Moosa said the campaign should also be launched locally, with councillors holding regular meetings with communities, business and labour to obtain their input on policy formulation and development priorities.

The three-day meeting was held against the backdrop of the launch of the SA Local Government Association, an umbrella body for provincial associations representing local authorities.

Greater Johannesburg metropolitan council executive commit-

tee chairman Colin Matjila was elected president.

It is understood the umbrella body will send 10 nonvoting representatives to the yet-to-be-established council of provinces to give input on local government.

National Party-controlled Western Cape association co-president Louwtjie Rothman said the province was boycotting the association because it centralised power. Labour matters would be dealt with nationally and there would be no delegation of authority to provincial associations.

Rothman said that Western Cape local government MECs would lead a delegation to meet Moosa and Matjila, possibly next week, to raise their concerns.

But the Inkatha Freedom Party-controlled KwaZulu-Natal association did not join the boycott because it found the umbrella body's constitution "fair".



# Government 'pit latrine' policy under fire

Colleen Lowe Morna

**T**HE government's policy of providing the poor with only the most basic services is a betrayal of electoral promises and carries huge health and environmental costs, according to a team of independent researchers.

In a confidential report, the team argues that a far higher level of service can be made available to all South Africans by charging big business, which gets services at much lower rates than individuals, just a little more.

The report was presented by the team of "independent academics and non-profit research institute staff" to officials of the Department of Constitutional Affairs as Reconstruction went to press this week.

In an interview shortly before he received the report, the chief director in the department responsible for municipal infrastructure, Chipple Oliver, said he welcomed the criticism of government policy, which has been driven by what he called the "left wing" National Insti-

tute for Economic Policy.

But, Oliver said: "My nose is at the coal face." While academics might delight in calling him a "a mean neo-liberal bastard", his major concern was to fight for existing subsidies to local government — to ensure that all South Africans at least have basic levels of service.

This latest heated exchange follows a stormy meeting last week between the department and the National Economic Labour and Development Council (Nedlac) over the proposed Municipal Infrastructure Investment Framework (MIIF) which ended in deadlock.

The department's policy of providing those earning less than R800 a month with communal water taps, pit latrines and streetlights (with no indoor lights) is also the source of mounting tension with provincial authorities who have to bear the brunt of breaking the news to communities.

A major showdown on the issue is expected at the meeting between national and provincial ministers on November 28.

The Reconstruction and Develop-

ment Programme (RDP) says that a house "must include sanitary facilities, storm water drainage, a household energy supply and convenient access to clean water".

**T**he Urban Development Strategy, on which the MIIF is based, and which the World Bank had a hand in crafting, envisages a 55:25:20 national average distribution between full, intermediate and basic levels of services in municipal areas over the next 10 years.

Intermediary services include having taps on site; simple water-borne sanitation and indoor electricity with pre-paid meters.

The strategy is based both on the government's calculations of the cost of putting these services in (estimated at R61-billion and to be shared between the government and the private sector), and the ability of poor people to pay for services once they are installed.

What has been ignored, according to researchers, are the negative effects of not providing all South Africans with water-borne sewerage

and electricity at home.

They calculate these costs as:

■ almost R1-billion over 10 years in health costs, arising from diarrhoeal diseases; burn fatalities related to the use of paraffin instead of electricity; and paraffin poisoning (1 600 children are hospitalised for paraffin poisoning each year);

■ environmental savings of up to R800-million a year by 2005 if electrification is provided at intermediate levels. These savings would result from a reduction in air pollution and diminished fuel-wood collection;

■ huge benefits with regard to literacy levels; labour productivity and time savings for women who spend long hours collecting firewood and water.

Pointing out that only 12% of water is used by individuals, with the rest consumed by agriculture, forestry and industry, the researchers argue that a minimal surcharge on these users — for whom water is small change — would help provide upgraded facilities for the poor.

Low-income users of electricity,

the report adds, pay four times more per unit for electricity than big business. It singles out two of the largest manufacturers in South Africa — Alusaf (aluminium) and Columbus (stainless steel) — as massive users of cheap electricity who have also benefited from a 30% windfall in export earnings as a result of the devaluation of the rand this year.

Quoting the RDP, which makes provision for cross subsidies, the researchers say at a small cost to these companies, all South Africans could be provided with lights in their homes.

However, Oliver argues: "If we increase the price of electricity to users like Alusaf, their products will become uncompetitive and that will affect our balance of payments."

"I'm a socialist," he continued, "but we can't withdraw from the world economy. It's a fact that international capital holds sway as we come to the end of the 20th century. And it's not like South Africa is the darling of the world. For investors, this is a fairly unattractive investment opportunity."

(123)

MNG 22-28/11/96

# Electricity prices to be standardised

**METRO WRITER**

THE price of domestic electricity is to be standardised across the Tygerberg municipality from January 1 next year.

The price will be 22,6 cents per kilowatt hour for those with conventional meters, and 21,5c for those with pre-payment meters, according to papers presented to the Tygerberg

council at its monthly meeting yesterday.

In the past, electricity prices in Bellville, Khayelitsha, Parow, Durbanville, and Goodwood were different.

Now all those suburbs are in the same municipality. To arrive at equal prices within the same category, increases of different percentages have had to be imposed on the various areas.

CT 27/11/96

~~28~~ (123)  
In the conventional meters category, Bellville's domestic tariffs must go up 3%, Parow's down 1%, Durbanville's and Goodwood's up 5%, and Mfuleni's up 4%.

In the pre-payment meters category, Parow's tariffs go down nearly 6%, while Mfuleni's go up by more than 43% — from a relatively very low 15c per kilowatt hour — to get to the uniform 21,5c per kilowatt hour.



# R105-m for <sup>(123)</sup> rural housing fund

28/11/96

By Joshua  
Raboroko

THE Housing Ministry has set aside R103 million for the launch of a Rural Development Fund aimed at providing subsidies for the provision of low-cost housing in rural areas.

The fund from the European Union is part of the Government's initiative to provide financial assistance to poor rural communities who cannot get the R15 000 capital subsidy.

Announcing the fund in Pretoria this week, Housing Minister Mrs Sankie Mahanyele said the EU provided the money after pledging its support for rural development.

### Priorities

One of the developmental priorities for the EU was to play a major role in the area of low-cost housing, the minister said.

The launch of the fund will be announced within a few weeks. It was in line with the minister's "mass delivery of low-cost housing by 1997" announcement in Parliament recently.

Mahanyele encouraged the private sector to play a major role in the provision of low-cost housing by forming joint ventures with local communities.

However, she said, there were people who wanted to discourage investors in the low-income sector because they regarded the poor as "a waste of time and a financial risk."

She warned the private sector and other financial institutions to adopt a creative and problem-solving attitude towards low-cost housing.

### Programme

"I want to appeal to those companies who have negative attitudes to commit themselves to the housing programme of the Government in the same way they committed themselves to democracy," she said.

Her department was working closely with the Department of Land Affairs in solving land issues relating to rural housing.

The departments have been going through the process of identifying those parts of the delivery chain which could be removed.

# Home loans get a boost

By Joshua Raboroko

PRACTICAL schemes by the private sector, coupled with efforts by the government, are geared to boost the mass delivery of low-cost housing next year.

A government source said yesterday more than 70 companies and overseas investors had promised to make credit available to low-income earners for the provision of low-cost housing in South Africa.

At a Johannesburg conference

this week, Homeloan Guarantee Company, a non-profit company, said it had struck an offshore reinsurance deal that would provide R700 million in low-income home loan guarantees over the next seven years.

## Wholesale finance

The money would be used to provide wholesale finance to commercial and retail lenders in the low-income housing market, to partly underwrite the commercial risk of

*Sowetan 28/11/96*  
lending to this sector.

The R700 million underwriting facility has been raised through an alliance between the HGC and British-based Centre Reinsurance International, a subsidiary of Zurich Reinsurance.

The company's chief executive Dr Charlene Lea said her company's loan guarantee limit of 25 per cent of the loan meant the R700 million could mobilise housing finance of R3 billion to create over 140 000 new homes.

(123)



# Iscor to sell houses *sowetan 28/11/96* to workers

Part of steel giant's campaign to empower staff through ownership

By Joshua Raboroko

**G**IANT STEEL COMPANY Iscor is to sell about 10 000 houses worth R500 million to its employees as part of its campaign to empower staff through home ownership.

In addition, the company has set aside R60 million to fund the low-cost housing scheme for those employees who do not qualify for loans through financial institutions.

The 10 000 houses will be sold to employees through a newly launched product, Scorbond home loan, underwritten by the First National Bank. The low-cost housing scheme is jointly financed by Absa.

Scorbond is a housing bond exclusively aimed at employees in the Iscor Group, offering a wide range of benefits. The company transferred its bond book to First National Bank but will still administer and market the mortgage bond product.

At a Press conference in

Johannesburg yesterday, Iscor marketing and credit manager Mr Piet Grobler said the first option to buy the houses would go to those employees presently renting them.

The option will be valid until June 1997, after which they have the right of first refusal.

However, some of the houses are presently rented by people not employed by Iscor. They will be offered a first option for a limited period of 30 days.

## Established

Two thirds of these units are free-standing homes and the rest are flats in Newcastle, Pretoria and Vanderbijlpark. They are in established suburbs and fall into the price bracket of R80 000 to R120 000.

Grobler said the sale of the houses would yield a profit of about R300 million for the company and chances were that the money would be ploughed back into projects, including further housing schemes.

# R1,6 billion to kickstart housing plan

(123)

*sowetan 28/11/96*

Two new financial institutions pledge to lend money for low-cost homes

By Joshua Raboroko

**T**WO NEW FINANCIAL institutions have pledged themselves to lend money to poor people to build low-cost homes and develop micro-enterprises, while most banks still continue to exclude them from credit.

The National Housing Finance Corporation and Khula Finance Limited has more than R1,6 billion to launch initiatives that would enable new target groups to receive access to credit.

At a Press conference in Johannesburg this week NHFC chief executive Mr Johan de Ridder said the corporation's budget of about R1 billion was aimed at providing access to credit for housing purposes to a large segment of low-income earners in South Africa.

At the time of its establishment this year more than 75 percent of low-income earners were estimated to have no access

to bank credit for housing purposes.

Following an extensive local and international consultative process, the Government came to the conclusion that it was necessary for it to intervene in this market.

The Housing Ministry grants the corporation R390 million, the private sector R100 million and the European Union R150 million. The corporation has made a proposal for a further R425 million that has not yet been approved by the Minister of Housing.

## Stokvels

The money will not be made available to individuals but will be loaned to institutions such as viable stokvels for the building of low-cost housing.

The corporation has not disbursed any money so far but is considering three applications worth between R20 million and R100 million by institutions.



# Regulator might not wait for state to act against defaulters

Lukanyo Mnyanda

THE National Electricity Regulator would tackle licence defaulters if government failed to make a decision on the industry's restructuring by year-end, chairman Ian McRae said yesterday.

Action could include stripping defaulters of their licences, and merging and rationalising current distributors such as local councils. McRae said a meeting with

Mineral and Energy Affairs Minister Pennell Maduna was scheduled for later today.

He quashed rumours that he had resigned from his position because of differences with government. He indicated that he had decided to retire, but he had also made himself available for a nonexecutive position — if it was offered — after his term expired in March.

"I'm not resigning and I've got

no problems with the process. I have a good relationship with the minister and will be happy to continue serving in a nonexecutive position if I'm required to do so."

An electricity working group report containing recommendations on the restructuring of the industry was submitted to government earlier in the year. The deadline for a final decision was set for August.

"I'm not resigning and I've got

included consolidating the electricity distribution industry by merging the distribution business of Eskom and local governments into viable, independent regional distributors.

The licensing conditions included undertakings by distributors to supply electricity to paying customers, payment conditions for bulk suppliers, obtaining board approval for tariff and price increases, and ensuring efficient

revenue collection.

Government had yet to make a final decision. McRae had previously warned government that its indecision was causing insecurity among users and was making the rationalisation of more than 2 000 electricity tariffs imposed on the industry more difficult.

The regulator had hoped government would respond quickly to its recommendations to ensure that they were implemented

smoothly in a structured way.

In the absence of government's response, "we'll have to tackle the problems without government".

He committed the regulator to consulting affected parties before implementing any decisions. "We'll have to be sensitive about the impact on distributors because they — especially local governments — depend so much on income generated by electricity sales."

defaulters

## Rural housing receives boost

123

Lukanyo Mnyanda

BD 29/11/96

GOVERNMENT'S strategy to promote housing delivery in rural areas received a boost with the formation of the rural housing loan fund programme, which was expected to approve its first loan next January, sources close to the fund said yesterday.

The fund, capitalised with an initial DM50m grant from the German government, would be managed by the National Finance Housing Corporation, formed to facilitate finance to low-income households.

It would provide unsecured loan finance for up to three years through intermediaries such as banks, housing associations, trusts and co-operatives — to low-income households and informal earners not serviced by traditional banking institutions.

Its mission was to improve housing conditions for poor rural households by providing wholesale finance to "appropriate" financial intermediaries to lend to low-income earners.

The intermediaries had to subscribe to the requirements of sound practice and demonstrate that clients were poor households in need of housing in rural areas.



# No rush for the 'burbs

CP CORRESPONDENT

(123) CP 11/12/96

Expected exodus to 'whiter pastures' fails to materialise

**NOT MUCH** has come of the expected mass migration of black home-owners – especially those in the burgeoning middle and higher income groups – to white suburbs in the wake of the 1994 elections.

Estate agents' sales figures indicate that fewer than 10 percent of total sales in most of the traditionally white residential areas are made to black buyers.

Managing director of Pam Golding Properties in Gauteng, Ronald Ennik, says black buyers account for only about five to seven percent of his buyers' market in Gauteng.

In Cape Town and in other urban areas, the figure is even lower.

Ennik says that although traditional white suburbs are slowly becoming more racially integrated, the process is not taking place at anywhere near the rate originally assumed.

An important contributory factor is that existing home-owners battle to sell their houses in black residential areas. Access to credit is often also a problem – would-be buyers in black areas often do not qualify for bonds, so existing homeowners are hamstrung in their aspirations to buy in white areas.

Ennik also points out that it is not that easy for first-time home buyers to enter the housing market. Even blacks in middle management posts, who earn good salaries, have found that the high interest rates have put monthly bond instalments beyond their reach. And few have cash deposits readily available.

However, for the affluent few who buy in the higher price categories of R700 000 upward, interest rates are seldom a deterrent. Blacks buying in this price range – predominantly senior politicians and well-known businessmen – often pay cash for their houses, says Ennik.

The relatively few houses changing hands in black residential areas are definitely a factor in inhibiting house sales to blacks in white areas, says Conrad Penny, director of property brokers and valuers Penny Brokers.

He reckons that in the country's black areas an average of only 1.5 percent of all houses are resold, whereas this figure ranges from 10 percent to 15 percent in a fairly plush white suburb.

The statistics of the urban research group Urban Development Studies confirm that houses in black residential areas are not traded anywhere as briskly as in white areas.

A recent survey in Soweto revealed that the average family lives in the same house for about 19

years. Whites, on the other hand, usually live in the same house for five to seven years.

Although the former trend can be attributed to apartheid legislation that previously discouraged home ownership in black areas, estate agents do not expect buying patterns to change that quickly.

The low turnover in house sales has meant that house prices in black areas have not increased by much over the past few years. Penny says that in Soweto there are virtually no houses in the price range above R300 000 and extremely few at over this level, because it is effectively a ceiling on realistic values.

In older areas of Soweto, house prices generally

range from R16 000 to R35 000 while in newer areas they can touch on R100 000.

Penny explains that the discrepancy between house prices in black residential areas and in white areas is so vast that it's simply not worthwhile for most home-owners to move from black residential areas.

Somebody who can afford a house of R80 000 is more likely to stay in Soweto, where he feels at home among friends and family, than to move to a house costing the same amount of money in a poorer white area such as Turffontein in Johannesburg's south, where he will probably get less house for his money.

According to Penny, only the genuinely wealthy, who already own houses of about R300 000 in Soweto, would consider buying houses in white residential areas.

This category can, however, afford to keep their houses in the black residential areas. During the week they live in the 'white' suburbs and over weekends they return to Soweto.

Alfred Nzuzi, a Realty Executives estate agent operating in Soweto, says 90 percent of prospective home-owners prefer to buy a house in Soweto rather than in a nearby white suburb.

On average he sells about six houses a month, mainly in the R90 000 to R120 000 price range. These buyers earn an average monthly income of between R5 000 and R6 000, says Nzuzi.

Apart from the fact that black people are deeply rooted in their local community, he explains, the general feeling is that houses in Soweto offer considerably more value for money than those in white residential areas.

For R120 000 a buyer can acquire a three-bedroom house of about 130 square metres with two bathrooms and a lock-up garage in a good area such as Dobsonville, Protea Glen or Protea North in Soweto. Nzuzi says a buyer will get nowhere near this value for money in a white suburb.

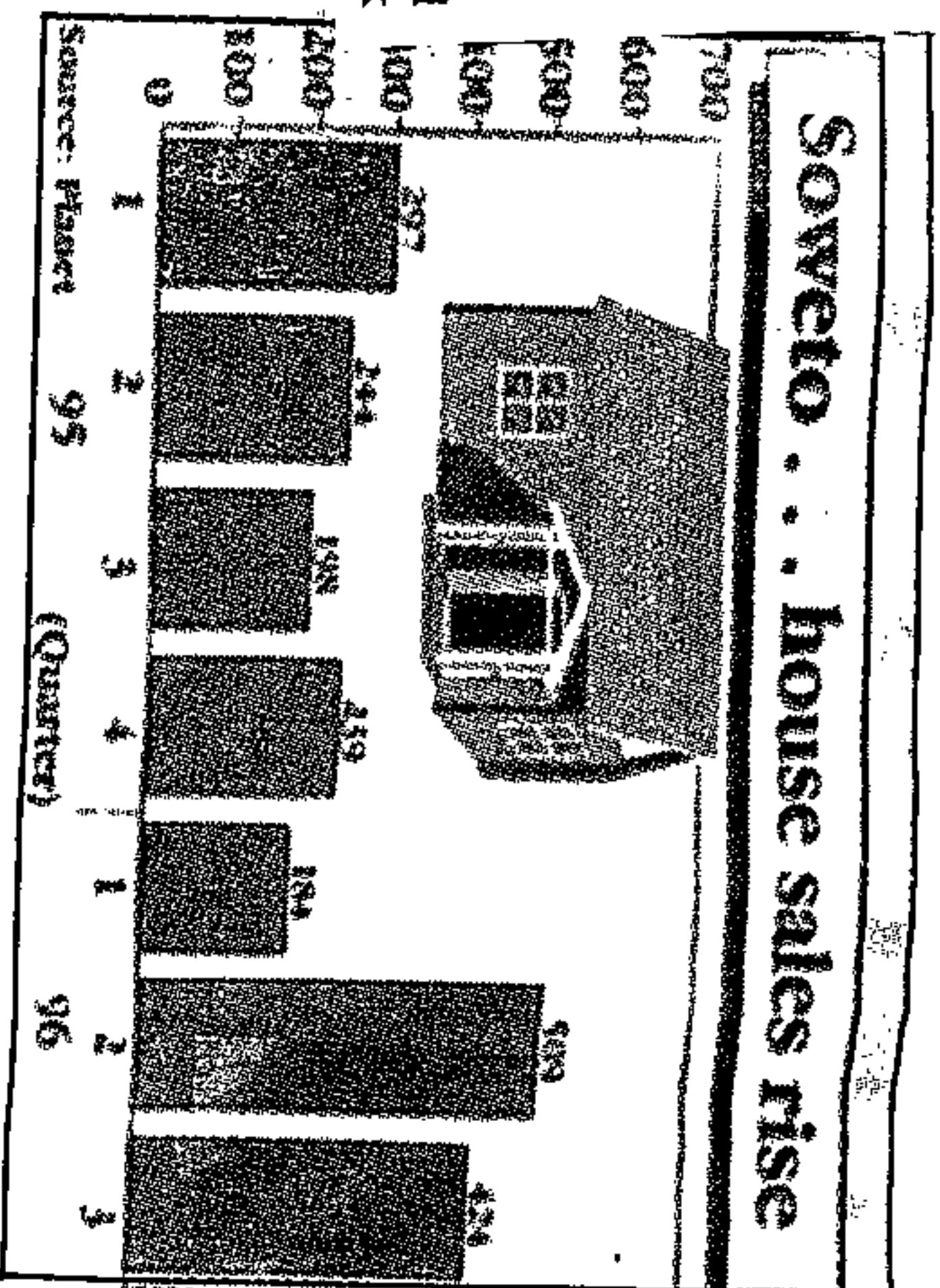
Christo Wiid, general manager of the Property and Loan Application Network (Planet), reckons many of the black buyers who did make the move to white areas after the abolition of the Group Areas Act have since moved back to the townships. He believes the main reason for this is that they miss their close ties with black communities and feel isolated in white suburbs.

Claudia D'Alabout, a director of the Institute of Realtors of SA, reckons that in the northern sub-

urbs of Johannesburg and in Randburg and Sandton fewer than five percent of house sales are to blacks.

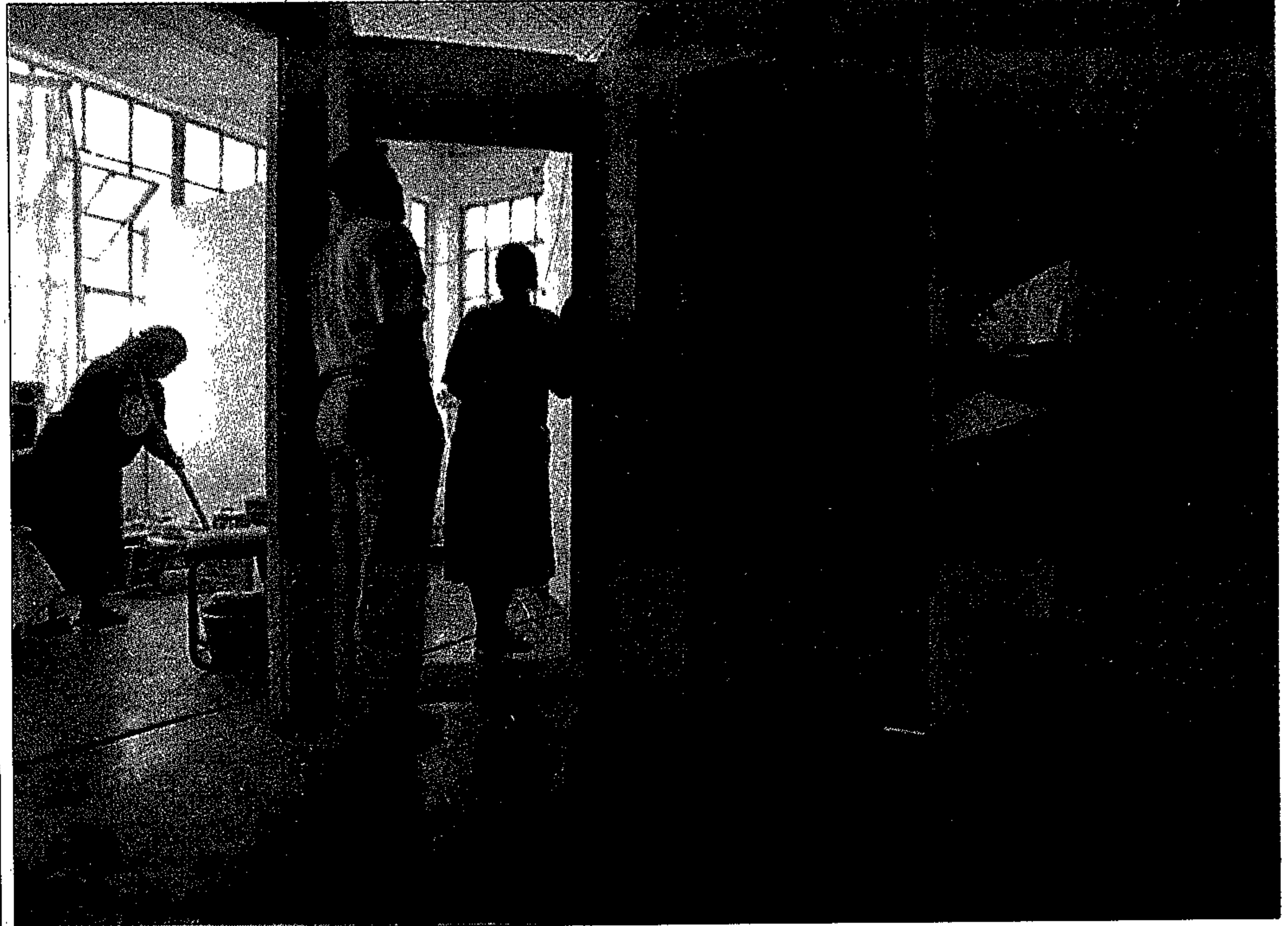
In the southern and eastern suburbs situated close to black areas, this figure is somewhat higher – between 20 percent and 30 percent. The most important consideration for those wishing to move to the suburbs is the proximity of good schools, already attended by the children of middle to higher income black families.

D'Alabout also believes that the potential tide of black buyers flowing to white areas is stemmed mainly by the ready access to credit in the black residential areas.



**STAYING PUT**  
Despite the fact that mansions rind shoulders with mud heaves and shacks in the townships, there has not been an exodus of black people to the formerly white suburbs. The graph (in set) shows house sales in Soweto are on the increase.





Nowhere to go ... people desperate for accommodation are prepared to live in shocking conditions and pay high rents just as long as they have a roof over their heads.

## Law needed to regulate tenant/landlord contracts

(123) Star 3/12/96

### STAFF REPORTER

A legislative process is under way to regulate the landlord/tenant relationship, but until this process is finalised landlords in Johannesburg seem to be taking advantage of their tenants.

Many tenants say they will put up with the worst conditions as long as they have a roof over their heads. They pay high rentals for rooms barely large enough for one person, let alone a small family.

In one apartment building in Stiemens Street, Braamfontein, most tenants are University of the Witwatersrand students who can-

not afford to spend huge amounts on accommodation. Many pay R600 a month for a small room and share communal bathrooms and kitchens as they are desperate for accommodation near the university and so are prepared to pay the asking price.

The property agency acting for the Braamfontein building was not willing to comment or reveal the name of the owner of the building. The housing department of the council was not prepared to comment on the matter either.

In other parts of the building, a construction company was stopped from partitioning one-

bedroom flats into seven rooms after tenants called in a municipal building inspector to inspect the changes.

Gina Tsopkeng, who runs a hair salon on the ground floor of the building, is furious about the changes taking place, which she says came about when the new owner took over in June last year.

She said water and electricity meters were locked by the new landlord so tenants cannot check their meter readings for themselves. Tsopkeng, who has been summonsed to pay a water bill of more than R6 000 for four months, is prepared to take the matter to court.

In Hans Street, fringing the city's CBD, about 50 families live in small rooms inside a converted garage. Most of the families are from outside Gauteng and believe they are luckier than shack dwellers.

Monty Narsoo, director of housing policy and administration for Gauteng, said: "There are problems in some areas where tenants do not know what their rights are and are being taken advantage of by their landlords. There are also instances where tenants are taking advantage of their landlords. This bill is aimed at regulating the relationship between the two."



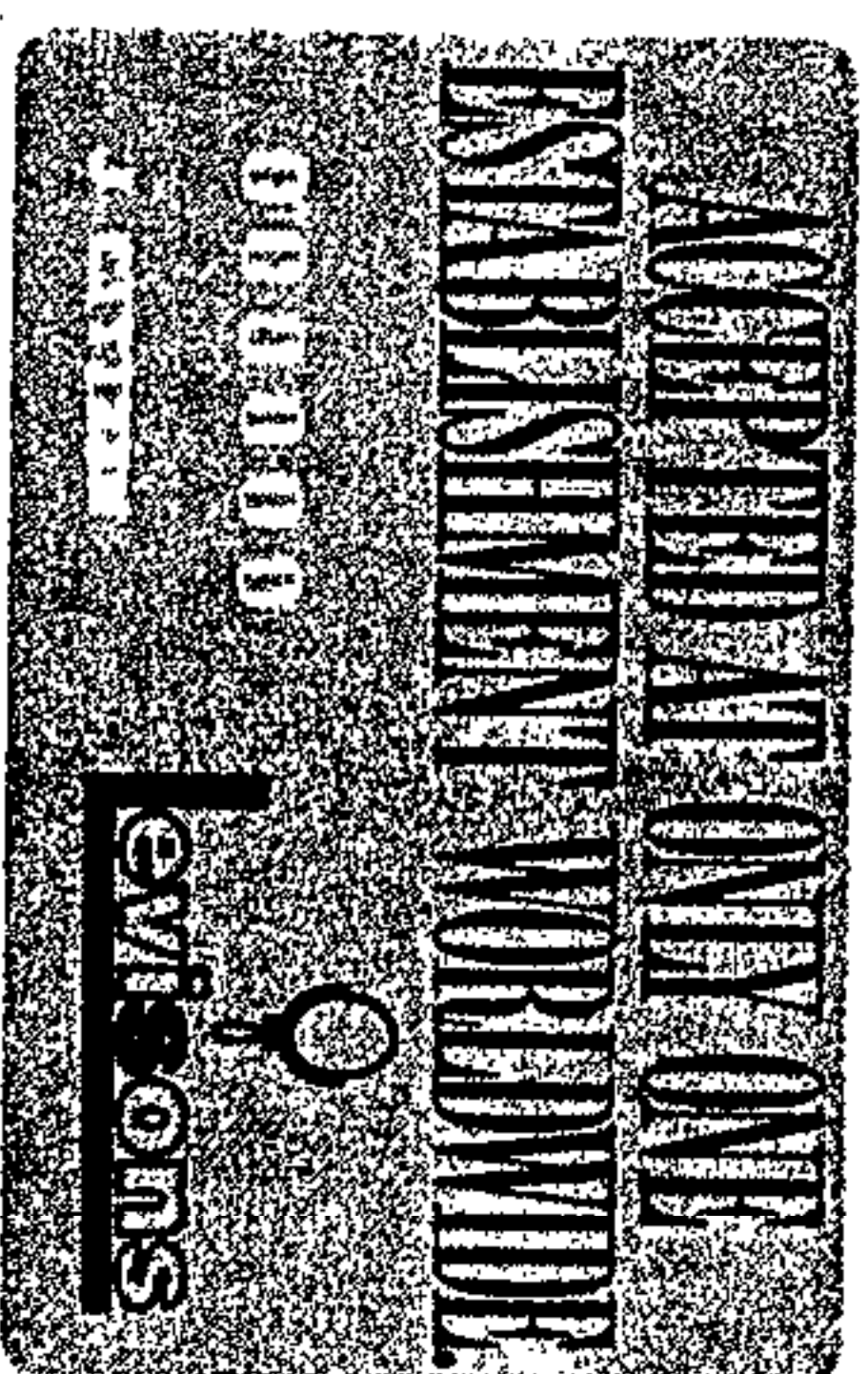
# Business Day

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## New rules for loan subsidies could hamper delivery, builders warn

Robyn Chalmers

HOUSING developers warned yesterday that new lending criteria to be introduced by banks for mortgages on January 1 could affect the delivery of low-cost housing severely.

The National Association of Home Builders (NAHB) and SA Residential Developers' Association said the criteria could lead to 80% of the 60 000 houses facilitated by private developers a year not being built. Both associations said banks had not consulted

developers, government or consumers.

The new criteria, which include amendments to the home loans subsidy formula for public servants and lower income bracket buyers, mean a person who previously qualified for a loan of R85 670 over 20 years would qualify only for a R60 000 loan.

NAHB president Victor Booth said: "This will result in many private sector developers being forced to close their doors, further frustrating housing delivery." However, President Nelson Man-

dela yesterday recommitted government to delivering a million low-cost houses by 1999, saying the housing programme was visibly under way.

Recent government statistics showed 169 000 houses had been built or were under construction between October 1994 and September this year. This meant 28 000 homes had to be built each month to meet the target.

At the launch of the Protea Glen extension 11 project in Soweto, Mandela said it was inevitable that there should be a slow start to the housing pro-

gramme. "There were many inherited problems to overcome. Capacity and skills had to be developed, consensus on policy had to be forged (and) democratic government — including local authorities — had to be established."

Mandela said the housing ministry was likely to have spent its budget by the end of the financial year, and rolling over funds was becoming a thing of the past. Free State, Western Cape and Gauteng had spent their budgets, and more provinces could do so by the end of the financial year. The

challenge was to turn this flow of funding into bricks and mortar.

The number of subsidies released nationally each month had risen to almost 6 000 from 500 last year, which meant about 30 000 people were benefiting from the subsidy scheme.

Mandela said a partnership between government and developers had turned the R1,3bn Protea Glen into a housing project accessible to people earning less than R40 000 a year.

Picture: Page 3

## Municipalities set to identify housing land

(123)

Cape Town - A draft housing bill which the Housing Ministry expected to present to Parliament in March would give municipalities the power to identify and designate land for housing, Housing Minister Sankie Mthembu-Mahanyele said yesterday.

The draft bill would be presented to the Cabinet next month, Mthembu-Mahanyele said in a speech prepared for delivery at the Gauteng legislature's local government seminar.

The document would give municipalities the power to ensure the economic and efficient provision, operation and maintenance of services. They would have the power to initiate, plan and execute housing development in their jurisdictional areas, the minister said.

Municipalities were best positioned to identify housing needs in their areas and to administer housing programmes, she added. - Sapa

SAW 7/12/96



The first signs of a boom in low-cost housing are emerging at a squatter camp in one of the country's most neglected townships. RAY HARTLEY reports on how the government's housing policy is beginning to change the urban landscape

WITH the chutzpah of a small operator who has made good, housing contractor Don Mphahlele cannot resist making a sales pitch: "I also do swimming pools, patios, tiles, you name it. Here's my card."

Once a bit player who sold his skills to the "big boys" in the construction industry, Mphahlele is now making a name for himself on Alexandra's Far East Bank on a dusty piece of land known as Phase 1A.

Here he and his workers have built the first batch of houses in a development aimed at transforming Alexandra from a dense collection of shacks into a more spacious, if modest, residential area.

On offer in Phase 1A are three types of houses. Most basic is the 17m<sup>2</sup> dwelling — one room and a small bathroom, with barely enough space for a bed, a TV set and a cat, provided it is not swung. Priced at around R16 000, it is within the grasp of those poor enough to qualify for a R15 000 government subsidy. Moving up a notch, and requiring the help of bank financing in addition to the subsidy, are units of 32m<sup>2</sup> and 40m<sup>2</sup>.

With electricity and running water as well as space for lawn and gardens on offer, these modest developments in Alex are some of the many recent signs that South Africa's housing policy has begun to produce results.

Further evidence is provided by a yellow map peppered with blue dots, which has been drawn up by the Council for Scientific and Industrial Research's building technology unit to illustrate, for the first time, just where the houses will be going up.

A glance at the map, reproduced below, shows that most provinces have already allocated substantial subsidy funds towards new housing, particularly in the Gauteng area.

The significance of this is not lost on



ACCOMMODATING . . . Don Mphahlele, a building contractor helping to make housing work

Picture: NICKY DE BLOIS

# Slovo's housing dream stands on firmer ground

(123) ST 8/12/96

observers who remember the acrimonious debate between Gauteng Housing MEC Dan Mofokeng and the late Joe Slovo's Department of Housing.

At its height the conflict saw Slovo and Gauteng Premier Tokyo Sexwale pitting vastly different visions of housing against one another. For now,

Mofokeng and Sexwale appear to have accepted the national policy; indeed, they may now be its most successful agents. So far, Gauteng has spent 87,9 percent of its 1996/97 housing budget of R375-million, making it by far the biggest spender of the nine regions.

As Sankie Mthembu-Mahanyele, Slovo's successor, has noted, no less than 362 000 housing subsidies have been approved since April 1994, giving some 50 000 people a month "opportunities for adequate shelter".

Although initially sceptical about some of the social effects of Slovo's policy, Mthembu-Mahanyele has since put her head down and seen to its implementation, providing the market with much needed certainty.

Whereas Slovo, with a little help from his superior political firing power, chose to belittle publicly those who challenged his policy, Mthembu-Mahanyele can claim credit for defusing tensions between the battle-weary provinces and the centre in order to nudge MECs into implementation.

Billy Cobbett, her director general, sees the change in relationship between provincial and central government as a key reason for the improvement in housing delivery.

"For better or for worse, this is the policy. The policy debate is over as far as fundamentals are concerned. The

first and second tiers of government are no longer trying to do each other's job," he says.

But Cobbett says it is still too early to pronounce that the long-awaited housing boom is under way.

Only from February, he says, will the department be able to provide proper statistical indicators on what he calls "housing starts" — the number of new houses formally on the road to construction.

Oddly, he says, the department is still grappling with a basic question: what is a house?

"Is a 12m<sup>2</sup> shell a house? Most people would say no, but if that shell is converted to a 45m<sup>2</sup> building, is that a house?" he asks.

The size of houses aside, Cobbett is confident that housing delivery is hitting its original target market, the poor. Those benefiting most, he says, are informal workers with intermittent income who are "not bankable in formal terms".

As head of the ministerial task team on short-term housing delivery, Cobbett recently released a document which has attracted some criticism for its proposal to introduce a new "social

housing/rental option" into the housing policy mix.

Critics charge that the policy addition could undermine the private sector's hard-won confidence to enter the low-income market by once again encouraging local authorities to maintain large inventories of rental stock.

Subject to the vagaries of organised boycotts and administrative weakness, not to mention the parlous state of local government coffers, local authorities could find themselves back in the 80s, fighting to retrieve rentals and running up mountains of debt.

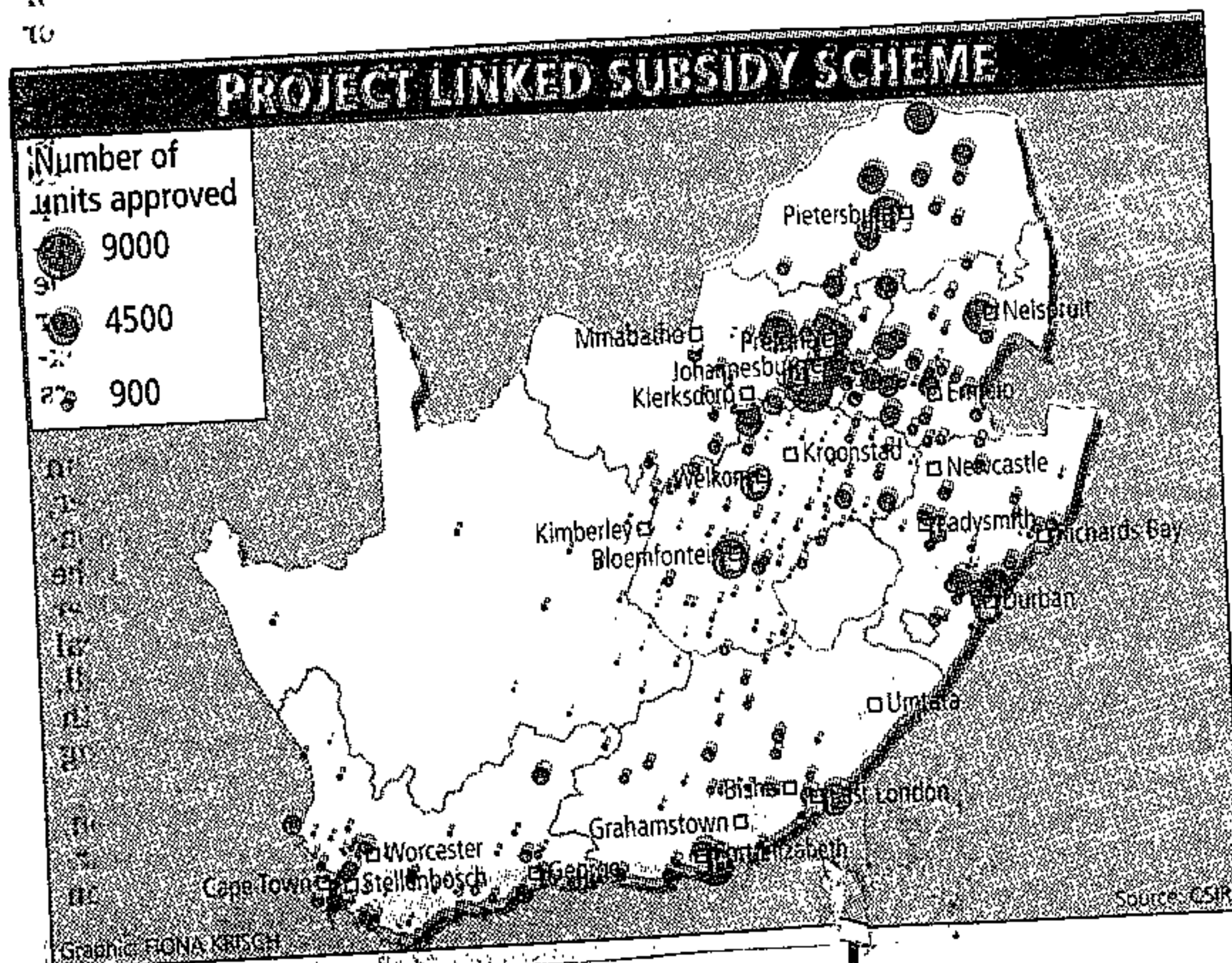
But Cobbett is firm that this is not the task team's intention. "The local government as landlord model is one to avoid like the plague," he says.

Instead, he says, he would like to see the formation of "housing corporations" — joint ventures between developers and metropolitan governments.

Meanwhile, in Phase 1A on Alexandra's East Bank, the structures that Slovo pictured when he forged government's housing policy are getting their final lick of paint from Mphahlele's workers.



BILLY COBBETT





# Lenders hit back at home loan criteria critics

Robyn Chalmers

THE Association of Mortgage Lenders has hit back at the criticism of the imminent introduction of more stringent lending criteria for mortgages, saying the current criteria place consumers at risk.

The construction industry said last week that the new criteria, which include amendments to the home loans subsidy formula for pub-

lic servants, could lead to 80% of the 60 000 houses facilitated by private developers each year not being built. Association GM Sharon Trail said on Friday that housing subsidies for public servants were initially introduced many years ago as a tax-free perk, but they were now subject to tax.

Trail said the home building industry would like banks to calculate the amount to be repaid on a mortgage by taking 25% of the base

salary, then adding the housing subsidy. Taking gross monthly income of R2 500, a loan of R85 670 over 20 years calculated on this basis would result in a total housing instalment of R1 405 — or 43% of gross monthly income.

"The association believes that this is placing consumers at risk. The international standard for calculating affordability for a home loan is that not more than 25% of monthly income should be spent on

repaying a bond," she said.

Trail said the association believed consumers should not be encouraged to borrow to the maximum of their affordability. This was particularly so in the light of SA's high consumer debt rate, the large number of unpaid mortgages and recent increases in the home loan rate.

The association proposed that affordability be calculated by combining the base salary and the housing subsidy, then taking 25% of the

total. This meant that someone earning R2 500 a month could receive a home loan of R50 000 with a monthly instalment of R320 — or 25% of gross monthly income.

Trail said the association had drafted a position paper for discussion which had been referred to government departments and the construction industry.

The paper represented a guideline, but banks would continue to assess loans on an individual basis.

(123) PD 9/11/96



# Town councils get housing powers

Robyn Chalmers

BD 9/12/96

HOUSING Minister Sankie Mthembu-Mahanyele outlined the role of municipalities in housing delivery at the weekend, saying they would participate directly in the development of national and provincial housing programmes.

Private sector developers have warned that competition from municipalities on low-cost housing programmes could lead to "un-level playing fields" and discourage private sector participation.

Mthembu-Mahanyele said municipalities could enter into joint ventures with developers, as well as facilitate the participation of other role players in housing.

She said the draft housing bill, which should be presented to cabinet for approval in January and

to Parliament by early March, would have an impact on municipalities. In terms of the bill, they would have the power to designate land for housing and associated purposes, as well as ensure the efficient provision, operation and maintenance of water, electricity, road and transport services.

Municipalities could also initiate, plan and execute any appropriate housing development and facilitate and co-ordinate developments in their area of jurisdiction.

Mthembu-Mahanyele said the Plettenberg Bay town council had built more than 1 400 houses since the election, making it arguably the most successful town in terms of housing delivery.

"They were anxious to get their housing programme going and their main problem was that the

flow of funds was too slow to sustain a vibrant delivery schedule. So they sold prime land to raise R1,6m, put it into a community development trust and used the money to begin financing housing programmes."

Mthembu-Mahanyele said that in terms of national housing programmes, municipalities could also establish a separate business entity to execute a housing development project and facilitate the participation of other role players in the housing process.

"In many of the municipal areas where I have seen successful housing delivery happen, it has been because the authority has been determined to make an impact on housing, and instead of seeing problems, they see opportunities," she said.

# Govt welcomes homes plan

Shareen Singh

123

BD 17/12/96

GOVERNMENT last week endorsed a ministerial task team's report proposing greater intervention by the state and the private sector to expedite delivery of mass-housing projects.

The team, appointed by Housing Minister Sankie Nkondo-Mahanyele, proposes incentives and finance mechanisms for more direct government involvement in large-scale housing.

These included:

- Increasing the financial capacity of the National Housing Finance Corporation (NHFC) by R350m to enable it to finance institutions providing tenure and finance options other than owner occupations in the absence of readily available private-sector finance. (The increase will raise government's share capital in the NHFC to R740m);
- Placing R75m more under NHFC

management to further assist the provision of nonowner occupied housing;

- The creation of a special R100m programme to promote larger-scale development projects;

- Implementing a programme to make the bureaucracy more efficient; and

- Improving the subsidy scheme and standardising the amount at R15 000.

NHFC CE Johan de Ridder said the proposals had addressed some of the major obstacles in nonowner occupied housing. The standardisation of the subsidy scheme was more practical and easier to implement, he said.

He also welcomed the R75m fund which would match local investment on a rand-to-rand basis.

The new incentives would attract more players in the industry and improve the capacity of existing institutions to deliver more speedily and efficiently, De Ridder said.



# Poor delivery is main flaw of Masakhane, says Carolus

CT (A) 18/12/96 (123)

THE acting secretary-general of the African National Congress, Ms Cheryl Carolus, refused to pay for her telephone service when it was disrupted for two weeks.

And she steadfastly maintains that if a township resident has sewage spilling over into their homes, they have every right not to pay for services.

This is how she prefaced a discussion on the failure of the Masakhane campaign, before going on to argue for it to be revived once more.

In the past two years the government has spent millions on a highly-visible Masakhane campaign to get township residents to resume payment for services, but without much success.

The ANC's election promise was "A better life for all".

However, in the 30 months that the party has been in power, it has in many respects struggled to get its policies off the ground to meet

people's growing expectations.

Although the government has been more effective in areas such as health and the delivery of electricity and water, conditions and services provided in many townships throughout the country are no better — and in some cases are worse — than before.

The areas in which the government has been particularly slow to deliver have been housing, job creation, education and safety and security.

A number of key government departments are known to be working on strategies to deliver results in a number of critical areas, ranging from better local government, to jacking up the public service and bringing the problem of crime under control.

Carolus said a critique of the Masakhane campaign identified the issue of the poor delivery of services as one of the main flaws in the campaign.

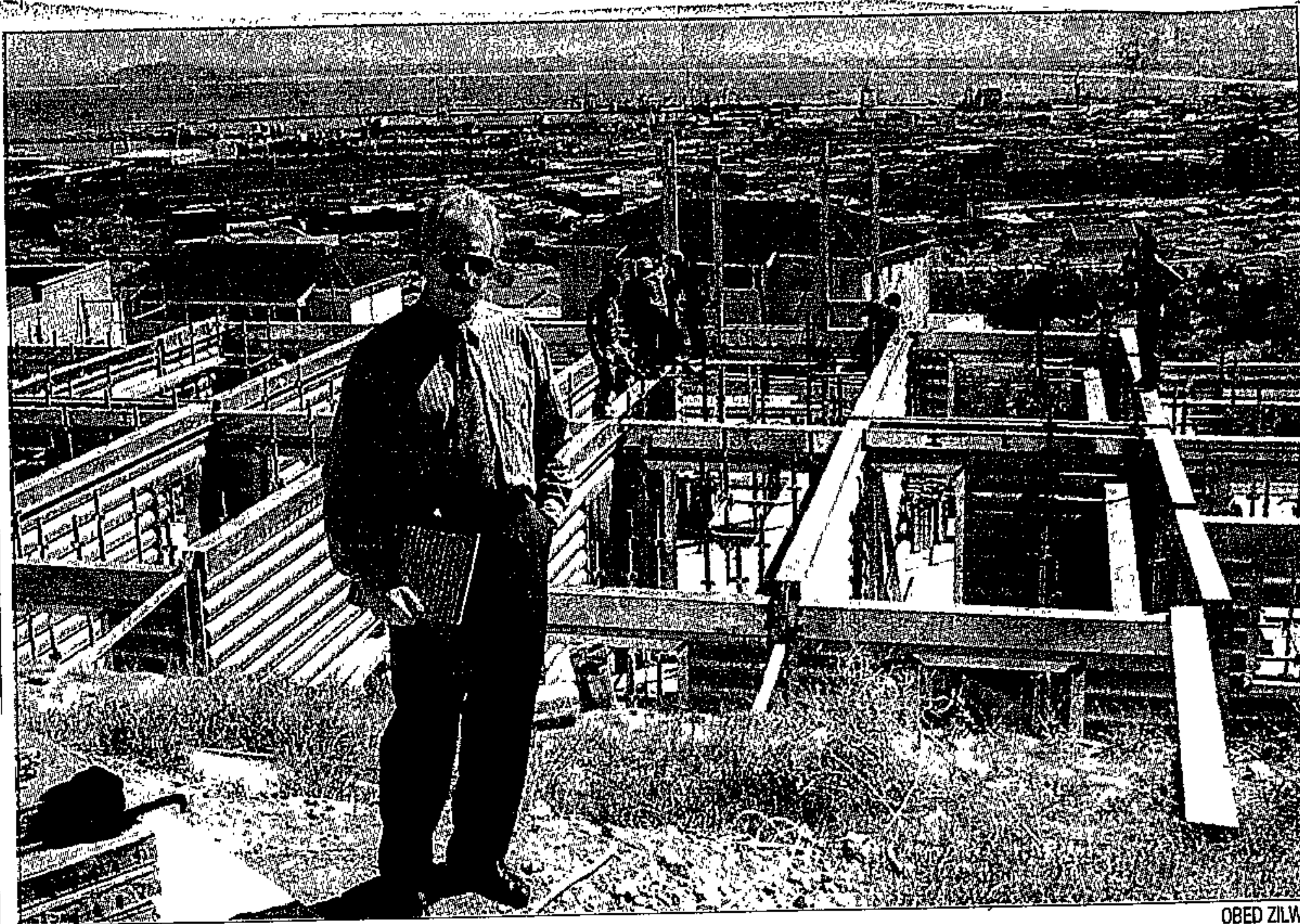
Saying that the delivery of services was "a basic right", Carolus argued that although the campaign enjoyed a measure of success in some areas, people could not be expected to pay for inferior or non-existent services.

"We believe that the campaign should be revived, but not without the government first being able to ensure a better delivery of services," she said.

The central thrust of the ANC's plan to revitalise the Masakhane campaign is to make it "community driven" and more directly linked to the "transformation of our society" and the institutions of government.

The new approach to the Masakhane campaign, outlined in a document at a recent ANC summit, suggests a much broader approach to the campaign, around which people could be mobilised at provincial, regional and local level.





Possible housing shortage solution: Raymond Bolduc, marketing manager for overseas building system company Tronco, stands in front of an apartment block being constructed with the new technology building system

# A low-cost housing system right for SA

*Based on 'logs' of steel tubing*

ARG 21/12/96

CHARLENE CLAYTON  
PROPERTY EDITOR

A Geneva-based company is building an upmarket apartment block in Vredehoek to demonstrate the value of its new building system which it has launched in this country as a proposed solution to the housing shortage.

Tronco International has chosen Cape Town to introduce its technology "due to the Western Cape's forecasted growth, housing shortage and the region's entrepreneurial spirit", said company marketing director, Raymond Bolduc, from Miami.

Mr Bolduc said a developer could deliver a 40 square metre house at the rate of 10 houses a day using the system.

The company is constructing an eight-unit model in the High Cape residential development to demonstrate that the system is equally suited to upmarket projects as it is to low cost housing.

The model was built to the

same design and with the same finishings as some of the conventional buildings constructed by Condev Cape in their development.

The new system, which has been patented worldwide, has been used extensively in Venezuela, Geneva and the United States.

It has been certified by building authorities in areas such as California which suffers from earthquakes and Hawaii which is subject to hurricanes.

Tronco, which means log in Spanish, consists of galvanised steel cylinders, which are manufactured on site by a high speed tube-forming machine from coiled strip metal.

They are then move into position on a foundation much like traditional timber logs.

The finished superstructure is then clad with local materials, and conventional roofing, windows and doors can be used.

A small crew of unskilled workers can construct up to three

floor structures at a rate of roughly 300sq m a day, including roof, floors, doors and windows.

The main advantages of the system are that it lowers labour, materials and financing costs and allows for architecturally flexible designs, said Mr Bolduc.

The lightweight structure makes for a roughly 40 percent saving on the foundation,

The system is suitable for structures up to three storeys high. Once it has been clad with conventional plastering it is also almost three times more efficient thermally than conventional building blocks.

For waterproofing, a plastic sheeting is placed on the outside of the logs, followed by mesh and standard plastering. It can also be finished off more economically if desirable.

Mr Bolduc said Tronco International was looking for a joint venture South African partner after which it would decide on its marketing strategy in the country.



# 'Housing for all' still only a dream

(123) Aron 23/12/96

JODI BIEBER

Election campaign promise is still just talk to many who survive in shacks, but Govt claims it is making progress



BY BONJWE MHLANGENI

**W**hen it was campaigning for office the African National Congress (ANC) promised housing for all. This promise still reverberates in the minds of hundreds of thousands of homeless people who are living in shacks and are waiting anxiously to own a proper home.

On the other hand, the promise has been a reality for some people like Peter Kgantsi, who recently received the keys to his four-bedroom house in Protea Glen, Soweto.

The Government says it has made progress in housing this year and is expecting more houses to be built next year.

But such statements are just talk to those who are still without homes. It is estimated that about 2 million houses are needed. However, figures for the housing backlog can only be confirmed once the results of the national census are finalised.

**Housing Minister Sankie Mthembu-Mahanyele** says only 30 000 houses have been built since the Government launched the low cost housing subsidy scheme in 1994. Another 139 000 are still being built and 56 000 are in the planning stage, she says.

Although the figure does not match the 200 000 houses the Government thought it would build each year to meet its target of one million houses in five years, it is nearly three times higher than the 11 000 built last year.

The Government has subsidised of up to R15 000 for the low income group earning not more than R3 500 per month. The subsidy is supposed to help people build a brick structure with electricity, a bedroom and a toilet.

However, Mthembu-Mahanyele says many people still do not know how to access these funds even though the department launched an information campaign in June 1994.

Many other hurdles are standing in the way of progress, resulting in the ministry using only about R1-billion of its R4-billion budget.

Mthembu-Mahanyele admits the department does not have enough people with relevant skills.

But even worse is that the process of applying for subsidies until a house is built and transferred to the owner is slow because of the bureaucratic procedures involved.

The figures released by the department indicate that it has taken over a year for some subsidies to be granted to people.

So far about 362 000 subsidies have been approved and about 200 000 subsidy applications are awaiting approval. Provincial housing boards countrywide approve about 10 000 subsidies every month.

On the other hand, one major achievement is the success of the Mortgage Indemnity Fund (MIF). The fund was set up to serve as an insurance to banks to again start lending bonds in areas they had left during the years of political violence and bond boycotts.

**T**he MIF has provided cover to 437 areas unlocking about 52 000 new housing loans with a value of R4-billion.

MIF managing director Nkululeko Sowazi said the fund would continue to cover those areas which showed more stability and commitment to repay their bonds. The bond boycott is still a problem in some areas like Tembisa, despite an agreement signed



Making it happen ... the Ishwaranang stokvel group in Soweto saved money and built about 40 houses for themselves this year.

between the South African National Civics Organisation (Sanco) and Khayalethu Home Loans, the lending arm of the South African Housing Trust, a holding company established by the former government in 1987 to administer and supplement a R4-million special government loan for low-cost housing.

The trust lost about R57-million through the bond boycott initiated in the late 1980s because of defects in the houses built.

The ministry and the private sector have launched the National Home Builders' Registration Council (NHBC) to ensure good building standards in the new low-cost houses built.

Builders of houses costing up to R250 000 have to register with the council to qualify for bank loans. About 2 400 companies have registered with the council and they enroll about 800 houses a week that they are planning to build.

Other problems cited by Mthembu-Mahanyele include lack of appropriate land, costs of building material and inability of those who earned below R1 200 per month to access credit from banks because repayments of loans on average is about R700 per month depending on the amount granted.

It is estimated that as much as 70% of the population currently cannot get adequate credit for housing or micro-enterprise be-

cause big financial institutions still prefer to provide finance to the middle- and upper-income earner.

**I**n the face of these problems, the Government has pumped about R390-million into launching the National Housing Finance Corporation (NHFC), which opens new avenues for finance. The NHFC will give loans to the low-income market to support


small lending structures such as stokvels, which have been mushrooming mainly in urban areas.

Mthembu-Mahanyele says the performance of provinces this year has been encouraging. Gauteng has taken a lead in the housing delivery process using 80% of the provincial R374-million budget. Gauteng reports that about 8 000 individual subsidies, costing about R92-million, were granted and about 10 000 houses were built. Sanitation and electricity

should not take a "wait-and-see" approach but should take part in driving the housing process. This is possible through the People's Housing Process she launched this year to assist communities in applying for subsidies and building their own houses.

Some communities like the Ishwaranang stokvel group in Soweto have already benefited from saving and building together. The members built themselves about 40 houses this year.

Their experience shows that the process of building houses will move faster if all get involved.



**housing**

**YEAR END REVIEWS**

were installed on about 27 600 sites in preparation for the building of houses and 19 000 hostel units were revamped. Also about 150 567 applications from Gauteng townships were received against the 160 000 houses owned by the state in the province.

Other provinces which are in the lead include the Free State, Mpumalanga, Northern Cape and Western Cape.

Most of the houses were built in urban areas but the ministry is trying to find ways to make the policy work in rural areas. The ministry allocated about R103-million to launch the Rural Development Fund.

The plans to establish the fund came after the housing ministry and the Department of Land Affairs formed a close working relationship.

The fund will be used to provide subsidies to rural residents in need of low cost housing.

There is no doubt that Mthembu-Mahanyele has certainly oiled the wheels of the housing process this year. She is expecting that next year will be the year of mass delivery and the department will have produced about 200 000 houses by mid next year.

She says homeless people should not take a "wait-and-see" approach but should take part in driving the housing process. This is possible through the People's Housing Process she launched this year to assist communities in applying for subsidies and building their own houses.

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Their experience shows that the process of building houses will move faster if all get involved.



# Call for new approach in 'failed' homes policy

BO 24/12/96 (123)

Robyn Chalmers

THE National Institute for Economic Policy has called on the housing ministry to revisit its housing policy, saying in a highly critical brief that the policy "represents one of government's most embarrassing setbacks".

The institute said the "failure of housing policy" was a cause of growing political alienation which could result in the government being undermined in future elections and in its attempts to forge unity and reconciliation.

It said the recently released ministerial task team report, aimed at enhancing the scale delivery of low-cost housing, did not empower the state, and particularly local government, to deliver housing.

"The notion that government has now adopted a state rental housing policy is extremely misleading ... the rental policy appears to have been tacked onto existing policy primarily as a response to the delivery crises," it said.

Critical shortcomings in the existing policy remained, including the lack of attention given to limited consumer affordability. There was also no increase in the housing subsidy for the millions who were unable to afford building products.

Government's reliance on a market-

centred approach that had failed was disturbing, and this was especially so in the light of the people-driven alternative spelled out in the RDP, it said.

"There are unnecessary constraints on the quantity and quality of subsidies, extremely generous incentives for banks and private sector control of the policy-making process itself. Together they help explain the failure of the market-centred housing programme."

The institute said the consequences of a market-centred policy had been a very low rate of delivery, witnessed by the allocation of only 74 254 subsidies between March 1994 and July this year and the reluctance of private sector developers to be involved in conflict ridden areas.

The National Housing Finance Corporation had not reduced interest rates or increased access to credit for low-income households, and the existing housing construction capacity was being destroyed by the state's failure to provide a counter-cyclical boost.

The institute said it was inevitable that the current policy would produce apartheid-style ghettos. "Given the widely recognised failure of existing policy, there should be an intensified search for options that do not place as much reliance on the market as is now the case," the report said.



# Database to monitor housing delivery

ARU 27/12/96

(123)

**JOSEPH ARANES**  
MUNICIPAL STAFF

The Department of Housing has awarded a R4,81-million contract to a computer company to set up a multi-purpose information system for housing and housing-related information.

Computer company SPL has been selected to establish the information system, Housing and Urbanisation Informa-

tion System (Huis), which will enable the public and private sectors to analyse trends and measure the delivery of housing in the country.

Housing Department director of information Charles Lowings said the lack of accurate information had led to the Huis project. "This type of data will have a direct impact on the decision-making process pertaining to housing and urbanisation," he said.

The information system will monitor

projects to ensure they are completed on time and within the budget, monitor housing credit and the land delivery process and enable South Africa to provide international forums with accurate housing indicators.

"Huis should be seen as a support tool to all participants in the housing industry and it cannot be divorced from the information needs of the housing-related sectors such as health, water, transport and public works," Mr Lowings said.

# Housing backlog increases — report

(123)

Robyn Chalmers

BD 30/12/96

THE slow start to government's housing programme is estimated to have pushed SA's burgeoning backlog to more than 2,5-million units — although the official estimate is 1,5-million units — analysts say.

The official figure, which was used to set delivery targets for the end of government's current tenure, was based on the 1992 De Loor housing report and was set at 1,3-million units in urban areas in 1990.

Analysts said 200 000 new households had to be accommodated each year between 1990 and 2000, yet only 50 000 houses a year had been built since the beginning of the decade. This brought the backlog to well over 2-million units at the end of this year.

One analyst said even the 50 000 units was optimistic, as recent housing ministry statistics had indicated that only 30 000 low-cost homes had been built since October 1994.

The housing white paper estimated that the housing backlog was increas-

ing at a rate of about 178 000 a year due to high rates of population growth, taking the total closer to 2,5-million units. "Socially and politically, this backlog gives daily impetus to individual and communal insecurity and frustration, and contributes significantly to the high levels of criminality and instability prevalent in many communities in SA," it said.

However, Housing Minister Sankie Mthembu-Mahanyele said last month that about 169 000 low-cost units had either been built or were under construction through government's subsidy system. She said government had approved more than 362 000 subsidies since the April 1994 elections and the provincial housing boards were releasing about 10 000 subsidies — valued at an average R12 800 — each month.

President Nelson Mandela recently recommitted government to delivering a million low-cost houses by 1999. He said it was inevitable that there should have been a slow start to the housing programme. "There were many inherent problems to overcome."



## Mvula Trust's work 'on par with international standards'

Robyn Chalmers

AN INDEPENDENT international evaluation of SA's largest water and sanitation non-governmental organisation, Mvula Trust, has found its work was on par with leading practices in global water development.

The findings coincide with the provision of a R26,4m grant to the Mvula Trust programme by the European Union. The programme is aimed at providing finance for water and sanitation projects in marginalised areas not being reached by government.

The evaluation team, which was led by three water development experts from the US, Sweden and Zimbabwe, spent six months assessing 20 Mvula Trust water supply and sanitation projects around SA.

The report found that the main challenge of rural water supply was to ensure a project's life far beyond its initial construction. While it was too early to judge whether the trust was achieving sustainability, the findings pointed to the development of a number of positive and negative trends.

On the positive side were the trust's policies on community ownership, mobilising local-level management and

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cost-sharing, as well as the promotion of demand-driven projects in encouraging local communities to improve their own services.

Areas of concern included the need to provide for mixed levels of service and the ability of local management committees to enforce rules and sanctions. The ability of rural communities and local governments to manage the relatively sophisticated levels of technology provided and the differences in maintenance policies between Mvula and other projects also caused concern.

Mvula Trust executive director Piers Cross said at the weekend the evaluation gave the trust confidence that its approaches were broadly on track, but also opened up substantial new areas of focus in the coming years.

"Of importance is the fundamental problem of service sustainability and the need to develop effective approaches to provide mixed-level services to our heterogeneous rural populations," said Cross.

Water affairs and forestry department deputy director-general Mike Muller emphasised the need for the whole water and sanitation industry to learn from the experience of local and international development agencies.