

Policy and Budget Vote 2014/15: MEC V.S Siwela  
Department of Human Settlements  
Provincial Legislature, Mbombela.

2014

Honourable Speaker and Deputy Speaker

Honourable Premier, Mr DD Mabuza

Honourable Members of the Executive Council

Honourable Members of the Provincial Legislature

Local Government and Traditional Leadership

Business and Public Sector Representatives

Distinguished Guests

Fellow Citizens

### Introduction

I am humbled to be given this opportunity by the ruling African National Congress (ANC) and the people of this province. Once again, the people of this province gave the ANC an overwhelming mandate to lead government following the recent general elections.

Yes indeed they did exercise their democratic right as enshrined in the Constitution – more so by making the correct choice – voting the ANC.

The result of the fifth democratic elections has undoubtedly demonstrated the confidence people have in the African National Congress.

The over 62% and more than 78% the Party garnered to continue governing the country and the province, respectively is something worth celebrating. What a feat for the movement – but most importantly to our trusting communities out there.

Madam Speaker, it is clear that the majority, particularly those who subscribe to the view of total transformation and people centered development have a strong belief in Africa's oldest liberation movement.

This is a mandate that mainly requires the Party to deliver communities from all social disparities that continue to bedevil the county.

As the common adage goes, – **'the people have spoken'** – it is back to basics and deliver on people's expectations. As government, it then becomes imperative that we put clear programmes in place to bring about development into reality.

With my maiden Policy and Budget Speech presentation I will outline all the plans to be rolled out by the Department during the 2014/15 Financial Year.

Honourable Members, it must be noted that all plans and interventions for the nation's development centre on the country's guiding blue-print – the National Development Plan (NDP).

The NDP offers a long-term perspective and aims to ensure that all South Africans attain a decent standard of living through the elimination of poverty and reduction of inequality.

Unlike some critiques and doubters, this is exactly what the ruling Party and this government are all about.

### January 8<sup>th</sup> Statement

In its January 8<sup>th</sup> pronouncement, the Party made it clear that there will be a great focus on human settlements as another priority for government.

The focus on this important portfolio is to rid the country of informal settlements and squalor.

In his message, President Jacob Zuma outlined as follows:

**“We will also continue to expand access to housing and basic services as part of our commitment to build integrated and sustainable human settlements.”**

Invariably so as a Department, we get direction from the declaration and ideals of the ruling Party.

To realise this undertaking, the Department will continue its focus on a myriad of programmes that will translate the statement into action.

Hon. Members, without being apologetic and indistinct, the Department has to ensure that it adheres to the policies of the ruling party.

Even as we speak today, the Party still emphasises the need to unite people and create a decent life for all. Who wouldn't want that – certainly NO one?

Equally worth noting is that this Department is well located to guarantee the grasp of these convictions?

### Freedom Charter (1955)

Hon. Speaker, the vision of a united and non-sexist society is not just a yesterday thing, but well enunciated by the Freedom Charter (1955) in that:

**“There shall be Houses, Security and Comfort!**

**All people shall have the right to live where they choose, be decently housed, and bring up their families in comfort and security,**

**Unused housing space to be made available to the people.....**

**Slums shall be demolished, and new suburbs built where all have transport, roads, lighting, playing fields, crèches and social centres”**

Distinguished guests, it is heartening that the Freedom Charter appears to have had the Constitution (1996) of the Republic (South Africa) when it proclaimed such ideals.

Section 26 of the Act states (Bill of Rights) that:

**“Everyone has the right to have access to adequate housing,**

**The state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of this right, and**

**No one may be evicted from their home, or have their home demolished, without an order of court made after considering all the relevant circumstances. No legislation may permit arbitrary evictions”.**

Read together – one can draw a clear synergy and coherence between the two manuscripts.

In our expedition to create integrated human settlements, the broadened approach compels the Department to fulfil the declarations of the charter.

Honourable Members, our existence can only be justified by meeting the demands of communities on the ground. After all that is what we are about.

These ideals (*Freedom Charter*) bode well with the department’s broadened new mandate which focuses on Outcome 8 which is the creation of sustainable human settlements and improved quality of household life.

Its emphasis is on:

- Improving access to basic services,
- Provision of accommodation within the gap market,
- Upgrading of accommodation within informal settlements, and
- Securing of well located public land for the creation of affordable settlements.

Honourable Members, the Department is making tangible advances by continuing its quest to consolidate the migration from the narrow mandate of housing to a broadened mandate of integrated human settlements.

This – off course – requires us to brave all impediments, navigate the tumultuous seas and stormy winds.

### State of the Province Address

Since 2009 the mandate of the Department was broadened, which required the delivery of services in an integrated and sustainable manner.

Emphasis is on the creation of integrated settlements which comprises delivery of low-income houses, mixed housing typologies, and other required social and economic amenities such as community halls, health, trading and education facilities – notwithstanding the role to be played by other sectors.

The outcome-based approach emphasizes improved coordination of activities amongst all stakeholders.

In his State of the Province Address, Premier Mabuza indicated that, economic growth and development requires a simultaneous re-assessment of the pressing issues associated with human settlements.

To this end, the Premier submits that, **“We are ready to create Integrated Sustainable Human Settlements that are well-managed. This includes ensuring that economic growth and social development are in balance with the carrying capacity of the settlement’s natural systems”**.

Taking a prompt at the Premier’s articulation and spirited adherence to key policy prescripts, this Department seem poised at leading development in society.

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## REFLECTION ON THE 2013/14 FINANCIAL YEAR

During the 2013/14 financial year the department had to find stability both internal and external following a series of disparities in the preceding years.

### **Beneficiary Management:**

The whole process of beneficiary identification, management and ultimately allocation of houses continued to afflict the department to a great extent.

To this end, the Department has roped in Community Development Workers, community structures and deployed officials to be responsible for such an exercise in municipalities.

A draft policy that prioritises the elderly, aged, and child headed households has been developed and is being used as houses are being allocated.

### **Incompetent Contractors:**

Over the last few years, the delivery of shoddy work as a result of incompetent and unscrupulous service providers (contractors) remained a prickle in our flesh. This act has to come to an end.

As we committed last year, all contractors – even officials - who have been found in the wrong are being blacklisted.

Cases are being dealt with by state security agencies such as the Special Investigation Unit and Hawks. Serious investigations to this regard are continuing.

To this end, the Department has strengthened its Supply Chain Management Directorate by rotating officials.

In delivering quality projects, qualified engineers have been appointed at district level and Project Management Unit established.

We have equally improved on contract management and ongoing inspections are done in collaboration with municipalities and the National Housing Builder's Registration Council (NHBRC).

### **Ageing Infrastructure and Municipal Development:**

The delivery of projects and general development at municipalities is often impeded by ageing infrastructure or lack of it in some instances.

In mitigating these disparities, the department is continuously undertaking planning with municipalities, other departments and traditional leadership.

The advent of the Human Settlements Master Plan will bring credence to all planning and development issues with a long term goal as envisaged in the National Development Plan (Vision 2013).

**Land Invasion:**

The province has in the recent past experienced an unprecedented phenomenon of land grab and invasion at various areas, particularly at eMalahleni, Mbombela, Govan Mbeki and Thembisile Hani Local Municipalities.

To this end, several workshops and engagements with municipalities, traditional leadership and other role players have been undertaken to deliberate on ways to tackle these ills.

Government is exploiting existing legislations to intervene in such instances.

**Title Deeds:**

Issues of property ownership continued to elude households as a result of houses being delivered at un-proclaimed land and lack of township registers in some areas.

Honourable Speaker, it gives me great joy that during the course of last financial year, the department went on an extensive campaign to give title deeds for full home ownership to nearly **7000** government's low cost houses beneficiaries throughout the province.

**Stakeholder Engagement:**

Sequel to several reports of poor service delivery and disgruntlement by the general public, the department undertook a series of community engagement programmes.

Our interaction through outreach campaigns, print and electronic media and general stakeholder management such as MUNIMECs restored a sense of connection between the department and its clients.

Through community events and projects visits, we were able to understand the people's plight and subsequently managed to create practical interventions and improve in our approach to issues.

**Govan Mbeki Awards:**

The province was voted the best in the delivery of integrated human settlements in the country – thanks to the much talked about Klarinet Integrated Human Settlements Project at eMalahleni Local Municipality.

The multi-year project was named the country's best integrated project at the last year's Govan Mbeki Awards. It became evident that Mpumalanga is heeding the call to shift from housing to human settlements in line with the department's redefined mandate.

Equally important was that the Steve Tshwete Local Municipality was crowned the best accredited municipality in the country. Accreditation focuses on sound project, waiting list and beneficiary management.

**General Service Delivery:**

Honourable Members, despite pressing challenges the Department continued on its delivery journey. During the 2013/14 period, the department recorded the following achievements:

- Delivered 7 836 low income houses,
- Installed internal services to 7 578 stands,
- Issued 6 871 Title Deeds to beneficiaries for property ownership, and
- Built 1 community hall, 2 child care centres, and 326 community residential units (CRUs).

Significant progress has also been recorded at the Klarinet and Siyathuthuka Sustainable Integrated Human Settlements which are at eMalahleni and Emakhazeni Local Municipalities, respectively.

In addition, new Integrated Human Settlements have also been commenced with at Standerton, Lekwa Local Municipality and Rockdale at Steve Tshwete Local Municipality.

Two portions of land were purchased for the development of Integrated Sustainable Human Settlements at eMalahleni and Dipaleseng Local Municipalities.

Honourable Speaker, let me take this opportunity to once again commend the support and guidance given to the Department by the Honourable Premier DD Mabuza and my colleagues in the Executive Council.

His contribution by mobilising the business community and other interventions in the department was priceless - for that - we are highly indebted to his astuteness.

Equally commendable is the accomplishments made by my predecessor, Honourable MEC MA Gamede and those before him at the Department. As the new political head on board, it is my commitment to dare not fail.

As I will continue to implement policies of the African National Congress, my contribution to this portfolio will be the continuation of the good story being told by this government.

### **OUTLOOK FOR THE 2014/15 FINANCIAL YEAR.**

Distinguished guests, I think a good account of the past journeys has been delivered. What remains though are the plans for the 2014/15 Financial Year.

High on the agenda this year would be to get closer to the targets as set out in the Department's five year strategic plan. Amongst others, as outlined in Outcome 8, the Department will focus on:

- Upgrading of informal settlements and creating habitable integrated and sustainable human settlements,
- Increasing access to basic services,
- Providing affordable rental accommodation and for the gap market within R3 500 and R15 000 bracket income earners; and
- Finalising planning and design for the development of integrated and sustainable human settlements on strategically located land.

The department will also contribute towards Outcome 7, on rural development and creating sustainable livelihoods through rural subsidies and people's housing process.



### **National Development Plan and Master Plan**

Having said that, it must be pointed out that the development of human settlements will not at any stage under-score the delivery of much needed housing units through the Farm Worker Assistance, Individual Subsidies, and Rural Housing Programmes in the province.

With the help from the Executive Council, the department is expediting plans to finalise the development of the Mpumalanga Human Settlements Master Plan.

The Master Plan which will be in line with the country's development blueprint - National Development Plan - (NDP) will guide future human settlements developments in the province.

The NDP diagnosed the country's apartheid spatial development geography which continued to settle people along racial lines. As a department, it remains our resolve to undermine the undemocratic prescripts and legislations that enveloped the country for a number of years.

The Master Plan considered in-tandem with the NDP ought to assist the country to realize a new planning and developmental path.

The strategy seeks to create humane conditions and environmentally sustainable - living and working environments as espoused by the Constitution of the Republic, (Act no 108 Of 1996).

### **Sustainable Human Settlements (BNG Projects)**

In pursuing the noble dream of developing integrated human settlements, the department intends to establish ten new integrated human settlements where people will have access to all services and social amenities.

Commonly known as the Breaking New Ground Projects (BNG), the Department will focus on the following areas:

- Mbombela Local Municipality: Three sites namely White River, Hiilsvlei and Tekwane South have been identified to start planning for BNG projects.
- eMalahleni Local Municipality: The mining town of eMalahleni (Witbank) will see the development of Naaupoort Farm.

- Steve Tshwete Local Municipality: The home of stainless steel will also benefit handsomely as two sites at Elandslaarge and Middleburg Extension 18 have been identified to start the implementation of mega projects.
- Govan Mbeki Local Municipality: There are also two sites at Evander and Zondagrontein where integrated projects are planned for delivery.
- Lekwa Local Municipality: The Sakhile Township (Rooikopen) will too be in line for a major infrastructural development during this year.
- Umjindi Local Municipality: Equally on the line to be developed is one site spreading on several farms at this municipality.

Honourable Members, it must be said that these developments will take into account issues of planning, environment, and private public partnership.

Distinguished Guests, it must be noted that the rolling-out of massive integrated sustainable human settlements will be delivered in stages. Meaning that all the planned BNG projects will take a multi-year approach.

In practical terms, these multi-year projects will require extensive stakeholder involvement, enhanced project management and adequate resourcing.

Honourable Members, let me commend the Premier and the Provincial Administration for their intervention in the department's affairs.

As a department which is at the coal face of service delivery, we remain steadfast in denting the province's economic landscape and fighting inequality, unemployment, and poverty through our programmes at all corners of the province. These and other features continue to bedevil our society.

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### **Focus on Fast Growing Towns**

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### **Bulk Water and Sanitation**

Water provision and adequate sanitation has been in the news for all the wrong reasons lately in the country. As a province, we commit not to find ourselves wanting in this regard.

The Department has budgeted an amount of R 150 million as a support or assistance for Bulk Water and Sewer Infrastructure in the following local municipalities:

- Bushbuckridge: R26 million (Water and sewer).
- Mbombela: R 26 million (Water and sewer).
- Victor Khanye: R51 million (Water and sewer).
- Govan Mbeki: R 31 million (Water and sewer).
- Umjindi: R16 million (Water and sewer).

Equally pleasing, is that the Department has further budget R109 million for water and sewer reticulation in various municipalities.

### **Finance Interventions**

In responding to the needs of people who fall in the grey area of not qualifying for a government low cost houses and at the same time find it difficult to be financed by financial institutions, a total of 10 subsidies will be explored under the Finance Linked Individual Subsidies (FLISP).

A total of 235 units will benefit military veterans, children affected by the death of parents or guardian and other special cases through the Individual Housing Subsidies.

Critical to our plans, will be the planning of three social economic facilities for this financial year.

The support of municipalities in the province will continue in earnest for better co-ordination and smart delivery of proper human settlements.

### **Incremental Interventions**

According to the 2011 Census, the province has a huge housing backlog of over 197 000. This includes both formal and informal structures.

The province with the available resources at its disposal delivers an average of 10 000 houses per annum – a situation that appears immense to conquer – factually speaking.

Given its rural nature, a dedicated approach is needed in addressing the requirements at communal areas. To this end, the upgrading of informal settlements remains key.

Responding to this obligation, a total of 5 713 housing units will be constructed under this programme.

Members, equally important will be the upgrading of 2 950 sites for accommodation within informal settlements. Unplanned settlements - it must be said – encumber government's planning processes and purposeful development.

In continuing the model of the Comprehensive Rural Development Programme (CRDP), the department plans to deliver 890 through the People's Housing Process.

Honourable Members, I must indicate that the province's approach on rolling-out PHP was commended by the National Portfolio Committee on its recent visit to the province.

Perhaps it is high time that we as a collective strengthen the approach so as to influence the policy for the country.

This year will also see the department servicing 2 950 sites and deliver 820 top structures through the Integrated Residential Development Programme (IRDP) – Phase I and II respectively.

On a demand basis, a total of 688 housing units have been budgeted for to be provided at our municipalities through the Emergency Housing Assistance Programme.

### **Social Housing and Rental Interventions**

During this financial year, we will continue to make strides in addressing concerns of urban decay, huge housing demand at economic active centres and tackle inner city rejuvenation.

Honourable Speaker, the department alone cannot address the huge demand for houses in the province – hence – an obligation to explore other housing typologies to cater for some beneficiaries who have different needs – other than just low cost houses.

Research suggests that the annual increase for houses is around 20 000 units; therefore an immense necessity to augment the rate in which we deliver houses is essential – resources permitting.

In responding to the influx of people to cities and rental related challenges, the department will continue to support the four housing institutions, provide 178 rental stock units and deliver 177 community residential units at eMalahleni and Emakhazeni Local Municipalities.

Members, this programme is another form of dealing with the mush-rooming of informal settlements, promotes social cohesion, and provides decent and affordable accommodation, particularly at the province's economic active towns.

### **Rural Interventions**

Addressing social housing and rental needs is not only a route we are exploring in affording people decent accommodation, but rural programmes also play an essential component in our delivery mode. Our endeavour to build where people live will still continue vigorously.

Much as we are now about the development of integrated and sustainable human settlements, we ought to be wary of the fact that rural communities of Mgobodzi, Seabe, Ntababomvu and Leroro, amongst others still need houses.

The provision of houses with the – ***In situ*** approach – that is building where people stay, especially in communal land will continue. A total of 552 Rural Housing will be delivered this financial year.

### **Cross-cutting Issues**

**Job creation**

**Appointment of contractors**

Houses to special groups

**Administration**

Following administrative challenges that impacted negatively to the smooth-running of the department, the Honourable Premier and the Provincial Administration identified some weaknesses and intervened swiftly.

The interventions, among other things, included the strengthening of leadership of the department, tightening administrative systems and processes.

Honourable Members, I must acknowledge the difficulties that are affecting the construction industry, not only in the province, but throughout the country.

It is disturbing that some service providers with alleged aiding from officials at times were cheating the system.

The delivery of poorly built houses, inept project monitoring, existence of unfinished projects, pitiable beneficiary management, and collapsing structures bears testimony to this assertion.

In mitigating these predicaments, we will draft a beneficiary management policy; appoint credible contractors in time, second officials to be stationed at municipalities to assist in this regard.

To this end, the department has set aside R10 million for quality assurance and beneficiary identification to ensure the effective service delivery are addressed as a matter of urgency.

As part of improving the situation, the department has assessed both internal and external challenges that need urgent attention.

In strengthening the administration, the department will move quickly in appointing senior managers and stabilising regional offices. Our regional offices will be empowered with resources and personnel to co-ordinate all departmental activities in that space.

Honourable Members, we are mindful of the fact that the road still to be navigated is not an easy one. Through these ideal plans, support from all stakeholders, and adequate allocated resources, I remain resolute that the future looks bright.

## Finance

Honourable Members, we are from a financial year where there was significant delivery on our programmes.

Members, budget alone cannot help us arrive at our envisaged destination, but good plans can. The total budget allocation for 2014/15 has shown an increase of 6.4 per cent when compared to the budget of the previous financial year (from R1.347 billion to R1.380 billion).

The R1.380 billion and is made up of the equitable share of R233 million and the Human Settlements Development grant of R1.146 billion which constitute the biggest share of the department's allocation.

Compensation of employees has shown an overall increase of 9.8 per cent from R145 million to R161 million.

The goods and services expenditure has shown an increase of 12.3 per cent from the appropriated budget of R45 million in the 2013/14 financial year to R51 million in the 2014/15 financial year.

These figures sound huge, but with the backlog we have, we have to be prudent and make every cent counts – where there is value for money.

## Budget Presentation 2014/15

Honourable Members, may I present the budget of **R1.380 billion** for the Department of Human Settlements (Vote 13) as outlined below:

| <b>PROGRAMME</b>                       | <b>2014/15<br/>R'000</b> |
|--|--------------------------|
| Administration                         | 123 201                  |
| Housing Needs, Research and Planning   | 53 382                   |
| Housing Development and Implementation | 1 200 273                |
| Housing Assets Management              | 3 651                    |
| <b>TOTAL APPROPRIATION</b>             | <b>1 380 507</b>         |

This Budget, Honourable Members, will deliver a total of 7 755 housing units through the various programmes and establish integrated sustainable human settlements as outlined by our mandate.

During the process of delivery, we will also create about 2000 job opportunities in all forms.

### **Conclusion**

Let me once again value the prospect given to me by the ANC and mandate by the people of this province.

Let me also acclaim the oversight role played by the Portfolio Committee on Human Settlements, Co-operative Governance and Traditional Affairs, guidance and support by the Budget and Finance Committee.

And finally, the leadership shown by the HOD, Mr SM Mtsweni, his management team and the entire staff is commendable.

Honourable Speaker, members and guests this is the plan that I think will usher us to a new delivery trail for this financial year and beyond.

Once again, I am grateful to be given such an invaluable opportunity.

**“Together we are indeed moving South Africa forward”**

**I Thank You**