HOUSING & HOSTELS - GENERAL

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JANUARY — APRIL

Growth expected in housing market

(123)

Robyn Chalmers BD 3/1/96

HOUSE prices are expected to move into a growth cycle this year, but economists and property analysts warn that the improvement will be steady rather than a boom.

Most believed the real activity would take place in the low-cost housing market, which could take the edge off growth in house prices for the middle-priced market as well as push up building costs.

Absa chief economist Christo Luus said the performance of house prices last year had been disappointing, particularly in view of the amount of investment taking place in the residential property market.

"Although it is difficult to find a direct correlation between house prices and interest rates, house prices do tend to react negatively to fluctuations in interest rates, which we saw last year. This year we expect house prices to either keep pace with inflation or rise 1% to 2% above it, but no major boom is foreseen," he said.

Absa's housing review for the third quarter of last year showed the real prices of medium-sized houses fell by an average of 3,4% countrywide. This could be attributed to consumers' weaker financial position since 1993 and higher interest rates which had forced buyers out of the market.

A further factor was overpricing in the period after the general election, which property brokers said had become a major obstacle to market buoyancy.

Property economist Erwin Rode said that after strong growth in house prices at the end of 1994, the residential market had come off at the beginning of last year.

Pam Golding Properties Gauteng MD Ronald Ennik said that from the end of the first quarter of last year, the residential property market had slowed considerably across the board, with middle-priced properties being the first to be affected.

"This year we can expect the market to start easing downwards as a consequence of various influences. Firstly, the buying tendencies have been stunted with current interest rates.

"Also, as a consequence of the reconstuction and development programme not lifting off the ground as expected, building costs have been relatively stable and so the second-house residential market has not been encouraged to follow the development market and thus remains flat," he said.

Seeff Holdings chairman Lawrence Seeff expected house prices to move in line with interest rates and consumer confidence, with an increase in house prices expected after the first quarter.

Lukanyo Mnyanda reports that Era Real Estate Agents MD Willie Marais said there were no clear indications on what the house market would do this year, but he expected a marked increase in prices, depending on interest rates. If interest rates went down market activity would increase, sparking a corresponding rise in house prices of about 9%-10%.

Marais said foreign buyers from Japan and the Far East in particular were very interested in the SA market, but were deterred by political violence and the country's high crime rate. Most were monitoring the crime situation.

Housing task team is to make recommendations

(123) Sowetan 4/1/96

A report will also be made on the subsidy scheme introduced last year

By Joshua Raboroko

THE housing task team, aimed at identifying constraints in the slow housing delivery, is to make far-reaching recommendations to national Housing Minister Mrs Sankie Mthembi-Nkondo next week.

Largely political, the recommendations, are to be supplemented by proposals to all stakeholders in the housing arena especially to developers and banks.

The team would also report on the subsidy scheme introduced by the Minister last year.

Director-general of housing Mr Bill Cobbet said that there were no easy solutions to the problem of housing, adding that before implementation various conditions would need to be fulfilled. Cobbet was not in a position to detail the recommendations to be presented to the Minister, but said that a wide range of issues, including the White Paper, would be looked into this year.

Growing discontent

The Minister had met the nine provincial MEC's late last year to discuss pressing housing issues in the wake of growing discontent among parliamentarians, the private sector and the homeless about the performance of the low cost and the slow housing progress.

A source said that the recommendations included:

- A definition of the nature and standards of services that has to be provided;
- The newly established local administration needs towards the payment of services; and
- Financial assistance to be granted to local councils aimed to speed-up the housing delivery.

Provincial administrations have been vested with the delivery of certain government functions such as housing and provision of essential services.

Gauteng deputy director of local government and housing Mr D Ngutshane earlier announced that his department has granted local administrations over R337 million for housing projects and provision of services, such as sewerage, electricity, storm water drainage and recreational facilities.

Upgrade services

This fact was confirmed when the Greater Johannesburg Transitional Metropolitan Council's executive Mr Colin Matjila announced that the council has received about R237 million to upgrade services in its metropolitan sub-structures.

The sources said that a housing boom was expected this year.

Political meddling blamed for housing project delays

(123) BD 5/11/96

Robyn Chalmers

HOME builders have come out strongly against political interference in the housing programme, blaming it as the main cause of slow delivery over the past year.

National Association of Home Builders and Urban Developers executive director Daan Roelvert said yesterday that SA had more than sufficient technical ability to provide 1-million houses over five years.

"Progress on the housing front is being hampered by sociopolitical issues. It takes only three to four weeks to build a new house, but it takes 18 to 24 months to plan township development."

A major problem was that the needs and wants of communities were often far removed from what they actually could afford. "Community leaders will often insist on at least $40m^2$ dwellings for their people — despite the fact that only 15% of the population can afford it," he said.

Almost 40% of the population in Gauteng and KwaZulu-Natal earned less than R800 a month, but a minimum income of R1 500 was essential. He said the housing backlog increased by 200 000 units every year, but only about 1 200 had been constructed in Gauteng in the past six months. Communities had to be educated on housing finance bond payments.

Where shall be houses for all?

(123) M+G 5-11/1/95

South Africa's accommodation problem is primarily one of homelessness, not housing, argues **Dominic Tweedie**

THE clear and general recognition of the Government of National Unity's failure to deal with the problem of homelessness has brought a sense of crisis this Christmas time. Some are excited by the longed-for possibility of change of policy. Others, losing hope, see only trouble ahead: squatters on every doorstep, harrowing scenes of eviction and brutal conflict, the end of convenient city life as we have known it.

The barest facts are that the accepted minimum number of family housing "units" required is 350 000 per annum. The rate of production in 18 months has been 10 000, and there is no sign of acceleration. Those who used to say "it will take time" are silent now, because we all realise that time is not with us, it is against us. Time makes it worse.

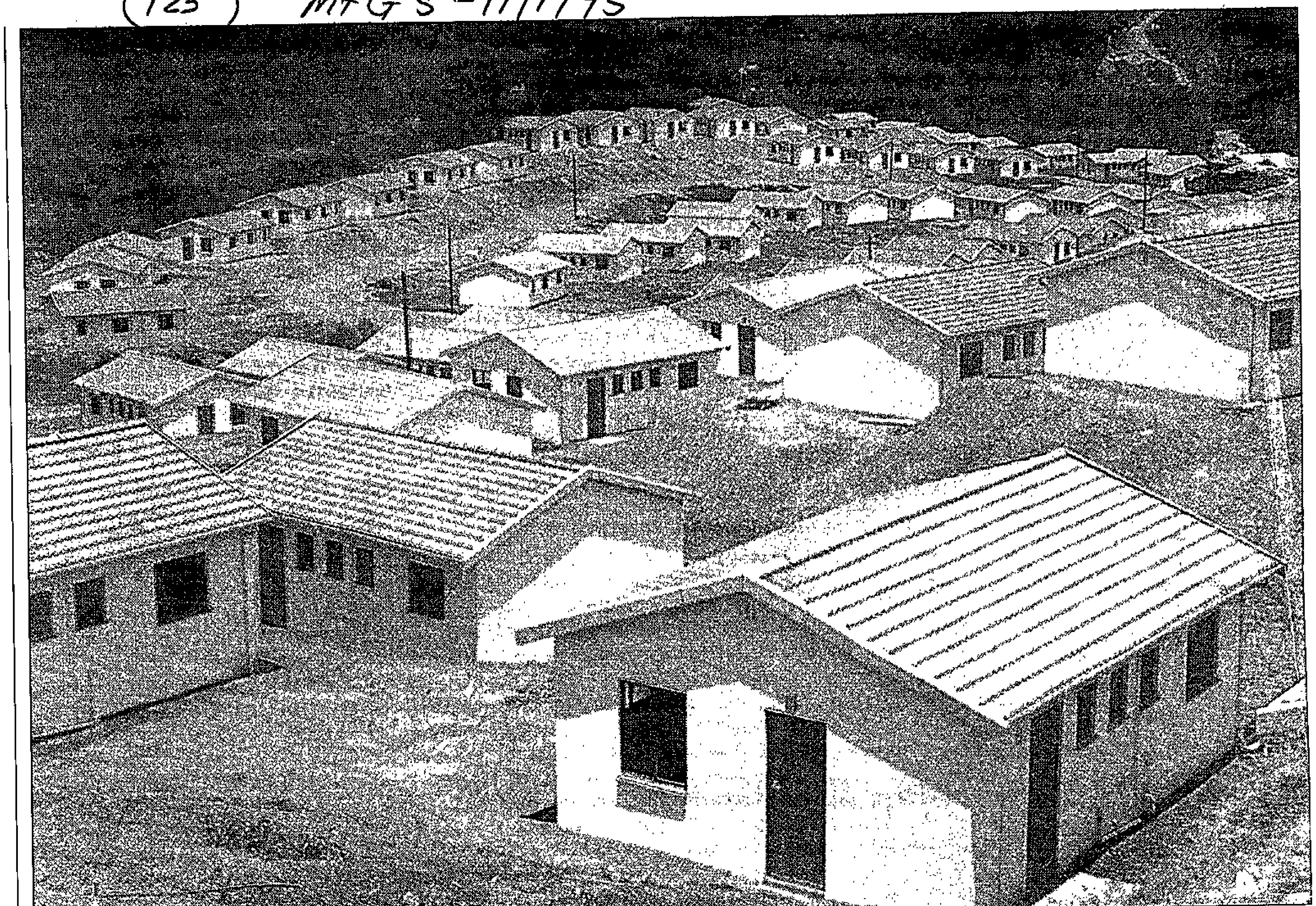
Policy was defined and adopted, but it has failed. Who is to blame? Is there another way? There is, and many are ready to step out of the shadow of the prevailing orthodoxy to show that way. A changing of the guard is a strong possibility.

Joe Slovo gave his prestige, and some would say his life, to the adoption of current housing policy (the Botshabelo accord; the Housing White Paper), but he did not invent it. He played the hand he was dealt. At that time he had no other option. Perhaps if he had lived he would have presented a Bill to Parliament. As it is now, housing policy has never been tested in Parliament and continues to rest on its narrow original base, the National Housing Forum (NHF).

The NHF was an old-regime think-tank whose main preoccupation was to accommodate powerful interests in the field at the time: banks, construction companies, and consultants. The subsidy regime it consequently created has caused a gridlock of interests striving for a piece of the pie. The homeless remain out in the cold.

Billy Cobbett, Matthew Nell, Johan de Ridder, Taffy Adler, Rod McGillivray — these and others were the heroes of the NHF who surrounded Joe Slovo and who remain in high office, still trying to make impossible policies work.

The new Minister of Housing, Sankie Mthembi-Nkondo, has done nothing to break out of this impasse in the year since Slovo died. So silent is she that her position can only be speculated upon. Surely she cannot be so sympathetic to this white, old-guard establishment as to be deliberately protecting it?



There shall be houses for all! But the Reconstruction and Development Programme has got off to a slow start — of the 350 000 houses a year needed, only 10 000 have been built in the past 18 months PHOTOGRAPH: RAJESH JANTILAL

Who could the new guard be, and what kind of change can we perhaps expect?

The true alternative is the recognition that the problem is not housing, but homelessness, and that the first need of the homeless is land. There is hope here. Undeveloped land is cheap — cheap enough for even squatters to afford to buy, if necessary. In South Africa land is abundant, but the mechanism for directing the homeless to the available land has been missing, until now.

This problem is being solved not by the Housing Ministry, but by Derek Hanekom's Land Affairs Ministry, with the new Development Facilitation Act. It is going to be possible, quickly, to demarcate and distribute land to the homeless. It is going to be possible to direct the homeless to convenient positions, before their need and frustration lead to random squatting. It is going to be possible to design our growing cities. We will not need to be victims of growth, we can master it and shape it for the benefit of all.

The homeless are the archetypal get-up-and-go crowd. They are builders all. As everywhere else in the world, the homeless will help themselves — if they can get land

The problem of housing and the apparent need for state-funded mass delivery is not a real problem. The homeless are the archetypal get-up-and-go crowd. They have energy, courage, initiative, motivation and surprisingly often, cash. They are builders all. As everywhere else in the world, the homeless will help themselves — if they can get land.

This is not a wild, outlandish view: the most respectable South African intellectuals hold to it, such as the architects Sipho Njobe, Glen Mills, Pieter Smoor, Gershon Manana, Mphethi Morejele, Ronald Remmers, Alan Lipman, Henry Payne, Russell Grinker; engineers like Kevin Wall and Wim Van Steenderen; planners like Alan Mabin and Frederick Ehlers; and pundits such as Paul Mendler, and Brian Whittaker of the National Business Initiative.

The new National Homeless Peoples' Organisation of South Africa (Nahosa), whose spokesperson, Jomo Mathe, declared this week: "The government should stop promising houses if it cannot even give us land. They should just give people a piece of land to stay, and they will see about their own housing", is only one of many grass-roots organisations making the same call. Others are the South African Homeless Peoples' Federation; Peoples' Dialogue for Land and Shelter, and the Network for Human-Scale Development.

It only requires the removal of the heavy blanket of NHF-inspired orthodoxy for these forces to come into their own. A new top-down prescription is not required, only the fast distribution of the necessary land.

Wake up, or watch housing dream fade

(123)([illegible]) ST 7/1/96

By ANDREW TRENCH

THE construction industry has warned the government to get its housing policy in order or watch the collapse of its dream of delivering a million houses by the end of the decade.

The warning follows a dramatic week which saw Gauteng pull the plug on housing projects worth R89-million, or 7 100 planned homes.

Daan Roelvert, the director of the National Association of Home Builders and Developers — which represents some of South Africa's biggest construction companies — warned that major developers and construction companies were shying away from government housing projects because of delays, uncertainties and the financial risks they were expected to take.

Mr Roelvert said developers wanting to establish a township of 1 000 houses, for example, could expect to wait two years, spending millions of rands before building the first house.

During that time political or community interference, or cancelled contracts, could sink the project — and the developer's investment.

"The social and political scenario has got to change. They have to make it viable and attractive enough for developers to get involved," he said.

Mr Roelvert's warnings follow the Gauteng government's decision to take eight projects away from several companies, claiming they were not delivering and that only 2 000 homes had been built in the region last year.

But Enos Ngutshane, the deputy director general of housing and local government in Gauteng, who insisted the companies were to blame for losing the contracts, had a different view.

"We are not going to sit down and beg them to do it (build houses) — those days are over. More especially for the big guys. They are the ones who are holding the building industry to ransom. We need to break down the cartels," he said.

Among those which lost contracts was Stocks & Stocks — builders of the Lost City, and former darling of the Gauteng government — whose dream of building 150 000 houses a year was embraced by the Gauteng premier, Tokyo Sexwale, in 1994.

This week the company — backed by the Gauteng Housing Board — insisted it had not been pushed from the projects but had voluntarily given them up to allow the money to go to other companies which were well placed to deliver houses.

Government officials have stood their ground, insisting the companies did not give up their projects willingly, but that the projects were taken away because the companies failed to deliver the goods.

Mr Ngutshane insisted that Stocks & Stocks and others lost their contracts because of non-delivery.

He provided details of Stocks & Stocks alleged failure to deliver, saying 6 800 houses had not been built in Bekkersdal and Westonaria; 3 536 at Roodekop in Germiston; and a further 560 houses in Mpilisweni in Thokoza.

By comparison, a construction company in Protea Glen in Soweto had already delivered 979 houses, he said.

Stocks & Stocks denied that it was associated with some of the projects mentioned, and said it had relinquished others because they were not viable at the moment.

Alex Leonsins, the managing director of Homes for Gauteng — a Stocks & Stocks subsidiary — confirmed that his company had withdrawn from an agreement to build 1 000 houses, and had yet to complete any of the other 9 000 houses it was committed to building.

He conceded that the company's initial vision of 150 000 houses a year being built in Gauteng — of which it hoped to build 40 000 a year — had had to be tempered in the face of delays in implementing financing policies.

Mr Ngutshane said that in the past the industry had had to deliver only 35 000 houses a year, but South Africa now needed 10 times that number.

He said the "conglomerates cannot afford" this as they were over-committed.

Martin van Zyl, the head of the Gauteng Housing Board, confirmed this week that only 2 000 houses had been delivered in Gauteng this year.

Joe Malherbe, the legal consultant to the board, said some 90 percent of the 67 projects undertaken in the region were way behind schedule.

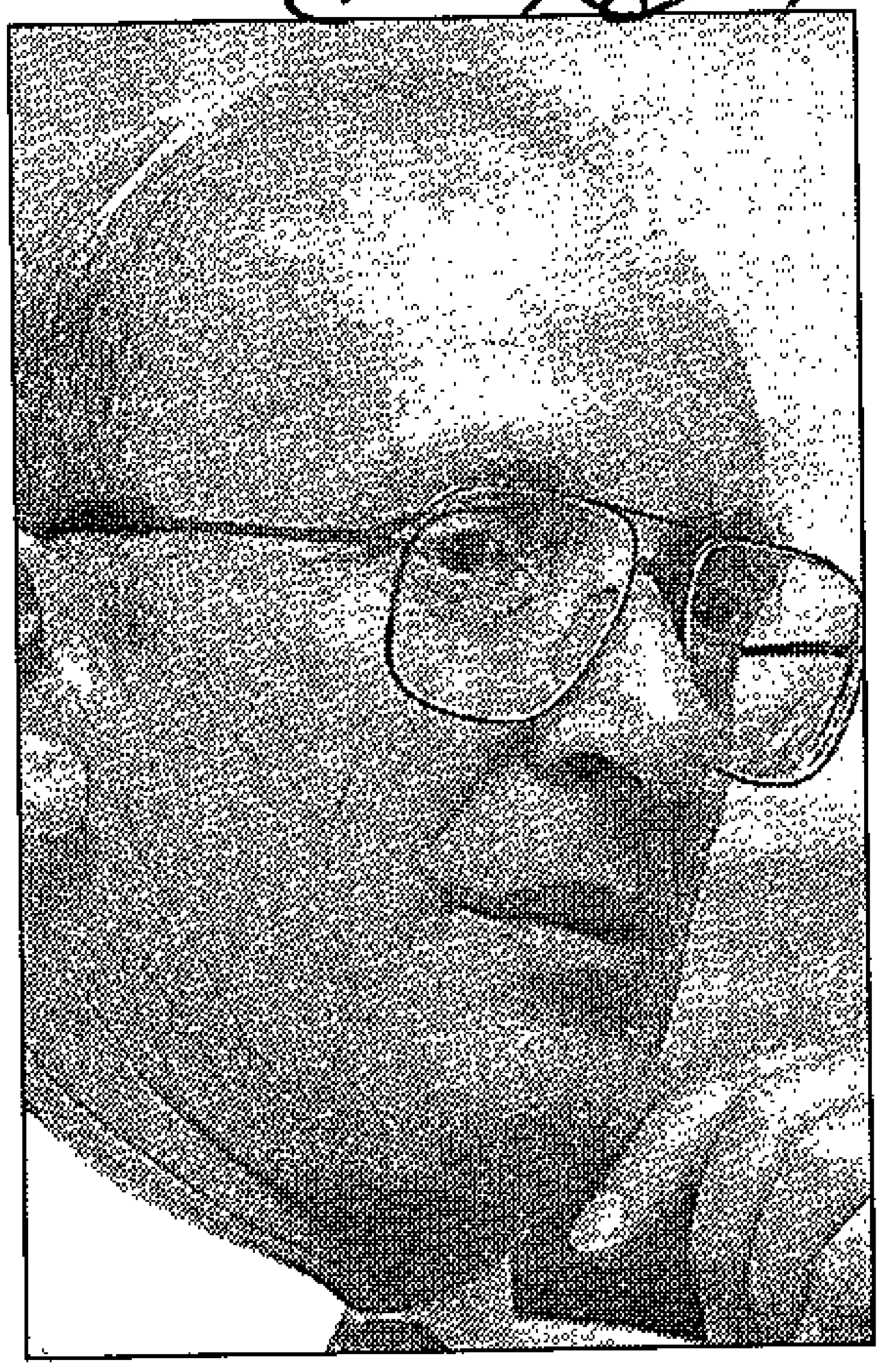
The government has taken a first step towards speeding up delivery and dealing with the concerns of developers.

Late last year it agreed to pay developers as construction progressed, instead of at completion, to combat their cash-flow problems.

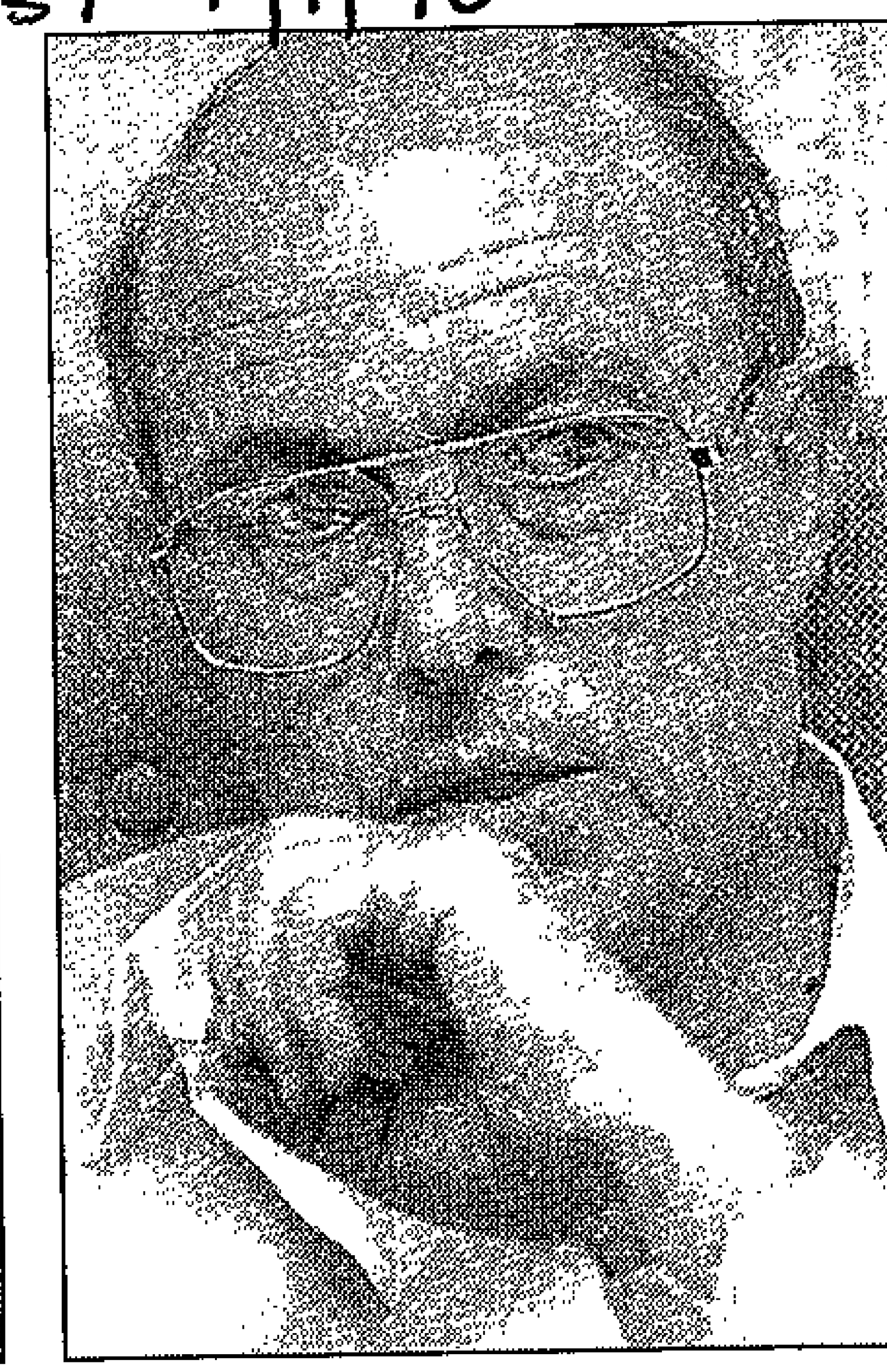
In return, the Gauteng Housing Board put deadline clauses in the contracts with developers to make sure houses were completed on time.

Mr van Zyl said the deal was already bearing fruit, with the board paying out R37-million in the two weeks following the agreement for some 8 000 partially completed houses. "It's a kind of a carrot on a stick," he said.

Under the previous policy of paying on completion, only R18-million of the R900-million which had been allocated for housing construction in Gauteng until 1998 had been spent by November.



BIG PLANS . . . Alex Leonsins's company has pulled out of a project



BUILDING HOPES . . . Martin van Zyl of the Gauteng Housing Board

JOBS

Housing drive gets off the ground slowly but surely

(123) ST 7/1/96

A recent study into informal settlements appears to back the government's incremental approach to the delivery of low-cost housing, writes **SVEN LUNSCHE**.

ALTHOUGH the government's housing policy has failed to deliver formal houses to the country's low-income community, the incremental housing plan could achieve good results in upgrading people's living standards.

The incremental approach provides households with a basic capital subsidy, ranging from R7 500 to R15 000 to be used to purchase serviced land and a basic housing structure. As more finances become available the basic structure can be improved and extended.

While the government capital subsidy has yet to take off in a meaningful way, a recent study on the impact of a similar scheme by the quasi-government Independent Development Trust reveals that residents of informal settlements invest thousands of rands to improve their homes. The study, commissioned by the National Business Initiative, shows that for every R7 500 awarded by the IDT as a capital subsidy, residents invested on average an additional R2 500 to R3 500.

If these figures are extrapolated to the entire IDT capital subsidy scheme — now worth in the region of R850-million — it means that the country's poorest people have raised about R500-million through their own resources, says the NBI.

The study shows that the average property in informal settlements is worth about R10 000, assuming it was acquired legally and with the help of an IDT or government subsidy. Some properties were valued at nearly R40 000.

The survey was conducted among 1 500 residents in eight settlements around the country by a team from the University of Durban-Westville.

Its focus on IDT-backed settlements does not provide a comprehensive picture of the squatter community as many informal settlement were founded only in recent years, whereas "IDT settlements" tend to be fairly well established.

However, the study is valuable in that most squatter developments appear to be more permanent than the government would like and thus provides an important indicator of future trends.

Of the respondents to the survey, almost 60% earn less than R800 a month, with only 1% earning more than R3 500, the cut-off limit for the government's capital subsidy.

Almost 40% are employed in the formal sector and 17% in the informal sector. Roughly 20% of the respondents are unemployed. The average household head has a Standard Five to Six education and has been resident of his settlement for about 10 years.

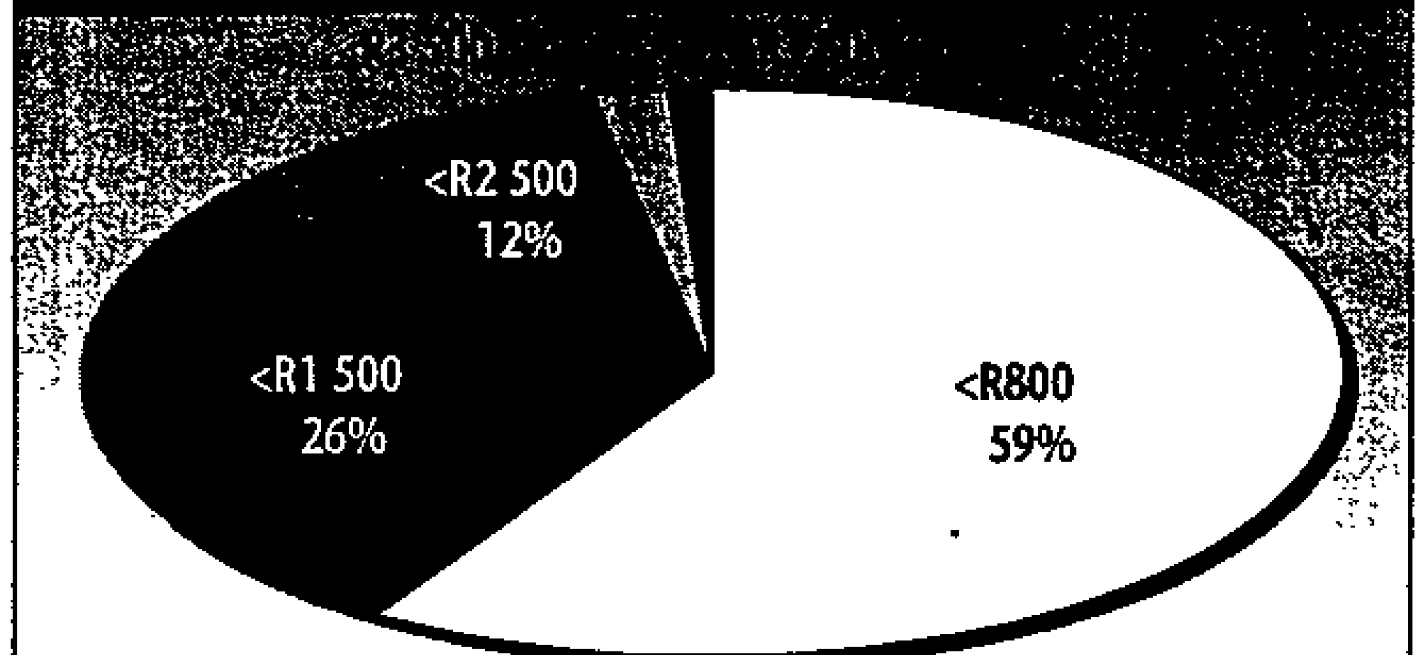
The NBI says the study has important implications for government housing policy, particularly since the incremental housing approach does not have the full backing of many provincial governments and even Housing Minister Sankie Nkondo.

Most importantly, says the NBI, the capital subsidy scheme leads residents to make significant personal investments in their homes. Upgrading of informal settlements should be accorded a similar status to the construction of new homes.

However, upgrading in future should be focused on settlements close to urban areas and the process of upgrading should be continuous. "There is little option for South Africa other than a modified incremental housing approach if we are to upgrade the living conditions of the two-thirds of South Africans who earn less than R1 000 a month," says the NBI.

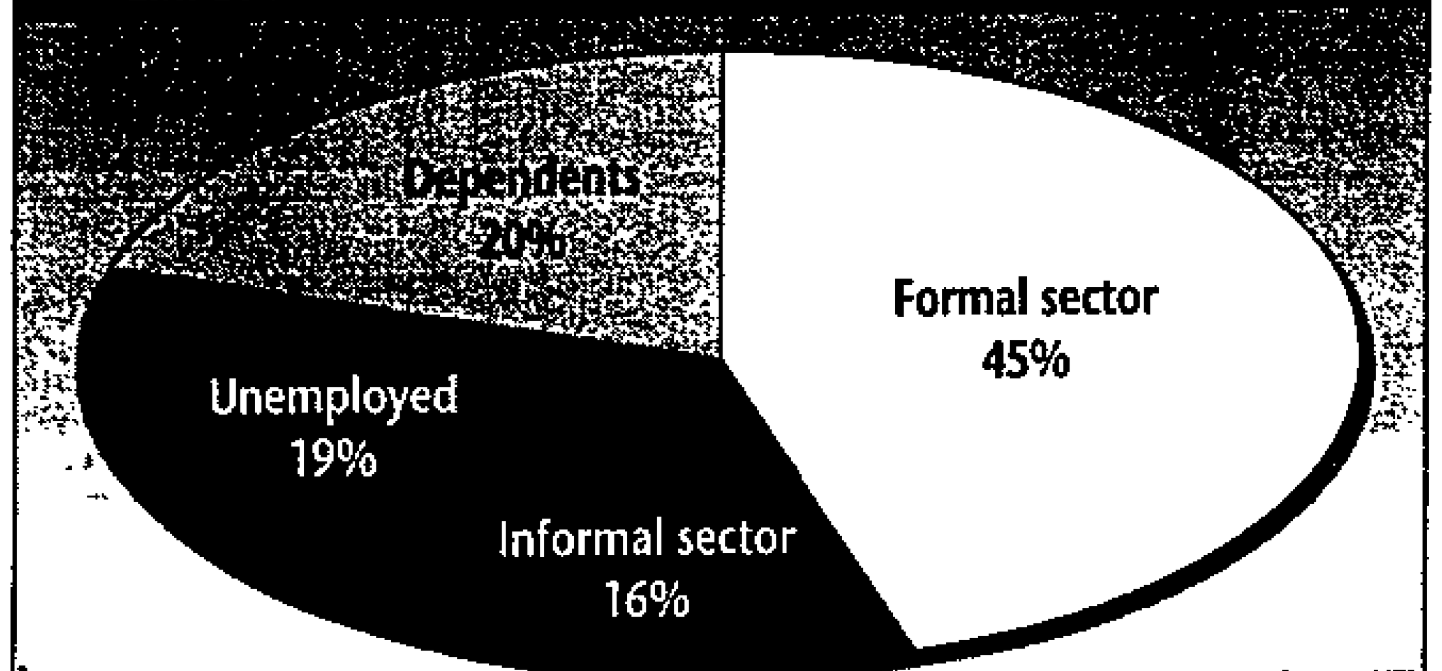
COULD BE WORSE: The average price of a squatter home is R10 000, according to researchers

MONTHLY HOUSEHOLD INCOME OF INFORMAL SETTLEMENT RESIDENTS



Graphic: FIONA KRISCH Source: NBI

EMPLOYMENT STATUS OF INFORMAL SETTLEMENT RESIDENTS



Graphic: FIONA KRISCH Source: NBI

Department needs a plan for planning

By DON ROBERTSON

THREE hundred proposals for a new housing system are languishing in the Department of Housing's in-tray because it does not have the capacity to assess them, according to a construction consultancy.

Agrément South Africa, a state-funded organisation which assesses non-standardised construction methods, has been in operation since 1969 and has approved a "couple of hundred" innovative building systems and products. It held a workshop in June attended by members of the departments of Public Works, Housing and State Expenditure.

The workshop was the result of proposals put to the Minister of Public Works, Jeff Radebe, when he visited ASA in 1994.

Joop van Wamelen, ASA's managing director, says Mr Radebe has supported various recommendations and it is expected that ASA's state grant will be increased substantially in the coming financial year.

This will assist ASA to extend the scope of its operations to include socio-economic factors.

Direct financial contributions from the state were about to be phased out by the previous government, but it was agreed that this could not be justified in view of the RDP's requirements.

The Minister of Public Works and the director-general of the Department of Housing have expressed their support for continued funding of the ASA, says Mr van Wamelen.

Apart from its role as an evaluator of innovative construction systems and products, ASA will involve itself in the dissemination of information to stakeholders concerned with the "demand side" of housing, particularly the poor.

Another matter discussed at the June meeting was the high cost of assessment and certification which the applicant has to bear.

Small and medium-sized enterprises have often reached their financial limits by the time their products have been developed to the stage when an ASA assessment is required. Only 30% to 40% of potential applicants proceed with the assessment which can cost between R25 000 and R100 000 and could take up to three months or more to be granted, says Mr van Wamelen.

This issue will be addressed by the new board when it is appointed.

Bid to get building going

(123)

New task group will try to find out why homes are still not being built fast enough

Star 8/1/96

Staff Reporter

A housing task group to identify problems hampering delivery will make recommendations to Housing Minister Sankie Mthembi-Nkondo this week on ways of speeding up the process of providing homes.

The team will report on the subsidy scheme introduced by the minister last year.

This move comes as the construction industry and the Gauteng government head for confrontation over the non-delivery of low-cost housing.

There is growing discontent among the homeless, who have embarked on land invasion.

The Housing Ministry's grand mass housing plan, which envisaged a million houses in five years, has failed to materialise.

Gauteng Housing Board chief Martin van Zyl said only 2 000 houses had been delivered in Gauteng last year, while legal consultant Joe Malherbe added that about 90% of the 67 projects in the region were well behind schedule.

Instead of providing houses, the two groups are locked in argument, each blaming the other for non-delivery.

According to the report, 300 proposals for a new housing system had not been processed by the Housing Department because it did not have the capacity to assess them, said state-funded construction consultancy Agrément.

Government delays, uncertainties and financial risks were further highlighted by the powerful National Association of Homebuilders and Developers, which warned at the weekend that these factors were causing major developers and construction companies to shy off government housing projects.

Director Daan Roelvert said developers aiming to build a township of 1 000 houses faced costly two-year delays. During that time they faced the further risk of political or community interference, which could sink their entire investment.

Although one of the companies claimed it had not been pushed out of the projects, but had voluntarily given them up so that the money could be used by other companies better placed to deliver houses, this was denied by Gauteng's deputy director of housing Enoch Ngutshane. He delivered a broadside at the "big guys", whom he accused of holding the building industry to ransom.

"We need to break down the cartels," he said.

Housing boards wary of freeze offer

BD 9/1/96

(123)

Lukanyo Mnyanda and Robyn Chalmers

PROVINCIAL housing boards have reacted cautiously to government's decision to allow them to shelve struggling low-cost housing schemes, saying that such a step would be a last resort after thorough investigations.

Most provincial housing officials contacted yesterday said the withdrawal of funds was a sensitive matter with the potential to cause disappointment and even unrest in communities after heightened expectations. They were satisfied with the progress of their projects, but some believed there could be cuts in the future following those announced by Gauteng last week.

Gauteng housing board chairman Martin van Zyl said delayed projects valued at about R90m — or 10% of the total R900m projects approved — had been put on ice to make way for schemes which could be implemented quickly.

"The rescheduling of projects followed weeks of consultation between the board and Gauteng developers. The purpose was to focus on fewer viable projects and to allow developers to take advantage of the new progressive payments policy allowing certain payments to be made to developers as the project progresses," he said.

Northwest board chairman Mike Gcabo said there were no plans to withdraw funding from contractors. This was despite the fact that Northwest's projects were not running at full scale and were "lagging behind other provinces". Only about 1 000 of the 25 000 houses targeted for last year had been built.

"We are very cautious about blindly cutting funds. We would rather look at the situation broadly and find out why projects are not progressing," he said.

KwaZulu-Natal housing board chairman Charles van Eck said they had monitored their projects carefully. He said they had approved about 46 000 subsidies and the delivery process would accelerate this year.

The Northern Cape housing board would receive a progress report only later this week, but chairman Chris Nel said progress had been satisfactory as most of the province's R32m allocation was spent by November last year.

Free State housing department director Pieter de Bei said although only about 2 500 houses had been built last year, compared to the 10 000 targeted, delivery was picking up.

Western Cape provincial housing board chairman Johan Nel said there were no approved schemes which had been significantly delayed, although the board had not granted approval for mass schemes.

Progress made on initiative to rehabilitate repossessed homes

(123) BD 11/1/96

market

Robyn Chalmers

THE initiative by government and banks to rehabilitate the repossessed homes market has recovered from its rocky start, selling more than 850 such properties in the past two months.

Statistics in the first official report from Servcon — a joint venture between government and banks to deal with 13 500 repossessed properties around SA — showed some progress was being made with the scheme.

However, government sources said a number of obstacles remained, largely because of the slow progress on the Masakhane campaign and the lack of affordability in formerly black areas.

There also appeared to be opposition to the concept of rightsizing — or relocation aid.

Servcon MD Denis Creighton said government's recent decision to approve relocation assistance, as well as Servcon officials' legwork, had begun to pay off. "Field workers have visited at least 85% of affected properties and 63% of occupants have been interviewed and offered the programme agreed on last year by banks and government." Only about 40% of households interviewed were in a position to buy properties currently on financial institutions' books.

"Of the 850 properties sold, more than 500 were to people who originally owned the properties," he said.

The programme stipulated that original owners occupying repossessed properties could repurchase their properties on instalment, subsidised by the banks for the first five years.

Occupants who could not afford to buy back properties would be placed on an affordable rental programme for nine months, at the end of which they had to move out and would be provided with relocation aid.

Government sources said there had been problems with rightsizing. The main obstacles were occupants' unwillingness to downgrade to more affordable homes, as this involved loss of face, and a lack of low-cost housing to which people could be moved.

Creighton said: "It is hoped that affordable housing will come on stream this year to provide alternatives. Occupants will be allowed to remain on the properties for a further nine months provided they pay a reasonable agreed rent."

Talks were continuing with local community structures to resolve problems. "An early return to normality is essential to sustain housing delivery. Although the conditions faced by Servcon are more complex than anticipated, we are encouraged by the early success of the programme," he said.

nesburg and the freedom of the city. Members of the victorious team greet their fans.

Huge demand for govt housing discount offer

BD 11/1/96 (123)

Robyn Chalmers

MORE than 67 000 occupants of state-owned housing in Gauteng have applied for the R7 500 discount to buy the houses offered by government.

A Gauteng housing department spokesman said yesterday that the claims represented a 63% claim rate, although a significant percentage of these could be disputed after the first cut-off date for claims on January 31.

The department would publish claims received after that date, serve notices on the houses concerned and then wait another month for counter-claims and objections to come in.

"We expect there will be a fairly high percentage of objections, many of which will be hard to judge as local authority records in the former black areas are in disarray in many cases," a spokesman said. "However, disputed cases will be referred to independent adjudication or mediation."

The setting up of transfer bureaux, which started in June last year, was part of a deal brokered in 1994 between late housing minister Joe Slovo, Gauteng premier Tokyo Sexwale and Gauteng housing and local government MEC Dan Mofokeng. Government agreed that tenants of state-owned housing could buy units first occupied before June 30 1983 at discounts of up to R7 500 on selling prices.

The spokesman said that since most black housing was built years ago, the discount benefit of up to R7 500 a property would cover the full listed selling prices in virtually all cases.

"Assuming a 100% acceptance and a replacement value of R40 000 per serviced site plus house, this represents a potential free transfer of assets at a value of more than R5bn," he said.

Gauteng was the first province to move ahead with housing bureaux, and good progress had also been made in the townships of Mpumalanga and much of the Eastern Cape.

Formalities for the extension of the discount benefit to the areas of the former TBVC states and self-governing territories were expected to be completed soon, he said.

Mofokeng said the advantages of the process included redressing past grievances, securing proper title, confirming permanence for the owner and acquiring a valuable asset which would allow access to loan finance.

City Lodge to replace the Athlone Hotel.

Durban Metropolitan Council is considering proposals for the beachfront Pavilion site — ideally suited to hotel development.

Hirst's projections are backed by Satour statistics and by Martin Edwards of Greene Belfield Smith, the travel, tourism, and leisure division of Deloitte & Touche.

Edwards says that, month-on-month, the number of foreign visitors visiting Durban and KwaZulu-Natal appears to have jumped 75% in 1994-1995, though off a low base.

"Our research suggests staggering growth continuing, then levelling out to about 6,5%-7% by the end of the decade. This compares with a world average annual increase in international visitors of 4,5%."

He says Satour figures show 13,3% of nights spent by foreign visitors are in KwaZulu-Natal — higher than Johannesburg-Pretoria-Gauteng at 12,1% and Cape Town-Garden Route's 11,5%.

In spending on tourism, KwaZulu-Natal again leads, with 32% — in a shopping basket that includes accommodation, food, transport and foreign exchange — of the domestic and international market. The Western Cape follows with 24,2%.

There is clearly potential for hotel development in Durban. But it can cost R750 000 a room to build a four-star hotel (excluding land). So developers are likely to tread warily until sure of the need. They will probably also wait for clarity on the direction of the long-delayed Point scheme, which is likely to influence the grading of new hotels in the city. ■

HOUSING LEGISLATION (123)

Encouraging investors

FM 12/1/96

A national interdepartmental committee will meet this month to review laws relating to housing tenure. Its members are drawn from the departments of Housing, Land Affairs and Justice.

"The technical committee is still in its preliminary founding stages and its findings depend on the direction taken," says Housing Department deputy director Neville Karsen. "The department is, however, looking at all legislation pertaining to housing, including rent controlled accommodation."

The department's acting director for administrative services Peter Bowen indicates that the department is focused in two directions.

The first is a review of housing laws "proper," which comprise the Housing Act of 1966 and various Own Affairs Acts. The aim is to rationalise legislation, encourage investment and minimise State aid.

"Traditionally, the State has fulfilled the role of providing housing — but what we are looking for is an economically feasible way of regulating and supplying housing," says Bowen.

Narsoo . . . *looking to elevate the law in landlord-tenant relations*

The second focus is to review tenure laws in relation to occupational rights, which include legislation pertaining to squatters, slums and rent control.

"A review of these laws, especially in the inner city, is long overdue," says Mark Steele, a CBD landlord. "The area has gone to the dogs. Buildings are overcrowded and deteriorating, there seems to be an absence of health and building inspectors and a lack of proper enforcement of legislation where it exists." Tenants, conversely, complain of unduly high rentals and the extortion of deposits.

Gauteng director of housing policy and administration Monty Narsoo said that the housing and local government standing committee of the provincial legislature will hold a public meeting to evaluate and make recommendations on the situation.

"The real issue is that the housing stock needs to be increased. Also, a mechanism needs to be established to ensure the rights and obligations of tenants and landlords are adhered to," he says.

Bowen suggests the findings of this provincial standing committee might feed into the research of the technical committee at national level.

The Gauteng committee will submit its recommendations in April to the provincial legislature with a view to drafting new legislation.

Bowen has given no indication of when the national committee will publicise its findings. The department, however, would like to see any new legislation introduced in parliament this year. ■

LOW-COST HOUSING

In the Stocks

Low-cost housing development company Homes for Gauteng, part of the Stocks & Stocks group, will not take legal action against Gauteng housing director Mpumi Nhlapo-Nxumalo for her criticism of the company on SABC TV last week.

Nhlapo-Nxumalo said the Gauteng Housing Board had cancelled all its housing contracts with construction companies Stocks & Stocks as well as the New Housing Association of SA for their failure to deliver homes last year.

Homes for Gauteng MD Alex Leonsins says he's attempting to set up a meeting with the director and other provincial housing department officials "to avoid such erroneous public statements in future.

"When you compare their different statements, there has clearly been a breakdown in communication between the housing board and the provincial department," he says. "It's pointless for us to get into a legal tussle over the issue. Both sides can learn from this mistake. Stocks remains committed to helping government achieve its housing goals and wants to foster good relations with all government agencies."

Due to a number of holdups, he says his company, like other construction companies, had agreed with the board to voluntarily relinquish government subsidised housing projects which were not making progress so the subsidies could be re-allocated to projects which were.

This means only two of Stocks' seven housing projects in Gauteng will be shelved. One, a 446-unit project in Rietfontein (near Springs), was considered to be unsuitable for low-cost housing after consultation with the local authority and the landowner. This was due to its location next to an upmarket residential area.

It was also felt that another 560-unit low-cost housing project at Mpilisweni in Thokoza could be better developed by the landowner Transnet and the local authority because Transnet could provide many housing opportunities for its staff in the area. ■

For Stocks deputy chairman Bart Dorrestein . . . *a whole new ball game*

Happiness is buying back your old house

(123)

850 of 13 500 bank-repossessed properties have been re-sold – most to their original owners

Star 12/1/96

CHRISTINE NESBITT

My own ... Thomas and Dorah Ramela are happy to be living in the same house which was repossessed by banks after they stopped paying their bond. They bought it back with the help of Servcon Housing Solutions.

By Bongiwe Mlangeni

This week Thomas Ramela was one of 550 residents who bought back their repossessed houses and regained home ownership. The resale of the houses, repossessed by banks after the massive bond boycott which started in the 1980s, was made possible by Servcon Housing Solutions.

The organisation is a joint venture between the Government and the Association of Mortgage Lenders, which aims to assist occupants of repossessed bank properties to re-buy their houses or find other affordable properties. Not long ago Ramela could no longer have dealings with any bank, but on Wednesday his renewed relationship with the bank was marked by the planting of a shrub which he received from Servcon's managing director, Denis Creighton.

"I could not bear the thought of looking again"

About 13 500 properties were repossessed countrywide and now 850 have been sold, said Creighton. He said 550 were sold back to their original owners.

"An early return to normality is essential to sustain housing delivery," said Creighton.

Servcon field workers had visited 85% of the affected properties and 63% of the occupants had been interviewed.

He emphasised that the aim of Servcon was not to take occupants out of their properties, adding that occupants who were unable to rebuy their properties would be allowed to stay in their houses for a further nine months, provided they paid a reasonable, agreed rent.

Servcon will assist them "where possible to find alternative housing if the houses they live in are not affordable". The Government will also allow relocation assistance to those occupants who have a salary not exceeding R3 500.

Ramela said he felt better knowing that he had a roof over his head. "I could not bear the thought of searching for a house again, and I decided to approach my bank and pay them again."

Sitting in their three-bedroom house in Dobsonville, his wife Dorah added that the children would have also been destabilised if they had left the neighbourhood. Ramela pays R650 monthly towards his R42 000 house.

Govt may devolve functions

(123)

Report calls for shake-up in housing

BD 19/1/96

Robyn Chalmers

GOVERNMENT is poised to devolve housing powers and functions to provincial and local governments and appears likely to become a developer of mass housing projects in partnership with the private sector.

It could also address the complete overhaul of the bedevilled Masakhane campaign, with the backing of either President Nelson Mandela or Deputy President Thabo Mbeki.

The proposals, contained in the long-awaited task team report on housing blockages, are a bold attempt to rectify the dismal delivery of homes last year which saw about 11 000 low-cost units constructed since May against a backlog of 1,5-million.

If the proposals are accepted, the task team will immediately launch an investigation into ways in which the delivery of mass housing projects can be undertaken by the state in conjunction with the private sector — a shift on current policy. Central government intervention to boost provincial administrative capacity in the short term was also a possibility.

The task team consists of key public sector officials and members of the parliamentary committees on housing.

Releasing the report yesterday, Housing Minister Sankie Mthembi-Nkondo said it signalled the start of a year that should see significant progress in housing delivery. "I have consistently stated that housing policy cannot be seen as static and this report underlines the need for constant review and modification. I have also stated that there is no need for a fundamental policy review; again, I believe this view is endorsed in the report."

Mthembi-Nkondo said the report would be presented to the provincial governments, National Housing Board and Cabinet and, if accepted, would be legislated within a few months.

The report recommended that Mthembi-Nkondo immediately kick off an exercise leading to the empowerment of provincial and local government by devolving functions and powers, including wider aspects of policy, management and administration.

At the same time, the rôle, functions and political accountability of provincial housing boards should be examined. Sources said this could lead to these boards being increasingly cut out of the loop.

This was backed up by the recommendation that metropolitan and local authorities be accredited to approve and disburse individual or project subsidy allocations with offices set up and mass training undertaken to man each office. The report was frank on the con-

Continued on Page 2

Housing

Continued from Page 1

straints facing housing, saying perceived friction on policy between the housing ministry and the housing department, as well as between national and provincial policymakers, was a major impediment.

It said the Masakhane campaign had lost impetus and impact, and the RDP had had little visible impact on the lives of communities, although this now appeared to be picking up.

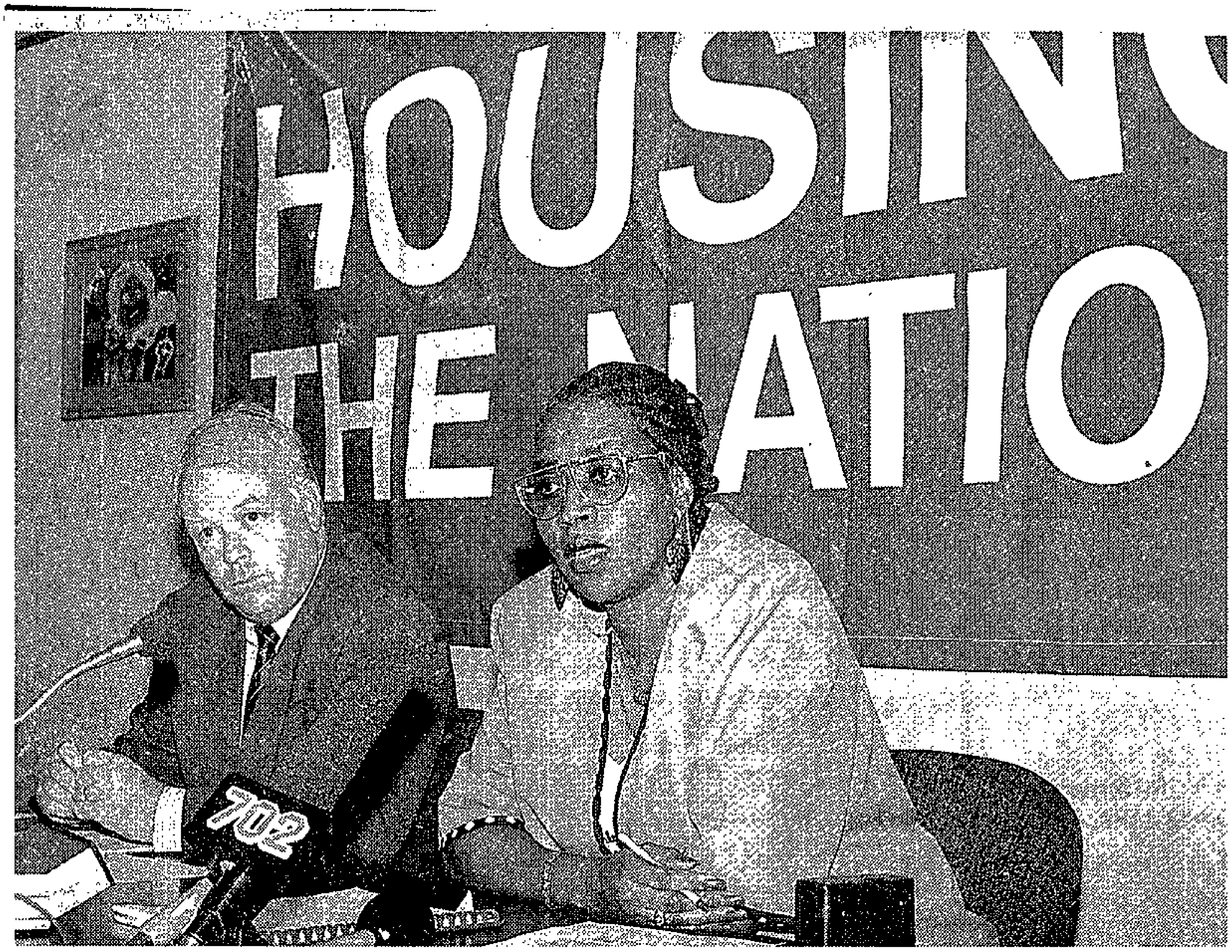
It also proposed that provincial teams in each of the provinces be appointed and trained to take over all approved subsidy projects, analyse these projects and advise on methods to speed up delayed schemes.

Although government has said hidden subsidies must be stamped out, the report recommended that any additional subsidies on top of the maximum R15 000 must be openly declared, accounted and budgeted for by provincial governments.

The main hidden subsidies included the donation of land, professional services and bulk services.

Social compacts which had been bogging down progress on housing projects would be left to the nine provincial governments' discretion.

See Pages 3 and 10



Housing director-general Billy Cobbett and Housing Minister Sankie Mthembi-Nkondo at yesterday's release of the task team report on the mobilisation of housing delivery. Picture: SALLY SHORKEND

Homes delivery expected to make inroads into cash

BD 19/1/96 (123)

Robyn Chalmers

PROVINCIAL housing departments had spent only 18,3% of their combined R3,2bn budget on low-cost housing by December, the third quarter of their financial year, housing department figures show.

However, the figures indicated that there had been an upward trend in spending since last August when provincial governments spent R47m, while more than R122m was spent in December when progressive payments on subsidies first took effect.

Housing Minister Sankie Mthembi-Nkondo said yesterday there would be a large rollover of funds, but this would be diminished during this year as delivery began to kick off.

"We will be talking to the RDP and finance ministries about getting commitments on a larger amount of funds this year, and the funds will be spent where the need is greatest," she said.

Housing director-general Billy Cobbett said the department was still budgeting to meet the target of 1-million houses by 2000. More than 200 000 subsidies have been approved in the current financial year.

The department would also be proposing that figures on the funds committed and spent by provincial governments be made public on a monthly basis.

Unofficial figures for the first three quarters of government's financial year showed the Western Cape was ahead of its provincial counterparts, having spent a total of R120m, or 46,7% of its budget by December.

This was followed by the Northern Cape which spent 41,6% or R33m of its budget, after which there was a sharp fall in spending with Gauteng coming in third with 27,7% of its budget spent, totalling R156m.

Free State spent 15,9% of its budget and KwaZulu-Natal 14,6%, with Mpumalanga slightly behind at 14,3%, followed by the Eastern Cape at 9,2%, North West at 9,1% and finally Northern Province at 1,9%.

The figures showed there was a rise in the percentage of provincial subsidy allocations, from 20% in August to more than 66% by December.

An estimated 11 000 houses have been constructed since last May, against a backlog of about 1,5-million low-cost homes.

49 000 NOT PAYING THEIR HOME LOANS

Govt housing plan in chaos

(123) CT 19/1/96

THE SLOW DELIVERY of homes came under the spotlight yesterday. **BARRY STREEK** reports.

THE government admitted yesterday that management and administration problems had caused the delays in its housing programme which was meant to deliver one million new homes in five years.

A special housing task group found that the Masakhane campaign had "lost momentum and impact, with potentially serious consequences for housing delivery in the short- and longer-term".

The task group also found that there were about 49 000 people not paying their home loans.

Despite the grim news from the task group, appointed in August last year to look into how the government could speed up delivery of homes, it rejected a fundamental revision of the housing policy.

National Housing Minister Ms Sankie Mthembi-Nkondo said management problems rather than a lack of money were the main cause of delays in the government's housing programme.

These problems could be addressed by giving local authorities a bigger role, she said in Pretoria yesterday when the task team's report was released.

Ms Mthembi-Nkondo said government housing subsidies had been slow in getting to the people they were intended to help.

She was encouraged by proposals that some housing functions be devolved to local authorities and that housing ministers be given the authority to disburse subsidies.

There should be significant progress in the field of housing delivery during 1996, she said.

The task group, headed by director-general of housing Mr Billy Cobbett, said there were 10 factors impeding housing delivery:

- Perceived policy uncertainty;
- Constraints on subsidies;
- Inadequate administrative and managerial capacities at provincial and local government levels;
- Inadequate public awareness of government assistance;
- A lack of acceptance and support for key national initiatives;
- Low margins and high risk levels in the low-income market;
- Inadequate flow of end-user finance;
- Loss of momentum in the Masakhane campaign;
- Delayed progress with infrastructure and services upgrade; and
- An imbalance between responsibility, accountability and authority at provincial and local government levels.

The task group called for improved communication, the consolidation of political support for the national housing policy and the relaxation of restraints imposed on provincial governments in regard to the national housing subsidy policy.

It also proposed short-term central government intervention, with provincial government concurrence, to supplement provincial administrative capacity in critical areas and called for an increase in the marketing and promotion of national housing assistance programmes.

The group also suggested that the Masakhane campaign be relaunched and that the flow of funds for urgently-needed infrastructure and services upgrade projects be streamlined.

Significantly, however, the task group said it should be emphasised that "unless local administration, services provision and the general state of repair of urban infrastructure not improve during the period, the payment problems in respect of services and housing not be resolved and the continued standoff between communities and financiers still in existence in many areas not be overcome, scale delivery will continue to elude us".

R83,3-m home project launch

(123)

By Shadrack Mashalaba

TRANSNET will officially launch its new R83,3 million housing project later this month.

The project is aimed at bringing home-ownership within reach of its employees by the turn of the century.

Known as Vision 2000, the project hopes to build 1 205 homes this financial year. As a step towards that goal the company last year converted an under-utilised Phahameng hostel, in Mangaung, 4km from Bloemfontein CBD, into family units.

External communication manager Ms Ronnie van Jaarsveld said the first phase of the project is expected to be completed in the first quarter of this year at a cost of R4,7 million.

"Of the 172 units, 42 will be available for rent to existing hostel dwellers while the remaining 130 units will be sold to both Transnet employers and private individuals on a 60 to 40 per-cent basis," she said.

Sowetan 19/1/96

Give lower tiers of govt power over housing – report

(123)
Star 19/1/96

Housing subsidy policy and inadequately trained staff are two major obstacles facing housing delivery, says task team

By Karin Schimke
Political Staff

A report by a ministerial task team states that problems with the housing subsidy policy and inadequately trained personnel were two of 10 prime causes of the slow delivery of houses.

The report recommended that greater powers be given to provincial and local governments as one possible solution. A relaunch of the Masakhane Campaign – which encourages towship residents to pay for services they use – and improved political communication were also recommended as ways of addressing the problems retarding delivery.

The team, headed by Department of Housing Director-General William Cobbett, was appointed in August by Housing Minister Sankie Mthembi-Nkondo. It was mandated to identify and find solutions to short-term blockages impeding housing delivery, and its report was made public at a media conference in Pretoria yesterday.

The report has been described as an honest and candid look at what can be done by the Government to speed up delivery, but Mthembi-Nkondo said she would only be able to respond formally once the report had been presented to the Cabinet, the National Housing Board (NHB) and housing MECs in the nine provinces.

"This report signals the beginning of a year that should see significant progress made in the field of housing delivery," she said.

Mthembi-Nkondo added that the report "deals honestly and substantially with obstacles that have been identified in the public sector".

The report is particularly critical of the impotence of provincial and local governments in the face of national subsidy and housing policy, and suggests that sub-national tiers of government should be allowed to complement the R15 000 national subsidy with subsidies of their own, at the discretion of provincial legislatures.

It also criticises the national requirement for social compacts, saying these should "with immediate effect become a provincial requirement at the sole discretion of the MEC". The minister should empower the MEC of each provincial government to specify the consultative requirement.

Consultation with communities is a thorny subject which has often led to the complete crippling of the delivery process, and if this proposal is accepted by all parties it would mean that provincial and local governments would be able to decide on how long such consultation should continue before building starts.

The Masakhane Campaign should be relaunched and rethought, and a lobbying process with civil society, the private sector, the media and the Government should begin soon, said the report. "The urgency of decisive action in this regard cannot be overstated," it added.

Delivery was being hampered by the reluctance of the private sector to get involved with financing because "low margins and higher risks are inherent in low-cost housing". The report recommended that the Government take steps to improve relations between the private sector, itself, non-governmental and community-based organisations and "the general public". Part of this solution would be to negotiate "enhanced awareness and information campaigns on the issue within the financial institutions concerned", it said.

Mthembi-Nkondo yesterday said: "The only comment that I will make on the contents of the report at this stage is that I strongly endorse the theme of the greater empowerment of sub-national tiers of government, and the MECs and local government in particular.

"It is this partnership in the public sector that will significantly determine the success of our housing endeavours."

She said she was confident that there would be significant increases in housing delivery this year.

Bid to speed up delivery of homes

(123) Sowetan 19/1/96

By Joshua Raboroko

Major problems holding up delivery of houses have been identified

NATIONAL HOUSING MINISTER Sankie Mthembi-Nkondo yesterday endorsed a report by a task team that made far-reaching recommendations aimed at speeding up the delivery of housing and removing all constraints hampering the process.

The recommendations include the relaxation of constraints imposed on provincial governments, alleviating risk factors in providing home loans and empowering local authorities with loans to facilitate rapid delivery of homes.

The recommendations were made by the task team appointed by Mthembi-Nkondo last year to identify problems that hampered housing delivery nationally.

The task group has also recommended that:

- The Masakhane Campaign be given new impetus;
- A vigorous education and information campaign to enable people to get housing subsidies should be embarked upon; and
- The flow of funds for urgently needed infrastructure and services to upgrade projects should be streamlined.

Endorsing the recommendations at a Press conference in Pretoria, Mthembi-Nkondo said she would study the report with "a great deal of interest" and consult the Cabinet, the National Housing Board and provincial MEC's for housing.

"This report signals the beginning of an era that should see significant progress made in the field of housing delivery," she said.

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~~124~~

THE SUNDAY MORNING ASSESSMENT

By SVEN LUNSCHE

Holding thumbs for a fruitful round two in low-cost housing

ST 21/1/96

GOVERNMENT's housing targets were always too ambitious. But, admittedly with the benefit of hindsight, the ANC's pre-election promises of 200 000 low-cost homes a year were pure stupidity. At the most 20 000 homes were completed last year and, while there has been some noticeable improvement in recent months, Housing Minister Sankie Mthembi-Nkondo's review of policy should begin by setting realistic targets — even at the risk of losing a few votes.

She should also take a critical look at the short-term actions proposed by a special Ministerial Task Team, contained in a report released this week.

Its recommendations are drastic and therefore require diligent analysis.

Clearly a commitment by all politicians to the incremental housing policy, at the heart of which is a housing subsidy for low income earners, is vital. This commitment is needed to overcome "the perceived inconsistencies on policy among provincial and between provincial and national political decision makers and between the minister and her department", as the report puts it.

Ms Mthembi-Nkondo and her director-general, Billy Cobbett, still deny that these inconsistencies actually existed, but her description of the incremental approach as "toilets in the veld" undoubtedly damaged the policy. This must not be repeated. The housing subsidy will hopefully set low income people on the road to home ownership. At the moment, coinciding with the slow pace of delivery, subsidy flows are still a mere trickle.

The key recommendation of transferring the power to award subsidies to provincial and local authorities is sensible, but also fraught with dangers.

Mr Cobbett was clearly frustrated with the powers wielded by the provincial housing boards, who effectively set housing policy without facing the consequences an elected position brings.

Yet the housing boards are, for the most part, a group of honourable men and women. They are also experts in their field and take decisions by committee.

This might not necessarily be the case with the hundreds of local government officials who, under the new proposal, take over crucial powers such as awarding subsidies.

> ‘The suggestion to transfer the awarding of subsidies to provincial and local authority level is sensible, but is also fraught with danger’

At present these officials are either non-existent or, for the most part, poorly qualified. Establishing clearer lines of reporting from the housing board to the provincial director-general is, at least for now, a more viable option.

Some of the local authorities are in an absolute mess and while there might be some salvation through the transfer of skills from the former white municipalities, a lot of work remains to be done.

Clearly, some of the problems besetting housing policy are beyond the department's control and require government action. The absence of services and basic infrastructure makes housing delivery difficult, while widespread lack of payment for services deters developers.

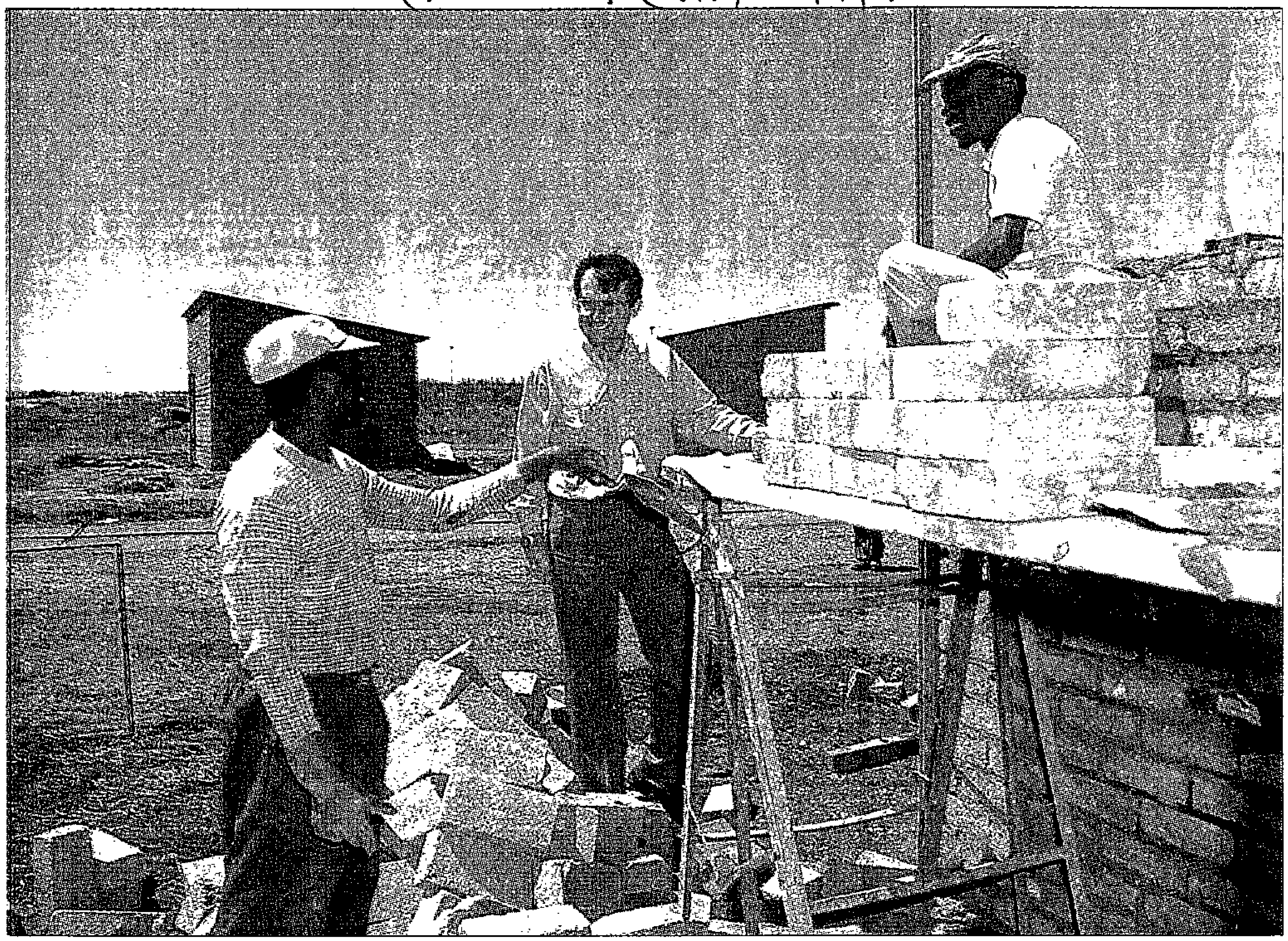
Mr Cobbett is frank about the impact of the report: "It will not on its own save the nation in terms of housing."

But its critical assessment of the shortcomings to date and the broad sweep of what needs to be done are a good start for a second and more successful housing push.

Housing delivery is ahead of the critics

(123) CT (BR) 22/1/96

THE SPIRA INTERVIEW



COMMERCIAL ALTRUISM *Rod MacGillivray, the managing director of NewHco, with workers at a building site*

Among the few people able to provide definitive answers to the absence of mass housing delivery is Rod MacGillivray, the managing director of The New Housing Company (NewHco), which emerged from the Urban Foundation's housing division five years ago.

MacGillivray is quick to counter the view that delivery has been as slow as the critics maintain.

"It's an industry misunderstood in terms of the time frame between starting a development and seeing it come out of the ground."

It takes a long time since many onerous steps are required once a piece of land is earmarked for a development. It has to be taken through township proclamation, design processes and town-planning approvals at local and provincial level.

That excludes the need to identify a housing product to which you think the market will respond positively and then to start marketing that product, securing interest from the customer, finding mortgage finance on their behalf, getting bonds registered and, ultimately, to give the order to start building.

MacGillivray says that process for a developer who really knows his oats is 14 to 18 months. So it takes a year and a half before you see the first houses come out of the ground. Before you see a rush of delivery taking place, it is probably about two years.

"If, therefore, you consider that the first housing subsidies were allocated by the government in about March 1994, we're currently 22 months after the first subsidy allocation. So only now are we really starting to see some delivery."

Government subsidies have been allocated to more than 360 projects. This means about 300 000 housing units have been allocated subsidies in theory.

The government has allocated about R3 billion to subsidies, most of which comes from the housing budget. From that budget it has identified blocks of funds for housing subsidies.

Those housing-subsidy funds have been allocated by central government to the nine provinces, each of which has a provincial housing board.

The board receives applications for project proposals and then allocates subsidies to those projects.

NewHco is increasing its rate of delivery — more than 100 houses a month in one project in Vosloorus, more than 60 a month in Walmer in Port Elizabeth, more than 150 a month in East London and it is building up to more than 100 a month in Witbank.

"NewHco alone is getting to the point where we're delivering about 500 houses a month. Our budget for the year to June reflects 10 000 units, so we have to lift our delivery to between 800 to 1 000 a month."

In its present financial year, NewHco expects to deliver between 8 000 and 10 000 houses.

"My aim is to get this company delivering 30 000 units annually two years from now."

NewHco does not get an annual funding allowance from any source.

"We have to operate as a commercial entity. We must make a profit to demonstrate that we are commercially viable and to entice the private sector back into this business, because we alone won't solve the delivery problems.

"We are pioneers in the sense that we are a role model. Yet even if we lift our delivery to 30 000 a year, it's less than 10 percent of South Africa's needs."

In 1995/96, MacGillivray expects NewHco to hold its market share of between 20 and 25 percent. Which translates into nationwide delivery of less than 50 000 units — a far cry from the 300 000 targeted.

Yet MacGillivray is not daunted. "As we grow and as delivery lifts, our market share should come down as we get new entrants."

He says central government policy is one of breadth, which reasons that South Africa has a backlog of 1,5 million houses growing at 200 000 a year — the minimum requirement if we are not to go backward.

To lift delivery subsidies for more than 200 000 houses must be made available each year. For 300 000 a year, with R3 billion a year for subsidies, only R10 000 can be allocated to each household.

According to the breadth argument, as many families must be helped as possible, acknowledging that the help we give each family is limited.

The depth argument says the breadth policy is not working and must be changed. Instead of giving a little to a lot of people, give a lot to fewer people. Then at least we will see some delivery for which we can claim credit, since it is easier to build a R50 000 house than it is to build one room for R10 000.

MacGillivray supports breadth.

"I don't know how anyone could face up to the next person in the queue after you've run out of R50 000 subsidies," he says.

And the outlook?

"I'm hopeful, because the housing minister accepts the breadth argument. She's still wrestling with the problem of central government versus provincial legislative policy-making competence."

Yet delivery is taking place in provinces which support breadth. Surely provinces opting for depth will eventually come around?

"I believe so. Provincial governments are realising that if they want large-scale delivery, then state-assisted self-help housing is the only way to get it in the short term."

Is South Africa capable of achieving the state's target of 300 000 houses a year?

"It would be unrealistic to expect the target to be achieved for at least three years, largely because we're going to hit a range of industry blockages, even once the policy blockage has been resolved."

MacGillivray originally qualified as a civil and structural engineer at Wits University and then obtained an MBL through Unisa. He consulted in civil engineering before managing one of the Urban Foundation's regional operations. This grew into the national job and he was appointed managing director of NewHco.

Is he an altruist?

"My great grandfather arrived here in 1870 to work at a mission school in the Eastern Cape. I blame him for my altruistic streak. There is a social commitment, but not in a missionary sense; it must work commercially."

Govt urged to liaise on housing, land delivery

(123) BD 23/1/96

Mduduzi ka Harvey

HOUSING delivery and the rapid land release programme in Gauteng would fail unless key government departments were aligned to curb wasting of resources and duplication of development projects, land affairs MEC Sicelo Shiceka said yesterday.

At a news briefing in Johannesburg at which he outlined the department's strategy for this year, Shiceka said a land release programme, targeted at 500 000 homeless Gauteng residents, was expected to deliver by the first quarter of the year.

The first phase will aim at releasing 30 000 units immediately in liaison with the provincial housing board, and through the implementation of project Mayibuye aims at facilitating land redistribution. An assets register will also be set up to investigate where land is available for the homeless at national, provincial and local level.

Shiceka said it would cater for residents originally from the province and outsiders who would be accommodated in reception areas. There was an urgent need to build a strong administration to facilitate housing delivery.

To this end, teams consisting of officials from Gauteng's local government and housing, finance, transport and land affairs ministries had been formed to co-ordinate delivery efforts.

These efforts, he said, were being stalled by the illegal invasion of land which had already cost the province R1,2bn in transport subsidies.

Other key areas of development would include the implementation of a R6,1m Danish government-sponsored environment management programme and the spending of R34m on labour-intensive public works projects aimed at employing, training and providing marketable skills to disadvantaged communities, Shiceka said.

To curb red tape, plans were under way to hold special sessions between the local government and housing ministry and land affairs, to link and integrate their activities. The Gauteng Land Act would also be revisited to ensure more land was made available by curtailing long procedures entailed in the land transfer procedures.

Gauteng development planning, environment and public works MEC Sicelo Shiceka, left, department head Jan Opperman, centre, and planning services director Paul Waanders yesterday announced plans to speed up the delivery of housing at a news conference in Johannesburg.

Picture: ROBERT BOTHA

NP acts after leak to Press

CAPE TOWN — Two senior NP members have been punished for leaking a confidential NP federal council working document to the Press.

NP Western Cape legislature member Adriaan Jordaan yesterday announced he had resigned his seat, while the NP's national youth leader, Pierre-Jeanne Gerber, was relieved of all his party posts.

NP Western Cape leader Dawie de Villiers said both men had admitted to the executive committee of the NP's head council in the Western Cape they were responsible for the leak.

The disclosure, made to Rapport eight days ago, about possible disbandment of the NP and a name change, led to the NP's parliamentary caucus calling for strong disciplinary action. — Sapa.

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Conflict of interests cited in adopting prefab panels for low-cost housing

ARG 23/1/96 (123)

Municipal Reporter

CAPE Town City Council has been asked to go into business with a company manufacturing a prefabricated panel which can be used for fast delivery of low-cost housing.

The company which aims to manufacture the panels in South Africa has approached the council with the view to it taking a R4-million share in the operation.

It made a formal presentation to the economic development committee yesterday.

The company claims that a house can be put up in a day on a precast concrete slab and that the panels have resisted hurricanes, volcanic activity and earthquakes.

However, in a report on the subject, the city planner advised the economic development, RDP and housing committees of the council that there could be problems attached to "promoting" a product.

"If the council has a financial interest in one product, it will have great difficulty persuading community groups and non-governmental organsiations that it is acting impartially. This would surely place the council in a conflict of interest position".

The city planner said the delay in house construction was not linked to a shortage of materials, but the need to break a logjam in getting beneficiary support for projects.

Local authority debt could delay housing

BD 24/1/96 (123)

Robyn Chalmers

THE virtual collapse of a number of SA's local authorities would have a limited effect on government plans to devolve housing powers to provincial and local governments, although it could further delay delivery in certain areas, sources said yesterday.

It was reported yesterday that local governments nationwide had accumulated debts of between R3bn and R4bn, largely as a result of non-payment of rent and service charges.

Mortgage Indemnity Fund CE Nkululeko Sowazi said that in its assessment of former redlined areas around SA, the fund had found that up to 65% of people were not paying for services.

"We have assessed about 466 areas which largely fall under the former black local authorities, and have found that payment in these areas is extremely low which obviously has an effect on their financial viability.

"We have also found that in the areas where payment levels are low, there is little or no visible upgrading of services and infrastructure, which is the other side of the coin for the Masakhane campaign," he said.

While the poor financial state of these local authorities could lead to delays in terms of recommendations aimed at boosting the delivery of homes, government sources said this should not be severe.

One source said the task team report on mobilising housing delivery, released last week, allowed for provincial governments to take over the functions of local authorities if they did not have the capacity to perform them.

"The report recognises that there is a deficiency in administrative, technical and managerial capacity at provincial level which is leading to projects being bogged down and the delayed processing of subsidy applications.

"There is definitely a lot of work needed to boost the capacity of local authorities as well as to overcome the crippling debt in certain structures, but there are plans to address this."

For housing, the task team had recommended that provincial teams be established in each province to identify and take control of all approved subsidy projects to identify obstacles and propose solutions.

Afbank to extend new home-loan advances

CT(BR) 24/1/96 (123)

By Maggie Rowley

Cape Town — The mortgage book of African Bank, which was under curatorship, was targeting for growth of close to 50 percent over the next year, Colin Franks, the managing director, said this week.

Franks said Afbank was looking to extend new home-loan advances of about R150 million over the next year. It would remain a people's bank but would consider extending its customer profile to reflect a greater spread of the market.

Last year, NBS Holdings, in partnership with New Africa Investments and Metropolitan Life, announced a rescue of Afbank.

Afbank collapsed under the weight of bad debt in September last year. Once the legal process of the rescue had been finalised, R100 million would be injected into the bank, said Franks. Of this R100 million, NBS will put in R48 million giving it a 38 percent stake in Afbank.

Franks said that the due-diligence test undertaken by the rescue consortium of Afbank had found the bank's mortgage book to be surprisingly healthy, with a bad-debt situation of about 2 percent of the book — no worse than the industry average.

Most of Afbank's bad lending, he said, had been in the area of personal loans and hire-purchase agreements and an amount of R200 million had been set aside to cover this.

Franks said mortgage loans constituted the backbone of Afbank, accounting for R304 million of the projected balance sheet of R522 million as of March 31 this year.

He said properties in possession only amounted to R5 million.

Franks said while the mortgage book was relatively healthy, the bank was concerned about the negative effect retrenchments in the government sector would have on this sector of the business.

"While there is a lot of goodwill out there and a willingness to pay, if people are without jobs problems will arise."

Trevor Olivier, the general manager for mortgage, lending and savings administration at NBS, said one of the strengths of Afbank's mortgage book was that many of the loans had been granted on a debit-order basis.

"If the housing and home-loan market is to be normalised in South Africa, employers are going to need to make a contribution … to help restore a culture of payment," said Olivier.

New housing vision

(123) Sowetan 24/1/96

The delivery of low-cost houses has, for a number of reasons, been very slow during the past year. *Sowetan* reporter **Joshua Raboroko** considers plans to speed up delivery to the poorest of the poor...

Housing minister Sankie Mthembi-Nkondo is confident that the delivery of housing will take place at a rapid pace in South Africa this year in spite of criticism from various sectors.

Her optimism comes after a report by a task team, mandated to identify solutions to the short-term obstacles blocking housing delivery. The report was presented to her last week.

The team, headed by department of housing director-general Billy Cobbett, was appointed by Mthembi-Nkondo last August and made several recommendations in its report.

These include granting greater powers to provincial and local governments to assist with the provision of housing.

It also recommends a relaunch of the Masakhane Campaign, which encourages township residents to pay for services, and improved political communication.

The report addresses the complete overhaul of the bedevilled campaign, with the backing of either President Nelson Mandela or Deputy President Thabo Mbeki.

Mthembi-Nkondo has described the report as "honest and candid" in its assessment of what could be done by the Government to speed up the delivery of homes.

Significant progress

However, she has indicated that she would only be able to respond formally once the report was presented to the Cabinet, the National Housing Board and the housing MECs of the nine provinces.

"This report signals the beginning of a year that should see significant progress in housing delivery. It deals honestly and substantially with obstacles that have been identified."

The report is especially critical of the impotence of provincial and local governments in the national housing and subsidy policy. It suggests that these tiers of government be allowed to complement the R15 000 national subsidy with subsidies of their own, at their discretion.

The minister will hold a *bosberaad* with the Cabinet this week to consider constraints to the delivery of houses, and will also discuss the fiscal implications of the report.

She will meet the National Housing Board on January 30 and then all the provincial housing MECs before going overseas on February 2.

"A lot of consultation has to take place, even with communities, on this thorny subject which has often led to the complete crippling of the delivery process. If this proposal (report) is accepted by all parties, then we can expect a housing boom," she says.

The delivery of housing, she says, is also being hampered by the reluctance of the private sector to get involved with financial institutions because "low margins and higher risks are inherent in low-cost housing".

Removing housing obstacles ... Housing Minister Sankie Mthembi-Nkondo and director-general Billy Cobbett. PIC: CLEMENT LEKANYANE

The task team's report recommends that the Government take steps to improve relations between itself, the private sector, non-governmental and community-based organisations and the general public.

Part of the solution would be to embark on awareness and information campaigns that will vigorously strive to educate communities – even marginalised ones – about housing concerns.

According to Housing Department figures, provincial housing departments had spent only 18,3 percent of their combined R3,2 billion budget on low-cost housing by December.

However, figures indicate that there has been an increase in spending since last August, when provincial governments spent R47 million, while more than R122 million was spent in December.

"We will be talking to the RDP Ministry and the Finance Minister (Chris Libenberg) about getting commitments for a larger funds this year," Mthembi-Nkondo adds.

More than 200 000 subsidies have already been approved in the current financial year, and the department was budgeting to meet the target of one million houses by the year 2000.

It will propose a five-percent rise in its budget this year and will also seek international funds. The department is also at an advanced stage of starting the National Housing Finance Corporation, which will help to provide home loans to the poorest of the poor.

Housing the millions of homeless South Africans remains one of the most critical factors in the development of a winning nation. The successful delivery of houses forms an integral part of the country's economic growth, employment creation and political and social stability.

Achieving these objectives requires a clearly defined and fully endorsed housing policy as well as the total commitment of all role-players to work together in a coordinated manner.

For this purpose the National Housing Summit in Botshabelo has formulated a National Housing Accord that was signed by all the key stakeholders, demonstrating their full support for expediting the delivery of houses.

Soon after that landmark summit, a National Housing Policy and Strategy White Paper was released.

Mthembi-Nkondo says the department hopes to address the many problems that have emerged: "We will remove all the obstacles – we have a vision to be realistic this year."

ARG 24/1/96

Bank pledges its support for low-cost houses

(123)

Business Editor

THE banking sector would do its bit to contribute to the Reconstruction and Development Programme through the financing of low-cost housing, Nedcor chief executive Richard Laubscher said.

He said after the Nedcor annual general meeting in Cape Town yesterday that people seeking loans for affordable housing were "kicking at an open door".

In the book year ended September, Nedcor had made about 26 000 new advances in the affordable housing market, for a total of about R600 million.

Mr Laubscher said 92 percent of borrowers at the bottom end of the market were up to date with repayments; 6,5 percent were in arrrears and only 1,5 percent were "problematic".

The introduction of smart cards would also make banking more accessible to the "unbanked" population, he said.

Nedcor had 30 000 smart cards in operation and planned a full-scale launch at the end of the month.

Also at the AGM, Nedcor chairman John Maree said shareholders could expect further strong growth from the banking group this year.

With market capitalisation at R14 billion, Nedcor had moved up from 42nd place among Johannesburg Stock Exchange-listed companies to 12th place, he said.

Banks to administer 1,3% levy on new houses costing less than R250 000

(123) CT (BR) 25/1/96

MAGGIE ROWLEY

Cape Town — The new levy of 1,3 percent payable on the total sale price of new houses costing less than R250 000 is to be paid directly by the banks so as not to cause cash-flow problems for contractors.

The levy applies to all contracts signed after February 1 this year.

Peter Allsopp, managing director of the Home Builders' Registration Council, which will administer the fund, said yesterday that the banks had agreed to pay the levy out of the end-user's bond finance when the first progress payment was made to the contractor.

Consumers, he said, would have to be notified about the levy.

Allsopp said that while this arrangement with the banks was to be welcomed, it would initially create cash-flow problems for the council, which would have to wait about three month for bonds to be registered.

Only after the first progress payments had been made would funding for the council start filtering through.

With only days to go before the council's registration deadline, Allsopp said there had been a flood of applications, with more than 100 applying so far this week alone.

Contractors have to be registered with the council to qualify for bond finance on projects.

Applications for a further 600 contractors had been processed so far, with only 10 having been turned down.

Conditions have been attached to some registrations.

Allsopp said the one region of concern was the Western Cape where fewer than 20 contractors have applied for registration. He said many were opposing the formation of the council on constitutional grounds.

Johan Schooling, chairman of the Developers' Forum, whose members include 18 of the largest developers in the region, said the forum would decide this week on whether or not to register.

Schooling said three members had registered, but two of these were national operators whose head offices in other regions had insisted on registration.

"We have very deep concerns about the cost of this bureaucracy to the end user, and are sceptical about how effective it will be.

"We believe it is prejudicial to contractors with good track records who are in essence being called on to cross-subsidise less reliable operators," said Schooling.

Fund's board approves cover for 18 more areas nationwide

Robyn Chalmers (123) BD 26/1/96

THE Mortgage Indemnity Fund board approved a further 16 areas for cover at its meeting this month, bringing the total to 341 areas out of 466 assessed countrywide.

The board has also approved two areas, one in the Eastern Cape and the other in KwaZulu-Natal, where cover was previously deferred.

In addition, banks, the relevant local authorities and the fund's board all agreed that fund cover was no longer necessary in six areas in the Western Cape because of sustained stability and continued resumption of normal lending activities.

Fund MD Nkululeko Sowazi said yesterday that cover in Gelvandale near Uitenhage and Madadeni near Newcastle had been deferred last June because the areas did not satisfy the criteria for the resumption of suitable home lending.

Sowazi said action by the relevant local authorities and communities to improve the civic and physical environments, followed by renewed applications, had resulted in reassessment by the fund, and granting of cover.

At Gelvandale, recent fund reassessment showed the bond boycott had fallen away. At Madadeni, reassessment after a fresh application for cover showed that civic order had been largely restored.

Housing market still weak in real terms

Robyn Chalmers (123) BD 26/1/96

THE residential property market underperfomed last year, with average house prices falling about 2,7% in real terms over 1994 as consumers' financial positions continued to deteriorate, the latest Absa housing review shows.

The review said that when seen against the background of macroeconomic developments in 1995, the residential property market did not shape up.

The average price for a house in 1995 was about R162 500 — 5,6% up on 1994 when an increase of 9,7% was recorded. In real terms, however, this represented a decline of 2,7%.

"Strong domestic demand last year resulted in a sharp rise in credit extension as well as increased imports. These factors meant a further firming of lending rates, which caused consumers' financial position to deteriorate still further," said the review.

However, the review forecast that the bank rate would be lowered towards the middle of this year, which would support the house market, and a real — albeit small — increase in house prices was foreseen this year.

Increases in house prices were recorded in three of the four major metropolitan areas during 1995, with houses in the Port Elizabeth, Uitenhage and East London area topping the list at an average 8,9% rise. Average house prices in the Cape Town area rose 6,8% and 5,6% in Gauteng.

House price increases were neutralised by higher levels of remuneration last year. The review said that in 1995, the average monthly repayment on a new 80% bond for a medium-sized house over a 20-year term amounted to R2 078.

Masakhane campaign set for radical shakeup

(123) BD 26/1/96

Robyn Chalmers

THE Masakhane campaign is in line for a dramatic restructuring when the Cabinet makes a decision on three proposals to rescue the failing project, expected within a few months.

The Masakhane campaign is seen as being crucial to the success of the RDP and housing programmes, as the normalisation of payments will encourage banks to lend to the lower end of the housing market. But it lost impact and momentum last year.

The proposals were drawn up by the RDP office and the housing and provincial affairs departments. The most recent plan — and the one most likely to be accepted — is that the campaign be devolved from national level to become more localised.

The other recommendations are that a task team be set up to drive the campaign, and that it be taken out of the political realm and set up as a separate entity with a board of trustees.

Provincial Affairs deputy director-general Andrew Boraine said yesterday the effect of the campaign had been assessed in a bid to formulate the most effective way forward.

"The thinking is that the emphasis should be taken off the campaign at national level, and rather be co-ordinated and implemented at local level. Each provincial government has a Masakhane office with a co-ordinator to drive the campaign at local level. We believe it makes sense to locate the campaign closer to the communities."

Sources said the proposal to form a separate entity for the campaign was losing favour among government officials and was unlikely to be accepted.

Masakhane national campaign manager Chris Ngcobo said the main problem with the campaign related to local authorities as some did not have the capacity to implement the campaign. "We also need to ensure the campaign is not just a government strategy, but involves the broader community, civic organisations, business and other interested parties."

Boraine said it was important to assess which local authorities had the capacity to run the campaign, and those which struggled could be backed up directly by the provinces. A survey of local authorities had been completed.

Bifsa to tackle housing problems

CT (BR) 26/1/96 (123) (EF)

By Maggie Rowley

Cape Town — The Building Industries Federation of South Africa (Bifsa) has formed a team to help remove obstacles to housing delivery.

The team will determine how the private sector can help to remove obstacles identified in this week's report on housing strategies prepared by a special ministerial team.

Executive director Ian Robinson said the self-critical tone of the government report had been refreshing and was an excellent summation of not only the impediments to delivery, but also the actions required by government to unblock the process.

"It gives the private sector something definite to work with and acknowledges that the government could do with some helpful intervention," said Robinson.

He said the Bifsa team, which comprised representatives of all sectors of the industry, would meet regularly with government officials to assist where possible.

Robinson said the industry welcomed the possibility of government acting as a developer for low-cost housing, putting large projects out to tender, with the lowest tenderer getting the job.

"That is the way the private sector is used to operating and means we will not have to enter into protracted negotiations.

"It has become clear to the construction industry that negotiations to achieve the type of social contracts which are envisaged by the government, are likely to become extremely protracted.

"This is particularly true where communities are ill-informed about the type of housing they can afford and what they will have to provide themselves to upgrade this."

R30-m caught in squabble

M+G 26/1 - 1/2/96 (123)

The Masakhane Campaign is floundering as politicians dither over ultimate control, reports **Gaye Davis**

THE three ministers in charge of the Masakhane Campaign are unable to agree who should take ultimate control of it and are fighting what one official described as an "unseemly turf battle" — putting the R30-million strategy to improve living conditions and end non-payment for services at the risk of floundering.

Cabinet has extended the life of the campaign, which was to have wound up in December but has yet to show results.

A government review of Masakhane last September showed a major problem lay in it being "owned" by three ministries: Constitutional Development (Deputy Minister Valli Moosa chairs the committee), the Reconstruction and Development Programme (which provides the funds) and Housing (responsible for the multi-million rand media blitz to promote it). As a result it has fallen between three stools.

Directors general of the three departments met this week. Deputy Director General of Constitutional Development Andrew Boraine said broad consensus on the strategic direction the campaign should take was arrived at. Instead of being driven solely from central government level, it should be taken down to local authority level and run by mayors and councillors, with co-ordination by a single ministry.

Constitutional Development Minister Roelf Meyer wants Masakhane to fall under his department, which is ultimately in charge of local authorities. His department has drawn up a proposal spelling out how this should happen.

But he faces opposition from the Housing Ministry, which is understood to have proposed the campaign fall under the control of the deputy president, rather than a line-function department. Housing Director General Billy Cobbett refused to comment on the proposal itself.

"The campaign and the ideas behind it are correct but it needs to be politically re-invigorated. It's not just about getting people to pay for services but a social contract between government and the people in terms of rights and responsibilities on both sides," he said. It was crucial the campaign drew in mass-based organisations, such as Sanco, and the private sector, he said.

Minister without Portfolio Jay Naidoo was not interested in "owning" the campaign, representative Connie Malusi said. Naidoo did not mind where it was located as long as it achieved its objectives,

Moosa is trying to convene a meeting between Meyer, himself, Naidoo and housing minister Sankie Mthembi-Nkondo for a "fresh look". Moosa said for the campaign to succeed it had to involve ministries and departments working together.

Campaign manager Chris Ngcobo told the *Mail & Guardian*: "The three ministers have been unable to agree on who should be in charge and that slows down the momentum of the campaign. We cannot afford to let the campaign fail." He did not mind who owned the campaign.

A secondary political squabble revolves around concern in ANC ranks that the political head of a campaign focusing on the needs and aspirations of the black community be an NP minister. Meyer responds: "If that is the suggestion being made to you I would say it is contrary to the spirit of the Government of National Unity." It was for precisely this reason he had asked deputy Moosa to chair the Masakhane committee.

In constitutional development quarters, however, the concern has been expressed that if Masakhane is controlled by an ANC ministry it will be used to breathe life into dying ANC branches and take on a one-party political character.

Water Affairs Minister Kader Asmal, who asked that he become part of the core group overseeing the campaign, said he had no desire to own it. He was not aware of stresses and strains between ministers, he said.

What was crucial was that Masakhane formed a central part of the government's function, which meant every department had to be involved.

The ANC has scheduled a conference for February 17 and 18 to focus on a national strategy for growth and development where the campaign will be high on the agenda.

Chris Ngcobo: 'We cannot afford to let the campaign fail'

Task team to facilitate housing

(123)

ARG 27/1/96

Property Reporter

THE Building Industries Federation has convened the construction industry's own task team to determine how the private sector can best help remove the identified obstacles to housing delivery.

This has been in response to the report on housing strategies by a special ministerial task team.

Bifsa's executive director Ian Robinson welcomed the ministerial task team's report and said: "The report contains an excellent summation of the impediments to delivery and, more importantly, details of recommended actions by government to unblock the process.

"It also gives the private sector something definite to work with — and acknowledges that government could do with some helpful intervention from this source."

He said he was encouraged by the admission in the report that the Masakhane campaign needed redirection, and stressed that viable local government was dependent on payment for services — which should not be linked to bond repayments.

Bifsa believed a policy on infrastructural development was vital to the future development of low-income housing.

But, Mr Robinson said, there remained two overriding concerns for the construction industry.

The first was the lack of capacity at local government level to implement housing policy and processes, in spite of the government's stated intention of devolving power to this level.

The other concern was the failure of govenrment to spell out the effect of its policy on housing specifications.

In this connection, Mr Robinson said there was an apparent political reluctance to clarify the position of a very large group of potential homeowners in the low-income bracket — those who fell between the "fully bondable" and the "fully subsidised".

"Those who are acquiring a home costing R50 000 or more are accessing significant amounts of mortgage bond finance and are generally clear about what sort of home they can expect.

And the "poorest of the poor" who will draw down the maximum subsidy of R15 000 appear to understand that this will only buy a serviced stand and a rudimentary shelter.

"However we believe there is a need to specifically address the expectations of those who fall inbetween — low-income earners who can access only some portion of the state housing subsidy.

"At this level, the total of subsidy finance and mortgage loan they can afford will simply not buy more than a serviced stand plus a starter home of approximately 17sq m — which they will have to improve themselves as circumstances allow."

The ministerial task team's report said it remained the position of government that the specification of minimum stand or house sizes, or minimum service levels "should result from negotiations between local authorities, beneficiaries, financiers and developers and that especially beneficiaries were to be afforded the opportunity to exercise choice in making trade-offs to maximise need satisfaction within affordability constraints."

It said it was the intention of government that communities supplement the housing benefit to be gained from subsidies with "own resources, set equity and (where possible) credit".

But according to Mr Robinson, it had become clear to the construciton industry that negotiations to achieve the type of social compacts envisaged by the government were likely to become extremely protracted where communities were ill-informed about the type of housing they could afford.

Public service retrenchments could see home prices plunge

CT(BR) 31/1/96 (123)

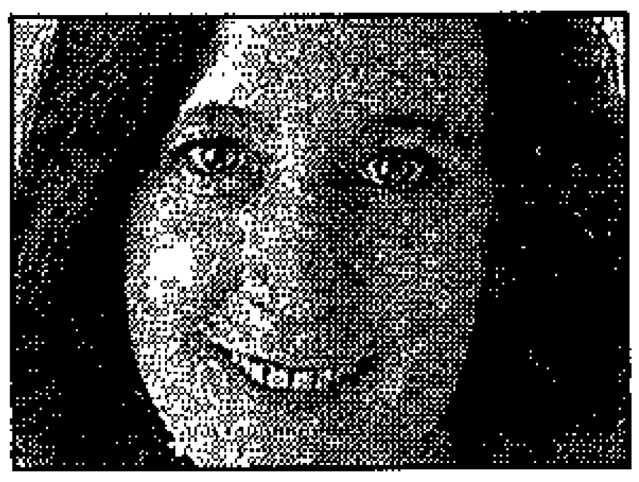
The possibility of major retrenchments down the line in the public service could have severe repercussions, not least of all for the home-loan books of financial institutions.

Government subsidies have assisted many public servants, including lower-income earners, gain access to housing they might otherwise have been unable to afford. For years this sector, because of its relatively stable employment, has been considered a low-risk lending area by financial institutions.

If estimates that one third of the economically active population is employed in the public service are correct, the size of the home-loan business written in this sector cannot be underestimated.

The banks, which entered the home loan market in the late 1980s, are possibly not as exposed in this segment of the market as many of the former building societies. The security of these home loans will depend on the amount of equity the banks have in the houses and on the ability of the economy to absorb people who may be retrenched into the labour market.

MAGGIE ROWLEY



ON PROPERTY

In the past, the public service's stability made it a low-risk lending area

At worst, it could see many homeowners being forced to sell, en masse, which would flood the market and, according to the laws of supply and demand, could undermine sectors of the residential property market.

African Bank's managing director, Colin Franks, alluded to this recently, when he said the bank was concerned about the negative effects retrenchments in the government sector could have on its mortgage book.

Duncan Reeke, the divisional manager of Standard Bank, said policymakers needed to take the potential repercussions into consideration before embarking on any exercise which would disrupt market conditions.

Home loans would not be the only industry affected, as many support industries have sprung up in areas where housing has been provided.

Obviously, he says, if an area is subject to significant changes of employment practices, property values are going to fall and rural areas, where there is little alternative employment, will be more affected than the higher-demand metropolitan areas.

He said that possibly, foreseeing greater risks in the more rural areas, banks tended to have greater equity in houses in these areas, seldom granting more than 80 percent loans.

A flood of properties coming on to the market at one time will undermine property values. If this occurs, the worst-case scenario could be a repeat of the last British recession experience when many homeowners were unable to sell their houses to cover even the outstanding amount on the bond.

Ministry task report could spur housing projects into action

ROBYN CHALMERS (123) BD 19/1/96

THE housing ministry ended last year somewhat cowed after the almost complete lack of delivery despite ambitious promises. The release of the task team report yesterday should go some way towards galvanising the housing programme into action.

The report sees government making some important concessions and taking a long, hard look at the real problems facing the bedevilled housing programme. It is unlikely to please everyone, but it faces some thorny issues head on, not least the perceived friction between Minister Sankie Mthembi-Nkondo and her director-general Billy Cobbett. For that alone, Mthembi-Nkondo deserves praise for her decision to make the report public.

This friction has devolved down to the provincial governments — although some would argue that the seeds for the alienation lay in the provinces — and has been cited time and again by developers as one of the main obstacles to the low-cost housing programme. They say that mixed messages on the size of units and confusion over subsidy amounts have led to long delays in negotiations with communities, and even the rejection of housing schemes.

But now we have a proposal that Cabinet support be secured for the policy — a move which is long overdue. This will go a long way to quelling the dissenters who opposed the policy in the past when it was so crucial to present a united front. It will then be up to Mthembi-Nkondo to continue the support for the policy and also to ensure that the provincial governments do not stray too far from the fold.

The report says frankly that the Masakhane campaign has lost momentum and impact, and the RDP has had little visible effect on the living environment of most communities. This is a blow for government, but now that it has finally been acknowledged steps can be taken to deal with the problems facing both initiatives. The success of the Masakhane campaign is crucial to the housing programme, as banks will never move voluntarily into communities unless there is a resumption of bond payments and the restoration of law and order.

And finally we will have clarity on the White Paper. The virtual disappearance of the White Paper, authored during Joe Slovo's incumbency, over the past year has been of particular concern, as it created the perception the ministry disagreed with its contents and was therefore unwilling to secure Cabinet and parliamentary approval for it.

Of all the bodies affected by the task team report, the provincial housing boards will be the most adversely affected as their power is likely to weaken considerably. This is partly because a few such boards have been able to hold the ministry virtually to ransom on a range of issues, but also because it makes sense to locate the risk closer to local government level. Local authorities will be invited to create housing offices able to process individual non-credit linked subsidy applications.

The report's recommendation that provincial teams be appointed to take control of all subsidised projects, analyse and assist with them may be a radical approach. But it should get most schemes off the ground while those with little hope of coming to fruition can be shelved.

The empowerment of local government is central to the task team report's recommendations, and is rapidly becoming a theme of government on development issues, the RDP being an obvious case in point. It is a clever move as it takes much of the heat off central government, but it is also a practical one as it allows greater interaction between local government and communities.

But with so much emphasis being placed on local government, questions must surely be raised regarding their financial soundness and their capacity to implement policies. Initial estimates from the mortgage indemnity fund on the financial state of local authorities around the country are cause for alarm, particularly in the former black areas where the need for development is greatest. It has been estimated that up to 65% of people in black townships are not paying for their services and a growing number of local government structures are close to bankruptcy. There have been warnings that the lack of service payments are close to a point where further write-offs will have severe implications for the fiscus.

MTHEMBI-NKONDO

A number of government departments sit on the fund's board, most of which appear to have ignored or not fully grasped the implications of the poor financial state of local government. Without financially sound and efficient local government, the strategies of the RDP will not be fully implemented, nor will the Masakhane campaign function properly.

Social compacts are an important part of any proposed project, but in housing they have in the past led to projects being bogged down for months as communities and developers quibble over schemes.

Provincial governments will now be able to stipulate whether or not consultation is necessary and for how long, so if projects do not get off the ground as a result of onerous consultation periods, they will have only themselves to blame.

But perhaps the most startling of the report's recommendations is the proposal that government should investigate mechanisms which can enable large-scale delivery — a move which could see the state going into partnerships with the private sector as a developer.

This is a call that has been echoed by construction companies around SA over the past few months, and if it does result in government moving in as a developer, it may well prove to be the most important and far-reaching of the report's recommendations.

The rental issue will gain greater prominence in the future.

There is a groundswell of support among certain members of the ANC in favour of the erection of mass rental units. But until Masakhane begins to do its work, SA cannot afford to get itself into a situation where it invests vast sums of money in rental units where there is uncertainty about payment.

There are a number of issues which the report does not address, notably the affordability problem and land invasions.

There is little the state can do directly about the lack of affordability, apart from job creation. But it is up to local authorities, communities and developers to ensure that as much as possible is squeezed out of subsidies via innovative building designs and the promotion of cost effective building materials.

Land invasions will remain with us as long as the release of land remains slow, which is due in part to the apparent lack of progress being made on the Development Facilitation Act. Government cannot take a hard line on squatters until alternative accommodation or land is provided, but it is an issue which must be addressed urgently to avoid a repeat of situations which are occurring at Goldev and Moffat Park.

For all of its hard headed approach to the problems bedevilling the housing programme, there is little contained within the report that sees government moving away from its original policy. Call it incrementalism, self-help or starter housing, the policy forged through years of consultation and discussion is here to stay, simply because the financial constraints of SA at present dictate that there is no other way forward.

Housing made part of corvette deal

Mungo Soggot BD 8/2/96 (123 X 354)

GERMAN industrial group Thyssen has proposed investing R19m in SA to kickstart a 100-houses-a-day scheme as part of its R2bn countertrade package for the navy's corvette order.

The group said yesterday it was heading the German consortium targeting the navy's four-ship programme which could resurface this year.

Navy officials confirmed their chances of securing government approval for the R1,7bn corvette order were greater than last year, when Cabinet shot down the defence ministry's controversial request.

Ministry spokesman Lt-Col Damian de Lange refused to comment on speculation that the navy stood a good chance this year.

However, Reuter reported a senior defence ministry source saying the draft Defence Review due out soon would tilt towards rearming the beleaguered navy.

Former naval procurement officer Peter Rogers said: "I think it is highly likely the navy will be given the go ahead to revive the tender process."

Industry sources said the Germans and the Spanish appeared to be front-runners for the order, which, if it went ahead, was likely to hinge on the countertrade side of the deal.

Engineering group Dorbyl was in line to form a key part of such a countertrade deal with the Spaniards or the Germans until it closed its ship building division in Durban last week.

Thyssen director Christoph Hoenings said at full capacity the project would be able to turn out 20 000 houses a year. Each would cost between R12 500 and R15 000. The project would employ 2 000 unskilled and semiskilled workers.

Transnet starts housing plan

20/12/96 (123)

Robyn Chalmers

TRANSNET Housing yesterday began its national conversion of under-utilised hostels into family units, with the launch of Bloemfontein's Phahameng hostel.

The conversion of hostels into family units is part of Transnet's drive towards home ownership for its employees.

The organisation has plans to spend R83,3m on building 1 205 houses during the current financial year.

Transnet Housing corporate relations manager Derek Grobler said the process of converting single quarters into 172 family units at Phahameng hostel would be realised in phases this year at a cost of R7,5m.

Transnet would rent 42 units to existing hostel dwellers, while the remaining 130 units would be sold to Transnet employers and private individuals. Prices ranged from R42 000 for a 50m² unit to R56 000 for a 75m² unit.

Grobler said the project had been guided and managed by a committee consisting of Transnet housing management as well as representatives from the local authority, community leaders, local builders and trade union representatives.

Civics take on banks over bonds

(123)

ST 11/2/96

By SVEN LUNSCHE and LINDA RULASHE

THE South African National Civics Organisation has threatened "serious confrontation" with the government, which is trying to bring 50 000 bond boycotters to heel.

Reacting to a statement by the Housing Ministry, the organisation's assistant general secretary, Linda Mngomezulu, warned of intensified bond boycotts and bank pickets if home buyers were evicted.

The ministry and banks announced they would be serving final notices on 5 700 loan defaulters who had refused to vacate their houses or renegotiate their bonds. If they failed to pay within 30 days they would be evicted.

The defaulters are some of the 50 000 bond holders in townships who are in arrears with bond payments and are living in their homes illegally.

Johann de Ridder and Nkululeko Sowazi, housing officials with the Mortage Indemnity Fund, estimate that the 50 000 account for 10 percent of the black home loans on banks' books, with arrears of R2-billion.

The government and banks signed a record of understanding last year which facilitated the return of the banks to the township market. In return, banks asked the government to assist in retrieving illegally occupied properties as well as providing risk cover against future bond boycotts.

Risk cover is provided by the fund, and banks refuse to lend in areas which are not covered by the Mutual Indemnity Fund.

Mr Sowazi said: "The tragedy is that a small minority is preventing the majority of residents from owning homes. These individuals are hindering economic development in their areas."

He said that Servcon, the institution charged with retrieving homes, had concluded thousands of sales of homes previously occupied illegally.

"Present trends suggest that 80 percent of defaulters will start repaying their loans," he said.

However, these figures could be misleading. Apart from the 5 700 recognised loan defaulters, banking officials have been refused access to another 15 000 bond holders in arrears.

They live mostly in areas that have been refused risk cover, namely Botshabelo in the Free State; sections of the Soweto suburbs of Chiawelo, Emdeni, Kwa Thema and Meadowlands; Khayelitsha and Crossroads near Cape Town; Gelvendale near Port Elizabeth; Kanan and Khuma in the North West Province; Winterveld, north of Pretoria; parts of Sharpeville; and the East Rand townships of Tsakane, Tembisa and sections of Katlehong.

Tembisa, in particular, is a no-go zone after three banking officials were killed last year trying to approach bond defaulters.

Officials of the national civics organisation support the bond boycott in Tembisa and, in some cases, are believed to be threatening those who don't.

The organisation said the government's threat of evictions was "sad and reckless".

"We have been sidelined on several housing-related matters, including the record of understanding," said Mr Mngomezulu, who accused the banks of failing to channel funds to low-cost development.

"The conditions when we started the bond boycotts in the late 80s still prevail," he said, adding that his organisation would seek a meeting with Housing Minister Sankie Mthembi-Nkondo.

Mr Sowazi urged loan defaulters "to normalise their relationship with the banks". He said that if drastic action wasn't taken against those who refused Servcon's offer to renegotiate bonds, the non-payment of loans could spread.

He estimated that under the risk-cover agreement, it would cost the government R240-million a year in interest payments to the banks if none of the illegally occupied homes could be retrieved.

The record of understanding has failed in its second undertaking, namely to speed up bank lending to the townships. A target of 50 000 new loans had been agreed to in the year to July, but figures to November show that to date only about 10 000 loans have been awarded.

While housing officials are loath to criticise the banks in public, in private the criticism is vehement.

The banks are seen as completely unenthusiastic about the market.

"Have you ever seen one bank ad promoting the low-cost housing programmes?" one official asked.

HOME OWNERSHIP

(123) B

CRISIS LOOMS

FM 2/2/96

The lending system for home ownership in (formerly) black areas is heading for collapse, unless government acts swiftly to ensure mortgage repayments.

Banks and other lending institutions say nearly 50 000 bond holders in key townships and settlements — representing 10% of bonded properties, or about R2bn — are in arrears and are refusing to vacate their properties or renegotiate their bonds.

In at least 15 townships, groups of residents or civic representatives are refus-

ing to allow lenders access to the defaulters. Last year two officials — one from a bank and the other from the SA Housing Trust — were killed while trying to reach home loan defaulters in Tembisa on the East Rand.

"Unless we can re-establish respect for the law, for contracts and the whole concept of due process, investment will come to an end and those areas will be condemned," says Nkululeko Sowazi, MD of the Mortgage Indemnity Fund, established last year by government and banks to bolster lending for homes in disadvantaged communities.

The fund was floated with a R120m cushion of public money over two years to insure banks and other lenders against losses incurred through defaults. But the fund already has a potential exposure of R2bn-R2,5bn, says Sowazi, which would end up on the taxpayers' account if problems are not resolved.

A function of the fund itself is to help banks and encourage local and provincial authorities to negotiate with people in arrears. If the intervention fails after 90 days, banks may claim restitution for at least part of their losses from the fund — at taxpayers' expense.

Sowazi fears a ripple effect, with bond holders not in arrears reneging on their agreements in protest at others' nonpayment. It is estimated there are 500 000 black home loans worth about R8bn. A further problem is that banks may use the defaulters as an excuse to withhold finance from the vast majority of black aspirant homeowners who can repay their loans.

"If government and banks do not act quickly to normalise payments, then those who are paying will stop and the whole system will be threatened," says Sowazi.

Townships with thousands of bond holders currently "inaccessible" to lending institutions are: Botshabelo in the Free State (except upmarket Block H); Soweto suburbs of Chiawelo, Emdeni Ext 2, KwaThema Ext 4 and Meadowlands Zone 9; the East Rand townships of Tembisa, Tsakane and parts of Katlehong; Sharpeville in the Vaal Triangle; Khayelitsha and Crossroads near Cape Town; Gelvandale Ext 12 near Port Elizabeth; Kanana and Khuma in the North-West Province and the sprawling rural settlement of Winterveld north of Pretoria.

Sowazi says affordability is the main reason for the nonpayments, with many

mortgage defaulters losing jobs or encountering unexpected costs which obviate home loan payments. In some areas residents have simply stopped paying to protest building defects.

"In very few areas are there boycotts for political or other nonspecific reasons," he says.

There is also no apparent correlation between nonpayment of loans with commercial institutions and nonpayment of municipal service charges.

KwaZulu-Natal, for example, has one of the lowest rates of township service payments (below the national average of 35%), yet it has the best record for mortgages, with a default rate of only 3,6%. ■

Report enables govt to upgrade plans for delivery of houses

(123) BD 5/2/96

Robyn Chalmers

THE acceptance by provincial housing ministers at the weekend of the task-team report on boosting delivery has opened the way for government to begin planning the implementation of the report's proposals.

Housing Minister Sankie Mthembi-Nkondo said her meeting at the weekend with the nine provincial housing ministers to approve the report was "very constructive and productive".

"As I leave for New York to attend a preparatory meeting for Habitat II, I have left my director-general Billy Cobbett with instructions to proceed with preparations for implementation," she said.

Mthembi-Nkondo said she would meet with the provincial housing ministers on her return from New York to finalise their inputs and approve an implementation plan.

The report would still have to go to the National Housing Board and the Cabinet. If it was accepted, which appeared highly likely, it would be legislated within a few months.

The task-team report proposed that government devolve housing powers and functions to provincial and local governments in a bid to locate the floundering low-cost housing scheme closer to communities.

It also suggested that the failing Masakhane campaign be completely overhauled.

But the most radical proposal was that an investigation be launched into the state becoming a developer of mass housing projects in partnership with the private sector.

Government sources said a team of private sector and government representatives was being put together to look into the feasibility and associated risk of the state entering the market as a mass developer.

The report proposed that central government intervention be undertaken to boost provincial administrative capacity.

Mthembi-Nkondo said that while the housing policy could not be seen as static and needed constant review and modification, there was no need for a fundamental policy review.

NP govt legacy dilutes housing funds

~~124~~ 123

Robyn Chalmers

BD 5/2/96

GOVERNMENT's low-cost housing programme is being hamstrung by projects agreed to by the old dispensation, with less than half the funds spent in the nine months to December going on new housing schemes.

Projects agreed by the old regime will also soak up R29m of housing department funds each year for the next 17 years in interest on a foreign loan to the now defunct national housing commission. The department paid R450m of its R3,2bn budget on the loan in the 1995/96 financial year, and the R350m balance is payable in 2007.

Government figures released at the weekend showed that of the R576,6m spent by provincial housing boards in the first nine months of government's financial year, R220m went on new projects under the subsidy scheme.

But R335m was spent on projects agreed to by the housing departments of the House of Assembly, House of Delegates and House of Representatives during the apartheid era.

The schemes are mostly site-and-service projects in former black authority areas, welfare projects such as old-age homes and middle- to lower-priced housing units in white areas.

Government sources said the own affairs departments had been asked not to commit new funds to housing schemes after June 30 1993 but most had failed to comply.

Expenditure figures for provincial governments showed the Western Cape provincial housing board's expenditure was well ahead of its provincial counterparts, having spent R120m or 46,7% of its budget.

But the figures had been boosted by spending on projects agreed to by the

Continued on Page 2

Housing

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previous dispensation. Just R19m was spent under government's subsidy scheme.

Gauteng, which spent R200m or 27,7% of its budget allocation, was by far the biggest spender under the subsidy scheme with R86,4m spent on new low-cost housing projects. But it also spent R113m on projects agreed to under the old dispensation.

The Northern Cape, which spent 41,6% or R33,2m of its budget, was comparatively unscathed by previous commitments, having spent R2m on former own affairs projects and R5,9m on the National Housing Fund.

"The projects entered into under the old dispensation are being phased out as quickly as possible," housing department funding acting director Dawie Strauss said. "But there were a few large contracts signed which now have to be dealt with."

Western Cape board chairman Johan Nel said the province was only now starting to pick up its spending on the current subsidy scheme.

"We were tied into contracts approved by the former own affairs departments. We are confident that by the end of the next financial year, all of these obligations will have been phased out."

See Page 3

Regional chairman is publicly censured by IFP

BD 5/2/96

Business Day Reporter

THE IFP national council yesterday publicly censured IFP south coast regional deputy chairman Thomas Shabalala after his supporters forced IFP secretary-general Ziba Jiyane to flee their stronghold of Lindelani by firing gunshots.

IFP council member Walter Felgate said Shabalala had been asked to "remedy" the situation, or further action would be taken against him. He will risk expulsion from the IFP and his seat as an MP in the KwaZulu-Natal legislature.

Shabalala's supporters were accused of burning buses in an attempt to expand his taxi business in Lindelani, an informal settlement near Durban that Shabalala is said to control with an iron fist.

Jiyane held a meeting in Lindelani last week in an attempt to resolve the issue of the burning of buses.

However, Shabalala's supporters fired gunshots, forcing Jiyane to retreat to a nearby police vehicle for protection.

The council meeting was called specifically to discuss Shabalala's behaviour, and some IFP leaders said they would push for his immediate expulsion.

However, Felgate said no such call had been made at the council meeting.

An IFP source said the council's decision to support Shabalala was disappointing. He had been censured at an earlier council meeting, but his supporters went ahead and threatened Jiyane's life.

Felgate said Shabalala had been asked to respect the right of everyone to choose their mode of transport.

Felgate said Shabalala had been "difficult" in this case, but was generally a "good guy".

An IFP source said that Lindelani was an IFP stronghold, but Shabalala was driving away support because of his actions.

He has been one of the most powerful IFP leaders at grassroots level and had been accused by the ANC of waging a ruthless campaign to expand IFP control.

Ngcobo quits Masakhane to take Jo'burg council post

BD 5/2/96 (123)

Mduduzi ka Harvey

THE ailing Masakhane campaign is to come under new leadership after the resignation of the campaign's manager Chris Ngcobo.

Ngcobo has been appointed as CEO of Johannesburg's southern substructure.

He was named manager of Masakhane at its formal launch early last year. With a 1995/6 budget of R30m, the campaign was centrally designed to resuscitate service and bond payments in the townships.

However, recent reports suggest that two thirds of the population in black townships are still not paying for services, that many local authorities are close to financial collapse and that the campaign has failed to take root.

Masakhane's leadership has been criticised for failing to drive and focus the campaign, and to sustain its initial momentum.

Masakhane sources said no decision had yet been taken on who would succeed Ngcobo.

'Frustration' sets back hopes for Masakhane

(123) BD 6/2/96

Robyn Chalmers

FRUSTRATION over the lack of progress of government's Masakhane campaign, as well as structural inefficiencies, were the main reasons behind the resignation of national campaign manager Chris Ngcobo, sources said yesterday.

It was announced at the weekend that Ngcobo would be resigning as Masakhane national campaign manager to take up the position of CEO of greater Johannesburg's southern metropolitan substructure.

Ngcobo said yesterday that heading up the substructure was a great opportunity, and would take him back to his roots which were forged in local government issues.

He had worked as a researcher and negotiator for the Soweto Civic Association on the metropolitan chamber and had also been involved in local government issues while working for the Urban Foundation's development strategy and policy unit.

Ngcobo would not comment on whether there were other reasons for his resignation, but sources said the poor direction and the low profile given to the Masakhane campaign by government had caused great frustration among those working on the project.

"There were problems right from the start with administration, as a number of people were not paid and a range of structural inefficiencies cropped up which led to some disillusionment," one source said.

"The very fact that the campaign was located under the provincial affairs and constitutional development ministry within central government caused problems. Even though the RDP office and housing ministry had input, it was still being run largely by a ministry headed by an NP minister."

Another source said the running of the campaign had to be taken away from central government and located closer to local communities if it was going to succeed.

The source said the campaign could not be a government function as it had tended to create an "us and them" situation in the past.

"The campaign will not get the representatives and input needed from church organisations, non-governmental organisations and the business community as long at it is located in central government," the source said.

The move to locate it closer to communities was one of the proposals being considered by the ministries of housing, constitutional development and the RDP office.

Plan to speed up building of houses

(123) Sowetan 6/2/96

Task team appointed to identify constraints in wake of criticism

By Joshua Raboroko

HOUSING MINISTER Mrs Sankie Mthembi-Nkondo has accepted the recommendations of the special task team she appointed to speed up housing delivery following meetings with the nine MECs for housing.

Speaking before her departure for a meeting in the United States, the Minister said she was confident that the recommendations would impact strongly on housing delivery this year in spite of earlier criticisms.

She consulted with the National Housing Board and the MECs for housing in Pretoria at the weekend, and told director-general of housing Mr Billy Cobbet to prepare to implement the recommendations.

The recommendations include the following: relaunching the Masakhane campaign, delegating powers to provincial and local authorities, allocation of the subsidy scheme to the poor; and vigorous implementation of the agreement reached with banks on mortgage indemnity and the builders warranty scheme.

The task team was appointed to identify constraints in the delivery of housing in the wake of criticism that the delay was caused *inter alia* by policy inconsistency and deficient managerial capacity in both the provincial and local administrations.

The Minister said she would hold further meetings with the MECs to finalise their inputs and to approve the final introduction of the plan when she arrives back in South Africa.

"We must move fast to built homes this year. Time for talk is over," she said.

BUSINESS DAY, Wednesday, February 7 1996 3

Provinces want an additional R8,3bn to upgrade services

(123) BD 7/2/96

Robyn Chalmers

GOVERNMENT has received applications of more than R8,3bn from six provinces to fund the upgrading of municipal services, increasing the pressure to supplement the R1,45bn allocated from the RDP fund for this purpose.

Constitutional development department local government facilitator Richard Kruger said yesterday he could be forced to go back to the RDP projects steering committee in August for more funding.

"There is a huge backlog of municipal services in the country, and applications are flooding in from the provinces. We want to ensure, however, that there is visible delivery on existing projects before we look for more funding," he said.

The most recent Municipal Infrastructure Investment Framework, drawn up by the RDP office and housing department, estimated that between R45bn and R89bn would be needed over 10 years to fund the backlogs. The framework suggested that the private sector should play an important role in the funding of municipal services upgrades, with discussions on this well under way.

Kruger said that the Gauteng provincial government, which was allocated R86m under the municipal services upgrade programme, had received applications from its local authorities worth R2,5bn. KwaZulu-Natal was allocated R149m and applications valued at R1,5bn had been received. Similarly, Mpumalanga's applications for municipal services upgrades of R71m outweighed the R49m allocated while the Western Cape's allotment was R52,8m against the R600m worth of applications received.

The RDP's municipal services upgrade programme received a shot in the arm late last year when Minister without Portfolio Jay Naidoo announced that an additional R700m would be allocated from the RDP fund.

Naidoo said in the latest issue of RDP News that the reason for increasing the programme's funding was the huge amount of applications received for upgrading municipal services. While these funds came from the RDP budget, the money had originally been earmarked for the housing department.

Naidoo said the municipal services upgrade programme was aimed at the provision of basic water services, sewerage treatment and removal, electricity, roads and storm-water drainage systems to more than 1 000 developing communities in SA.

Frank Chikane to head SA Housing Trust

~~(124)~~ (123)
Robyn Chalmers
BD 7/2/96

FRANK Chikane, special adviser to Deputy President Thabo Mbeki, has been appointed SA Housing Trust chairman in the first step towards a reshuffle in the floundering body.

The former SA Council of Churches general secretary will be expected to steer the trust through a repositioning and transformation process. Intended mainly to overcome the bond boycott which has battered the trust over the past few years, this will include a management reshuffle.

It was announced yesterday that Chikane would take over from acting chairman Meyer Kahn. Kahn replaced Chris Ball when Ball resigned as executive chairman last year to head the Olympic bid committee.

Housing department director-general Billy Cobbett welcomed Chikane's appointment: "We believe the trust has an important role to play in the delivery of SA's housing programme and Chikane will help to reposition it in its rightful place."

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 against a R62m loss for the previous year. Its main problem was bond boycotts by clients extended credit by the trust's mortgage lending arm, Khayalethu Home Loans. Last year's annual report showed about 45% of these clients took part in the boycott. The bond boycotts, along with

Continued on Page 2

Trust

Continued from Page 1

lower volumes of serviced land, had led to operating cash shortages. MD Wallie Conradie said higher borrowing levels to fund the cash shortages and higher interest rates had contributed to an R18,2m hike to R46m in the cost of commercial funds borrowed during the year to June.

Sources said the extent of the trust's financial problems meant the transformation process was likely to be more wide ranging than outlined in the organisation's annual report. Serious pruning would probably take place.

The report said lengthy talks between government, the housing ministry and the trust's management had led to an agreement that the trust should be repositioned to play a strong role in retail lending. However, a detailed programme would be undertaken first to transform management, focus on affirmative action and boost cooperation between communities and the trust.

Dearer water if Govt plan gets the nod

Star 7/2/96 (123)

Even farmers realise the right to take precious water from an almost dry river is worthless, says Water Minister Asmal

Sapa, Reuter and Staff Reporter
Cape Town

Water Affairs Minister Kader Asmal is proposing drastic changes to the way the country uses its water supplies - and the costs for consumers will be higher.

"The price of water would be set at a level which reflected its value, and trading in water rights could be formally acknowledged and encouraged," Asmal said yesterday at a press conference.

"The recent drought has performed one essential service," he said "The need for a review of our water law is now supported by all sectors of society."

He added that while there was understandable apprehension about existing water rights, even farmers realised that the right to take water from almost dry rivers was worthless.

Most people also accepted that growing pressure on South Africa's limited water resources meant that a new framework was needed within which needs could be balanced in the interests of society as a whole.

He said that if the proposals were adopted, the present arbitrary system of water tariffs would make way for one in which the price reflected the cost of delivery.

The system linking water-use rights to a specific piece of land would be abandoned, trading in water rights would be encouraged, and uncontrolled use of underground water ended.

Asmal stressed that the proposals – from a panel appointed last year – were open to debate.

"It should be clear that my approach to this whole matter will not be dogmatic," the minister said.

A refined version of the report would be presented at a conference on water law in July, followed by a white paper in October and new legislation at the beginning of the 1997 parliamentary session.

Public comment would be invited and a special effort would be made to get input from poor, rural communities.

The uncontrolled use of underground water would also end.

"No one will 'own' water. We are one of the few countries in the world to allow uncontrolled use of water and this proposal will abolish the distinction between public and private water," Asmal said.

He admitted that this suggestion would have to be examined carefully as he did not want to create "a bureaucratic monster" that would require everyone with a borehole to get a licence.

The panel said priority should be given to water for human consumption.

Water supply and sanitation services should be regulated to ensure that everyone had access to basic services, and the private sector should be involved.

Mandatory provision should

► ... To Page 2

Radical new water policy

► From Page 1

be made to enforce water suppliers to adopt conservation measures. Asmal said this would complement his department's national water conservation programme which, he admitted, would have to rely on a mixture of persuasion and tariffs.

The panel said provision should also be made to ensure that enough water was left in rivers to meet South Africa's obligations to its neighbours.

"We should also have proper land-use policies," Asmal said.

As a result, the panel had also recommended that present controls on forestry, which soaked up a great deal of rainwater before it reached rivers and dams, should be extended to other activities which had a similar impact. These

Between R3-bn and R4-bn is owed in arrears

Bond crackdown

(123) Sowetan 7/2/96

By Joshua Raboroko

THE Government and banks are to take tough action on mortgage loan defaulters and have given the estimated 49 000 people who are boycotting bond repayments until June 30 to pay their arrears or be evicted.

The institutions have also agreed to take other stringent measures, including enforcing law and order against defaulters in arrears estimated at between R3-billion and R4-billion.

Sowetan learnt from reliable sources that 49 000 defaulters were not paying their bonds, a move which has hampered housing delivery.

It is also understood that the Housing Minister Sankie Mthembi-Nkondo held a meeting in Pretoria last week with Minister of Justice Mr Dullar Omar, Commissioner of Police Mr George Fivaz, the banks and government officials to discuss the issue.

The meeting agreed that defaulters would be given until June 30 this year to pay their arrears or face prosecution.

Defaulters would be visited by Servcon, a government housing solution company, and banks to explain their problems.

The people who were not paying their bonds made it impossible for financial institutions to grant home loans in the areas plagued by boycotts.

> **‘Defaulters have been given until June 30 to pay up or face prosecution’**

This, sources said, came up when the Mortgage Indemnity Fund visited the areas to access the possibility of banks resuming lending to home-owners.

"The government wanted to give everybody a chance to own a house and realised that they were people who were "just arrogant and not willing to pay", said the sources.

Most of the defaulters prejudiced the chances of potential home-owners from obtaining loans from banks, thus resulting in slow housing delivery.

Government officials were invited to the meeting so that they could enforce the law if defaulters remained steadfast in their decision not to pay.

Director-general of Housing Mr Billy Cobbet, who is representing Mthembi-Nkondo, was yesterday not available for comment.

However, it is understood that a Press conference is to be held today to give details of Government and the banks' intentions regarding the bond issue.

End bond boycott

The move by the stakeholders comes a week after the South African National Civic Organisation and Minister without Portfolio Mr Jay Naidoo undertook to support the Reconstruction and Development Programme to end the bond boycott.

The South African Housing Trust and the banks have estimated the bond arrears to be between R3-billion and R4-billion.

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Sanco vows to fight evictions

Govt, banks to crack down on bond boycotts

(123)

BD 8/2/96

Robyn Chalmers

GOVERNMENT and mortgage lenders have agreed to launch a new crackdown on bond boycotts, with the first phase of evictions — involving up to 5 700 borrowers — likely to kick off next month.

In addition, government and banks are to investigate the construction industry's failure to deliver low-cost housing and the poor quality of some stock that has been delivered.

Housing Minister Sankie Mthembi-Nkondo said that the 5 700 borrowers — mainly in Gauteng — had "flatly refused" to participate in its payment normalisation programme and would "have to face the full legal consequences of their actions".

Mthembi-Nkondo has secured the support of Justice Minister Dullah Omar, national police commissioner George Fivaz and Finance Deputy Minister Alec Erwin. All attended a crisis meeting last week to discuss the boycott issue.

Their help will be vital in backing up eviction orders, should defaulting borrowers not respond to letters of demand sent out last month. Three bank officials were murdered late last year after they tried to persuade home owners in Tembisa to resume payments.

The SA National Civics Association (Sanco) came out strongly yesterday against the proposed action, threatening to stop anyone who attempted to evict defaulters.

Nomavenda Mathiane reports Sanco Gauteng general secretary Linda Mngomezulu said residents would not pay until the reasons for the boycott had been addressed. Residents of Tembisa's Hospital Gardens suburb said they were unable to pay their bonds because of the Sanco boycott. The situation was "extremely tense".

The payment normalisation programme — run by Servcon, the SA Housing Trust and banks — gave defaulters a one-off choice between rehabilitating their loans or receiving state assistance to move to more affordable accommodation.

More than 49 000 borrowers are affected by the programme and more evictions could follow this year should defaulters refuse to co-operate.

Mthembi-Nkondo said it had been agreed at the meeting that thousands of families needing housing finance could not be deprived of it by "the actions of a small minority of those who already have the benefit of such finance". More than 80% of affected defaulting borrowers resided in Gauteng areas such as Ennerdale, Daveyton, Katlehong, Lenasia, Soweto, Thokoza, Vosloorus and Sebokeng. Tembisa,

Continued on Page 2

Boycotts

(123)

Continued from Page 1

BD 8/2/96

which had a high concentration of repossessed properties and non-performing loans, had been rated as inaccessible after three officials were killed.

A further 14 areas, mainly in Gauteng, remained inaccessible because of boycotts or because groups prevented officials from Servcon, the SA Housing Trust and banks entering the area.

Mngomezulu said Sanco would approach ANC secretary-general Cyril Ramaphosa to enlist his support for the boycott.

It also emerged at the meeting that banks had granted only 8 500 loans in the under-R65 000 category by November 30. The targeted 50 000 loans by June, agreed to with government in 1994, is thought to be unattainable.

Council of Southern African Bankers CE Piet Liebenberg said the slow progress was mainly due to lack of affordability being a bigger problem than expected; delays in developing and delivering housing stock by the construction sector; and constraints within government structures.

A formalised structure co-chaired by housing director-general Billy Cobbett and Liebenberg would be set up. The first issue on its agenda was to look into why the construction sector had not delivered homes.

See Page 15

Sanco's threat to relaunch boycotts

(123) Sowetan 8/2/96

By Joshua Raboroko

THE South African National Civic Organisation (Sanco) yesterday threatened to relaunch the bond boycott imposed during apartheid if the plight of the disadvantaged masses were not considered by banks and the Government.

Sanco's general secretary, Mr Linda Mngomezulu, said they would organise and oppose any "insensitive action". He was reacting to disclosures that Government and banks would introduce stringent measures, including prosecution and eviction, if they did not end the long-standing bond boycott.

National Housing Minister Mrs Sankie Mthembi-Nkondo took the decision after meeting Police Commissioner George Fivaz and Justice Minister Dullar Omar in Pretoria last week.

Mngomezulu said Sanco was not consulted despite the fact that they were signatories to the Botshabelo Housing Accord, where all stakeholders in the housing sector pledged to work towards ending the bond boycotts.

He said non-payment of bonds was sensitive and needed to be tackled very carefully, "because we will not tolerate seeing our people evicted or prosecuted for not paying".

"We want to negotiate a peaceful settlement with the banks and Government regarding non-payment of loans.

"We have tried to negotiate this problem with banks and it seems no solution will be reached. We tried to talk to government officials yesterday, but none was available," he said.

He stressed that it was clear from the involvement of police and Justice Department officials at last week's meeting that the Government intended "to frustrate our people".

Meanwhile SA banks have repossessed more than 13 500 homes – valued at over R3 billion – whose tenants failed to pay their mortgage loans.

This figure is the tip of the iceberg because banks are still saddled with a large number of "non-performing" home loans. Mr Denis Creighton, managing director of Servcon Pty Ltd, said they would help mortgage defaulters to find alternative accommodation.

Govt set to crack down on home loan defaulters

(123)

MAGGIE ROWLEY

CT 8/2/96

A clampdown on bond defaulters in the low-income housing market is imminent.

In a statement yesterday, the Department of Housing, the Council of South African Banks and the Mortgage Indemnity Fund said there were about 49 200 non-performing home loans countrywide.

A total of 15 areas — mostly in Gauteng but including Khayelitsha in the Western Cape — have been singled out for special attention by the government. These areas have high concentrations of defaulting borrowers but are "no-go" zones for lending institutions, who have been denied direct access to their clients because of boycotts and other actions.

The government said it had "both the will and the capacity to back the due legal process" in these areas.

● See Page 13

Government, banks launch tough action to nab bond defaulters

123 CT (BR) 8/2/96

By Maggie Rowley

Cape Town — The government and South Africa's biggest banks are planning a nationwide effort to track down and sue bond defaulters in the low-income housing market.

Final letters giving 30 days' notice are being sent to 5 700 borrowers. Failing a positive response, they will face the "full legal consequences of their actions", which includes evictions.

In a joint statement issued yesterday, the Department of Housing, the Council of South African Banks and the Mortgage Indemnity Fund said that non-payment of home loans was much more widespread than had previously been thought.

About 49 200 home loans were now non-performing, they said.

Fifteen areas countrywide — mostly in Gauteng but including Khayelitsha in the Western Cape — have been singled out for special attention by the government.

These areas have high concentrations of defaulting borrowers, but have remained no-go zones for lending institutions, which have been denied direct access to their clients because of boycotts.

Urging an end to disputes that prevented normal relations between borrowers and lenders in these areas, the government has warned that it had "both the will and the capacity to back the due legal process" in these areas.

The country could no longer afford the non-payment of home loans because it prevented the low-income housing initiative from getting off the ground and threatened to undermine the banking system.

It was also beginning to affect the performing home loan market and other consumer credit repayments.

A record of understanding was signed between the banks and the government in 1994 in an attempt to normalise the housing market.

In terms of this understanding, negotiations were initiated with defaulting borrowers. The agreement offered them the choice of rehabilitating their loans and restoring ownership under favourable terms or receiving state financial assistance to relocate to more affordable alternative accommodation.

There had been some success, but it had been slower than anticipated. Only half of the affected borrowers had been contacted so far.

About 1 200 property sales to original owners or third parties have been concluded and thousands more are being processed.

NEWS FOCUS

Masakhane's success depends on govt's support

(123) BD 9/2/96

Stephen Laufer

SURFING on the current wave of Bafana Bafana goodwill, ANC strategists at a national executive meeting in Cape Town this weekend will ask themselves how to translate the soccer's positive emotions into houses, clinics and other projects at the heart of the RDP.

The answer could lie in the Masakhane campaign. But officials will first have to agree on whether Masakhane is solely about encouraging a resumption of rent and services payments, or has broader objectives.

Since its launch a year ago by President Nelson Mandela, the campaign has developed the potential to be a significant nation-building exercise capable of mobilising community participation in development and an acceptance of the rule of law.

The evictions of township bond defaulters due to start next month bring Masakhane's role in changing attitudes into sharp focus: without community consensus non-payment by individuals should have legal consequences because it negatively affects bank lending for housing and evictions will be close to impossible.

Yet consensus can only be built if the tough payment message is linked to Masakhane's broader persuasive message. The campaign's role is to create a context for the government's whipcrack as being in the greater interests of the community.

But Masakhane is in crisis. Mandela's recent call to ANC members to strengthen the campaign and last week's decision by 30 Gauteng mayors to increase pressure for payment for housing and municipal services stand in sharp contrast to the bureaucratic and political mire bogging the campaign down at national level.

Campaign manager Chris Ngcobo has just resigned and, although reluctant to comment, it is known he encountered many bureaucratic hindrances. Ngcobo's team hinted at their difficulties when they criticised a plan to make Masakhane a line function in the constitutional development department.

The department's proposal "does not address the administrative constraints that result from managing a campaign of this nature within a government department".

Meanwhile, wrangling at national level over the structure of the campaign is threatening what Mandela defined as a spur to popular participation in community development and the emerging cohesion at local level on the campaign's goals and direction.

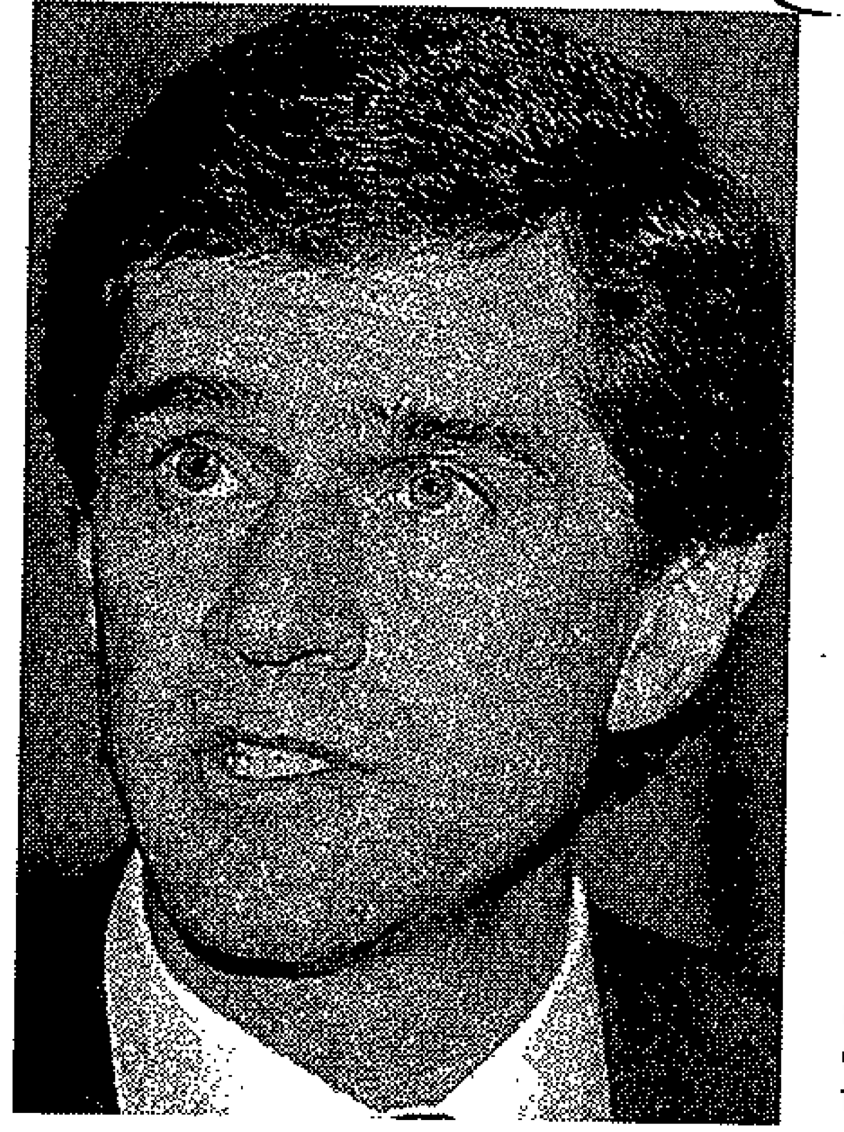
Ngcobo points out that even with efforts to move the campaign to local level achieving successes, Pretoria's lack of clarity matters because central government controls the budget. — R30m this financial year.

Recognising that all has not been well, the three departments currently responsible — constitutional and provincial affairs, housing, and the RDP — began discussing restructuring last June. Eight months later, the plans are trapped in a Byzantine web of bureaucratic ineptitude, party-political gerrymandering, mandarin manoeuvring, and political rudderlessness.

At stake are the definition and the location of the campaign.

Housing director-general Billy Cobbett and his counterparts Bernie Fanaroff of the RDP and Neil Barnard of constitutional development were presented with a consensus proposal by their officials and the campaign management at national and provincial level in September. They are understood to have discussed it again in the past two weeks, but it seems not to have been sent formally to political level.

Modelled along the lines of the Mortgage Indemnity Fund, which provides cover against a breakdown in the rule of law to banks engaging in the township housing market, it would take Masakhane out of the bureaucracy. Political control would be in the hands of a board of directors nominated by all of the delivery departments at national level, and the nine provinces.


MEYER

Constitutional development is understood to have launched a counter-proposal to divide Masakhane's nation-building and payment roles.

Proponents of the wider-ranging nation-building exercise, including pressure for a responsible attitude to payment for housing and services, favour locating its management structures outside the civil service. Those pushing for it to come under the exclusive control of constitutional development, favour defining it narrowly around payment.

Giving the political oversight to a broadly based board would allow a broader view and wider use of Masakhane, strengthening its role in community mobilisation around issues like policing and health.

The broader model is favoured even by those most directly concerned with payment. Mortgage Indemnity Fund CE Nkululeko Sowazi said the larger task is one of normalisation.

What is needed, he said, is an institution able to lead the process of creating cohesion within communities. Although Masakhane directly affects payment, it is also needed to drive a process of community involvement in their own affairs.

When the debate over the campaign's future emerged last month, reporters were told devolution to local level was the current favourite.

The statement was just a little disingenuous.

Ngcobo says devolution is, as the mayor's campaign demonstrates, well under way. What is still unresolved is the issue of who at national level is to give the campaign political direction, and who is to spend the central communications budget.

The models on the table are intensely political, as NP chief strategist Roelf Meyer will have recognised: a broad and flexible nation-building campaign, able to mobilise the Bafana Bafana spirit and significant private sector contributions for development projects, would favour the ANC as the party most closely associated with the RDP.

A campaign limited to payment issues would either succeed and be of benefit to local authorities struggling to finance infrastructure measures. Or it would fail, giving the NP a stick to beat the ANC with over the culture of township entitlement and ungovernability it created and could not get rid of.

But a document produced late last year by the campaign management criticised the proposal to split payment and nation-building. It would hamper civil society participation, it said, and two versions of the campaign would confuse the public.

Payment issues "are part of local economic development which is critical for nation-building". Separating the two would "result in disintegration of the campaign".

But Masakhane has always been a bit of a Cinderella, rarely receiving the attention and support it required from the most senior political and civil service levels. The consensus restructuring proposal, designed to give the campaign the flexibility and political direction it lacked, has run aground.

Barnard and his deputy at constitutional development, Andrew Boraine, appear to share Meyer's view on narrowing the focus. At the housing and RDP ministries, Cobbett and Fanaroff have so much hay on their forks that Masakhane always seems to be the bit that falls off.

Meanwhile, Masakhane continues to suffer from a lack of national visibility and political direction, despite the recent mayors' meetings. Several million rands for a renewed burst of national television and local radio and print advertising remain unspent two months before the end of the financial year.

Bureaucratic delays have prevented the finalisation of new radio and television campaigns which could have capitalised on the Bafana Bafana spirit as a backup to the increasing local activity.

Seeking to mobilise SA communities, the ANC will need this weekend to find a way to mobilise Masakhane.

□ Laufer, a former housing ministry spokesman, was involved in setting up the Masakhane campaign.

Chikane to head SAHT

(123) Sowetan 9/2/96

By Joshua Raboroko

THE Reverend Frank Chikane has been appointed chairman of the board of directors of the South African Housing Trust Ltd and Khayalethu Home Loans (Pty) Ltd with immediate effect.

His appointment was confirmed by SAHT's acting chairman Mr J H Kahn. "Chikane's appointment signifies the start of the repositioning and transformation process of the organisation. We pledge our support in the opportunities facing the organisation," he said.

The appointment comes at the time when the prolonged bond repayment boycotts continue to put pressure on the operating cash flow of the group.

It is hoped the full implementation of the debtors normalisation programme will take time and that the cash flow will have to be carefully monitored in the short to medium term until repayments are fully normalised.

It has been estimated that an additional R29,9 million will be required to implement the programme. A further R16,3 million could be required for repair to houses in the next few years. About R46,2 million has been charged against income in the financial year.

Chikane is presently special advisor to Deputy President Thabo Mbeki. He served as deputy president of the Soweto Civic Association.

He was also deputy president of the United Democratic Front, former general secretary of the South African Council of Churches and senior research officer with the University of Cape Town.

SOWETAN Friday February 9 1996

Sanco demands urgent hearing

(123)
Sowetan 9/2/96

By Joshua Raboroko

THE South African National Civic Organisation (Sanco) has called for an urgent meeting with Housing Minister Mrs Sankie Mthembi-Nkondo, to discuss the plight of about 49 000 people who have defaulted on their bond repayments.

Sanco's general secretary, Mr Linda Mngomezulu, said yesterday the organisation wanted the Minister to cancel her overseas trip to address the crisis before "we relentlessly organise our communities and oppose the evictions".

The Minister left South Africa at the weekend to attend a meeting for the Habitat II conference in New York.

Before her departure, she led a high-level Government delegation consisting of Minister of Justice Mr Dullar Omar, Deputy Minister of Finance Mr Alec Erwin and Commissioner of Police George Fivaz and bank officials in discussing the boycott issue.

The director-general of Housing, Mr Bill Cobbet, said the 49 197 borrowers – mainly in Gauteng – had not paid their bonds as part of the normalisation programme aimed at ending the boycott.

He said there were 15 areas with a high concentration of properties whose owners were not paying. These areas remained inaccessible because of the current bond boycotts or certain groups preventing financial institutions from communicating directly with their clients.

It is understood that of the borrowers, 5 700 had flatly refused to accept the opportunity to restore ownership of their repossessed homes. The department and the banks had, however, noted that some of the defaulting borrowers had "severe affordability problems".

Cobbet said: "It is important that people realise that they will not be able to escape the full legal and financial consequences of their action, and that the Government has both the will and the capacity to back the legal process."

Mngomezulu said that they would consider various options to protest the evictions unless the Government and banks resolved the problems amicably.

Electricity hike may follow 'White Paper'

CT 9/2/96

(123)

DOMESTIC electricity consumers face a double blow later this year if a secret draft White Paper on energy circulating at Parliament is adopted by the government.

The draft proposes a strategy to achieve social equity, efficiency and competitiveness of electricity supply in a market economy, but allows for state intervention "where market failures prevail".

The draft White Paper calls for a levy on electricity bills to fund a National Electrification Fund to manage the electrification of areas neglected under apartheid.

Domestic consumers will pay half the levy, with commercial users adding the rest to take the total levy up to one-third of the cost of electrification projects.

"The levy, together with the termination of internal cross-subsidies, will have a negligible effect on industrial and commercial consumers," the draft says.

It also proposes that Eskom should lose its tax-exempt status, which would add to the electricity bills of existing consumers.

An Eskom official said: "Eskom pays no conventional company tax because we are a non-profit organisation. Obviously, if we are to pay tax, the cost of electrification would have to be offset against it."

The draft says Eskom should not have to supply electricity on uneconomical terms, but should develop alternative energy sources.

It also proposes a R4 000 ceiling on the unit cost of rural connections, which would rule out new connections to farms or remote communities.

The draft is likely to be sent to the parliamentary portfolio committee on mineral and energy affairs for scrutiny and public comment. — Reuter

● See Page 20

Water Affairs Minister Kader Asmal tells RAY HARTLEY about his radical plans to change the way we use water in South Africa

Changing the course of our way with water

ST 11/2/96
(123)

WHEN the once-mighty Magnus Malan was taken down from his perch at the top of the security establishment and made water affairs minister, he spent his last days in government in a permanent state of humiliation.

In those days the Water Affairs Ministry was viewed as one of the cabinet's lesser portfolios, a place from which General Malan would be able to do no further damage to the reforming NP government of then President F W de Klerk.

Now, almost two years after the transfer of power and the subsequent diminution of the security establishment, water has flowed uphill to the top of the government's development-centered agenda.

Leading the aquatic revival is Water Affairs Minister Kader Asmal, who this week struck again, this time with a set of principles set to shake up the way water is used by South Africans.

In the process, Mr Asmal has emerged as one of the Mandela cabinet's brightest stars, not least because of his ability to turn the mundane subject of his ministry into a sparkling national debate.

At the heart of his proposals, what Mr Asmal calls the "extraordinarily exciting notion of a strategic water reserve", is giving certain uses of water priority over others.

From his desk on the 15th floor of his government building opposite Parliament, Mr Asmal somehow manages to imbue every sentence with drama, often adding a wicked mid-sentence aside.

THE three tiers of Mr Asmal's water reserve approach are allocation for human needs, allocation to the environment and reserve for downstream users from other countries.

"We are now beginning to accept that water — this will please the cockles of your editor's heart — has an economic value," he says.

By pricing water in keeping with its scarcity, the new system will put the brakes on unnecessary consumption and generate revenue for the fulfilling of basic water requirements.

The first prong of Mr Asmal's strategy — allocation for human needs — calls for a "lifeline tariff" allowing all people access to between 25 and 30 litres of water a day within 200m of their residences, an official reconstruction and development programme commitment.

Then Mr Asmal's economic valuation swings in: "You want more than the lifeline tariff provides for? — You'll have to pay for it.

"When there's a proper price put to water there'll be greater conservation. Giving a value to water is not to punish anyone, it's to ensure it's used in a more rational way."

The second dimension of the new approach would see water allocated to the environment, something that was not done by successive apartheid governments, whose main concern was the dispensing of water to their white constituency.

"The Orange River is a classic example, where the previous regime built vast agricultural developments on the banks of the river or large dams and irrigation works without real understanding of what it does to the natural ecology of the river," he says.

The third area is South Africa's obligations to downstream countries, a development Mr Asmal calls "an extraordinary triumph in our public life".

With countries like Mozambique and Namibia dependent on rivers originating in South Africa, such a strategy is essential to the country's reintegration into the region.

But underlying this approach is the harsh realisation that South Africa may eventually depend on its neighbours for some of its water.

"We cannot be insular and selfish. Our destinies are tied up with the region in more ways than one," he says. For the new hierarchy of water needs to be implemented, Mr Asmal will have to undo decades of apartheid legislation aimed at regulating the flow of water in and out of white households and businesses.

One of the legal assumptions which is to go is the riparian principle, which links access to water to land.

"Associated with this, which all the economists begin to like, is the idea of trading in water rights — that you should be able to sell water rights. Already farmers, which means white farmers, find this very attractive," he says.

Along with this will come changes to the assumption that anybody can draw water from boreholes that have been sunk on their properties.

SUCH seemingly inoffensive actions in fact raid underground water supplies, affecting the use of water by others and having environmental consequences.

"I want to find out what's going on in Israel. Nobody's got a right to plonk a borehole anywhere they like. Even in England, which is a high water area, you license boreholes," he says.

Does this mean that Mr Asmal will be establishing water police to inspect the use of underground water? No, he says adamantly. "There must be no new bureaucracy created. I want it to be as decentralised as possible, with the central government acting as referee."

The current Water Act was passed 50 years ago, at a time when "South Africa" was understood by the rulers to be a nation of a few million whites.

In those days, the water affairs portfolio enjoyed greater prominence than it did in the dying years of NP rule.

"It's not so that this was a bolt hole for the incompetent, the retard. Until 1984, strategic decisions were made in this department. The great needs of white South Africa for mining, agriculture and industry were met," says Mr Asmal.

"When it came to resources, this department got what it wanted."

This changed in 1984, when the water needs of white South Africa appeared to have been catered for.

Another habit of past governments — the dispensing of large amounts of drought aid, such as the R3-billion disbursed in the dying days of the De Klerk government — should also be stopped, says Mr Asmal.

"Drought must be considered as one of the natural things that happens in production.

"If a factory can't get cheap commodities for production, it either adapts or it closes down," he says.

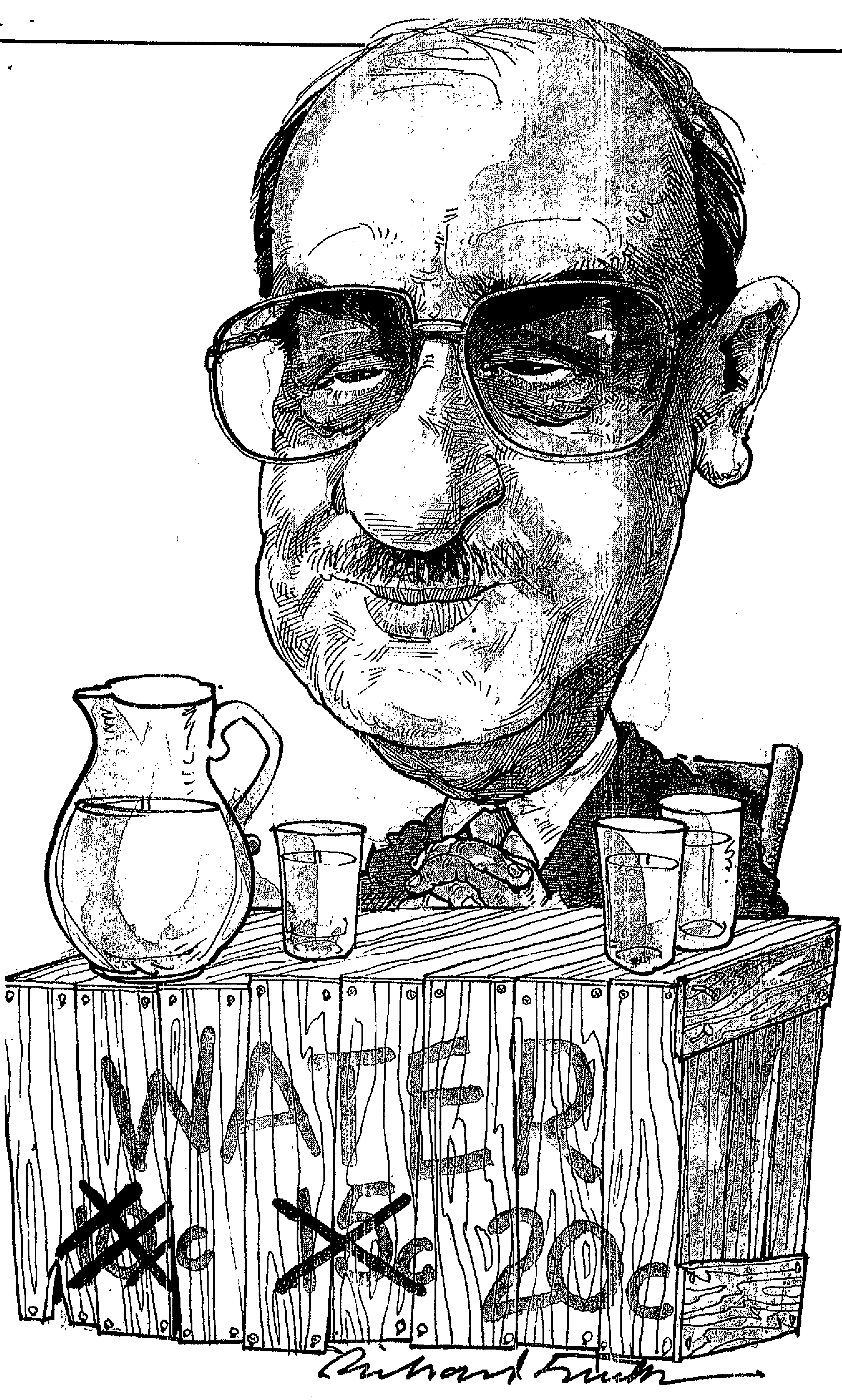
Mr Asmal's programme for the year will see the announcement in February of new bulk water tariffs for government schemes and a huge conference in July to discuss more radical proposals including the trading of water rights.

So, what has driven Mr Asmal into a frenzy of activity over the distribution of water?

"A lot of this has to do with my temperament," he says.

"If you want to be a one-term minister, you must complete the tasks you have in that term."

> 'When there's a proper price put to water, there'll be greater conservation. Giving a value to water is not to punish anyone, its to ensure it's used in a more rational way'



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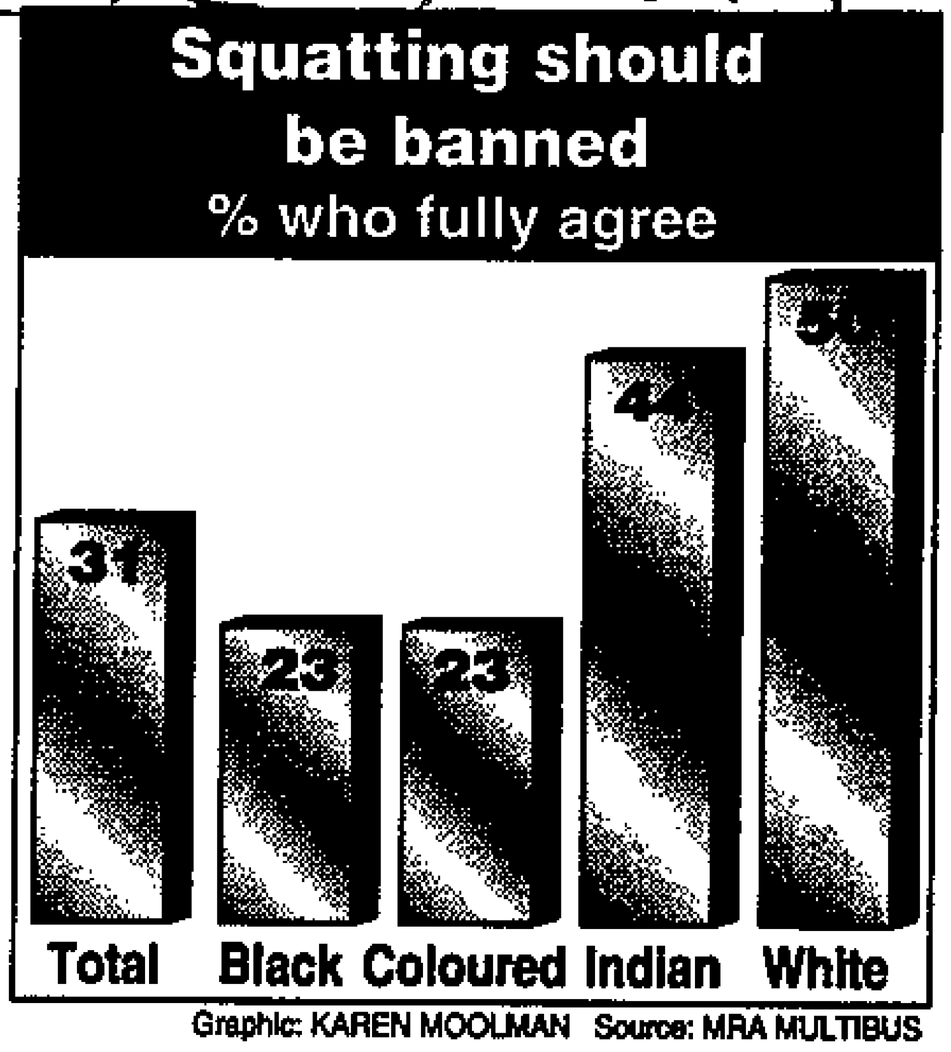
TERMS OF REF

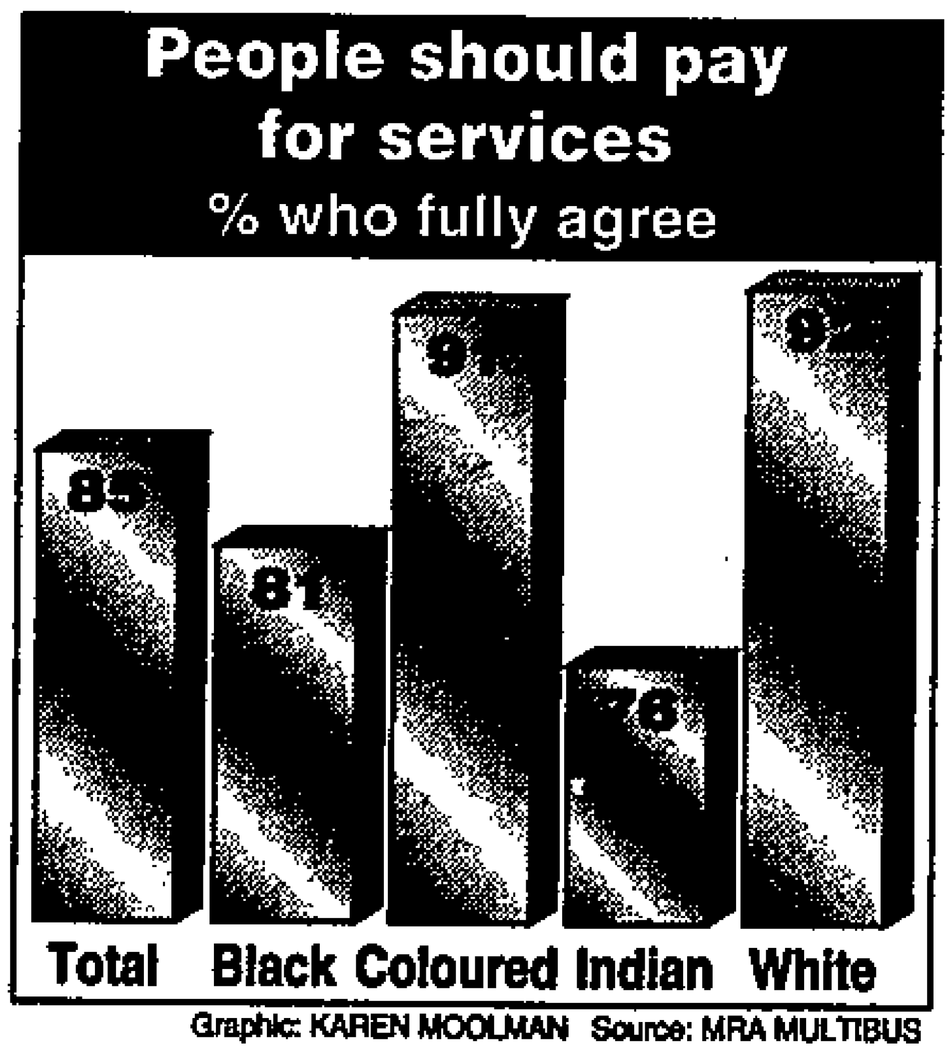
Survey shows overwhelming support for service payments

(123) BD 12/2/95

Business Day Reporter



Graphic: KAREN MOOLMAN Source: MRA MULTIBUS



Graphic: KAREN MOOLMAN Source: MRA MULTIBUS

THERE is sympathy for squatters in settlements subject to orderly arrangements, but almost half the adult urban population "fully agree" or "tend to agree" that squatting should be declared illegal. This is shown in a survey conducted for Business Day by Market Research Africa.

Respondents were overwhelmingly in favour of payment for services such as water, electricity and refuse removal. The survey — part of MRA's regular Multibus surveys — was conducted in November to investigate attitudes towards squatters and payment for services.

The 2 504 respondents in the area-stratified survey represented 13,5-million urban adults. When projected, the coverage represents 92% of the urban adult population and 53% of the total adult population. Those interviewed included 1 032 blacks, 957 whites, 259 coloureds and 256 Indians.

The survey showed that while seven out of 10 South Africans were against unauthorised occupation of available land, 63% would fully agree to squatting "arranged in orderly fashion".

Asked to agree or disagree with the statement, "Squatting should be arranged in orderly fashion with services provided", 77% of blacks fully agreed, compared with 39% of whites.

There were wide differences of opinion between the race groups on the legitimacy of squatting. Half the whites and 44% of Indians interviewed "fully agreed" that squatting should be declared illegal and squatters evicted. Only 23% of blacks and coloureds supported such a proposition.

As a whole, the urban population is more or less evenly split on the issue, with 49% fully agreeing or tending to agree that squatting should be illegal, and 51% disagreeing. Very few respondents (18%) believed squatters should be allowed to occupy whatever land was available.

"Clearly some people equate squatting with unrestrained occupation, and it is this rather than squatting per se they feel should be regarded as illegal, or dealt with by summary eviction," said MRA director Brian Culross, who was involved in the project.

Respondents across all groupings were almost unanimous that services should be paid for. In full or part agreement with this statement were 99% of whites, 98% of coloureds, 97% of Indians and 94% of blacks.

"This finding contradicts the popular mythology that there is a deeply entrenched culture of non-payment in the black community," said MRA MD Hanna Fourie.

"It suggests that non-payment may be attributed more accurately to an inability to pay, or that they are dissatisfied with the quality of services."

An interesting aspect of the survey was that as many as 70% of respondents regarded themselves as owners of their dwellings. By region, the highest home ownership was in KwaZulu-Natal and the Free State (78%).

Fourie said the figures did not necessarily reflect ownership in the strict legal sense, but rather the way people perceived their tenure. "What is owned can vary from a mansion to rudimentary shack materials, and the term 'ownership' will not always imply title to the land on which the home stands."

Those in the lower income groups occupying rented accommodation showed the strongest desire to buy the home if they could.

Programme to end bond boycotts will be improved

BD 12/2/96 (123)

Robyn Chalmers

GOVERNMENT and banks have conceded that their joint programme to end bond boycotts will probably fail in its current form.

A confidential document detailing a recent meeting between banks and government said the programme was fundamentally sound, but a high-level task team should urgently investigate ways to improve it.

The programme — run by Servcon, the SA Housing Trust and the banks — affects 49 000 borrowers. The options offered to borrowers include rescheduling their loans, repurchasing their homes or using state assistance to move to more affordable accommodation (dubbed right-sizing).

"The options on offer to occupants, in view of the realities faced on the ground, are not likely to result in a high enough 'normalisation rate' (whereby defaulting borrowers abandoned the bond boycott)," the document said. "The resultant number of potential evictions required will not be politically and logistically feasible, and the programme may, therefore, fail to meet its objectives."

The meeting detailed in the document preceded last week's announcement by the housing ministry that up to 5 700 borrowers could be evicted from next month in the first phase of a new crackdown on bond boycotts.

The SA National Civics Organisation has threatened to stop anyone attempting to enforce the evictions.

The document recommended that a task team investigate realistic options and enhancements to the programme.

But it said that when improving the programme, the team had to take into account the cost to banks and government, and that it should have no negative effect on new lending.

It also said government and the banks had underestimated the amount of people affected by the normalisation programme, and warned that the cost to banks and government could be significantly higher than expected.

Talking about a river revo

(123) CT 12/2/96

SOUTH AFRICA'S LIQUID revolution gets under way. The aim: water rights for all. Professor **KADER ASMAL**, MP and Minister of Water Affairs and Forestry, gives his views.

A NEW, negotiated revolution was launched last week that must affect the lives of all South Africans. It involved the publication of *Fundamental Principles and Objectives of a new Water Law in SA*, a document that foresees fundamental changes in the way we South Africans organise water resources and provide access to that scarce, precious commodity.

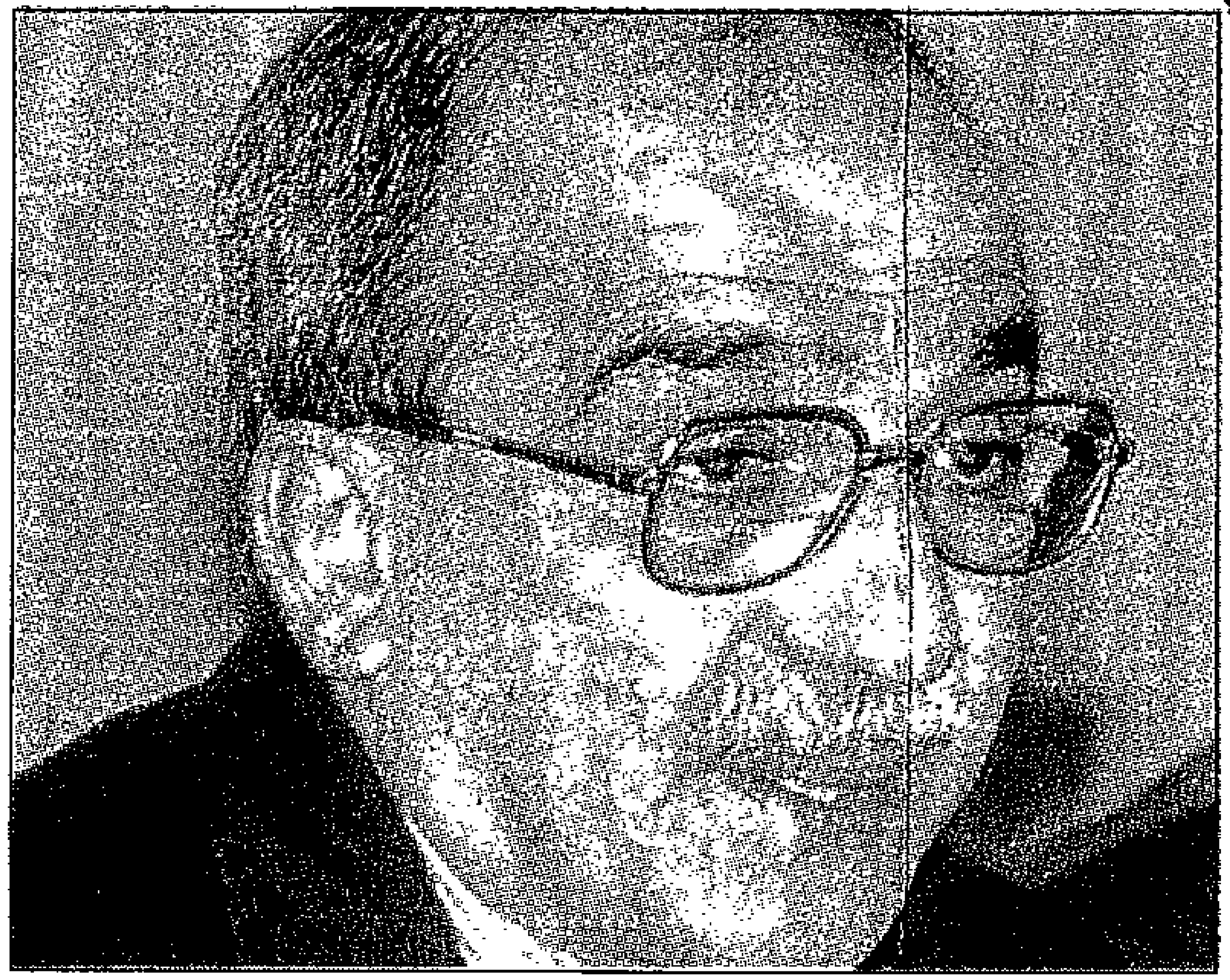
The next 12 months will be crucial in terms of addressing the situation. Already water projects have been launched that, within a year or more, will wipe out one quarter of the water backlog in SA. A new Water Act is an important further step on the long march to equity.

The aim is to achieve equity in water rights, notably for the 12-million South Africans still denied ready access. At the same time, it is recognised that those who have been privileged in the past have critical functions to perform in the new SA, including the production of food. We have obligations to the environment and domestic users. A sensible balance will have to be struck among the various interests that compete for water.

The report was produced by a panel of experts. Nothing is cut-and-dried. There will be further inputs and refinement of what the panel has done. I have set the end of March as a target date for the finalisation of a set of principles for discussion. Then there will be an all-in National Water Law Review Conference provisionally scheduled for July at the University of Transkei. It will not be a mere debate among academics. The voice of the rural poor will be heard.

The outcome of the Transkei conference will culminate in a final set of principles that will guide the drafting of a bill. The principles will be presented to a Cabinet for approval and tabled as a White Paper before formal drafting begins. The conclusion of the process will be the passing of a new Water Act, to replace the current Act passed in 1956. There are at present about 73 Acts on the statute book to do with water, not including those administered by other departments and authorities. There is a need for a simple, comprehensible water law, with no pidgin legalese or obfuscation.

The new Act should mark a closing of the book on much misery endured by the disadvantaged and dispossessed. For the past 21 months in office, I have travelled the length and breadth of rural villages in South African. I have seen the wretchedness to which these marginalised communities are exposed. Many of them watched helplessly as rivers ran across their village to serve the interests of relatively few farmers in the neighbourhood. The acute shortage of water led to disease and hunger. Infant mortality rates have continued to rise at an alarming rate.



LIQUID REVOLUTION: Professor Kader Asmal, MP and the Minister of Water Affairs and Forestry, feels the next 12 months will be crucial in terms of addressing the water situation.

There are 10 points which this document seeks to address:

❑ The riparian system, linking the right to use water to a specific piece of land, would go.

❑ Uncontrolled use of underground water, made possible by its definition as "private water", would end. We are one of the few countries in the world which allows untrammelled exploitation of some water.

❑ A formal allocation of water to maintain the environment would be made; where necessary, water would be reallocated for this purpose from other users.

❑ Similar priority would be given to water for human consumption, and water supply and sanitation services would be regulated to ensure not only that all South Africans have access to basic services but that the private sector could be harnessed to help provide them.

❑ Mandatory provision would be made to require water suppliers to adopt conservation measures.

❑ Provision would be made to ensure that enough water was left in rivers to meet South Africa's obligations to its neighbours.

❑ Present controls on forestry, which intercept a great deal of rainfall before it reaches public streams, could be extended to other land use activities, such as sugar farming, which have similar impacts.

❑ The price of water would be set at a level which reflects its value and trading in water

Public

N the great corridors beyond the oaks and t gates of Parliament, ob he constitutional sub-com eek would have been fo thinking at times that t bserving a high school cla ng the verb "to be".

No less entertaining w 0 of submissions by indi ne Constitutional Assem ny before all, observers an like. This is where you rea that South Africa thinks.

The sub-committee w over by chairperson Ramaphosa, executive d Hassen Ebrahim and Mr sels, deputy-chairperson since announced his retir politics).

On the floor, so to sp variety of party luminarie the ANC's Mr Willie Ho NP's Mrs Sheila Camerer a double act, Mr Colin Eg Dene Smuts of the DP.

To the untrained e such as mine, what obse cian seems trivial, even am assured by those wh every nuance of the c must be exact, every phr cally and legally constr us forward in the pro democracy and freedom.

Last week there was he national anthem. group which had been c discuss this, among oth been taken up with th language and was able

Civics body threatens protests and bond boycotts if defaulters evicted

(123) Star 13/2/96

By Bongiwe Mlangeni
Housing Reporter

Civic leaders have threatened to intensify bond boycotts countrywide if the Government and banks go ahead with a plan to evict people who refuse to pay mortgage loans but continue to live in repossessed houses.

The South African National Civic Organisation yesterday said the evictions would also lead to a massive protest at government and bank offices, and that a government scheme called Servcon – which aims to assist defaulters either to rebuy their houses or find alternative affordable homes – would be "destabilised".

Speaking at a press conference, Sanco assistant general secretary Linda Mngomezulu said the Government and banks had no right to make decisions on matters that affected communities without consulting civic organisations.

Last week, the Government and lending institutions agreed that about 5 700 borrowers who had refused the once-off opportunity to regain ownership of their repossessed houses would have to face legal action.

The eviction of defaulters is scheduled for next month.

"We have realised that the Government has moved away from principles of consultation and involvement of major stakeholders like Sanco. The repercussions of this will include unnecessary confrontations between the Government and organs of civil society," said Mngomezulu.

Sanco also called for suspension of the record of understanding signed between banking institutions and the Government, which led to the introduction of several schemes, including those that deal with bond boycotts and an insurance for banks lending in former "red-lined" areas.

He added that the record of understanding had failed to channel finance for low-cost development. Mngomezulu said evictions and repossessions should be stopped.

Asked why Sanco had not reacted earlier when the housing policy was launched last year, he said the banks had shown no interest in meeting them, while the Government had referred them to one committee after the other.

Government and bank spokesmen could not be reached for comment.

The future of the homeless lies with bond defaulters

CT (BR) 13/2/96 (123)

BY MAGGIE ROWLEY

Cape Town — The implementation of a housing policy in South Africa has been severely hampered, showing that there can be no easy way to house the millions requiring homes.

Mass delivery of houses to the country's homeless requires joint participation of both the government and private sector in the construction and financing of housing.

New lending from the private sector and the delivery of houses hinges, in part, on a resumption of payment of loans by existing borrowers.

While many borrowers have indicated their willingness to resume payments of their loans in arrears, many could not afford the payments.

Some have agreed to "right-size" or downsize by moving to smaller, cheaper homes in terms of government housing policy.

But no new affordable housing stock has been delivered because of the commercial and political risks involved from the non-payment of bonds for developers.

Even if smaller housing were to be made available it is doubtful that it could be delivered at a cheaper and more affordable rate because of inflation.

These are the constraints which are holding up the delivery and implementation of a housing policy that has been three years in the making.

As the housing backlog and consumer debt continue to rise, the problem threatens to spiral out of control.

A top government delegation, led by Sankie Nkondo, the housing minister, met the banks last week to assess progress on the housing front.

The message from this meeting could not have been clearer. Bond defaulters who continue to defy overtures by the banks and government to restore normal lending practices will no longer be tolerated.

The actions of a small minority of people who have already had the benefit of housing finance will no longer be permitted to deprive thousands of others access to the same benefits.

It is the clearest message from the government to date that the era of soft-pedalling on defiant defaulters is over.

HOUSE CALL *Sankie Mthembi Nkondo, the minister of housing*

The culture of non-payment has its roots in the legacy of apartheid. The housing policy since the Botshabelo Housing Accord in 1994 and other initiatives, such as the Masekhane Campaign, has recognised this.

A record of understanding was signed between the banks and the government in 1994 in an attempt to "normalise" the housing market.

Negotiations were initiated with defaulting borrowers and occupants of properties were offered two choices.

Either they could rehabilitate their loans and restore ownership under favourable terms or, if they were unable to afford to do so, they could opt to receive state financial assistance to relocate to more affordable alternative accommodation.

While some success has been made on this front, it has been slower than anticipated. So far, only half of the 49 200 defaulters have been contacted.

Serious constraints on alternative affordable accommodation have also thwarted efforts. This is now being addressed by a special task team convened after last week's meeting.

About 1 200 sales of properties to their original owners or third parties have been concluded in terms of the understanding and more such agreements are in progress.

However, about 5 700 borrowers have refused to accept the opportunity of restoring ownership of their repossessed homes, rehabilitating their loans or finding alternative accommodation.

And it is to this group that the government and the banks issued their warning last week — either come to the party or face the "full legal consequences". Final letters of warning giving 30 days notice are being sent to these borrowers.

Areas that have a high concentration of defaulting borrowers have remained 'no-go' zones

Fifteen areas in South Africa, mostly in Gauteng but including Khayelitsha in the Western Cape, have been singled out for special attention by the government.

These areas have high concentrations of defaulting borrowers but have remained "no-go" zones for lending institutions, which have been denied access to their clients by boycotts.

The government has urged an end to disputes preventing normal relations between borrowers and lenders in these areas, and has warned that failing this, it has "both the will and the capacity to back the due legal process".

Though the change in approach to the non-payment issue might be resisted in some quarters, it is considered by many stakeholders to be long overdue.

The government, and the country can no longer afford to have its limited coffers drained by consumables in the form of debt while infrastructure goes unattended.

Non-payment is not only preventing the low-income housing initiative getting off the ground, but is also threatening to undermine the country's banking system.

If left unattended any longer, it will be only a matter of time before the culture of non-payment starts spilling over to the performing home-loan and other consumer credit markets.

Mortgage fund calls for talks with Sanco to ward off bond boycotts

(123) BD 16/2/96

Robyn Chalmers

THE Mortgage Indemnity Fund has called on government to hold urgent talks with the SA National Civics Organisation to try to ward off the threat of mass bond boycotts around the country.

The call has the backing of Servcon — the joint venture set up by government and banks to deal with 14 000 repossessed properties. The fund and Servcon said support from civics was vital to the success of the programme to rehabilitate defaulting borrowers.

Last week Sanco opposed a government decision to take a hard line on bond boycotts which could lead to the eviction of up to 5 700 people. It called on government to suspend the record of understanding with mortgage lenders.

Housing department director-general Billy Cobbett pledged this week government would meet Sanco, but said the 5 700 people who had been issued with letters of demand had refused the option of being rehabilitated or relocated, and evictions would take place if necessary.

Mortgage Indemnity Fund board chairman Johan de Ridder said all the board's activities and programmes needed maximum co-operation and collaboration from community stakeholders such as Sanco to succeed.

The fund indemnifies mortgage lenders against a breakdown of law and order in communities, and a renewed bond boycott coupled with unrest could open government up to billions of rands in claims. The total value of the 50 000 homes occupied by bond boycotters currently was estimated at between R2bn and R3bn, but there were a further 130 000 low-cost housing loans operating in the market.

De Ridder said all functions and programmes of the fund, which were mandated by the housing minister and nine provincial housing ministers, required the optimal co-operation of banks, provincial and local authorities and communities.

"In this regard, a meeting of minds between government and Sanco leadership will go a long way to ensuring the continued success of the fund's work," he said.

Servcon MD Denis Creighton said he hoped any misunderstandings between government and Sanco would be resolved speedily, as co-operation and collaboration was vital to the success of the programme.

"We have always tried to establish relationships with Sanco at both local and national level, and there is strong co-operation in certain areas which smoothes the way for us to do our job," he said.

Masakhane boosted by 70% payment

(123)

By Jovial Rantao
Political Reporter

Cape Town – More than 70% of South Africans were paying for the municipal services they consumed, giving the Government's Masakhane campaign a much-needed boost, it was announced yesterday.

Deputy Provincial Affairs Minister Mohamed Valli Moosa told a parliamentary briefing that at least 15% of those who were in arrears were unemployed and "had no hope" of paying for their services.

"We have 400 municipal programmes under way to provide services to communities," he added.

"We're also conducting an extensive analysis of the levels of non-payment and where it is happening."

Star 16/2/96

Masakhane campaign starts service payments rolling in

(123)

THE Masakhane campaign to get people to pay for services is succeeding, with 75 percent of those liable for payments actually paying, and 80 percent of amounts owing being paid.

Of the 15 percent not paying, many were unable to do so because they were unemployed.

This was disclosed by Valli Moosa, Deputy Minister of Provincial Affairs and Constitutional Development, at a press briefing in parliament yesterday.

With municipal elections having taken place in most of the country, a concerted effort was to be made to localise the campaign.

In a province-by-province process, mayors were being asked to sign Masakhane pledges.

Mr Moosa said the new patriotism, of a love for South Africa and of President Nelson Mandela, had another side, that of people having civic duties.

A factor which had contributed to non-payment was the lack of services.

This was why the campaign was twofold, involving encouragement of people to pay while services were being extended to everyone.

New legislation on local government was in the pipeline, said the outgoing Minister of Provincial Affairs and Constitutional Development, Roelf Meyer. ARG 16/2/96

The new legislation was to be put to the portfolio committee on constitutional affairs, where all provinces and local authorities would be able to make a contribution.

State's eviction threat slammed

ARG 17/2/96 (123)

WILLIAM GUMEDE
Own Correspondent

■ An agreement between the government and banks to evict home-owners who are not paying their bonds could lead to "serious confrontation".

JOHANNESBURG. — Organised black business has condemned the banks and the government's "hard-line" position on bond boycotts and called for a more conciliatory approached towards defaulting home-owners in low-income housing.

Mashudo Ramano, Gauteng president of the National African Federated Chamber of Commerce (Nafcoc), labelled the Council of Southern African Banks (Cosab) "irresponsible" for threatening to repossess the properties of people failing to pay their bonds.

"Many of the people participating in the bond boycott have legitimate concerns and the banks seem to prefer to ignore these concerns," Mr Ramano said.

"In the past many of the banks, together with the apartheid government, colluded with construction companies which built cheap, poor and shoddy housing units for blacks," he said.

He also lashed out at the South African Civic Organisation (Sanco), saying: "Barring the problems of unemployment, it is high time every responsible citizen paid his or her dues. Sanco should immediately end the bond boycott."

Earlier this week Lance Edmunds, general manager of housing at Cosab, said: "People just can't afford to pay ... banks do not want to see people evicted, but they are losing money."

Mr Edmunds's statement came after a meeting between the government and banks aimed at resolving the problems associated with 50 000 non-performing bonds and repossessed properties.

The government and banks agreed that their joint programme to end the bond boycotts was sound, but conceded it would probably fail in its current form.

The two parties suggested that a high-level task team should urgently investigate ways to improve the programme, which is run by Servcon, the SA Housing Trust and the banks.

The programme offers options such as the rescheduling of loans, repurchasing of homes and using state assistance to move to more affordable accommodation — dubbed "right-sizing".

The meeting expressed the hope that the options on offer would result in a high enough "normalisation rate", simply put: the borrowers should abandon the bond boycott. But they admitted this was easier said then done.

Sanco immediately questioned the legitimacy of the pact signed between the government and the banks.

Linda Mngomezulu, assistant general secretary of Sanco, said the government and banks had sidelined the organisation on housing-related matters and had moved away from the principle of consultation.

"The suspension of the record of understanding should immediately be substituted with full-blown negotiations to include Sanco as well. The failure of the government to play wisely may lead to serious confrontation," he said.

Late this week the board of the Mortgage Indemnity Fund (MIF) came to the aid of Sanco. MIF urged the ministry of housing to hold urgent discussions with Sanco.

The fund said the support of the civics was vital to the success of a programme to rehabilitate defaulting borrowers.

Housing director-general Billy Cobbett agreed with the need for broader consultation and said: "Sanco is an important partner in the housing process. Our door is always open."

Earlier this month, the housing ministry announced that up to 5 700 borrowers could be evicted next month.

Sanco has warned it will step up countrywide demonstrations outside banks and government departments to protest against the agreement to crack down on bond defaulters.

This week Mr Cobbett confirmed that 30-day eviction notices had been served on defaulters, but emphasised: "These people can come and talk to us. If they come and seek help they will be given an immediate nine-month stay of eviction."

Notwithstanding this pledge, he said: "We will evict them if we have to."

Mr Edmunds said of the 180 000 low-cost housing mortgage loans, nearly 50 000 of them are non-performing. The total value of the 50 000 homes occupied by bond boycotters was estimated between R2 billion and R3 billion.

Housing – where to?

(123) CP 18/2/96

'More must be done at local level to make housing succeed'

Political Correspondent CHIARA CARTER reports on the housing and labour debates in Parliament.

TOP HOUSING officials have found it's not just the general public who are confused about the government's housing policy – the very people supposed to be implementing the policy seems to have different ideas about what it means as well.

A report on what is holding back housing was presented to the Portfolio Committee on housing in parliament this week.

The report was drawn up between August and December last year by a top level team, including Housing's director-general, Billy Cobbett, at the request of Housing Minister Sankie Mthembi-Nkondo.

The report looks at problems experienced in providing housing and suggests short and medium term solutions.

The report says there is a perception that there are differences over policy between Mthembi-Nkondo and Cobbett, between national and provincial governments – and between the provinces themselves.

These differences involved a range of aspects including basic housing standards, the role of government and the private sector, and the government's incremental (gradual) approach to housing provision.

As a result, officials and elected representatives were not committed to the housing policy and communities and developers and financiers were uncertain, adopting a wait and see approach.

The report says many people believed the government's policy would change and were waiting "in the hope" that something better would be offered. Some developers were holding out in the hope that the state would become a major developer, allowing them to benefit from risk-free state tenders to build housing and infrastructure.

Ordinary people either did not know about, or did not understand, what options were available to them, the report stated.

They could only access a subsidy through banks or through the single housing board in their province, the report said, and the result was a low level of applications, confusion and apathy.

Public criticism and resistance to aspects of the national subsidy scheme, as well as the agreements reached with banks and builders, had led to a perception that the government "was not in charge" and could not deliver on agreements.

Members of the public and developers had difficulty getting loans and both financiers and developers viewed the low cost housing market as "high risk" and found excuses not to get involved.

There were also problems with the Mortgage Indemnity Scheme which was designed to provide guarantees to financial insitutions, the report said.

Also that the failure of the Masakhane campaign and the large and growing number of non-performing home loans meant banks were reluctant to provide finance.

"Indications are that the Masakhane campaign has substantially lost momentum and impact," the report said.

National level

The task-team found that too much was being handled at a national level – which should rather be handled by the provinces or local governments.

At the same time, many provinces and local authorities did not have the necessary administrative, technical and managerial skills.

This meant delays in subsidy approval, lack of follow-up and support and inadequate communication.

Despite the problems experienced, the report argues against changing fundamental housing policy or identifying new projects, saying this would merely delay housing delivery further.

Instead, it says the best option for short term delivery of houses was to remove the obstacles holding up already identified projects.

It warns that government interventions to remove obstacles should not introduce *ad hoc* policy changes which would compromise government's position in the future or create uncertainty or reinforce the perception that the government's housing policy was "unworkable".

It says government should give a strong and consistent message about its housing policy.

It should be clear that the minister and director general agreed on broad housing policy and that there would be no change of basic policy.

Members of the national and provincial governments, housing officials, the private sector and the general public should understand that:

- National and provincial government authorities and statutory bodies would not prescribe minimum standards for sites, services or houses. Instead these would be established at a local level.
- The government would not increase the subsidy amounts because it wanted to provide as many people as possible with housing and services.
- The state did not intend to be the main or only risk taker or housing delivery agent although it would sometimes intervene in the housing process.

In her initial response to the report Mthembi-Nkondo said she strongly agreed with greater empowerment of provincial and local government and shared the report's view that there was no need for a fundamental review of policy.

She would comment further after the report was presented to cabinet, the National Housing Board and MECs.

HARD JOB . . . Housing Minister Nthembi-Nkondo is trying by all possible means to hasten the housing process.

Task team seeks new options for future housing

(123)

THE TOP-LEVEL task team which has drawn up a short-term rescue plan for the government's housing policy, wants to investigate a range of housing issues which could provide new options for housing countrywide in the future.

These include providing rental accommodation, looking at alternative ways to finance home ownership and investigating large scale housing contracts.

The team also wants to look at higher density development – a concept favoured by many experts, including officials employed in the Reconstruction and Development Programme, who argue that building three or four-storey blocks of flats would reduce the cost of providing infrastructure and services and create more vibrant cities and towns.

A report on housing problems and solutions compiled by the task-team for the Minister of Housing, Sankie Mthembi-Nkondo says:

"There is growing concern amongst housing commentators that there is a lack of creativity and political will in seeking constructive mechanisms and approaches of dealing with problems of delivery.

"It has become increasingly clear that such issues will need to be dealt with by the government in one way or another."

CP 18/2/96

Recommendations

The report's interim recommendations include a request that the minister instructs the task-team to immediately conduct a detailed investigation into a range of issues. These include:

- Rental housing;
- Alternative finance for ownership;
- Alternative development capacity;
- Mass contract delivery;
- Promotion of alternative and cost-effective building materials and housing designs;
- Higher density developments;
- Bridging finance;
- Tax policy as an instrument to promote appropiate housing delivery.

Meanwhile, the team has proposed a rescue mission for housing, suggesting that the government establish highly skilled housing teams to spearhead housing projects in the provinces. It has advised that the provinces and local authorities should get more responsiblity for housing.

'Let's go out and get facts!'

CP 18/2/96

THERE was a plaintive air to the meeting of the National Assembly's Portfolio Committee on Housing this week with members agreeing that they "needed a three-month fact-finding programme" to get better acquainted with all the problems that faced housing.

(123)

They have agreed to meet with SA Housing Trust and housing boards as well as financial institutions and civics, noting they had "never met" most of these key players in housing.

They have also agreed that they needed to more thoroughly discuss the government's White Paper on housing and set aside March 26, 27 and 28th for this purpose.

They have also decided to make this hearing "open to the public so that concerned groups could make an input" and to ask the Department of Housing to provide information about submissions received – concerning the White Paper.

Committee members agreed that they had had "little contact with the department" and heard about developments in housing – mostly from the media.

"We need information from the department or we will be thrown to the wolves in our meetings," one member said.

Housing Trust 'spared' stepped-up bond boycott

(123) BD 19/2/96

Robyn Chalmers

THE SA Housing Trust's retail lending arm, Khayalethu Home Loans, would be spared the intensification of the bond boycott called for last week by the SA National Civic Organisation (Sanco), it was announced at the weekend.

Sanco has called on government to suspend its record of understanding, signed with banks after government announced recently it had issued final letters of demand to 5 700 defaulting home owners, with evictions to take place as a last resort.

Siza Khampepe, Khayalethu networks GM and co-chairman of the National Task Joint Task Force, set up by Sanco and Khayalethu last year to deal with the trust's 10 000 defaulting home owners, said more than 90% of the defaulting clients had been visited. "We have assessed about 50% of the properties for defects, and agreed to rectify structural problems if possible, and about 2% of the defaulting home owners are repaying their debt," he said.

Sanco assistant general-secretary Linda Mngomezulu said Sanco was willing to hold discussions with government and banks. "We are committed to ending bond boycotts. but we cannot tolerate evictions. We have a number of proposals and possible solutions we would like to put on the table," he said.

African business leaders aim for regional integration

BD 19/2/96

Michael Hartnack

VICTORIA FALLS — Business leaders from all 12 Southern African Development Community states, and Kenya, Tanzania and Uganda, ended a three-day conference here on Friday by establishing a committee to push for immediate private sector action on regional integration.

The small, high-powered committee, to be formed under the aegis of the Confederation of Zimbabwean Industries and the East and Southern African Association of Business Organisations (Esabo), was given a month to prepare concrete proposals.

SA's Clive Saunders, president of Esabo, urged the establishment of a permanent secretariat in Harare for its member organisations from 11 states, leading to a break in dependency on donors.

A closing summary demanded a movement away from "national individualism" and the narrow nationalistic economic policies pursued in the past by political leaders in isolation from business communities' views.

The conference was boycotted by the secretariats of the two official regional integration bodies, SADC, based in Gaborone and the Common Market for East, Central and Southern Africa, commonly known as Comesa.

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16 areas approved for loans

Sowetan 19/2/96

(123)

VOSLOORUS on the East Rand is among 16 more areas approved by the board of the Mortgage Indemnity Fund to be covered for sustainable home lending.

The MIF said in a statement yesterday that the new areas were in Gauteng, Eastern Cape and Western Cape and the MIF now covered 358 areas countrywide for sustainable home lending.

MIF managing director Mr Nkululeko Sowazi said the cover in Vosloorus was deferred in August 1995 because the area did not meet criteria set by Housing Minister Sankie Nkondo and provincial housing MECs.

Mortgages in default

"Officials of the court had reported that they could not freely perform their duties and, in addition, there were large numbers of properties in possession and mortgages in default," he said.

"When the MIF assessed the area again after reapplication for cover, it was found that conditions in respect of the three main criteria – local government administration, civil stability and housing performance – had improved to the point where the board concluded that cover should be granted to facilitate the flow of housing finance in particular for a number of new housing developments planned in the area." – *Sapa.*

New areas now get low-cost housing mortgage indemnity

(123) Star 19/2/96

The Mortgage Indemnity Fund (MIF) which administers a home loan guarantee scheme on behalf of the South African Government, has approved cover for another 16 areas.

MIF managing director Nkululeko Sowazi said in a statement today a total of 358 areas had now been approved out of 483 assessed countrywide.

Among the newly approved areas was the East Rand township of Vosloorus, where cover had been refused. Apart from extensions 3 and 14, the area would now be covered. Cover was deferred in August 1995 because the area did not meet agreed criteria for the resumption of sustainable home lending.

That decision came after court officials reported not being able to perform their duties and evidence that large numbers of mortgages were in default.

But the situation had now "improved to the point where the board concluded that cover should be granted".

The mortgage indemnity scheme, insisted upon by banks who in the 1980s lost money on non-performing loans for low-cost housing, is a government guarantee against losses which could arise from a breakdown in the legal process in some areas. It does not cover commercial bad debts. – Reuters.

Funds approved for Leon proposals

(123)

BD 21/2/96

Renee Grawitzky

THE Cabinet has approved the allocation of R29,8m to be included in the mineral and energy affairs department's 1996/97 budget for the implementation of the Leon commission's mine health and safety recommendations, which were released in March last year.

The implementation of some of the key recommendations was being hampered by the failure of the public service commission to approve the proposed new structure for the mining inspectorate and a new salary structure for the inspectorate, department sources said yesterday.

The commission's recommendations ranged from the drafting of new legislation — tabled in Parliament this week — to the restructuring of the inspectorate and the adjustment of the remuneration of mining inspectors.

The commission noted that the inspectorate was understaffed and that one of the reasons for this was the inadequacy of remuneration packages.

The department's acting deputy director-general, Nick Bredell, said the Cabinet's approval had been put into effect by the state expenditure department. He said the money was available but the department was awaiting a positive response from the public service commission to implement the restructuring of the inspectorate and the new mining inspector salary structure.

Sources indicated the commission did not want to approve the implementation of these two measures as it was felt such issues should be referred for negotiation to the Public Sector Bargaining Council.

The department believed this case fell outside the jurisdiction of the bargaining council, as the approval and introduction of the recommendations did not emanate from union demands.

Instead, sources said, the implementation of the commission's recommendations were the result of a commission of inquiry established by the president, and were subsequently endorsed for implementation by the Cabinet last year.

Commission chairman Judge Ramon Leon said yesterday he welcomed this move "if the money allocated is sufficient for what was recommended".

NUM health and safety co-ordinator Fleur Plimmer said money made available should be used to ensure the mining inspectorate operated more efficiently and was better resourced.

That would entail salary adjustments for mining inspectors to attract quality people, which in turn would ultimately address the lack of enforcement of legislation.

However, she said, this formed only one area for implementation. Electronic recording of inquiries, the improved investigation of accidents and the need to start hiring people with health and environmental backgrounds to ensure an increased focus on health and related issues was crucial.

Boycott called off after agreement on housing

BD 21/2/96 (123)

THE housing department and the SA National Civic Organisation said yesterday they had resolved outstanding issues on housing delivery, and Sanco had called off its boycott on bond repayments.

Housing director-general William Cobbett and Sanco assistant general secretary Linda Mngomezulu said after meeting in Pretoria that they w[illegible] in future focus on extending cred[illegible] to low-income households and creating a normalised environment for lending.

"The department will approach the Association of Mortgage Lenders to involve Sanco in identifying areas in which the record of understanding could be improved," it said.

Sanco would co-operate with the Mortgage Indemnity Fund and Serv[illegible] to avoid unnecessary evictions.

In addition, Sanco would help formulate the department's housing process document. Problems with inferior structures and mechanisms for dealing with them would also be discussed.

Cobbett said he regretted it had taken so long to establish a sound and co-operative relationship with Sanco.

He would organise a meeting between Sanco and Housing Minister Sankie Mthembi-Nkondo.

□ Free State local government and housing MEC Ouma Motsumi said yesterday payments for basic services had improved 5% to 90% in the province.

This "miracle" had produced a 100% payment in Paul Roux, she told a mayors' conference in Bloemfontein to promote the Masakhane Campaign aimed at getting people to pay for the water and electricity they use.

More than 50 Free State mayors signed a pledge to support the campaign during their terms of office.

Premier Patrick Lekota emphasised people would have to be persuaded to pay for these services. — Sapa.

Tougher lending plan under fire

(123) CT (BR) 21/2/96

BY MAGGIE ROWLEY

Cape Town — Banks are under pressure to abandon plans to apply more stringent lending criteria to borrowers in the low-income housing market.

The plans are due to come into effect on April 1 on the expiry of a nine-month moratorium the banks granted last year.

The new criteria include a 5 percent deposit for all borrowers. Opponents have argued that the criteria will make housing even less affordable and will further impede the development of low-cost housing.

In terms of the new criteria, public servants would also be required to provide a 5 percent deposit. Coupled with the proposed amendments to the home loans subsidy formula that come into effect on April 1, this will result in public servants qualifying for about 40 percent less bond financing.

The bank's revised lending criteria were introduced on June 5 last year. They were met with widespread resistance from contractors, estate agents and community groups.

They said implementing the measures "overnight" would scuttle many deals in the pipeline and further delay the housing programme.

Daan Roelvert, the executive director of the National Association of Home Builders, said implementation of the new criteria would retard development at a time when little or no low-cost housing was being delivered.

UNDER PRESSURE *The Minister of Housing, Sankie Mthembi Nkondo*

"We are deeply concerned about it and will be meeting both the director-general of housing, Billy Cobbett, and Housing Minister Sankie Mthembi-Nkondo over the next few weeks in the hope government will encourage banks to rethink the whole scheme," Roelvert said.

James Byrne is a director of Condev in KwaZulu Natal, which has been heavily involved in mass housing. He said his company was particularly concerned about the negative effect the amended criteria would have on affordability levels, including those for public servants.

"The argument for this proposed downscaling is that many public servants are overhoused and would not be able to afford their bond repayments on the open market," he said.

Byrne said middle-income earners were likely to be the group most affected by the proposed changes to the subsidy calculations.

The combined effect of these changes on new applicants for state housing subsidies was likely to threaten this market sector with collapse, he said.

Byrne said public servants who had aspired to a middle-income home in the past would now be forced to buy at the bottom end of the market and stay in the townships.

He said this would decrease the housing opportunities for a large sector of the population and prevent the upward mobility of the poor, including informal settlement dwellers.

Byrne said that under the existing arrangements, a public servant's subsidy was added to the maximum repayment of 25 percent of gross monthly income allowed by mortgage lenders. This greatly enhanced the amount of bond financing the individual could qualify for.

In terms of the proposed amendments, the amount of the subsidy would be added to the applicant's gross income and the maximum permissible bond repayment would then be calculated at 25 percent of that amount.

Byrne said the net effect would be that a public servant who now qualified to buy a house worth R100 000 would only be able to afford a home worth R60 000 after April 1.

Lance Edmunds of the Council of South African Banks said the issue would be the subject of discussions between the banks and the housing ministry as well as the two high-level task teams appointed by the government last week to identify and remove bottlenecks in housing delivery.

Wyndham Hartley

New housing legislation 'cannot speed delivery'

(123)

CAPE TOWN — New housing legislation to deal with R9bn in housing board assets and R1,5bn in accumulated funds was not enough and a detailed review of why housing was not being delivered should be undertaken.

This was the view of ANC, IFP and NP members of the portfolio committee on housing when they met yesterday to be briefed by departmental officials on the Housing Amendment Bill.

Housing department director Francois Jacobs was asked to brief a future meeting of the committee on why 280 000 approved subsidies were not translating into houses on the ground.

Jacobs said the Bill aimed to place the housing funds of the former own affairs departments in the national housing fund. The House of Assembly fund stood at R82m, the House of Delegates at R99m, the House of Representatives at R176m and the development fund at R66m. This would, when the legislation was approved, be added to the R1,247bn in the national housing fund.

The assets of the former own affairs housing boards should be the responsibility of provincial housing boards.

He said the policy direction of the housing department was correct but needed to be refined to accelerate delivery.

The committee was told that 30 000 houses were built last year while 280 000 subsidies were approved.

BD 22/2/96

COMPANIES

Home loans disappoint Standard

Samantha Sharpe (123) BD 22/2/96

CAPE TOWN — The Standard Bank group had "failed to keep its eye on the ball" in terms of advances growth in financial 1995 — a negative side effect of its restructuring earlier in the year, CE Mike Vosloo said yesterday.

He told an Investment Analysts' Society meeting that while growth in total advances had shown a steady 15% increase for the year, performance in home loans had been disappointing.

The reorganisation of the group's domestic operations into market-orientated business units had diverted attention from the core business of growing the bank's assets.

"But it is something we are working on and home loans business is starting to turn around."

The group reported a 24% increase in attributable earnings to R1,26bn for the year to December, despite a surge in bad debts to R523m and a subdued rise in net interest income.

Vosloo said a 28,2% hike in bad debt provisions to R523m — credit losses — were for "isolated corporate losses" combined with provisions for its private-label card business. The credit loss figure was likely to show a significant improvement this year.

Vosloo said the group had targeted a reduction in operating costs to well within international standards as a focus for this year, with the aim to breach the 60% cost:gross revenue ratio within the current strategic planning cycle.

"We want to see this line item down and will go to a great deal of effort to see continued improvement," he said.

(123)

Boycott not terminated

BD 23/2/96

A BOYCOTT of housing bond repayments had not been called off as reported earlier, the SA National Civic Organisation said yesterday.

But general secretary Penrose Ntlonti told a news briefing Sanco remained committed to ending the boycott.

Sanco leaders met housing director-general Billy Cobbett on Tuesday. In a joint statement after the meeting, Sanco said it viewed the era of boycotts as over. Reports said Sanco had called off the boycott.

Ntlonti said yesterday the meeting had been a step towards ending the boycott. Talks with the department had been aimed at preventing the eviction of 5 700 non-payers. — Sapa.

New transport diploma to help develop industry

BD23/2/96

Theo Rawana

TRANSPORT Minister Mac Maharaj would launch a transport executive management diploma on Monday, which was expected to play a major role in the development of professionalism in transport, the transport department said yesterday.

The department, in conjunction with the Rand Afrikaans University, was introducing the diploma which aimed at improving the level of professionalism in transport management and planning, the department said.

In terms of its commitment to human resource development and to further the objectives of the RDP, the department would fund the full cost — about R400 000 — of the establishment of the diploma and would support the studies of a number of students in the first year.

The course — equivalent to an honours degree — would offer university graduates from all backgrounds the opportunity to enrol on a full time basis to further their knowledge of transport-related matters.

After successful completion of the course, the student would be issued with the RAU transport executive management diploma which would enable him to enrol for a masters degree (M Phil) at the RAU department of transport economics.

Sanco clarifies stance on bond boycott, slow deliveries

Star 23/2/96 (123)

Housing ministry has agreed to involve all stakeholders

By Bongiwe Mlangeni
Housing Reporter

The South African National Civics Organisation (Sanco) has agreed to work toward resolving the bond boycott, which it last week threatened to intensify.

But lack of resources in local government and the exclusion of communities from making investments in their infrastructure were some of the reasons for the slow delivery of housing, civic organisations have claimed.

They made the submissions in a memorandum handed to the Greater Johannesburg council on Wednesday.

The memorandum was submitted after Sanco and the housing ministry agreed to involve all stakeholders in the process of resolving the bond boycott and other housing delivery problems.

In a meeting with the council, Sanco spokesman Siphiwe Thuse highlighted some of the problems which it says are halting delivery and which need to be addressed.

He said banks have not been honest in dealing with the housing backlog as they have not released loans for the 50 000 applicants who applied last year, and also that no development finance was being made available for low-cost projects.

Lack of land is a problem

Sanco added that the "interference" of credit bureaux was making it impossible for people to get loans.

Lack of land was another problem. Civics said land next to high-income groups was not made available for low-income development and that could lead to class tensions in the future.

Civics called for a cost-evading campaign to remove VAT on low-cost development and to cut down on professional fees by using experts on local authorities' payrolls.

Sanco said housing support centres must be utilised effectively to ensure reasonable material costs and quality.

"There was a need to introduce legislation to allow rapid land release and bypass some of the prolonged procedures within departments," they said.

Also included in the memorandum was a demand for tariff structures to reflect informal and formal settlements' levels of services and that affordability should be the basis for setting tariffs.

The Argus, Friday February 23 1996

Bond boycott is still on, say civics – as housing chief (123) stands by eviction threat

ARG 23/2/96

JOHANNESBURG. – A boycott of housing bond repayments had not been called off as reported earlier, the SA National Civics Organisation said.

However, general secretary Penrose Ntlonti told a media briefing, Sanco remained committed to ending the boycott.

The statement followed a meeting earlier this week between Sanco leaders and the director-general of housing, William Cobbett, aimed at heading off planned evictions.

Yesterday Mr Cobbett reaffirmed the government's crackdown on people unwilling to negotiate outstanding mortgage arrears.

In a joint statement after the meeting in Pretoria, Sanco said it viewed the era of boycotts as over.

Press reports earlier this week had claimed Sanco had called off the boycott after talks with the department.

Mr Ntlonti said yesterday that the talks with Mr Cobbett had been a step towards ending the boycott. Talks with the Department of Housing had been aimed at preventing the eviction of 5 700 non-payers.

Sanco would negotiate with banks and the government to find a solution acceptable to all concerned.

At the Tuesday meeting Mr Cobbett undertook to facilitate a meeting between Sanco leaders and the Housing Minister, Sankie Mthembi-Nkondo.

In Cape Town yesterday, Mr Cobbett told the parliamentary housing committee that the government's tough stance on people unwilling to negotiate a deal on outstanding mortgage arrears should not be softened.

"What is starting to happen is that people who are paying are saying ... why should I pay, because X next to me has not paid for five years and nothing has happened," he said.

The government recently announced it would evict people unwilling to enter into negotiations on rehabilitating loans or to move into more affordable houses.

"If we corrupt ... the 90 percent who are paying their bills, the banking system in South Africa will be in jeopardy and all credit will be in jeopardy."

Mr Cobbett said there were 49 197 non-performing loans countrywide, mainly in Gauteng. So far, 5 749 people had refused to co-operate or respond to the programme.

It had been extended to June 30, but legal proceedings would start in March against those who refused to participate.

He said some people had used firearms to threaten government officials who wanted to discuss their arrears, and there were still "no-go areas". – Sapa and Reuter.

Sanco calls of boycott threat

(123)

Sowetan 23/2/96

By Joshua Raboroko

THE South African National Civic Organisation (Sanco) has called off its threat to relaunch a nationwide bond boycott.

The decision to call off the threat follows an agreement at a meeting between Sanco and the Government earlier this week.

Sanco's general secretary, Mr Linda Mngomezulu, said they would focus on credit for low-cost housing and creating a culture that would encourage the banks to provide home loans.

Delegates from Sanco and the Department of Housing met in Pretoria earlier in the week in an attempt to resolve outstanding issues relating to the provision of housing and bond boycotts, which have cost banks losses of about R4-billion.

The parties agreed that the Department of Housing would approach the Association of Mortgage Lenders, representing banks, to involve Sanco in identifying problem areas.

Tough stance

In addition, Sanco will approach the Mortgage Indemnity Fund and Servcon, both Government housing solution companies, with a view to providing mechanisms to avoid unnecessary evictions.

The agreement came after the government and banks issued notices to bond defaulters, urging them to pay up or face prosecution or eviction from the homes if they continue the boycott from next month.

Sanco had objected to the tough stance taken by the government and banks and threatened to relaunch the bond boycott which started during the apartheid era.

Director-general of housing Mr Billy Cobbet said his department regretted that it had taken so long to establish a sound and cooperative relationship with Sanco.

He said cooperation between the parties would help to speed up the provision of housing.

New criteria will make home loans much tougher to obtain

(123) Star 24/2/96

By WILLIAM-MERVIN GUMEDE

Banks are to introduce more stringent lending criteria for borrowers that will make housing loans for the low-income groups much more difficult to obtain.

The plans are due to come into effect on April 1 when a nine-month moratorium that banks granted last year expires.

Lance Edmunds, executive director of the Council of South African Banks, says the plans should have come into effect in June last year, but were reluctantly postponed by banks because of strong opposition from building contractors, civic authorities and other community organisations.

They argued that implementing the measures would further delay the housing programme and cause chaos in the low-income housing sector.

Edmunds says the new criteria resulted from the record of understanding between the Government and the banks drawn up last year.

"The new criteria simply mean that only those people who can afford to pay back their loans will be supplied with loans," he says.

"The criteria will minimise a future repeat of the present scenario in low-income housing where nearly 50 000 mortgage loans, worth between R2-billion and R3-billion, are non-performing."

The new criteria will introduce a 5% deposit for all borrowers. Public servants will now also be required to provide a 5% deposit.

Coupled with the proposed amendments to the home loans subsidy formula that comes into effect on April 1, bond financing for public servants will decrease by about 40%.

Edmunds says it is unlikely that the banks will abandon the new criteria, although the issue could still be up for discussion by the two task teams appointed by the Government last week to identify bottlenecks in housing delivery.

The implementation of the new criteria has come under fire from the SA National Civic Organisation.

Sandi Mgidlana, Sanco national chief of housing, says it is clear that the banks have no interest in the problems of the low-income housing sector.

"The banks in South Africa just refuse to adjust their programmes to aid the historically disadvantaged and poor of this country," Mgidlana says.

"It is high time that the Government pressed the banks to lend money to the lower-income groups, as is the case in the United States and other countries."

Mgidlana also says that reports in the media that Sanco has called off the bond boycott are false.

"These reports are misleading. So far, no meeting has taken place between Sanco and the banks, although we are prepared to meet the banks to discuss solving the loan crisis."

Mgidlana adds that Sanco has met representatives from the housing ministry and agreed to the need for further negotiations to normalise the lending environment.

Daan Roelvert, executive director of the National Association of Home Builders, says the implementation of the new criteria will retard development at a time when little or no low-cost housing is being delivered.

"We are deeply concerned about it and will be meeting both director-general of housing Billy Cobbett and Housing Minister Sankie Mthembi-Nkondo over the next few weeks in the hope that the Government will encourage banks to rethink the whole scheme," Roelvert says.

James Byrne, director of Condev which is involved in mass housing in KwaZulu Natal, says his company is particularly concerned about the negative effect that the criteria will have on affordability levels.

"The effect of these changes on new applicants for state housing subsidies is likely to threaten this sector with collapse.

"Public servants who had aspired to middle-income homes in the past will now be forced to buy at the bottom end of the market and remain in the townships.

"This will decrease the housing opportunities for a large sector of the population and prevent the upward mobility of the poor, including informal settlement dwellers," he says.

Home-loan blues for applicants

(123) ARG 24/2/96

Own Correspondent

■ The battle for lower-income-group people to raise bonds from banks to buy houses is set to continue as the lending institutions prepare to make it far tougher for the poor to raise enough money to buy houses.

JOHANNESBURG. – Banks are to introduce more-stringent lending criteria for borrowers that will make housing loans for the low-income groups far more difficult to get.

The plans are due to come into effect on April 1 this year when a nine-month moratorium that banks granted last year expires.

Lance Edmunds, executive director of the Council of South African Banks, said the plans should have come into effect in June last year, but were reluctantly postponed by banks because of strong opposition from building contractors, civics and other community organisations.

They argued that implementing the measures would further delay the housing programme and cause chaos in the low-income housing sector.

Mr Edmunds said the new criteria resulted from the record of understanding between the government and the banks that was drawn up last year.

"The new criteria simply mean that only those people who can afford to pay back their loans will be supplied with loans," said Mr Edmunds.

"The criteria will minimise a future repeat of the present scenario in low-income housing where nearly 50 000 mortgage loans, worth between R2-billion and R3-billion, are non-performing," he said.

The new criteria will introduce a five percent deposit for all borrowers. Public servants will also be required to provide a five percent deposit.

Coupled with the proposed amendments to the home-loans subsidy formula, bond financing for public servants will decrease by about 40 percent.

Mr Edmunds said it was unlikely banks would abandon the new criteria, although the issue still could be up for discussion by the two task teams appointed by the government last week to identify bottlenecks in housing delivery.

The implementation of the new criteria has come under fire from the SA National Civics Organisation.

Sanco national chief of housing Sandi Mgidlana said it was clear banks had no interest in the problems of the low-income housing sector.

"Banks in South Africa just refuse to adjust their programmes to aid the historically disadvantaged and poor of this country," said Mr Mgidlana.

"It is high time the government pressurises the banks to lend money to the lower-income groups, like it is in the United States and other countries," he said.

Mr Mgidlana also said reports in the media that Sanco had called off the bond boycott were false.

"These reports are misleading. So far, no meeting has taken place between Sanco and the banks, although we are prepared to meet them to discuss solving the loan crisis."

Mr Mgidlana said Sanco had met representatives from the housing ministry and had agreed on further negotiations to normalise the lending environment.

Daan Roelvert, executive director of the National Association of Home Builders, said the implementation of the new criteria would retard development at a time when little or no low-cost housing was being delivered.

"We are deeply concerned about it and will be meeting Director-general of Housing Billy Cobbett and Housing Minister Sankie Mthembi-Nkondo over the next few weeks in the hope government will encourage banks to rethink the whole scheme."

James Byrne, director of Condev, which is involved in mass housing in KwaZulu-Natal, said his company was particularly concerned about the negative effect the criteria would have on affordability levels.

"The effect of these changes on new applicants for state housing subsidies is likely to threaten this sector with collapse.

"Public servants who have aspired to middle-income homes in the past will now be forced to buy at the bottom end of the market and remain in the townships," he said.

Mbeki warns of ANC weakness

ST 25/2/96

By CRAIG DOONAN

(123)

CORRUPT ANC councillors are demanding money for the delivery of local government services, Deputy President Thabo Mbeki said in Durban yesterday.

Addressing the challenges facing the ANC in the May local government elections in Kwazulu Natal, Mr Mbeki warned against imposters who would attempt to stand as councillors on ANC tickets.

"I'm told that in some areas corruption has started already where local councillors from the ANC demand money for the delivery of various services.

"It's a reflection of the weakness in our system of selection," he said. "They might carry an ANC card and make very good speeches, but they're not ANC," he told a local government workshop.

Mr Mbeki said the rest of the ANC would assist the party in its preparations for the May 29 elections, but he warned against opposition from "backward" political forces such as the white right wing and Inkatha-aligned chiefs who believed they were born to rule.

Low scores for low-cost housing

BD 26/2/96 (123)

Adrienne Gillomee

MOST of the elements involved in low cost housing — including housing policy and its ministry — were deemed by the building industry to have been unsuccessful, a survey among established and emerging contractors shows.

In its February assessment of the construction industry, the BMI Building Research Strategy Consulting Unit said factors deemed critical to the low-cost housing programme had all failed to win industry plaudits.

The report follows government's call earlier this month to investigate the construction industry's failure to deliver on low-cost housing — a probe the industry has claimed was misdirected.

The unit found that of the 14 factors chosen as critical, 11 were deemed to have been fairly or very unsuccessful by the respondents.

The poorest scorers included national housing policy, housing ministers, national and provincial housing boards, the Mortgage Indemnity Scheme and the Masakhane campaign.

Training and government's attempts to create the right climate for investment gave the best score, but that was a "neutral" response.

The survey covered 120 companies, 31 of them emerging contractors, with respondents offering in both residential and non-residential markets.

The findings follow a sluggish performance by the programme, with one mainstay — the Servcon payment normalisation programme — buckling last month as eviction notices went out to 5 700 of its 49 000 borrowers.

Outgoing Council of Southern African Bankers CE Piet Liebenberg said at the weekend that lack of stock and an absence of suitable affordability levels were the main obstacles to low-cost housing.

Government had a duty to normalise the situation and reduce the risk for banks to invest in low-cost housing. He said it was immoral to grant credit to people who were not able to afford bond payments. "It does not help that they have security — banks also want to be sure of a cash flow."

The report found nearly two-thirds of the emerging contractors expected major growth in low-cost housing this year. The established sector also identified low-cost housing as the major growth sector, alongside townhouses and cluster developments.

The report said given that the 14 critical elements for low-cost housing were now in place, "they must contribute to success in the affordable housing segment".

A "new realism" had emerged in the industry about the low-cost housing sector, the report said.

"The realisation (is) that affordability is the major constraint and the acceptance that government may have to enter the housing arena through facilitating mass housing contracts for those who can afford them.

"It is of the utmost importance that government should manage unrealistic expectations in a direct and forthright manner."

(123)

Sanco to meet banks on lending

Sowetan 26/2/96

By Joshua Raboroko

THE South African National Civic Organisation will hold urgent talks with financial institutions this week after an announcement that banks are to introduce more onerous lending criteria in the low-cost housing market from April 1.

Sanco executive member Mr Sandi Mgidlana said at the weekend it was clear that banks had no interest in the problems of disadvantaged communities.

The new criteria means that those people who can afford to pay back their loans will be supplied with loans, and thousands of the unemployed will not qualify.

More than six million people have no jobs in South Africa, according to figures released by government and unofficial sources.

The new criteria will minimise a future repeat of the present crisis in low-income housing where about 50 000 mortgage loans worth between R3 billion and R4 billion, are non-performing.

This criteria will introduce a 5 percent deposit for all borrowers. Public servants will now also be required to provide a 5 percent deposit.

Coupled with the proposed amendments to the homeloans subsidy formula that comes into effect on April 1, bond financing for public servants will decrease by about 40 percent.

Council of Banks of SA executive Mr Lance Edmunds said the new plans were supposed to have been introduced last June. Various stakeholders in the housing sector made representations to banks which granted a moratorium until April.

MONDAY
FEBRUARY 26, 1996

SQUATTERS 'DO THINGS FOR THEMSELVES'

Govt gives R10m to scheme for homeless

CT 26/2/96 (123)

A SELF-HELP SCHEME to enable the homeless to build homes with community savings was given R10 million by the government at the weekend. **LINDIZ VAN ZILLA** reports.

THE government has given a R10 million boost to a homeless people's organisation that organises squatter communities to set up saving schemes to help them finance building their own houses.

The money was awarded to the SA Homeless People's Federation which since 1994 has launched more than 350 such saving schemes countrywide.

The self-help system encourages people to put savings in a combined community housing fund from which loans can be made to build houses.

Mrs Iris Noma, administrative director of the People's Dialogue, which launched the federation, said people were encouraged to do things for themselves.

She said: "People contribute daily what they can afford, even if sometimes its only 50 cents."

The SA government and foreign investors have responded positively towards the initiative.

Housing Minister Ms Sankie Mthembi-Nkondo, who handed over the R10m cheque to the federation in Philippi on Friday, expressed the government's commitment to assisting people who were prepared to help themselves.

Mthembi-Nkondo, who was accompanying a German delegation on a visit to a federation housing site in Philippi, said she was encouraged by what she saw.

"Self-help could become the answer to the housing problem in South Africa," she said.

Noma said the system involved daily contributions from federation members to the savings fund. The money was pooled and loaned to members who felt they were ready to build their own home.

"We have simple loan systems, with repayments over 10 or15 years."

Noma said 90% of the building work is done by women of the community who are taught bricklaying and other skills.

Pretoria blamed for housing delays

(123)

CHRIS BATEMAN

WESTERN Cape Housing MEC Mr Gerald Morkel says Pretoria's "cumbersome" national housing policy, "rigid" attitude towards additional local-level housing subsidies and the high cost of developing erven in the Western Cape were mostly to blame for poor housing delivery.

Reacting to reports that "bottlenecks" in housing delivery meant that only 47,3% (R19 million) of the province's budget had been spent on new housing programmes under the present subsidy scheme, Morkel said recent probes had reached very similar conclusions.

A task team appointed by his national counterpart, Ms Sankie Mthembi-Nkondo, and one appointed by himself locally agreed that Pretoria's housing policy was the main cause for delivery "bottlenecks".

"These findings also identify other problem areas such as the central role of local authorities and the apparent conflict between the minister and her director-general (Mr Billy Cobbett) in respect of incremental housing."

When this was added to the inability of the R12 000 subsidy to finance the most basic structures in the Western Cape, and the "unrealistic expectations" of people, "the real causes for the delays become glaringly apparent", Morkel added.

He asked whether Pretoria "expects us to drop" housing projects initiated before the April 27 elections.

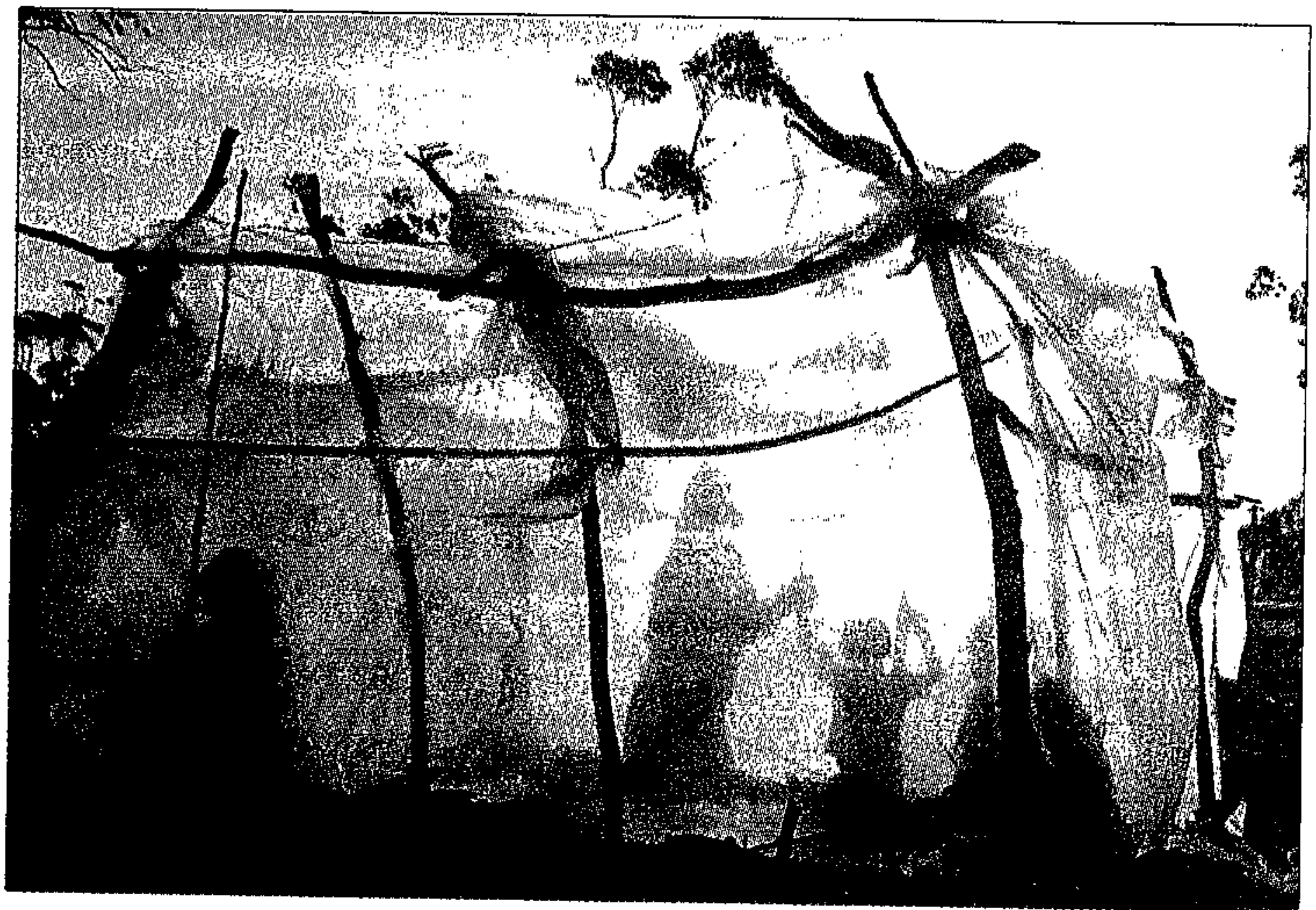
He welcomed the decision to make the Western Cape's Integrated Serviced Land Project (aimed at providing 40 000 housing opportunities) a Presidential Lead project.

Morkel said that the broad community consultation needed before any development, which was often hampered by political divisions, was another delaying factor.

● See Page 17

CT 27/2/96

HOPING FOR MORE



HOME TRUTH *There has been little delivery in the field of low-cost housing in the past two years*

PHOTO: JOHN WOODROOF

Housing backlog to be tackled

(123) CT(BR) 27/2/96

MAGGIE ROWLEY

It is no secret that there has been little delivery in the field of low-cost housing over the past two years, but the extent of the crisis was highlighted this week with the disclosure that less than 21 percent of the total R3,15 billion available for housing this year had been spent by the end of January.

While most of these funds had been allocated to the nine provinces, bottlenecks in delivery had resulted in very little — roughly R658 million — being spent to date. Much of what has been spent has been in terms of long-term projects initiated under the old dispensation ahead of the April 1994 elections.

With one or two exceptions, most notably Gauteng, relatively little has been paid out in subsidies in terms of the government's housing subsidy policy.

However, there is light at the end of the tunnel. According to the minister of housing, Sankie Mthembi-Nkondo, and the director-general of housing, Billy Cobbett, a "steady and consistent" increase in provincial spending has been filtering through since August last year, with improvements being seen almost on a monthly basis.

In addition, two high-level task teams have been appointed to identify the bottlenecks in delivery and to find solutions for them.

The central government has committed itself to delivering one million housing opportunities — not necessarily houses — by the year 2000 and it remains steadfast in its determination to do that, in spite of the dismal delivery record thus far.

Therefore, while it is not looking for further cash handouts in next month's Budget, it will be looking for a cash-flow commitment to keep it on track in terms of its subsidy programme for the next four years, so that when the ball does start rolling, and Cobbett is determined it will shortly, the department will not run out of money.

It is estimated that if the department of housing is to keep on track to meet its goal, a commitment sufficient to cover around 200 000 subsidies would be required for the 1996/97 financial year. This would require a cashflow commitment of about R2,5 billion.

In his latest survey of the building industry, the director of BMI building research strategy consulting unit, Llewellyn Lewis, said while delivery on the low-cost housing front had had a fairly low level of success to date, the processes had been put in place for delivery after long and laborious negotiations with key stakeholders.

After nearly two years of the government of national unity, Lewis says, the scene is set for progress in 1996. He notes also that a new realism has emerged, particularly with the tacit acceptance of the incremental approach to housing, the realisation that affordability is the major constraint and the acceptance that the government may have to enter the housing arena by facilitating mass housing contracts.

Lewis says that it is of the utmost importance that the government, through its national and provincial housing ministries and boards, manage unrealistic expectations in a direct and forthright manner in all constituencies. This should not be avoided because they are "politically sensitive".

"It is also extremely important that the government should not lower its vision to deliver the target of one million housing opportunities by the year 2000.

"In this regard, it is essential that the housing minister obtain commitments for the required amount of subsidy funding from government and that they allocate this to the provinces according to demographics and needs."

In a recent interview, Mthembi-Nkondo said that the housing backlog now looked as though it far exceeded the initial estimates of 1,5 million units.

The minister of housing said: "Some have even put it as high as 2,7 million units and there is no doubt the government cannot address this need alone. Joint ventures with the private sector have to be embarked on and encouraged, particularly employee housing projects such as those announced by Transnet, Eskom and others recently."

Both Cobbett and Mthembi-Nkondo have said that, in terms of the revised policy of the department of housing, money would in future be allocated to provinces according to their ability to spend it on housing. They have said that those provinces that had made strides in getting their delivery systems in place could no longer be held back by those that had not.

This approach is likely to be welcomed by most as it will put pressure on local and provincial governments to get their houses in order if they are to get a share of the housing budget before the kitty runs dry.

Important issues not addressed in govt's urban strategy

(123)

ANN BERNSTEIN

BD 28/2/96

"Cities and towns generate 80% of GDP. Better-performing urban areas are therefore vital for alleviating poverty and to create a more equitable society. They hold the key to speeding up economic growth and enhancing SA's global competitiveness" — government urban strategy document.

FOR the first time in SA's history, the national government has produced an urban development strategy. This is an important and welcome document. Its non-ideological approach is a refreshing change, and it deserves careful study by all urban interests.

For the most part, the analysis and conceptualisation of the urban development challenges facing the country is well founded. The overall direction and ideals contained within the document stem from a large body of work produced by the old Urban Foundation and the Private Sector Council on Urbanisation, and now carried forward by the Centre for Development and Enterprise. This is a heartening development for the private sector (which sponsored all this work) and for the country as a whole.

A surprising lack of emphasis on economic considerations is apparent. The country's new economic policies will be played out in the country's cities and the state of the cities and their prospects for providing effective environments for future investment and growth should concern economic policy makers. The relationship of urban strategy to national economic growth and development needs far greater attention. The urban strategy should not only deal with local economic development issues but, as importantly, with the role of cities in national economic growth and the policy and strategy implications of that. For example, what powers will large cities need in order to function as competitive arenas for global economic competition?

Urban development cannot be viewed in isolation from the national development strategy and vision. It certainly cannot be viewed separately from rural and regional development. Far too little attention is paid to the dynamic interaction between rural and urban sectors. If the document had dealt with migration issues, small towns, and the opportunities for peri-urban and urban agriculture there would have been more attention to these linkages. A better understanding of the urbanisation process will have important consequences for many aspects of current policy; from where social and physical infrastructure should be invested, to housing and land policies, to transportation.

In many respects the government document can be described as an interesting and well-written exposition of the concept of urban development, but it is not yet a strategy document. It fails to deal adequately with a number of critical issues. SA's extremely high and growing unemployment rate deserves central place in any discussion of the country's urban realities. The nature of this unemployment, the effect it has on people's ability to pay for services, its effect on community cohesion and the viability of development strategies receives far too little attention.

The government's Masakhane campaign to persuade people to pay for rents and services should have been dealt with. The reason why this campaign is failing and the implications of failure are absolutely central to the success and viability of any proposed urban strategy.

Urban development of the scale government requires will take place only if the "rules of the game" are clear and unambiguous. Without the establishment and adherence to the rule of law (and its corollary — punishment) in urban areas, no strategy will work. For example, Johannesburg will not be able to function as an emerging world city and inviting arena for new investment (not to mention sustaining current investors) unless there is a strict traffic regime with clear rules that apply equally to all on the road, and transgressions severely dealt with.

Similarly, all requests for private sector investment in low-income areas will come to nought unless investors know that "the rules of the reinvestment game" apply and that transgression will be appropriately dealt with.

Other important issues missing or inadequately dealt with include: a far too narrow notion of public-private partnerships; inadequate clarification of the appropriate roles for the different players; the omission of any consideration of the impact of migration on the cities and towns; a metropolitan bias in the discussion of the country's urban system; only passing reference to how urban growth will be funded; little attention to the urban land crisis; no strategy for inner city revitalisation; and little focus on the apartheid legacy of "hidden urbanites" in settlements such as Bushbuckridge or KwaNdebele.

The document fails to identify clear priorities for action. The constraints within which government's new urban vision will operate need to be identified. Painful choices will need to be made and soon. The limitations on the capacity and resources of the state need to be spelled out clearly and honestly. This is the only basis on which a realistic strategy can be built. Development will not take place if it is driven from the centre. It will happen only if the state creates an environment in which local authorities can take initiatives, share risks, experiment and sometimes fail, and private sector and community actors are freed and encouraged to play as big a part in urban development as possible.

This means that central government must let go. It is not clear in this document where the initiative will lie. What powers and structures with respect to urban strategy will exist at the national level?

The document fails to deal adequately with how this new and positive conception of urban strategy will take root. What is the status of the proposed strategy? Who will be accountable for what aspects of implementation? How does this document relate to other policy and strategy proposals from the different central government departments? What are the mechanisms for implementation?

How should central government functions be reorganised to implement and manage a national urban strategy? Do we need an urban affairs department with a senior minister in charge of and accountable for the strategy? If not, how will we ensure that the new urban vision is actually implemented and the radical consequences of its adoption (frequently stressed in the document) are actually followed through in the Budget and in the many different national departments?

It is stated (but not justified or argued) that the housing ministry is the ideal vehicle to lead the urban strategy. The Centre for Development and Enterprise would question this. If it is correct that urban strategy should focus on the economic role of cities (as distinct from only the housing and infrastructual side or urban strategy) then it is very hard to understand why this is the correct department to be accountable for implementation.

There is a considerable body of international experience which points to the dangers of entrusting a national urban development strategy to a housing department.

The next steps to be taken by government with respect to urban strategy are vitally important. The Centre for Development and Enterprise would recommend that government establish a special implementation task group chaired by the RDP minister. The group must include expertise from local governments, the private sector and the ministries of finance, trade and industry, land affairs, local government, transport and housing. This group must amend the draft document and formulate practical proposals for implementation of a revised strategy.

A sound beginning has been made to the complex process of developing a new urban strategy. Much work remains to be done.

□ An article by Bernstein on government's rural strategy will be published next week.

□ **Bernstein is executive director of the Centre for Development and Enterprise.**

Millions will own township homes

(123) Sowetan 28/2/96

By Joshua Raboroko

THE Government of National Unity plans to transfer more than 1,5 million houses in black residential areas to their present occupants. After many years, they can now own their houses and the land on which they stand.

The move to transfer these houses is important: most of them are old, dilapidated and already paid off.

Some of these houses are in Soweto's Orlando East, Pimville and Moroka; the East Rand's Wattville, Daveyton and KwaThema; and Vaal Triangle's Sharpeville, Evaton, Bophelong and Boipatong.

For many years, racial laws prevented blacks from owning property in these areas.

A Government commission in 1922 said black people were temporary sojourners who should only be allowed to enter urban areas to work for whites. They should depart when they stopped working.

From 1923 a succession of laws introduced a system of influx controls based on that assumption. Passes allowed black people to live in rented council houses, hostels or in the backyards of their employers.

Isaac Mogase ... the transfer of township houses is an important milestone.

If a man lost his job, he could be kicked out and his rent lease could be cancelled. And, for a long time, women were not allowed to enter into lease agreements.

Some local authorities did recognise that the black population was permanent and increasing rapidly, and used certain provisions in the legislation to construct houses.

For example, most of the houses in present-day Soweto were built by the Johannesburg City Council during the 1930s and 1950s.

Construction peaked in 1958 when more than 11 000 houses were built. Thereafter, apartheid policy actively discouraged new construction, thus contributing to the serious housing shortage that exists today.

In the few places where ownership rights were allowed – like Sophiatown, Alexandra and Evaton – they were systematically removed.

Tenants

Township regulations of 1968 made a distinction between two classes of tenancy, which still apply to the present transfer of houses:

- People who bought "30-year" rights to occupy sites and build houses under regulation 6, or bought such rights from others under regulation 8; and;
- Those who did not buy any rights but were monthly tenants paying rent under regulation.

However, influx control restrictions applied even to those who bought rights to build houses under regulations 6 or 8.

A commission of inquiry identified this lack of secure housing title as one of the reasons for the riots which started in Soweto in 1976, and spread to many other places.

Those tragic events helped the Government of the time realise that black people were indeed permanent in the cities.

From 1978, a gradual process of legal adjustment began, with the offer to sell 99-year leasehold rights to township houses. In 1983, these rights were offered at reduced prices, but relatively few tenants bought houses.

Despite the leasehold, blacks continued to be excluded from meaningful political power. The administration of black areas was removed from local authorities and given to underfinanced administration boards, and later to Black Local Authorities whose legitimacy was widely disputed.

Boycotts of rent payments and service charges were then introduced. The first major boycott started in Lekoa in 1984, followed by Soweto in 1988.

From 1990 it spread rapidly throughout the Pretoria-Witwatersrand-Vereeniging area.

The South African National Civic Organisation fought against the councils too and demanded the transfer of houses to occupants. Today blacks can legally own property and land.

The transfer of houses is very close to the heart of Isaac Mogase, the chairman of the newly created Greater Johannesburg Transitional Metropolitan Council.

When he was chairman of the Soweto Civic Association, he campaigned for two major demands: a non-racial metropolitan government and the transfer of houses.

Claims lists

Mogase describes the transfer of houses as an important milestone. The process has reached an advanced stage with the housing transfer bureaus in Gauteng already having received more than 88 000 claims.

Lists of these claims are now being compiled. Thereafter they will be checked, agreements completed and transfers registered in the Deeds Office.

Gauteng housing MEC Dan Mofokeng urged tenants of the remaining 30 percent of properties who are not on the claims lists to act quickly. Bureaus will receive claims for a short period.

Sowetan 28/2/96 (123)

R140m housing loans by Community bank

By Joshua Raboroko

THE Community Bank has granted a total of R140 million in loans to low income earners by the end of January this year in an attempt to speed up housing delivery programmes.

The bank's public affairs manager, Mrs Lauren Richer, said this week the loans ranged from R22 000 to R60 000. They were granted to homeowners who qualified for the government's capital subsidy scheme of R15 000.

About 2 500 people in Gauteng, Eastern and Western Cape benefited from the loans.

The criteria the bank used to grant the loans was affordability and credit worthiness of individuals.

The bank was processing many other applications.

"We want to be the forerunner in the housing delivery process this year." adds Richer.

Success story

The success story of the bank's housing delivery was experienced by three members of the Tswaraganang stokvel who moved into their newly completed homes in Lawley, south-west of Johannesburg, last week.

They were among 95 others who saved R200 a month for almost 18 months. The price of their homes ranged from R22 000 to R35 000.

About 80% of people who receive water do not pay for it

Water supply 'likely to go private soon'

(123)

By James Lamont

CJ(BR) 28/2/96

Johannesburg — The distribution of South Africa's water could be managed by private companies before the end of the year, the executive director of Lyonnaise Water Southern Africa, Jean Claude Ambert, said yesterday.

"Before the end of the year, a few tenders for delegated water management could well come up in various parts of the country," he said.

Lyonnaise Water, in partnership with Group Five, has successfully operated the sanitation and water supply of Queenstown since 1992.

The project has become a model for the RDP with employees and consumers feeling the difference, Ambert said.

"In a township, a leak or block can be fixed in a matter of hours, where before it was insurmountable," he said.

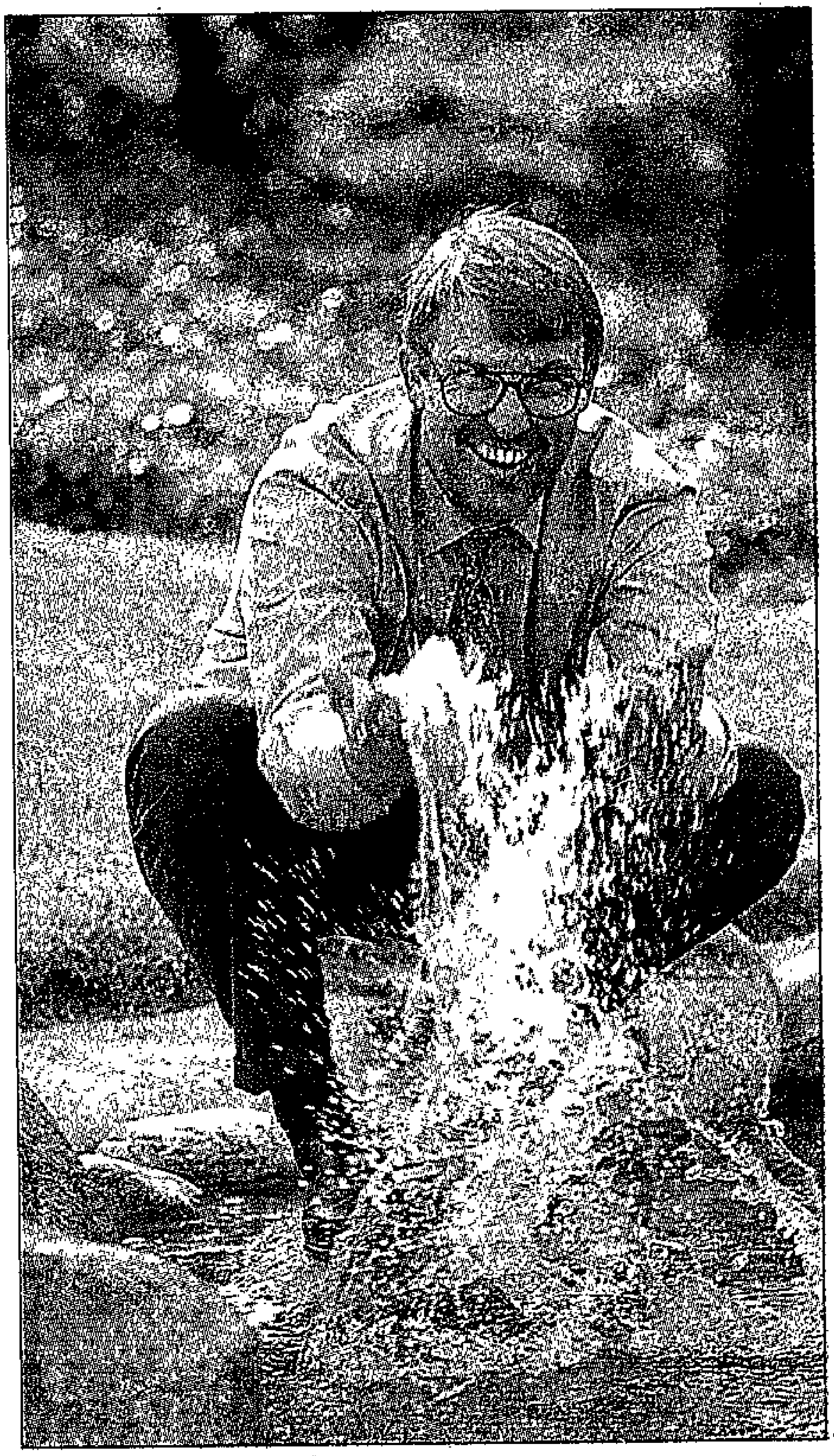
The company, which has contracts in Morocco and Gabon, was confident that should it win water supply tenders, it could raise the finance necessary for upgrading services and create an environment where people would pay for what came through their taps.

Ambert doubted whether local authorities could reform water provision "because of the complexity of the situation".

The pressure on local authorities to deliver should make them look for alternatives, he said.

He cautioned that though draft law allowed for private sector involvement, he did not wish to pre-empt "a political decision". Nor did he want management contracts confused with privatisation, he said.

The ministry of forestry and water affairs was not averse to the idea of private involvement in water supply.



WATER WORKS *Jean-Claude Ambert, the executive director of Lyonnaise Water, prepares to manage local water distribution*

PHOTO:JOHN WOODROOF

The ministry spokesman, Temba Khumalo, said the ministry "was quite flexible on the issue", though "water as stated in the constitution remains a function of central government".

He said subject to negotiations with local authorities, the ministry had no objection to private sector participation "as long as they (private companies) don't make capital out of water, which is fast becoming a scarce resource".

Khumalo would not comment on a time frame for tenders.

Ambert said private participation in the supply of local water was gaining credibility as newly elected local authorities were faced with the task of supplying water and sanitation to poorly serviced townships.

About 80 percent of those people who receive water do not pay for it, while 12 million people in South Africa have no access to tap water.

Raw water price increase 'will not have a big effect on household bills'

BD 29/2/96

(123)

Wyndham Hartley

CAPE TOWN — A 30% increase in the price of raw water — with unquantified implications for industry — will increase the cost of domestic water by about 10% and raise farming costs up to 3%.

Water Affairs Minister Kader Asmal announced the new tariffs yesterday, which are a fundamental departure from past subsidisation.

At a news briefing in Parliament he stressed that the 30% rise was for the supply of raw water from government schemes and was not the increase to be applied to domestic water tariffs. He said the increase was a step towards establishing the true cost and value of water. He warned that the cost of water in a "water stressed" country like SA would in the future be many times higher than before.

"An appropriate signal has to be given now," he said.

Giving the assurance that the impact on consumers had been carefully scrutinised, he said the increase would translate into an approximate 10% increase adding between R3 and R6 to the average monthly household bill.

"This will be the first step in a phased approach which has been adopted so as to minimise the negative impact on the economy, rather than a single, large increase."

Further increases would follow each year until the "objective of pricing water on economic principles has been achieved", he said.

Increases in irrigation water costs would raise total farming costs between 2% and 3%. The cost could be avoided by farmers who used more efficient irrigation practices.

Water affairs director-general Claus Triebel, in response to a question, said the increases would obviously have an effect on industry, particularly those operations using the municipal water supply. He said he believed this would encourage more efficient use of water.

Asmal welcomed the attitude of the SA Agricultural Union on the principle of establishing an economic value for water. He said that a rational debate could now proceed on how this would be achieved.

In rural areas where communities had only primitive standpipe facilities there would be a "lifeline" charge of R5 a household.

This charge should be affordable in all but the poorest communities.

Positive response on bond demands

BD 29/2/96 (123)

Robyn Chalmers

GOVERNMENT and banks have had an overwhelmingly positive response to the recent decision to take a hard line on bond boycotts and to issue letters of demand to 5 700 defaulting home owners.

Mortgage Indemnity Fund MD Nkululeko Sowazi said yesterday that final figures would be collated and issued by the banks only next week, but initial indications were positive.

"The stance taken by government created anxiety among a number of defaulting home owners and we are gratified to note that people who were previously unwilling to negotiate are now prepared to do so," he said.

Housing Minister Sankie Mthembi-Nkondo last month secured the support of Justice Minister Dullah Omar, national police commissioner George Fivaz and Deputy Finance Minister Alec Erwin for a harder line to be taken on bond boycotts.

Their help would be vital in backing up eviction orders. Although the number of evictions had been reduced due to the positive response, sources believed uncooperative defaulters would still face eviction.

Denis Creighton, head of Servcon — a joint venture between banks and government to oversee a programme intended to deal with repossessed properties — said there had been a good response to the letters of demand.

He said the response varied in different areas, with a 100% response rate in some. There had been no area with a zero response rate, giving a total response to date of just less than 50%.

"As a result of the letters of demand, we have signed a number of rightsizing agreements (whereby people are moved to more affordable accommodation) as well as a few sale agreements.

"We believe there are a few reasons for the good response. Defaulting home owners now realise that government and banks mean business, and also those people who have delayed coming forward are now doing so," he said.

Sowazi said the recent agreement between banks, government and the SA National Civics Organisation (Sanco) to co-operate on ending the bond boycott would diminish the need for evictions.

Sanco assistant general secretary Linda Mngomezulu said the organisation would co-operate with the Mortgage Indemnity Fund and Servcon to avoid unnecessary evictions.

It expected to be involved in refining and improving the record of understanding between banks and government.

Water price will rise 6-8% for home users — Asmal

(123) CT 29/2/96

POLITICAL WRITER

THE government's decision to charge consumers for the real cost of water will increase water costs between six and eight percent for ordinary domestic consumers, Water Affairs and Forestry Minister Kader Asmal said yesterday.

Announcing a 30% increase in the price of bulk water supply from April 1 this year, he told a press conference that water would no longer be subsidised.

The price increase for raw water from state schemes will translate into an approximate increase of between R3 and R6 a month for average households.

Farmers using irrigation, who at present pay on average 58% of the actual operation and maintenance costs of the service, would face increases up to the full 30%.

The price hike was being implemented under a new tariff policy aimed at pricing water closer to its actual cost, and at a sustainable, equitable supply of water to all.

"It has to be realised that in future the cost of additional raw water will be many times higher than before," said Asmal. "An appropriate signal has to be given now."

The deputy director-general for water utilisation, Mr Claus Triebel, said Eskom, mines and other industries that bought raw water in bulk would have to pay the full 30%, but added that most industries used municipal water.

● PETER DENNEHY reports that rich people who use a lot of water should not feel guilty about it, according to the Cape Metropolitan Council's top engineer, Mr Tony Murray, because they are doing the poor a favour.

In a paper presented to the CMC yesterday, Murray said uniform tariffs — single prices for domestic water in any supply area — were on the way out.

Because the poor had to be provided with subsidised water to survive, he suggested the implementation of a stepped tariff system which would effectively mean that bulk users — for example those with large irrigated gardens, and swimming pools — would subsidise poorer users.

Water payments may be set by new body

(123) ARGT 29/2/96

CLIVE SAWYER
Political Correspondent

THE government is considering setting up a national body to regulate the water tariffs charged by all levels of government.

This was disclosed by Kader Asmal, Minister of Water Affairs, in the wake of an announcement of steep increases in charges for water supplied from government schemes.

The increases, to take effect in April, will average 30 percent.

New tariffs will be announced next month for domestic consumers in rural areas.

The country faces worsening water shortages, aggravated by recurring droughts, unless effective water management measures are taken.

"Either we pay now or we pay more later, and not only in cash terms," Dr Asmal told a briefing yesterday.

South Africa was one of 25 countries where the scarcity of water was a matter of survival.

The World Bank had predicted that in the next century wars would be fought about water.

The government was talking to neighbouring countries about the issue. "There are no easy fixes," Dr Asmal warned.

Long-term solutions would require a planning span of about 15 to 20 years. In future, water would cost "immeasurably more," he said.

Water tariffs would have to be based on the value to society. He said the tariff increases would be staggered to reduce the impact on the economy.

While the government understood that the new measures would not be popular, only 58 percent of operating costs of the large water schemes were being recovered.

The increases in irrigation water costs will mean a rise in total farming costs by two to three percent.

The SA Agricultural Union had been consulted about the measures, which were being taken with their agreement, Dr Asmal said.

He emphasised that the spirit of Masakhane would have to apply to all water users.

Water was being charged for at present at below cost, leading to inappropriate levels of use by the affluent.

Part of the aim of the new tariffs was to get people to save water.

Chris Triebel of the Department of Water Affairs told the briefing his department had been trying for 26 years to get measures like those announced yesterday introduced.

The additional income from the tariff increases could be used to help towards the costs of further bulk water supply schemes.

Reserve Bank: senior supervisor

59. Prof B TUROK asked the Minister of Finance:

(1) Whether a certain person, whose name has been furnished to his Department for the purpose of his reply, was employed by the Reserve Bank as a senior supervisor in charge of commercial banks; if so,

(2) whether the said person (a) held any shares in the Pretoria Bank either during his employment at or subsequent to his employment by the Reserve Bank or (b) received any remuneration or retainer from Masterbond during his employment with the Reserve Bank; if so, what are the relevant details?

N105E

The MINISTER OF FINANCE:

(1) Mr Amorie Strydom was appointed as a manager in the Bank Supervision Department of the South African Reserve Bank on 1 February 1987. His duties comprised administrative office duties and legal administrative duties relating to banks, such as new registrations, deregistrations, name changes, registrations of amendments to banks' Memoranda and Articles of Association, mergers, take-overs and amalgamations, as well as inspections of institutions suspected of illegal deposit taking. Mr Strydom was not involved in the financial analysis of statutory returns submitted to the Department by banks. Mr Strydom terminated his employment, of his own accord, with the South African Reserve Bank on 31 May 1989.

(2) (a) Bank Supervision staff members are prohibited, in terms of the ethics code of the Department, from holding shares in banks or their controlling companies. Should Mr Strydom have held shares in banks or their controlling companies, this was neither declared by him nor known to the Department.

(b) Staff members of the South African Reserve Bank are not entitled to receive any remuneration or retainers from outside institutions, unless beforehand declared to *and* approved by the Governors of the South African Reserve Bank. No such approval was given to or sought by Mr Strydom.

QUESTIONS

†Indicates translated version.

For written reply:

Housing: government-subsidised houses

45. Mr J A RABIE asked the Minister of Housing:

(1) In respect of each of the provinces, (a) what targets were set by her Department for the building of government-subsidised houses for the (i) 1994-95, (ii) 1995-96 and (iii) 1996-97 financial years, (b) how many government-subsidised houses were built in the 1994-95 and 1995-96 financial years, respectively, and (c) what are the budgetary financial requirements for achieving the target for the 1996-97 financial year;

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

N91E

The MINISTER OF HOUSING:

(1) (a) The target for the provision of government-subsidised housing units is set at one million units over a period of five years as outlined in the White Paper of the Reconstruction and Development Programme, namely:

(i) 1994/95 — 50 000

(ii) 1995/96 — 150 000

(iii) 1996/97 — 200 000

(iv) 1997/98 — 275 000

(v) 1998/99 — 325 000

(b) As a result of various factors, only 6 800 units were provided in 1994/95 under the new capital subsidy scheme and it is estimated that approximately 30 000 units will be provided for 1995/96. Up to the end of December 1995 a total of 290 068 subsidies have already been approved.

(c) As indicated in paragraph (a), the target for 1996/97 is the commitment of 200 000 housing subsidies, which could be divided as follows between the various Provinces:

Gauteng	48 600
Northern Province	17 200
Northern Cape	3 600
KwaZulu-Natal	39 000
Mpumalanga	10 600
Eastern Cape	30 400
Free State	13 800
North West	14 000
Western Cape	22 800
TOTAL	200 000

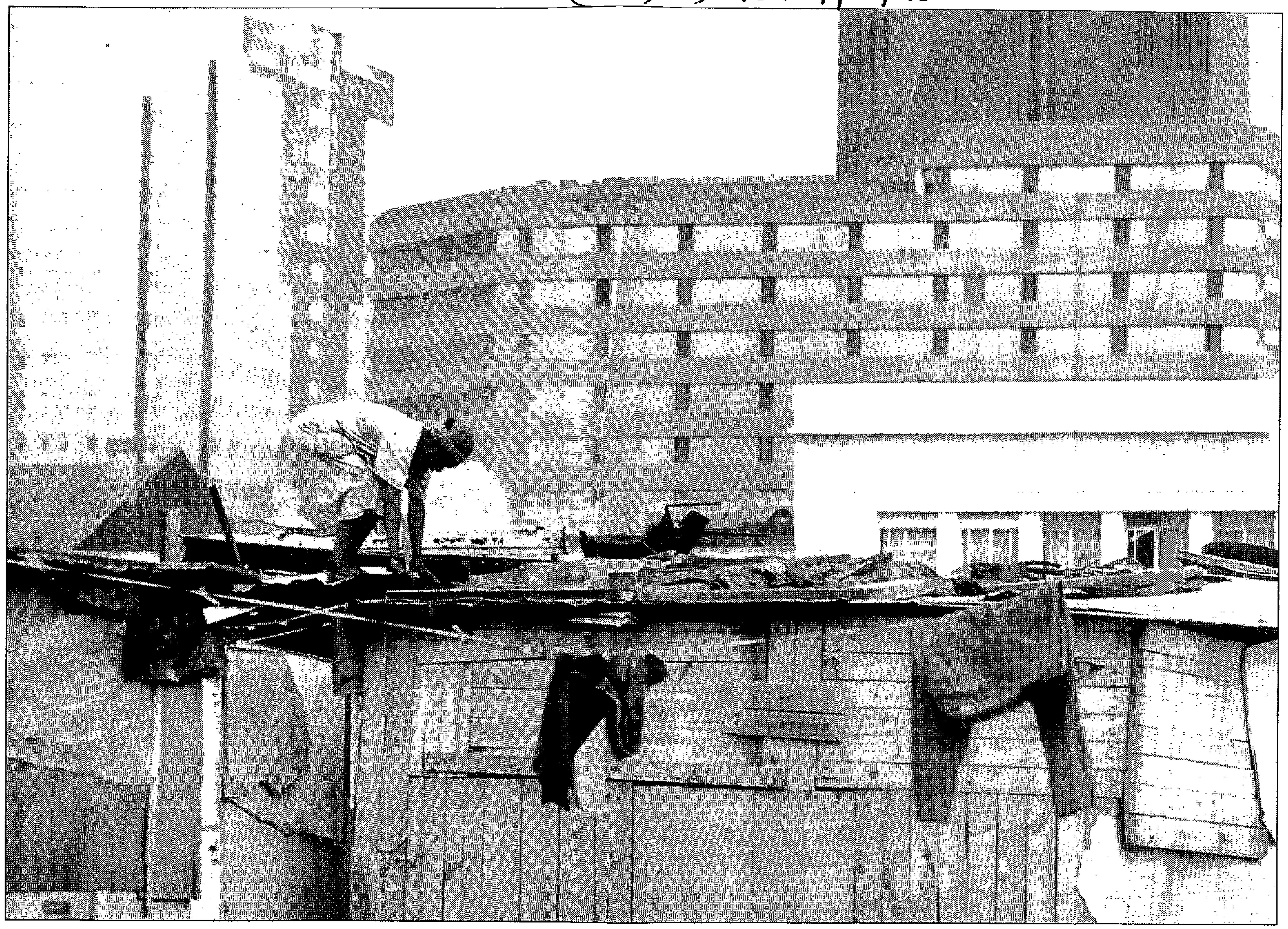
The financial requirements for achieving this target amounts to R2,4 billion.

(2) No.

Planning ahead for successful urban renewal

(123) Star 1/3/96

The wisdom of upgrading townships at the expense of inner city growth must be questioned, writes Winnie Graham



New deal ... in the light of limited resources the economic wisdom of township development at the expense of upgrading existing urban infrastructures must be questioned.

Is the rebuilding of the townships indeed the "single most important" urban development facing South Africa?

The Government pinpointed them for reconstruction when it published a draft urban development strategy document late last year, but the Centre for Development and Enterprise (CDE) questions whether this is indeed the country's most urgent priority.

While it accepts that decades of neglect and discrimination created townships with appalling services (if any) and a tiny economic base, it asks whether their upgrading has a higher strategic priority than investing in inner city development.

In a thorough analysis of the government's urban strategy document, the CDE claims it is "highly arguable" that the townships are a top priority "in efficiency terms or even if it can be done on the scale that is required with the limited resources available".

Rather, the CDE suggests, resources might be far better utilised, and with more impact on more people's lives, if the inner cities were revitalised and residential neighbourhoods created there.

Ann Bernstein, executive director of the CDE and an experienced South African demographer and researcher, said this week it made sense to revitalise central business districts because the infrastructure was already there.

"Big business may be moving out of central Johannesburg but the inner city has an important new function: it has become the incubator for small black business," she said.

She points out the South Africa's cities are the engine rooms of the national economy and will continue to be – only more so – in the future. For this reason the nation will depend on their being productive and properly focused "within the context of global competition".

When the Government published its urban development document last November, President Mandela stressed that a strategy was needed for the remaking of South Africa's towns and cities.

"Urban areas are the productive heart of the economy but the majority of the urban population lives in appalling conditions far from (people's) places of work," he said.

"We need to massively improve the quality of life of our people through creating jobs and deracialising the cities. By mobilising the resources of urban communities, government and the private sector, we can make our cities centres of opportunity for all South Africans and competitive within the world economy."

Top priority of urban advance must be job creation

Bernstein said the CDE regarded the non-ideological approach of the draft strategy document as an important milestone which deserves "careful study and support from the private sector, local government and those active in urban development".

The document, however, was flawed by an inadequate understanding of strategy and thus did not succeed in leading to clear, prioritised and implementable proposals for action.

In a modern strategic planning process, Bernstein said, the accepted sequence of clarifications was: vision, principles, policy, operating environment, strategy and implementation.

Bernstein feels that South Africa's extremely high – and growing – unemployment rate deserves a central place in any discussion of the country's urban realities. The nature of unemployment, its effect on people's ability to pay, and on the level of services, its effect on a community as well as the viability of development strategies, received far too little attention in the government document.

She said: "The top priority of urban development must be the creation of wealth and jobs as fast and in as great a number as possible. In the meanwhile, an effective and realistic urban strategy has to deal with the reality of unemployment."

The failing Masakhane campaign, Bernstein added, was central to the development of an urban strategy. An analysis was required to determine why it was not working and what new approaches were needed.

Urban development of the scale and kind the new government required would only take place if the "rules of the game" were clear and unambiguous. At least two factors had led to a declining adherence to the law.

"The first is the ungovernability campaign of opposition to apartheid," she said. "This culture is now a part of the complex set of reasons why people are not paying what they owe for services they consume. The second factor is concerned with the racial and increasingly functional integration of the country's cities.

"We are now dealing with large urban complexes with enormous pressure on facilities and roads designed for a much smaller population. Coupled with the declining legitimacy and confidence of local and national governments in the transitional period away from apartheid rule, more and more people ignore the law and get away with it."

She stressed that Johannesburg would not be able to function as an emerging world city, or as an inviting arena for new investment (not to mention sustaining its current investors) unless, for instance, there was a strict traffic regime with clear rules that applied equally to all on the road.

Similarly, all requests for private sector investment would come to nought unless investors knew that the "rules of the investment game" would apply and transgressions would be severely dealt with.

"Without adherence to the rule of law, and its corollary – punishment – in urban areas, no strategy for the future will work," she said.

Bernstein said the government document failed to deal with a number of important issues. The cost factor was a major omission. Should cities have increased local taxation powers? How would central government money be channelled into the cities and towns and what would the criteria for allocation be?

Missing also was any discussion on migration and how this would affect urban strategy and cities.

And what of the towns? A new urban strategy had to take advantage of the diversity of urban settlements to ensure South Africa got the most out of its historic investment in facilities.

Then the "hidden urbanites", communities resettled at places such as Bushbuckridge, Botshabelo, or in numerous settlements in the former Ciskei, had to be considered. No one knew for certain how many people lived in these settlements.

The land crisis was also not dealt with yet most, if not all, South African cities were struggling to deal with urban land issues.

"It has been estimated in some cities that one third of vacant land for housing has been invaded by squatters," Bernstein said. "This, in turn, seriously constrains public and private developers from housing development. What is required is a bold and co-ordinated effort to break this destuctive cycle.

"The authorities need to implement a large scale land release, upgrading programmes and enforcement of property rights. Any attempt to implement enforcement without simultaneously providing large tracts of land for new settlement is an exercise in futility."

Bond defaulters won't pay, banks won't fix defects, but Government willing to talk

(123) Star 1/3/96

By Bongiwe Mlangeni
Housing Reporter

Fixing leaking roofs, cracking walls and blocked toilets has been part of Alfred Sipalane's life since he bought his house in 1992.

He has refused to pay his bank loan for three years, until all the defects are fixed, and is one of about 5 700 bond defaulters who could soon be homeless if the Government goes ahead with its plan to evict people who refuse to repay their bonds but continue to live in the repossessed houses.

"Our complaints about the defects and high prices of these houses are genuine but go unheeded," said Sipalane.

He said that when he bought his house in Tembisa in 1992, he was told by the bank that it would cost R33 000 and have a kitchen, two bedrooms, a dining room, a toilet and bathroom.

"To my surprise, when the house was finished it had a small corner which was called a kitchen with a space to fit in only a sink and a two-plate stove; the bedrooms could not take more than a double bed; and the house was cracked and was now R45 000."

His experience is shared by hundreds of Tembisa residents still on a bond boycott, although structural problems are not a bank's responsibility.

"We have to solve the problem with the banks because the contractor has disappeared," said Sipalane. But Denis Creighton, MD of Servcon – a government programme which deal with repossessed houses by reselling the house to the occupants or helping them to find alternative, affordable accommodation – said that not all the houses had defects.

If occupants raised their problems and mentioned that they had made improvements to the house, a new arrangement could be negotiated, Creighton added.

Mortgage criteria to affect housing market

BD 1/3/96 (123)

Robyn Chalmers

MORE stringent lending criteria on mortgages, due to come into effect on April 1, will have a dramatic effect on the low-cost housing market, industry spokesmen said yesterday.

Council of Southern African Bankers housing spokesman Lance Edmunds said that the new criteria would include a 5% deposit for all borrowers in the low-income housing market, including public servants.

Edmunds said there would also be amendments to the home loans subsidy formula for low-cost housing for public servants. This would have a major impact as it would reduce the amount of mortgage finance for which they could qualify by about 40%.

"We have had strong opposition to the new lending criteria, particularly from the building sector, and they are probably quite controversial." Mortgage lenders had, however, agreed to a nine-month moratorium on the implementation of the criteria after the uproar when they were initially announced last June.

This period of grace could have been used to put forward more innovative financing deals for the lower end of the market, but these had not been forthcoming, he said.

National Association of Home Builders executive director Daan Roelvert has expressed grave misgivings over the implementation of the new criteria, saying they would further impede the low-cost housing programme.

Roelvert called on government to hold talks with mortgage lenders on the issue, with a view to encouraging the banking sector to rethink or even drop the scheme.

Banks and government were expected to discuss the new criteria next week when they met to talk about the record of understanding which paved the way for banks to enter the low-cost housing market last year.

Absa and First National Bank last June announced the introduction of fixed rate mortgage loans which would be made available for new loans of less than R65 000 on a 10-year term at a fixed interest rate of 22,5%.

(123)

INSIDE LABOUR

CT (DR) 1/3/96.

Waging war on water privatisation

TERRY BELL

Water is likely to be at the centre of the first serious — and possibly brief — battle in what promises to be a guerrilla war against privatisation by sections of the trade union movement. These followed the belated realisation by the unions that the private sector bandwagon had already begun to roll, in the form of long-term, delegated management contracts for water and sanitation services.

Now there is a frantic attempt by the unions to draw in international expertise and background information. This week, the British-based and trade union-funded Public Services Privatisation Research Unit filed its report on controversial Paris-based transnational Lyonnaise des Eaux to the South African Municipal Workers Union (Samwu).

Five years ago, Lyonnaise des Eaux, which manages water and sanitation for cities such as Paris and Barcelona, teamed up with locally based Group Five.

Both companies had a shared interest in construction and services provision and Group Five had identified water and sanitation provision as a growth area.

Group Five had already established a company called Aqua Gold Services. Its purpose was to develop and manage water and sanitation services.

The company was renamed Water and Sanitation Services (WSS) and became a subsidiary of Lyonnaise Water Southern Africa (LWSA), which is a joint venture between Group Five and Lyonnaise des Eaux.

It was LWSA, established to deal with larger, metropolitan areas, which was pitching for the contract to manage Johannesburg's water and sanitation services. WSS, which concentrated on smaller councils and rural areas, already managed such services in Queenstown, Stutterheim and Fort Beaufort.

The 25-year Queenstown contract — the first in the country — was signed in 1992, but Samwu only became aware of it a year ago.

"We found out when they tried to get into Kimberley," said Samwu water co-ordinator Lance Veotte. That was the first skirmish.

Now, with Johannesburg casting about for possible management services and WSS apparently involved in talks with a number of local authorities, including Kimberley, the battle lines are drawn.

The next skirmish will take the form of a workshop to be held before the end of April, featuring union and private sector representatives — and paid for by LWSA.

The company sees the workshop as an opportunity to clear the air. LWSA and WSS delegates will stress that their contracts do not amount to privatisation, that there is no selling off of assets, that profit will come through more efficient operations and that by taking water and sanitation out of the restrictive political environment, a more efficient service will be assured.

The orientation will still be towards profit.

Samwu is concerned at profit becoming a priority in a vital area like water. Discussions in the workshop are likely to be heated if LWSA refuses to divulge the financial details of existing WSS contracts. Copies of these confidential documents, minus the financial details, have been made available to union representatives, who now want full disclosure.

Much is likely to be made of the nod of approval to delegated management contracts from Kader Asmal, the water affairs minister. His proviso was that these contracts must be in the public interest and that "the views of organised labour" must be taken into account.

In the case of existing contracts, organised labour was not consulted. But consultation is about to begin and Willem Munting, the managing director of WSS, has promised openness about the company's activities.

Samwu's official view is that it is opposed to privatisation in any form, that "cost-plus" contracts, especially where capital expenditure remained the province of the local authority, should not be entertained.

Said Veotte: "With a resource as vital as water, we can't let that happen. You don't rent out the family jewels."

Single women run half the homes in townships

(123) BD 4/3/96

Business Day Reporter

ALTHOUGH the quality of life for urban blacks is steadily improving, the influx of people to the cities and growing squatter populations are having a considerable effect on overall standards. This was shown in the latest Urban Black Household Report, just released by Market Research Africa.

The survey has been done every two years since 1975. The sample of 1 000 focuses on housewives living in urban areas throughout the nine provinces, and represents 42% of the total black housewife population.

An interesting feature of the survey is that there has been a considerable increase in the number of single women running households. They now account for a little more than half of all township households, compared with 36% in 1975.

Women have improved their education also to the point where there are slightly more women with Standard 9 or 10 qualifications than men.

The steady progress in electrification is reflected in the possession of such household goods as TV sets and ironing boards. Seven out of 10 households now own TV sets, and one in 10 has a video recorder. The popularity of TV has led to a decline in purchases of formal dining room furniture, and in leisure activities such as visiting friends and gardening.

While many households are now better furnished than in the past — 28% have wall-to-wall carpets — the overall standard of homes is slightly down on the early '90s. This is attributed to the growing number of shacks, which is reducing the percentage of brick and mortar homes and the average number of rooms. The average house has four rooms, but 20% of homes have only one or two rooms. Sixty percent do not have a bathroom.

The proportion of housewives who regard their homes as "cold, draughty, damp or leaky" has increased from 10% in 1985 to 30%. Nevertheless home ownership has nearly doubled in the past 10 years — from 35% to 65%.

Housewives believe their children's health is improving (66% said it was "good" in 1975, compared with 72% in the latest survey). They are serving more brown bread, fresh fruit and eggs than they used to. At breakfast, cold cereal is becoming popular. Mealie meal is still served at the evening meal in two-thirds of households.

Major worries include unemployment — mentioned by 44% of households, compared with only 4% in 1975 — and crime. However, crime is considered slightly less of a problem than it was two years ago.

It is predicted that by 2005, for the first time, the number of blacks with post-matric qualifications will overtake whites.

Rental accommodation to be considered

New initiative set up to tackle homes backlog

BD 4/3/96 (123)

Robyn Chalmers

GOVERNMENT is planning a string of measures to kickstart the low-cost housing programme, including bringing rental housing into play and using international expertise in the delivery of housing units.

Housing Minister Sankie Mthembi-Nkondo said at the weekend government and the private sector were finding common ground on setting up joint ventures for a range of issues.

Rental accommodation was now a vital component of delivery. It had been discounted previously due to high start-up and administrative costs to the state. But unemployment levels had forced rental accommodation into the plans, she said. All mass projects could, in future, include rental accommodation. Renters would be encouraged towards ownership.

Government was looking at using the state housing subsidy as a guarantee for the private sector. However, the guarantee mechanism has not yet been finalised.

Sources said talks were also under way between government and international organisations which could lead to government setting up joint ventures with foreign companies to deliver mass low-cost units.

Government's patience with local industry had been wearing thin, prompting its decision last month to launch an investigation into the building industry's failure to deliver and the quality of stock that had been built, the sources said.

Mthembi-Nkondo said talks with the private sector were progressing well, but were still at an early stage.

"There is still much 'workshopping' to be done with communities, civic organisations, developers and a range of other stakeholders before a final decision is made," she said.

Government's drive to deepen its direct involvement in housing delivery follows a lacklustre performance in the sector to date.

The private sector had delivered fewer than 15 000 housing units since last May, while the housing backlog stands at between 1,5-million and 2,9-million houses. Just R658m of the R3,15bn allocated to housing projects for this financial year had been spent by January.

Mthembi-Nkondo said the passing of the Housing Amendment Bill last week would help accelerate housing delivery.

The Bill gives the go-ahead for housing powers and functions to be devolved to the provinces, and for local authorities to be accredited to carry out national housing programmes.

Continued on Page 2

Housing (123)

Continued from Page 1 BD 4/3/96

The Bill also addresses the question of the National Housing Fund, with the six existing housing funds under its auspices merged into a single fund called the SA Housing Fund.

Mthembi-Nkondo said devolution of powers to the provincial housing ministers would reduce tensions resulting from not being able to direct provincial housing boards on housing issues. The boards were previously accountable only to the National Housing Board.

Provincial governments would be able to accredit local authorities to administer the housing subsidy scheme and other national housing programmes, ensuring the housing function was located closer to communities.

"It is at the third tier of government that the public and government must directly interface. It is at this same tier that delivery must increasingly be managed," Mthembi-Nkondo said.

Rental housing seen as option

(123) Star 5/3/96

HOUSING REPORTER

The Government is considering rental housing as another means of dealing with the slow housing delivery, according to Housing Minister Sankie Mthembi-Nkondo.

This was a response to requests made by people in need of low-cost housing and who preferred to rent houses with an option to buy later. A team has already been appointed to investigate the feasibility of providing rental stock.

"While our main objective is to promote home ownership, we have decided that we should not just dismiss the chances of having rental stock without any investigation," she said.

Her department was looking at the needs of home seekers who did not have a high income and were hesitant to obtain bank finance because they would not be able to pay back their loans. "Some of them might be comfortable renting until they have saved enough to buy," the minister said.

Govt considers home rentals as option

(123) Sowetan 5/3/96

Sowetan Correspondent

THE Government is considering rental housing as another means to deal with the slow housing delivery, according to Housing Minister Sankie Mthembi-Nkondo.

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Mthembi-Nkondo said her department was looking at the needs of those home seekers who did not have a high income and who were hesitant to obtain bank finance because they would not be able to pay back their loans.

"Some of the people might be comfortable renting until they have saved enough to buy," said Mthembi-Nkondo.

She said the team involved government and private sector members and was expected to come out with a format of the kind of rental housing which was needed. Team members would visit different countries overseas to do research on the subject and would present recommendations to the Minister.

Mthembi-Nkondo could not say exactly when the team would report back to her.

She added that cost of providing rental housing would be determined when all the needed information had been gathered.

motorcar theft and robbery are linked to the illegal arms trade in Mozambique, while drug trafficking is connected to vehicle theft in Zambia and to money laundering in Nigeria. People provide and sell whatever is stolen in some sort of bartering arrangement between these underworld gangs.

I would like to appeal to the hon the Minister to take the subject seriously. Some of these international crime rings apparently believe that we South Africans are a bunch of ignorant hicks who are here to be robbed, exploited and taken for a ride. The message needs to go back to them that the whole country has united in the determination to protect the safety and security of our people. We believe in the rule of law, and we will uphold it. We believe in our Constitution and will defend it. The gangsters must learn that they cannot trifle with us. [Time expired.]

The MINISTER FOR SAFETY AND SECURITY: Mr Speaker, I want to thank the two hon members for advising us to do what I told them we are doing. [Laughter.] To give them a further basis for considering the advice, I want to inform them that the Minister of Justice, after consultation with the Minister for Safety and Security, instructed the SA Law Commission to draft new legislation focusing on extradition. There is another piece of legislation being drafted, which will enable the police to confiscate the proceeds of crime. In other words, money laundering will be declared a punishable crime.

Another piece of legislation is being drafted which will enable the police to obtain and present before the courts evidence gathered in foreign countries. We believe that it is a combination of these measures that will enable the SA Police Service, working together with other police agencies in other countries, to break the back of organised cross-border crime.

Mr V B NDLOVU: Mr Speaker, I thank the Minister very much for his response in clear, unambiguous terms. [Interjections.]

What I am looking at is the relationship between other countries and this country with regard to this problem of crime. How do these countries co-operate with us, and how do they take this into account when we are fighting crime on this side and they are fighting crime on their side? Are they helping us to combat crime? Firstly, do they always co-operate with us in Interpol? Secondly, the most important thing the Minister told us was that there was a joint operation taking place. In that joint operation, are the other countries not giving us South Africans the burden of doing the job, while they rest on their laurels? Are they not making us pay, forcing us to sing for our lunch?

It is important for us not to overburden our SA Police Service members, while we know that they are thin in number on the ground. The other countries must help us in these matters, so as to make sure that when we talk about investment in the country, this is not overshadowed by the criminal acts that are being imported from other countries to this country.

Kusemqoka kakhulu ke lokho. Uma ubudlelwane namanye amazwe bugcizelela ekubambeni izigebengu ukuthi zingakwazi ukuletha izinto zazo ngapha, sizokuba nakho nathi ubudlelwane obuhle obusuka ngapha ezweni lethu ngaphakathi, buya ngaphandle. Okwesibili-ke, ngeke sivumele abantu . . . [Inhlokomo.] Angizwanga, uthini? [Uhleko.] (*Translation of Zulu paragraph follows.*)

[That is very important. If our relationship with other countries ensure that criminals are prevented from bringing their illegal goods into our country, we will also extend the same good relationship to our neighbouring countries. Secondly, we will now allow people . . . [Interjections.] I did not hear you, what did you say? [Laughter.]]

The DEPUTY SPEAKER: Order! I regret the hon member's time has expired. [Laughter.]

Mnuz V B NDLOVU: Bengisafuna ukuphendula lo. Sihlalo, ungithikazisile, umzuzu wami unganginikeza na? [Uhleko.]

[Mr V B NDLOVU: Hon Speaker, I still wanted to give this person a reply. He disturbed me. Can you give me my minute back? [Laughter.]]

The DEPUTY SPEAKER: Order! The hon member's time has expired.

Mr M F CASSIM: Mr Speaker, I do not want to be presumptuous. I want to assure the Minister that I do not want to advise him. All I want from him is the assurance that we are safe and secure within our borders. Therefore, if one looks at my question, my question asks what the results are of what the Minister has done. When the hon the Minister addressed us during the discussion of his Vote he indicated to this House that he had a number of plans afoot, and we know from subsequent announcements in the press that those plans indeed have been seeing the light of day. All

I really wanted from the hon the Minister was the assurance that all these problems . . . [Interjections.] Am I looking for a post in the SA Police Service? Yes, I think so, that would be quite a nice change.

In Malaysia, for example, a number of front companies have been established that are trading in commodities and their purpose . . . [Time expired.]

The MINISTER FOR SAFETY AND SECURITY: Hon Deputy Minister, the question is, what are the results . . . [Interjections.] Hon Deputy Speaker . . .

The DEPUTY SPEAKER: Order! When the hon member does not call me Madam Speaker, he calls me something else. Please proceed, hon Minister.

The MINISTER: Hon Mr Ambassador . . . [Laughter.] The question is, what are the results of the steps that we have introduced? I think every cross-border crime which did not take place is the result of the measures which we have introduced. The questions asked by the hon member Mr Ndlovu were responded to in my earlier inputs.

Debate concluded.

Housing programme (123)

4. Mrs P DE LILLE asked the Minister of Housing:

Whether, with reference to a recent statement by the Director-General of her Department with the purport that the housing programme of the Government of National Unity is unable to proceed, she is in a position to inform the House when the (a) implementation of the housing programme is to commence and (b) first shoots of the implementation of the RDP in this regard will become evident; if not, what is the position in this regard; if so, what are the relevant details in each case?

N249E.INT

The MINISTER OF HOUSING: Mr Speaker, the reply to the question of the hon member Mrs de Lille is as follows. The director-general of my department did not indicate at any stage that the housing programme of the Government of National Unity was unable to proceed.

It is common knowledge that I appointed a special task team towards the end of last year to identify the bottlenecks which were inhibiting the delivery of housing. This task team was convened by the director-general, Mr Cobbett. The first report of the task team, in which significant proposals were made in order to address the constraints which are currently hampering the delivery process, was made public on 18 January 1996. I may indicate that I have accepted the proposals contained in the report and that I will be submitting the report to the Cabinet for notification.

Those members who took the trouble of attending portfolio committee meetings this year would have benefited from a detailed briefing by the director-general on the task team report, as well as progress in respect of the record of understanding with the Association of Mortgage Lenders. All of the proposals contained in the report are in the process of being implemented. Indeed hon members will be aware that the Housing Amendment Bill which they passed in this House last week includes within its scope some of the recommendations of the task team. On Friday, I will be discussing with the nine provincial executive councillors the question of assistance proposed to enhance the administrative and managerial capacity at the different tiers of government.

It is common cause that the housing-delivery process virtually came to a standstill during the period preceding our first democratic elections, and it was assumed from the outset that it would take some time to get the process going. In this regard I must indicate that housing delivery is by its very nature a long-term process. This process was fundamentally hampered by constraints such as the absence of democratically elected local governments and the withdrawal of the private sector from the low-income sector or market due to the perceived risks. [Interjections.] It would help the hon member just to listen for a while.

Further constraints included the mutually reinforcing cycles of nondelivery and nonpayment, the lack of municipal infrastructure, fragmented and racially-based housing policies applied by a plethora of institutions, and protracted delays inherent to land-delivery and township-development procedures.

It has to be pointed out that housing policy is being and will continue to be developed on an ongoing basis, firstly, to address the above-mentioned constraints and, secondly, to ensure that we are always positioned to address the needs of the poor and homeless.

The DEPUTY SPEAKER: Order! I regret the hon the Minister's time has expired. May I ask hon members to whisper softly, please.

Mrs P DE LILLE: Mr Speaker, clearly there is a housing problem in this country. Almost daily we hear about the problems of squatters being forcibly removed and then moving back. In Gauteng the provincial government was forced to provide land for squatters. Housing is not only crucial, but subsumes all other problems. It is a reflection of all the other serious problems that we have.

The housing issue, when tackled with firmness, will regenerate the economy more than anything else could. A vigorous housing programme will mean that our plumbing, construction, electrical, carpentry and various other subsidiary industries will be boosted. It will mean job creation on a massive scale. The housing programme is therefore of crucial importance not only for the economy but also with regard to job creation. It will lift us economically.

What is of concern to us is that the housing programme, despite the importance given to it for the reasons I have outlined, is not taking off when the money for it is available. The Government is now going into its nineteenth month, and whatever problems we had of transition and settling down, it is time that we get our delivery services to the people they are meant for. The disturbing element is that instead of the money being utilised, it is is rolled over to the following year unutilised.

According to a press report, one donor from a Scandinavian country actually withdrew money donated for a social project, which amounted to something like R80 million. We only want to hear about the progress that the Minister has made. We are not questioning her ability, but we want to see results. That is all we are interested in.

Statistics of July 1995 indicate that for the 1995-96 financial financial year Gauteng was allocated R437 million, of which only R56,1 million was spent. The Northern Province was allocated R154,8 million, of which only R3,3 million was spent. The Western Cape was allocated R94,5 million, of which R6,6 million was spent. The Eastern Cape was allocated R273,6 million, of which R16 million was spent. The North-West was allocated R126 million, of which R4,9 million was spent. KwaZulu-Natal was allocated R351 million, of which only R63,2 million was spent. Mpumalanga was allocated R95,4 million, of which only R6,6 million was spent. The Free State was allocated R124,2 million, of which only R30 million was spent. Finally, the Northern Cape was allocated R32,4 million, of which only R2,9 million was spent.

The total budget allocated for the 1995-96 financial year was R1 800 million. Thus far only R236,7 million has been spent.

That is what we are questioning. More than 250 000 ha of State-owned land has been taken up by informal settlements. This figure excludes invasions by squatters of private property or land owned by local authorities.

The needs of our people are enormous, and we urgently need a clear policy from the Minister that will ensure that all stumbling blocks in the way of delivery are removed as soon as possible. We only want to see results.

The MINISTER OF HOUSING: Mr Speaker, the question of squatting did not emerge in April 1994. It is a problem that has been created by the systems that operated within this country before 1994.

In my initial input I did indicate to the hon member that the housing delivery process had been halted prior to April 1994. That has created a lot of problems for this new Government. However, let me make it clear to that hon member that we are quite aware of the fact that housing is a priority. Housing is going to be an area of activity that will help us generate jobs, that will empower our people through skills and so on.

However, the issue at hand is: For us to be able to undertake that process, what are the problems? The task team report has brought back a reflection of what the problems are on the ground.

The hon member should actually update her statistics. The amount of spending by the provinces from last September to January this year has gone up. Our graph has gone up and we have already spent a total of R451 million, if we date it back to 1994. However, the importance of this rising graph is that our provinces have, for the first time, been able to unlock some of those avenues that have been problem areas for them in terms of delivery.

Let me also indicate to the hon member that according to our statistics from September of that year up to the end of January this year, we have been able to move from an estimate of 470 houses delivered per month to about 2 000. That should indicate to the hon member that the housing programme is on course. [Time expired.]

Mrs P DE LILLE: Mr Speaker, I detect a bit of—let me not use the word arrogance, but it comes across to me like that. I am not trying to challenge the Minister, and I want to repeat that. We just want to know where the results are.

This has been a Government of miracles. The greatest miracle that this country is waiting for is the beginning of the process of delivery to our people when the money is there. The money is there! We do not, of course, talk about miracles. We know the problems involved. We know we have massive tasks. We know the legacy of colonialism and what it has created for us. We know about the looting of public coffers that was a disgrace to the name of the past authorities over there.

However, we do have the infrastructure of government. We are not a banana republic. Programmes have been worked out, costs have been worked out, but we are only asking when the delivery is going to start in earnest, especially of housing.

The MINISTER OF HOUSING: Mr Speaker, if the hon member has been listening she must realise that I am actually trying to respond to her question. I will continue to do that. We have been able to produce 34 000 housing units within the past 18 months. We have been able to commit 268 000 subsidies. We have been able to confirm our commitment to release 300 000 subsidies every year. I think that should be an indication of the fact that the housing process is on course. That is actually what I am trying to convey.

But let me also indicate to the hon member that housing is not like any other ordinary process. We have lead times of between 18 and 24 months and it is important that there is an infrastructure in place before we spend the kind of money that we have been quoting. That is what we have been doing, putting up the infrastructure so that when we get to the spending stage the hon member does not come back here to question our spending as regards to where the money has gone.

Let me also indicate that it has been necessary and important for the Ministry to put in place legislation such as the Development Facilitation Act to enable the Ministry, through the provinces, to access land and make sure that the delivery of land is speeded up. It was also important for us to become engaged in the municipal infrastructure investment framework, including the bulk and connector services infrastructure grant processes, so as to have that infrastructure in place.

It was also important for this Ministry to ensure that the issue of the Mortgage Indemnity Fund, which has to assist the financial institutions in solving those problems which are halting their participation to the housing delivery, was resolved.

It was also important for us to go back to our communities and communicate with them on issues that are of concern to them. It was therefore important to have the service company, Servcom, that had to knock on the doors of no fewer than 14 182 houses in the past few months, trying to find out the individual households' problems in those areas. [Time expired.]

Debate concluded.

QUESTIONS

†Indicates translated version.

For oral reply:

Questions standing over from Wednesday, 28 February 1996:

Collapse of certain airline

*2. Mr G M E CARELSE asked the Minister of Transport:

(1) Whether an investigation has been undertaken to determine whether the collapse of a certain airline, the name of which has been furnished to his Department for the purpose of his reply, constituted a serious economic offence; if not, why not; if so, what were the findings;

(2) whether any action has been or is to be taken in this regard; if not, why not; if so, what action?

N47E

The MINISTER OF WATER AFFAIRS AND FORESTRY *(for the Minister of Transport):*

Mr Speaker, the Minister of Transport is in the Other Place, the Senate, introducing three measures. The answer to Mr Carelse's question is as follows:

Housing subsidy 'to be VAT-free'

BD 7/3/96 (123)

Robyn Chalmers

THE housing ministry announced yesterday that housing subsidies would be zero-rated for VAT, which will help the poor by boosting the effective value of their subsidies but will cost government millions of rands in lost revenue.

Housing Minister Sankie Mthembi-Nkondo told the Senate the agreement to zero-rate housing subsidies, agreed with the commissioner of inland revenue, would effectively increase the buying power of the top subsidy of R15 000 by R1 842.

"The ruling will apply to all housing subsidies that have already been paid as well as to future subsidies. In zero-rating these subsidies, government wants to ... warn that this benefit is primarily intended to help alleviate the plight of the poor and is not intended to improve the balance sheet of developers, nor the fees of consultants," she said.

Mthembi-Nkondo said there had been strong calls — mainly from developers — for the subsidies to be zero-rated. It was argued the state was wrong to tax its own assistance to the poor.

The exact cost to government in lost revenue was not clear, but Mthembi-Nkondo said in a separate statement that 2 000 houses were being delivered a month and 34 000 houses had been built in the past 18 months.

She said more than R451m had been spent on building houses under the subsidy scheme to date, and government's rate of delivery had increased from 470 to the current 2 000 houses a month since September because the necessary infrastructure had been created.

On the VAT issue, an inland revenue spokesman said that in terms of the Value-Added Tax Act, subsidies paid to developers, who were registered as vendors, included VAT, so the tax ultimately was borne by public authorities.

The spokesman said developers, therefore, did not stand to gain anything from the refund. Public administrations would apply for the refund directly.

A housing ministry spokesman said provincial housing boards would be instructed to ensure those who had already received subsidies would get back the amount they had overpaid.

"Developers taking part in the government subsidy scheme will be given the chance to revise project approvals on the basis of agreement with beneficiaries to add value to the housing products or reduce mortgage bonds," said the spokesman.

In a separate development, National Assembly housing committee chairman Titus Mafolo said the joint housing committees of the National Assembly and Senate would hold public hearings from March 26-28 on the long-delayed White Paper on Housing.

Mafolo said the hearings would be held with a view to finalising the White Paper for adoption before July. Areas that needed attention included the costs and management of rental housing, Mafolo said.

Industry welcomes scrapping of VAT on government housing subsidies

(123) CT(BR) 7/3/96

BY MAGGIE ROWLEY

Cape Town — The surprise scrapping of VAT on government housing subsidies announced yesterday has been welcomed by the building industry.

Industry sources say it will compensate for the ravages of inflation and rising building costs of the past year. They said it would also offset the cost of the new levy under the builders defects warranty scheme.

Sankie Mthembi-Nkondo, the minister of housing, announced in the Senate yesterday that government housing subsidies, including the subsidies already paid out, would be zero-rated for VAT with immediate effect.

Housing subsidies vary from R5 000 to R15 000, depending on the income of the recipient, with the poorest members qualifying for the highest subsidies. The tax saving on a R15 000 subsidy will be R1 842.

Subsidies were previously subject to VAT as they were only paid to developers who were registered vendors. At the time, recipients of the subsidy scheme took transfer of serviced sites and housing.

Peter Allsopp, the head of the Builders Defects Warranty Fund, said that in most cases the tax saving would more than compensate for the builders defects warranty levy implemented this year to protect consumers.

The levy amounts to 1,3 percent of the total selling price of units costing up to R250 000.

Ian Robinson, the executive director of the Building Industries Federation of South Africa, said the tax saving on subsidies would compensate for the increase in inflation in the past year which had eroded the buying power of the subsidy.

The government had said that it could not afford to increase the subsidy.

"On its own, it is unlikely to have a major impact. What is required now is mass delivery of serviced sites to bring in the benefits of an economy of scale which, with the tax saving, can be used to supply at least a rudimentary shelter for the very poor."

Electricity suppliers opt for regional distributors

BD 11/3/96 (123) ~~(55)~~ ~~(250)~~

Mungo Soggot

PLANS for the shake-up of the electricity supply industry were shifting away from centralised control and towards carving it up into regional distributors, industry spokesmen said at the weekend.

The Electricity Working Group, which is steering the revamp, said it would present its plans to government by next month. The group would propose either forming one national decentralised electricity distributor or carving up the current set-up into several regional distributors.

Other industry sources said whereas the group had initially favoured having a decentralised national distributor, it had been confronted with evidence suggesting that regional distributors were also viable.

Eskom itself favoured having as much decentralisation as possible in a range of regional distributors and others in the group were coming around to their point of view, one said.

Whichever way the working group goes, all Eskom's and local authorities' distribution assets will be put under one umbrella organisation. Although there is friction in the industry over how much centralised control to exercise over the new body, there is agreement that the current set-up has to go.

The status quo is seen as being riddled with inefficiency and lacking transparency.

One source said the proposal to government would recommend having as many regional distributors as was financially viable. He said it appeared the regional approach would give the best results, enabling more efficient electrification drives and more transparent pricing and cross subsidisation.

Housing set to get small Budget slice

BD 11/3/96 (123)

Robyn Chalmers

THE housing ministry is likely to be one of the lowest scorers in Wednesday's budget, with a revenue increase of between R150m and R300m expected, due mainly to anticipated large rollovers.

The ministry won a significant coup in last year's budget when Finance Minister Chris Liebenberg allocated more than R2,9bn to housing — an 80% hike over the previous year, which was the biggest percentage increase given to any department.

The ministry previously committed itself to receiving 5% of the total budget by 1999, and if it intends sticking to this commitment it should receive 3% of the budget or an estimated R5bn for the 1996/97 financial year.

However, analysts said the slow progress which had been made on the low-cost housing programme to date, along with huge expected rollovers, meant it was highly unlikely that the 3% target would be achieved.

"It has to be taken into account that only 21%, or R658m, of the total R3,15bn available for housing in the current financial year was spent by the end of January.

"Although spending on housing is on an upward trend, it will not only be impossible, but also unwise, to spend a significant portion of the remaining funds before the end of the financial year," said one analyst.

The analyst said that if the expected small increase in the housing budget materialised, the ministry would find it increasingly harder to meet its target of receiving 5% of the budget by 1999.

"The low-cost housing programme will have to get off the ground almost at once and go full steam ahead for the rest of the year to avoid further rollovers in the 1996/97 year. There is only a limited chance of this happening."

The analyst said one route that the housing ministry could take would be to get permission to grant a set number of subsidies.

Housing Minister Sankie Mthembi-Nkondo said 34 000 houses had been built in the past 18 months, and the pace of delivery was picking up — more than 2 000 homes being built monthly, against 470 last September.

Another analyst said that a number of measures were being undertaken by the ministry, many of which were proposed in the recently released task team report on unblocking delivery.

The proposals, accepted by provincial ministers and other affected parties, include mass contract delivery by the state in partnership with the private sector, the devolution of housing functions and powers to the provinces and reducing the focus on social compacts and minimum standards for housing.

See Page 8

NOTE

Few takers for fixed rate mortgage loans

Robyn Chalmers

(123) BD 11/3/96

THE fixed rate mortgage loans introduced by banks last year have failed to attract the interest of lower income home buyers and a task team is investigating the possibility of lowering the interest rate charged on the loans.

Industry and banking spokesman were reluctant to disclose the exact number of fixed-rate loans which had been granted since they were introduced last June, but estimates put the figure at less than 100.

Reasons for the lack of interest included the high interest rate charged on the loans — between 20% and 22,5% depending on the size of the loan — and the lack of housing stock at the bottom end of the market, they said.

As a result, the mortgage lenders' association has launched an investigation into the feasibility of recommending to banks that the rates be lowered.

Southern African bankers' council housing spokesman Lance Edmunds said yesterday that an industry task team had been charged with reviewing the rates, and he expected a recommendation to be made within weeks.

The loans were introduced at a higher interest rate due mainly to the higher cost of administering loans to the low-cost market. The industry had agreed that the fixed interest rates would be uniform throughout the banking sector, a possibly collusive practice which had been granted an exemption by the trade and industry ministry.

Absa and First National Bank were the first to introduce the fixed-rate loans last June, largely due to prompting from government and civic organisations. Standard Bank and Nedcor have decided against offering the fixed-rate loans, saying they did not believe there is any demand for such loans at the lower end of the housing market.

The fixed rate option was introduced on a loan term of 10 years — rather than the 20 years which normally applied to variable rate bonds — and applied to new loans of less than R65 000.

Absa risk management housing manager Lee Bartlett said the bank had seen very little interest in the fixed-rate loans. The shorter loan term and higher interest rate meant monthly repayments were higher, and many applicants did not qualify for the fixed-rate loans due to a lack of affordability.

Brick by brick, rural women build their lives and communities

(123) Star 11/3/96

Thanks to training and technical support from a major company, eager women are not only learning an essential skill but turning into entrepreneurs, reports Glenda Daniels

Rural women are producing bricks by themselves, learning skills and starting their own businesses in what is proving to be an economically powerful development trend for themselves and their communities.

Last year, in the Northern Province, several women's groups began brick-making projects which served to further skills. This year, these projects have reduced unemployment, and have helped build schools and houses.

One such project is the Tshisahula community project in Thoyandou, consisting of 25 women.

The Blue Circle Cement (BCC) company, which runs technical and training support programmes for informal brick-makers and emerging entrepreneurs, says that bricks used on countless rural schools and housing projects have often been made, cured, stacked and loaded by women.

BCC training consultant David Madau, assigned to several rural projects in Northern Province, confirms the impact women are making.

He says that after women from the Tshisahulu project identified a need for a creche and pre-school, they took the initiative to acquire funds and start a brickyard.

From this a small business emerged and now several buildings have been built.

"Often it is the women who are the most eager to learn. We gave them training and output, as well as quality, improved. Production went up by about 25% to 3 500 bricks a day."

He says that the first school and pre-school have been built with these bricks.

"This year we will help them get on a proper commercial footing.

"They are now supplying bricks for other projects. They have a contract to supply bricks for new classrooms at several old schools in their area," he says.

"On some projects 90% of the trainees are women. The women seem to operate in networks. We learn about one group and offer our help, and then the women spread the word and we are approached by another group."

Rashid Jaffer, customer development manager at BCC, agrees that women are becoming a force to be reckoned with in housing delivery.

Rural women are strong-willed, self-reliant and determined to build a better life for themselves and their families".

"They want to acquire skills that can provide them with an income and build facilities that will improve the quality of life," Jaffer says.

The company, he says, gets requests from communities to set up brick-yards after the word goes round.

Some women's groups are now considering opening hardware stores because they are doing so well.

"This whole project is about skill transfer, job creation and a solution to housing problems.

"And the rural women's determination to succeed is gratifying to see," Jaffer says.

In Gauteng, on the other hand, there is often an attitude of complacency and an expectancy that others will do things for you, he says, but in rural areas, this is not the case.

Rural communities often identify their needs and then approach the company for training when they accumulate some capital either from RDP funds or from a community pool.

They then get training on how to make bricks, run their business, financial management, marketing skills and supervisory skills.

"This development programme is one of mentorships - taking people from the rural sector and introducing them into the mainstream commercial sector."

Jaffer adds that in the past when bricks were made, they were often exported, improved upon overseas and then imported at a higher price.

Now, we can make its own quality product and sell within the country, thereby making sure the money stays here and the economy is boosted.

Jaffer is encouraged to note that some building companies operating in Sandton are using bricks made by the rural women's projects in the Northern Province.

There is a tremendous need for bricks and blocks because of the housing shortage," he says. "This is a budding industry. The trend is that local communities are producing for themselves, learning skills and keeping money in the country."

"We don't subscribe to the culture of handouts. We believe rather in empowering people with skills.

"We need houses, we need bricks to make the houses. Let's learn how to make the bricks, then how to sell them and start a busines. This is what we're doing."

He feels passionately that South Africa should stop being a country of retailers and instead become manufacturers like Japan, where quality products are made and used in the country and also exported.

Hopefully, this has started to happen, albeit in a small way, with the rural women's brick-making projects.

Hard at work ... Mavis Sithole carefully places the freshly cast bricks out to dry at the brick-making project in Thouyandou.

Early riser ... Tshavhungwe Mudau fills the brick cast with cement before first light. The group of women produce about 700 bricks a day.

Preparation ... Elsah Netswinga and Gladys Nemakhavhanani prepare the cement mix to be used in the bricks.

Business lobbies for lower rises in power

(123) BD 12/3/96

Nicola Jenvey

DURBAN — Organised business has put pressure on Eskom and Durban Electricity for lower-than-average electricity tariff rises, a move that could set a precedent for future price hikes.

Eskom key customer relations manager Hugh McGibbon said yesterday Durban Electricity had negotiated a 2% tariff increase from Eskom effective from March 1 against the 3,5% national average.

This saving meant Durban Electricity, which received its supply from Eskom, would raise its tariffs to business by only 4,8% instead of the previously expected 6,6%.

McGibbon said tariff structures were open to negotiation with major customers and Durban Electricity would be willing to renegotiate in future years.

The higher tariff increases to business relative to residential provided the city council with an additional R80m for township electrification, but business could not afford to pay for both Durban Electricity's project and Eskom's Electricity For All campaign, chamber president Robin Boustred said.

A premium for these projects had been included in the tariffs.

Dean said the differential put Durban at a disadvantage in terms of attracting foreign investment, as vast fluctuations in rates did not create an environment of certainty and continuity.

Durban Electricity technical services director Roy Wienand said the current 19% differential between the rate Eskom supplies to municipalities and industrial clients had developed over time, and an attempt was being made to bring the tariffs into line.

Dean said the reduced tariff had begun redressing the differentials, but business would have preferred a more beneficial tariff considering Durban Electricity had experienced only a 2% increase.

723 ? Star 13/3/96

Masakhane to focus on local authorities

By [illegible]
Gauteng Reporter

The apparent failure of the Masakhane payment campaign in some areas of Gauteng should not always be blamed on residents for non-payment but was often also the result of a lack of infrastructure at local authorities, Housing and Local Government MEC Dan Mofokeng said yesterday.

He was addressing the Gauteng legislature's standing committee on housing where a progress report on the Masakhane campaign was delivered to MPLs.

Masakhane provincial co-ordinator Moeti Mpuru told the meeting that his office would concentrate the campaign on local authorities this year. Last year's efforts focused on creating national and provincial awareness of the importance of paying for services.

"To address the issue of the role of local authorities, we have embarked on a process to localise the campaign. This means local authorities must take up the Masakhane campaign, community-based organisations and stakeholders must become involved and local government services must be able to monitor payment," said Mpuru.

The meeting revealed that for the payment campaign to work, it was necessary for local authorities to create credit control systems, install pay offices at well-appointed and convenient spots, send out regular bills and, in the final instance, stop services or take action against those people who did not pay even when they could afford to.

'Boycott era is over' says civic body

(123)

By Mondli Makhanya
Political Reporter

Star 14/3/96

The South African National Civic Organisation yesterday declared the era of bond boycotts over and pledged to lend its wholehearted support to the Masakhane campaign.

Sanco, whose forerunners in the past decade spearheaded the boycott of rents and bond payments, said it was involved in "vigorous discussions" with Government and local authorities to work out strategies to ensure the success of Masakhane.

"We were central in mobilising boycotts when it was necessary. There is no longer any political justification for continued boycotts," Sanco President Mlungisi Hlongwane told a press conference marking the organisation's fourth anniversary.

He said the Masakhane campaign had failed to end boycotts because the "process of consultation" with communities had been flawed and the Government had therefore failed to gain the co-operation of township residents.

However, this had now been cleared up in meetings between Sanco and the Government.

He also announced that Sanco would be withdrawing its founder president, Moses Mayekiso, from Parliament to work full-time for them from the beginning of next month.

He will become the executive director of the business arm, Sanco Investment Holdings. The business is to get involved in RDP-related construction and infrastructural projects, and the leisure industry. It will also be bidding for non-core business in the parastatals which are being sold-off and revamped in terms of the Government's restructuring programme.

The rebuilding of the organisation is to involve the signing up of members and reducing Sanco's dependence on donor funds.

"We are no longer just a watchdog but a pro-active leader of civil society to ensure the consolidation of democracy and to address inequalities that resulted from the legacy of the past," said Hlongwane.

Rollovers see sharp cut in housing dept's allocation

BD 14/3/96

(123)

Robyn Chalmers and John Dludlu

THE housing and trade and industry departments both suffered budget cuts yesterday, with the housing allocation being reduced by more than half to R1,5bn while trade and industry's budget fell to R3,2bn (R3,5bn).

Sluggish delivery of low-cost units last year left the housing department with rollovers of R3,1bn from the RDP and national housing funds, which was the main reason behind the reduced budgetary allocation.

However, the rollovers, combined with the new allocation, will give housing more than R4,6bn to disperse this year — effectively more than the revised estimate of R4bn available last year.

Housing department director-general Billy Cobbett said yesterday that the slower than expected pace of delivery had left the department with adequate cash for the 1996/97 financial year.

"We will soon come to an agreement with the finance department which should allow us to allocate additional subsidies into the low-cost housing market to keep us on track for our target of 1-million houses by the turn of the century. This subsidy allocation will only incur expenditure over a 36-month period," he said.

Housing Minister Sankie Mthembi-Nkondo said she was satisfied with the housing budget. The logjams in the programme had to be ironed out prior to negotiations for substantial new funds. "We will focus on boosting capacity at provincial level this year and, together with the recommendations from the task team report on unblocking delivery, I am confident we can spend the funds this year," she said.

The lower trade and industry budget at R3,2bn was due to phasing out of the general export incentive scheme (GEIS), which had taken a huge chunk of departmental budgetary resources (about R1,9bn in the 1995/96 year) and the phase-in of supply-side measures to enhance competitiveness.

The Budget Review said expenditure of R1,9bn, representing a 12% decline, was provided for export promotion and foreign trade relations, while industrial development would drop 60% to R535m and the regional industrial development programme's allocation would fall 24% to R645m.

Liebenberg said the measures would provide an incentive for training, investment, exports, preferential market access, technology, work organisation, productivity upliftment and small business development.

A state expenditure official said government planned to spend about R180m on financing these support measures. A GEIS saving of R294m had been made.

Trade expert Carl Nöffke welcomed the shift from GEIS towards "GATT-compatible" support measures, saying these incentives would help sharpen SA's global competitive edge which was needed to penetrate fierce international competition for markets.

historical value of this particular site at Rorke's Drift certainly warrants special attention. The consultants are therefore now busy with a detailed evaluation of the potential social and historical impact by a dam at that particular site and are considering various options for minimising the impact. It should further be noted that a comprehensive public participation programme, involving all affected or interested parties, will be launched by the Department before a decision on the construction of a dam on this particular site could be taken.

Should it be decided to build this particular scheme, current indications are that the dam will not be developed before the year 2015.

*4. Sen A E VAN NIEKERK—Arts, Culture, Science and Technology.† [Question standing over.]

*5. Sen H J P LEBONA—Foreign Affairs. [Question standing over.]

Theft of firearm belonging to certain MP: progress in investigation

*6. Sen J SELFE asked the Minister for Safety and Security:

Whether any progress has been made in the investigation into the theft of a firearm belonging to a certain Member of Parliament, whose name has been furnished to the South African Police Service for the purpose of his reply; if not, why not; if so, what progress?

S115E

The MINISTER FOR SAFETY AND SECURITY:

No. A case docket for the theft of a firearm was concluded as undetected as no positive leads were found to follow up. The serial number of the firearm has been circulated, but it has not been found yet.

Beef imported from United Kingdom/Ireland

*7. Sen E K MOORCROFT asked the Minister of Agriculture:

(1) Whether beef from the United Kingdom or Ireland is currently being imported into South Africa; if so, how much;

(2) whether any precautions are being taken to guard against the possible introduction of (a) bovine spongiform encephalopathy (mad cow disease) and (b) radiocaesium; if not, why not; if so, what precautions?

S116E

The MINISTER OF AGRICULTURE:

(1) Beef from the United Kingdom and Ireland (presumably this refers to the Rep. of Ireland?) is currently being imported to South Africa. The quantities involved in current imports are reflected in the following table.

Current imports of beef from UK and the Republic of Ireland December 1995 to February 1996 (kg)

Month	*United Kingdom*	*Republic of Ireland*
December 1995	1 297 654	602 149
January 1996	1 312 578	148 873
February 1996	269 034	19 250

This should be viewed in relation to the total use of beef in South African which is in the vicinity of 400 000 tonnes.

(2) Precautions are taken against the possible introduction of both Bovine Spongiform Encephalomyelitis (BSE) infected and irradiated meat.

Precautions against BSE:

It is accepted in scientific circles that BSE virus only occurs in nervous and lymphatic tissues of affected cattle. Carcass meat does not harbour the virus.

The following precautions are therefore taken when beef is imported from countries known to have had outbreaks of BSE:

— Only deboned meat without obvious nervous tissue, lymphatic tissue and glands are allowed to be imported.

— No mechanically deboned meat is allowed because the prior removal of nervous tissue, lymphatic tissue and glands can not be confirmed.

— Only meat derived from animals that were born, raised and slaughtered in the country of origin and which originate from a herd where no case of BSE occurred during the previous five years is allowed to be exported to South Africa.

— In addition all animals are subjected to a veterinary antemortem inspection before slaughter.

Precautions against the importation of meat that may have been subjected to ionising irradiation:

— The South African import permit requires that the Veterinary authorities in the country of origin must certify that the meat has not been subjected to ionizing irradiation. This will include meat derived from animals contaminated with radio caesium due to nuclear contamination.

— As a control measure samples are from time to time collected upon arrival in the country and tested for residues of irradiation.

Hansard (123)

Masakhane campaign: amount spent

*8. Sen W F MNISI asked the Minister for Provincial Affairs and Constitutional Development:

(1) (a) What amount was spent by (i) the State and (ii) provincial governments on the Masakhane campaign up to the latest specified date for which information is available and (b) what is the expected further lifespan of the campaign;

(2) whether there are any indications that payment levels have increased as a result of the campaign; if so, what indications?

S118E

The MINISTER FOR PROVINCIAL AFFAIRS AND CONSTITUTIONAL DEVELOPMENT:

(1) (a) (i) R22 075 195 up to February 1996;

(ii) The provincial Masakhane Campaign managers were asked for information and the following replies were received:

Eastern Cape	:	R 41 019,74
Western Cape	:	R 28 762,00
North West	:	R 72 000,00
KwaZulu-Natal	:	R611 709,00
Northern Province	:	R397 471,14

(b) Three years is regarded as the minimum time required for the Campaign to really take effect at local level.

(2) It should be noted that the first phase of the campaign focused on making communities aware of the Campaign and its objectives. In this a 70% success rate was achieved.

The Campaign is now entering the second phase of localising Masakhane where the focus will be on service rendering and payments.

Abolition of stock-theft units

*9. Sen A E VAN NIEKERK asked the Minister for Safety and Security:†

(1) Whether any stock-theft units are to be abolished; if so, (a) when, (b) why and (c) what alternative arrangements will be made in this respect; if not,

(2) whether any steps have been or are to be taken to enable these units to function more effectively; if not, why not; if so, what steps?

S119E

The MINISTER FOR SAFETY AND SECURITY:

(1) No.

(a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(2) Yes. Most of the current operating Stock-theft Units are placed in areas where they are really needed by the farming community, and their service to the community is of extreme value. The restructuring of the units is conducted in such a way that the effectiveness of the units will not be impaired. Those units which are experiencing manpower or logistical problems are attended to and the problems will be addressed on a continuous basis so that the units can function more effectively.

Sen A E VAN NIEKERK: Mr President, arising out of the hon the Minister's reply, I just want to enquire whether he is aware of the allegations that

Masakhane blues

■ The Masakhane campaign flopped because civic organsations which started the boycotts were not consulted about ending them, says a recent study by Idasa

ARG 16/3/96

JEAN LE MAY
Staff Reporter

123

Failed pay-up drive could put the kibosh on Cape elections

FAILURE of the Masakhane campaign could have repercussions in the coming elections in the Cape Metropole.

This is because grassroots organisations, the "civics" and street committees which organised the rent and services boycotts in the first place, were not consulted about dropping them.

Last year's elections outside the metropole saw large numbers of independent candidates who chose platforms of immediate importance to their constituents rather than ally themselves with the broader philosophy of the African National Congress and its affiliates.

This could happen again in the metropole, since many civics are up in arms at the high-handed manner in which the Masakhane campaign was originally launched.

According to an Idasa investigation, this has led to serious confrontations between the civics and political organisations.

Although the executive of the SA National Civics Organisation (Sanco) is closely allied with the ANC and its affiliates, the individual civic organisations have always taken a strong stand on their autonomy.

Decisions to embark on rent and services boycotts were taken locally in response to local problems, as Idasa has recently pointed out.

"The boycotts were carefully co-ordinated and monitored at each stage. When gains were made and a campaign had served its purpose, it would end after a process of consultation.

"Unfortunately, this seemed unimportant to Masakhane's initiators. Engulfed in the euphoria which followed the 1994 elections, politicians and the national executive of Sanco decided to lift the rent and service boycotts. This culminated in the announcement of Masakhane by President Nelson Mandela last year," said Idasa.

But attempts to call off the boycott in this high-handed fashion did not work, after 15 years during which it was politically incorrect to pay.

Late last year, Masakhane officials estimated that 65 percent of people countrywide were still not paying. Municipalities were falling deeper into debt: Cape Town, for instance, is owed R327 million, and some small towns are close to bankruptcy.

So a massive Masakhane relaunch has been planned in which the civics will be invited to take part, said Gerrit Scholtz, who works in the office of Western Cape Masakhane co-ordinator Faan Naude.

The relaunch started in the Western Cape with premier Hernus Kriel meeting 93 mayors in Wellington on Monday, he said, and will be followed by decentralised launches throughout the province in April and May.

Community workshops will then be organised in 35 towns by an independent facilitator, who will rope in local councillors and community organisations.

Eventually, the problems of non-payment will go home to roost with the civics.

A member of a Khayelitsha civic who asked not to be named pinpointed the problems for an Idasa interviewer.

"The rent and services boycotts were never the terrain of political organisations," he said.

"It has always been that of the civic movements. There has been a lot of confrontation since the introduction of the Masakhane campaign. Masakhane does not mean that people must just pay without service or delivery."

His view, said Idasa, was that the campaign had put the civics in an awkward psition. "Civics are the ones who are supposed to tell people that services have improved, or that the new political order will lead to more improvements, so they must lift the boycotts.

"The government, maybe with the political organisations, was supposed to meet the civics to discuss the campaign and then go out and market that to the community.

"Politicians expect people to pay, but the politicians unilaterally decide on the amount.

"People have genuine complaints about lack of consultation and about exorbitant rates compared to other areas where services are the same or better."

Idasa said that blindness about the need to consult had affected many local authorities as well. "Although the new local councils have legitimacy and authority to demand payment, nothing is forthcoming in many areas because of lack of communication between councils and residents.

In metropolitan Cape Town the atitude was one of "wait and see", said Idasa, citing a Crossroads resident who said she was prepared to pay for services but the community had decided to wait for the elections.

HOME STRETCH

The money's there – now let's see houses get off the ground

CP 17/3/96 (123)

By DESMOND BLOW

THE GOVERNMENT of National Unity has not delivered housing at the rate needed – but it has been successful in other aspects of the RDP such as the supply of water and electricity to the poor, says deputy Finance Minister Alec Erwin.

Addressing the Old Mutual-Nedbank Budget forum of a dozen panelists in Cape Town on Thursday, Erwin explained why the housing vote had been decreased from a revised estimate of R4 billion in 1995/96 to R1,5 billion in 1996/97.

He said the government had allowed a lot of space for delivery because of the roll-over of unspent funds – which meant the total amount available was R4,6 billion.

The government and private industry had not been able to deliver for various reasons until now – but he stressed there would be no lack of money for housing once it got off the ground.

JOBS NEEDED ... Don Ncube.

One of the panelists, Don Ncube, director of Real Africa Investments, said stability was needed in the country and one function of the Budget must be to address poverty.

Although he supported the decision to upgrade public servants and pay them more – because "if you pay peanuts you get monkeys" – there was the perception that a black elite, a "labour aristocracy", was being created.

Raymond Parsons, director general of Sacob, said that to reach and sustain growth of 6 percent a year in the Gross Domestic Product, it was necessary to create 500 000 jobs a year.

"Is this Budget sufficently investment friendly to make the target (as planned in the Budget) by the year 2000?" he asked.

Parsons said R30 billion would be spent this year for interest on government debt, yet privatisation of State assets could decrease the debt. He referred to the unions' opposition to the privatisation of parastatals.

Erwin replied that the target was to reach 6 percent growth by 1999 and to sustain that for a few years.

He said that the last three budgets had been consistent and that the government was confident of getting close to a 4 percent growth rate next year.

Wider restructuring of parastatals was planned and this would be studied by management and Cabinet, said Erwin.

The parastatals were now operating more transparently and delivering dividends, he said.

Erwin and his advisers on the panel agreed that negotiations had taken place with unions regarding the raising of VAT from 14 percent to 15 percent, but denied that VAT had been kept as it was because of pressure from the unions.

■ Addressing a press conference the previous day – shortly before he announced the Budget in Parliament – Finance Minister Chris Liebenberg said an increase in VAT had been rejected because it would affect the unemployed and the poor who could not afford it.

Erwin said the minister had discussed the Budget with various interested parties and had negotiated with retirement funds before deciding on a tax of 17 percent on the gross interest and net rental income accrued to all pension, provident and retirement funds.

Mike Levett, chairman of Old Mutual, told the forum the retirement industry "could live with" the 17 percent tax on interest.

Barlow chairman Warron Clewlow said the government owed R300 billion and 20 percent of total revenue was eaten up annually by this debt.

HOUSING MONEY ... Alec Erwin.

He said a country the size of South Africa should owe no more than R120 billion – R180 billion less than the present total debt.

He said he didn't see much in the Budget to tackle this problem.

"We have swept the main problem under the carpet," he said, adding that State assets could be sold to alleviate it.

Erwin said the situation required close analysis to know the value of various assets.

It was difficult to know the value of some of the larger, more complicated assets such as Transnet.

In reply to another question regarding the small amount earmarked for capital expenditure – which would create more jobs – Erwin conceded that even this small figure of about 2,5 percent of the Budget was for replacement of equipment, and so could not improve growth.

Erwin said over the next three years the public service would be scaled down in numbers, and those retained would be given better salaries to compete with the private sector.

It was planned to reduce the number of public servants in the first year by 100 000.

JOBS

Bond boycott takes R165m out of Housing Trust resources

(123)

ST(BT) 17/3/96

By THABO KOBOKOANE

THE government and banks have had a good response to recent threats to evict bond boycotters, but the SA Housing Trust is still experiencing problems with the normalisation of payments.

Siza Khampepe, general manager of the SA Housing Trust and joint chairman of the National Joint Task Force, says payment problems have caused the trust to lose at least R165-million in three years. "The boycott has been a strain on our resources, and could have financed a potential 15 000 houses," he says.

The bank has disbursed 28 000 loans valued at R710-million to clients — but 50% of these loans are not active.

Mr Khampepe says measures put in place to encourage payment, with the support of the SA National Civics' Organisation, show that defaulters are willing to reschedule payment.

"The first two visits to clients have shown a 60% and 42% response to our initiatives, but the crunch will come when the loans are rescheduled. We will have clarity by June this year," he said.

The Housing Trust, established in 1987 to make houses available, has incurred the losses through Khayalethu Home Loans, a non deposit-taking institution set up to make finance available to the lower end of the market.

Dennis Creighton, head of Servcon — a joint venture between banks and government to oversee a programme intended to deal with repossessed properties — says Servcon has signed at least 3 000 agreements, at an average of 900 a month.

Servcon has in its books 14 000 repossessed properties, of which 1 596 have been sold, and has signed 1 320 rightsizing agreements. Rightsizing agreements allowed people to stay on the property and pay affordable rent until alternative accommodation has been found for them. At least 170 of the houses Servon sold were sold to their original owners.

Last month, the government and banks announced tough measures to break the bond boycott. This followed last year's record of understanding between banks and the government, which did not produce the desired results. The new measures included evicting loan defaulters who failed to pay arrears in 30 days.

The boycott is estimated to have caused more than R2-billion in arrears to banks. Banks have also issued final notices to 5 700 loan defaulters, who had refused to vacate or renegotiate their bonds.

The record of understanding facilitated the return of banks to the township market. In return, the government would assist banks trying to retrieve homes illegally occupied and provide risk cover against future boycotts.

Nkululeko Sowazi, managing director of the Mortgage Indemnity Fund, says there are now a total of 358 areas covered by the MIF.

MIF cover is a prerequisite for banks' return to a residential area in a low-income market. The MIF ensures banks against politically related losses, such as bond boycotts.

Mbeki mooted to revive campaign

Robyn Chalmers (123) BD 18/3/96

DEPUTY President Thabo Mbeki could take charge of the Masakhane programme, in a bid to revive the struggling campaign to persuade township homeowners to pay rent and service charges.

Sources said at the weekend that the programme, deemed crucial to the success of the reconstruction and development programme and low cost housing plans, should fall under Mbeki, to give it a higher political profile.

It is understood the departments currently responsible for the campaign — housing, RDP and constitutional development — are prepared to back the plan.

But the plan does not mean sidelining attempts to devolve the implementation of the campaign down to lower government level.

Constitutional development department deputy director-general Andrew Boraine said his department was preparing a memo to take to Cabinet advising that the running of the campaign be shifted to Mbeki's office.

"The campaign is far broader than just promoting the payment of services as it has a broad function which cuts across a range of issues," he said.

"If it is to be viewed as a nation-building campaign, then it should be located within Mbeki's office."

Masakhane — which aimed to twin the payment of services and rents with infrastructure development — is widely viewed to be one of the weakest performers in the low-cost housing and RDP structures. It lost impact and momentum late last year, and its manager Chris Ngcobo has resigned.

Govt reads riot act on sharing housing risk

(123)

Robyn Chalmers

BD 19/3/96

GOVERNMENT yesterday issued a stern message to the private sector that it was expecting a quid pro quo on the delivery of low-cost housing once all the risk intervention mechanisms were in place.

Housing department director-general Billy Cobbett told the home builders' national association conference that government was poised to intervene at community and private sector level to ensure housing delivery got off the ground this year.

Cobbett said that the time had come for a shift in government intervention from a purely demand side to a mix of supply-side interventions.

The two partnerships that would emerge due to these interventions were between the state and communities and between government and the private sector — namely, banks and construction companies.

Cobbett said government would boost the people's housing process by intervening and empowering people to build their own homes in the lowest end of the housing market where the need was greatest.

"The banks are saying they cannot extend credit into the lower end of the housing market as there is no product while construction companies are saying they cannot build houses as there is no financing. We are prepared to call their bluff in the nicest possible way by various methods of risk-sharing," he said.

Cobbett made it clear, however, that if and when government did enter the market and share risk there had to be a quid pro quo from the private sector which had been lacking to date.

The risk sharing could take the form of greater emphasis on normalising the market, as well as through entering into joint ventures with the private sector on mass housing projects.

Nedcor chairman John Maree agreed it was now time for financial institutions to join the party, but said housing had to be delivered on a massive scale for the programme to be viable and bureaucratic delays had to be addressed. He suggested that large corporations should second managerial capacity to government so this capacity could be redirected from fighting the system to delivering houses.

Association of Mortgage Lenders finance president Duncan Reekie reconfirmed the commitment of financial institutions to the housing process, saying the housing issue was too important to SA to fail.

Public input urged on revamp of rent Act

BD 19/3/96 (123)

Nomavenda Mathiane

THE relationship between property owners and tenants had so deteriorated that landlords were abandoning their buildings, Gauteng housing department's housing and policy administration director Monty Narsoo said yesterday.

During a briefing of Gauteng landlords and tenants at the Gauteng legislature, Narsoo said it was important that the two parties made submission to assist government in the establishment of new representative statutory bodies.

The amendments should enable the proposed new statutory bodies to effectively enforce the rights and obligations of both landlords and tenants in an environment different to that which prevailed when the Rent Control Act was first drafted. The purpose of the amendment should be widened to allow the new statutory bodies to fulfill the functions of government, landlords and tenants.

In view of the raging disputes between landlords and tenants, the Gauteng government wanted to find a mechanism to resolve the disputes between the two parties, as well as inform the legislature on the stake holders' priorities.

Narsoo said government had no intention of prescribing to property owners and tenants on rent control, but by public hearings next week, interested parties would be able to influence government policy on the Rent Control Act.

Centres will help home builders

(123) Star 20/3/96

HOUSING REPORTER

A total of 13 housing support centres will be opening around Gauteng at a cost of about R750 000 to advise and support communities in planning and funding new housing developments.

Gauteng local government and housing spokesman Manase Sefathle said the satellite centres would also assist communities to start self-help building projects and supply them with building materials at affordable prices.

The projects would open in Midrand; Mohlakeng on the West Rand; Benoni; Kanana and Boipatong in the Vaal area; Soshanguve, Pretoria; Soweto; Phola Park; Katlehong and Vosloorus. In Soweto, three centres serving different sections of the township would be opened.

Security for home owners and banks

(123) Star 20/3/96

Housing Reporter

Building inspectors will soon be appointed to regulate the standards of low-cost housing developers around the country, the National Home Builders' Registration Council said yesterday.

Speaking at a conference in Kempton Park on Housing Myths and Realities, council managing director Peter Allsopp said the inspectors would focus only on houses built by developers registered with the council.

Banks have welcomed the home warranty scheme that will rescue them from bond boycotts resulting from poor building standards.

The scheme gives contractors registered with the council exclusive access to mortgage finance loans to build homes costing up to R250 000.

Council of South African Banks general manager of housing Lance Edmunds said proper regulation would prevent unprofessional builders from entering the market and would also raise the standards of the industry.

New housing inspectors appointed

Robyn Chalmers (123)

BD 20/3/96

BUILDING inspectors were being appointed countrywide to ensure new homes costing less than R250 000 conformed to National Home Builders' Registration Council standards, thus protecting consumers, council MD Peter Allsopp said yesterday.

He said building inspectors would be responsible only for homes that were built by registered members. To date, 1 140 membership applications had been made by contractors to the council of which 596 had been approved. The balance were still being evaluated.

Banks had stipulated that by February 1 this year, all contractors applying for finance on homes costing less than R250 000 would have to be members of the council. Applications had risen significantly since the beginning of February, Allsopp said.

In terms of the requirements of banks, a home warranty scheme was in place which gave registered contractor members access to mortgage finance and also protected the home buyer for a period of five years.

Council of Southern African Bankers housing GM Lance Edmunds said he welcomed the regulations placed on the industry. "Soon every builder will be compelled to enrol with the council. Proper regulation will inhibit the unprofessional builders operating and raise the standards of the industry as a whole," he said.

In the past when houses suffered from shoddy workmanship or developers disappeared, consumers tended to turn to banks and this was one of the primary causes of the bond boycotts.

Edmunds said the consumer now had a legitimate body to turn to which could go some way to censuring unscrupulous contractors.

He said that as the volume of registrations increased it might be possible for the 1,3% levy charged by the council to be lowered.

Communities have development role

(123) BD 20/3/96

Robyn Chalmers

THE message emerging from this week's National Association of Home Builders conference was that all parties had to pull together if the RDP and housing programmes were to get off the ground.

While there was evidence that some progress was being made in the delivery of homes, it was clear that a range of obstacles remained.

Top of the list of obstacles to delivery identified by speakers was the lack of affordability, with about 86% of people living in informal settlements earning less than R1 500 a month and 60% earning less than R800 a month. Inadequate administrative, technical and managerial capacity at local and provincial government level, perceived inconsistencies on policy issues, delayed processing of subsidy applications and lengthy social compacts were further barriers.

African Builders' Association president Cyril Gwala said that while there was much misunderstanding on the part of communities regarding social compacts, they did have a role to play in forging orderly developments.

Gwala said he feared the lack of knowledge among communities on their role in projects could make developers shelve much-needed housing schemes. "Local authorities should take responsibility for the training of these communities. The provincial housing boards can also provide for facilitation funding in their budgets, out of which communities can be empowered and trained," he said.

Concrete Manufacturers head Pat Kelly said that if the homeless were to get the maximum out of every rand spent on housing, town planners had to look at multistorey terraced houses.

A concrete foundation and floor slab with single-leaf masonry walls and concrete roof tiles provided the most cost-effective house and had to be accepted by communities.

"Appropriate standards of housing must be maintained to ensure the safety and health of the inhabitants, to ensure aesthetics and resale value of the house, and to minimise the long-term maintenance costs," he said.

Econometrix chief economist Azar Jammine said that while the building industry and social infrastructure generally had a vital role in the future of the local economy, their performance on low-cost housing had been singularly unimpressive. "Although investment in residential and non-residential building activity has improved off a low base over the past year, this trend is hardly a function of success in the implementing the RDP.

"On the contrary, a breakdown of building plans passed suggests that the principal area of growth is in flats and townhouses. On the non-residential side, too, the main area of buoyancy stems not from RDP-related projects but from private sector projects," he said.

Funds 'on hand for township services'

(123) BD 20/3/96

Mduduzi ka Harvey

FINANCES to implement service delivery in townships are available, but local authorities need to have the money to cover recurrent expenditure if they hope to encourage the private sector to come into the townships, says economist Azar Jammine.

Jammine told the Township Infrastructure Development conference in Johannesburg that funding for capital expenditure projects was not the problem as R10bn had been carried over from the previous budget because of failure to implement projects.

He said some of the problems encountered in drawing in private sector finances included crime, the uncertainty of the relationship between the three tiers of government, the unsatisfactory co-operation between communities and the local authorities, and the excessive expectations of the communities.

In addition, the reluctance of financial institutions to invest in townships, because of service boycotts and locals' lack of knowledge on financing the infrastructure, had led to a reluctance to invest in the townships.

He said R173bn was needed for capital expenditure projects over the next five to 10 years: municipalities would be allocated R40bn, rural areas R10bn, R30bn would go to social development, and R90bn to economic development.

Constitutional Affairs Deputy Minister Valli Moosa outlined some of the infrastructural needs, saying about 4-million people only had access to water which was untreated and not reticulated, 8-million had access to minimal sanitation, 17-million had no access to electricity, while 8-million did not have formal road access to their residences nor any form of stormwater drainage.

He said estimated costs to address the backlogs ranged between R45bn and R89bn, and to meet some of these costs government was prepared to contribute R10bn-R20bn through its national grants for housing and infrastructure.

The department had also embarked on small-scale provision of municipal services through its municipal extension programme for which an initial R850m had been made available by the RDP office.

This was earmarked for the provision of water, electricity, sanitation, road and stormwater drainage, and community facilities.

An additional R600m had been made available for the provision of bulk infrastructure related services, Moosa said.

Training of local government officials was also a priority, in terms of capacity building.

Last year R11m was made available, while R30m would constitute the budget for local government training, Moosa said.

Housing Bill outlines systems to hasten delivery

MAGGIE ROWLEY (P23) CT (BR) 20/3/96

ON PROPERTY

'Consultative paralysis' should be overcome with greater provincial responsibility

Community participation has become the name of the game of developments in the new democratic South Africa.

The process has not been without teething problems however, and in some areas drawn-out procedures have led to what has been popularly termed "consultative paralysis", with delivery held up for unacceptably long periods of time.

This problem is being addressed by the government, not least of all in the Housing Amendment Bill, tabled in parliament earlier this month, which outlined a package of measures to be undertaken by the housing department to facilitate delivery.

Introducing the Bill, Sankie Mthembi-Nkondo, the housing minister, said that the government had decided there was no longer any need for national decision-making regarding social agreements between developers and communities.

The provincial MECs in charge of housing had been told that they should determine the principles upon which consultations and agreements should occur in their respective provinces, on the basis of their own priorities and realities, she said.

These measures were aimed at trying to avoid the situations which have arisen wherein consultation itself becomes the product and not the process. "While appropriate consultation is fully supported and encouraged, we will not allow the housing process to be held to ransom by groups that are, in many cases, little more than self-appointed elites," the minister said.

There are several measures addressed by the Bill aimed at speeding up delivery.

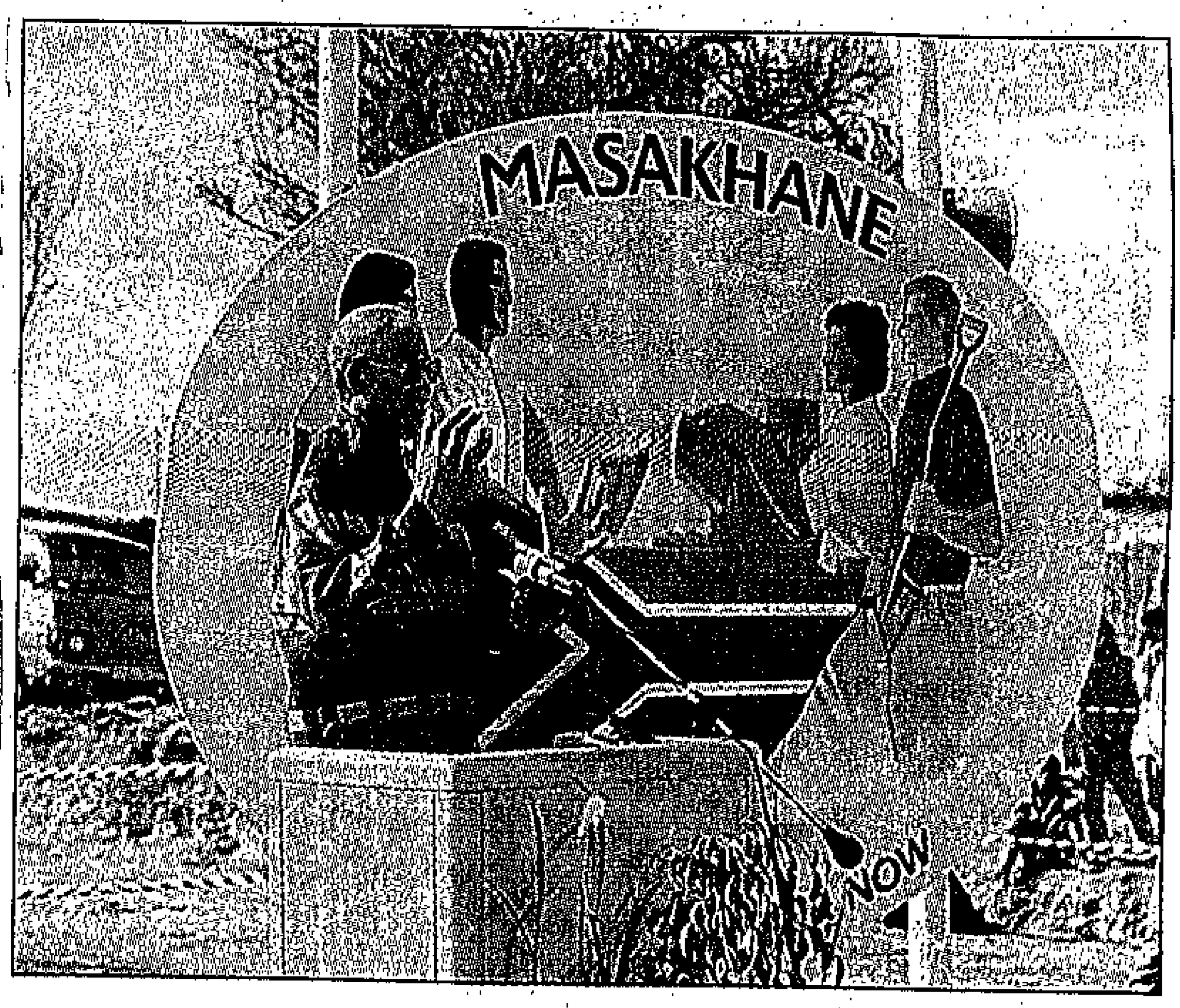
These include making provincial housing boards accountable to the respective executive councillor in the province. Until now the provincial housing boards had been legally accountable to the national housing board which had resulted in a situation in which neither the MEC nor the executive council has been able to properly direct housing provision in the provinces.

Mthembi-Nkondo said this had caused understandable tension and irritation within the ranks of the MECs.

The Bill makes provision for MECs to direct the activities of provincial housing boards within the framework of national housing policy, which is expected to allow for the more direct decisions on priorities in housing delivery in the provinces.

The Bill also provides a mechanism which will allow provincial governments to accredit local authorities to administer the housing subsidy scheme and other national housing programmes.

The minister pointed out that local authorities will have a pivotal role to play in providing housing. The absence of a legitimate local government dispensation has until recently inhibited the exploitation of this potential. Following last November's local government elections and the forthcoming elections in the Western Cape and KwaZulu Natal, the third tier of government will be in place. This would facilitate the empowering of these struc-



BUILDING TOGETHER: The President speaking at a meeting in support of the Masakhane campaign to persuade people to pay their rents and for services.

Much work still to be done on urban strategy

(123) CT 20/3/96

ANN BERNSTEIN,
Executive director of the Centre for Development and Enterprise, discusses the government's urban development strategy.

THE government's urban development strategy, the first of its kind, is an important document. Its document's approach is refreshingly non-ideological and deserves careful study by all urban interests.

The analysis and conceptualisation of South Africa's urban development challenge is, on the whole, well-founded. The overall thrust and ideals contained within it stem from a large body of work produced by the old Urban Foundation and the Private Sector Council on Urbanisation. It is now carried forward by the Centre for Development and Enterprise. This is a heartening development for the private sector and for the whole country.

But the document is not yet a strategy document. South Africa's high unemployment rate deserves central place in any discussion of the country's urban realities. The nature of this unemployment, the effect on people's ability to pay for services and the viability of development strategies, receives too little attention. The government's Masakhane campaign to persuade people to pay rents and for services is failing. The reasons for and implications of this failure are central to the success of any proposed urban strategy.

Central government must let go and create an environment in which local authorities can take initiatives, share risks, experiment ...

The relationship of urban strategy to national economic growth and development needs greater attention. Urban strategy should not only deal with local economic development issues but also with the role of cities in national economic growth and development. As the arenas where the country's new economic policies will be played out, the ability of cities to function as competitive arenas for global economic competition, and their prospects for attracting future investment and growth, should concern economic policy makers.

Urban development cannot be seen in isolation from rural and regional development. If the document had dealt with migration issues, small towns, and the opportunities for peri-urban and urban agriculture, the dynamic interaction between rural and urban sectors would have emerged. Understanding urbanisation has important consequences for many aspects of current policy; from where social and physical infrastructure should be invested, to housing, land and transportation policies.

Without the establishment of the rule of law (and its corollary — punishment) in urban areas, no strategy will work. For example, all requests for private-sector investment in low-income areas will come to nought unless investors know that "the rules of the reinvestment game" apply and that transgression will be appropriately dealt with.

Other important issues, missing or inadequately dealt with, include: public-private partnerships; appropriate roles for the different players; the impact of migration on cities and towns; metropolitan bias in discussing the country's urban system; financing urban growth; the urban land crisis; strategies for inner-city revitalisation and the apartheid legacy of "hidden urbanites" in settlements such as Bushbuckridge and KwaNdebele.

A realistic urban strategy can only be built if the constraints within which the government's new urban vision will operate are understood and the limitations on the capacity and resources of the state spelt out clearly and honestly. Painful choices need to be made. Central government must let go and create an environment in which local authorities can take initiatives, share risks, experiment and sometimes fail; and where private sector and community actors are encouraged to play as big a part in urban development as possible.

The document fails to identify clear priorities for action and it is unclear how this new conception of urban strategy will take root. What is the status of the proposed strategy? Who will be accountable for what aspects of implementation? What are the mechanisms for implementation? Do we need an urban affairs department with a senior minister overseeing the process? If not, who can we hold accountable and how do we ensure that the radical consequences of the document's adoption (stressed in the document) are followed through in the Budget and in the many different national departments?

It is stated (but not argued) that the housing ministry should lead the urban strategy. But considerable international experience points to the dangers of entrusting a national urban development strategy to a housing department. If it is correct that urban strategy should focus on the economic role of cities (as distinct from only the housing and infrastructural side or urban strategy) then it is difficult to understand why this is the correct department to be accountable for implementation.

The government's next steps with respect to urban strategy are critical. The Centre for Development and Enterprise would recommend that the government establish a special implementation task group chaired by the RDP minister. The group must include expertise from local government, the private sector and the ministries of finance, trade and industry, land affairs, local government, transport and housing. This group must amend the draft document and formulate practical proposals for implementation of a revised strategy. A beginning has been made but much work remains to be done.

New housing finance body

(123) Star 21/3/96

Cape Town – The Cabinet gave the go ahead yesterday for a wholesale housing finance corporation that could facilitate small-scale loans totalling up to R5-billion by 2001.

Cabinet secretary Jakes Gerwel said ministers had approved the formation of a National Housing Finance Corporation that would use state and private sector funding.

He said that currently, only 30% of households rely on conventional mortgage finance from the banking sector.

A ministry official said the Government would provide seed capital of about R500-million and the private sector was likely to add a further R100-million to the starting capital. – Reuters.

Row brewing over electricity distribution

Star 22/3/96 (123)

Councils want to continue supplying power, but National Energy Regulator says public firms will do better job

By Troye Lund

Consumers and businesses are caught in a battle between major local authorities and what has been called a secret bid to restructure electricity distribution by centralising it.

Although the bid stands to reduce electricity bills by at least 17%, consumers will have to make up the reduction through price hikes in rates or other municipal charges, local authorities have warned.

A final report is expected to be released to the councils in the next two weeks, after being submitted to Minister of Mineral and Energy Affairs Pik Botha.

The Major Urban Areas Association, which represents the country's 10 biggest cities and is chaired by Greater Johannesburg Transitional Metropolitan Council executive committee chairman Collin Matjila, is vehement that restructuring is necessary. But proposals to take electricity distribution away from local authorities and allow private distributors to do the job will cripple local authorities which depend on extra revenue from the sale of electricity, it says.

Johan du Plessis, spokesman for the National Electricity Regulator (NER) – a statutory body which regulates all electricity distributors and generators, and is the mastermind behind this restructuring – confirmed that the body intended making the electricity supply system more efficient by concentrating distribution under a single or several public companies.

There are about 400 distributors nationwide. Local authorities charge their consumers different fees for electricity, buying in bulk from Eskom and charging consumers more. The Greater Johannesburg council adds an 18c/kW surcharge for domestic users.

The Energy End Users Forum, which represents major industries including Afrox, Sappi, Mondi and Tiger Oats, has also lashed out at the restructuring proposals, saying they did not include major users and would boost inefficiency rather than do away with it.

Du Plessis said the NER aimed at controlling the supply of electricity in South Africa to make it available to the whole population at equitable prices. To do this, he said, the current plethora of tariffs and widespread inefficiency had to be eradicated.

"Municipalities will have to find other means to make up this income through increased rates and taxes and more efficient administration," he added.

Warranty scheme for low-cost housing

ARG 22/3/96 (123)

The Argus Correspondent

BUILDING inspectors will soon be appointed nationally to regulate building standards of developers involved in low-cost housing, the National Home Builders' Registration Council said.

Speaking at a conference on the subject *Housing Myths and Realities* at the World Trade Centre on Tuesday, NHBRC managing director Peter Allsopp said the inspectors would only focus on houses built by developers registered with the council.

The home warranty scheme gives contractors registered with NHBRC exclusive access to mortgage finance to build homes to the value of up to R250 000.

Home buyers would be protected for five years if they used a registered builder, Mr Allsopp said.

Banks have welcomed the home warranty scheme, which will rescue them from bond boycotts resulting from poor building standards.

The Council of South African Banks' general manager of Housing, Lance Edmunds, said proper regulation would stop unprofessional builders from entering the market and would also raise the standards of the industry.

"Soon every builder will be compelled to enroll with the council," Mr Edmunds said.

To date the council has received 1 140 applications.

Homeowners build a growing share of life in the townships

ST (DT) 24/3/96 (123)

A survey of black households has found rising standards of prosperity and education, but benefits are not evenly distributed, writes **THABO KOBOKOANE**.

HOME ownership by blacks in the township has nearly doubled over the past 10 years, according to a survey by Market Research Africa.

The *1995 Urban Black Household Report* was carried out over two months and focused on adult female housewives living in cities, towns and villages, representing 42% of the total black housewife population. The survey has been carried every two years since 1975.

Brian Culross, director at MRA, said the proportion of ownership had nearly doubled from 35% to 65%, but that these homes were not necessarily all substantial dwellings, as the proportion built with "other" materials — mostly corrugated iron — had grown to 16% from 2% over the same period. At least 35% of households were in rented accommodation.

The proportion of people who disliked their homes increased to 30% from about 10% 10 years ago for a number of reasons, including lack of electricity, sanitation and leakage. Inadequate sanitation peaked at 15% in 1987, but fell to 8% in 1995. The average number of rooms has not changed, either — with most remaining at four since 1975.

The percentage of houses with five and more rooms is at 31% and those with one to four is at around 68%.

Most households — 72% against 42% in 1985 — have electricity, replacing the use of candles and paraffin. This has increased the number of households with possessions such as video recorders (one in 10), vacuum cleaners (4%) and ironing boards (67%).

Homes have become more furnished than they were in 1975, but 60% of households are still without bathrooms. At least 31% were "well" or "very well" furnished compared with 17% in 1975; 30% of households are carpeted (5% in 1975) and the external condition of the house has been improving, with "excellent" now accounting for 38% (15% in 1975) of dwellings.

The most common complaints about the disadvantages of township life are unemployment (45%) and crime (42%). Concern about political violence and killings is at 17%. Most other problems centre around living conditions in the township, including dusty roads (27%), insufficient housing (20%), low salaries (17%) and street lighting (15%).

"In spite of the fact that unemployment has risen for husbands/partners, mention of this as a negative reason for living in the townships remains at the level it was in 1993," the reports says. "Crime, on the other hand, continues to increase, both as a problem and a concern."

Though 65% of housewives said transport facilities were improving slowly, 6% were worried about high transportation costs. About one third of housewives' husbands and partners use taxis to go to work, bus usage has stabilised and train usage continued to decline.

Though income has increased, MRA found average income has dropped by about R8 since the 1993 survey. About 73% respondents said they did not save and 27% were able to save, though "this has fallen back significantly from a peak of over one in three at the beginning of the 1990s". The largest proportion of saving goes towards education (15%).

A sharp increase in "never married" women has pushed to over 50% the proportion of housewives living on their own (single, widowed, or divorced). About five percent of housewives have post-matric education and a quarter have at least Standard 10. Twenty years ago, virtually none of the housewives were in these categories.

FINGER ON THE PULSE: Brian Culross, director of Market Research Africa

HOME OWNERSHIP

	1985	1987	1989	1991	1993	1995
	%	%	%	%	%	%
Rented	65	62	55	49	41	35
Owned	35	38	45	51	59	65

Graphics: FIONA KRISCH

INCOME LEVELS

Household income	1975	%	1985	%	1993	%	1995	%
A	R300+	12	R900+	9	R2000+	16	R2000+	17
B	R200 - R299	21	R600 - R899	21	R1100 - R1999	26	R1100 - R1999	27
C	R80 - R199	59	R200 - R599	54	R300 - R1099	47	R300 - R1099	48
D	Up to R79	8	Up to R199	16	R1 - R299	11	R1 - R299	8

Source: MARKET RESEARCH AFRICA

Mohohlo wants housing equity

Sowetan 25/3/96

(123)

Former PAC activist moves from 60's politics to politics of the day

By Joshua Raboroko

THE new chairman of the National Home Builders Registration Council, Michael Matadigoane Mohohlo (50), has changed from being a political animal to monitoring the nation's social, economic and housing needs.

A former Robben Island prisoner for Pan Africanist Congress activities, for which he was jailed for five years in 1963, he says he is now committed to ensuring there is equity in the building and construction industry.

His mission is to see jobs created; education and training of contractors and communities (both black and white); and providing opportunities for economic empowerment.

It is also his fervent desire to see affirmative action taking place at a rapid pace so that "we can see more homes being built in the townships".

Mohohlo was born in Pretoria and was a PAC activist during the 1960s. He worked himself up from being a "packer" for a tobacco company.

He holds a Bachelor of Commerce degree from the University of South Africa and a Master of Business Administration degree from the United States.

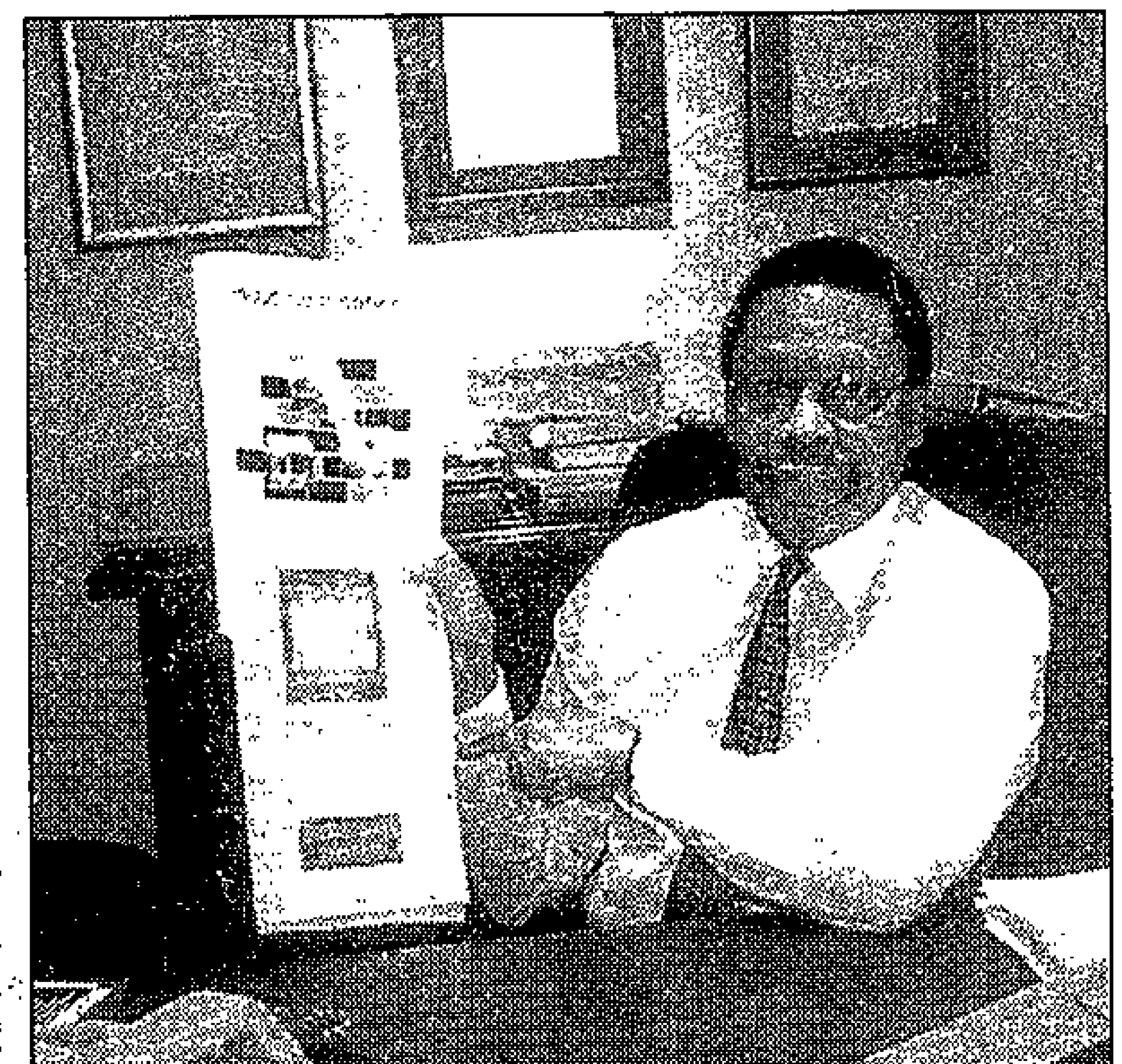
He has worked for several prominent companies, including the Development Bank of Southern Africa, and was chairman of the National Black Construction Industry Task Team which made an input into then Housing Minister Joe Slovo's White Paper on housing.

He is the group general manager of Business Development and Strategy for Boumat Ltd and a director of Boumat Manufacturing Pty, both building and construction material distributors.

He believes the NHBRC is a step in the right direction as it ensures that housing delivery takes place rapidly.

It consists of the Council for Construction in South Africa, Building Material Suppliers of South Africa, Housing Consumer Protection Trust, South African Insurance Association, Council of South African Banks, the Government and Lawyers for Human Rights.

Its directors are drawn from a broad spectrum of home-building industry stakeholders, including Government representatives and banking officials.



Michael Mohohlo ... monitoring the country's social, economic and housing needs. PIC: POGGY SEGALE

The council was first proposed by Slovo who, together with the National Consumer Protection Trust, discussed consumer protection in the home-building industry.

After protracted talks, the NHBRC was officially launched. During the deliberations, the Association of Mortgage Lenders determined that registration with the council was a minimum requirement to qualify for end-user finance.

While registration with the council remains voluntary, any contractor who contracts to build new housing units which require mortgage finance is obliged to register.

The council is a private, non-governmental, non-profit making company registered under Section 21 of the Companies Act.

However, Mohohlo cautions, the Home Builders Warranty Scheme is not an insurance company.

Rather, it is to ensure that if a registered contractor refuses to honour his contractual obligations or is unable to do so, the council may step in and provide support to the consumer.

The contractor is obliged to provide the consumer with a written contract, which includes plans and specifications, financial obligations of both parties and a 12-month roof leak repair period.

> **"My mission is to see jobs created and more homes built"**

Contractors should also provide the consumer with a duly completed Standard Home Builders Warranty, which provides the consumer with an undertaking to rectify any structural defects which manifest themselves within five years

"This means that if a structural fault occurs, a claim can be made against the contractor who built the house. The contractor is then obliged to follow a procedure laid down in the rules of the council," says Mohohlo

If the contractor does not follow the council's procedures, disciplinary action may be taken and may result in the deregistration of the contractor.

And the warranty provided by the contractor automatically passes to anyone who takes transfer of the residence during the five-year warranty period.

But not all problems in the home-building industry are covered by the scheme. There are many exclusions, which both parties need to be aware of.

The warranty scheme, for instance, only applies to new residential units that are built by contractors; alterations are therefore not included.

At the end of January, more than 600 building contractors – large and small – were registered with the council.

Building homes ... the National Home Builders Registration Council was formed to provide protection to consumers in the home-building industry.

Housing agency plans guarantees

(123) BD 25/3/96

Robyn Chalmers

THE National Urban Reconstruction and Housing Agency is planning to issue guarantees worth R700m over five years in a bid to help boost the national housing programme.

Cedric de Beer, CEO of the agency which was set up last year as an RDP presidential lead project, said at the weekend that the demand for the group's guarantees currently exceeded its ability to provide them. "We are seeking urgently to top up our guarantee capacity from international development agencies, from local corporate sources and from government at all levels," he said.

The agency had secured several million rands worth of guarantees from international development agencies which would flow to the group over the next few months. De Beer said he was confident of further commitments.

The agency's operational budget had been secured for five years by a \$50m grant from the Open Society Institute which was founded and funded by international financier George Soros. This was matched by a grant from the RDP fund.

The Open Society Institute's grant of \$50m worth of guarantees over five years was made on certain conditions, the most important being that it would never be exposed to more than 25% of the agency's risk.

De Beer said the agency's board had authorised the issuing of guarantees to eight projects to date and if these were fully taken up, would involve issuing guarantees to the value of R8m. It had also made grants to projects for development facilitation of R100 000, with a number of applications for grants about to go to the board for approval.

The first applications for bridging finance guarantees received by the agency were from community trusts and non-governmental organisations. However, applications from non-profit developers and established developers who were having difficulty raising finance were also flowing through.

De Beer said there was a huge need for bridging finance as it was an area commercial banks entered with caution. The agency would offer guarantees to financial institutions for a portion of the risk they took in making bridging finance available to developers.

"It is our intention to underwrite about 50% of the risk, but we may provide marginally higher guarantees in the early stages to start the process rolling," he said.

On end user finance, he said the agency would in principle create guarantee facilities for up to five years which underwrite up to 40% of home loans.

Comment: Page 12

Housing activity jumps into new gear

BD 25/3/96 (123)

Robyn Chalmers

ACTIVITY in low-cost housing is at its highest level in seven years — casting doubt on reports that the housing programme has stalled — figures drawn from across the housing industry show.

A survey by consultant Settlement Dynamics — using information from the provincial housing boards, local authorities and developers — show that more than 500 000 units should be delivered in the next two years.

Housing Minister Sankie Mthembi-Nkondo said at the weekend delivery had jumped during the past six months. More funding was being drawn by the provincial governments each quarter as spending by provincial housing boards accelerated.

She said 2 000 houses a month were being delivered under the programme against 470 a month last September and 34 000 homes had been built over the past 18 months. This applied largely to houses costing less then R65 000.

The survey showed the number of houses costing less than R150 000 which were delivered between 1993 and 1995 rose to 83 037 from 56 417.

Consultant Sharon Lewis said delivery had slumped in 1993 and 1994, due to general insecurity and the policy vacuum that existed. The delivery rate had not yet recovered. But the delivery potential — projects under way and the number of units in the delivery process chain — had increased "dramatically" in recent months.

"We can expect this to translate into the delivery of roughly 500 000 units over the next 24 months."

The survey said Gauteng and the Western Cape had shown the highest activity level since the slump in 1993 and 1994, followed by KwaZulu-Natal and the Free State.

The number of non-subsidised projects had decreased in real terms between April 1994 and November 1995, and subsidised projects would soon dominate delivery activities in the price range below R150 000.

"Policymakers need to be aware that if the subsidy scheme does not produce a sustained flow of funds, the reduction in non-subsidy activity will be unable to make up the shortfall."

See Page 3

(123) Star 26/3/96

Tenants and landlords can air their grievances

By Bongiwe Mlangeni
Housing Reporter

Johannesburg tenants and landlords were the first to express their views on laws regulating their relationship when they took part yesterday in the first round of public hearings aimed at amending the Rent Control Act of 1976.

The hearings will be held around the province this week, and all tenants and landlords have been called on to make submissions.

Since the coming about of grey areas, the Rent Control Act, which lays down the roles and duties of tenants and landlords, has been ignored, leading to exploitation and overcrowding, as well as failure to pay rents, in the Johannesburg inner-city area.

Gauteng local government and housing spokesman Jubie Matlou said township backyard tenants would be among the first to benefit from the amended Act.

He said the act would deal with the "uneasy relationship" between the backyard tenants and landlords which started during the 1980s rent boycott.

Some residents argued that backyard tenants should not pay their rent because landlords were taking part in the boycott, while others felt tenants should pay because the rent boycott was directed at local authorities, he added.

Matlou said that once the changes had been adopted and enacted, the Act would serve as a dispute resolution mechanism between landlords and tenants.

Tenants and landlords would then have the right to submit complaints about rent exploitation, illegal occupation, intimidation, municipal services problems, contravention of lease agreements, damage to property, and eviction issues.

Other hearings will be at the Krugersdorp City Hall on March 26 at 9am, Vaal Civic Centre on March 27 at 2pm, Germiston Civic Centre on March 28 at 2pm and North East Rand Ricardo Mulder Community Library on March 28 at 10am.

For more information, contact Tandaza Dlulane at (011) 493-5555 or Meverett Koertz at (011) 871-7911.

Low cost housing projects on a roll despite criticism

(123)

A survey by consultants shows activity in the Star 27/3/96 housing sector is now the highest recorded since1989

Housing Reporter

Despite claims that delivery of low cost housing had come to a standstill, the current number of housing projects aimed at the poor are at a seven year high, a recent survey has revealed.

According to the survey done by Settlements Dynamics, there were 393 low cost projects recorded countrywide in 1989 while 717 had already been recorded by November last year.

Consultant Sharon Lewis said although the number of houses completed was important to measure the productivity level, it was a deceptive indication of real activity.

She said the number of active projects was a more representative indication of what is happening in the housing industry and also showed the industry's delivery potential.

New policy is helping the industry

"Statistics clearly show that activity in the housing sector at the moment is at its highest recorded level since 1989. It is doubtful that there were ever more projects before that date," she said.

The survey also shows that there were more houses in the delivery chain last year than in the previous seven years. Last year there were about 499 032 projects in the delivery process chain, compared with 257 022 in 1989.

Lewis said the introduction of the new housing policy was helping the industry to recover from a slump it had experienced during 1993 and 1994.

But she said about 500 000 houses were expected to be delivered over the next two years. The survey showed that 83 073 houses, each of which cost less than R150 000, were sold last year compared with 45 937 in 1994.

Sanco welcomes govt's investment framework

BD 29/3/96 (123)

Samantha Sharpe

CAPE TOWN — The SA National Civics Organisation welcomed government's national infrastructure investment framework, but said it must be accompanied by a clear commitment to affordability and regulation in service provision.

Sanco president Mlungisi Hlongwane, in a paper to be delivered at the RDP infrastructure investment conference today, said it would be simply unacceptable for many civics to agree that those unable to afford all services would have to be satisfied with poor service provision.

"If the reason for providing subhuman service levels to people is that they cannot afford the ongoing water or electricity costs, then we must establish a basic lifeline service and cross-subsidise through a national tariff system."

Hlongwane said basic consumer safeguards had to be applied in areas where health were at risk.

"We have seen too many low-quality projects in our townships and rural areas that were the result of the fast-buck mentality that many in the private sector have." He singled out banks as a major culprit in failing to follow commitments. Without some form of regulations the organisation's members could not gain access to credit.

"If government continues to demand payment of substandard services while moving at the pace of a turtle in providing new infrastructure and services ... then reconciliation in SA will have to come to a halt, regardless of whether Sanco endorses this conference's proceedings."

Hlongwane said black South Africans did not suffer from a "culture of boycott". "Township residents are willing to pay, but only if the bill comes to our home and is correct, and if we can actually afford to pay that bill."

Help with housing, private sector told

BD 29/3/96 (123)

Lukanyo Mnyanda

PIETERSBURG — The private sector's role in housing delivery had been minimal so far and the banks' reluctance to release funds to the lower end of the market was still a major obstacle, Housing Minister Sankie Mthembi-Nkondo said yesterday.

She told a land and housing summit that government had played its part in creating the necessary conditions for delivery but the private sector had "not responded adequately in relation to its capacity".

"Government, especially my department, has been criticised for the poor level of housing delivery despite honouring part of our deal which included the establishment of the subsidy scheme and making sufficient resources available," she said.

"We now await a much needed commitment by other partners in the partnership."

Mthembi-Nkondo attacked the construction industry for demanding higher subsidies and the private sector's call for greater guarantees, saying such demands contradicted housing policy which had been based on the partnership between government, communities and business.

Government did not have sufficient resources at its disposal to allow for an increase of the R15 000 housing subsidy scheme.

"The balance required for the completion of the house has therefore to come from the beneficiary and the private sectors, but not all stakeholders have as yet fulfilled their part of the deal."

"Some people do not seem to want this government to deliver," she said.

The banks also came under attack from Northern Province housing board chairman DJ Motswenyane, who called for the re-evaluation of their role in local housing, which he said might indicate that "government is the most suitable institution to operate in this end of the market".

He accused banks of getting involved with the mortgage indemnity scheme because it had been "politically expedient" at a time when they were struggling with bond boycotts.

The provincial housing board had so far approved projects valued at R470m but only about R4,5m of that had been paid out, for the delivery of 193 units.

Motswenyane also called for re-evaluation of national housing policy which "falls short of the ability to put in motion the process that is visible and has an impact."

Northern Province premier Ngoako Ramathlodi said that housing delivery could only take place in a peaceful environment, and he called for a concerted effort in the fight against crime.

He called on all stakeholders in housing to get to work, so as to restore human dignity to the homeless by providing shelter — which he viewed as a basic human right.

FRIDAY
★ MARCH 29, 1996

MECs act to end housing paralysis

CHRIS BATEMAN (123) CT 29/3/96

HOUSING delivery is to speed up after the redefinition by the country's nine housing MECs of a "social compact" — eliminating community organisations allegedly bedevilling the process and causing "consultative paralysis".

This was the first announcement by newly appointed local Housing MEC Mr Cecil Herandien yesterday.

Herandien said a national agreement to limit social compacts to developers, financiers and beneficiaries was reached last month as a direct result of two years of lobbying by his predecessor, Mr Gerald Morkel.

"We're now in a position where we can instruct the community to get their act together," he said.

He added that if community organisations protested they should "march on Parliament" as it had been a national decision.

"I'll be reasonable, but I intend zooming in on areas where they've been negotiating for two years and where millions of rands of housing delivery money is unused," Herandien said.

His chief director of housing, Mr John Africa, cited an area in Khayelitsha where "consultative paralysis" had left 2 500 sites standing empty for the past year with R18 million available to spend.

Herandien termed the new rule "a whole new ball game" and said organisations whose members had comfortable homes were abusing compacts and shack-dwellers for their own political gain.

Sweet Liberty

(123)
CT 29/3/96 (BR)

TERRY BELL

Trade union opposition could sink the latest endeavour by the cash-strapped South African National Civics Organisation (Sanco) to stay afloat.

The organisation, which has been leading a hand-to-mouth existence in recent months, plans to launch into business to become financially self sufficient.

Once a symbol of radical and militant resistance to "apartheid capitalism", the organisation has now adapted in a way that seems destined to launch it into headlong confrontation with the unions.

The organisation is targeting the cleaning, catering and security sectors in state enterprises scheduled for restructuring. But this is perhaps the major focus of the trade union battle against privatisation.

Sanco has begun the process, but officials have admitted that the project relies on the co-operation of the unions.

Mlungisi Hlongwane, the president of Sanco, insisted that the organisation's intention to tender for cleaning, catering and security contracts did not amount to support for privatisation.

Sanco companies, under the umbrella of Sanco Investment Holdings (SIH), would work in conjunction with trade unions, "which already accept that restructuring is necessary".

The relevant trade union leaderships, "such as Nehawu (the National Education, Health and Allied Workers' Union), Potwa (the Post and Telecommunications Workers' Association) and Sarhwu (the South African Railways and Harbour Workers' Union)", had been informed and were in full support, Hlongwane said.

"No way. There have been no discussions," said Bob Marley, the assistant general secretary of Nehawu. "And we are still totally opposed to privatisation."

This response was echoed by Sikhumbuzo Tyibilika, the general secretary of Potwa, and Tshidiso Moshao, the assistant general secretary of Sarhwu.

"We do not support contracting," said Moshao, who is deputy to Derrick Simoko, the general secretary.

Yet the provision of "outsourcing" facilities remains SIH's goal. The company will be headed by Moses Mayekiso, the controversial former trade unionist and recently resigned parliamentarian. Hlongwane said Mayekiso would be the chief executive of SIH. Alan Romanis, the managing director of Liberty Life, said Mayekiso would be the chairman of the company.

Liberty Life, headed by Donald Gordon, who has a reputation as one of the most astute investors in the land, owns 20 percent of SIH. It took the shareholding in exchange for R1,5 million. Romanis, said this was "seed money" from the insurance and investment corporation, but expressed no further commitment.

Hlongwane, however, maintained that the R1,5 million had been made available to "kickstart" Sanco's new business venture and that more funding would be forthcoming. Sanco's share of the capital would be raised through membership fees of R30 a year. For this fee members were promised "R4 000 worth of goods" by means of a book of retail discount coupons.

However, these were not available last week, though the sale of memberships and discount books was scheduled to have begun on February 2. From that date, prospective members should have been able to enrol "at any post office".

Given this situation, Hlongwane's claims last week that money was now "pouring in" to Sanco after a lean period, were difficult to comprehend.

• Hlongwane has said that Sanco will have 1 million paid-up members within two years. This would mean an annual subscription income of R30 million, less the commission to the post office and the cost of the books of coupons.

Part of this income, said Hlongwane, would be earmarked to maintain and extend the Sanco infrastructure.

But most would go to a Sanco trust that would hold 80 percent of the shares of SIH. The holding company would engage in business and this would "empower the community" in line with the goals of the RDP.

The post office has admitted that since February 2 it has been "ready to roll" with the sales of Sanco memberships. Sanco head office has confirmed that the coupons and "application forms" would soon be printed and Mayekiso has briefed Sanco employees about SIH and the "income" from Liberty Life.

"Now they had better have some serious and open talks with the unions ... before they start a lot of trouble," said a member of the Cosatu executive.

LOW-COST HOUSING

FM 29/3/96

SKINNING THE CAT

29/3/96

(123)

Government's decision to remove Vat from low-cost housing subsidies could push up the size of State-subsidised rudimentary shelters to about 50 m² (from roughly 40 m²) in most parts of SA — except KwaZulu-Natal and areas where servicing costs are higher than the average R6 000-R7 000 a site.

A 50 m² house is psychologically important to communities, as it's the minimum size they have fought for.

Though a 50 m² roofed-in area seems reasonable, contractors say those who have been granted subsidies would have to provide floor slabs and complete the walling and interior of their units.

Grinaker Housing is erecting 893 homes in a low-cost scheme in KwaZamokuhle (near Hendrina) in Mpumalanga. MD Gerry Stott says the extra R1 842 now available due to the removal of Vat on the top subsidy of R15 000 for a serviced site and basic home

means the 54 m² homes in its scheme can now be improved without further subsidies from the local authority.

The company is now able to provide a 54 m² structure on a serviced site consisting of a roof on a steel frame and two brick walls (previously only one wall was provided). Most sites come with an outside toilet, but where no toilets are installed, it is now able to provide a smaller 30 m² house with an enclosed WC.

Of those granted subsidies, 83% have opted for the larger, partly built units in preference to completed 14 m² units.

The company is negotiating with building material suppliers to provide smart cards to end-users in areas where site servicing costs are high. These would enable them to buy their own materials and build their own homes with any subsidy money left over after servicing. ■

More home subsidies for the poor

(123) Sowetan 29/3/96

By Joshua Raboroko

THE Government has agreed to introduce additional subsidies from provincial, local government and other sources to enable poor communities to build their own homes, Housing Minister Ms Sankie Mthembi-Nkondo announced yesterday.

In a keynote address to the land and housing summit held in Pietersburg, the Minister said that the Government had agreed that a subsidy scheme of which the maximum is R15 000 could be extended by providing building material to enable people to build homes for themselves.

By so doing, she said, the present housing shortage – estimated at three-million units – could be reduced. There was a need to apply various methods to provide homes for the millions.

She said: "As the Government, our contribution comprises a subsidy scheme extending to a maximum of R15 000 a family. At no point is there an assumption that a plot can be serviced and a house built for R15 000.

Money to build homes

"We have agreed to the introduction of subsidies from provincial, local government and other sources should this enjoy the support of provincial legislatures."

She said that the Government was to launch a national housing finance corporation which would provide the poor with money to build houses.

She said banks had also come up with new strategies to finance housing projects, despite the hassles they had in the past as a result of bond boycotts.

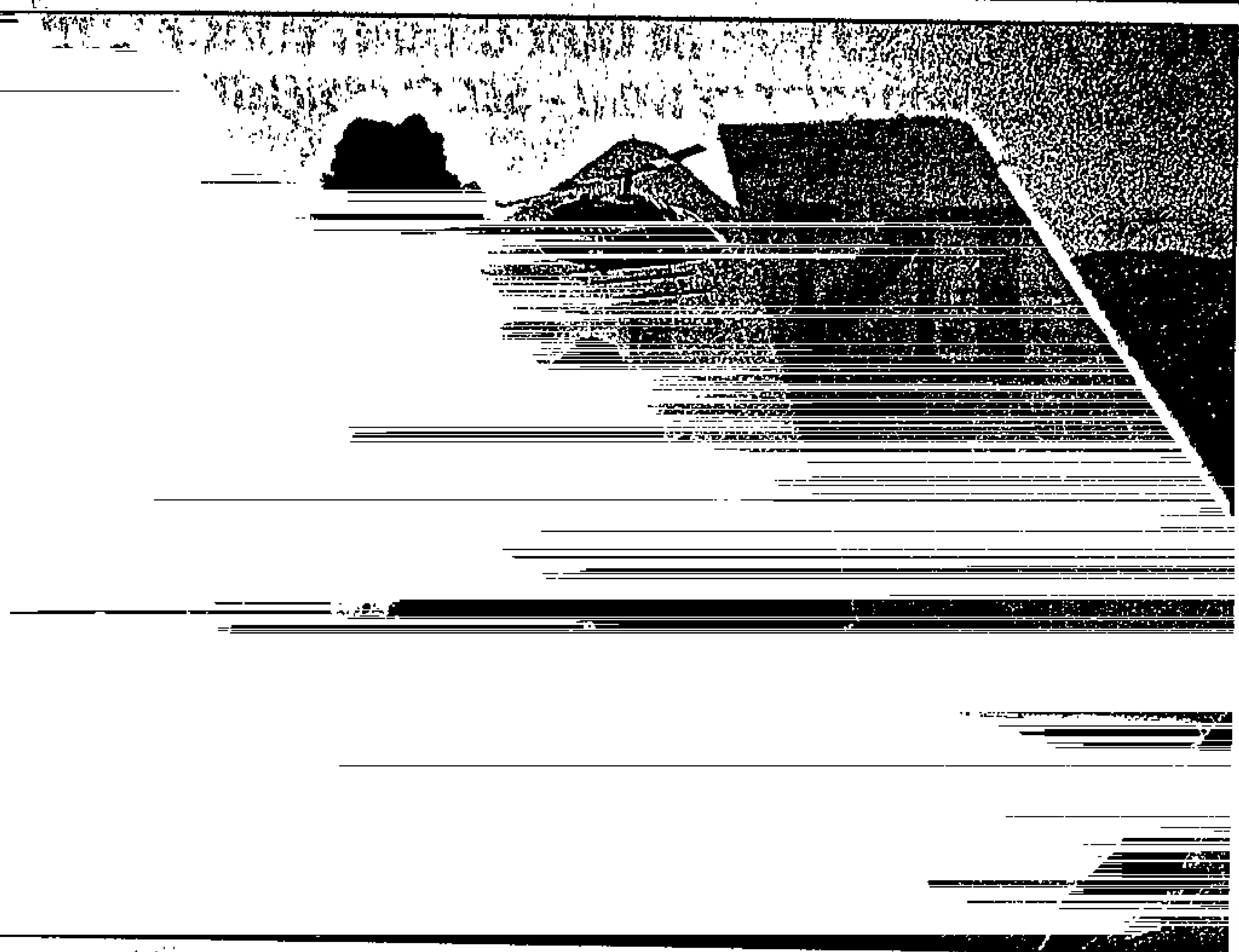
Addressing the meeting, Northern Province housing board chairman Mr Dedane Motsuenyane said the provincial government had allocated R470 million for housing projects in the region, but only R4 million has actually been paid out, thereby delaying the provision of the much-needed homes.

The delay had resulted in the province asking for a reduction in its 1996/97 housing budget because last year's housing funds had not yet been fully utilised.

He attributed the delay in the provision of houses to the unavailability of land and bank home loans.

Low

W-cost housing boom!



2 000 units a month now being delivered – survey

(123) ARG 30/3/96

WILLIAM-MERVIN GUMEDE
Own Correspondent

MORE than 500 000 low-cost housing units should be delivered in the next two years – rebuffing the barrage of criticism levelled at the Housing Ministry for the slow pace at which housing delivery is taking place.

A survey by consultants Settlement Dynamics, released this week and based on information from the provincial housing boards, local authorities and developers, shows that the number of houses built for the low-cost housing sector is at its peak since 1989. Gauteng and the Western Cape have seen the biggest improvement since the slump in housing delivery in 1993 and 1994, followed by KwaZulu-Natal and the Free State.

The number of active housing projects in Gauteng has increased by 38 percent. Chairman of the Gauteng Housing Board, Martin van Zyl, said more than 10 000 houses had been built and more than 25 000 sites prepared in Gauteng alone. "Housing delivery has not stalled and the delivery of housing has increased in the past couple of months since the introduction of the government's subsidy scheme," he said.

Housing Minister Sankie Mthembi-Nkondo said housing delivery had accelerated over the past six months. She said delivery would improve further because more money was being made available by the provincial governments each quarter as spending by provincial housing boards increased.

Ms Mthembi-Nkondo said about 2 000 low-cost houses a month were being delivered under the subsidy scheme, compared to 470 last September, and 34 000 homes had been built over the past 18 months.

The survey singles out the local authorities, saying that more than half of the municipalities in the country have not yet started construction – in spite of the subsidy scheme. The paper argues that while the figures do not necessarily reflect the number of completed housing units, it does provide a measure of the delivery potential of the housing sector.

"Although the recent increase in project activity in the sector is not indicative of the actual number of units being delivered, it does show that delivery potential has increased with the introduction of the new housing policy and the new subsidy scheme in 1994."

The survey also blames the lack of a clear housing policy before the April 1994 elections and the early months just after the elections for the slump in the number of houses delivered. Ms Mthembi-Nkondo has lambasted the private sector for "playing a minimal role in housing delivery", and said the banks' refusal to release funds to the lower end of the market remained an obstacle.

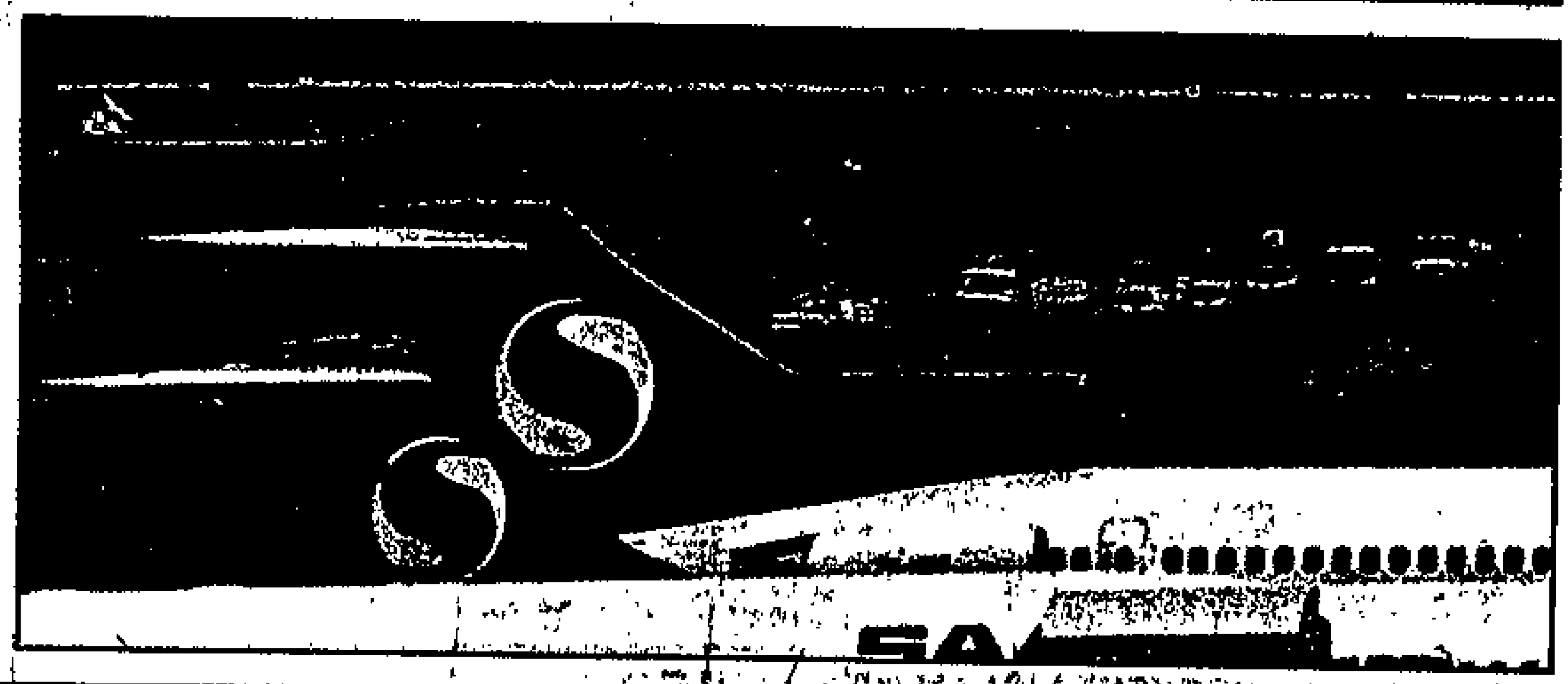
She also attacked the construction industry for demanding higher subsidies, and the private sector's call for larger guarantees, saying such demands contradicted housing policy which had been based on the partnership between government, communities and business.

"Some people do not seem to want this government to deliver," she said, referring to the banks and private sector.

Meanwhile, the Greater Johannesburg Transitional Metropolitan Council has identified five sites where 4 000 homeless people will be relocated as part of a move to establish townships for 250 000 homeless people under the Rapid Land Development Programme.

The areas identified are Witkoppen and Blousrand in the Northern Metropolitan Substructure, Liefde-en-Vrede and Misgund North in the Southern MSS and Lombardy East in the Eastern.

...me saves lives



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Discipline top of Manuel's strategy

MICHAEL MORRIS
Staff Reporter

SUSTAINED fiscal discipline, economic prudence and market-friendly economic strategy will be the priorities of South Africa's new Finance Minister, Trevor Manuel.

Top government sources say the former socialist and activist will seek to consolidate policies and strategies put in place by outgoing finance chief Chris Liebenberg, and that his experience in the crucial trade and industry portfolio – where he was charged with forging South Africa's return to world markets – underpins his commitment to economic growth and the creation of an investor-friendly environment.

After a jumpy start, the market appeared to be increasingly willing to share this optimistic view. Indeed, no sooner had Mr Manuel been promoted than he moved to reassure markets and business that he stood for continuity and would follow the policies mapped out in the budget two weeks ago.

"Both on the fiscal and monetary sides there will be no policy changes, but, with the emphasis on delivery, there will be a sharper focus on efficiency of expenditure," said Mr Manuel.

"All the programmes announced in the budget speech relating to matters such as expenditure evaluation, debt management and cash management are going to be fast-tracked."

Sources say carrying out plans to lift exchange controls – seen as the key to the country's return to world economics – will be among his first challenges.

AUCTION SALE

New civic movement threatens rent boycott

BD 2/4/96 (123) (420)

Mduduzi ka Harvey

THE newly formed Africa Renaissance civic movement has threatened to embark on a national municipal service, rent and bond boycott if government fails to scrap arrears and provide affordable housing for communities.

The movement's chairman Jennifer Meyer said members took their demands to Gauteng premier Tokyo Sexwale two years ago, but there had been no response. Now central government would be lobbied directly.

The movement plans to lobby on the scrapping of arrears, provision of affordable housing, particularly for pensioners and the unemployed, and job creation by ensuring contractors within the different councils involved communities in the implementation of local projects. The provision of proper infrastructure, toilets, water, sewage and health care were other issues.

In addition, the organisation would fight against evictions by assisting squatters in every possible way in having their needs addressed.

Although the organisation, which claims to have a membership of more than 30 000 from 73 different smaller civics countrywide, claims to be politically non-aligned, it is functioning from the office of the PAC's !Khoisan X at the Gauteng legislature.

The movement claims to have strongholds in the East Rand townships of Daveyton, Tembisa, and Kagiso. They also have members in Actonville, Eden Park, Kliptown and Eldorado Park.

Meyer said the organisation, which was launched at the weekend, would not work with the SA National Civic Organisation because, since the 1994 national elections, the Sanco leadership had turned into political figures, a move which had weakened Sanco's ability to take action, she said, because it now had to work in consultation with the ANC.

Sanco general secretary Penrose Ntlonti said it would be difficult for his organisation to work with the new civic because it was not known and Sanco would have to find out what the new civic intended to do which Sanco had not done in the past.

But, he said, it was their democratic right to start a new civic movement and communities would decide which organisation to support.

Community Bank may accept Sanco proposal

BD 2/4/96 (123)

Amanda Vermeulen

COMMUNITY Bank is considering a proposal from the SA National Civics Organisation under which Sanco's 1,2-million members would deposit their savings with the bank in return for preferential access to home loans.

The bank's executive trustee Cas Coovadia said yesterday Sanco Investment Holdings (SIH) had tabled the proposal. Community Bank was "keen" to do business with SIH, in which Liberty Life holds a 20% stake.

It was not clear yesterday whether such a plan would entice Community Bank's main shareholder, the Development Bank of SA, to release R50m committed to the bank. DBSA has frozen the payment of the cash until Community Bank secures other investors, leaving Community Bank facing a cash crunch and the possibility of having to find a merger partner.

Coovadia stressed that SIH would not be a merger partner. The bank was also pursuing other investors, though there had been no approach to Liberty Life.

The bank will have a further meeting with the World Bank's investment arm, the International Finance Corporation, next week. The IFC has offered to fund up to 40% of the bank's capital requirements of R200m needed this year.

SIH spokesman Michael Levinsohn said an alliance with Community Bank would give Sanco members access to skills sharing.

SIH last week bought a 20% stake in radio station Solid Gold, and is part of a consortium bidding for 20% of East Coast Radio and 10% of KFM in the Cape.

Rent Act changes to boost accommodation

(123) BD 2/4/96

Ingrid Salgado

PROPOSED changes to the 1976 Rent Control Act by Gauteng's housing department would not result in rent control being reintroduced or in disinvestment from rented accommodation, provincial housing director Monty Narsoo said at the weekend.

The amendments were instead aimed at normalising the deteriorating relationship between landlords and tenants. This would provide an incentive for property owners to begin reinvesting in rented accommodation.

Narsoo was reacting to reports that at least one foreign investor had halted construction of rented accommodation in Midrand until new legislation was finalised. He said uncertainty would exist where policy changes were being considered. However, investment in rented accommodation had been declining for several years.

The department, together with Gauteng's housing and local government standing committee, is in the process of holding hearings on amendments to the Act.

Narsoo said a draft policy document would be distributed by mid-April. The department would begin negotiations with key stakeholders on the issue thereafter. The amendments would need the approval of national legislators.

The department has proposed establishing new statutory bodies to replace the existing rent boards to liaise in disputes between landlords and tenants. Narsoo insisted this did not amount to reintroducing rent control. "We are merely using existing rent control legislation to put in place a framework for the facilitation of disputes between landlords and tenants."

Disinvestment from rented accommodation was occurring because the rule of law did not apply, Narsoo said.

The last major rental project in Johannesburg's inner city had occurred more than 20 years ago.

Big boost for low-cost houses

(123)

ARG 3/4/96

CHARLENE CLAYTON
Property Reporter

A NATIONAL Housing Finance Corporation – to serve as a special wholesale funding mechanism to unlock finance for low cost housing – was announced by Housing Minister Sankie Mthembi-Nkondo today after recent cabinet approval.

The establishment of the body, envisaged as a joint government and private sector initiative, is an integral part of the government's national housing strategy and follows months of negotiations with banks, investors and other stakeholders.

In a statement, Ms Mthembi-Nkondo said the corporation would mobilise more than R5 billion in wholesale funds as well as a further R5 billion of finance from the banking sector over the next five years, thereby benefiting approximately 700 000 households.

Initial captialisation will come from the budget of the Department of Housing, as well as private sector capital raised through convertible debentures.

The corporation will act a specialised wholesale funding intermediary, fund and risk manager and in addition it will hold a developmental mandate. It will be launched as an unlisted public company under the Companies Act.

The focus of the corporation will be on investigating, designing and implementing programmes aimed at encouraging and supporting increased and sustained involvement of conventional banks in credit provision for low-cost housing.

This objective is in line with the 1994 Record of Understanding signed by the banks and government regarding the provision of affordable housing.

The corporation will also promote and support the growth of the emerging alternative lending sector providing housing credit in markets where the banking sector was not yet ready, or able, to engage.

Ms Mthembi-Nkondo reiterated the government's view that, in spite of present constraints and delays, longer term intervention by the government in the housing sector should be aimed at sustained mobilisation of non-governmental resources into housing to supplement the government's restricted fiscal assistance programmes.

The ability of the National Housing Finance Corporation to achieve its targets would be linked to the rate of housing delivery nationally as well as the ability and capacity of retail tenders to provide finance and recover outstanding debts or access securities provided, in cases of default.

Eric Molobi has been appointed chairman of the National Housing Finance Corporation and Johan de Ridder will serve as its chief executive officer.

New approach to low-cost housing needed

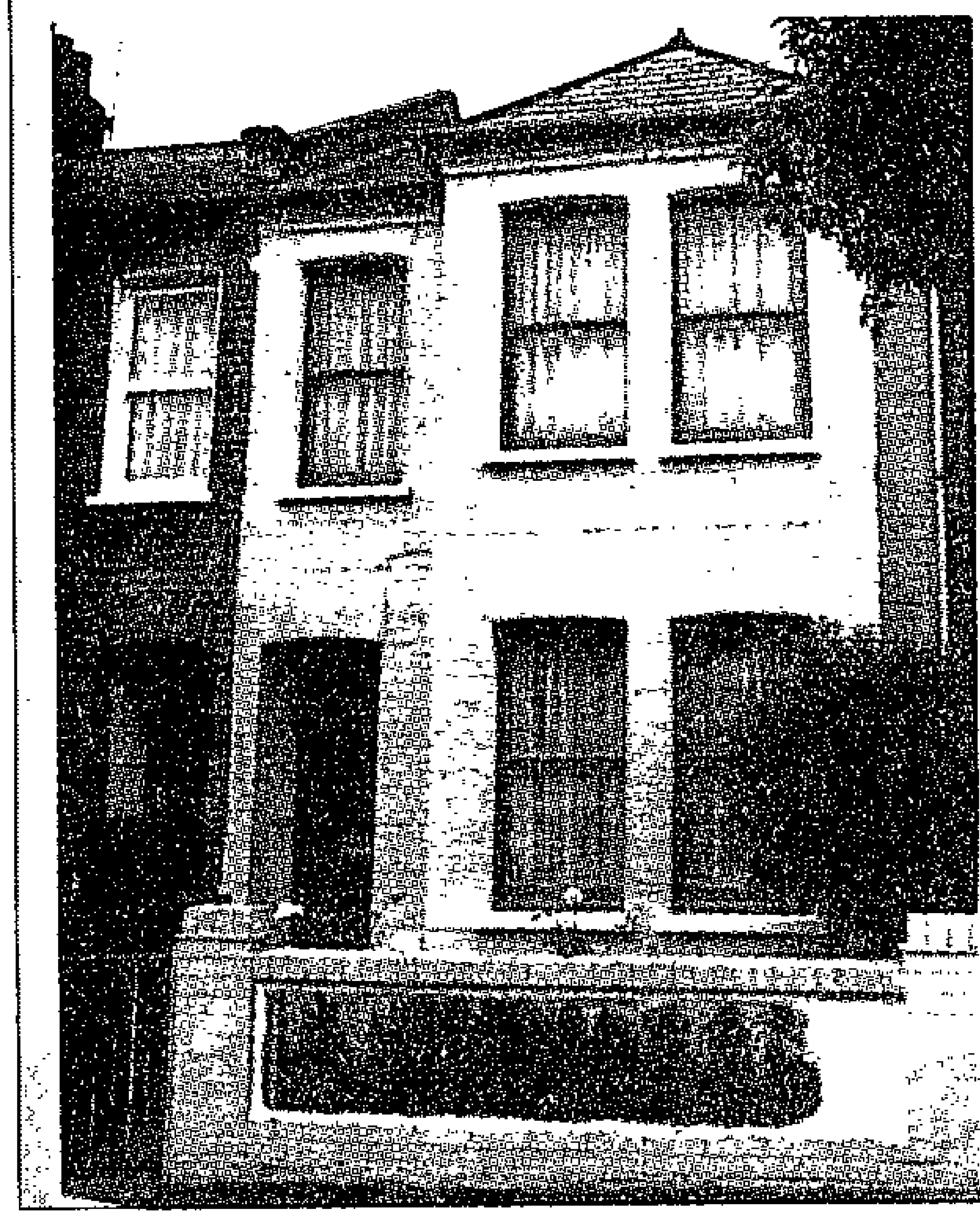
Dream of 'normal' detached home unrealistic with land shortages, costs: clusters and multistoreys must feature

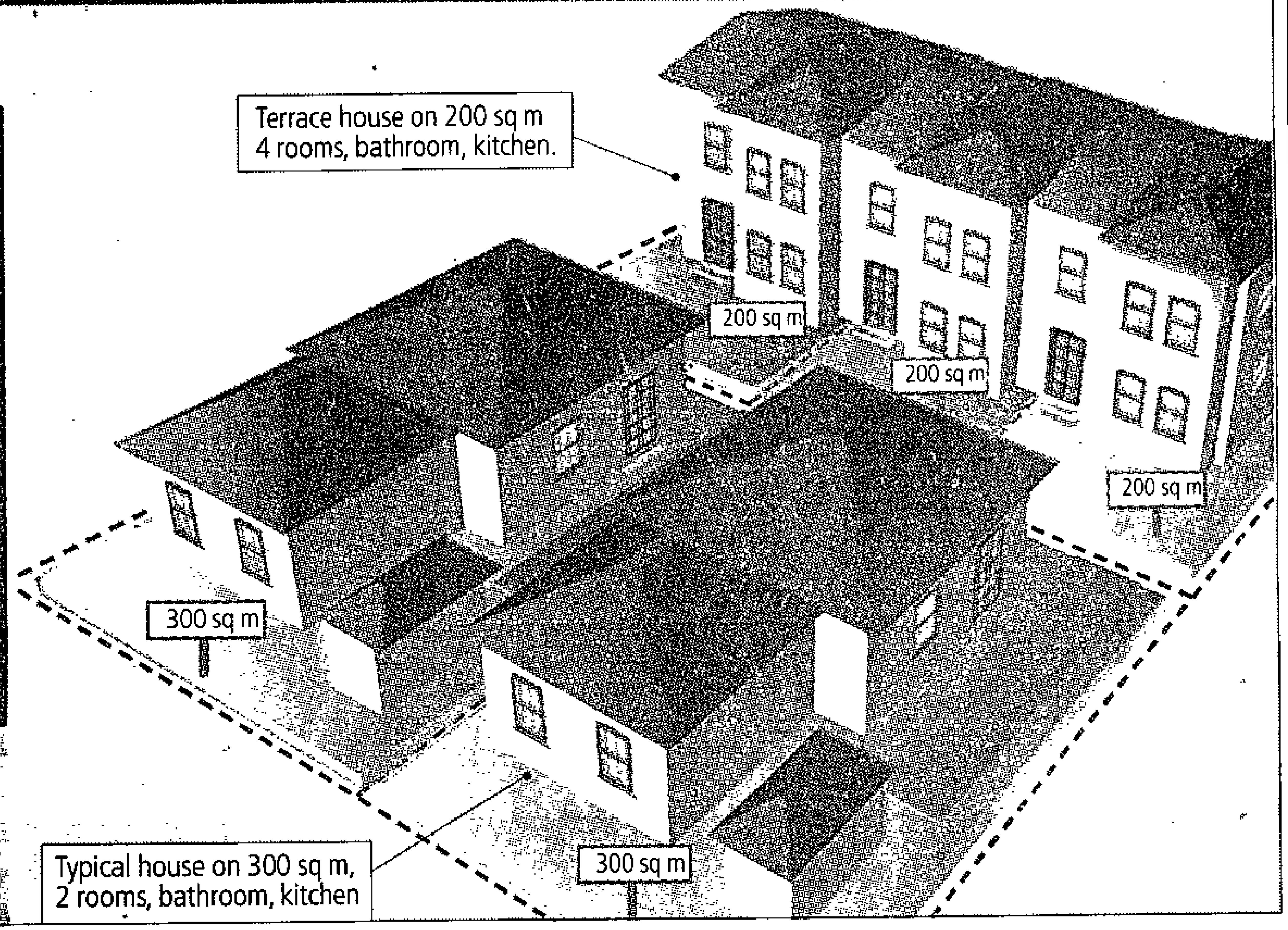
(123) Star 3/4/96

By Bongiwe Mlangeni
Housing Reporter

Terraced Housing

An example of terraced housing





The huge need for low cost housing, and the urgency to deliver it, has prompted the housing sector to explore better ways of using the country's limited land resources.

However, while housing experts discuss options such as multistorey attached housing or cluster developments and prefabricated materials, these concepts remain incomprehensible to most home seekers.

Despite having lived in corrugated iron shacks or in overcrowded conditions, most still dream of a simple detached four-roomed house, made of brick and mortar, with sanitation and electricity. But, this will have to change as there is not enough land and finance, say experts.

And, with the institutional subsidy scheme, communities can now build attached buildings and have services. The subsidy is paid to an organised group to buy or build houses which, if they wish, they can rent to people who normally qualify for a subsidy.

According to Goldev chief executive officer Aziz Shaik, who is involved in low cost housing, community leaders will have to play a major role in changing the concept of what makes a decent house.

"Mass housing is the only way to go now. It is the most cost effective way," he said.

Shaik said there was a need to inform communities about different types of housing.

Although people are used to living in single-storey detached houses, cluster developments and multistorey housing could enhance the social fabric of the community, he said.

Experts believe that the release of the institutional housing subsidy opens the way for mass housing to be accepted.

According to Concrete Manufacturers' Association spokesman Pat Kelly, who presented a paper explaining building costs and recommended mass housing at a recent conference, the limited subsidy requires that cost saving should be sought in every area of construction.

He added that multistorey buildings did not mean high-rise buildings.

These buildings, he said, did not have to be more than three storeys, but could be connected to each other, with each family owning their own garden.

This did not mean that every unit should look the same, said Kelly.

According to him, mass housing would benefit the housing sector in the following ways:

- It allowed the main contractor to set up prefab jigs for plumbing, electrical and roof layouts and enabled the contractors to negotiate better prices for the supply of material.
- It facilitated better quality control on the use of materials and standard of workmanship, especially in areas such as structural electrical and plumbing fittings.
- Where expensive foundations were necessary, the construction of multistoreys (compared to single storeys) made even more economic sense. As more land is used for urban development, more development will have to take place on poor, problem soils necessitating the service of an engineer and probably expensive foundations.

The only change needed was that the Government or local government took over the responsibility of forming a social compact with the community and that the contractor then contracted with a single client such as the local authority, said Kelly.

Experts agree: for delivery to occur at full speed, communities will have to be open to all forms of housing, without having to accept low building standards.

Clean-up campaign launched

Sowetan 3/4/96

(123)

By Sonti Maseko

THE Department of Public Works has allocated R10,8 million to start a clean-up campaign of South Africa's townships and informal settlements in a project described as a new approach to the country's dirt problem.

The Clean and Green Campaign, launched in Johannesburg yesterday by Minister of Public Works Mr Jeff Radebe, is a joint project by the department, South African Breweries and an environmental organisation, Keep South Africa Beautiful. SAB has committed R2 million to the project, which will be managed by KSAB and local authorities in all nine provinces.

In the first year of the campaign KSAB will clean up 20 selected communities facing severe litter and unmanaged waste problems. The systems will then be integrated into each local authority's community service infrastructure.

New govt's first public company to raise R10bn for low-cost homes

(123) BD 4/4/96

Robyn Chalmers

GOVERNMENT yesterday launched its first public company, the National Housing Finance Corporation, with a brief to raise R10bn over the next five years for financing low-cost housing.

Housing Minister Sankie Mthembi-Nkondo said the corporation, the subject of heated debate between the private sector and government for more than 18 months, was one of the cornerstones of the housing ministry's policy.

It would make funds available to the lower end of the housing market, largely through the alternative lending sector, and would encourage commercial banks' participation in this segment of the market.

Mthembi-Nkondo said the corporation would be headed by Mortgage Indemnity Fund chairman Johan de Ridder, who had been instrumental in setting it up, and chaired by Kagiso Trust executive director Eric Molobi.

She said about 700 000 households stood to benefit from the corporation over the next five years, but stressed that it was a long-term intervention which would not produce immediate results.

The corporation would raise R5bn over five years and planned to obtain a further R5bn from the banking sector. However, sources said the ability of the corporation to raise funding from the banking sector would depend on its performance.

The corporation's start-up funds would consist of R390m from the housing ministry, with a further R100m expected from the life offices, bringing the total expected start-up funds to almost R500m.

Investment Development Unit CE Errol Benvie said the unit had taken a R100m convertible debenture placing to the life offices.

Initial reaction by the industry had been positive and he was optimistic that the funds would be raised.

Housing department director-general Billy Cobbett said the longer-term aim was to list the corporation on the JSE, but it would first have to establish a track record.

One of its main functions would be to promote and support growth of the alternative lending sector by providing credit to the lower end of the housing market where the banking sector was not yet able or ready to engage.

Mthembi-Nkondo said the corporation would be launched as an unlisted public company under the Companies Act. Directors included Nedcor CE Richard Laubsher, Development Bank CE Ian Goldin, Katz commission head Michael Katz and Anglo gold and uranium division CEO Bobby Godsell.

Low-cost housing boosted

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

By Maggie Rowley

Cape Town — The cabinet has given the green light to the long-awaited National Housing Finance Corporation, which will ultimately provide cheaper financing for low-cost housing.

The corporation will be a specialised wholesale funding intermediary and risk manager. The government's Mortgage Indemnity Fund will fall under the new body.

The finance corporation has been structured to mobilise about R10 billion into the housing market over the next five years. It will have R5 billion of wholesale funds directly on its balance sheet with a further R5 billion from the banking sector.

It will take at least a year before benefits from the corporation are expected to start flowing, but it is hoped that about 700 000 households will benefit from its programmes by the turn of the century.

Announcing the launch yesterday after consultation with banks, investors and other stakeholders, Sankie Mthembi-Nkondo, the minister of housing, said the corporation formed an integral part of the government's national housing policy and strategy.

Its two main objectives were to support the increased and sustained investment of conventional banks in downmarket credit provision and to support the growth of the lending sector to provide housing credit where the banking sector was not yet ready or able to be engaged.

The housing department has provided initial capital of R390 million from its budget. The department went to the market this week to raise a further R100 million in debt finance from the contractual savings industry.

Errol Benvie, chief executive of the Investment Development Unit, which represents the contractual savings industry, said initial indications were that the market responded positively to the private placing of the 10-year convertible debentures. They are being offered at 50 basis points above RSA 10-year stock. The offer closes on April 29.

Mthembi-Nkondo said the corporation's ability to achieve its targets would be linked to the national rate of delivery. It would also depend on retail lenders' ability and capacity to provide finance and recover outstanding debts or access securities provided in cases of default.

The corporation is being launched as an unlisted public company under the Companies Act. It is headed by Eric Molobi as chairman and Johan de Ridder as chief executive officer.

Finance arm for low-cost houses

(123) Sowetan 4/4/96

By Joshua Raboroko

THE launch of the new R10 billion National Housing Finance Corporation, aimed at building 700 000 low-cost houses, will fill the lending gap in the housing sector and open avenues for finance to the poor.

After Cabinet approval of the corporation, Minister of Housing Mrs Sankie Mthembi-Nkondo yesterday announced that the corporation's board would be chaired by Mr Eric Molobi. Chairman of the Mortgage Indemnity Fund Mr Johan de Ridder would become chief executive.

Part of housing policy

The NHFC is a component of the Government's national housing policy and its launch follows months of local and overseas investigation and consultation with banks, investors and other stakeholders.

The NHFC is structured to mobilise R5 billion of wholesale funds (directly on its balance sheet) and a further R5 billion of finance from the banking sector into the housing sector over the next five years.

About 700 000 households stand to benefit from the corporation over this period, the minister said..

The ability of the NHFC to achieve its targets will be linked to the rate of housing delivery nationally and the ability and capacity of retail tenders to provide finance and recover outstanding debts or access securities in cases of default.

It is envisaged as a joint government and private sector initiative. Its capitalisation will come from the budget of the Department of Housing as well as private sector capital.

The minister said that the corporation would be a specialised wholesale funding intermediary. It will be launched as an unlisted public company and it will:

- Investigate, design and introduce programmes aimed at encouraging increased and sustained involvement of conventional banks; and
- Promote and support the growth of the emerging alternative lending sector by providing credit in markets where the banking sector is not yet engaged.

New 'bank' will boost low-cost housing plans

Star 4/4/96 (123)

By Bongiwe Mlangeni
Housing Reporter

A new financial institution, which will make more funds available for low cost housing and hopefully accelerate housing delivery, was launched yesterday by Housing Minister Sankie Mthembi-Nkondo.

The National Housing Finance Corporation (NHFC), a joint effort by the Government and the private sector, is expected to channel about R10-billion to housing over the next five years.

The NHFC would not, however, be lending money directly to individuals but would lend to smaller financial institutions, said director of housing Billy Cobbett.

Its introduction could enable low income earners, who have been redlined by big banks, to access mortgage finance through smaller banks such as the Community Bank.

National director of the Kagiso Trust, Eric Molobi will be chairman of the board and Johan de Ridder who has been a consultant and adviser to Mthembi-Nkondo, is now chief executive officer of the corporation.

NHFC forms an integral part of the housing policy and could benefit about 700 000 households, Mthembi-Nkondo said.

But the effects of NHFC would not be felt immediately as it would only start lending after a few months when a full office had been set up.

Mthembi-Nkondo described the NHFC as an intermediary wholesale funding agency.

The NHFC launch came after months of local and international investigations and consultation with banks, investors and other stakeholders.

She said the money would come partly from the housing budget and the corporation would also have to be able to raise money in the market.

Mthembi-Nkondo said the success of the NHFC would be based on the rate of housing delivery over the next few years and the ability of smaller banks to provide finance and recover outstanding debts.

She emphasised the importance of re-stabilising communities so programmes could function in all areas.

The NHFC will be registered as an unlisted public company. Richard Laubsher, Bobby Godsell, Michael Katz, Lechesa Tsenoli, Ian Goldin and Patricia Mabolengwe will be directors. Another three directors will be appointed.

Government launches R10-b finance scheme for low-cost housing

(123) ARG 6/4/96

■ A key element of the government's programme to alleviate the housing crisis has been launched, writes **WILLIAM-MERVIN GUMEDE**

After numerous hiccups and more than 18 months of haggling between the private sector and the government, the National Housing Finance Corporation (NHFC), has been launched.

The joint venture between the government and the private sector, launched this week, is intended to be one of the pillars of the government's housing policy. Its brief is to raise R10 billion over the next five years to finance the building of 700 000 low-cost houses priced at R15 000 and under.

The NHFC was created to pull the commercial banks into backing the low-income housing sector. To get the corporation going, the housing ministry pumped in R390 million, and a further R100 million was pledged by the Investment Development Unit.

The corporation will raise R5 billion over five years and it is hoped it will receive a further R5 billion from the banking industry. Lance Edmunds, general manager of the Council of South African Banks, said the banks would scrutinise the housing minister's proposals to get funds for the low-cost housing sector from the banks.

Housing Minister Sankie Mthembi-Nkondo said formation of the corporation was a long-term intervention which would not bring immediate results. No houses would be built by the corporation. Instead it would give funds to smaller lending institutions, like the Community Bank, which were active in the growing low-cost housing market.

The ability of the corporation to deliver would depend on the rate of housing delivery nationally and the ability of retail tenders to provide finance and recover outstanding debts carried over from township bond boycotts.

Ms Mthembi-Nkondo urged civic organisations still participating in bond boycotts to resolve their differences with the banks and said programmes funded by the new corporation would not be able to function in areas affected by boycotts.

The South African National Civics Organisation called formation of the corporation a "positive step towards the provision of affordable housing to the country's poor". That the government's attempts to lure the banks into the low-cost-housing sector would succeed but conceded "their efforts were better than doing nothing".

New finance body set up to draw banks into low-cost housing projects

(123) Star 6/4/96

By WILLIAM-MERVIN GUMEDE

After numerous hiccups and more than 18 months of haggling between the private sector and the Government, the National Housing Finance Corporation (NHFC) was launched this week.

The joint venture between the two parties is intended to be one of the pillars on which the Government's housing policy will rest. Its brief is to raise R10-billion over the next five years to finance the building of 700 000 low-cost houses priced at R15 000 or less each.

The NHFC was created to finally pull commercial banks into backing the low-income housing sector. To get the corporation going, the Housing Ministry pumped in R390-million as start-up funds, and a further R100-million was pledged by the Investment Development Unit.

The NHFC will raise R5-billion over five years and hopes to receive a further R5-billion from the banking industry. Council of South African Banks general manager Lance Edmunds said the banks would scrutinise the housing minister's proposals to get funds for the low-cost housing sector from the banks.

Housing Minister Sankie Mthembi-Nkondo cautioned that the formation of the corporation was a long-term intervention which should not be expected to bring immediate results. No houses would be built by the corporation. Instead it would be giving funds to smaller lending institutions, such as Community Bank, which are active in the growing low-cost housing market. The big commercial banks so far have regarded the low-cost housing market as too risky.

Mthembi-Nkondo said the corporation had two basic aims. First, it would encourage and support increased and sustained involvement of conventional banks in "downmarket" credit provision. Secondly, it would support the growth of the emerging alternative lending sector, which provides housing credit in markets where the banking sector is reluctant to lend.

The corporation's ability to deliver would depend on the rate of housing delivery nationally and the ability of retail tenders to provide finance and recover outstanding debts carried over from township bond boycotts.

Mthembi-Nkondo urged civic organisations still participating in bond boycotts to resolve their differences with the banks and said programmes funded by the new corporation would not be able to function in areas affected by boycotts.

She stressed the importance of efforts made by the banks, low-cost housing facilitator Servcon and the SA Housing Trust to get bond payments back to normal. "Past problems on the books of these institutions will continue to hamper the provision of housing credit and houses in the affected areas."

The South African National Civic Organisation welcomed the formation of the corporation, calling it a "positive step towards the provision of affordable housing to the country's poor". It remained doubtful that the Government's attempts to lure the banks into the low-cost housing sector would succeed but conceded that "their efforts were better than doing nothing".

The corporation was launched as an unlisted public company, making it the first public company of the new Government. Its director is Johan de Ridder and the board of directors will be chaired by Kagiso Trust executive director Eric Molobi.

Local authorities set to keep electricity function

(123)

By Troye Lund

Star 8/4/96

After months of negotiations on restructuring electricity distribution in South Africa, local authorities across the country have accepted the electricity working group's (EWG) final report to the Minister of Mineral and Energy Affairs, Pik Botha, as an "acceptable compromise".

Local authorities were opposed to initial bids to take away their capacity as electricity distributors. Their opposition was based on the fact that councils depend on revenue generated from electricity sales. This revenue is used to subsidise other municipal services in poorer areas.

The report of the EWG, which includes representatives from all levels of government, Eskom and the National Electricity Regulator, must be considered by Botha before it goes public.

However, a body representing local authorities across SA, the National Consultative Body for Organised Local Government, has seen the report and met this week to consider it.

The chairman of this body, Christo Norton, would not divulge any details of the working group's report but was satisfied that electricity distribution would "remain largely in the hands of local authorities".

Retail lenders 'can double low-cost housing loans'

BD 10/4/96 (123)

Robyn Chalmers

RETAIL lending institutions could double their lending into the low-cost housing market to almost R1bn a year with the intervention of the new National Housing Finance Corporation, MD Johan de Ridder said yesterday.

Retail lending institutions, excluding formal banks, estimated they were lending R30m-R40m a month into the low-cost market, he said.

The 16 institutions in the market made up a significant proportion of lending to low-income borrowers.

"The institutions are in a funding squeeze but there is a lot of pent-up demand for their products and they believe that they can expand significantly should they have access to funding," De Ridder said.

The institutions, which range from mutual banks such as Community Bank and Cash Bank to Altfin and the Get Ahead Foundation, were involved largely in microloans in the lower end of the housing market.

De Ridder said the corporation planned to act as an intermediary between investors and retail lenders.

Large investors typically looked for investments of an acceptable magnitude and risk profile, and many retail lending institutions found it hard to attract this sort of investment.

De Ridder said the corporation could assist retail lenders by raising its own funds and onlending or endorsing debt issues of lenders to bolster investor confidence in such issues.

On interest rates charged by retail lenders, which tended to be significantly higher than the prime rate and have caused controversy, he said these would be up to individual lenders.

De Ridder said the corporation would also encourage commercial banks to participate in this segment of the market.

The corporation was expected to have a significant effect on the lower end of the housing market, but he stressed that longer-term intervention would be operational only in about six months' time.

Housing Minister Sankie Mthembi-Nkondo said the corporation had a mandate to raise R5bn over five years and planned to facilitate a further R5bn from the banking sector. Its start-up funds would consist of R390m from the housing ministry with a further R100m expected from life offices.

Mthembi-Nkondo expected about 700 000 households to benefit from the corporation over the next five years.

Misgivings on rent hearings

Robyn Chalmers

(123) BD 11/4/96

THE SA Property Owners' Association has expressed concern over the way in which the standing committee for housing and local government is holding public hearings for the Rent Control Act.

Sapoa CEO Brian Kirchmann said yesterday the organisation had asked for an extension until April to submit comments to the standing committee.

It had also requested that time be given to comment on any amendment Bill or new legislation introduced.

"We were given notice of a briefing session regarding the future application and amendment of the Act on the morning of the session, and only four days in which to submit written proposals," Kirchmann said.

Sapoa had always been fair to residential landlords and tenants when, during the past two decades, government had consulted it.

Banks hold fire on new lending rules

Robyn Chalmers (123) BD 11/4/96

BANKS have agreed to hold fire on tough new lending rules for low-cost housing pending negotiations with government and builders.

The Council of SA Banks (Cosab) said yesterday implementation of the rules, due on April 1, had been shelved for a month while talks with government and the building industry got under way. A meeting of all stakeholders had been scheduled for next week.

Government is thought to be disappointed with attempts to bring in the rules, which for public servants alone could reduce bond qualifications 40%.

The building industry has argued that the proposals would hamper delivery of low-cost housing by shutting out a major segment of the market the programme is supposed to target.

Observers said one of the key sticking points, but one of the easiest to discard, was the banks' plan for a 5% deposit for low-cost housing borrowers.

Other proposals include amending the home loans subsidy formula, which would reduce the mortgage finance some applicants qualify for.

Cosab housing spokesman Lance Edmunds said the building industry had not used the nine-month grace period agreed to last year to put forward more innovative financing deals.

National Association of Home Builders executive director Daan Roelvert welcomed the delay in the introduction of the criteria.

It is understood proposals by the building sector on reworking the criteria will be discussed next week.

See Page 12

Govt's low-cost housing efforts need to be redirected

(123)

ROBYN CHALMERS

BD 11/4/96

THE recent liquidity crisis of Community Bank, coming hot on the heels of the African Bank debacle, has raised serious questions about the financing of housing at the lower end of the market.

Community Bank and African Bank both sought to fill the gap in the low-cost housing market left by the major lenders in the upper to middle band of potential homeowners, and they appear to have done so to their detriment.

The question is whether or not this "middle/lower" market is unserviceable, or if these banks went about servicing it the wrong way. It appears that the latter is true. Some retail lending institutions have been operating successfully for years in the low-cost housing market, through micro loans.

And government's decision last week to launch the long-awaited National Housing Finance Corporation — it will make use of retail lenders — seems to show that there is faith in the ability of retail lenders to service that market which major lenders appear unwilling to touch.

Key lessons learnt by organisations such as the former Independent Development Trust Finance Corporation — now Altfin — Cash Bank and the Get Ahead Foundation, is to focus strongly on debt management, implement appropriate interest rate structures and ensure management and control techniques are first-rate.

The main reasons for retail lending institutions' failures are a lack of good management, poor credit control, financial accounting and reporting, and poor administration. Also, failed institutions seldom have experience in the collection of arrears.

The question of interest rates on micro loans is contentious, largely because they tend to be far higher than the prime lending rate.

There are a range of reasons for this, including that operating costs for micro lenders tend to be higher, the risk is obviously greater, and generally they also have to provide for a high level of bad debts.

Comparison of six of the world's more successful micro-lending programmes shows that, in 1994, Bangladesh's Grameen Bank interest rate charge was about 20%, Bank Rakyat Indonesia charged 33%, Bolivia's Banco Sol 53% and Colombia's Actuar Bogota 71%.

Huge differences in rates charged appeared to depend largely on operating costs of the various institutions, while the inflation rate, prime lending rate and loan loss rate were further factors.

If, then, the success of an organisation entering the lower end of the housing market depends more on management than on the inherent instability of the housing market, why the complete absence of large lenders in SA?

The short answer, unfortunately, is that the area is too problematic. The economy is opening up and banks and construction companies can make far more profit in less risky areas than in low-cost housing. Historically, they were not administratively geared to enter this market and bond boycotts caused a number of lenders to burn their fingers badly.

While publicly professing their support for the housing programme, many lenders have been wary of getting involved in the low-cost housing market. It was only after much manoeuvring — and none-too-subtle urging on the part of late housing minister Joe Slovo — that they grudgingly agreed to the record of understanding which came into effect in June last year.

In terms of this agreement, mortgage lenders would extend 50 000 loans into the lower end of the housing market after government agreed to set up the mortgage indemnity fund to indemnify banks against undue risk, and also undertook to encourage the building industry to set up a structure protecting consumers against shoddy workmanship.

Despite these and other interventions on the part of government, we have yet to see the banks entering the market. At the latest count, about 10 000 loans had been extended into the lower end of the market since the June agreement, and clearly banks cannot hope to meet their target.

This reluctance on the part of banks should also be seen in the context of an existing 50 000 non-performing loans and repossessed properties. They say that with a risk exposure of about R700m, they cannot put depositors' funds at risk until there is normalisation in the market. And they have a point.

The Masakhane campaign has failed, and government arguably has only one last chance to get it right. A number of proposed solutions are on the table and although the various departments involved are working hard to resuscitate the programme, it is unlikely there will be a rapid solution to the issue of non-payment of bonds.

Given all this, what, then, is the future of financing in the low-cost housing market?

It is clear that financial institutions are prepared to get involved only in the top segment of the low-cost housing market market which comprises about 30% of SA's total population — a segment which is employed and has a regular income.

This can be further divided into an estimated 10% of the market earning more than R3 500 a month and finding little difficulty obtaining home loan finance; and the 20% of people earning between R1 500 and R3 500 — where much of the trouble lies.

The estimated 8,5-million people who fall into the 20% category are the ones over whom most of the squabbling is taking place. These people can afford to get limited home loan finance but the banks are saying few have applied because there is no suitable stock.

Building firms, on the other hand, are saying there is no finance available with which to build the homes.

Government's patience is running thin with these arguments, particularly when it has placed a range of risk-sharing mechanisms in place, such as the potentially costly mortgage indemnity fund.

There also appears to be a growing belief within public and private sector circles that the reason why the major lenders, which assisted in the start-up funding of Community Bank did not jump to its assistance recently, was that it served their purposes not to do so.

In other words, it would be clear that if the Community Bank could not make a go of the lower end of the market, it was unlikely established organisations could do so.

Perhaps what should now be examined is whether government needs to continue expending so much energy on wooing the lending sector into an area where it does not wish to be, at a time when the majority of the population — about 70% — has absolutely no hope of access to formal credit.

This 70% of the population, which earns less than R1 500 a month, constitutes the greatest housing problem — in spite of the formal national housing programme. Statistically, we do not know the extent of the housing problem and can only estimate the inroads being made on the backlog, estimated at between 1,5-million and 3-million houses, by the number of squatter settlements springing up.

No matter what sophisticated housing plans are put in place, people will continue to house themselves as best they can, as they have done all over the world.

The state-provided subsidy of up to R15 000 is aimed specifically at these people. It has yet to take off, but there are encouraging signs that the 200 000 approved subsidies in the pipeline will start to make an impression this year.

Surely government's focus should now be on trying to ease the conditions in which many of these people live — by providing infrastructure in the form of running water, roads, schools and hospitals. Inroads are already being made through the municipal infrastructure investment programme.

The larger banks could play a vital role in low-cost housing. If, however, they are unwilling or unable to do so, government may have to focus its attention elsewhere.

The prime area must be retail lending institutions. They can make an important impact through micro loans, and now that the National Housing Finance Corporation is finally getting off the ground, we may well see less emphasis on the major lenders.

The result could be more loans and more houses.

Ethi R95-m boost for low-cost housing n Africa

Star 11/4/96 (123)

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R95-m boost for low-cost housing

By Michael Sparks

The Swedish government will provide R95-million over the next three years for low-cost housing, particularly in the Eastern Cape and Northern Cape, in conjunction with the Department of Housing, it was announced yesterday.

Johan Wallis, director of urban development at the Department of Housing, said that while some of the money would go to projects in those regions, some would go to the National Urban Reconstruction and Housing Agency (Nurcha), a non-profit corporation which also has funding from other sources, to act as loan guarantees for families.

Nurcha holds more than R38-million, with money coming from the RDP and the Open Society Foundation. Wallis said that, because this cash was for guarantees and not direct funding for potential home owners across the country, the Swedish donation was worth a great deal in terms of the number of people it would help.

The support for the specific areas – Galeshewe outside Kimberley and Ibhayi outside Port Elizabeth – would substantially speed up house building there, he said. The funding would also provide bridging finance to people building their own houses.

The Housing Department and Swedish International Development Agency have agreed to meet every six months to review developments in the housing sector, while also discussing possible modifications to the Swedish support programme.

Service shifts blame for Masakhane flop

(123)

Star 12/4/96

The South African Communication Services (SACS) yesterday moved to defend itself against criticism that it had been ineffective in publicising the Masakhane Campaign.

SACS head Solly Kotane said in a statement that responsibility for the campaign fell within the ambit of the Departments of Housing, Constitutional Development and the RDP – and not with the organisation.

He said the organisation had a limited involvement. Provincial Masakhane offices controlled the campaign: "Each of the nine provinces was also allocated a sum of money for own individual Masakhane actions.

"The SACS's involvement at national level was only to second an official as an office manager for a three-month period."

The SACS had been attacked by former Post, Telecommunications and Broadcasting Minister Dr Pallo Jordan as being "useless" and accused of having failed to implement the campaign.

■ A planned meeting between Deputy President Thabo Mbeki, Housing Minister Sankie Mthembi-Nkondo and former RDP Minister Jay Naidoo did not take place yesterday.

They were meant to discuss responsibility for the Masakhane Campaign – which encourages people to work together to improve basic services – and other RDP projects. – Political Reporter.

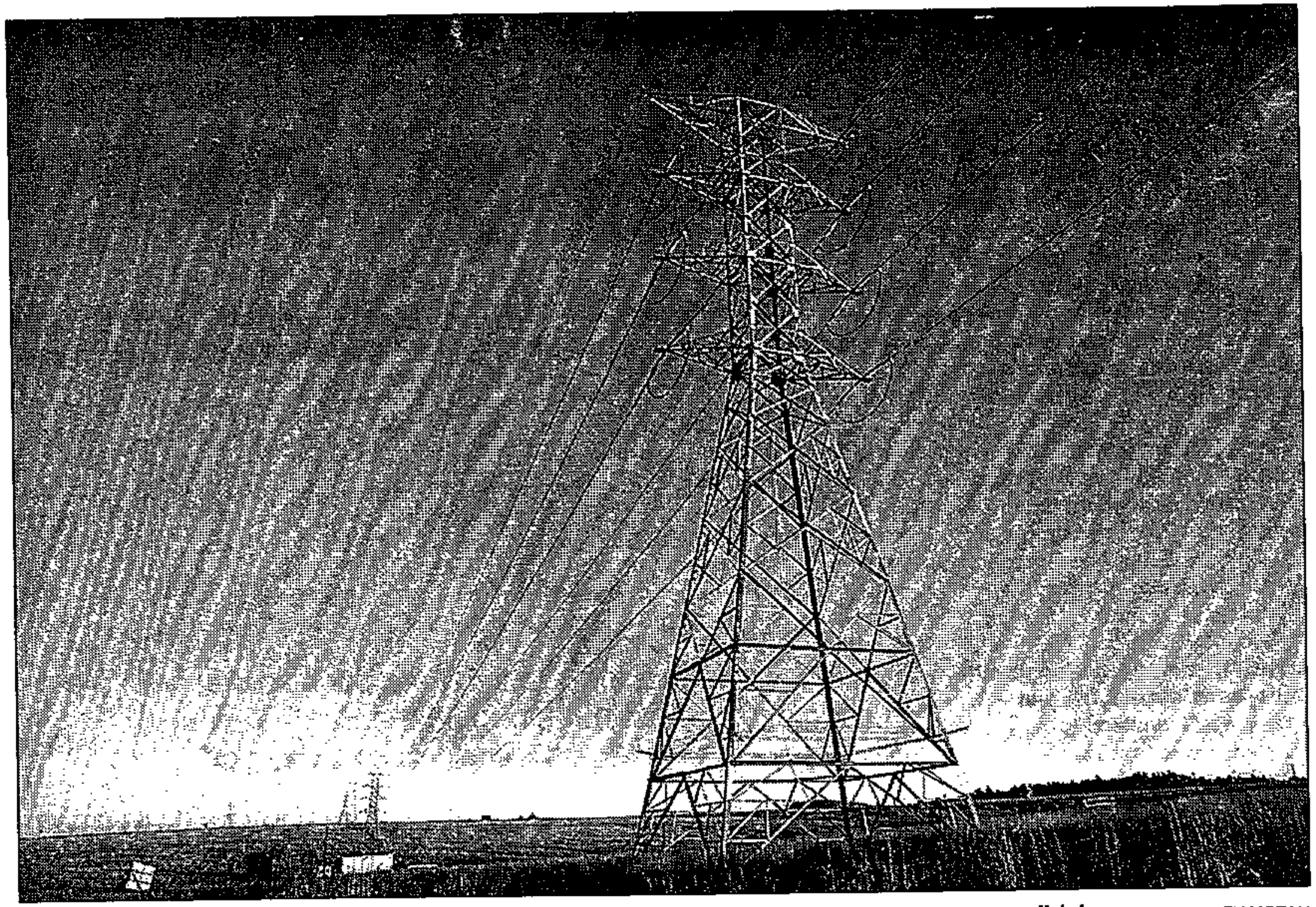
MAIL & GUARDIAN
April 12 to 18 1996

'Power' to the masses comes first

(123)

MtG 12-18/4/96

The need for electrification may outweigh the environmental factors, but there is a trade-off between economics and the social costs. **Madeleine Wackernagel** reports



High price for cheap power: 'The priority is getting electricity to as many people as possible' PHOTO: RUTH MOTAU

SOUTH AFRICA pays a high price for its cheap electricity, according to a new report published by the Industrial Strategy Project, a Cosatu-linked think-tank.

Clive van Horen of the Energy and Development Research Centre at the University of Cape Town, who conducted the study, says South Africans are already paying the price in terms of the impact on the environment and the population's health.

"We cannot afford to carry on ignoring these external costs," says Van Horen. "Nor can we go around raising the price of electricity willy-nilly. There has to be a trade-off between economics and the social costs."

Eskom is the fifth-largest electricity utility in the world, and power costs in this country are the second-lowest; only New Zealand is cheaper. On this basis, Van Horen believes the South African experience bears comparison with developed countries, rather than the less sophisticated industries of Mexico, Brazil or Malaysia, which are similar middle-income developing countries.

And by that standard, South African electricity is absurdly cheap. Prices in Germany and Japan are up to three times higher. But is this a reasonable comparison when most of the population has no electricity at all and electrification should be the top priority?

Dr Steve Lennon, research manager at Eskom, believes the external costs of not having electricity outweigh the environmental factors. Not that Eskom is ignoring the impact its emissions have on the atmosphere or people's health.

Indeed, most of its power stations burn low-sulphur coal, complying with international standards of acceptable pollution levels. And Eskom's second environmental performance report, released today (Friday), will show an overall improvement in standards, says Lennon.

Environmental standards and concerns have changed dramatically in the past 20 years; the next generation of power sources will reflect these factors, says Lennon. Eskom is already looking at the options of hydro-power, clean coal technologies and natural gas sources off Mozambique and Namibia.

But for now, says Lennon, the priority is getting electricity to as many people as possible. The cost of retrofitting a power station with scrubbers to cut down on emissions would add 30% to the price; Lennon believes it would be more effective to use that money on electrification.

Bringing electricity to the townships and rural areas does not necessarily eliminate the pollution cost, says Van Horen. Coal and firewood are still the favoured energy source in many areas.

Van Horen believes Eskom cannot afford to clean up its power stations and continue with electrification at the same time.

As more people fall victim to the effects of emissions, the social cost to society as a whole outweighs the benefits. He calculates the health effects of air pollution at about 4% of average electricity tariffs, excluding the long-term costs of acidification on buildings, crops and forests. Reducing emissions would cut the health cost by about 70%.

But Lennon insists South African standards are not out of line with international experience and to compare us with First World countries is unrealistic. Australia, for instance, has not a single plant fitted with scrubbing equipment; retrofitting one power plant in Britain cost £500-million.

John Loewen, an analyst at Ivor Jones Roy, agrees: "Eskom cannot afford a clean-up exercise at this stage. Right now the money is better spent elsewhere. And raising the price of electricity to pay for it is also not viable; the poorest would be hit hardest."

Bid to tighten up home-loan rules seen as unfair to the underpriviliged

By WILLIAM-MERVIN GUMEDE

Attempts by banks to tighten up criteria for granting home loans would delay the delivery of houses to low-income groups, the South African National Civic Organisation (Sanco) has claimed.

Sandi Mgidlana, Sanco's national housing chief, said it was clear the banks had no sympathy for the underprivileged.

"The banks in South Africa just refuse to adjust their programmes to aid the historically disadvantaged of this country," he said.

In terms of the controversial criteria, drawn up a year ago by government and the banks, loan applicants must provide a 5% deposit. It is also proposed that bond financing for public servants should be reduced by 40%.

Mgidlana called for the deposit to be scrapped and for a more generous subsidy formula.

This week, the banks bowed to pressure and agreed to delay the new requirements by a month. These were to have been implemented on April 1.

The Council of South African Banks (Cosab) said implementation had been shelved so that possible amendments could be discussed with government and the building industry.

Smaller financial institutions servicing the low-cost housing market and community organisations warned that the new criteria would "cause chaos".

Daan Roelvert, executive director of the National Association of Home Builders, said implementation would retard development at a time when little low-cost housing was being delivered.

"We are deeply concerned and hope government will encourage banks to rethink the scheme," Roelvert said.

James Byrne, director of Condev, which is involved in mass housing in KwaZulu Natal, warned that the criteria could cause a collapse in the low-cost sector.

However, earlier this year, Lance Edmunds, Cosab general manager, said the new criteria were necessary in this sector considering that 50 000 loans totalling about R3-billion were not being serviced satisfactorily. It was envisaged that in future only those who could afford repayments would be granted loans.

(123)

Star 13/4/96

Cosatu lashes out at failing government housing policy

(123) ARG 16/4/96

Political Correspondent

THE Congress of South African Trade Unions (Cosatu) has issued a stern warning to the government to get the national housing programme on track, calling for a fundamental revision of existing policies.

The trade union federation fired its housing broadside at a meeting yesterday of parliament's portfolio committee on housing, which has been holding hearings in an attempt to uncover the problems bogging down the government's housing programme.

As the alliance partner of the majority African National Congress, Cosatu's criticisms are the most influential critique of the housing programme since the ANC came to power promising a mass housing boom in which the private sector was to have played a major role.

Cosatu argues that the state should be more deeply involved in housing provision, that a housing parastatal should be set up to build houses and new ways of financing a progamme should be considered.

Cosatu said only 34 000 houses had been provided in 18 months and that its approach could see as many as 300 000 houses being built every year at a cost of up to R12 billion a year.

Cosatu disagreed with Housing Minister Sankie Mthembi-Nkondo's recent task team's finding that "fundamental revision of housing policy cannot in the short term enhance delivery".

Cosatu said the slow pace was a direct consequence of "an over-emphasis on private sector funding".

Cosatu calls for major shift in housing policy

BD 16/4/96

Tim Cohen (123)

CAPE TOWN — SA's housing white paper came in for a barrage of criticism yesterday from Cosatu and its affiliate NUM, which suggested fundamental changes to the current approach.

In submissions to the parliamentary housing committee, Cosatu argued for the inversion of the white paper's current "state-assisted" and "market-driven approach".

In the wake of the current poor delivery record, Cosatu proposed instead a "state-driven, market-assisted" method financed through the fiscus, a 5% levy on company pretax profits and a 5% prescribed investment requirement on pension funds.

Because the subsidies envisaged by the white paper were likely to prove inadequate for most homeless people, Cosatu proposed that government should broaden its housing programme to include "the immediate provision of public housing".

This programme should be budgeted at R10bn-R12bn a year. Financed over three years, said Cosatu, it would yield 300 000 housing units a year, resulting in the creation of an estimated 350 000 to 550 000 jobs, and boost the economy in general.

Cosatu suggested that a new housing parastatal, together with an appropriately structured National Housing Finance Corporation, should be mandated by government to take responsibility for direct state intervention in housing construction and property management.

Cosatu said the existing white paper focused on the creation of a "normalised housing market" by encouraging, "and in effect subsidising", the participation of private financial institutions in the housing programme. "This needs to change," Cosatu said.

The focus on private financial institutions had meant a "one-sided emphasis on personal home ownership" which was unaffordable to most homeless people.

The white paper itself conceded that 70% of households had income of less than R1 500 a month and about 58% of these had incomes of less than R800 a month.

Because private financial institutions required households to comply with affordability criteria, home loan applications by most poor households were likely to be turned down.,

The NUM blamed the private sector for its "failure to deliver" and demanded a "thorough revision of national housing policy".

Truth

Continued from Page 1

BD 16/4/96

by the decision of the commission.

Webber survives on a monthly disability grant of R410 and must be helped to bath and shave. He said the state had not responded to his appeal for help in educating his daughter.

Elizabeth Hashe, Monica Godolozi and Nomali Galela also gave evidence on the disappearance in the mid-1980s of their husbands Charles, Qaqawuli and Champion, members of the Port Elizabeth Black Civic Organisation and known as "the Pebco Three". Hashe told how the men had been lured to the Port Elizabeth airport by a phone call from the British consul to meet them there.

The three gave harrowing and emotional accounts of the harassment they had suffered, including dismissal from employment, detentions and attacks by armed men supporting the black councillors who opposed Pebco. Galela said her house had been burnt down.

Commissioner John Smith said the mystery of the men's disappearances might be solved by developments in the trial of former Vlakplaas commander Eugene de Kock.

All three women said they hoped they would learn where their husbands were buried.

Earlier in the day, two calls from a man, one to the East London city hall venue of the hearings, and another to the Daily Dispatch newspaper, claimed a bomb was to explode shortly after 11am. The calls were made shortly after 10am.

Commission chairman Desmond Tutu stopped the proceedings. He said the police and the bomb squad had earlier swept the building, but that he wanted a further check in the wake of the threat. Nothing was found.

Picture: Page 3

Provinces

Continued from Page 1

BD 16/4/96

regulated effectively by individual provinces; that provincial law was prejudicial to the country as a whole; or — in the case of norms and standards, frameworks or national policies — these were "required" in terms of the national interest.

This, the "necessity test", is central to the operation of the German constitution where provincial powers are concerned. It also appears to bring the draft largely into line with relevant ...

the only exclusive provincial power is the drafting of a provincial constitution. It is unclear whether this would be considered adequate by the court.

DP negotiator Colin Eglin said yesterday that although the proposal was not perfect, and the party might seek further amendments, it was a major advance on the fourth draft version.

Provinces' taxation powers appear unchanged. They would be able to raise any taxes other than income tax, VAT, GST or customs duties; and impose flat-rate surcharges on any national tax other than company tax, VAT or customs duties. This could however be ...

Cosatu calls for major shift in housing policy

BD 16/4/96

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The NUM blamed the private sector for its "failure to deliver" and demanded a "thorough revision of national housing policy".

Cosatu warns govt on housing

(123) CT 16/4/96

POLITICAL STAFF

THE Congress of South African Trade Unions (Cosatu) issued a stern warning to the government yesterday to get the national housing programme on track, calling for a fundamental revision of existing policies.

The trade union federation fired its housing broadside at a meeting yesterday of Parliament's portfolio committee on housing which has been holding hearings to uncover the problems bogging down the government's housing programme.

Cosatu said a revision of housing policy was necessary, "to stimulate delivery and to ensure that the majority of South Africans stand to benefit from the housing programme".

It said the government should be more deeply involved in housing provision, that a housing parastatal should be set up to build the houses and that new forms of financing the programme should be considered.

Cosatu said only 34 000 houses had been provided in the past 18 months and that its approach could see as many as 300 000 houses being built every year at a cost of up to R12 billion a year.

The labour federation said housing provision should form the core social programme of the government, who should also lead such a programme.

The slow pace was a direct consequence of "an over-emphasis on private sector funding. Current housing policy is state-assisted and market-driven. It should be state-driven and market-assisted".

The Star ... Tuesday April 16 1996

Housing needs a new plan, Cosatu warns Government

(12?) Star 16/4/96

By Patrick Bulger
Political Correspondent

Cape Town – The Congress of South African Trade Unions yesterday issued a stern warning to the Government to get the national housing programme on track, calling for a fundamental revision of existing policies.

Cosatu fired its housing broadside at a meeting of Parliament's portfolio committee on housing which has been holding hearings in an attempt to uncover the problems bogging down the Government's housing programme.

Cosatu believes that the State should be more deeply involved in housing provision, that a housing parastatal should be set up to build the houses and that new forms of financing the progamme should be considered.

Cosatu said only 34 000 houses had been provided in the past 18 months and that its approach could see as many as 300 000 houses being built every year at a cost of up to R12-billion a year. The trade union federation said it disagreed with Housing Minister Sankie Mthembi-Nkondo's recent task team finding that "fundamental revision of housing policy cannot in the short term enhance delivery".

Cosatu said: "The present slow rate of housing delivery combined with the roll-over of resources available for housing purposes could open Government to the constitutional challenge that it is failing its duties as outlined in the Bill of Rights."

It said the slow pace was a direct consequence of "an over-emphasis on private sector funding".

"Current housing policy is State-assisted and market-driven. Cosatu is calling for a system that will be State-driven and market-assisted."

To finance the programme, Cosatu said a major contribution would have to be made by the Government, a three-year levy of 5% should be imposed on the pretax profits of business and another 5% levy should be introduced on pension and provident funds to raise up to R35-billion.

Corporation aims to raise R500m

(123) BD 17/4/96

Robyn Chalmers

GOVERNMENT's recently created National Housing Finance Corporation was expected to create a balance sheet capacity of more than R500m for cash-strapped retail lending institutions, CEO Johan de Ridder said yesterday.

De Ridder also said government was investigating the introduction of a secondary mortgage market mechanism which financial institutions had suggested could be necessary within the next few years.

He stressed the corporation was a long-term intervention which government would neither subsidise nor underwrite. However, the state would inject R390m into the organisation during the current year, and had pledged a further R220m a year until 2001.

Its main purpose was to fund and build alternative lending institutions, promote banking sector involvement in the lower end of the housing market and manage special funds such as the mortgage indemnity fund.

It would boost the alternative lending sector by providing funds to alternative lenders, many of which were stunted by a lack of funds as the formal banking sector was often unwilling to venture into the low-cost housing market.

De Ridder said there was enormous pent-up demand in the alternative lending sector, with indications that the R30m-R40m a month currently being lent by alternative lenders into the low-cost housing market could be doubled within a year.

He said two equity development funds were envisaged to be set up by government under the corporation's auspices for emerging retail lenders and housing institutions. This would help create capacity at the retail lending level, but the funds would be off balance sheet as the private sector tended to view them as high-risk investments.

Special purpose funds set up by foreign donors would also be managed by the corporation.

The corporation would offer a number of products, including short-term fixed rate loans with an average maturity of 36 months, medium-term fixed rate loans of 120 months and long-term loans to housing institutions with average maturity of 180 months.

Endorsements and guarantees for issues of paper by retail intermediaries and housing institutions would be negotiated for a fee and specialised treasury services to borrowing entities were also on offer.

De Ridder said the corporation aimed to mobilise about R5,4bn of finance to assist about 700 000 households via intermediaries over the next five years. A further R5bn could be mobilised from the conventional banking sector.

Housing: Why Brazil has answers for SA

(123)

Staff Reporter

ARG 18/4/96

AN ordinary academic field trip to Brazil by a few architecture students has led to the launch of a document which could help solve South Africa's housing problem.

The final-year B Tech Architecture and Building Design students at Cape Technikon presented their housing document to provincial Housing Minister Cecil Herandien at a ceremony in Mouille Point yesterday.

The students went to Brazil with their lecturers as part of their academic course.

They were only required to submit a written report about their observations in Brazil.

But the trip turned out to be much more valuable for the students than they had expected and they decided to share their experiences with the rest of South Africa and in particular, the Housing Ministry.

One of the students and co-ordinator of the trip, Oliver Lubisch, 25, described it as an "exhilarating, eye-opening experience".

He said the group had initially planned to visit Mozambique, but when they heard of urban success stories in Curitiba, a city in Brazil, they had changed their plans.

Getting sponsors for 12 students for the trip was a mammoth task, says Mr Lubisch.

"Every student worked very hard in securing sponsorship and in the end, it all paid off and we were all off to Brazil."

The students visited three major cities, Rio de Janeiro, Sao Paulo and Curitiba.

Mr Lubisch said there were remarkable similarities between Brazil and South Africa, with both countries having almost identical housing problems.

He said that when the group drove from the airport to Rio they were greeted by the familiar site of so-called favellas, – structures similar to the shacks along the N2 into Cape Town.

The city of Rio provided the initial culture shock. "People, rich and poor, were working, eating, sleeping and living right there in the city. The city never sleeps."

He said Cape Town could solve many of its housing problems if it was transformed into a high-density urban area.

Many of the squatter settlements in Brazil had been upgraded, instead of broken down, and people had improved them by building roads and integrating other concrete structures.

Mr Lubisch said many of the examples of mixed-use environments could be applied in South Africa.

He said community participation was very important in developing housing in Brazil.

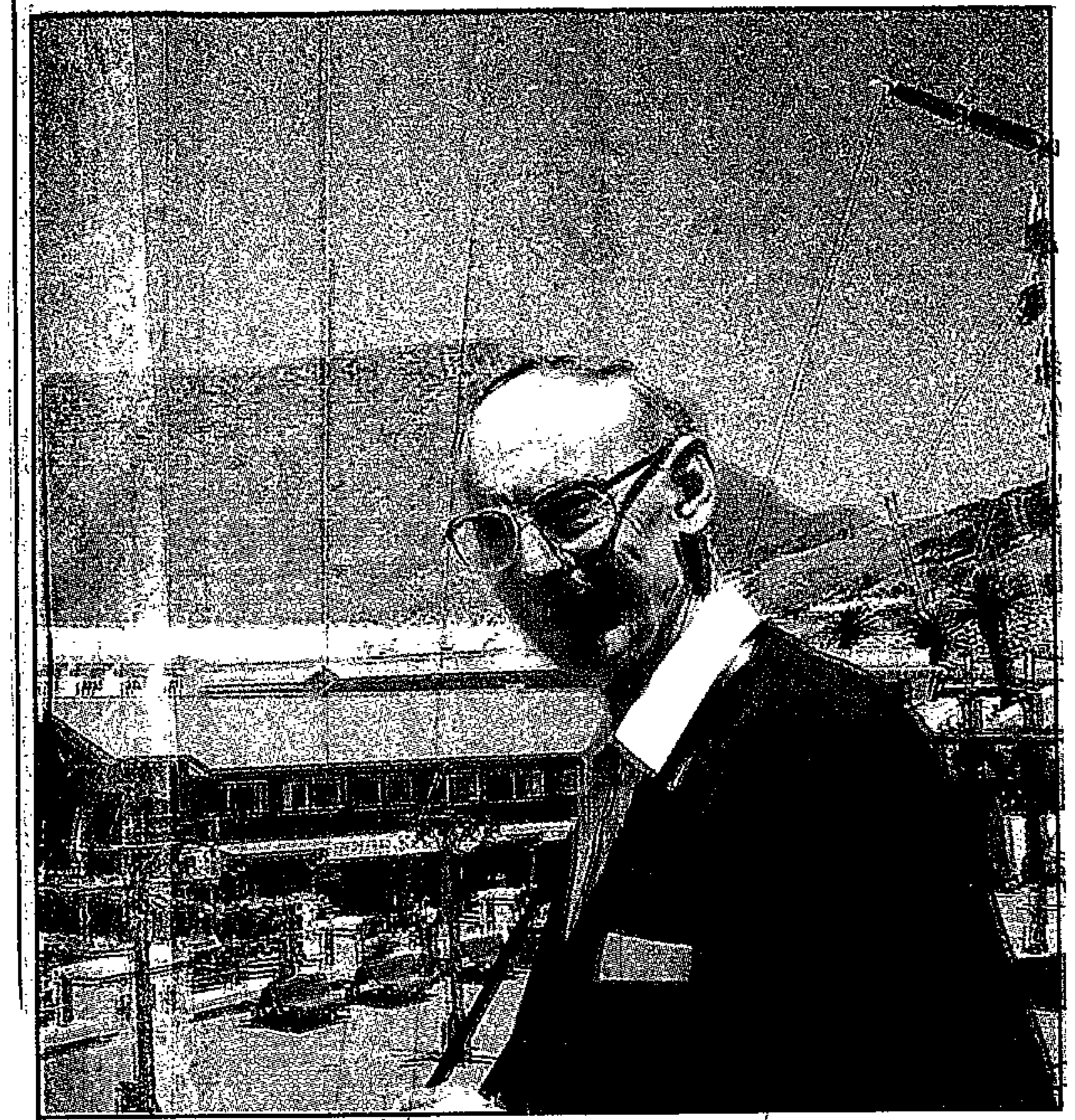
Communities were approached on developments and in most cases they built the houses themselves.

Mr Lubisch said South Africa could learn many lessons from Brazil.

"If the housing problem is looked at in a positive way, we will be able to find solutions easily."

British 'war plan' for the homeless

ARG 18/4/96 (123)



FAR FROM HOME: British tourist Gordon Constable takes in some of the sights at the Victoria and Alfred Waterfront during a recent visit to Cape Town.

JOSEPH ARANES
Municipal Staff

A BRITISH visitor was so shocked at the squalor and poverty he saw when driving past Khayelitsha that he decided to submit post-World War 2 British housing plans to the government in the hope that they could be used to help house the homeless.

On a recent visit to Cape Town, pensioner Gordon Constable of Bedford, England, drove past an informal settlement on his way from the airport to the city and could not believe the state of the place.

Later during his stay he decided to go back for a closer inspection of the townships.

He was impressed by the resourcefulness of the people in building their makeshift homes, but felt the government could do more to help them.

"At the end of World War 2, Britain had a chronic housing shortage as a result of the continuous German air raids.

"The economy was also in a mess with very little money available for proper housing.

"The government then built a number of prefabricated dwellings in all parts of the country for the destitute.

"Although they were nothing fancy, they kept the people warm and dry during the long winters."

Now more than 50 years later, the families living in them have rejected a plan to dispose of the housing units and have instead argued for them to be retained.

A number of British local councils have since started renovating the houses, stripping the external walls and roofing and replacing them with bricks and tiles. Modern heating systems have also been installed.

On his return to England, Mr Constable spent most of his free time at Britain's public records office searching for the original plans of the houses.

He made copies of them, which he sent to South Africa's housing authorities.

"I really believe that this type of housing might be part of the answer to providing people of the townships with decent dwellings, and could also create employment as they help construct the units.

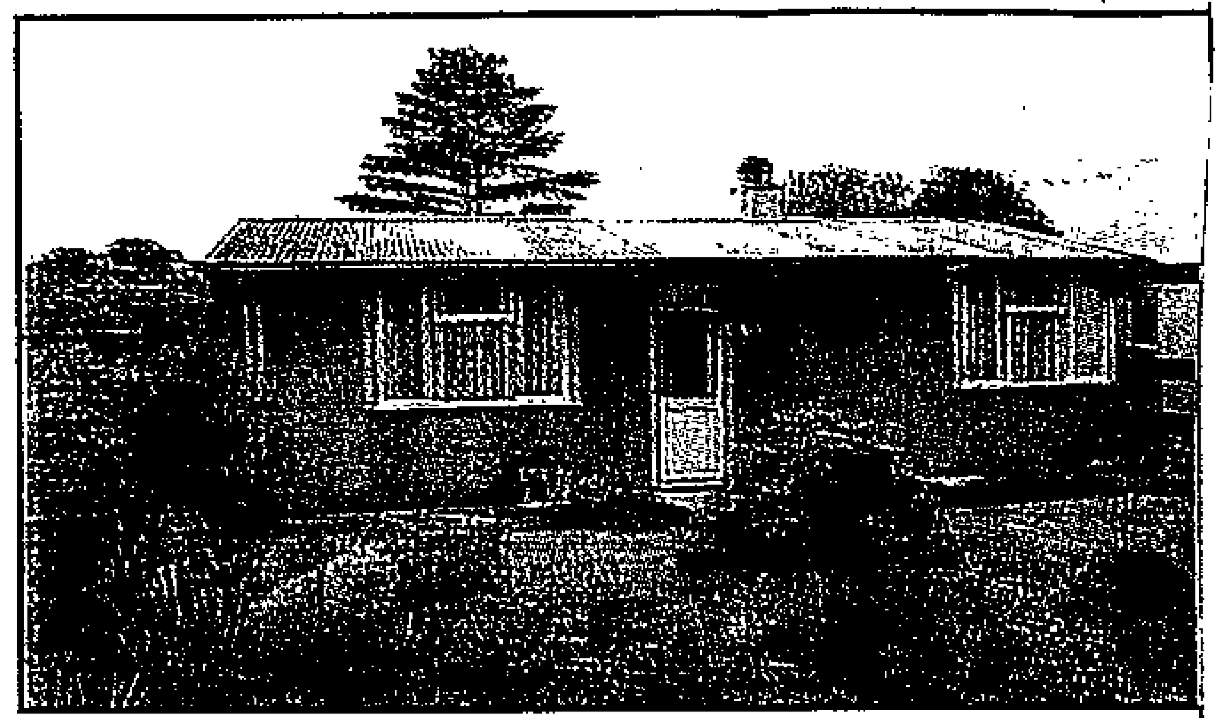
"When President Nelson Mandela took office, the British government promised £70 million (R441 m) and I am sure some of this money could be used to build British houses for the homeless," Mr Constable said.

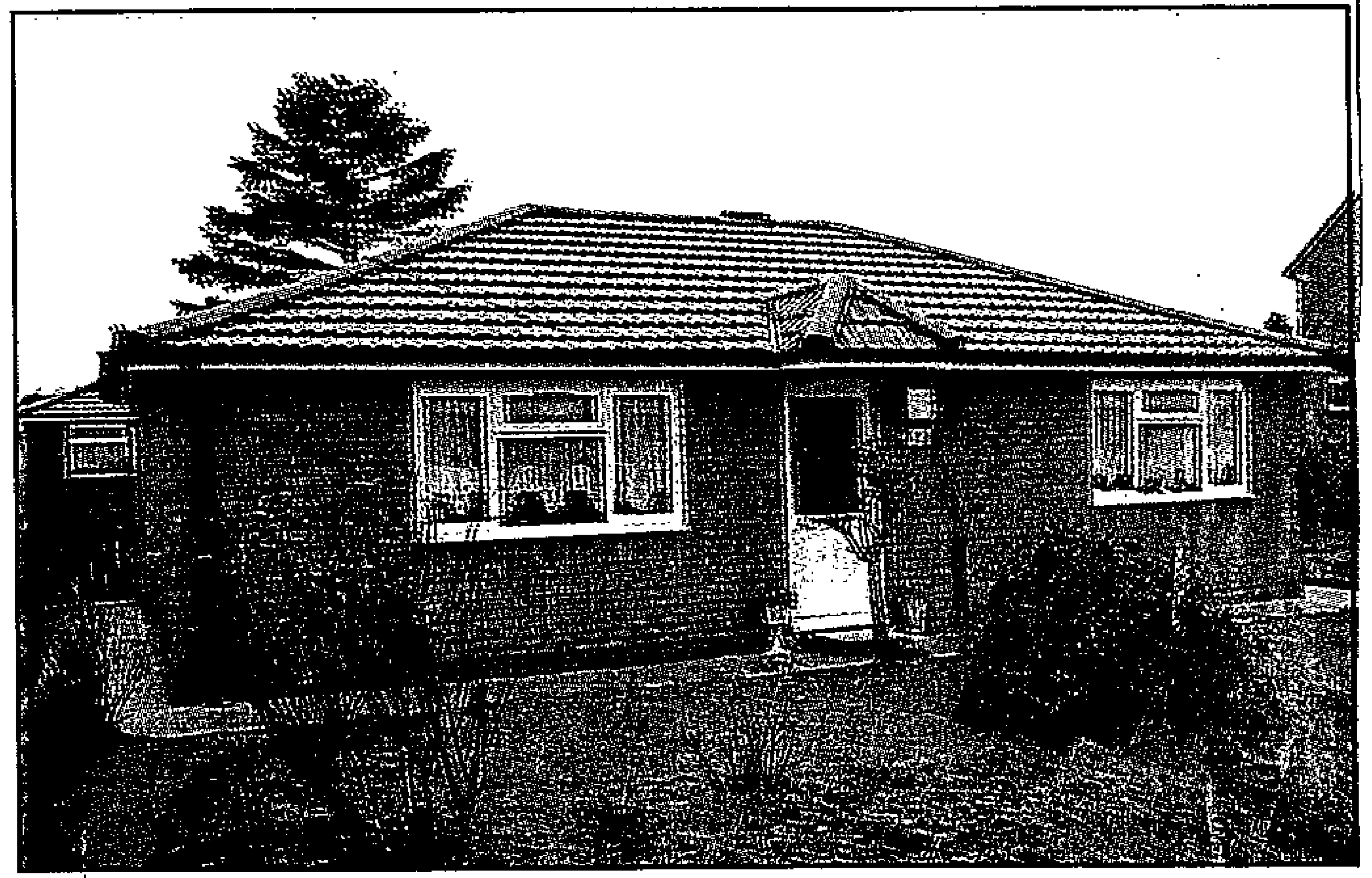
A spokesman at the Housing Department in Pretoria said they had received the copies of the plans and photographs of the houses.

They were investigating the feasibility of building the units.

BEFORE: Right: What the houses looked like in 1946 when the British government built them for their citizens after the country experienced a dire housing shortage at the end of World War 2.

AFTER: Below: Some 50 years and a few alterations later, and the houses are even more comfortable.





Govt scraps its limit on home loans

(123)) Star 18/4/96

The R65 000 price ceiling imposed by the government housing subsidy scheme has been abolished.

The restriction was introduced some years ago and the figure has never been adjusted.

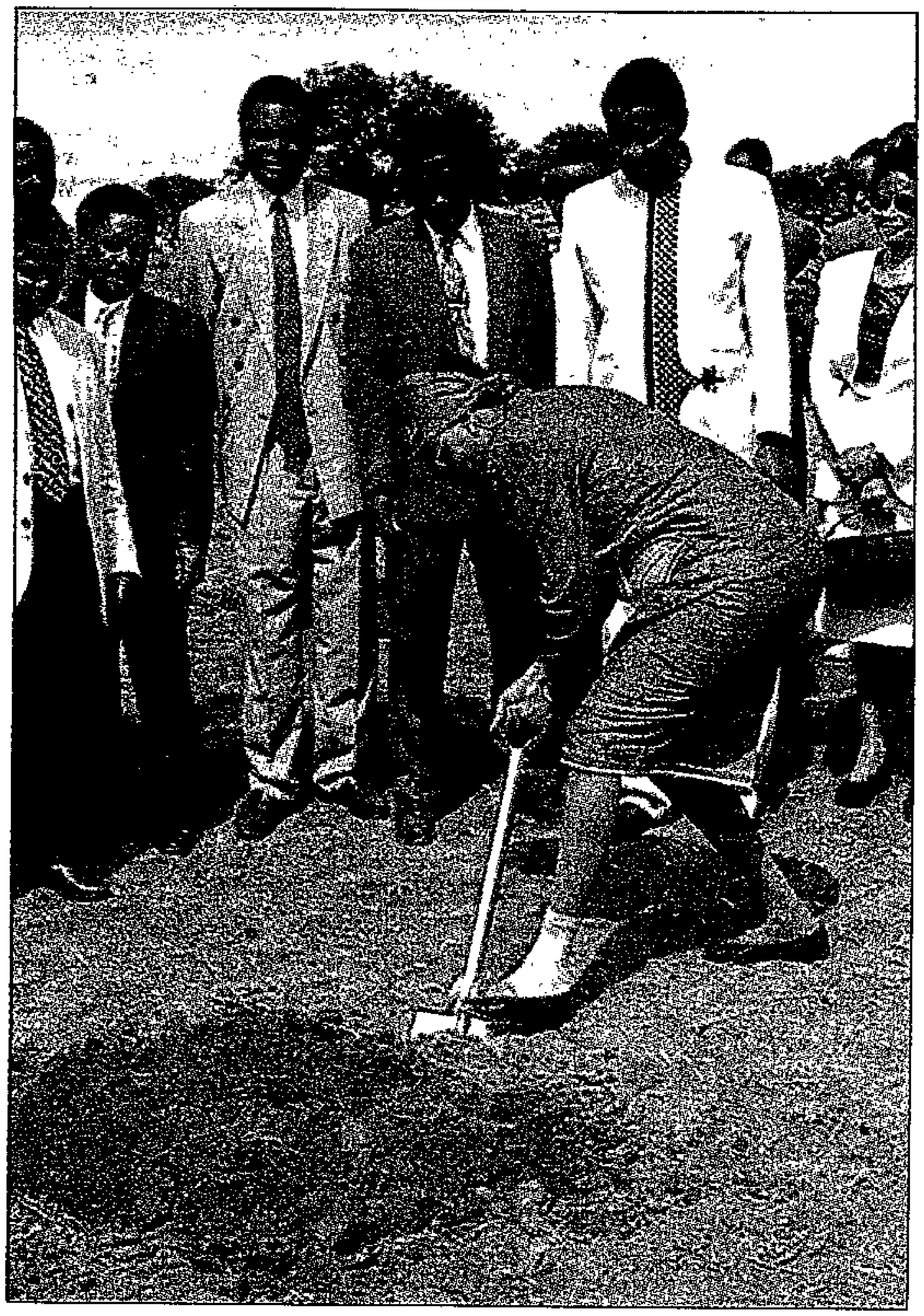
Announcing its immediate abolition yesterday, Minister of Housing Sankie Mthembi-Nkondo said: "This is the sort of bureaucratic restriction that serves very little purpose.

"My department is having discussions with banks on ways in which they can also make credit more freely accessible, and it is hoped that revised bank lending rules will facilitate better credit access.." – Staff Reporter.

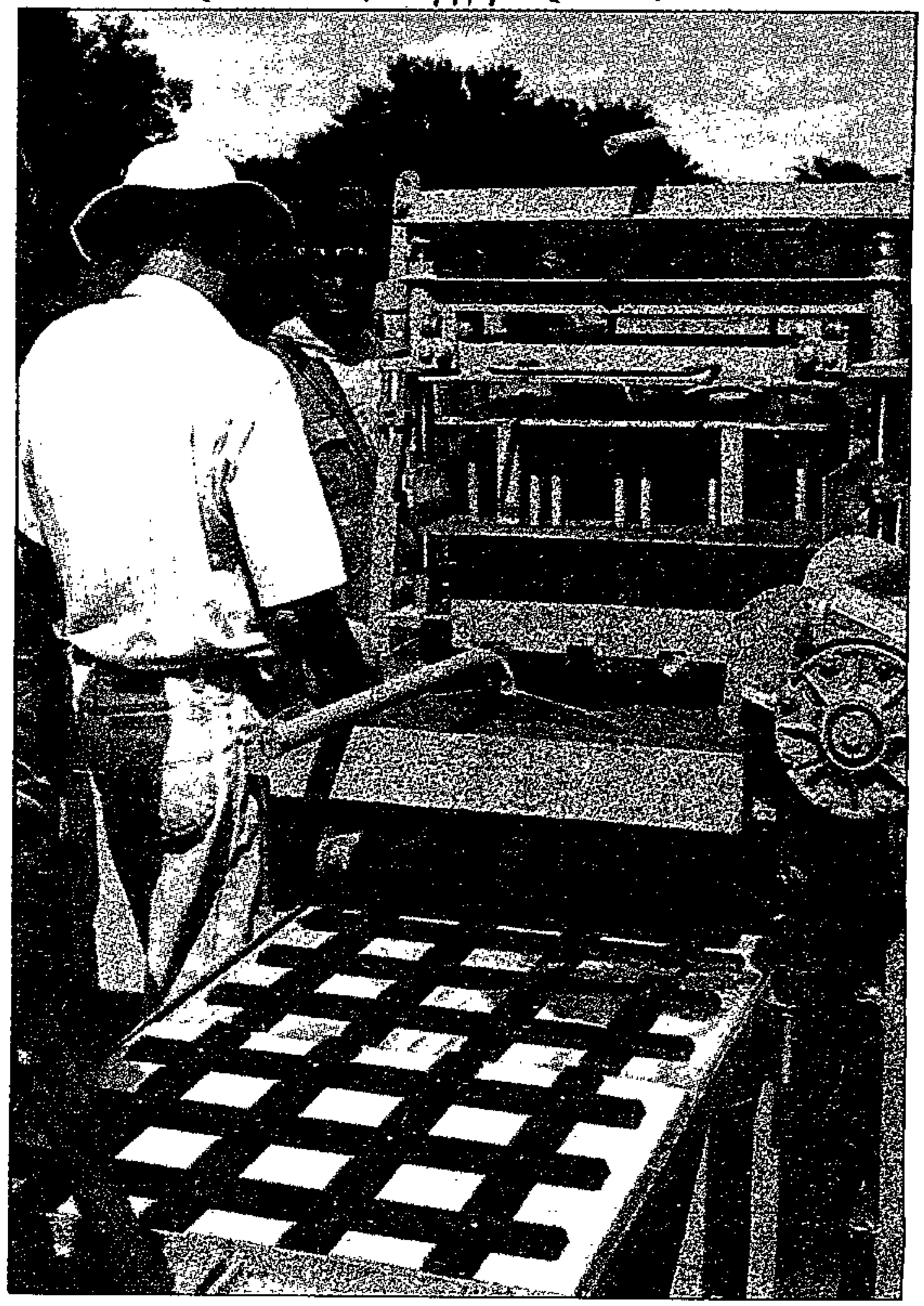
Private sector lays housing foundation

MtG (MM) 19-25/4/96 (123)

The private and the public sector have joined hands to develop one of the first rural housing developments. Madeleine Wackernagel reports on the project



Sankie Mthembi-Nkondo: Turns the first sod at the Mhinga project launch
PHOTOGRAPH: MADELEINE WACKERNAGEL



Just like Lego: The bricks are moulded so as to be easily laid
PHOTOGRAPH: MADELEINE WACKERNAGEL

The Housing Ministry — specifically its failure to deliver — has come in for substantial criticism in the past year. So it was with obvious delight that Minister of Housing Sankie Mthembi-Nkondo turned the first sod at the launch of the Mhinga housing project in the Northern Province last week.

The R40-million project involves a few firsts. To date, what little housing development that has taken place has been based in urban areas; this one will provide 2 500 houses, initially, for a rural community. In addition, the land, bordering on the Kruger National Park, was reclaimed from the government for the tribal authority, and then converted for individual use on a freehold basis.

With government slow to take the initiative, it was left to the private sector, in the form of Nedcor and Megacom, a developer, to bridge the gap. Nedcor acted as facilitator between the government, the developer and tribal leader Hosi Mhinga, while Megacom set out to prove it was possible to build houses for R15 000 each.

Nedcor's Kevin Gibb says the bank's role is an inclusive one: "Nedcor has for a long time realised that the private sector has to get involved and take risks if South Africa's housing problem is ever going to be solved.

"But we needed central and provincial government on board. In the housing minister and the director general of housing, Bobby Cobbett, we found the support we needed, which has to date proven to be the backbone of the initiative in many respects."

The project proves that government and the private sector can work hand-in-hand for the national good, says Gibb. And while the territory is unchartered for banks in general, Nedcor believes the financial sector can't stand by and wait for government to do everything, because it plainly cannot.

The Mhinga project will be augmented by government's contribution to schools, clinics and infrastructure, such as sewage systems and roads.

The project lays great emphasis on boosting the economy of the area, where unemployment is rife. To this end, local labour — mostly women as heads of households — and local materials will be used. The potential for entrepreneurial development is enormous, says Mthembi-Nkondo. Of the R40-million initial outlay, R10-million will go back into the community.

She emphasised the need to stem the flow of people from rural to urban areas: "Projects such as this one, where decent housing is provided and where, through the upliftment of the economy, there is hope for the future, will surely serve to discourage people from chancing the questionable promises held out by the bright, but deceptive lights of the cities."

Megacom's Albert Nelissen has set a target of completing the first phase of 2 500 houses within nine months. Eventually, a further 15 000 units with the additional infrastructure and services, will be provided.

He emphasises the need for functionality: roads will be paved with locally-made bricks, not tarred, so repairs are cheaper. And the bricks are moulded in such a way that they are easily laid, along the lines of building with Lego.

Such a project only became feasible once the housing legislation changed, says Gibb. Now the unemployed will receive a subsidy to cover the entire cost, while those who can pay, can take out a bond with Nedcor. So far, only 200 people in the area qualify for a mortgage, but housing the jobless is the project's first priority.

The Mpumalanga housing initiative, unveiled on Wednesday, contrasts with the Mhinga project in that it is a joint venture between Nedcor and local government. The province's premier, Matthew Phosa, opened a showcase village in Nelspruit, with similar initiatives planned for Secunda, Piet Retief, Barberton, Amsterdam and other towns in the area.

The R500-million development aims to have 6 000 houses built within 18 to 24 months and bonds will be available to people with jobs, while the unemployed qualify for subsidies.

Phosa also stressed the ripple effect of such a project for the economy as a whole: "Our people must see the entrepreneurial opportunities which now present themselves, for example, the provision of building bricks, window and door frames, roof trusses and many other items required in such building projects. Innovative local people should jump at this opportunity to start their own businesses."

VERTICAL REFERENCE LINE 10"

The policy is in place, now for the houses

(123) ARG 20/4/96

WILLIAM-MERVIN GUMEDE
Own Correspondent

The final plank of the government's housing policy has been nailed into place with the launch of the National Housing Corporation.

THE government's housing policy is finally out of the starting blocks in the race to deliver houses to South Africa's homeless – and it might be only a pencil-stroke to the bureaucrats, but it is a giant leap for those without homes.

Three main players are involved in the housing debate: the banks, as lending institutions; the government as policymaker and representative of the homeless; and the construction industry as the builders of homes.

The launch of the National Housing Corporation after more than 18 months of delays has hammered the final plank of the government's housing policy in place. All that is needed now is for the houses to be built. And for the commercial banks to get on board and to start backing the low-income housing market. So far, the banks have been reluctant to support the sector.

The main purpose of the corporation is to push the commercial banks into backing the lower end of the housing market, to fund and build the alternative lending institutions, and to manage special government funds such as the Mortgage Indemnity Fund. But, it seems the banks hold the view that the government should take responsibility for providing houses to the homeless.

Their (the banks) job is to guarantee returns on investment, to make money, and refrain from getting involved in something as risky and messy as the low-income housing market.

On Wednesday, Housing Minister Sankie Mthembi-Nkondo lashed out at the banks, saying: "During the euphoric period just after the elections big business and the banks were falling over themselves to shout from the rooftops of their good intentions to help with reconstruction and development."

She added, "What have we heard from them since? Regrettably nothing but a deafening silence from Cape Town to Messina."

Council of Banks' general manager Lance Edmunds defends the banks refusal to enter the market and says it must be seen in the context of the existing 50 000 non-performing loans and repossessed properties in this market. He says with a risk exposure of more than R700 million, the banks cannot put depositor's funds at risk.

The government's Masakhane campaign has failed to get off the ground – lending some credibility to their argument. The banks are only prepared to finance the upper segment of the low-income housing market, which is estimated to make up about 30 percent of the population. Those at this level are employed and have a regular income.

Close to 10 percent of this "upper segment" is classified as "safe" because they earn more than R3 500 a month and they can get home loans without much difficulty. The remaining 20 percent of people earn between R1 500 and R3 500, an estimated10 million people. They are finding it difficult to get home loans, although they can arguably afford limited financed home loans.

The unfortunate 70 percent of the nation who earn less than R1 500 a month – variously estimated at between two million and four million – are condemned, without standing any chance of getting access to formal credit.

Banks absolutely refuse to even consider providing credit to them. These are the people at which the government's R15 000 housing subsidy is aimed. Smaller lenders, like the African and Community banks, have been left to fill the gap vacated by the big commercial banks – at their own peril.

First the African Bank collapsed under the burden and had to be bailed out by the government. Soon after, the Community Bank faced almost the same liquidity crisis. Both were operating with hopelessly inadequate funds, because of the unwillingness of the commercial banks to venture into the low-income housing.

Cas Cavoodia, executive trustee of the Community Bank, aptly ascribed the bank's liquidity problems to "lender nerves" after the bigger commercial banks refused to make funds promised to the Community Bank available to it.

This week, Johan de Ridder, CEO of the new National Housing Corporation, announced it will pump more than R500 million into the cash-strapped retail lending institutions that service the low-income housing market. Such an injection possibly could double the R30-R40m a month currently being lent by the alternative lenders in the market, within a year.

De Ridder also emphasised the corporation was a long-term intervention which the government will neither subsidised nor underwrite. The state would pump in R390m, and had promised a further R220m a year until 2001.

The corporation aims to raise about R5,5 billion to finance close to 700 000 housing units over the next five years. A further R5bn is hoped to be raised from the commercial banks.

It will offer short-term fixed rate loans with an average maturity of 36 months, medium-term fixed rate loans of 120 months, and long-term loans with an average maturity of 180 months, to lending institutions.

Two equity development funds for emerging retail lenders and housing institutions were also planned to be set up under the corporation's wings by the government. Coupled with the record of understanding between the banks and the government which came into effect in June last year, in which the government agreed to set up the Mortgage Indemnity Fund, that indemnifies the banks from undue risk in the low-income housing market, the ball is now in the bank's court.

alise

Shadow falls over lights of progress

(123) ST 21/4/96

By RAY HARTLEY
Political Correspondent

GOVERNMENT's most successful RDP project — to electrify 400 000 houses a year — has come under fire from investors, trade unions and non-governmental organisations, raising doubts about its ability to pay for itself.

The project, which is being undertaken by Eskom and local authorities, has failed to deliver levels of electricity consumption promised to investors, some of whom have begun to question their decision to place money with the programme.

The Sunday Times has learnt that Old Mutual, a major investor in the programme, has been involved in behind-the-scenes talks with Eskom to work out ways of protecting its investment.

The electrification of low-cost housing was financed on the basis that investment returns would be linked directly to the amount of electricity used.

For the programme to be sustainable, consumers need to use around 400 kilowatt-hours of electricity a month on average, according to Johan du Plessis of the Electricity Regulator, an independent body that oversees the electricity industry.

Instead, they have been using just over 100 kilowatt-hours, leading to low investment returns.

Old Mutual and Eskom officials were reluctant to comment this week, but confirmed that talks were under way.

Old Mutual's chief portfolio manager Adré Smit said: "It's a private matter between us and them."

An Eskom official said: "If investors went into it to make something for their own pockets, I would question why they went into it in the first place."

UNDER CURRENT ... Lizzie Silaule's Ivory Park spaza shop uses less electricity than predicted Picture: JON HRUSA

In October last year, Eskom's Henry Simonsen, who has since left the parastatal, drafted a report on the state of the electrification programme and its prospects. But his findings have been kept under wraps by Eskom officials. Mr Simonsen would not disclose the contents of the report this week, but it is believed to detail problems of under-consumption and non-payment by newly electrified households.

An Eskom statement released to the Sunday Times confirmed that low consumption, non-payment and the theft of electricity were problems.

It said: "Merely to recover the interest Eskom pays on the loans it has taken to do the electrification, and its supply cost, the average electrification customer should use, say 140 kilowatt-hours a month."

Meanwhile, Mark Pickering, of the non-governmental Mineral and Energy Policy Centre, has questioned the impartiality of the National Electricity Regulator.

Mr Pickering and other development officials have asked why the regulator's administration was made up of seconded Eskom officials and why former Eskom chief executive officer Ian McRae was made chairman of the regulator's board.

"Dr McRae is driving the process in a dogmatic fashion," Mr Pickering said.

Mr du Plessis defended the impartiality of the regulator, saying that Dr McRae was the person best qualified for the job precisely because of his Eskom experience. He said Dr McRae's decisions had to be approved by eight independent board members.

Eskom personnel had been seconded to set up the administration, but all posts had subsequently been advertised, he said.

But Mr Pickering said electrification resources were being used inefficiently, with some big urban areas left unconnected because local authorities were unable to finance electrification.

The huge settlement of Duncan Village outside East London had remained without electricity, while Eskom concentrated on far-flung rural communities in the former Ciskei and Transkei, areas where payment and consumption were low, he said.

The National Union of Mineworkers has meanwhile planned countrywide marches on Eskom offices to protest against what it sees as attempts to privatise distribution by creating independent regional electricity providers.

NUM organiser France Baleni said his organisation had reached an agreement with Eskom that it would take over electrification programmes if local authorities could not cope financially.

But Eskom had "gone behind our backs" with its plan to establish regional distributors, he said.

Home loan guidelines revised

(123)

By Marc Hasenfuss

CT (BR) 22/4/96

Cape Town — In a move that should lead to better housing delivery, the Association of Mortgage Lenders revised credit-granting guidelines at the weekend.

The revised guidelines come into effect on May 1 and focus on households for whom a government subsidy is available. They enable banks to lend up to 100 percent of the property value compared with the 95 percent limit in the original guidelines.

The association said the revised criteria opened the door to about 30 percent of South Africans who needed housing finance.

Banks would assume 80 percent of the risk and 20 percent would be covered by the government capital subsidy, capital guarantees from applicants' employers or their pension funds, cash or acceptable security.

Moreover, the new guidelines extend the repayment term past the 20-year limit in the original criteria.

Duncan Reekie, the chairman of the association, said the new requirements would "significantly improve access to credit....

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

The revised guidelines would foster confidence among developers, who needed certainty to plan.

Credit policy shift boosts low-cost housing market

BD 23/4/96 (123)

Robyn Chalmers

THE upper end of the low-cost housing market has been boosted by the decision by mortgage lenders to revise their credit criteria along with government scrapping its R65 000 limit on subsidised homes.

Stringent new credit criteria were due to be introduced by the banks at the start of this month after they were originally announced last June. But an uproar from builders and government intervention appear to have prompted them to soften their stance.

Housing department director-general Billy Cobbett said yesterday that the moves would lead to a marked increase in the fluidity of the market.

He 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 opportunities created by the opening up of the market. The construction industry should also be challenged to respond positively."

Housing Minister Sankie Mthembi-Nkondo said the R65 000 limit on all subsidised houses had created an artificial ceiling in the market which was no longer necessary. The removal of the limit could be expected to boost the number of people participating in the lower end of the housing market.

The new credit criteria, which take effect on May 1, stipulated that banks could lend up to 100% of the property value against 95% in the original criteria. The banks would take 80% of the risk and the other 20% could be covered in a number of ways, including by government's subsidy, capital guarantees from applicants' employers or their pension funds.

Association of Mortgage Lenders chairman Duncan Reekie that doing away with the 5% cash deposit stipulated in the original criteria would significantly improve access to credit.

"Likewise, borrowers at 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," he said.

Reekie said that at the request of the National Association of Home Builders (NAHB), banks would extend the repayment term past the 20 years stipulated in the original criteria. He said the change had been made despite the "only marginal improvement" made to affordability and the "significant increase" in the total amount repayable in the longer term.

Monthly instalments would continue to be calculated at 25% of joint income and the present method of calculating affordability where an income subsidy was part of total income would remain.

RANDEX
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("Lydex")

Cautionary a

Shareholders are advised that discussions

Eskom investigates rural solar power

BD 24/4/96 (123)

Robyn Chalmers

ESKOM was far advanced in its investigation into the viability of using solar power to provide electricity to rural areas, as electricity usage in poorer areas was lower than originally estimated.

Eskom CE Allen Morgan said yesterday the mass electrification programme remained firmly on track. More than 1-million connections had been made to the national electricity grid since 1988, with 313 000 connections having been made last year at a cost of about R1bn.

Morgan said the mass electrification programme was a long-term undertaking and could take up to eight years before a positive cash flow was reached. But this depended on, among other factors, higher economic growth, which would require commitment from government, business and labour.

"Investors in the electrification participation note are well aware that this is a lengthy venture, but the programme has long-term social and economic benefits for SA," he said.

However, Morgan said that electricity use in rural areas was significantly lower than in more developed areas, and Eskom was thoroughly investigating going the solar power route.

All the major life assurers had invested in electrification participation notes, and industry sources said it was too early to establish a trend. The bond was a 15-year instrument which had been going for only about 18 months.

One source said that some of the life assurers could be holding talks with Eskom regarding their return on the bonds, but it probably had more to do with the consistent monitoring of investments than with unhappiness regarding the electrification programme.

The source said the bond had been structured so non-payment — an ongoing thorn in Eskom's side — did not affect the investment of life assurers as it revolved around prepaid meters.

Nevertheless, arrears rose R300m last year to more than R1,2bn because of non-payment in certain areas as well as new problem accounts from the Transkei Electricity Supply Commission. The Masakhane Campaign had failed to have a significant effect on non-payment, despite the increased number of connections last year.

Another progress brick laid

(123) Sowetan 25/4/96

700 000 families will benefit from new housing corporation's programme by the year 2 000

Housing Minister Sankie Mthembi-Nkondo... giving the green light for the establishment of the National Housing Finance Corporation.

THE ANNOUNCEMENT BY MINISTER of Housing Sankie Mthembi-Nkondo earlier this month that the green light has been given to the establishment of a National Housing Finance Corporation is another brick in the wall of progress towards cheaper financing for low-cost housing.

One of the stumbling blocks for potential home-buyers in the past has been the demand by financial institutions for protection of their loans to purchasers of low-cost homes and in this respect the government's Mortgage Indemnity Fund will fall under the new body which will be a specialised wholesale funding intermediary as well as a risk manager.

It is envisaged that the corporation will be structured to raise about R10 billion for the housing market over the next five years. At least half of this is expected to come from the banking sector.

Benefits to flow

According to Mthembi-Nkondo's announcement it will take at least a year before the benefits from the corporation start to flow, but it is hoped that some 700 000 families will benefit by the programme by the year 2 000.

She added that the corporation formed an integral part of the government's national housing policy and strategy. Its two main objectives were to support the increased and sustained investment of conventional banks in credit provision for those in the lower income bracket and to support the growth of the lending sector to provide housing credit where the banking sector was not yet ready to able to be engaged.

The housing department has provided initial capital of R390 million from its budget and will endeavour to raise a further R100 million in debt finance from the contractual savings industry, such as pension funds.

Mthembi-Nkondo said that the corporation's ability to achieve its targets would be linked to the national rate of delivery. It would also depend on retail lenders' ability and capacity to provide finance and recover outstanding debts or access securities provided in cases of default.

Both the Minister and Director-General of Housing, Billy Cobbett, have expressed renewed optimism over the prospects for housing delivery to gain momentum during 1996.

Cobbett says it is possible to raise the delivery of affordable homes from 11 000 in 1995 to 25 000 this year.

Current monthly delivery rates have jumped from 470 in September 1995 to more than 2 000. The increase in residential building activity at the lower end of the market is also evident in private sector building statistics for 1995.

According to figures released 50 percent more dwelling house plans were passed for blacks compared to 10 percent for whites and 15 percent for Indians.

New-found optimism

Central to the new-found optimism among the country's housing policy executives is the recent passing of the Housing Amendment Bill which allows for the devolution of powers and functions to the provinces, and for local authorities to be accredited to carry out national housing programmes.

● Gauteng's housing department has announced the approval of 13 housing support centres in the province.

These are designed to assist prospective home owners with such matters as affordable building materials, training and different building techniques.

Only the Free State (three centres), Northern Cape (two centres) and North West (one centre) have joined Gauteng in approving housing support centres. However, most of the other provinces have indicated a strong interest in utilising this initiative.

Applicants approved in Gauteng will serve more than one area, including the following: Ebony Park, Tembisa, Ivory Park, Rabie Ridge, Kagiso, Daveyton, Etwatwa, Wattville and Boipatong.

● A National Association of Home Builders conference has revealed a concern among delegates that affordability remained the major obstacle to rapid delivery of affordable houses.

According to statistics released, 86 percent of people living in informal settlements were earning less than R1 500 a month and 60 percent were earning less than R800 per month.

Other obstacles to delivery which were identified included inadequate administrative, technical and managerial capacity at local and provincial government level; perceived inconsistencies in housing policy issues; delays in the processing of housing subsidy applications and the time-consuming practice of social compacts.

Mr Cyril Gwala, president of the African Builders' Association, told delegates that local authorities needed to shoulder the responsibility for increasing the level of understanding among communities over the respective functions and roles of the private and public sectors.

He suggested a strong emphasis on training and recommended that funds be made available for this purpose from the provincial housing boards.

● Multistorey mass housing could be the thing of the future if recent pleas by experts in the field are heeded.

Both Aziz Shaik, executive officer of low-cost housing builders, Gr.dev, and Pat Kelly of the Concrete Manufacturers' Association are advocating that this is the way to go rather than single storey development.

According to a report published in *The Star* recently, Kelly points out that the limited subsidies available require that cost savings be sought in every area of construction. Multistorey buildings do not mean high-rise buildings, he said. They do not have to be more than three storeys, but can be connected to each other, with each family owning their own garden.

According to Kelly, mass housing will benefit the housing sector in the following ways:

● It allows the main contractor to set up prefab jigs for plumbing, electrical and roof layouts; hence he can negotiate lower prices for materials;

● Better quality control on the use of materials and standard of workmanship, especially in the field of electricity and plumbing; and,

● Where expensive foundations are necessary, the construction of multistoreys make even more sense as more development will have to take place on poor, problematic soil.

Credit plan to speed up housing delivery

BD 26/4/96 (123)

Lukanyo Mnyanda

THE department of public works has cut a deal with building materials supplier Cashbuild to provide emerging contractors involved in RDP projects with credit in an attempt to speed up low-cost housing delivery.

Cashbuild MD Gerald Haumant said yesterday the company would provide contractors involved in government work with materials on 30 day terms while the department would guarantee payment on receiving invoices for goods supplied.

"Materials will be supplied on presentation of a letter from Public Works authorising the supply of materials for specific projects and contractors."

Cashbuild, which posted a 95% slump in attributable income to R552 000 in the year to February after lacklustre activity in the low cost housing market last year, said the deal would ensure RDP projects went ahead quickly.

Small and emerging contractors' inability to access credit had been cited as one of the major causes of slow delivery, leaving them unable to carry the financial requirements of projects up to completion before credit was available.

"Now he (the contractor) only has to worry about financing labour and this will help stop the bottlenecks in RDP projects," Haumant said.

Building Industries Federation of SA executive director Ian Robinson welcomed the move as positive news.

Robinson said access to credit had been the biggest problem facing emerging contractors, adding that the department's move would also assist them improve their cash flow management skills.

With RDP delivery expected to surge this year, the industry was heading for resource shortages and it was crucial for emerging contractors to be operating as quickly as possible.

"They have set a new example that will hopefully lead to an acceleration in delivery," Robinson said.

Bankers want to get into no-go areas

(123)

Robyn Chalmers

BD 26/4/96

THE Mortgage Indemnity Fund and mortgage lenders are to ask provincial MECs and civic organisations to negotiate entrance into about 17 regions around SA which have been declared no-go areas.

Fund CEO Nkululeko Sowazi said yesterday that the extent of the bond and services boycott could not be determined until banking and Servcon officials could get into the areas, which include Tembisa, Khayalitsha, Crossroads and Palm Springs.

Sowazi said it had been agreed at a meeting this week with banking officials that the support of local civic organisations, councillors and provincial ministers would have to be elicited to move into these areas.

Mortgage lenders, together with the SA Housing Trust, have an estimated 50 000 non-performing loans and repossessed properties on their books which they are attempting to rehabilitate.

A cabinet-endorsed decision was taken earlier this year to issue 5 700 letters of demand to defaulting home owners who refused all options to rehabilitate their loans. No clear picture has yet emerged on the response of home owners to the letters of demand, although there were early indications that it had been positive.

Banking sources said significant — albeit slow — progress had been made on rehabilitating a portion of the 50 000 loans, largely via Servcon which was set up last year by banks and government to deal with defaulting home owners.

One source said it was difficult to get a clear idea of the extent of the problem without having access to the 17 no-go areas, and this had to be dealt with swiftly.

Few of the inaccessible areas have been granted cover by the mortgage indemnity fund, which banks seem to consider essential before they extend credit into areas they believe are high risk.

Sowazi said that areas such as Orlando West and Dube had taken action when cover was deferred last July as there was a high rate of defaults on mortgages and the normal process of law was under threat.

"The communities and local authorities took action to reduce the default rate and improve attitudes to officials attempting to carry out eviction orders".

Policy in place, now it's time for housing delivery

(123) Star 27/4/96

By WILLIAM-MERVIN GUMEDE

The Government's housing policy is finally out of the starting blocks in the race to deliver houses to South Africa's homeless – and it might be only a pencil-stroke to the bureaucrats, but it is a giant leap for those without homes.

Three main players are involved in the housing debate: the banks, as lending institutions; the Government, as policymaker and representative of the homeless; and the construction industry, as the builders of homes.

The launch of the National Housing Corporation after more than 18 months of delays has hammered the final plank of the Government's housing policy in place. All that is needed now is for the houses to be built. And for the commercial banks to get on board and start backing the low-income housing market. So far, the banks have been reluctant to support the sector.

The main purpose of the corporation is to push the commercial banks into backing the lower end of the housing market, to fund and build the alternative lending institutions, and to manage special government funds such as the Mortgage Indemnity Fund.

But it seems the banks hold the view that only the Government should shoulder the responsibility for providing houses to the homeless.

Their job is to guarantee returns on investment and to make money – not getting involved in something as risky and messy as the low-income housing market.

Housing Minister Sankie Mthembi-Nkondo lashed out at the banks last week, saying: "During the euphoric period just after the elections, big business and the banks were falling over themselves to shout from the rooftops their good intentions to help with reconstruction and development. What have we heard from them since?"

Council of Banks general manager Lance Edmunds defends the banks' refusal to enter the market and says it must be seen in the existing 50 000 non-performing loans and repossessed properties in this market. He says that with a risk exposure of more than R700-million, the banks cannot put depositors' funds at risk.

The Government's Masakhane campaign – a project to encourage people to pay rates and service fees – has so far largely failed to get off the ground, lending some credibility to the banks' argument. They are prepared to finance only the upper segment of the low-income housing market, which is estimated to make up about 30% of the population. Those at this level are employed and have a regular income.

Close to 10% of this "upper segment" is classified as "safe" because they earn more than R3 500 a month, and they can get home loans without much difficulty. The remaining 20% of people earn between R1 500 and R3 500, and find it difficult to get loans.

The unfortunate 70% of the nation who earn less than R1 500 a month are condemned, with hardly any chance of getting access to formal credit. Banks refuse to consider providing credit to them. These are the people at which the Government's R15 000 housing subsidy is aimed.

Smaller lenders, such as African Bank and Community Bank, have been left to fill the gap vacated by the big commercial banks – at their own peril. First, African Bank collapsed and had to be bailed out by the Government. Soon after, Community Bank faced almost the same liquidity crisis.

Cas Cavoodia, executive trustee of Community Bank, aptly ascribed the bank's liquidity problems to "lender nerves" after the bigger commercial banks refused to make funds promised to Community Bank available to it.

Johan de Ridder, chief executive of the new National Housing Corporation, said the corporation would pump more than R500-million into the cash-strapped retail lending institutions that service the low-income housing market.

De Ridder also emphasised the corporation was a long-term intervention that the Government would neither subsidised nor underwrite.

The state would inject R390-million into the structure, and had promised a further R220-million a year until 2001.

The corporation aims to raise about R5,5-billion to finance close to 700 000 housing units over the next five years. It hopes to raise a further R5-billion from the commercial banks.

It will offer lending institutions short-term fixed rate loans with an average maturity of 36 months, medium-term fixed rate loans of 120 months, and long-term loans with an average maturity of 180 months. Two equity development funds for emerging retail lenders and housing institutions are also planned to be set up under the corporation's wings.

The ball is now in the banks' court to do their bit to alleviate the housing crisis.

Johan de Ridder: In the running for the top job in the National Housing Finance Corporation PHOTOGRAPH: RUTH MOTAU

Filling the lending gap

(123) M+G(BM) 29/3-3/4/96

The launch of the National Housing Finance Corporation will open new avenues for finance, reports Karen Harverson

AT present, South Africa's traditional financial institutions provide housing finance to just 30% of the total population (mainly middle and upper income earners) and non-traditional lending institutions are mushrooming to fill the gap.

These institutions are targeting the 30% of the balance with restricted access to housing finance. This sector has stable incomes and the ability to contribute to the cost of housing but problems accessing credit from traditional sources.

"Only if the banking sector and non-traditional lenders are mobilised into the market will this neglected sector of the population get access to housing finance," says Johan de Ridder, adviser to the minister of housing.

He adds that the banking industry has massive capacity — managerial, infrastructural and financial — and efforts to broaden access to bank credit on a sustainable basis remain central to the housing credit drive.

In an effort to support this drive, the Housing Ministry is expected to launch the National Housing Finance Corporation next month. De Ridder is the favourite for the top job.

The corporation's brief is to make the banks' job easier in gaining access to under-serviced segments of the housing market, as well as to support and promote the funding and growth of specialised (emerging) lenders.

"The corporation will establish the capacity to monitor housing finance delivery trends and, in the long term, ensure a stable and functioning housing finance system in the country servicing all households able to afford credit for housing," says De Ridder.

To mobilise the banking sector, the corporation will initially manage the Mortgage Indemnity Fund (MIF), as well as look at new programmes to mobilise the banks. "Later, the corporation may introduce a secondary mortgage market in South Africa."

The MIF was set up by government to provide compensation where a breakdown in law and order results in the lenders being unable to recover the value of the mortgaged property when the borrower defaults.

"The MIF is showing promising results and should be expanded," says De Ritter. Since it was implemented in June last year, some R2-billion has been lent by banks for housing into areas covered by the MIF where lending was previously withdrawn. This figure highlights the capacity of the private sector to deliver relative to the state, he adds.

In financial terms, the corporation aims to mobilise at least a further R5-billion of finance through the banking sector into the government subsidised market over the next five years.

The corporation's second objective will be to promote the growth of alternative specialised lending capacity as many of these non-traditional lending institutions are battling to raise funds from investors and the money market at acceptable rates.

"To mobilise and support the expansion of specialised lenders, the corporation will act as a wholesale funding intermediary, enhancing access to funding, and hopefully, reducing the cost of such funding by providing investors with investment opportunities in larger, risk-diversified debt instruments," says De Ridder. These efforts should result in about R5,4-billion of new investment in housing over the next five years.

The non-traditional lending institutions are providing between R35-million and R45-million in small short-term loans for housing a month, and De Ridder believes this can be significantly expanded.

Many areas of South Africa are not serviced by non-traditional lenders and De Ridder says the corporation may be provided with funds from the state to increase capacity.

"The availability of money in South Africa is not an issue — it's turning it into viable credit on the ground that is the problem."

When the corporation is established, it will be registered as an unlisted public company, capitalised at R500-million, of which R400-million is government finance and the balance is provided by contractual savings institutions.

"It's important to note that government money is going in as capital, not as a subsidy, and that the future R5-billion capital projected to be mobilised by the institution will come from the private sector," adds De Ridder.

Great expectations

(123) M+G(BM) 29/3-3/4/96

Simon Segal

Latest figures from the Mortgage Indemnity Fund (MIF) show that 110 000 low-cost housing units are being built.

Of all government's commitments, the greatest expectation and the least delivery is in housing.

Just over 30 000 low-cost units have been delivered in the first two years of government's programme against a target of 200 000.

The Housing Department will roll over about R2,4-billion of its R4-billion Budget allocation for 1995/96. For this fiscal year, its Budget is down to R1,5-billion, but allocations from the Reconstruction and Development Programme and other national housing funds bring the total to nearer R4,6-billion.

The number of loans below R65 000 granted since last June in areas covered by the MIF is just under 9 000 — against a target of 50 000 for the year to June 1996.

But a report in the Housing Monitor argues that the picture is not as bleak as these numbers suggest. From its data of projects under way, it expects about 500 000 units to be delivered in the next two years.

The Housing Monitor's data show that the total number of affordable housing projects under way has risen to 717, with an estimated 500 000 units against 502 (352 000 units) at the end of 1994 and 525 (220 000) at the end of 1990.

"Activity in the housing sector, at the moment, is at its highest recorded level since 1989. It is doubtful that there were ever more active projects before that date ... The volume within the process chain has more than doubled within a two-year period."

The data do not reflect the number of completed units, but provide a measure of the delivery potential and trend.

The report estimates that sales of units costing less than R150 000 went up from 56 400 in 1993 to 83 000 in 1995.

"We can confidently deduce that even if factors such as the availability of end-user finance remain at present levels we will experience a rise in housing delivery commensurate with increasing project activity. Housing delivery levels will rise faster than levels of project activity."

It also predicts that incremental housing projects will increase as a proportion of total project activities and that subsidised projects will soon dominate delivery activities.

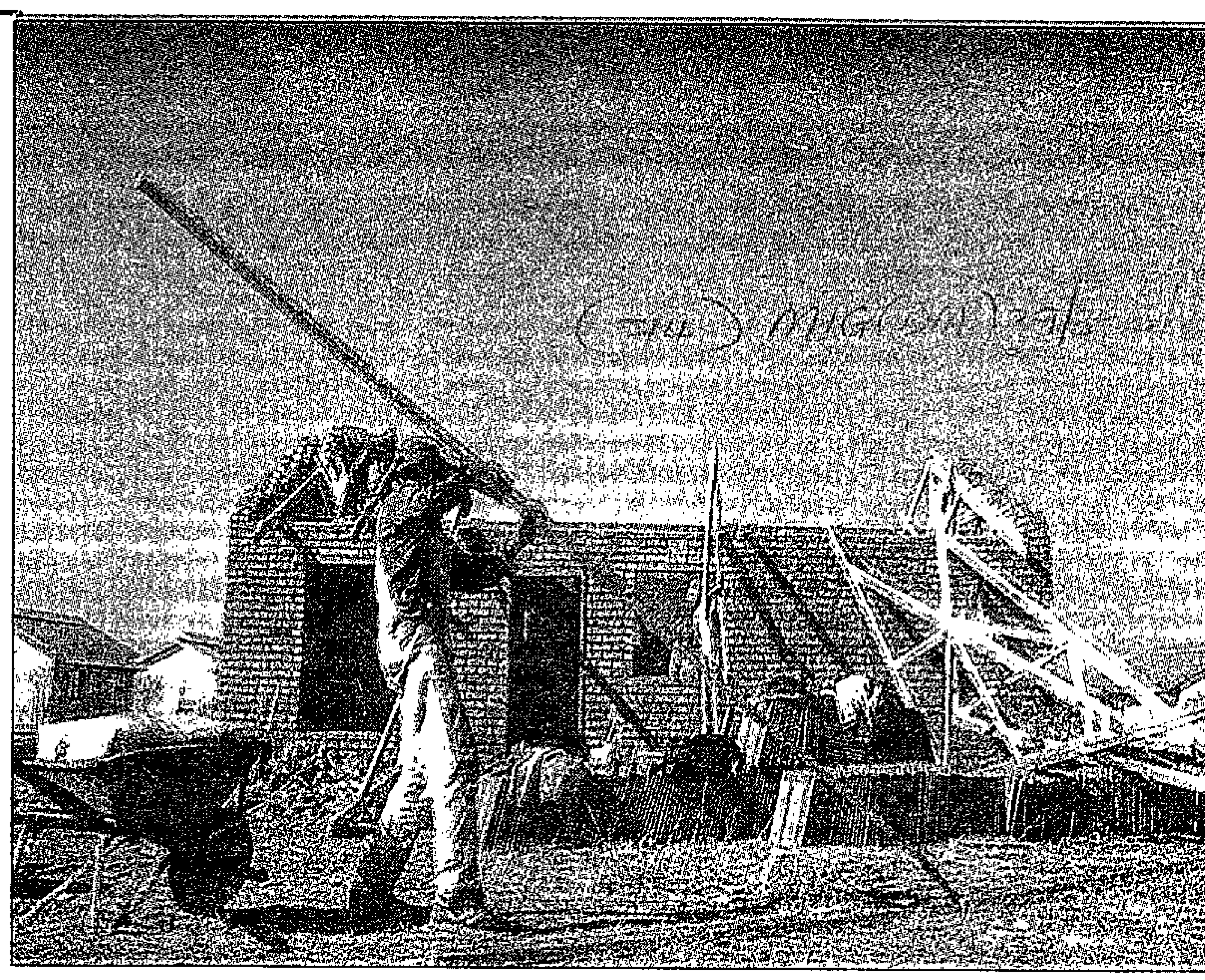
'Activity in the housing sector, at the moment, is at its highest recorded level since 1989'

Such a rosy picture aside, there are major problems. In August, Housing Minister Sankie Mthembi-Nkondo appointed a task team to investigate the slow delivery problems.

In December, the task team concluded that no fundamental revision of South Africa's housing policy was necessary to enhance delivery. But it cited 10 factors that restrict delivery:

- Perceived policy uncertainty within government.
- Constraints imposed by national subsidy policy rules on provincial and local government authorities.
- Inadequate administrative, technical and managerial capacities at provincial and local government levels.
- Inadequate public awareness of government assistance and a weak subsidy and information/education distribution infrastructure.
- Lack of acceptance and support for key national initiatives.
- Inherent low margins and high risk levels in the low-income market.
- Inadequate flow of end-user finance (despite the agreements reached).
- Loss of momentum of the Masakhane campaign. Lenders are sitting with some 50 000 non-performing home loans.
- Delayed progress with essential infrastructure and service upgrade.
- An imbalance between responsibility and accountability and authority at the provincial and local government levels.

The bottom line, as the task team understands it, is that "unless local administration, services provision and the general state of repair of urban infrastructure are not improved, the payment problems in respect of services and housing are not resolved and the continued stand-off between communities and financiers are not overcome, scale delivery will continue to elude us."

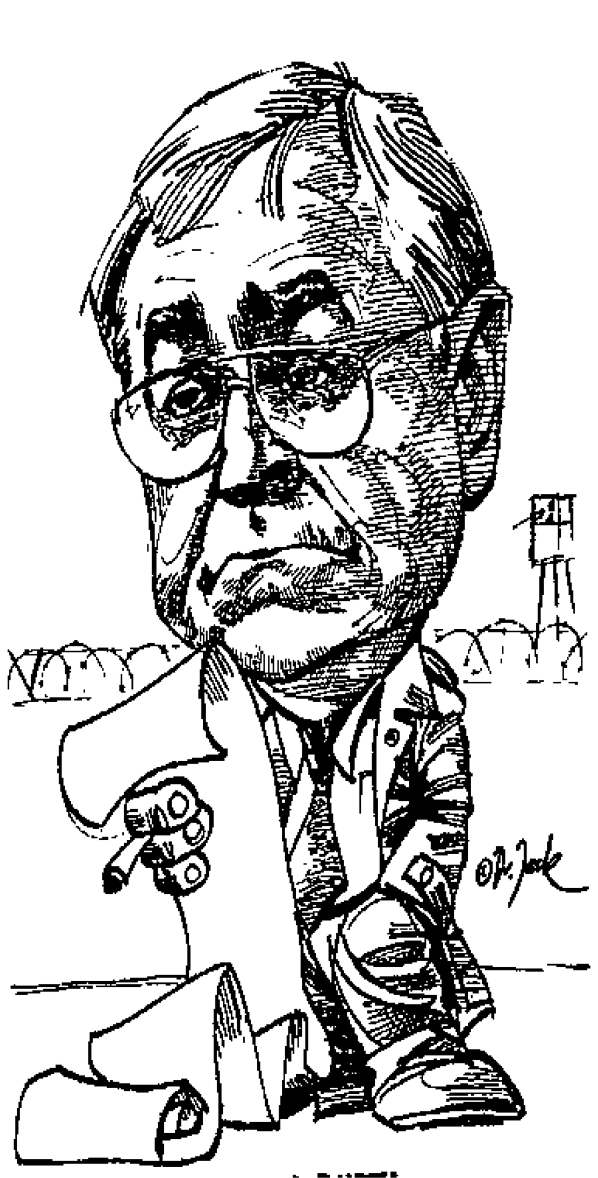


Slow growth: Only 30 000 units have been built against a target of 200 000 PHOTOGRAPH: HENNER FRANKENFELD

MAIL & GUARDIAN
March 29 to April 3 1996

Jacquie Golding-Duffy

MEDIA MAD



Western Cape Premier HERNUS KRIEL sees himself as Liam Neeson in *Schindler's List*

Which television programmes do you watch most often and why? Time to watch any television programmes is a luxury. Owing to a demanding working schedule, I hardly ever have time for such a luxury. If and when the luxury is afforded to me, I try to watch the *News* and I love sport programmes.

Which book have you recently read that you would recommend? *The Death of Common Sense* by Philip K Howard.

Which radio station do you listen to and why? Afrikaans Stereo. It is presented in my mother tongue, it is fresh, offers loads of information and variety.

Do you surf the World Wide Web of the Internet? What do you go for in particular? Time is a problem. Not only for surfing the Net, but also to learn how to surf the Net.

Which is your favourite advertisement and why? The Toyota RAV 4. The copy is excellent, it reflects a humourous side of reality, is brilliantly performed by Andrew Buckland, and it's simple and grabs the attention.

Which newspapers and magazines do you read regularly? I read *Die Burger* and *The Cape Times* every morning before I leave for the office. At the end of the day I read *The Argus*. The other newspapers and magazines I read on a regular basis are *Finansies & Tegniek, Financial Mail, Finance Week, Mail & Guardian, Rapport, The Sunday Times, Saturday Argus* and *Sunday Argus*.

If you could be any film star (such as Sharon Stone or Clark Gable), or any fictional character (like Batman as he is invincible), who would you be and why? Liam Neeson. His portrayal of Oskar Schindler in Spielberg's *Schindler's List* is a poignant example of what one person can do to give hope and improve quality of

BopBC won't let go the reins

M+G (mm) 29/3-3/4/96

Without financial back-up and in defiance of Parliament and the IBA, BopBC is going it alone, reports Jacquie Golding-Duffy

With only days to go before the Bophuthatswana Broadcasting Corporation (BopBC) is obliged to integrate with the SABC, the broadcaster, once the mouthpiece of Lucas Mangope, is defiantly going it alone, outside of the Independent Broadcasting Authority's (IBA) recommendations and in defiance of Parliament.

Central government funding is cut off. The Ministry of Posts, Telecommunications and Broadcasting refuse to give BopBC a single cent. The IBA stands by its recommendation that all Transkei, Bophuthatswana, Venda and Ciskei (TBVC) broadcasters integrate into a single national public broadcasting service.

The SABC supports this, Parliament has approved the IBA's recommendation of integration, and even the African National Congress's National Executive Committee apparently sent a representative to persuade BopBC to give up its fight.

But the queen bee of BopBC, acting chief executive officer Cawe Mahlati, is holding on tightly to the station.

At present, Mahlati holds the microphone for solo singer, North West Premier Popo Molefe and backup vocalist, province MEC for broadcasting and media, Dr Paul Sefularo.

This week, Mahlati twice slammed down the phone on *Mail & Guardian* enquiries about the issue of integration. However, she is believed to be taking full advantage of alleged loopholes in the IBA's Triple Inquiry report and is refusing to integrate under a single national broadcasting service.

Mahlati's six-month contract is supposed to expire at the end of March, but BopBC staffers say she is not clearing out her office and seems to be "permanently settled". She left her corporate affairs management position at M-Net to take up the six month contract at BopBC.

Leslie Xinwa, chairperson of the Joint Integration Management Committee established last October by the IBA, approved by Parliament (after the IBA report was released) and responsible for overseeing the integration process, said BopBC "has become a political issue".

"The issue of BopBC has become political and we have done everything that we can to facilitate the process," Xinwa said.

He said Minister Pallo Jordan had to "step in to deal with the issue", since there was no sign that BopBC was going to budge towards integration.

"We believe all the assets of these former homeland broadcasters to belong to the state and to the national public broadcaster, who needs it to satisfy its broadcasting requirements, but there is nothing we can do to ensure that BopBC be included in the process."

Sources on the committee say Mahlati specified at a meeting held a couple of weeks ago that she was only prepared to give the SABC, at her discretion, what assets she believes it needs and she intends to keep the rest of the assets, especially the television station, for the province.

Minister Pallo Jordan says he has "no legal instruments" at his disposal to compel broadcasters to do anything they did not want to do. "We encourage all the ex-TBVC broadcasters to integrate to form one national broadcasting system and if some choose not to take that course, they have to live with the consequences of that," Jordan said.

The Joint Management Committee said the integration process of TBVC broadcasters was supposed to be completed by the end of this month. However, aside from BopBC, the committee could not finalise the process with regards to the other three broadcasters because of the failure by government — especially the Telecommunications Ministry — to give a written undertaking on paying the retrenchment packages of those people who are unable to be absorbed into the SABC.

"They [government] have not been forthcoming with the money for the 210 employees made redundant from the Transkei, Venda and Ciskei broadcasters," the committee said.

It is clear that the ministry is not going to fork out any money to BopBC and they have no money available to pay those employees made redundant. However, if the ministry was forced to choose between the two, the people who were made redundant would get the money and BopBC would be left high and dry.

Pallo Jordan: 'If some choose not to integrate they must live with the consequences' PHOTO: NAASHON ZALK

Popo Molefe: 'Many groups are interested in BopBC' PHOTOGRAPH: RUTH MOTAU

Cawe Mahlati: No comment PHOTOGRAPH: HENNER FRANKENFELD

With the latter a strong possibility, sources close to BopBC say the North West premier is cutting deals with private investors in a bid for revenue to sustain BopBC. If that fails — it needs funding to the tune of about R93-million a year to continue — speculation is rife that Molefe may find himself digging into the province's kitty to keep the Mahlati two-bit band on air.

The South African Foreign Affairs Ministry used to give BopBC R105-million during the Lucas Mangope era.

Molefe says claims of him clinching deals with private businesses and allegations that he may dip into the province's budget are "absolute rubbish".

"These claims are being made by bastards who are intent on discrediting me and and the province."

But two weeks ago Mahlati told a *M&G* journalist that she was given R54-million by the province for the coming year. She then sent out a flutter of press releases declaring BopBC back in business.

Last month, the premier's representative, Willie Modise, said Molefe and BopBC were "looking at a number of options from the private sector to retain its viability" and that the premier was "keen for regional autonomy". Modise said BopBC was intending to hold on for "at least another two years".

Molefe did admit this week that he was awaiting a joint business plan from Sefularo and Mahlati, and he [Molefe] could not understand why they refuse to provide the *M&G* with comment. "Many groups are interested in BopBC, but they have not come forth with any proposals yet," he said.

Where BopBC staffers a month ago were under the impression that the station would integrate, they now have a clear indication that BopBC will not hand over the reins.

IBA representative Amos Vilakazi said President Nelson Mandela signed a law last week which gave the IBA clear jurisdiction over the TBVC states. "There is now a law in place which clarifies the situation," Vilakazi said.

"The IBA now has unquestionable jurisdiction over BopBC. This means the regulatory body can make clear-cut decisions on licencing, enabling it to grant or not to grant a licence to those broadcasters wishing to continue outside of a national broadcaster.

"We have made recommendations surrounding all TBVC broadcasters and it seems the only way to conclude the issue surrounding BopBC is by some political involvement," Vilakazi said.

He added that the IBA is responsible for regulating frequencies and if BopBC wants to continue on its own, it would have to reapply for a licence and present its case to the IBA.

Recommendations by the IBA in its Triple Inquiry report to Parliament clearly state that all television studios "should be rationalised to ensure the most cost-effective use" by the national public broadcasting service [the SABC] for "both internal production and as a revenue-generating resource through use by private broadcasters".

It also states that BopBC's external broadcasting obligations be assumed by the national broadcasting service and its facilities be used for the proposed national broadcasting satellite and external services.

HOUSING & HOSTELS - GENERAL

1995

SEPT. — DEC.

Contractors look to stretch subsidies

(123)
FM 1/9/95

ANC secretary-general Cyril Ramaphosa's admission last week that pre-election promises to provide a million houses by 1999 are unlikely to be fulfilled comes as no surprise. It has become increasingly clear that SA's housing programme has stalled on the starting blocks.

It has been suggested that the Housing Ministry has brought about the provision of fewer houses in government's first year of office than the previous apartheid administration did in its final year.

Essentially, the problem is threefold: there is a lack of clear policy among various provincial housing departments on how to solve the housing crisis; there's a dearth of proclaimed township land on which houses can be built on scale; and the major contractors, who have the ability to provide large numbers of houses, are reluctant to become involved until there is more coherence in housing policy.

Still, Ramaphosa's admission of failure changes little. SA needs houses. Whatever the new targets set for home construction, contractors' efforts to meet them require political support at all levels. This was their loudest message at a recent symposium on the current standstill in housing delivery.

Contractors are calling on President Nelson Mandela to support a more realistic range of low-cost housing options than those that have been promised by politicians. Typically, these are starter homes which can be afforded by 60%-70% of the population who qualify for the largest government subsidy of R15 000. They include 14 m²-28 m² starter homes of one or two rooms, to 40 m²-50 m² variations of a basic roof-and-slab dwelling. Contractors are not short of ideas, provided their prototypes have the support of politicians and users. But thus far, few big contractors have entered the market, largely because politicians' unrealistic promises of larger and better homes have escalated the risk of their products not being accepted.

In a situation where every cent and square metre is crucial, large contractors show that significant cost savings can be achieved through innovation.

Some of their ideas include:

❑ Achieving economies of scale by raising unit numbers from, for example, an average of 500-2 000 units per scheme allowed by most housing boards to 5 000 — possibly on a roll-over basis of 1 000 units at a time. Grinaker Construction estimates this could produce a 15% saving and a house 5 m² bigger;

❑ Reducing serviced site costs by minimising services. In Natal, where costs are highest because of the steep terrain, Grinaker Housing MD Gerry Stott says communities support this to allow more funds for top structures. Grinaker has reduced serviced stand costs from R10 000 to below R6 000 by eliminating roads (these will come later) and introducing a central 2,5 m concrete-lined channel serving as the main road, bus route and central stormwater drain;

❑ It has also reduced top structure costs by reducing domestic water pipe sizes, producing a R500 saving per house. It employs a low-pressure, trickle-down water system connected to a storage tank in the roof;

❑ As an alternative to a 20 m²-25 m² one- or two-roomed house, Grinaker has proposed a 40 m² roof structure and toilet on a foundation (pictured). Consumers can get a larger house (up to 50 m²) for a steel structure-supported roof and foundation only, to which they can add walls later through a self-help scheme;

❑ They estimate that the use of concrete blocks over bricks — except where brickyards are close by — can achieve a 10% cost saving in materials and labour;

❑ Murray & Roberts (M&R) community development GM Chris Cudmore suggests the delegation of local authority powers to civil engineering firms that are laying out townships within agreed sets of parameters and subject to municipal inspection. This could reduce average 21-month permit approval times to three months. The civil engineer would take responsibility for any design that falls outside of those parameters;

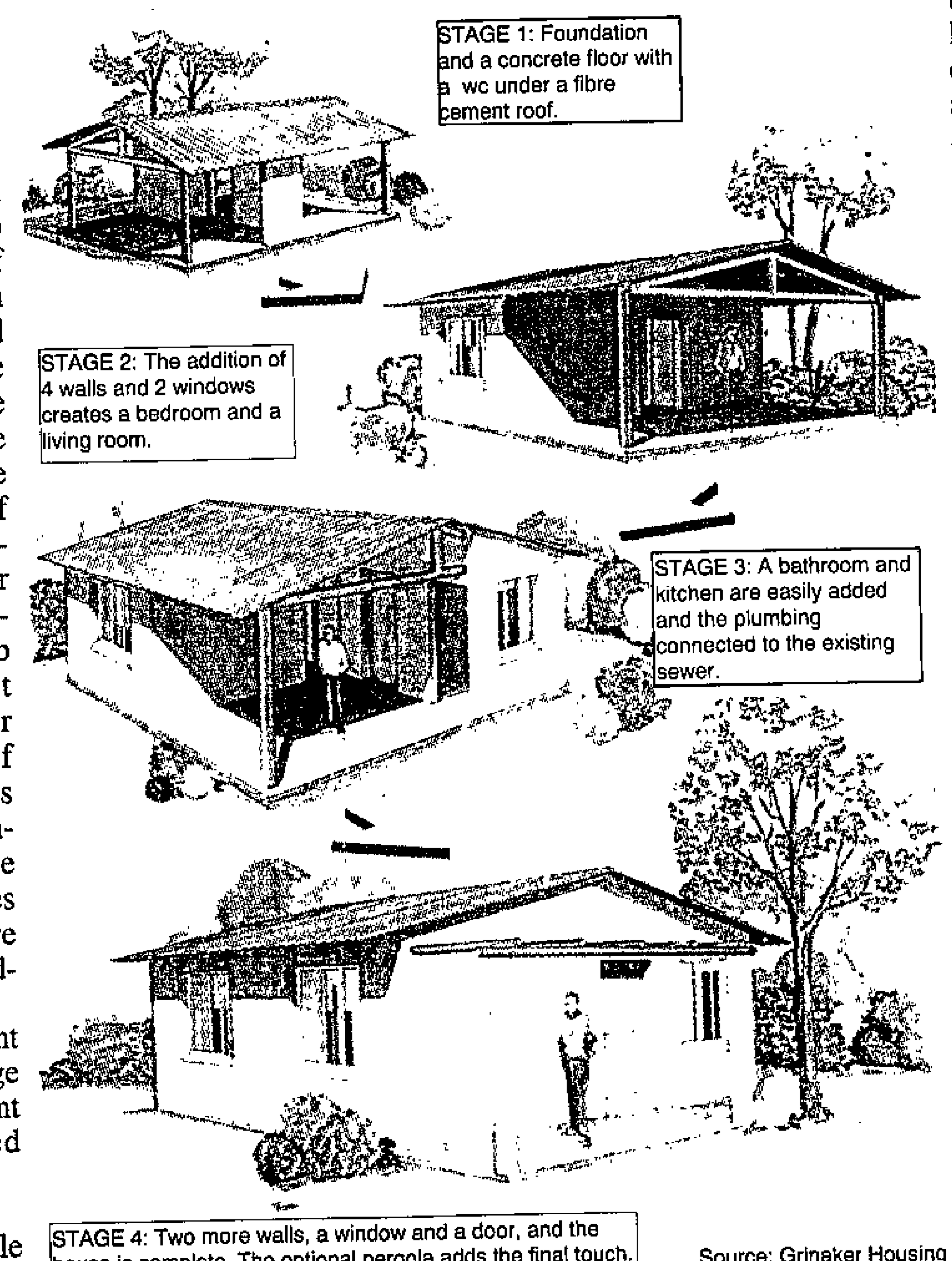
❑ Reducing site sizes for incremental housing from 250 m²-300 m², as recommended in Gauteng, to as low as 120 m² by designing freehold, row houses on the periphery of a site facing an internal courtyard. M&R says cost reductions can be achieved by being able to divide service and building costs. Such designs allow for a shared wet core and reduce the number of walls, wasted space, roads, stormwater drains, and electrification services. M&R says the Durban municipality can reduce the upfront costs of providing electricity to homes in such a scheme from R200 to R140 a house;

❑ Politically backed follow-through on commitments from communities that have signed to take transfer of completed homes. Developers are exposed to the risk that communities could abandon a scheme in favour of a better deal or location; and

❑ Exemption from the established procedure of paying development contributions to municipalities for bulk services.

A stumbling block for housing recipients is a dearth of information on available building options. Housing boards have laid down that developers build a number of showhouses. System-built homes — now being considered by M&R and others — add choices.

It's hoped the Housing Ministry's task group, recently formed to identify the constraints in housing delivery, will clear the logjam. But a failing, say contractors, is that there are no private-sector representatives on it.



STAGE 1: Foundation and a concrete floor with a wc under a fibre cement roof.

STAGE 2: The addition of 4 walls and 2 windows creates a bedroom and a living room.

STAGE 3: A bathroom and kitchen are easily added and the plumbing connected to the existing sewer.

STAGE 4: Two more walls, a window and a door, and the house is complete. The optional pergola adds the final touch.

Source: Grinaker Housing

Task force to end bond boycott

(123) Sowetan 4/9/95

By Joshua Raboroko

RESIDENTS of several black townships are more than R165 million in arrears after the four-year-old bond boycott countrywide, despite the Masakhane Campaign initiated by President Nelson Mandela.

The devastating effects of the bond boycott have made it impossible for the South African Housing Trust Development's home loans wing Khayalethu Home Loans to provide two million low-cost homes, according to sources yesterday.

The SAHTD's Mr Siza Khampepe said the money could have been used to build 10 000 houses and to provide home loans to desperate and marginalised communities.

The affected townships are Palm Springs and Sebokeng Zone 16 in the Vaal Triangle; Etwata, Tembisa, Tsakane, Thokoza on the East Rand; Khutsong (Carletonville) and Tshiawelo in Soweto, Khayalitsha in the Western Cape and several townships in the Free State.

The boycott started after complaints by residents. These included defects to their new homes, infrastructural problems, uncompleted buildings and a lack of recreational facilities. The SAHTD allegedly ignored the complaints.

Protests, including marches and invasion of the offices of the SAHTD, were staged by residents to voice their grievances, but to no avail.

The South African National Civics Organisation and community leaders have been involved in negotiations to end the boycott.

Sanco spokesman Mr Simon Maphalla says a national joint task force comprising SAHTD, Sanco and community organisations will tackle the boycott issue.

Obligatory school fees proposal slammed

Sowetan 5/9/95

By Claire Keeton

THE popular demand for free and compulsory education is undermined by the School Review Committee report on the future of schooling, student organisations said yesterday.

But student and teacher organisations also welcomed many other proposals in the report, after its release to the public on Thursday.

The committee, chaired by Professor Peter Hunter, was appointed by the Education Minister Professor Sibusiso Bengu to review the organisation, governance and funding of schools – and lay the groundwork for a new national policy on schooling.

The Congress of South African Students and the Azanian Students Convention criticised the report's recommendation that parents who can afford it should contribute to their children's school fees.

The report proposes that families pay obligatory school fees on a sliding scale based on the household income, with low-income families exempt from fees.

The report clearly states no child may be excluded from school because of an inability to pay school fees.

"This is a total misrepresentation of our demand for free and compulsory education in South Africa," Cosas president Mr Songeza Mjongile said in a statement.

Azasco president, Mr Moemedi Kepadisa accused the report of "backpedalling" on free and compulsory education.

National Party spokesman on education Mr Piet Marais said this system of funding would be a huge administrative burden and it would be difficult to ensure that it was fair to everyone.

The National Professional Teachers Organisation of South Africa and the South African Democratic Teachers Union supported aspects of the report.

Naptosa lauded the attention paid to the needs of rural schools and Sadtu said the union supported the "strong emphasis on public education."

R33-m housing scheme for workers

Sowetan 5/9/95

By Mzimkulu Malunga

TRANSPORT giant Transnet yesterday launched a R33 million five-year housing programme on the East Rand.

Transnet said the project, to be sited on the outskirts of Tembisa, was part of an overall objective of ensuring that the company's entire staff was fully housed by the turn of the century.

(123)

"We want every Transneter to be housed by the year 2000," Transnet managing director Dr Anton Moolman said.

He said although the project had motives similar to those of the Government's Reconstruction and Development Programme, it was founded on commercial principles. The company hoped to recoup some of the money it had invested through the sale of houses.

The occasion was opened by Public Enterprises Minister Stella Sigcau, who said the project reflected a change of policy by parastatals.

Transnet's housing plan hailed

(123) (BBB)

BY THABO LESHILO

(BR) CT 5/9/95 STAFF WRITER

Stella Sigcau, the minister of public enterprises, launched Transnet's R70 million Esselen Park community development venture near Kempton Park yesterday, hailing it as a first-class example of a people-driven project.

The project involves the use of 725ha of under-utilised land owned by Transnet to provide about 6 000 affordable houses for the company's employees and surrounding communities during the next four to five years.

Sigcau said: "Esselen park presents a unique opportunity to break with the past and to create a new development ethic, based on equality of access to opportunity."

At least 735 people, mostly from nearby Tembisa, have been employed on the project to date. Another 28 contractors have taken part in phase one of the project, which will provide 1 700 units on fully serviced 200m² stands.

Housing packages are priced from R29 750 to R65 000, including land and costs.

Anton Moolman, the managing director of Transnet, said the government could not be expected to solve the housing problem alone.

Transnet decided to use its own property and development expertise as part of a larger vision to ensure that every staff member was properly housed by 2000.

Moolman said the housing project was a purely commercial project and Transnet hoped to recover the R33 million it had invested in infrastructure from the sale of the houses. "We do not have a lot of money to throw at the RDP."

(2) whether any action is envisaged against such members; if not, why not; if so, what action;

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

N1156E

The MINISTER FOR SAFETY AND SECURITY:

The reply which follows relates to the 212 police officers who have been formally appointed as members of the new South African Police Service. Whilst all other police personnel are deemed to the members of the South African Police Service, they remain members of their respective police service until the Police Act is implemented. Information relating to criminal offences in respect of these police members was supplied in response to Question 240 in the National Assembly and Question 53 in the Senate.

(1) Yes,

(a) 13

(b) they committed minor offences like road traffic offences.

(2) No. No action is envisaged against the members as the offences are of a trivial nature.

(3) No.

Housing policy: appointment of task group

*16. Mrs A VAN WYK asked the Minister of Housing:†

(1) Whether a task group is to be appointed by her Department to investigate and implement the housing policy; if so (a) what will be the term of reference of this group, (b) what are the grounds for the appointment of such group and (c) when is it anticipated that a report on the group's activities and findings will be available;

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

N1157E

The MINISTER OF HOUSING:

(1) Yes, a task team has been appointed by me.

(a) The terms of reference of the task team are to advise me on ways to facilitate housing delivery in the short term.

(b) The task team has been appointed against the background of the growing housing backlog and the necessity to resolve bottlenecks in the short term that inhibit housing funds being spent and the delivery of housing continuing.

(c) The task team has already commenced with its activities and should within the next few weeks be in a position to submit recommendations to me.

(2) In order to succeed with the objectives of the Reconstruction and Development Programme, it is essential to make substantive progress with the implementation of national housing policy as outlined in the Housing White Paper. To this end it is equally important that all the stake holders join hands in the spirit of the Botshabelo Accord in pursuit of real progress with the provision of housing. It is therefore necessary to identify and resolve bottlenecks that are inhibiting the realisation of housing goals as set in the White Paper. The task team has been appointed to support me in this effort.

Coalition of NGOs

*17. Mrs P W CUPIDO asked the Minister without Portfolio:†

(1) Whether a coalition of Non-Governmental Organisations (NGOs) was recently established; if so, (a) who were the founder members and (b) what are the objectives of this coalition;

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

N1158E

The MINISTER WITHOUT PORTFOLIO:

(1) Yes. An NGO coalition was recently established.

(a) The founder members were Provincial NGO coalitions from the nine Provinces. They are NGOs representing a variety of sectors such as health, education, environment, urban development, etc.

(b) The objectives of this coalition are as follows:

— lobby for representation on NEDLAC;

— organise to deal with the funding crises facing the sector;

— lobby for an enabling environment for NGOs and CBOs; and

— to strengthen NGO capacity to do development work.

Financial position of 128 NGOs

*18. Mrs P W CUPIDO asked the Minister without Portfolio:†

(1) Whether a survey has been made on the financial position of 128 Non-Governmental Organisations (NGOs); if so, what was the result of this survey;

(2) whether the Government envisages any measures to institute financial measures at these organisations; if not, what is the position in this regard; if so, what measures?

N1159E

The MINISTER WITHOUT PORTFOLIO:

(1) There was a survey carried out by the IDT. We are told that the results showed that NGOs needed R116,5 million "to keep running at their current levels".

(2) Government, through the Ministry of Finance and State Expenditure and the Ministry in the Office of the President, has initiated the idea of a National Development Agency.

An interim measure, the Transitional Development Trust, is in the final stages of being set up to assist in opening channels of funding to NGOs and CBOs for implementation of the RDP.

A task team has been set up to formulate proposals for the establishment of a National Development Agency.

*19. Dr R T RHODA—Health.† [Question standing over.]

Research ship RSA: costs of dismantling

*20. Mr D K PADIACHEY asked the Minister of Education:†

(1) Whether his Department is currently dismantling the research ship RSA in the Table Bay Harbour; if so, what are the (a) reasons for the dismantling of the ship and (b) costs involved;

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

N1161E

The MINISTER OF EDUCATION:

(1) Yes.

(a) On Monday, 13 February 1995 the engine room of the RSA Training Ship, berthed at A-Berth in Table Bay Harbour was flooded, almost resulting in the sinking of the vessel.

The flooding of the engine room was primarily due to the hullplates having wasted away over the years. The last visit of the vessel to the drydock for repairs and painting of the hull occurred in 1982.

The leaking of diesel oil in the fuel tanks of the vessel and the raw sewerage in the sewerage tanks posed an environmental pollution threat.

The Port Captain gave a firm instruction that the ship be drydocked to make the necessary repairs. This drydocking of the vessel would have amounted to a considerable expenditure to the Department, estimated in excess of R240 000.

Other factors that were considered were the escalating costs of maintaining the ship, the low enrolment figures and that since the privatisation of PORTNET, the Department had been compelled to pay berthing fees at an amount of approximately R8 000 per month.

(b) None. The ship was sold at a public auction for R27 000.

(2) No.

*21. Dr B L GELDENHUYS—Foreign Affairs.† [Question standing over.]

*22. Dr W A ODENDAAL—Health.† [Question standing over.]

SA electricity remains the cheapest

(123)

BD 6/9/95 (55) (210)

Mungo Soggot

SA's electricity remained the cheapest in the latest survey of 16 countries by the National Utility Services (NUS).

SA held on to pole position despite having the largest price increases of countries measured during the April 1994-April 1995 survey.

NUS SA national sales manager Rob Mackenzie said yesterday that of the major local authority electricity distributors, only Johannesburg had hiked prices above the inflation rate while Eskom had kept its increase to just under 4%.

An Eskom spokesman said the national power supplier was well on track to meet its price compact to cut prices 20% in real terms between 1992 and the end of next year.

It was also on the way to meeting its pledge to cut prices 15% between 1995 and 1999.

The average increase during the period was 7,27%. The country with the lowest was Australia with a 4,32% reduction. The survey showed that Spain, Holland, France, Britain and Australia had cut their prices, while Belgium and Norway had hiked prices above the rate of inflation.

Mackenzie said the creation of the National Electricity Regulator this year should keep a lid on SA price increases as suppliers would now be more accountable. Municipal operators would now have to justify hikes.

Commenting on the regulator's recent announcement that it had been unable to grant licenses in six months due to the disorganised state of the supply industry, he said the time frame had been optimistic.

He welcomed the regulator's intention to rationalise the industry, which would probably see small local authority operators stop supplying electricity. Eskom would probably take over some of these. He expressed concern that the regulator had mooted the possibility of imposing a tax on electricity to compensate those local authorities who would be losing a major source of income.

Chamber dismayed at 'hidden' subsidy policy

CT (BR) 7/9/95 (123)

By Maggie Rowley

Property Editor

The Cape Chamber of Commerce and Industry has expressed dismay at disclosures by Gerald Morkel, the Western Cape housing minister, that any housing assistance employers might provide to staff would reduce their state housing subsidy.

At a meeting of organised business and the Cape cabinet this week, Morkel said that employer assistance for housing was being viewed as a "hidden" subsidy by the state and the amount of the assistance given to staff would be deducted from the subsidy an employee qualified for.

Mike Stekhoven, the chamber's president, said it was "absolutely incomprehensible" that the government should wish to dissuade employers from helping their staff to get houses of their own.

"Instead of penalising employer assistance for housing, the state should be encouraging employers to provide more support by offering a tax incentive.

"Every rand provided for housing, whether it is in cash or kind, means that more accommodation will be built to house people and also that more jobs will be provided to the people who do the building.

"What is more, very few employers are aware of this policy and they are running the risk of a negative backlash from employees who find that their state subsidy is cut by the amount of assistance they receive from their employers."

The chamber, he said, would support Morkel by taking the matter up with the national minister of housing, objecting in the strongest terms to this policy.

"We certainly hope they will appreciate the negative effect that this will have and change the policy without delay," he said.

INVESTMENT AND JOBS TO FLOW FROM AGREEMENT

ST(BT) 10/9/95

German Chancellor Helmut Kohl's visit to South Africa is a sign to investors that South Africa is a country worth taking seriously, writes **DAVID JACKSON**

THE visit to South Africa by Helmut Kohl sets a new landmark in relations between South Africa and Germany.

Uwe Kaestner, Germany's ambassador to South Africa, says the visit by a high-profile delegation is not one of mere protocol.

"There is a high symbolism in the fact that this is a first visit by a German Federal Chancellor to South Africa — from a united Germany to the new South Africa — particularly as there have been so many impediments in the past which made such visits impossible."

Dr Kaestner says Chancellor Kohl's visit will highlight South Africa's successful and peaceful transition to democracy.

"The chancellor's visit is sending a positive signal to potential German investors that South Africa is a country that is worth serious consideration now that the new dispensation is in place and official links are being fully restored in all spheres."

South Africa is Germany's most important economic partner on the African continent. Germany, in turn, is South Africa's largest European trade partner.

There are also striking parallels in recent historical and political developments between the two countries.

On October 3, Germany will celebrate the fifth anniversary of its unification. In this period it has had to reorganise and integrate many of its institutions in order to become one integrated country.

South Africa, more than a year after the first democratic elections, has already taken major steps towards the political, economic and social reconstruction of its new "rainbow nation".

Diplomatic relations between post-war Germany and South Africa were established with the opening of a consulate-general in Pretoria in 1951. This was changed into to a legation in 1952 and an embassy in 1954.

South Africa's ambassador to Germany is Lindiwe Mabuza.

An agreement initialled in Bonn between South Africa and Germany in June this year to promote and protect German investment here will be formally signed during Chancellor Kohl's visit.

The agreement guarantees German businessmen the right to withdraw profits and capital from South Africa and protects them against nationalisation without compensation.

"In the wider context, the mere fact that our governments have such an agreement in place also contains a political message — that they are determined to make it succeed, both in the spirit and the letter," says Dr Kaestner.

He says the agreement is primarily aimed at protecting new investors.

"What we are looking for is a new strata of investors, namely the small and medium-sized industries.

"In our experience, these small and medium-sized industries are the ones which are highly creative in technology and are instrumental in creating jobs. It is the small and medium-sized investor who will be looking more to the stable legal framework which this agreement provides."

Dr Kaestner says Germany is not seeking short-term portfolio-type investment with speedy returns. "We want our economic relations to be built on a stable foundation, based on long-term investment that will create jobs."

LANDMARK VISITOR ... Helmut Kohl, the first German chancellor to visit South Africa

Development aid programme targets housing, training

ST(BT) 10/9/95 (123)

DEVELOPMENT CHIEF: Carl-Dieter Spranger

A FRAMEWORK agreement on German technical assistance for South Africa is to be signed by the two governments tomorrow.

Chancellor Kohl is being accompanied in South Africa by Carl-Dieter Spranger, the Federal Minister of Economic Co-operation and Development.

Previously, during the sanctions years, Germany worked through NGOs (non-governmental organisations) and other bodies (such as Operation Hunger) to provide development assistance. But the way has now been cleared to establish the official development instruments.

The agreement will regulate the status of German experts in this country.

In addition, a protocol has been in place since June which identifies concrete development projects to be carried out.

Uwe Kaestner, Germany's ambassador to South Africa, says there are two main points of emphasis in the programme, both of which fall within the ambit of the RDP.

□ Housing: Germany is providing a Dm50-million (about R120-million) package for rural housing projects — as well as technical assistance in areas such as a co-operative savings bank, to enable people to invest in housing.

"We want to provide the initial start-up which could possibly assist in setting up a new system of financing for housing," says Dr Kaestner.

□ Professional training: "Germany invented a system of apprenticeship where people have part time schooling in the classroom and training on the job and this could well provide help in finding a solution to some of the unemployment problems among your young people," says Dr Kaestner.

Germany contributes 28% of the EU's budget out of which a number of projects are financed, including the special programme for South Africa.

On the question of opening international doors for SA exporters, Dr Kaestner says Germany can help SA companies seeking trade access to European markets, through the EU.

Negotiations are currently under way between the EU and South Africa on a framework agreement on trade and co-operation.

Dr Kaestner emphasises that in terms of the economic integration philosophy of the EU, "there can be no bilateral trade deals between South Africa and Germany".

He adds, however, that "what we can and will do, is advocate a greater access for South Africa to EU markets".

Dr Kaestner says tha while South Africa will er joy certain benefits of th Lomé Convention, whic regulates trade betwee the EU and Africa Caribbean and Pacifi countries, SA trade will b regulated within th framework of the Worl Trade Organisation.

This would provide f trade preference zon among economically int grated organisations, su as the Southern Afric Development Communit

The EU is also proposi to look at a closer partn ship with the SADC. This the essence of the so-call Berlin initiative taken year ago under the G man EU presidency.

This has important i plications for German vestors, says Dr Kaestn in terms of whether th will have a market of million in South Africa more than double that southern Africa.

'Only high density will solve backlog'

(23) BD 11/9/95

Nicola Jenvey

DURBAN — SA's housing backlog can be overcome only when high-density developments are introduced and the concept of "one person, one plot" is removed, says National Housing Minister Sankie Mthembi-Nkondo.

Opening the first phase of the Cato Manor housing development outside Durban at the weekend, Mthembi-Nkondo said communities were justified in complaining about the apparent lack of housing development. A government announcement would be issued "fairly soon" to rectify the situation.

She told a group of placard-holding protesters demanding that houses be made available for renting that increasing government housing stock and providing communal dwellings for rental were matters that would "receive serious consideration".

The Cato Manor housing project is part of special presidential project.

Under it about 41 000 new houses and 137 schools would be built, providing permanent dwellings for 250 000 people. The projects would be geared towards households earning less than R3 500 a month.

Local government and housing MEC Peter Miller said KwaZulu-Natal had to build about 250 000 houses within five years "to make meaningful progress towards eliminating the backlog", which would require funding from national level.

Miller again stressed the province's claim for 22%-25% of the national housing budget — compared to the 19% received in 1995/96 — was not based solely on demographics, but also on the province's ability to deliver.

Since the Regional Housing Board was formed in February last year, R430m had been allocated to existing projects and R438,8m to new project-linked subsidy schemes. This represented 80 000 new housing opportunities for the province.

Another 59 projects worth R244m were under way throughout KwaZulu-Natal and would deliver 25 000 core houses during the financial year.

"The provinces' capacity to deliver in line with the objectives of current housing policy is an important factor in determining future budgetary allocations and KwaZulu-Natal has that capacity," Miller said.

Nkondo said the private sector, provincial and national government, and communities had to work together to extend the state housing subsidy to its limits.

"However, permanent consultation without delivery does not empower the people, but destabilises the community. If communities want houses, then the time for talking is over," she said.

Council wants Bill amended

Renee Grawitzky (23) BD 11/9/95

CAPE TOWN — The central chamber of the Public Service Bargaining Council (PSBC) has proposed that certain sections of the redrafted Labour Relations Bill tabled in Parliament be amended to accommodate the Public Service situation.

The central chamber met late last week to review the redrafted Bill and has submitted its recommendations to the parliamentary standing committee on labour relations.

The parties' main concern revolves around abolition of the central chamber — which currently negotiates issues such as wages — while retaining the departmental and provincial chambers of the PSBC as well as the Educational Labour Relations Council and the National Negotiating Forum of the SA Police Service.

The parties would now be required to negotiate issues previously negotiated within the PSBC in the Public Service Co-ordinating Bargaining Council, which would include educators and police.

Their opposition revolved around the fact that the teaching and police sectors would be able to deal in their own forums with matters pertaining to their specific sectors retained in the Bill.

Meanwhile, the 107 000-strong Public Service Association (PSA), although complimenting the drafters of the Bill, said the PSBC was sidelined in the process of the drafting of the Bill.

PSA GM Casper van Rensburg said the National Economic Development and Labour Council was not represented by public service employers or employees.

A number of employee organistions were of the view that they had not been afforded the opportunity of commenting fully on the redrafted Bill, he said.

Housing plan hinges on 'unified industry body'

BD 12/9/95 (123)

Robyn Chalmers

WILDERNESS — Housing director-general Billy Cobbett called yesterday for the unification of the construction industry, saying it was a precondition for the success of SA's housing process.

Cobbett told the Building Industries Federation of SA (Bifsa) congress yesterday the fragmentation of the construction industry was weakening its ability to bargain with government for funding, particularly in terms of much-needed training. "Government will only sit up and take notice of the industry's demands once there is a single body representing it.

"Unification must take place as soon as possible to eliminate the distinctions between small, emerging and established contractors," he said.

Bifsa made a pledge last year to unify the industry, and Bifsa executive director Ian Robinson said a steering committee with representatives from all stakeholders had been established.

Considerable progress had been made in forming alliances between Bifsa associations and informal bodies consisting mainly of black builders.

Stakeholders involved in the unification talks with Bifsa included the African Builders Association, the Association of General Contractors, the National Association of Black Contractors, the National African Federation for the Building Industry, the National Association of Home Builders and the SA Association of Civil Engineering Contractors.

Cobbett also put paid to hopes that government would raise the level of payments under the capital subsidy scheme. He said the challenge for the construction industry was to add to the subsidy rather than to see what it could get out of the subsidy.

"We hear the R15 000 subsidy is not enough, but the White Paper clearly states that the housing process is a partnership between the State, private sector and communities."

Cobbett said there was also a tendency among certain builders to cream off the top of the subsidised market rather than entering it at scale.

Cobbett warned delegates that it was government's intention to ensure that the builders' warranty mechanism would eventually cover all houses, and not only those under R65 000.

"It is in the interests of builders to maintain the integrity of the industry as a whole — and lifting the ceiling on the proposed warranty scheme would send a clear message to this effect."

See Page 5

Water prices 'to rise rapidly'

BD 13/9/95

Nicola Jenvey

(123)

DURBAN — Water prices would increase steadily in future, as the rapid rise in demand was countered by static supply, water affairs and forestry department managing engineer development Hendrick Best said yesterday.

He told the International Water Supply Association congress that there was a vast difference in the quality of water services between formal and informal areas, and that attaining minimum quality levels in the latter would become increasingly expensive.

Government policy was for a minimum supply of 20l to 30l a person a day of potable water within 200m of every rural household.

If costs for government water schemes were not met by users, operating deficits would have to be recovered through subsidies, he said.

A tariff policy for the immediate future would be based on a lifeline tariff to ensure all South Africans could afford sufficient water for health and hygiene; a progressive block tariff in urban areas to cover the long-term costs of supplying large-volume users; and a rural area tariff covering operating and maintenance costs.

Cross-subsidisation between urban and rural areas would also come into effect.

In his presentation Rand Water GM scientific services Schalk van der Merwe said lead piping was the major stumbling block in achieving the water quality standards laid down by the World Health Organisation (WHO).

"Lead concentrations can only be reduced by replacing lead-containing pipes, which will be both expensive and long-term," he said.

The high levels of lead, manganese and mercury in source water in SA sometimes exceeded the WHO guidelines, but Van der Merwe said this was limited to areas where source waters were polluted by mining effluent.

"Endeavours are in place to reduce the total exposure to lead, as recommended by WHO," he said.

Rand Water GM engineering Tony Els said that large volumes of water enter the sewers through leaking domestic fittings and savings of between 8 000 and 24 000m^3 a day could be achieved by repairing these.

Cities grow more slowly

The Argus Correspondent (123) ARG 13/9/95

SOUTH African cities are growing more slowly than anticipated and current projections indicate that by 2000 there will be five million fewer people in metropolitan areas than earlier projected, a new study has found.

Black living standards have improved over the past decade and fertility rates are also declining, according to a report on population and income trends released by the Centre for Development and Enterprise in Johannesburg.

Despite the broad improvement in black living standards, there had been a drop in real per capita income for the country as a whole, said the report.

Also, the pattern of poverty today was much the same as it was 10 years ago, with 94 percent of poor households being black, and 64 percent living in small towns or remote rural areas.

But the researchers also warned that poverty in urban areas was "substantial and potentially explosive".

Another important finding was the unreliability of past statistics, including the 1991 census.

According to the research, the reduction in fertility rates among blacks had been achieved quicker than it was among whites.

Extended scheme will reduce home levies

By Maggie Rowley
Property Editor

Extension of the Home Builders' Defects Warranty Scheme to cover all housing up to R250 000, which is expected to be implemented shortly, would greatly reduce the levy payable on each unit by spreading the load, said Peter Allsopp, the managing director of National Home Builders' Registration Council.

He said that while the defects warranty scheme would ideally cover all new residential housing, this had initially been limited to units costing up to R65 000.

However, due to concerns that this would unfairly prejudice low income home buyers and contractors, the scheme would be extended to incorporate all new housing under R250 000 by January next year, and within a year all new residential building was likely to fall under the same criteria.

Allsopp said their financial modelling indicated that for limited units costing up to R65 000, and assuming that 30 000 units were built a year at an average cost of R40 000, the total cost of the levy per unit would be R958 or 2,39 percent of the total price.

By extending the levy to include units of up to R150 000, and assuming an average price of R100 000 and that 70 000 units were built per year within this bracket, the average cost of the levy per house would be R1 265 or 1,27 percent. The levy on a R40 000 unit would then be reduced to R508.

By extending the amount to R250 000, this percentage would be reduced even further.

Allsopp said besides spreading the load beyond low cost housing, the council ran the risk of running into deficit if the scheme was not extended. If 40 000 units averaging R40 000 were built a year, the council would have a net income of R5 million from the levy. But if only 20 000 units were built, the council would make a loss of R4,9 million.

To break even on 20 000 units at an average price of R40 000 would require a levy of 3,08 percent, he said.

"If the ceiling was raised to R150 000 and we built 50 000 units at an average price of R100 000, the levy required for the council to break even would be 1,37 percent. On a R40 000 unit, this would amount to R548."

Allsopp added that some of the constituent organisations of the council had supported the extension. It was now being considered by the other member organisations, including the Building Industries

Delivery sensitivity

Ceiling level	R65 000	R100 000	R150 000
Expected delivery	20 000	30 000	50 000
Average value	R40 000	R70 000	R100 000
Break even %	3,08%	1,84%	1,37%

BREAK EVEN *If the ceiling level for the levy was kept at R65 000, and 20 000 units were built every year at an average cost of R40 000, a 3,08 percent levy on each unit would be required for the council to break even. If the levy was extended to include housing up to R150 000, with 50 000 units a year being built at an average cost of R100 000, a levy of only 1,37 percent would be required.*

Sensitivity ceiling value R65 000

Number of houses	Council net income
40 000	R5 003 249
[illegible]	[illegible]
20 000	R4 899 907
15 000	R7 503 385
10 000	R10 107 602
5 000	R12 711 587

POTENTIAL DEFICIT *If 30 000 or more units are built at an average cost of R40 000 the new Home Builders Registration Council will incur a positive net income. If fewer houses are built, and the levy is applied only to housing costing R65 000 or less, the council will run at a loss*

CT (BR) 13/9/95 (123)

Fouled water major child killer

Nicola Jenvey (123) BD 14/9/95

DURBAN — Nearly 10 000 children died daily worldwide from diseases transferred through drinking water, the International Water Supply Association congress was told yesterday.

In a paper prepared by 16 international water scientists, delegates were told shortened detection periods for bacterial contamination could reduce these statistics. It takes 24 hours to test drinking water's hygienic quality.

The paper cited leaking sewage lines into corroded and leaking water distribution systems, as well as run-off from animal wastes in agricultural areas into drinking water as two possible reasons for substandard water quality.

Research indicated that even Norway, noted for its high-purity drinking water, had more than 100 000 sick-days annually attributed to waterborne diseases.

WALTONS STATIONERY REF. W 79

Naidoo to inspect Masakhane

(123) Star 14/9/95

■ BY NORMAN CHANDLER
PRETORIA BUREAU

The cabinet minister responsible for the RDP, Jay Naidoo, is to inaugurate and inspect Masakhane projects at Atteridgeville, Pretoria, tomorrow.

Naidoo is to present certificates to various organisations for their contribution to the Reconstruction and Development Programme.

Five priorities for the township have been identified by the Masakhane project.

These include a clean-up of cemeteries, sports centres, and parks in the Atteridgeville area as well as the renovation of creches.

Private contractors Wedge Projects have been in the forefront of the creche cleanup.

They have also introduced training programmes in management skills, says Pretoria City Council spokesman Harry Matolong.

"The upgrading programme serves an essential community need."

Atteridgeville is also undergoing a major face-lift during which residents have been encouraged to improve their properties, with funding provided by the Greater Pretoria Metropolitan Council.

Renovations are also being done at various community halls, as well as at old age homes, where alarm and intercom systems are being introduced for the first time.

Local building contractors are also being given training in basic building skills as part of a wide-ranging plan to empower contractors to work independently.

■ The Government had spent more than R11-million on the Masakhane campaign, Provincial Affairs and Constitutional Development Minister Roelf Meyer said yesterday in the National Assembly.

Research found 73% of people interviewed were aware of the campaign.

About 400 communities had been reached by road shows between April and August this year. The campaign aims to encourage community participation in development and reverse the culture of non-payment for services.

New reports indicated that some communities, like Daveyton on the East Rand and "Site C" in Cape Town, had decided to pay their municipal accounts en masse. – Sapa.

WALTONS STATIONERY REF. W 79

'Misconception' over subsidies clarified

(123) CT(BR) 14/9/95

By Maggie Rowley

Property Editor

Billy Cobbett, the director-general of housing has expressed grave concern at "misconceptions" created by Gerald Morkel, the minister of housing in the Western Cape, regarding private sector assistance for housing being treated by central government as a hidden subsidy.

Morkel claimed at a key symposium between business and the Cape cabinet last week that any assistance employers provided to staff for housing would reduce their state housing subsidy.

He said this also applied to international aid or grants, as well as cross-subsidisation by private developers of residential sites by commercial and industrial sites.

Cobbett said the housing department welcomed any assistance from the private sector or international aid and in no way was this assistance treated as a hidden subsidy.

"The policy outlined in the White Paper makes this very clear. It is only subsidies from the private sector at large that are considered hidden and therefore deducted from an individual's capital subsidy to ensure that an individual does not receive a double subsidy funded by taxpayers or ratepayers. For example, if the Department of Water Affairs provided free waterborne sewerage to the sites."

Of particular concern, he said, was that certain municipalities had been providing hidden subsidies in some form or another, such as cheaper serviced sites.

This was causing problems on the ground and delaying delivery in some areas as it was perceived as being unfair by those falling under other areas where these hidden subsidies did not apply.

Cobbett said he was concerned about the effects Morkel's claims could have on private sector assistance for housing and had elucidated central government housing policy to Morkel in the hope the minister of the Western Cape would correct misconceptions that had been created.

Morkel was not available for comment.

Plan to raise house levy limit

Robyn Chalmers

BD 15/9/95 (123)

LEVIES could soon be payable on all new homes costing up to R250 000 if a proposal to raise the limit of houses covered under the builders warranty mechanism is accepted next Monday.

National Home Builders Registration Council MD Peter Allsopp said yesterday there was strong support for lifting the limit from R65 000. This had come from emerging and formal construction bodies and from government.

Allsopp said lifting the limit would significantly reduce the levy payable as the load would be spread over more houses.

Allsopp said the construction bodies which had supported the raising of the limit included the Association of Development Professionals, the National Association of Home Builders and bodies constituting the black construction industry.

He said the full policy-making board of the National Home Builders Registration Council would make its decision next Monday. This included mortgage lenders, building material suppliers, the Housing Consumer Protection Trust and the departments of public works and housing.

The Building Industries Federation of SA (Bifsa) agreed this week to lift the ceiling for homes covered under the builders warranty mechanism to R250 000.

Bifsa executive director Ian Robinson said: "The effect of this decision is to be re-evaluated by Bifsa after 12 months if the limit is increased to R250 000. Should the target of 50 000 loans agreed to by banks and government last year not be reached during the first 12 months, Bifsa would review its participation in the builders warranty mechanism."

Robinson said Bifsa would monitor the cost of managing the planned defects warranty fund to ensure home buyers were not affected by increases in building costs which would adversely affect the rate at which homes were provided.

Now it's war on water wastage

ARG 16/9/95 (123)

BRENDAN SEERY
Own Correspondent

■ Water Affairs and Forestry Minister Kader Asmal paints a bleak picture: there is not enough water in the Western Caoe to provide its residents with the internationally-accepted minimum of 25 to 30 litres per person a day.

IN spite of it seeming to have rained enough this winter to make everything sodden in the Cape, there is a water crisis.

And, there is the question of priorities. Could the R108 million spent on the pipeline to bring water from dams on the Palmiet River to Cape Town (to help water suburban gardens) not have been better used in providing clean water to 20 000 families?

Conservation of water as a way of life is something Professor Asmal is trying to instil in South Africans.

In launching the National Water Conservation Campaign this week, Professor Asmal was at pains to point out "I am not crying wolf".

His message was: The lack of water can delay or derail the Reconstruction and Development Programme (RDP) and has the potential to become a prime destabilising element in southern Africa.

South Africans (and especially privileged whites) should accept that they lived in a water-short country and adjust their lives accordingly.

Already, he has annoyed suburbanites with his commitment to increasing rates for those who consume more. In farming communities, he is becoming almost as irritating as Land Affairs Minister Derek Hanekom. He has pledged to look closely at water rights and the use of water by those on the land.

Farming accounts for 58 percent of the water used in South Africa, while domestic users take only 12 percent and the mining industry a surprisingly-low four percent.

But, it is not all about punitive measures in the Ministry of Water Affairs' campaign to redistribute the water resources of the country effectively.

One of the focal points in the conservation campaign will be to encourage water-saving measures in households — dual flush toilets, aerators on taps to water flows to be halted in operations like brushing teeth or washing hands and vegetables, and correction of leaks in pipes — could save as much as 30 percent in water consumption.

This could be achieved through a cost to the householder of about R100 — an amount which would be recouped in months through reduced water bills, according to Dr Guy Preston, the University of Cape Town expert who is national coordinator of Professor Asmal's conservation campaign.

One of the priorities for Professor Asmal and his ministry has been to re-write the statute books to tighten up control over water. The minister says, for example, that South Africa is one of the few countries in the world which has no legal way to restrict the use of underground water (save through emergency regulation by the minister).

Permits for forestry projects also have been tightened up and, because of the potential affect these can have on water tables, none will be approved in future unless a full environmental impact study has been done.

Also in the pipeline is an innovative grassroots scheme to generate income and employment, as well as improving water availability by large-scale campaigns to remove alien or invasive tree and plant species.

Professor Asmal is well aware, however, that the big wastage of water will have to be tackled. While small scale domestic consumers save the water from the bath for their gardens, their local authorities are squandering the precious fluid at an astounding rate.

Rand Water Board's Vincent Bath acknowledged that as much as 20 percent of all water supplied by the board to municipal consumers in Gauteng was "unaccounted for". It drained away through decayed and decrepit piping and was siphoned off by thieves who tapped into mains pipes near squatter camps.

Professor Asmal knows municipalities openly say that water is so cheap that it actually costs them more to repair leaks than it does to lose the water. All that will change, he promises, as municipalities (and their clients down the line) start paying a cost-related rate for their water.

Cut in bond rate for low earners

ST 17/9/95

(123)

By LINDA RULASHE and CHIARA CARTER

THE banking fraternity is considering reducing the bond rate paid by low-income earners because it believes this expense is one of the key reasons for the slow response to the government's new housing policy.

Council of South African Bankers general manager Lance Edmunds has confirmed that proposals for lower borrowing rates are being discussed by members of the Association of Mortgage Lenders.

According to analysts, these measures could include a sliding scale where poorer people paid less interest than the wealthy, the relaxation of strict criteria used when low-income earners applied for loans, and a proposal that the government subsidises interest on loans.

First-time homeowners who earn less than R3 500 a month qualify for a government subsidy of up to R15 000, whether or not they get a private loan. If they do not wish to apply for a private loan, they can apply for a subsidy directly from the provincial government.

People who previously received government subsidies for site-and-service schemes can apply for another consolidation subsidy to build on the site. People can also group together to apply for a project subsidy.

Service payments falling off again

(123) BD 18/9/95

Drew Forrest

MUNICIPAL service payments are stagnant or falling in most Gauteng townships, raising questions about the effect of government's multimillion-rand Masakhane campaign.

Figures collated by the Gauteng administration for May, June and July this year indicate that in 24 of 87 black townships in the province, service payment levels dropped. In five others, there was a marginal improvement.

The Institute of Municipal Treasurers and Accountants has warned Minmec — a body made up of Local Government Minister Roelf Meyer and provincial MECs — that on the payments front, Masakhane is failing.

"On the delivery side there's progress, but payments appear static," said Grant Easton, institute representative on the municipal finances working group which reports to Minmec.

The hand-in-hand improvement of service delivery and payment is a crucial element of Masakhane, launched in February by President Nelson Mandela with a 1995 budget of R30m.

Concerns are being voiced about inadequate local follow-up to Masakhane's R10m national publicity drive, aimed at municipal levy and bond boycotts. Local government department sources pointed to the lack of billing and collection systems in half of SA's black local authorities.

A factor in deteriorating payments may be the local government election. Some candidates are said to be urging residents to ignore accounts until after November 1 because transitional councils are not fully legitimate.

Easton said that with 50% unemployment in black areas, many people could not pay.

But a local government department official said the timing of Masakhane's

Continued on Page 2

Masakhane (123)

Continued from Page 1

BD 18/9/95

drive had been dictated by housing needs — and in particular the need to address bond boycotts — which fell outside the local government sphere.

Municipal levy payments would not improve in the townships without legally enforceable tariffs, billing and collection systems, payment points, a data base of residents liable for payment and default mechanisms.

"The government keeps saying 'deliver, deliver', without looking at levels of affordability — at who is going to maintain and pay for services."

Insisting it was too early to write off Masakhane, the official said the department was discussing how to "localise" the campaign to make it sustainable. Consultations were planned this week with local and provincial government representatives.

The Gauteng statistics show a marked deterioration in service payments over a three-month period in such areas as Diepmeadow (from 35% to to 22%), Ratanda (38% to 21%), Vosloorus (38% to 19%), Kagiso (83% to 23%) and Soshanguve (81% to 46%).

Payments remained consistently below 5% in Sebokeng, Sharpeville, Orange Farm, Poortje, Daveyton and Ivory Park.

In Katlehong, scene of a showpiece RDP upgrading programme, payments fell from 73% in May to 58% in July.

Tariffs are heavily subsidised. Sources said the decline in the Pretoria townships of Mamelodi (from 68% to 2%) and Atteridgeville may have followed the introduction of more economic levies.

A surprising feature is the decline in two Indian areas, Azaadville (from 100% to 74%) and Lenasia Southeast.

Sources said this might reflect unhappiness over the writing off of arrears in black areas.

Maskhane manager Chris Ngcobo could not be contacted.

Masakhane campaign extended

(123) BD 19/9/95

Nomavenda Mathiane

THE Masakhane campaign in Gauteng would be extended beyond its current cut-off date of December 31, the committee dealing with the campaign decided at a meeting yesterday.

The campaign, launched in November 1994, was aimed at promoting the resumption of rent and service payments. It is being extended due to problems encountered in some areas, where non-payment of services continues.

The committee, which consists of officials such as town clerks, treasurers and councillors, reviewed their roles in the campaign.

Gauteng provincial co-ordinator Moeti Mpuru denied allegations that the campaign had run into problems.

He said, however, that in townships like those in the Vaal (Sebokeng and Boipatong), Mamelodi, Tembisa and Alexandra, non-payment of services was still a problem.

Soweto was not doing very well, but there had been a marked improvement in service payments, he said.

Mpuru said the Masakhane trail — which moves to communities around the country — would return to Gauteng which would help localise the campaign and assist councillors in driving the process.

He said payments had not dropped in the run-up to the elections, contrary to some analysts' predictions.

The purpose of Masakhane, he said, was not only about payment of services but to try to create a new thinking among people.

"Masakhane has no end. Its success will be gauged when the transitional local councils and community based structures have worked out mechanisms for basic delivery service and a climate for the delivery and payment of services has been created," he said.

New scheme offers 'better protection'

(123)

Robyn Chalmers

BD 19/9/95

THE national home builders registration council's board voted unanimously yesterday to raise the limit of houses covered under the builders warranty mechanism to R250 000 from R65 000 and to set up a warranty fund by February 1 next year.

Council MD Peter Allsopp said board members agreed lifting the limit would significantly reduce the levy payable on homes covered by the mechanism as the load would be spread over a wider base.

In addition, he said it would boost consumer protection against shoddy workmanship and unscrupulous contractors and ensure there was no discrimination against home owners in below the R65 000 market.

Board members included representatives from the departments of trade and industry, public works and housing, the Association of Mortgage Lenders, construction bodies and the SA Insurance Association.

Allsopp said contractors wishing to qualify for mortgage finance under R250 000 on February 1 would have to be registered with the council by November 1. The council was expecting a flood of inquiries and applications from contractors over the next few months.

He said the board had confirmed a comprehensive builders' warranty mechanism would be in place by February 1 next year to replace the current interim mechanism. The interim scheme was forged earlier this year when agreement could not be reached on a long-term mechanism.

The comprehensive mechanism would introduce a warranty fund for the home building industry as a fallback measure should contractors refuse to rectify defects or had gone bankrupt.

It would be funded by ensuring a fixed percentage of the total selling price of each house constructed by an accredited contractor was paid to the council on plan approval stage in the form of a levy.

Allsopp said the council was still discussing the financial model of the fund to ascertain what percentage of each house would be levied. The council was also investigating the size of the inspectorate to be set up to monitor building work on homes.

□ A further 36 areas in eight provinces have been granted cover by the mortgage indemnity fund board, bringing to 207 the total number of areas where banks will consider lending.

The highest profile area of those granted cover in the latest round was Hillbrow.

Newly appointed fund MD Nkululeko Sowazi emphasised that the scheme was a short-term measure introduced by government to facilitate the re-entry of financial institutions in areas where they had withdrawn.

"The approval of cover for the areas involved will enable mortgage lenders to resume lending activities where they have withdrawn from areas due to abnormal or non-commercial risks," he said.

Banks accredited by the fund are Standard Bank, Absa, FNB, Nedbank, Boland Bank, Saambou, NBS, Citizen Bank, Community Bank, Mercantile Bank, African Bank, Bophuthatswana Building Society and GBS Mutual Bank, Khayalethu Home Loans and Future Bank.

6 more areas to get govt housing cover

More areas in Gauteng "red-lined" by home-financing institutions are to be covered under the Mortgage Indemnity Scheme (MIS).

The MIS is a short-term measure introduced by the Government to facilitate the early re-entry of financial institutions in areas where they have substantially withdrawn in the past, due to instability – so-called "red-lined" areas.

The scheme makes it easier for residents in those areas to receive financial support from banks.

The MIS indemnifies banks against losses sustained as a result of a breakdown in the legal process preventing occupation of repossessed properties.

About six areas were recently covered in the province, bringing the number of areas approved for cover to 38. These include Devland, Gracelands, Hillbrow, Meadowlands Extension 11 and 12, Mooifontein and Tsakane Chris Hani extension.

MIS managing director Nkululeko Sowazi said banks had agreed to make finance available to borrowers, especially those qualifying for government subsidies, in areas granted MIS cover.

"Developers, estate agents and respective borrower are encouraged to approach designated branches of the banks accredited with the Mortgage Indemnity Fund, for finance under these arrangements."

The total number of areas covered country-wide is now 207 out of a total number of 251 areas assessed by the scheme. – Housing Reporter.

(123) Star 20/9/95

Way being paved for road revolution

Star 20/9/95 (123)

NEW projects are revolutionising the way infrastructure will be delivered to the townships, writes Andrea Vinassa

Hands-on construction ... newly trained workers get down to the task of building roads as part of a new project in the eastern Free State to create jobs and teach the unemployed new skills.

An attractive 24-year-old woman in a blue overall says: "When I saw there were no more jobs for teachers and nurses, I decided to learn to build roads."

She is one of 13 trainees taking part in a road construction training project in Phutaditjaba which is co-funded by the South African Roads Board, the National Department of Transport (N-DOT) and the CSIR. When she has completed the course, she will be accredited and qualified to find employment on other public works programmes, to teach fellow-members of her community or to start her own small contracting firm.

Projects like this are revolutionising the way infrastructure will be delivered to townships and rural areas. Phutaditjaba in the remote eastern Free State, with its 70% unemployment rate, is one of many economically-sterile regions in dire need of transformation into high-growth areas.

Integral to reconstruction is the building of roads. Phutaditjaba was once the beneficiary of government tax concessions for industry, but now factories are empty or used as warehouses. Existing roads are deteriorating.

Following a CSIR study commissioned by the South African Bitumen and Tar Association (Sabita), which identified some 220 000km of "lost" or unnumbered roads, the roads branch of the N-DOT has initiated several roads projects as its commitment to the RDP.

Though roads are certainly one of the most important aspects of reconstruction, development experts agree that sending outside contractors to deliver services would merely mean an extension of apartheid's exclusion practices.

"We are not only concentrating on large, glamorous projects," says Basie Nothnagel, director of technical services of the N-DOT. "We are sensitive to the needs of all communities, irrespective of size."

Projects built on labour-enhanced principles in post-colonial Africa have been very successful, according to Med Kwesiga, a Ugandan civil engineer who visited the Phutaditjaba project and a research fellow at the Wits Centre for Employment Creation in Construction.

"Thousands of kilometres of road was built by hand in countries like Malawi, Kenya and Lesotho. South Africa must get its act together because the projects were only successful when they were devised and planned at a national level.

"Long-term financing must be secured, appropriate standards developed and supervisors trained," he says. "It takes a while to orientate people, but when they understand the system it takes off."

Project leader Phil Hendricks emphasises quality training to ensure trainees can work independently later on.

"Communities are in desperate need of technical training and because 'Bantu education' did not impart much in the way of mathematics and natural science skills, basic concepts had to be taught at the beginning of the project."

The trainees will be accredited so they will be able to operate as units to offer their skills to larger contractors.

They will also be taught to operate independently and given the necessary business skills to start up on their own.

Housing delivery may finally get off the ground

(123) CT (BR) 20/9/95

Maggie Rowley

ON PROPERTY

'In most cases, the government's contribution will mean little more than serviced sites'

It is to be hoped that the proposed extension of the building defects warranty scheme, to cover not only low-cost houses of R65 000 and less, but all new housing up to R250 000, will help get the housing delivery process off the ground.

Not least through improving affordability at the lowest end of the market by spreading the load of the levy to finance the warranty and the running of the new home builders registration council.

The delivery process has been thwarted at many levels and little has happened since last year's elections. While much policy groundwork has been laid in the past 18 months, ways of overcoming the major constraint of affordability, or lack thereof, still have to be found.

Billy Cobbett, the director-general of housing, made it clear that lifting the ceiling of R15 000 for the capital subsidy scheme is not even under consideration in the short term, and that the thrust of government's contribution will continue to be the provision of as many housing opportunities as possible.

In most cases this will mean little more than a serviced site which subsidy beneficiaries can then upgrade incrementally, or with home loans sourced from the private sector.

Herein lies yet another affordability constraint. The banks have said they are prepared to grant up to 50 000 low-income housing loans this year to this sector of the market.

They insist, however, this can only be on a commercial basis. Due to administrative costs and risk factors involved, as well as the possibility of interest rates rising yet again, they introduced, overnight, a controversial set of more stringent qualifying criteria for low-income earners.

This sparked a major outcry as many of those who would previously have qualified no longer did, and banks were forced to step down, granting a nine month moratorium on the new criteria.

Alternative

The result is that once the moratorium is over, low-income earners will be back to square one unless an alternative is found. It is becoming clear that banks will not be involve d in any significant way at this low end of the market.

Hopes are pinned on the Housing Finance Corporation being able to come up with a mechanism offering cheaper credit to low-income earners.

The housing department has been talking to the contractual savings industry to this end and there has been talk of a possible listing of the Housing Finance Corporation on the JSE. Firm proposals are expected to come before the Cabinet within the next few weeks.

Back to the warranty scheme and the issue of affordability: For practical and technical reasons the guidelines and standards to which builders have to comply were initially drawn up for low-cost housing only. However, the financial modelling undertaken shows that if low-cost housing were to carry the full burden of the levy, this could push the cost of each unit up by 3 percent or more depending on how many houses were delivered in any one year.

The extension of this scheme to cover the majority of new houses, namely up to R250 000, will spread this load considerably and reduce the effect on low-cost housing units to just over 1 percent of the total cost. When all housing, including multimillion-rand units are covered by the warranty, and the housing delivery process gets off the ground, the effect on the unit cost should be even less.

Extension of the scheme has been approved by the major constituent members of the National Home Builders Registration Council including the Building Industries Federation of South Africa (Bifsa) at its annual congress in Wilderness last week.

Bifsa's agreement is conditional, however. A large number of the members feel that the banks have pushed for major commitments from the building industry, but they have yet to put their money where their mouth is.

Reconsider

It is not surprising, therefore, that in agreeing to the extension of the scheme, Bifsa has said the motivation for this was to speed up lending by the banks and unless the latter deliver as promised, the building industry will reconsider its participation in the scheme.

Concern over affordability had been generated by claims by Gerald Morkel, the housing minister for the Western Cape, that private sector assistance was being treated by the central government as hidden subsidies and thus deducted off capital subsidy amounts.

Cobbett has emphasised that this is not the case and all assistance from the private or foreign sectors is welcomed. It is only assistance from other departments in the public sector which are considered hidden subsidies so that recipients do not benefit twice from monies paid by taxpayers or ratepayers.

UK low-cost homes plan for SA

(123) CT 21/9/95

LONDON: A British architect and a former South African businessman are preparing to ship a prototype low-cost housing unit to South Africa which they hope will provide an affordable solution to the housing crisis.

The house is made of cement fibreboard filled with concrete, and the partners have offered to rehouse 288 Cape squatters in three months as a test of their design.

Architect Mr Peter Manning of Miter Homes said a basic unit comprising two bedrooms, living room, kitchen and bathroom would cost about R25 000, and could be constructed by members of the community.

He and ex-South African Mr Michael Naidoo are seeking partners to help set up a board manufacturing plant in the Cape or Natal. — Own Correspondent

Water saving below month's 20% target

(23)(123) PD 22/9/95

Business Day Reporter

A SAVING of 14,2% in water consumption during August was reported by the Rand Water Board yesterday — way below the target of 20% for the month.

It was the first month of a five-month campaign to cut consumption through the imposition of additional tariffs on bulk consumers for failing to meet the target set by the water affairs department.

The only individual region in the Rand Water Board's supply area which met the target was the Free State.

The mining industry also reached its specific target of an 18% saving, a board statement said.

Rand Water's Archer Davis said he hoped this example would be followed by other users.

"When one looks at the size and complexity of the mining industry it is truly amazing to see that they have put in place effective systems."

Davis said the August saving was double that achieved in July, which was in turn double that of June. The board first drew public attention to the worsening situation in primary supply systems in April.

"There is some comfort in seeing that the trend is in the right direction, but clearly greater efforts need to be made," he said.

Forecasts indicate that the Vaal River system, from which the Rand Water Board draws most of its supply, will dry up within a year if traditional consumption patterns remain and if the catchment area does not receive good rainfall in the coming rain season.

The Rand Water Board supplies bulk consumers such as municipal authorities, large industries and the mines.

While it was not accountable for distribution to end users, the board said it was trying to assist in these areas and was providing technical assistance.

However, it was clear problems still existed. In deprived communities, reticulation infrastructures had deteriorated and were badly maintained. This was influenced by logistical difficulties, including lack of funds, crime, threats to the personal safety of workers and a lack of education.

Eskom to hike tariffs

(123) ARG 23/9/95

JOHANNESBURG. — Electricity tariffs would be raised by four percent next year, Eskom said here.

It said the rise, the same as the last annual increase, was necessary to offset normal operating costs. "The increase has been approved by the Electricity Council," said John Maree, chairman. — Sapa.

Govt plans 10-year programme

New strategy to transform urban areas

(123)

BD 26/9/95

Robyn Chalmers

GOVERNMENT has produced a wide-ranging and comprehensive urban strategy to transform cities and towns into thriving communities based on an incremental approach costing between R67bn and R80bn over 10 years.

An RDP office report shows about 27% of SA's towns have only a minimum level of service and 40% have a minimum and basic level of service, with significant capital investment required to bring them up to scratch.

In addition, estimates of the present urban population varied from between 19,6-million and 26-million but there was a distinct growth pattern and by the year 2010 three-quarters of the population would live and work in cities and towns.

"The government believes that a ten-year programme, costing R60bn to R70bn in capital expenditure and R7bn to R10bn in land costs, is feasible from a macroeconomic point of view," it said. A portion of the costs — R27,2bn over five years — were included in recent CSIR estimates that SA's total infrastructure needs would cost R174,1bn over five years.

The report suggested half the capital costs would be borne at local service provider level through redirection of existing capital budgets, borrowing and equity from private sector investment in service delivery companies.

About R7bn to R9bn would be paid for by high income households paying full costs for internal services and connection fees and the remaining R30bn to R35bn would be funded through capital grants from government, including part of the housing capital subsidy.

But the report said an economic growth rate of at least 3% was a key condition to making the strategy economically feasible and fiscal, monetary and functional policies would aim to achieve and exceed such a growth rate.

It said there were stark contrasts between towns and cities with well-serviced suburban neighbourhoods clashing with underserviced, lower income areas, and city centres were under strain due to apartheid's legacy.

Based on these urban realities and trends, the document said government had settled on an incremental approach which would focus on critical backlogs, restoring infrastructure services and the formation of core institutional capacities. Key stabilising interventions included the Masakhane campaign, the seven presidential lead projects on urban renewal, the Development Facilitation Bill and the local government transitional process.

Once stability had been achieved, the focus would shift towards cement-

Continued on Page 2

Strategy

BD 26/9/95

Continued from Page 1

(123)

ing an integrated package of policies and programmes, such as the housing programme, various land development, planning, transportation and environmental management schemes and strategies to ensure better safety and security in urban areas.

The rebuilding of townships was an essential part of urban reconstruction and integration, and the dormitory role of low-income areas had to end.

It said levels of service would have to be differentiated according to needs and affordability of areas but the choice of service levels was a local decision, subject to local affordability within the context of national and provincial guidelines.

"An average national distribution of 55:25:20 between full, intermediate and basic levels of services in municipal areas is considered a realistic target for the infrastructure investment strategy over the next 10 years."

Basic services meant the provision of water, on-site sanitation, graded roads with gravel and open stormwater drains and streetlights. The services would be targeted at households with an income of less than R800 a month and charged for at between R35 and R50 a month. Intermediate services entailed water provision through yard taps on site, simple water-borne sanitation, narrow paved roads and 30 amps electricity with prepaid meters for households. These would be for households which earned between R800 and R1 700 a month and would cost between R100 and R130 a month.

Communities receiving full services would have their houses connected to water supplies, full water-borne sanitation, paved roads and 60 amps electricity provision. It was expected that households in the R1 700 to R3 500 monthly income could afford rates of between R180 and R220 a month while those with monthly incomes above R3 500 would pay between R270 and R350 a month.

Ministry calls for subsidies review

(123) BD 26/9/95

Robyn Chalmers

THE housing ministry has instructed provincial housing boards to eliminate hidden subsidies which are undermining national subsidy standards.

A task team investigating hidden subsidies under the chairmanship of housing department deputy director-general Neville Karsen has released a report on the reasons for hidden subsidies and how they could be avoided.

The report said different approaches adopted by the various provinces regarding the provision of services appeared to be a key issue in respect of hidden subsidies. It said bulk and connector services, generally located outside the boundaries of sites, were the responsibility of local authorities and financing should take place via internal sources of revenue accruing to local authorities and not out of low-cost housing subsidies.

Income-generating services, such as the provision of electricity, water, sewerage and refuse removal, should also be financed by local authorities or by public utilities while capital and operational costs should be recovered via end-user charges on these services.

"While this tends to result in a certain level of cross-subsidisation between consumers in larger metropolitan areas, the costs of providing income generating services should not be financed out of housing subsidies.

"This approach is not always rigorously adhered to due to severe financial constraints faced by many local authorities. Thus, where income-generating services cannot be implemented at affordable rates, the standard of these services should be reduced to affordable levels," said the report.

There were also vast differences in the level of services provided depending on whether the private sector or local authorities were providing these services.

Guidelines needed to be devised on consolidation, or top-up subsidies, which were aimed at redressing anomalies created by past government subsidisation.

"The task team recommended that this issue be redirected to the joint technical committee on subsidies. In determining the consolidation amounts to be made available, the committee should take into account either the existing levels of service or the existing value of housing subsidies received deducted from total subsidy amounts available."

The report outlined other principles for provincial housing boards to adhere to in an attempt to obviate hidden subsidies.

These included that grants from public sector sources, other than housing subsidies, should be quantified and, at the discretion of the boards, deducted from the total subsidy amount awarded.

Acclaimed housing consensus lacks a firm foundation

(123) BD 27/9/95

MARY TOMLINSON

IT IS time to ask a worrying question about the housing policy. Have we achieved a policy which is supported by just about all the key actors, but which is nonetheless still unworkable?

The housing sector has won admiration for the way in which it hammered out, over two years, a comprehensive policy which the new government was willing to support. Now it appears that this painstakingly achieved consensus policy may be the reason why housing delivery is slow.

Signs that the policy seemed to be in trouble came in July when the housing minister publicly questioned the "incremental" housing strategy adopted after almost two years of negotiations between civil society and government. Just a few months before, when the housing budget was significantly increased, the increase was greeted as a clear indication that housing's ability to achieve consensus on a strategy had paid off.

Perhaps a more important sign of stress has been the absence of significant construction activity a year and a quarter after the adoption of a new subsidy scheme, prompting doubt as to whether early successes — such as the National Housing Accord — will be followed through.

Fewer than 9 000 housing units have materialised, and ultimately the success of the housing policy rests on seeing people with a roof over their head.

Both problems indicate a need to scrutinise the new policy and its implementation carefully. With this in mind, the Centre for Policy Studies recently conducted interviews with the implementers of the policy, the MECs for housing, provincial housing board chairmen and/or vice-chairmen and the housing secretariats in each of the provinces, to determine whether the carefully constructed policy was imploding, or was simply a victim of some "teething problems" which were slowing down delivery.

The centre also wanted to find out if the "incremental" policy, set out in the Housing White Paper, is too controversial to succeed because, in the "broader versus deeper debate" — between those who say housing must reach as many as possible, which inevitably means everyone gets less, and those who say it should provide for a four-room house, even if it means only a few benefit — the deeper view was beginning to gain the upper hand.

Contrary to what we expected, six of the nine MECs expressed general acceptance of the need for breadth over depth. Some of their comments included: "the policy is basically good ... its formulation mobilised many sectors and that is a major achievement"; "(it) is a consensus policy, located within the parameters of realities ..."; "politicians should not tell people what they want to hear, but what they should hear to help them understand the long-term nature of the housing situation"; "it is better if more people get something if it enables them to live"; and so on.

But, while there appeared to be a degree of acceptance of the new policy, there was a fair amount of qualification by MECs.

One argued that there was "nothing wrong with the concept of incrementalism" but that, in practice, "it boils down to a serviced site and maybe one room". Only when "a supportive mechanism" for improving the housing of all recipients was introduced "can we talk".

And, whatever they may say about the policy, provinces are regularly ignoring the national policy by modifying it by adding further resources, such as serviced land, to increase the state subsidy.

The three dissenting MECs expressed the view that "housing is a political issue — government made promises about houses, it now needs to deliver on them. The subsidy will therefore have to be increased."

One said the amount should rise from R15 000 to R25 000, with free land thrown in from the local authority. Another wanted to see housing voted 5% of the national budget and then to provide 500 000 houses of a higher standard over 10 years rather than 1-million lower standard houses in five years.

The interviews suggest, therefore, that the "consensus" on policy is not as deep as it seems. They also revealed a further message. The policy, all nine chapters of it, is riddled with "teething problems" that are the real reasons for the bottlenecks.

For example, social compacts — agreements between the "community", the developer and other stakeholders to ensure participation in the housing process — often fall apart at the eleventh hour, causing delays and cost overruns.

Bureaucratic logjams, resulting from the restructuring of former provinces and homelands into nine new provinces, have still not been fully resolved. Approval of layout plans, the opening of township registers, land availability agreements and so on, long-winded processes at the best of times, are taking longer because of bureaucratic delays resulting from local government transition.

Unresolved rural land tenure issues, the unavailability of end-user finance, the need for bridging finance for developers, a lack of institutions and sources of funding to carry out bulk infrastructure provision — the list is endless.

But what do they all mean? Clearly the housing sector set itself up for a fall by, in its eagerness to show progress, continually announcing "breakthroughs" before the details of programmes were fully operational. But something more than "endless problems" seem to be behind the lack of delivery.

The key problem is that the policy is underpinned by conflicting principles. Immediate and visible delivery, community participation, developer-driven housing, economic empowerment of communities, and so on, seem to clash when put into practice. For example, immediate and visible delivery does not meld well with economically empowering communities, as the latter relies on unskilled and inexperienced small builders, while developer-driven delivery does not sit well with the need for full community participation, as time-consuming consultation tends to erode profit.

Incrementalism, by its nature, implies that low-income households will be looking to find more resources to improve their housing situation. But banning subsidies from other government sources (double subsidies) eliminates a potential avenue of assistance.

How did we get into this situation? The new policy, we need to recall, is the result of lengthy negotiation between the National Housing Forum, a multiparty negotiating body, and government. The forum not only saw itself as a vehicle for negotiating a housing policy and strategy, but as a vehicle for eliciting consensus among key groups. This was essential, given that housing, like several other sectors, comprises organised interests whose support for policy is essential if it is to be implementable.

But consensus can be achieved either by hard bargaining during which parties settle for "second best", or by fudging vital differences between them.

Housing's agreement, it seems, was achieved at least partly by the second route, by endorsing conflicting priorities in order to ensure that each key interest endorsed the agreed policy.

A year and a quarter after the policy's launch, it may be necessary to stop and examine whether this hard-won consensus is the real reason behind the lack of delivery.

□ **Mary Tomlinson is senior research consultant at the Centre for Policy Studies**

Waste-tech sets its pre-listing priorities

BD 27/9/95 (123) (88)

Yuri Thumbran

WASTE-tech, the waste management division of engineering group Fraser Alexander, would be listed on the JSE once the company had achieved certain goals it had set itself, group strategic planning and marketing director Kevin Eborall said yesterday.

Eborall said that Waste-tech, with an annual turnover of more than R100m, would have to find a suitable partner keen on participating in the listing, build a strong profit record, and have the Chloorkop dumpsite controversy in Gauteng resolved.

He was confident that once these criteria had been met, the way would be paved for Waste-tech's listing. But he warned that this would not happen in the foreseeable future.

Waste-tech is the country's largest private-sector waste management organisation operating on a national basis. It accepts, treats and disposes of industrial, hazardous, toxic, medical and domestic waste.

Eborall said the division was a significant contributor towards Fraser Alexander's net profit. The group does not disclose a divisional analysis of profit contributions.

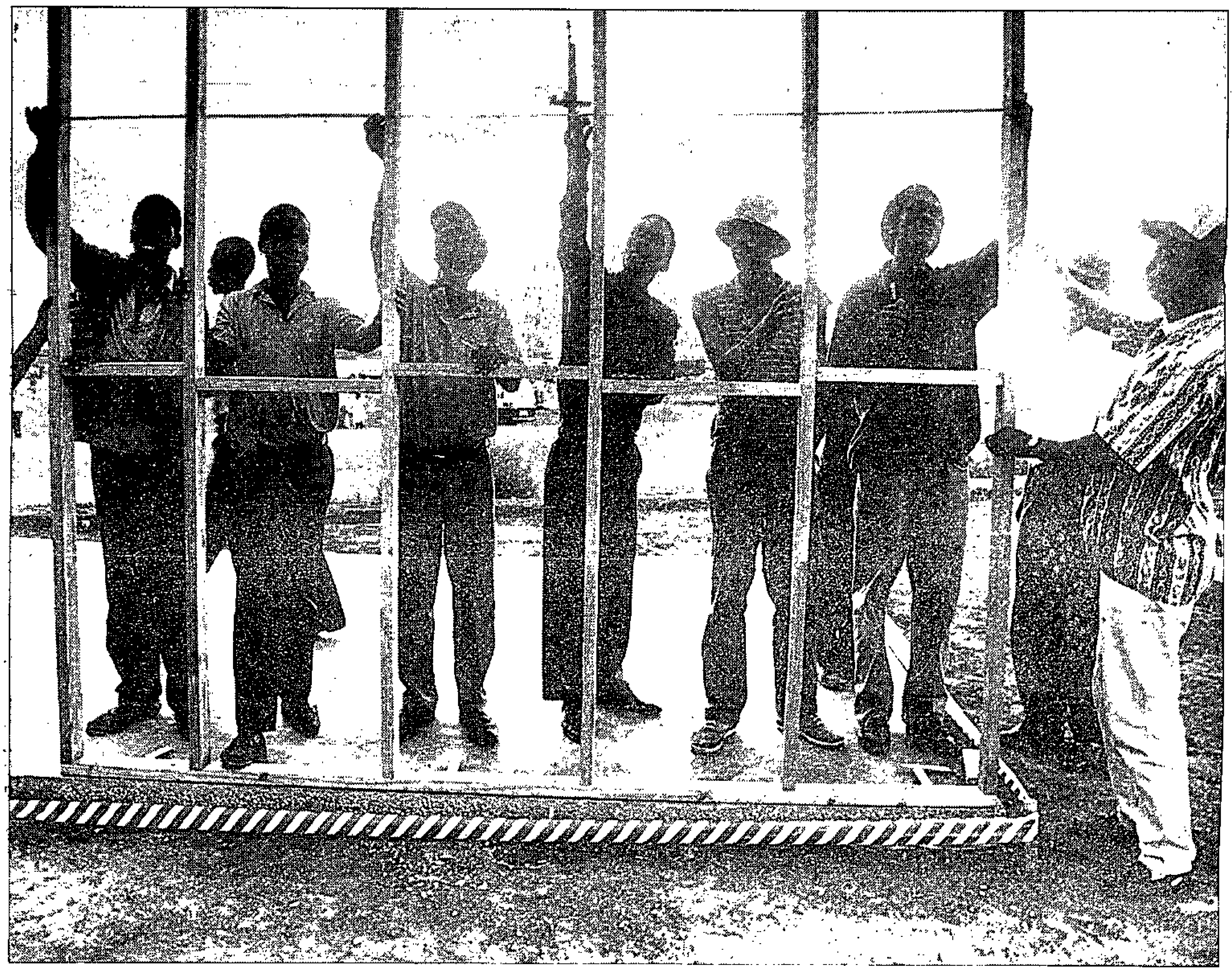
Fraser Alexander posted a 25% increase in attributable earnings for the year to June. At the time of the release of the results, CE Dennis McIntosh said Waste-tech had performed well. Its second half contribution had, however, taken a hammering due to factors including the continuing controversy over the Gauteng hazardous waste landfill sites.

The Chloorkop site, developed at a cost of R12m, has not been opened due to objections from squatters and farmers on smallholdings in the vicinity.

The division's wide-ranging services include the design and operation of landfill sites for its own uses, as well as for regional and local authorities.

Commenting on the legal implications of the Merriespruit slimes dam disaster, Eborall said civil claims were expected to amount to approximately R50m. Criminal charges against tailings company Fraser B Alexander and four of its employers were sub judice.

The group hoped, however, to bring "the entire painful episode" to a close as soon as possible, Eborall said.



Shaky foundations ... reconstruction was part of the promised packages, but there have been mixed feelings about whether this, or the Masakhane Campaign, has got off the ground.

Action needed now to put Masakhane and RDP on track

(123) Star 27/9/95

IT IS nine months since the launch of Campaign Masakhane, but service delivery remains invisible in most townships, writes housing reporter Bongiwe Mlangeni

With the local government elections on our doorstep, concepts like Masakhane and the Reconstruction and Development Programme will be reiterated as part of the "promises package" by most politicians appealing for a vote.

But the concepts have so far remained part of political jargon, producing few results.

The establishment of the transitional local government structures and Campaign Masakhane early this year gave hope to most communities living in squalid areas.

The message was clear: services will be delivered and residents should pay.

Simultaneously, the South African National Civic Organisation (Sanco) put an end to the bond and rent boycott and encouraged the culture of payment.

However, the payment rate has dropped nationally, services are still not well-delivered and in some areas non-existent.

None of the aims set out by Masakhane has been achieved – except hitting billboards and the media.

Included in the aims was accelerated delivery of basic services and housing, creating conditions for large-scale investments in housing and services infrastructure and promoting conditions conducive to effective and sustainable local governance.

National campaign manager Chris Ngcobo admits the campaign has not been a "complete success" and they were considering extending it, abandoning the initial plan of running the campaign for a year.

While Masakhane aimed at assisting to lay the ground for local government, the goalposts have now shifted, according to Ngcobo.

Local government will have to provide muscle for the campaign to succeed, he says.

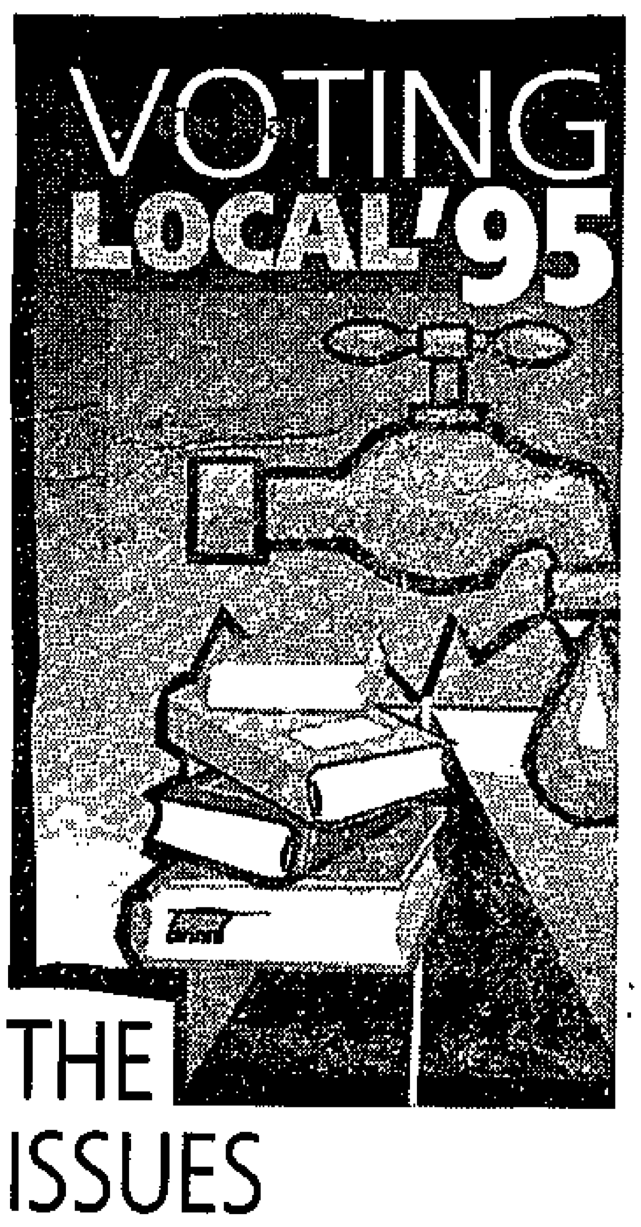
But he contends the campaign has not been a failure:

"The first phase of the campaign was aimed at creating an awareness around its theme. We were not ambitious, but we hoped by now we would have reached 40% payment rate," says Ngcobo.

However, this cannot happen without an economically viable and democratic local government.

Ngcobo says the campaign has been well-publicised, but transitional local councils have not committed their support to it.

Research done by Market Research Africa has shown that within seven weeks of advertising the campaign, 73% of black urban adults had heard about it and



60% had seen some form of communication about Masakhane.

Recent statistics have also shown people are familiar with the concept.

"Councillors did not take the campaign seriously and most were, and are, still too scared to tell people to pay for services because they want to save face for the elections."

While it may seem most communities are still holding on to the culture of non-payment, the reality is the Masakhane trumpet will not be heard until services are delivered.

According to some residents, the focus is still on affluent and advantaged communities. Without resources, Masakhane has no meaning. How can the local council inject life into the campaign?

One way would be to investigate the lack of non-payment and introduce tough measures to penalise those who do not want to pay.

Ngcobo says Masakhane needed to take a more practical and local approach.

This means councils will have to appoint local campaign managers, maintain and restore services in areas where services have collapsed, employ volunteers who will run a door-to-door campaign encouraging payment and form a personal relationship with residents.

Re-allocation of financial expenditure and existing staff toward the disadvantaged areas is also another aspect which should be looked at.

Ngcobo says there is a need to train existing staff in customer service and educate them about the campaign.

While local councils have a large role to play, communities and the private sector can determine the success of the campaign.

The national office of the campaign has embarked on a programme of engaging civics and non-governmental organisations to take up Masakhane as part of their programmes.

"We don't just want to receive letters from those organisations registering their support. They should go out there and act."

Like the meaning of Masakhane - "let's build together" - the responsibility lies with all sectors in communities to fuel the wheels of success for local government and the campaign.

Wasted water 'costs SA R800-m a year'

(123) Star 27/9/95

■ BY LLEWELLYN JONES

Water lost through faulty meters, illegal connections, waste and faulty plumbing costs the nation R800 million each year, says Edgar Johnson, the senior water engineer at Stewart Scott consulting engineers.

Johnson said water authorities needed to apply strict management principles to the country's water resources if the serious water shortages facing South Africa were to be tackled.

He said the existing Water Act provided the minister of water affairs with far-reaching powers to restrict water usage during shortage periods, but did not necessarily provide measures to ensure conservation at all times. Of the R800 million lost on an annual basis, a potential saving of R330 million could be achieved through a reduction in leakage alone.

Johnson said these figures were unacceptable. "It has been shown, for example, that in developing countries unaccounted-for water can be between 40 percent and 50 percent of water supplied, whereas this figure probably lies between 10 percent and 30 percent in developed countries."

A study for Soweto revealed that the level of unaccounted-for water compared with with that of developing countries, and that leakage within residential properties was approximately 16 percent of the total quantity supplied to the city.

Johnson ascribes the high levels of lost water in developing communities to inadequate system maintenance by infrastructure suppliers.

"One of the biggest reasons given for non-payment of services in such communities has been poor or non-existent service. This indicates to me that more emphasis should then be placed on managerial and behavioural strategies."

He said legislation and water audits on water authorities could be applied to alleviate the problem.

"A water audit is the most comprehensive method to determine water loss and is similar to that conducted by any business. It is a management tool to help managers reduce water and revenue losses, reduce inefficiencies, plan renovations, and evaluate operations and water rates."

Johnson said the shortage of middle and upper-level manpower, especially in the scientific, engineering and technical fields, also needed to be addressed.

The shortage led to reduced levels of productivity, resulting in poor quality services which, in turn, contributed to the high levels of lost water.

The proper application of water demand management could also facilitate the creation of employment opportunities.

Water wastage in SA 'costs R800m a year'

(123)

By Llewellyn Jones
Staff Writer

ET (BR) 27/9/95

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WATER TIGHT *Edgar Johnson, senior engineer at Stewart Scott*

Star 28/9/95

Home cover limit raised

(123)

■ BY PATRICK WADULA

A unanimous agreement has been reached to raise the ceiling level for warranty cover in the building industry, the National Home Builders' Registration Council has announced.

The level has been raised from R65 000 to R250 000 for all the contractors registered with the council.

NHBRC managing director Peter Allsop said this was a significant step forward as it made the scheme accessible and more attractive.

"The more houses covered by the scheme, the lower the levy per unit," said Allsop.

He said everyone would benefit, including customers, who would now have greater protection against shoddy workmanship.

Allsop expects that all houses built in the country will fall within the warranty scheme within the next 12 months.

He said contractors could register with the scheme at any time. Contractors active in the R65 000 to R250 000 market are requested to register by February 1.

SA water laws 'a mess'

(123) (6) Star 29/9/95

■ BY PATRICK PHOSA

Delegates to a conference on ground water this week raised questions about legislation governing water use and suggested laws might be necessary to prevent exploitation of ground water through private boreholes.

South Africa's water legislation is "in a mess", said Len Abrams, special adviser to Water and Forestry Affairs Minister Kader Asmal.

"The status of groundwater in the law is certainly one of the most important questions to be addressed," he said.

John Tonkin, president of the Borehole Water Association of Southern Africa, said drought-stricken communities, especially in the Northern Province, might not be able to afford borehole water and were open to exploitation by individuals who could afford boreholes.

association—which values are enshrined in our own Constitution and which are fundamental to our own foreign policy priorities of promoting democracy and respect for human rights.

It is unfortunate but, as any politician knows, incidents of this nature happen the world over. Our own recent history can attest to this. There is no reason why we as South Africans and as the elected representatives of the people of South Africa should have to tolerate such behaviour. We are aiming to build a society that is more caring and people friendly, where people can feel free to exchange views without fear of intimidation or harassment. On the international level, we should pursue every diplomatic channel and opportunity to voice our concern where violations and disregard for human rights occur. In this regard I can mention that the Acting South African High Commissioner in Kenya discussed the unfortunate incident with officials of the Kenyan Foreign Ministry.

New questions:

Investigation into alleged corruption in North-West Province

*1. Mr A S BEYERS asked the Minister for Provincial Affairs and Constitutional Development:

(1) Whether the Province of North-West has instituted an investigation into alleged corruption by the former government of Bophuthatswana; if so,

(2) whether such investigation has been completed; if not, what is the position in this regard; if so, what were the findings;

(3) whether he will table the report arising from this investigation in Parliament; if not, why not; if so, what are the relevant details?

N1207E

The DEPUTY MINISTER FOR PROVINCIAL AFFAIRS AND CONSTITUTIONAL DEVELOPMENT:

According to information obtained from the Office of the Director-General in the North-West Province the answer to the question is as follows:

(1) Yes.

(2) No. It is envisaged that the Commission of Enquiry will complete its task by December 1995.

(3) No. The Skweyiya Commission is a Provincial Commission of Enquiry promulgated in the Provincial Gazette and the report will be tabled in the North West Legislature.

123

Masakhane campaign: amount spent/effectiveness

*2. Mr A S BEYERS asked the Minister for Provincial Affairs and Constitutional Development:†

Hansard 13/9/95

(1) What amount has been spent by the State on the Masakhane campaign up to the latest specified date for which information is available;

(2) whether his Department has made any evaluation of the effectiveness of this campaign; if not, what is the position in this regard; if so, what were the results?

N1208E

The DEPUTY MINISTER FOR PROVINCIAL AFFAIRS AND CONSTITUTIONAL DEVELOPMENT:

(1) R11 145 096,73 as on 31 August 1995.

(2) Yes. The Masakhane campaign was launched in January 1995. The response of the public to the Masakhane message has been positive. The level of awareness of the campaign has increased significantly. Research done in June 1995 indicated that 73% of people interviewed to assess whether they knew of Masakhane or not were aware of the campaign.

Support for the campaign has been evidenced by community events initiated by communities themselves, under the banner of Masakhane.

Between the period April to August 1995, approximately 400 communities were reached through Masakhane road shows. Many areas have given the road shows an enthusiastic response.

A Working Group on Local Government Finance consisting of representatives of the nine provinces, the Departments of Housing, Finance, State Expenditure and Constitutional Development, the Development Bank of Southern Africa, the Institute of Municipal Treasures and Accountants and a representative from the RDP Office meets on a monthly basis to monitor the financial position of local authorities.

The Working Group *inter alia* monitors the cash flows of local authorities, the level of payment for services by residents, and the level of service delivery at local level, all important elements of the Masakhane campaign.

The Working Group reports to MINMEC on a monthly basis.

In addition, a Masakhane Technical Team, consisting of representatives from the Departments of Constitutional Development and housing respectively, the RDP office and Masakhane campaign management team meets on a weekly bais to evaluate the campaign.

Meetings are also held between the campaign management team and the nine provincial campaign coordinators to assess progress at provincial level.

The evaluations and assessments have shown that the campaign continues to be positively received. In addition, recent new reports indicate that communities in areas such as Daveyton on the East Rand and "Site C" in Cape Town decided to pay their municipal account *en masse*. This shows the growing effect of the Masakhane campaign.

Prospecting for crude oil/gas

*3. Mr M F CASSIM asked the Minister of Mineral and Energy Affairs:

Whether any prospecting for crude oil and/or gas is currently being undertaken within the territory of the Republic; if not, why not; if so, what is the (a) extent and (b) nature of such prospecting?

N1209E

The MINISTER OF MINERAL AND ENERGY AFFAIRS:

Other than Soekor's own exploration programme offshore of the Republic, no other company is presently involved in prospecting for crude oil and/or gas. International and local oil companies were invited during October 1994 to participate in the search for oil and gas offshore. Although no applications have been received thus far, a number of international oil companies have indicated that they are considering applying for offshore licence blocks. They will decide whether to apply or not only after they have fully reviewed the large quantity of geological and other data bought from Soekor.

(a) Soekor's own prospecting programme is limited to the Mossel Bay offshore area generally referred to as the Bredasdorp Basin. During the current financial year Soekor's drilling programme provides for the drilling of three boreholes and an appropriate seismic programme, which allows for more accurate placement of drilling holes as well as the determination of the extent of reservoirs.

(b) The nature of Soekor's prospecting programme is to evaluate discoveries and to find additional oil and/or gas reserves.

Government/public service employees: entertainment allowances

*4. Mr M F CASSIM asked the Minister of Finance:

(1) (a) What (i) is the policy and (ii) are the guidelines in regard to the payment of entertainment allowances to persons in the Government and public service, including the foreign service, (b) who are entitled to such allowances in each case and (c) what amount was spent on such allowances in the 1994-95 financial year;

(2) whether the payment of such allowances was discontinued at any level in respect of any of the categories referred to in paragraph (1); if so, when?

N1210E

The DEPUTY MINISTER OF FINANCE:

The issues raised in this question are at present under review. The Minister of Finance in the form of the Department of State Expenditure is attempting to gather one registered information from a wide range of relevant departments that pay these allowances. As soon as the full information, both national and provincial, is available, we will be very happy to make it available to the member.

such as the Central Selling Organisation in London and dealers in Antwerpen. South African cutters receive most of their raw material from the same suppliers: in 1994 they obtained 48% of their rough supplies from the Central Selling Organisation, 33% from foreign dealers, 17% from local producers and dealers and 2% from other sources.

Cutters in the mentioned main cutting centres receive most of their rough supplies from the Central Selling Organisation's "London Selling Mixture", which is an assortment of rough diamonds suitable for polishing and sourced from the major diamond producing countries, like Botswana, Russia, Australia, Namibia, Angola, South Africa, etc. South Africa produces only about 10% (by volume) of the world's total diamond production and it can therefore be assumed that approximately 10% of the Central Selling Organisation's "London Selling Mixture" would be South African diamonds.

(b) No such criteria exist since supplies of South African rough diamonds are not being allocated to any person or concern.

(c)(i) South African cutters currently obtained some 80% of their rough supplies from the Central Selling Organisation and from foreign dealers and supplies are as a rule a mixture of diamonds emanating from all the important diamond producing countries, including South Africa. It is therefore not possible to say what amount of South African diamonds is cut and polished in the RSA. It can, however, be stated that only about 6% of the RSA's diamond production can be economically polished by the local cutting industry. The reason for this is that the Republic's cutting industry finds it difficult to compete with certain other cutting centres where wages and the cost of production are much lower than in South Africa. This is especially applicable to the smaller and lower qualities of rough diamonds.

(c)(ii) Approximately 80% of diamonds polished in the Republic are polished in Johannesburg, the Republic's main diamond centre. Diamonds are also polished in Newcastle (one medium sized factory), Kimberley, Cape Town, Durban and East London. Cutting factories that used to operate in Bloemfontein and Pietersburg are no longer active.

NOTE: Since this question is obviously prompted by a concern about the availability and supply of rough to the local cutting industry, I wish to emphasise that the benefication of raw materials is still a main objective of Government's mineral policy. This and other concerns of the local industry as well as ways to assist in its expansion, are continuously being addressed by my Ministry and the SA Diamond Board.

Houses built in each province (123)

561. Mrs P DE LILLE asked the Minister of Housing:

Hansard 14/9/95

(a) How many houses were built in each of the provinces during the period 1 May 1994 up to the latest specified date for which information is available and (b) where are these houses located?

N1195E

The MINISTER OF HOUSING:

(a) and (b)

GAUTENG: 1 277 homes

Soweto	506
Germiston	10
Johannesburg	6
Pretoria	67
Kempton Park	209
Bronkhorstspruit	26
Midrand	12
Krugersdorp	120
Cullinan	110
Nigel	22
Wadeville	91
Roodepoort	26
Rabie Ridge	3
Ennerdale	5
Ventersdorp	24

KWAZULU-NATAL: 2 826 homes

Port Shepstone	190
Umzinto	675
Pietermaritzburg	464
Bonella	799
Tugela	80
Buffelsbosch	223
Craigieburn	250
Ezakhane	57
Kloof	28

Ngwelezane	26
Shayamoya	31
Umlazi	3

EASTERN CAPE: 478 homes

Alexandria	25
Adelaide	15
Addo	10
Barkly East	10
Bedford	20
Fort Beaufort	28
Graaff Reinet	30
Indwe	16
Jansenville	9
Hofmeyer	11
Kareedouw	30
Komga	2
Kirkwood	10
King Williams' Town	23
Middelburg	10
East London	30
Paterson	10
Somerset East	50
Steynsburg	3
Ugie	9
Cradock	10
Middledrift	5
Peddie	10
Port Elizabeth	4
Stutterheim	4
Uitenhage	2

FREE STATE: 1 857 homes

Bethlehem	600
Bethulie	137
Bloemfontein	73
Clarens	21
Harrismith	7
Odendaalsrus	747
Vrede	2

WESTERN CAPE: 2 029 homes

De Rust	20
George	30
Klein Karoo SDR	60
Murraysburg	10
Beaufort West	26
Central Karoo	10
Oudtshoorn	50
Pacaltsdorp	10
Kranshoek	10
Groot Brakrivier	15
Herbertsdale	3
Mossel Bay	7
Riversdale	17
Haarlem	16
Still Bay	50
Robertson	3
Hermanus	10
Montagu	18
Melton Rose	7
Strand	101
Kleinmond	16
Stanford	7
Grabouw	7
Waenhuiskrans	5
Hawston	16
Barrydale	3
Scottsdene	8
Heidelberg	1
Swellendam	8
Bredasdorp	40
Kylemore	3
Slangrivier	6
Franschhoek	7
Genadendal	5
Bonnievale	20
Suurbraak	13
Macassar	5
Saldanha	2
St Helena	11
Velddrift	15
Malmesbury	37
Piketberg	8
Eendekuil	1
Hopefield	13
Lambert's Bay	2
Saron	10
Clanwilliam	3
Elands Bay	17
Vredenburg	46
Moorreesburg	20
Cape Metropolitan Council	307
Cape Town City Council	863

NORTHERN PROVINCE: 118 homes

Giyani	21
Thulamahashe	12
Lulekani	17
Dwarsloop	27
Mkhulu	21
Waterval	4
Malamulele	13
Mahwelereng	3

NORTHERN CAPE: 1 068 homes

Scattered in the province	1 068

MPUMALANGA: 510 homes

eMjindini	54
Ekangala	5
Wesselton	60
Lebohang	7
Mhluzi	14
Phola	120
Hlalanikahle	20
Ekulindeni	11
Empuluzi	20
Kamhlushwa	19
Kamaqhekeza	20
Kabokweni	30
Elukwatini	30
Kanyamazane	75
Matsulu	25

NORTH-WEST

North-West Provincial Administration indicates that they are not in a position to supply the required information.

Information as available on 15 September 1995.

Prisoners: release/rearrest/conviction of new crimes

562. Mr D H M GIBSON asked the Minister of Correctional Services:

Whether any prisoners who have been released since 1 January 1990 as a result of (a) the completion of their sentences, (b) political amnesty and/or (c) a general amnesty have been (i) rearrested and/or (ii) convicted for other alleged crimes committed since their release; if so, how many in each case?

N1196E

The MINISTER OF CORRECTIONAL SERVICES:

(a), (b) and (c)(i) These statistics are not kept by the Department of Correctional Services. It is suggested that the hon member approach the Minister of Safety and Security in this regard.

(ii) This information is not readily available and can only be obtained through a time-consuming, expensive and manpower-intensive country-wide survey. Should the hon member require information with regard to a specific person, I will gladly obtain it and furnish it to him on a confidential basis.

Number of motor vehicles owned by Dept

566. Mr K M ANDREW asked the Minister of Finance:

(a) How many motor vehicles are currently owned by his Department, (b) what is the total estimated value of these vehicles, (c) what percentage of such vehicles are currently in use, (d) how many motor vehicles were purchased during the latest specified period of twelve months for which information is available and (e) what amount was spent in each month during the period 1 January 1995 up to the latest specified date for which information is available on (i) fuel for and (ii) the maintenance of motor vehicles owned by his Department?

N1200E

The MINISTER OF FINANCE:

(In respect of the Department of Finance)

(a) 800;

(b) R28 000 000;

(c) 99,62%;

(d) For the period 1 September 1994 to 31 August 1995, 29 vehicles were purchased at a value of R1 169 206.

(e) (i) and (ii)

Fuel and maintenance is paid for by the Government Garage in the various Provincial Administrations.

The following amounts have been paid to the Government Garage in respect of kilometre costs:

January	1995	R457 420
February	1995	R321 699
March	1995	R368 015
April	1995	R374 334
May	1995	R583 736
June	1995	R564 196

(In respect of the Department of State Expenditure)

(a) 44 motor vehicles.

(b) R1 040 525.

(c) 100%.

(d) one motor vehicle for the period 1 September 1994 to 31 August 1995.

(e) (i) Fuel and

(ii) maintenance costs are included in the tariff for running expenses of motor vehicles (cent per kilometer). The total running costs were as follows:

January 1995	R 29 163,03
February 1995	R 22 653,73
March 1995	R 24 303,27
April 1995	R 21 814,60
May 1995	R 32 696,03
June 1995	R 27 768,21
July 1995	R 29 655,96
August 1995	R 31 182,68
Total	R219 237,51

Number of motor vehicles owned by Dept

567. Mr K M ANDREW asked the Minister of Trade and Industry:

(a) How many motor vehicles are currently owned by his Department, (b) what is the total estimated value of these vehicles, (c) what percentage of such vehicles are currently in use, (d) how many motor vehicles were purchased during the latest specified period of twelve months for which information is available and (e) what amount was spent in each month during the period 1 January 1995 up to the latest specified date for which information is available on (i) fuel for and (ii) the maintenance of motor vehicles owned by his Department.

N1201E

The MINISTER OF TRADE AND INDUSTRY:

(a) The Department has 65 motor vehicles at its disposal, of which 36 are Government Garage vehicles and 29 are owned by the Department.

(b) The estimated value of the 36 Government Garage vehicles is R667 047,[1] while the value of 28 vehicles which are used at trade offices abroad is estimated at R999 783.[2] The estimated value of one vehicle used at the Department's head office is R10 000. The estimated value of all the said vehicles is R1 686 380.

(c) All 65 vehicles are in full use.

(d) Only one Government Garage vehicle since 1 September 1994.

(e) (i) Expenditure on fuel during the periods mentioned below was as follows:

	Government Garage vehicles	28 offices abroad	Head office
January 1995	R58 394,74[3]	R6 547,76	R1 126,21 since 1-10-1994 to 12-9-1995
February 1995	R34 342,33[3]	R5 189,12	
March 1995	R27 535,26[3]	R9 171,72	
April 1995	R18 364,68[4]	R4 119,56	
May 1995	R21 582,94[4]	R6 577,67	
June 1995	R31 148,92[4]	Not available	

(e) (ii) Maintenance cost during the periods mentioned below was as follows:

	Government Garage vehicles	28 offices abroad	Head office
January 1995	The Government	R3 910,80	R3 034,26 since 1-10-1994 to 12-9-1995
February 1995	Garages in the	R6 532,25	
March 1995	Provinces are	R14 511,25	
April 1995	responsible for	R2 327,68	
May 1995	these costs	R5 542,09	

Notes

1. Fleet-average kilometres of 98 000 multiplied with the depreciation factor 0,174011 per vehicle.
2. Purchase price in Rand value decreased with 20% annual depreciation since date of purchase.
3. In respect of the former four provinces.
4. Only in respect of Gauteng province.

Newhco 'cannot carry losses'

(123) BD 2/10/95

Robyn Chalmers

NEWHCO, a non-governmental housing organisation, would appraise its projects and divisions to assess their viability, after being forced to close its KwaZulu-Natal operation at the end of the year.

Group MD Rod MacGillivray said at the weekend the lack of delivery on the housing front was a countrywide problem, and the group could no longer carry losses in its operating division.

Newhco, a section 21 company, was SA's largest non-government developer and short-term financier of housing for low-income earners. Apart from KwaZulu-Natal, it had divisions in Gauteng, the Eastern Cape, the Western Cape and the Free State.

MacGillivray said that while none of these divisions were in immediate danger of closure, they — and the projects they were undertaking — would have to be carefully assessed.

"Newhco has to become a far more commercial operation and if divisions are not covering their costs, we have to identify why, set targets and turn them around.

"Our objective is not to cut back and close down operations, and we are working on ways to ensure that this does not occur," he said.

However, the organisation, along with a wide range of other groups including the SA Housing Trust, continued to be stymied by many factors, notably the confusion surrounding housing policy at national and provincial levels.

MacGillivray said the group took a strategic decision to carry losses amounting to R8,1m for the year ended June last year, as it believed the housing programme would get off the ground during the 1995 financial year.

This had not materialised and the group had to close its KwaZulu-Natal operation, effective from December.

Should the group be forced to close more divisions, the low-cost housing programme could be dealt a severe blow as Newhco was one of the few active organisations.

Projects being developed by Newhco included the conversion of the Anstey's project in Johannesburg's CBD into low-cost residential units and starter housing projects at Kwathema, Katlehong, Thokoza, Ulundi, Middleberg and Witbank. It had also undertaken a host of site-and-service and upgrading schemes, industrial and commercial projects, hostel upgradings, inner city projects and lent almost R100m bridging finance to developers for the year ended June last year.

Services, funding 'must change'

Greta Steyn (123)
BD 2/10/95

SA NEEDS a major change in the way in which local government services are delivered, says a recent government-commissioned study.

The system of local government funding would also have to change dramatically to enable massive spending on infrastructure without destroying macroeconomic stability, it said.

The study was done by the reconstruction and development programme office's urban infrastructure investment planning team, which was assisted by a World Bank mission. The report put the cost of upgrading existing infrastructure and spending on new infrastructure over five years at R50bn in non-inflation adjusted rands for full services, and at R21bn for basic services. Adjusted for inflation, the cost would vary between R49bn for the most basic level of services and R107bn for full services. This compares with an earlier price tag of R80bn.

The report said these demands could not be met without alternative service delivery mechanisms to those now in place. Without new and more

Continued on Page 2

Services

(123)
BD 2/10/95

Continued from Page 1

efficient service delivery mechanisms, SA would not reap the productivity benefits of infrastructure investment. The country would also be in danger of running up big fiscal deficits that could undermine macroeconomic stability.

The report recommended services be delivered by bodies which were as independent as possible. Independence and commercialisation would enhance efficiency.

A range of options existed, starting with "ring-fencing" — which requires the establishment of distinct business units with their financial flows kept separate from one another. Other options included establishing formal companies for service provision, contracting out, leasing, the granting of concessions and full privatisation.

These approaches could help reduce the financial burden on government, as they would attract equity as well as debt. Independent service providers — even simply as "ring-fenced" units under local governments — provided the structures to attract private finance without government guarantees or borrowing from public sector lenders.

SA had always employed a "pay as you go" approach for white local authorities, while black authorities had depended on central government transfers, loan guarantees and subsidised loans from the public sector. "This dual system of finance is no longer sustainable," the report said.

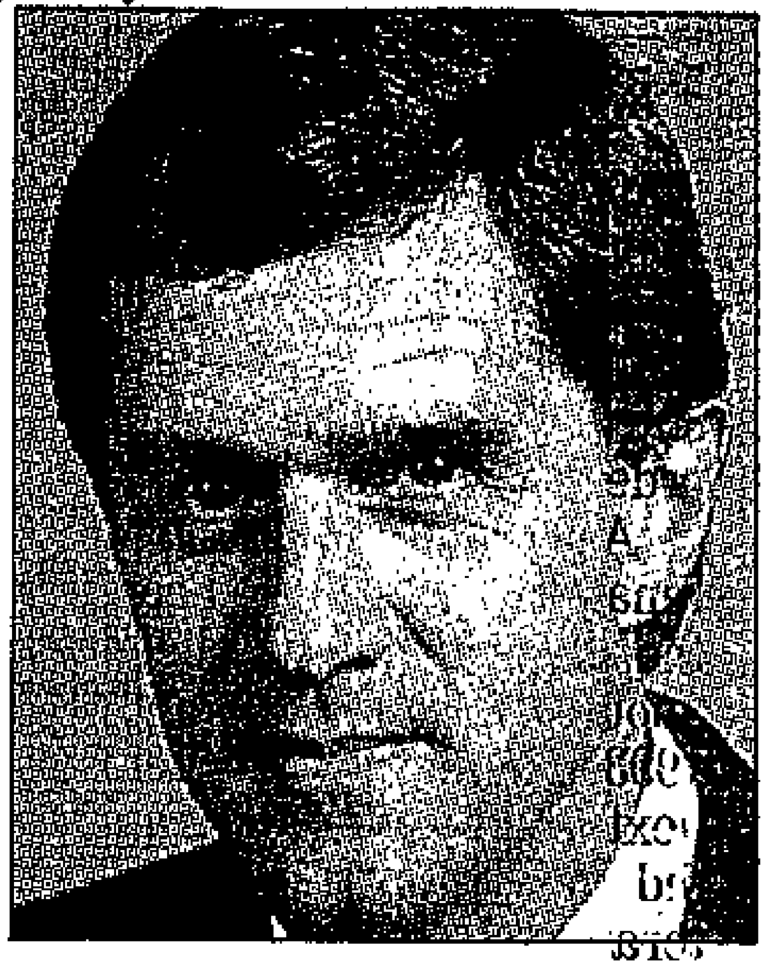
The pay as you go system would be unable to meet the infrastructure backlog in a politically acceptable period of time. The system had been inefficient and had contributed to growing central government spending.

To attain delivery of full services, there would have to be steep rises in the taxes, tariffs and charges of the former white local authorities. The affordability of higher charges would determine the level of services provided. The study found basic services were affordable for all income groups, whereas middle income groups could afford up to the intermediate standard.

Masakhane isn't delivering – Meyer

(123) Star 3/10/95

■ BY MONDLI MAKHANYA
POLITICAL REPORTER



Meyer ... tough action needed.

The Masakhane campaign was not producing the "desired results" of improving service payments in townships, Provincial Affairs and Constitutional Development Minister Roelf Meyer warned yesterday.

Addressing the Institute of Municipal Treasurers and Accountants in Alberton, Meyer called on politicians to "seriously try to advance and motivate for the cause of payment for services against the negative impact of non-payment".

He revealed that data submitted by local authorities indicated many municipalities would experience serious financial difficulty within the next financial year.

He said provincial governments should begin meeting local authorities on a one-on-one basis to ascertain the extent of financial problems in municipalities. Provinces would have to make provision for bailing out local authorities in the 1996-1997 financial year.

Meyer encouraged local authorities to avoid overreliance on central and provincial government for financial assistance as this could undermine their political autonomy.

In order to alleviate their financial difficulties, local authorities should immediately begin improving their efficiency and look for areas where they could cut costs through rationalisation and right-sizing. Local authorities should be prepared to take action against people who did not pay for services. They should also begin reprioritising their budgets, Meyer said.

"Local authorities must reallocate resources towards the provision of basic services in disadvantaged communities.

"Budgeting for luxuries cannot be allowed at the cost of more deserving developmental needs. The RDP is not an add-on programme, it is part of the Budget and must be achieved primarily by reprioritising existing expenditure," he said.

The flat rates which existed in various municipalities would have to be phased out to make way for economical tariffs.

He urged municipalities to make optimal use of all avenues open to them for raising revenue.

Campaign to fall under local govt

Campaign Masakhane, which was launched to operate for a year and promote service delivery and a culture of payment, has been extended indefinitely in all provinces, national chairman Valli Moosa announced yesterday.

He said the campaign would now form part of the coming local government structures and its aims would be visible as soon as the democratic councils had used the R850-million budget allocated to upgrade municipal infrastructures.

The Gauteng office was the first to take a decision last month to extend the campaign.

"It was clear to me from the beginning that the campaign was not going to be short-term. It needs to be sustained nationally because, in some areas, municipal services collapsed 10 years ago," said Moosa.

He said the campaign would help rehabilitate the infrastructure, extend services, and reverse the culture of non-payment. – Staff Reporter.

NEWS

'Long-term crisis could cripple the country'

Minister calls for higher water tariffs

Star 3/10/95 (123)

BY ANITA ALLEN

Substantially higher water tariffs should be paid by all sectors of society, including industry, mining, agriculture and domestic users, Minister of Water Affairs Kader Asmal told delegates yesterday at the National Water Conservation Campaign conference.

"For all sectors, the economic or true price of water is substantially higher than the tariffs they are paying at present," he said.

Asmal also warned that the current situation where small users effectively subsidised large users was not fair.

"There is a great disparity in the tariff paid for water by different sectors. Aside from the question of equity with respect to why some sectors should be more subsidised than others, it is known that too low tariffs result in an inefficient use of water," Asmal said.

The two-day conference is part of his department's present policy formulation process. It is focusing on trade-offs in the equitable, sustainable and efficient supply and use of water.

Asmal emphasised that he was unequivocal regarding payment.

"The user-pays principle must apply and the user must pay the right price," he said.

Asmal warned that South Africa's pending long-term water crisis could cripple the country.

"Unless there is a comprehensive plan to improve dramatically the care we take to manage our sources of water, the efficiency with which we use water and the equality with which we allocate water, then there is little chance of the sustainable development of South Africa."

Asmal said he had given his staff one instruction for the Water Conservation Campaign: do not talk punitive measures. One does not build easily by merely punishing.

Despite this, yesterday's session was dominated by questions of tariff increases.

Speakers outlined issues in plenary sessions. At today's session delegates will split up into sectors – agriculture, nature conservation, mining and industry, forestry and municipal services, – and will report back their findings to a plenary session this afternoon.

Cost of house can be cut by a third, expert tells congress

(123) ARG 3/10/95

CHARLENE CLAYTON
Property Reporter

DURBAN. — Developing and building on a large scale could speed up the delivery of houses and drastically reduce the unit price of houses, says the chief executive officer of the New Housing Company, Rod MacGillivray.

Speaking at the Institute for Housing of South Africa congress in Durban, Mr MacGillivray said the cost of a R38 000 house could be cut by a third by using this delivery system.

"I'm not taking about soulless, industrialised rows of housing units. It is quite possible to introduce character and aesthetics into scale delivery.

"If we could take advantage of the buying advantages of mass purchase of materials, a systematic approach to the digging and casting of foundations and construction, and a simplified administration and approval process, the unit price of houses would be drastically reduced."

Another answer to the housing crisis could be found in a more prosperous exchequer, Mr MacGillivray said.

He suggested that the government set aside a portion of its subsidy budget to be allocated to selected development agencies in the different provinces.

The efficiency of delivery could then be used as a measure against which these developers performed.

Mr MacGillivray made an urgent call for the establishment of an expert grouping of finance and housing specialists to resolve the issue of financing the end user.

He said policy confusion and bureaucratic delays were holding up the delivery process.

"Apart from the lack of direction we are being given by government, provincial governments are unable to handle the administration involved in the development.

"The lengthy time frames involved in project approvals and processing of subsidy payments are slowing projets and adding punitive holding costs to tied up capital and interest payments," he said.

Hanekom defends housing progress

SPECIAL CORRESPONDENT

(123)

CT 3/10/95

DURBAN: Land Affairs Minister Mr Derek Hanekom has challenged business and developers to point out where the government has gone wrong in providing houses.

Speaking at the Institute for Housing of South Africa here yesterday, Mr Hanekom said the government did not have large tracts of land or money for any instant solutions to the housing crisis.

Mr Hanekom said significant strides had been made in putting legislation and policy framework in place for the delivery of houses: "You have to tell us where we have gone wrong ... if some of our policy statements are not going to provide certainty ... table those views," he said.

The general manager of Standard Bank, Mr Bob Tucker, appealed to the government to introduce certainty into the housing sector and said the housing delivery programme had fallen into the trap of funding the "haves instead of the have-nots".

Referring to government subsidy schemes, he said the only people able to afford low-cost housing were those in the R3 100 a month and upwards category, about 24% of the unhoused population. He said as building costs increased and interest rates remained high, the percentage who could afford housing was probably on the decline.

"Yet until now we have devoted very little (energy) to the masses whose housing needs have to be addressed."

Housing priorities 'must be revised'

(123) CT(BR) 3/10/95

By Shirley Jones

Bob Tucker, the general manager of Standard Bank's community banking arm E Bank, has issued a stern warning to all parties against passing the buck for non-delivery of housing.

Speaking at the Institute for Housing for southern Africa's national congress yesterday, he said this would ultimately come back to haunt them. Tucker said the present financial scheme was nothing short of black magic or trickery.

He pleaded with delegates to face reality. A large number of South African households would not be able to afford the usual definition of low-cost housing in the foreseeable future.

Tucker said that 48 percent of unhoused South Africans earned less than R1 000 a month, 28,5 percent between R1 000 and R1 500 and just 23,5 percent more than R1 500. This meant fewer than 25 percent of homeless South Africans could afford a house, a number which was set to fall further as costs escalated.

Tucker said that key figures in the housing sector appeared to have pretended that people could afford more than they could, that banks could lend at interest rates which offered no return, that builders could sell houses at prices which did not reflect the real cost of building and that the government had unlimited funds for subsidies.

Tucker said he suspected that key players had imposed their personal expectations on people, saying that home-buying decisions should be based on choices between affordable alternatives, not on some arbitrary convention or assumption or politically prescribed standard.

"If it is cheaper to build houses or flats with mass building techniques and in higher densities, will future generations thank us if we refrained from using those techniques because it would have meant that the large construction companies would have had an advantage over the small emergent ones?" he asked.

Govt document suggests a 'radically different approach' to water

(123) BD 3/10/95

Michael Moon

THE economic pricing of water in SA — resulting in a "massive" increase in consumer tariffs — has been suggested in a government discussion document.

The mooted new approach "is radically different from approaches to water that have been followed in the past in this and other countries", says the document, released by the water affairs department yesterday.

Water Affairs Minister Kader Asmal has proposed introducing "lifeline tariffs" for poor people who would be hard hit by the introduction of an economic, or "true", pricing system.

Asmal told a conference on water conservation at Kempton Park yesterday that water users, such as agriculture, mining and domestic households, were paying substantially less than the true price. Addressing this issue was a basic part of the national water conservation campaign, he said.

An economic price was bound to be "a massive increase".

The conference is due to discuss the document today. The preface emphasises that it is not firm policy but a stimulus for debate. The document says water has always been regarded as a free or public good, belonging to no one in particular. It questions whether this should continue to be the case, given its scarcity in SA.

"Economic theory suggests that in the absence of abundance, water as a product should ... be priced according to its value as a commodity."

The purpose of a managed pricing policy would be to allow water to be allocated to most productive uses. It could promote conservation of water, the sound development of resources and good management practices.

Problems arising from having water priced below its economic value included inefficiencies in allocation, lack of incentive to conserve, inequities to newer users, and unnecessarily expensive capital projects.

The policy of meeting demand through dam building and water transfers would not alone be feasible in the next century. Demand at current tariff levels would outstrip supply.

The document suggests pricing based on the pooled cost of successive water supply schemes. But it goes on to warn of the need for welfare measures because water is vital to life. It also raises the possibility of marketable water rights, the removal of subsidies, levies on the reduction of run-off by various land uses, rebates for return flows and differentiation in tariffs according to water quality.

Continued on Page 2

Water document

(123)

Continued from Page 1

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While an economic approach had theoretical merit, it also posed severe difficulties of implementation.

Changes demanded of householders might include the substitution, "possibly even abandonment", of public water supply through the use of rainwater tanks and boreholes. More efficient toilets and showers were also likely. Irrigation farmers could change cropping patterns and industry would have to devise more efficient systems.

Asmal told the conference that the user-pays principle had to apply, and the user had to pay the "right" price. Water users were being subsidised by billions of rands a year.

He also announced that 3,4-million people, or 25% of those who had no adequate access to water, would receive it within the next 18 months.

Bungling blamed for housing delays

(123) BD 3/10/95

DURBAN — Bureaucratic bungling, a lack of proper financing and public ignorance of policy were largely to blame for the lack of new houses in the country, delegates to an Institute for Housing congress in Durban said yesterday.

Sapa reports that this year's congress marks the anniversary of the Botshabelo Accord, the start of a housing alliance between government, business and the public.

However, speakers appeared disillusioned with the results of the accord in the past year.

In his keynote address to the congress, Land Affairs Minister and acting Housing Minister Derek Hanekom said the accord remained crucial to housing provision, despite delays.

"Today we are one year down the road since the accord was signed.... I would like to encourage you to apply your minds rigorously and creatively to help us to identify bottlenecks to housing delivery in our country."

Other speakers emphasised perceived shortcomings in existing housing policy and called for far-reaching changes that could hasten housing provision.

National Housing Board chairman Ishmael Mkhabela said housing provision would take time and stressed the need for proper communication with the public who were largely ignorant of the complex housing subsidy systems.

Standard Bank housing spokesman Bob Tucker said: "I urge that we focus our energies on the real crisis, which is the large number of households which for the foreseeable future will not be able to afford self-standing dwellings."

Nicola Jenvey reports that Newhco CEO Rod MacGillivray told the conference government should consider standardising the housing subsidy at R15 000 up to a R90 000 limit, since the subsidy costs on packages greater than R50 000 would be fully covered by the revenue-producing elements involved in building.

MacGillivray calculated the increased revenue collected through VAT, SITE and PAYE would result in a net inflow after deductions for the subsidy cost.

Consideration also had to be given to developing and building at scale. MacGillivray said if developers took advantage of mass material purchasing and applied a systematic approach to construction, the unit price of houses would be drastically reduced.

A R38 000 house could be reduced to R25 000 in this way.

He suggested provincial governments set aside a portion of their subsidy budgets for allocation to selected development agencies applying high-density production units. There would then be a measure for delivery efficiency.

MacGillivray said that most developers wanted to build according to the national housing policy basic standards, but required clarification on what those standards entailed.

Looking to the administrative delays in the delivery process, MacGillivray said the Industrial Development Trust had previously done "an excellent job" in allocating funds for worthy projects.

Although now considered "discredited", the IDT had a sound method of processing projects.

Contractors support centres are on track

(123) BD 3/10/95

Robyn Chalmers

CONSTRUCTION of SA's first housing support centres to assist emerging contractors could get under way next month, with Housing Minister Sankie Mthembi-Nkondo expected to make an announcement next week on her return from India.

The support centres are seen as a vital component of SA's housing programme.

Mthembi-Nkondo was heading up a delegation which left yesterday for India, having been invited by the Indian government for talks and site visits. These were designed to strengthen the Indo-SA agreement on intergovernmental co-operation, signed by President Nelson Mandela during his visit to India earlier this year.

A Housing Ministry spokesman said Mthembi-Nkondo would be looking at housing support systems operated by the Housing and Urban Development Corporation of India, and discussing possible technical assistance by the corporation for SA's housing effort.

All nine provincial governments had established task teams to plan and implement the support centre programme, which would provide help in explaining what the government's subsidy system could buy. It was envisaged that the centres would provide advice, finance, training, job opportunities and reasonably-priced building materials.

The proposed procurement of materials at affordable prices has raised the ire of building material suppliers, who believe they would be crowded out of the housing process. The Building Materials Suppliers' Consortium has expressed fears that if government undercut private sector prices, it would in effect amount to a hidden subsidy. But government sources said that if the material suppliers kept prices reasonable and increases at inflation or below, they would have no reason to worry.

The ministry spokesman said advice would also be given to prospective home owners or tenants on technical, legal, financial and consumer protection concerns. Planning assistance would include the cost of materials.

Minister dares Govt to spark

(123) Sowetan 3/10/95

By Joshua Raboroko

MINISTER of Land Affairs Mr Derek Hanekom yesterday challenged the Government and the private sector to speed up the delivery of houses to urban and rural communities as agreed on in the Botshabelo Housing Accord signed last year.

Addressing a conference in Durban Hanekom said the delay was unacceptable and a mistake because communities needed houses, hospitals, industries and recreational facilities in line with the Reconstruction and Development Programme.

His department was vigorously working on a Land Reform Policy that would enable thousands of people to acquire land on which they could build homes.

However, he added that illegal invasion of land would not be tolerated.

He urged the hundreds of thousands of squatters to negotiate with local authorities to acquire land instead of invading land and causing the chaos often experienced in informal settlements.

He said one of South Africa's priorities was to overcome the apartheid legacy of cities split apart by racially discriminatory legislation. "We have to focus on ways to redress this legacy, to reintegrate our divided communities and to create a viable living and working environment for all our citizens," Hanekom said.

The minister stressed that local authorities must plan to deliver services, develop infrastructure and entrepreneurial skills and capacity building as they lobby for votes in the first democratic local government elections in November.

The ANC-led Government of National Unity, through its RDP had committed itself to addressing the problems of landlessness, homelessness and poverty. This was an immense task that needed the active participation of all stakeholders.

It was therefore heartening to see that all the original signatories of the Botshabelo Accord initiated by the late Minister of Housing Mr Joe Slovo were continuing to ensure that all citizens have access to affordable housing.

He appealed to women to play a role by helping the government to identify bottlenecks to housing delivery.

WALTONS STATIONERY REF. W 79

New water laws will limit usage

(123)

Star 4/10/95

LEGISLATION only will protect water supplies, as the public will not cut back usage voluntarily, conference is told

■ BY ANITA ALLEN

Drastic changes to South Africa's water laws, including imposing mandatory consumption limits, are on the cards according to Len Abrams, special adviser to the Department of Water Affairs and Tourism.

Speaking at the National Water Conservation Campaign conference at the World Trade Centre yesterday, Abrams said the Water Law Review was part of the transformation of supply, use and management of water in South Africa. It was inevitable that new legislation would be necessary, he said.

"Because we can't rely on voluntary cutting back, legislation will be necessary to ensure we don't merrily go ahead as though there was no tomorrow. We will have to restrain ourselves through laws," Abrams said.

South Africa's water laws were in a mess and were extremely difficult to apply and administer, he said.

For that reason a thorough process is underway to review the water laws. This started in July last year at a national water conference which resulted in the booklet *You and your water rights*.

Six volumes of public comment were received and are being drawn into a water laws review report, Abrams explained.

The central issue was that the constitution defined the right to water, but it did not define how people should behave regarding that right, Abrams said.

"Our reading is that water is not subject to ownership. But that might be challenged. The implication is that if no-one owns the water then it's a question of usage – the right to use and who has these rights, he said,

Declining to comment further as this would anticipate the findings of the Water Law Review process, Abrams said the report by a panel of experts would outline basic principles.

The report would go to the minister by mid November and thereafter to Cabinet and to the public for comment.

"Then it's a matter of taking those principles and drafting a new Water Act White Paper, hopefully by January 1996," Abrams said.

He pointed out that it was part of a number of processes regarding water which were taking place congruently.

The two-day conference, which ended yesterday, would result in a NWCC White Paper. The Water-Supply White Paper which was issued in November 1994, was also part of the transformation process – all of which would form policy and eventually be extended to law.

We have not yet reached the crisis that our neighbours in Zimbabwe have reached, he said.

"We still have time. We have the opportunity to create an integrated system so that we build a culture of conservation and supportive legislation," he told delegates.

Outlook bleak on housing for the poor

(123)

Property Reporter

DURBAN. — In spite of the valid market opportunity in the housing delivery process, South African employers may have to walk away from the poorest of the poor, Jo Dunstan, vice-chairman of the Business in South Africa committee on housing, warned here.

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The consequences of such a move would result in a national instability which would jeopardise the entire housing and infrastructure delivery process, she said.

She was speaking on behalf of employers at the SA Institute of Housing's national congress here yesterday.

The congress is reviewing the year that has passed since the signing of the national housing accord signed at Botshabelo in October 1994.

The business community was aware of the size of the market which provided a legitimate business opportunity, she said .

"An estimated three million houses are required to satisfy South Africa's s backlog and between 15 and 20 million people need shelter and infrastructure including sewerage disposal, schooling, health care, transportation and many other services and facilities.

"This is a valid market opportunity — we are talking about fair return, not exploitation ... we must not be ashamed of profits," she said.

She attributed the non-delivery of houses, a year after the signing of the groundbreaking Botshabelo Accord, to the "fragmented supply chain which seems to control and restrict the delivery process".

She also pointed to the low affordability of the poorest of the poor, lack of rental stock, high expectations and banks' lending criteria as obstacles.

"Of particular concern, is the bureaucratic component in this process, where procedural requirements appear to be in conflict with market demand.

"Instead of a clear and unequivocal policy by all levels of government, we have wavering and contradictory statements from both the national (housing) minister and several of the provincial MECs.

"The progress if far too little and far too slow. In some cases pressure on companies by employees is increasing for them to fill the gap by getting involved in development.

"For most businesses this has to be rejected as outside their sphere of competence and frame of reference as laid down by their shareholders."

Prepayment meters 'attractive' option

BD 4/10/95 (123)

Michael Moon

THE introduction of prepayment meters for domestic water usage was a very attractive proposition from an administrative point of view as it reduced financial and labour burdens on municipalities, Gauteng legislature speaker Trevor Fowler said this week.

It had been proven that universal metering achieved water savings, Fowler told the conference on water conservation in Kempton Park.

Studies done in Pretoria and Botshabelo had shown that savings of up to 30% were possible with meters.

But the implications of metering on water costs in low-income areas was significant, and this made the prepayment option attractive.

The cost of reading meters, when carried out by a local authority was between R5 and R6, while the cost of installation also had to be taken into account.

However, the SA National Civic Organisation (Sanco) had written to him raising questions about prepayment.

These included concern about cutting off the supply of water, which was a basic necessity, and affordability for aged, unemployed and disabled people.

Fowler said these problems could be addressed in an appropriate forum.

Ordinances could be introduced to prevent water being cut off for lack of payment, and suggested that special valves be installed to provide only minimal flow at minimal pressure to provide for the essential health needs of those who did not pay.

Water affairs ministry special consultant Guy Preston told the conference that prepayment metering was one of 48 designated national water conservation campaign projects.

"Prepayment meters are not just a mechanism for getting poor people to pay for their services.

"They have enormous potential to help all users to budget for their water and other resources such as electricity; to help them to save these resources."

Benefits

Municipalities could save money through the reduction in bad debts and billing costs, and through receiving payment before the resource was used.

They could also share capital and maintenance costs with other servers, such as electricity, posts and telecommunications and banks.

Another benefit of the project could be in the export field as SA had the scope to be a world leader in prepayment technology and practice.

Preston said another project which could bring water savings was the "retrofitting of households with conservation measures".

Water conservation research project carried out in the Kruger National Park had produced a 73% water saving.

This was partly due to application of the user-pays principle, and partly due to the installation of water conservation devices such as dual-flush toilet mechanisms, toilet lid sinks and low-flow showerheads.

The Durban, Maritzburg and Stellenbosch municipalities would now all run tests using similar strategies.

"Barefoot plumbers" would be employed to install devices where possible, fix leaks, check the reliability of meters and provide water education for householders.

"I anticipate that we will show that this exercise is cost-effective for municipalities," said Preston.

He believed efficiency of the project would be increased through "creative billing", which involved doing away with incomprehensible water bills and replacing them with understandable breakdowns informing consumers of precisely what they were doing with their water supplies and how they could conserve.

Fowler called for a vigorous programme of detection of leakages in supply systems. He said possible success rates for reducing losses this way was 15%-25% in developing areas and 10% in urban areas.

December deadline for electricity shake-up plans

BD 4/10/95 (723) (58)

Mungo Soggot

GOVERNMENT wanted to see final plans for the rationalisation of the electricity supply industry by December 15, the national electricity regulator said yesterday.

Regulator consultant Kevin Morgan said a team including the regulator, local government representatives, Eskom and members of government departments — including mineral and energy affairs, public enterprises and finance — was working flat out to meet theDecember deadline.

The supply industry includes Eskom and local authorities.

The regulator recently said a fundamental rationalisation of the inefficient industry was needed to prevent prices from climbing and to make mass electrification work.

Most of the problems lay with local authorities which were not coping.

It said in many instances they were suffering from the legacy of inefficient apartheid town planning which duplicated many operations.

The regulator has proposed rationalising the electricity industry into a national body which could be linked to Eskom; or into a few regional bodies linked to Eskom; or into a few regional electricity distributors linking Eskom and local authority distribution operations.

Industry sources said relations between local authorities and Eskom had been tense during the early days of plotting the industry's future. There had also been allegations that Eskom was hogging the process, and trying to take on too much.

A strong source of tension lay in the continued and widespread misconception that electricity supply was still the cash cow of local authorities' shaky finances.

Another source expressed concern that because the working group team met only once a week it would tackle only short-term issues.

"They are just looking at local government finances and electrification," the source said.

It was the ideal opportunity to make longer-term decisions about the industry's future such as the involvement of foreign utilities, many of which had expressed a keen interest to set up in SA, he said.

World Bank backs water plan

04/10/95 (123)

Michael Moon

THE World Bank has thrown its weight behind new government proposals to introduce economic, or "right", pricing for water.

It was an appropriate option for a water-scarce country such as SA, World Bank economist John Roome said yesterday.

Economic pricing would result in improved water conservation, the correct allocation of water resources and facilitate financing of water supply projects, Roome told a water conservation conference at Kempton Park.

"Moving towards economic pricing is clearly a very good thing to do. It sends out the right economic signals."

A water affairs department discussion document on the issue was earlier tabled at the conference.

Roome said the reality of the situation was that if there was no change in policy to effect a more rational use of water within the country, SA would be forced into undertaking more and more expensive water projects such as transfers from the Zambezi and desalination plants.

If economic pricing was introduced in parallel with welfare measures, such as "lifeline tariffs", for the poor it could be a "socially just" solution to SA's water scarcity problem.

The welfare question needed to be considered separately from that of water provision because there was a danger of losing sight of the objective of delivery of service.

Lifeline tariffs currently in operation were poorly targeted and were difficult to manage. They were being financed and implemented by local municipalities, which was an unnecessary burden on them and reduced efficiencies of delivery, said Roome.

He believed means tests and a government voucher system for poor people should be part of a new pricing policy.

If local utilities were assured of supplementary payment from government via the voucher scheme there would be no disincentive to providing supplies to poor areas.

This posed the question of how the subsidy would be financed, and he believed it could be done through surpluses accumulated from effective application of economic pricing.

Roome emphasised that introduction of a new pricing policy would have to be phased in over time. He believed once government had decided to move towards such a policy it needed to fully inform the public.

Roome said the application of World Bank expertise in introducing economic pricing would be up to government.

"We would very much like to be involved as SA is at the international cutting edge on this issue," he said.

Other aspects of the policy question which interested the bank were poverty assessment, urban service delivery, regional co-operation, and payment for the Lesotho Highlands project, in which it was a partner.

Water Affairs deputy director-general Mike Muller said he believed economic pricing would be very supportive of the reconstruction and development programme (RDP).

The water sector had already demonstrated the approach that needed to be taken to make the RDP work, and the mooted pricing policy was similarly aimed at linking optimal use of resources and investment with delivery of service.

By charging the true cost of water, funds would be made available for service delivery, said Muller.

Comment: Page 8

Expectations 'too high'

(123) BD 4/10/95

Nicola Jenvey

DURBAN — Politicising the housing expectations of the homeless and unemployed meant the building industry could not design a product "acceptable" to the bottom end of the low-cost sector, Council of SA Bankers GM housing Lance Hawking Edmunds said at the Institute for Housing in SA national congress in Durban this week.

Edmunds estimated 70% of people requiring homes earned under R1 500 a month and only 30% of them had access to credit, yet their expectations had been heightened to a level unsustainable by the subsidy scheme and further fuelled by policy statements on size and the standard of finishes.

"The mere fact that houses are not seen to be built — as the building industry struggles to design an acceptable product — is creating the impression that something better than what is being offered will be coming down the track."

He said it was "a bitter pill to swallow" accepting the apartheid government had addressed this market sector with 50m² homes and yet today these people were being "legitimately" offered homes in the 20m² to 40m² range.

The bottom end of the low-cost market had not been particularly kind to the building industry over the past few years.

"The industry is capable of producing a product acceptable to the consumer at the upper end of the low-cost housing market. However, this is adequately served by the financial institutions, who can lend to people able to afford a regular monthly instalment," said Edmunds.

Developers believed a lack of common policy, bureaucratic chaos, differing standards and unnecessary delays were hindering delivery. However, provincial housing boards had approved more than 200 000 project-linked houses.

The appointment of legitimate authorities after the local elections was also vital to speeding up the delivery process, as this would remove the final stumbling block of governance.

Edmunds said there were indications the delivery process wheels were turning. Banks had reported increased lending, there were more inquiries from developers, greater demand for credit-linked subsidies and an increased registration of home builders.

Payment boycotts threat to local govt

Mduduzi ka Harvey (123) BD 4/10/95

LOCAL government would face collapse unless communities and politicians throughout the country joined hands to make the Masakhane campaign a success, campaign manager Chris Ngcobo warned yesterday.

Addressing a conference of the Institute of Municipal Treasurers and Accountants in Alberton, Ngcobo said there was an urgent need to accelerate the delivery of municipal services and to achieve the resumption of service payments.

It was also necessary to move away from the flat service rates which were in force in many townships, he said.

However, he warned against prosecuting service payment defaulters, saying that communities could turn against the campaign as they had against Eskom during the rent and service boycotts which started in the '80s.

Senior Johannesburg Transitional Metropolitan Council official Bethwell Jwili told delegates that non-payment of levies had left the Gauteng provincial government with debts of R1,8bn.

This could have been used to provide capital projects where they were most needed, he said.

Jwili pointed out payment levels were not improving and in Greater Johannesburg they were at levels as low as 12%.

Local authorities should apply competitive yet economic tariffs to encourage business, commerce and residential development.

Sustainable service delivery was a by-product of a community paying its way, Jwili said. Continued non-payment would have a direct bearing on the national economy, as government would be expected to rescue local authorities.

Non-payment would also affect the ability of councils to service overdrafts, he said.

Furthermore non-payment would spur disinvestment by local authorities and individuals, thus fuelling unemployment.

Millions of people without basic services would remain uncatered for.

The solution, Jwili said, lay in partnerships between local authorities and the communities they served, with each side playing their roles in delivery and payment.

The challenge of housing for all

Star 5/10/95 (123)

CONFIDENCE in the Government's housing policy has waned due to slow delivery, writes Housing Reporter Bongiwe Mlangeni

Excuses, complaints, promises and little explanation – this is all that has been presented to thousands of home seekers who are dreaming of owning a house.

Their expectations were raised when the Government of National Unity was put in place, but large-scale delivery has not occurred. Slow delivery has bothered several organisations, developers and contractors, fostering a lack of confidence in the housing policy.

The Department of Housing has been criticised for using a small fraction of a budget of about R3-billion, which could result in a cut-back next year. Only about R1,8-billion has been allocated to the nine provincial administrations to finance the new housing capital subsidy scheme.

The balance has been allocated to finance the phasing-out of the former State-assisted subsidy schemes and various national facilitation programmes.

Meanwhile, attempts to persuade the Government to review its policy seem to fail, with the Department of Housing pointing out that it has taken extensive consultation and time to form the current policy, and that there is no turning back.

The department said it was still early to say delivery has stagnated, considering the period that had elapsed since the inception of the individual housing subsidy scheme in June. A task team was investigating ways to expedite housing delivery.

However, development consultant Eric Stillerman says the housing policy needs to shift from a "complex, endless process to a simple, direct and workable solution".

He says the Government needs to invest directly in a public sector housing programme, focusing on the poor without having to rely on financial institutions.

This can be achieved if the Government enters the lower end of the market as a developer and provides rental stock for the marginalised sector, adds Stillerman.

"Housing delivery is currently frustrated by the tortuous process of trying to reconcile all conceivable parties around government subsidy and loan guarantee schemes.

"The weak link in this process is the unwillingness of the banks to finance low-cost housing at the poorest end of the market, that is the sector earning under R1 500 a month."

In a bid to find a solution, he says existing problems could be resolved if the Government could consider doing the following, with its existing housing budget:

- Provide rental stock with an option to take ownership by repayment of a loan portion.
- Provide loans directly through the housing budget and/or indirectly through the National Housing Finance Corporation.
- Increase the amounts available for people in lower income brackets and decrease the allowance for those in the higher income brackets.
- Co-ordinate the underspent housing budget with the Reconstruction and Development Programme.

Bob Tucker, general manager of Standard Bank's low income marketing arm, E-Bank.

Home loans worry banks

(123) Sowetan 5/10/95

By Joshua Raboroko

BANKS need to be cautious before lending money to the low-income housing market in the wake of financial difficulties experienced by the African Bank.

The African Bank's overexposure to the low cost housing market served to highlight the need for the caution when major banks enter the market.

This warning came from the general manager of the Association of Mortgage Lenders, Mr Lance Edmunds, when he addressed delegates at the Institute of Housing for Southern Africa conference held in Durban this week.

The conference was convened by the Standard Bank's housing division to review progress made since the Botshabelo housing accord was signed by financial institutions, the government and other stakeholders in the housing sector.

In terms of the accord, stakeholders had promised to deliver more than 50 000 houses within a year.

Edmunds said the banks had a duty to their depositors to conduct their business in a prudent manner. They needed to protect themselves and their customers before accepting any commercial risk.

He said that since the housing accord financial institutions had revised their credit criteria until next April to ensure that those who were granted loans were in a position to repay their bonds over a required period.

However, he expected there would still be difficulties in future as interest rates escalated.

"It is estimated that 70 percent of those requiring houses earn less than R1 500 a month at present. At the most, only 30 percent would be able to obtain credit," said Edmunds.

As a result of the politicisation of expectations of many homeless and unemployed people, the subsidy scheme could not match the demand for houses.

He said the fire had been fuelled at provincial level by policy statements about the size of homes and envisaged standards of such houses.

The general manager of Standard Bank's low income market arm E-Bank, Mr Bob Tucker, warned against passing the buck for non-delivery of houses to all the parties.

Banks urged to invest in housing body

Robyn Chalmers (123)

BD 5/10/95

GOVERNMENT was holding top-level discussions with financial institutions in an effort to encourage them to take an equity stake in the yet-to-be-formed national housing finance corporation, sources said yesterday.

The discussions were one of the main reasons for the delay in an announcement of the launch of the corporation, initially scheduled for last month. The corporation, a key component of government's low-cost housing policy, will attempt to mobilise housing finance for the lower end of the market.

Association of Mortgage Lenders spokesman Lance Edmunds said proposals that the banking sector should take an equity stake in the corporation were being considered. "We will be holding a meeting with government to discuss the proposals soon, but no decision has been made yet," he said.

An investment industry source said discussions had also been held between housing department consultants and "certain members of the insurance industry", and further talks were expected to take place.

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Housing

(123)

Continued from Page 1

BD 5/10/95

Sources believed that funds invested by financial institutions — should they decide to accept the proposed offer — could boost the corporation's seed capital. The housing ministry had earlier this year pledged R200m in seed capital which had been swelled by a R250m offer from the US Agency for International Development.

A confidential draft document on the corporation said that while a significant portion of its shares would probably be owned by the state during its formative years, private sector investment would be encouraged.

"Significant private shareholding in the corporation is being pursued. Private sector shareholders will be invited on the basis of an ability not only to invest, but also to add value to and improve the corporation's chances of meeting its objectives," it said.

However, sources said financial institutions were being cautious in their response to government's equity proposal as they were wary of being forced into the low-cost housing sector.

Housing subsidy of R15 000 is retained

(123) BD 5/10/95

Nicola Jenvey

DURBAN — The R15 000 government subsidy for lower-income houses would remain unchanged for 1996/97, despite complaints it was inadequate, National Housing director-general Billy Cobbet said yesterday

Speaking at the Institute for Housing in SA conference, he said that calls for subsidy increases meant commitments to other sectors in the delivery process were reduced.

"Raising the subsidy is expensive to the taxpayer and the easy option to developers. It is not an avenue available to the state," he said.

Presenting a provincial update KwaZulu-Natal housing and local government MEC Peter Miller said the KwaZulu-Natal provincial housing board had approved 216 projects. There were 46 000 housing opportunities worth R484,8m. There were a further 34 000 potential opportunities were in the pipeline. Already underway were 59 projects worth R244m, which would yield 25 000 core houses before the financial year-end.

Mpumalanga housing MEC Craig Padayachee said 29 194 homes worth R372,8m had been approved from the 1994/95 budget. However, only six projects totalling 3 848 units were underway from the current year's budget.

Western Cape housing director CO du Preez said his board had approved subsidies worth R211m, which would provide about 16 000 housing opportunities. However, only 487 subsidies had been paid out to date.

In the Free State, 1 630 new homes in nine towns had been completed by August. However, this was being accelerated, as the board had recently approved applications involving 16 000 subsidies, to the value of R100m.

In the Northern Province, only 26 project-linked subsidy scheme applications had been received, with 50% of them approved. Land, housing and local government MEC John Dombo said 27 606 new opportunities would become available if the remaining 13 schemes were accepted.

Northwest Province housing MEC Darkie Africa said the province had a housing backlog of 340 000, but did not indicate how many new homes had been built since the Botshabelo Accord.

Gauteng housing MEC Dan Mofokeng said although his province was experiencing a booming housing market, this was only in the middle and upper-income brackets.

Recent Gauteng statistics showed townhouse and luxury flat approvals had increased 100% in 12 months.

The Northern Cape and Eastern Cape did not make presentations.

Discussions delay conference

BD 5/10/95

Robyn Chalmers

CONTINUING discussions regarding government's strategy on investment in infrastructure and restructuring development finance institutions were key reasons behind the delay of the infrastructure investment conference, reconstruction and development programme office officials said yesterday.

The RDP infrastructure investment conference is seen by private sector and government leaders as a milestone event which will draw together all the stakeholders in the increasingly important infrastructure environment.

Government will unveil a range of policies at the conference aimed at encouraging a private sector role in funding and managing public services.

At a recent high level meeting at the Union Buildings, it was agreed to postpone the conference, initially scheduled for the end of this month. It will now be held in mid-February.

Deputy Finance Minister Alec Erwin said: "By early next year, key information will be available on the structuring of development finance institutions and November's development planning summit will have clarified and co-ordinated government's strategies for infrastructural development." A February conference would be well-timed for the Budget in March.

Ashley Symes, spokesman for the RDP infrastructure investment task team which was being facilitated by the National Business Initiative (NBI), said those involved in the process were at the highest levels of government and business. She said the process aimed to facilitate the channelling of billions of rand in private sector investment into the RDP.

The groups involved in the Union Building discussions on the conference included the Life Offices' Association, the Institute of Retirement Funds, the Council of Southern African Bankers, the National Business Initiative, the Finance Ministry and the RDP Office.

A statement from the task team said it was clear from the meeting that the private sector was eager to explore possibilities for channelling investment into infrastructural development on a sound and commercial basis.

The finance and production sectors had important roles to play.

Bank meetings in Washington

and departures at the crowded Heathrow airport.

Ilco reports R12,7m loss

CT(BR) 6/10/95 (123)

By Françoise Botha

Staff Writer

Ilco Homes reported a loss after tax of R12,7 million, or 39c a share, for the year ending June 30 after high interest charges and substantial write-offs of stock and work in progress.

The company also released revised results for the year ending June 1994, showing that the previously reported after-tax profit of R2,9 million had been reduced to a loss of R5,85 million. The results are restated because of the takeover of Ilco by Pro Mark Network, a wholly owned subsidiary of Monex Development.

No dividend has been declared.

Operating income shows an increase to R3,2 million (1994: revised R1,8m from R9,7m), but includes R1,4 million in interest on loans originally made for R8,8 million to technically insolvent subsidiaries. In a bid to limit losses, the company had started downsizing, which entailed closing non-performing operations and retrenching staff, the directors said.

Chairman Martin Wragge said last night that certain items of stock had been disposed of and other assets had been written down to realisable values.

The results reflect a change in accounting policy in terms of which overheads that apply to land will no longer be capitalised. This resulted in R9,5 million being costed against the current year and an adjustment to retained income of R15,6 million.

Champion parent reinvests

By Roy Cokayne

Pretoria Business Editor

Texas-based Cooper Industries, the parent company of Champion spark plugs which disinvested from South Africa in 1989, has reinvested in the country by acquiring the Trichamp operation of Murray & Roberts for an undisclosed amount.

The deal was effective from October 1 this year.

The company will be known as Cooper Automotive of South Africa but will continue to trade as Trichamp until further notice.

Cooper Industries is a $4,6 billion revenue company listed on the New York Stock Exchange. It is a diversified, worldwide manufacturer of electrical products, tools, hardware and automotive products.

Since its disinvestment from South Africa, Trichamp has been an independent licensee of Champion Spark Plugs. Trichamp manufactures and sells wiper blades, ignition leads, lighting products and Champion brand spark plugs for the automotive industry.

"The Trichamp acquisition gives us an opportunity to participate directly in the growing automotive components markets in southern Africa and will enable us to introduce other automotive product lines to this region," said John Riley, the president and chief executive officer of Cooper Industries.

CT(BR) 6/10/95

TOWNSHIP PAYMENTS

And Moses struck the rock

(123) FM 6/10/95

Government's campaign to boost municipal service payments in black communities is faltering in some of the most populous parts of the country.

Managers of Operation Masakhane dispute suggestions that the programme can be called a failure after only eight months. But they admit that its success is crucial if the RDP is to have any hope of uplifting townships and making their communities financially self-sufficient.

After promising signs earlier this year, percentages of service payments in key black townships and settlements, especially in Gauteng and the Eastern Cape, have dropped back in recent months — in some cases to below 5% (see table).

PAYMENTS DROP-OFF

	% Collected June	July	August
[illegible]	31,6	[illegible]	36,5
[illegible]	27,1	[illegible]	not avail.
[illegible]	29,6	[illegible]	24,4
[illegible]	30,5	[illegible]	23
[illegible]	69	[illegible]	16,7
[illegible]	5	[illegible]	8,2
[illegible]	4,5	[illegible]	4,5
[illegible]	3,9	[illegible]	2,6
[illegible]	50,7	[illegible]	21,9
[illegible]	67,7	[illegible]	16,1

SOURCE: Masakhane Campaign

The R30m publicity and community action programme was originally set to end in December, but this week — in acknowledgment of the difficulties — Masakhane's national chairman and deputy Constitutional Development Minister Mohamed Valli Moosa said the campaign would be extended indefinitely in all provinces.

At the same time, Constitutional Development Minister Roelf Meyer urged local authorities to begin improving their efficiency and cut costs through rationalisation and right-sizing. They should be prepared to take action against payment defaulters, Meyer told a conference of municipal officials.

But behind the scenes, officials in Meyer's department acknowledge that there is little they can do to improve matters as long as local authorities are not elected and their leaders embroiled in electioneering. Masakhane campaign planners are already preparing to relaunch the programme after the November 1 elections.

In some cases, local leaders have gone vote-catching by urging their presumed supporters not to pay for services until after the elections — directly contradicting the Masakhane message. What effect such confused signals will have on post-election payments is impossible to gauge now, but it does make rubbish of the R10m-plus already spent on publicising Masakhane, which means "Let's build together."

Masakhane's national campaign manager Chris Ngcobo attributes the seesawing payment figures for townships more to the inability of many local authorities to collect payments and public inexperience in making payments than to the unwillingness of consumers to pay. He says the Constitutional Development department and Institute of Town Clerks are setting up a joint committee to find out why some local authorities are unable to collect payments and help train them to bill correctly and compile effective customer databases.

"The fact is that there is nobody anymore opposed to paying. Everyone — parties, groups and individuals — all agree that people must pay for services. The challenge is to help them do so," Ngcobo says.

The post-election approach will be to localise Masakhane — promote it at local level and let communities themselves raise service efficiency and payments. To date the campaign has been run on a national scale, mainly to popularise the idea. A recent survey found that 73% of South Africans knew what Masakhane meant.

So far, organisers have been bringing townships into the payment loop by negotiating flat rate payment schemes which are State subsidised. But Ngcobo acknowledges this is not sustainable. "We want to move away from flat rates to an incremental approach," he says. That may become Masakhane's greatest hurdle, as many unemployed obviously cannot afford to pay.

There is a simple irony to Ngcobo's present task — he was a key figure in the UDF's anti-service payment campaigns of the Eighties, which led to the problems of today. He says Masakhane is "more than just getting people to pay for services — it's a drive to normalise community life."

A hopeful lead comes from Eskom's success in raising Soweto's electricity payments 19% last year, to around 67% at present. It did so mainly by phasing out the system of sharing meters among several households and charging each an average. Where possible, Eskom has been installing meters in every home and cutting off power if no payments are received within three months.

"It cost a lot of money but it's working," observes Ngcobo.

The municipal services nut may be a lot more difficult to crack — mainly because it involves government, not the private sector, and in most cases, local governments that have still to learn how to govern efficiently.

For example, the task of upgrading water and sewage reticulation systems in townships long neglected, vandalised or simply in dire need of repair will be far more costly and time-consuming than the replacement or laying of electricity cables.

One indication of the incapacity of local authorities to start the task of upliftment can be found in the RDP's R850m budget for municipal improvements in disadvantaged areas. So far, only R95m worth of projects has been approved for 148 local authorities. That means 600 or more municipalities are presumably still outside the development loop. ■

STRIKES

FM 6/10/95

Promoting dialogue

Statutory mediation imposed by Labour Minister Tito Mboweni failed to bring an immediate end to the illegal strike by 40 000 municipal workers earlier this week — but it has forced labour and government back to the table after voluntary mediation collapsed.

Government is also going out of its way to promote dialogue with striking nurses and on Tuesday Public Service and Administration Minister Zola Skweyiya pledged "to do everything in my power" to enable nurses to present their grievances in the Public Service Bargaining Chamber which began sitting in Durban this week.

Less than 10% of striking nurses have not returned to work according to a Health Department spokesman who says the situation is back to normal in the Western Cape, Northern Cape, North-West and KwaZulu-Natal, with only a few disruptions in Gauteng and Mpumalanga.

But nearly a third of the South African Municipal Workers' Union (Samwu)'s 110 000 members are still on strike for higher wages.

Minimum wages vary widely between

Mortgage lenders may miss target

Concern grows over plans for mass housing

(123)

BD 6/10/95

Robyn Chalmers

SA's four big mortgage lenders have approved fewer than 1 000 bonds to low-income earners over the past four months, sparking fears that they will not meet the 50 000 loan target agreed on with government last year.

Mortgage lenders yesterday expressed concern at the slow progress in granting bonds, particularly as the Building Industries Federation of SA had said it would review its participation in the builders' warranty scheme if the 50 000 loans target was not met.

This could cause further tension between the construction industry, banks and government, which have toiled for more than two years to get the current housing policy in place.

The extension of bonds for low-income earners was a key agreement entered into between government and mortgage lenders last year to draw more people into the housing market. Unconfirmed figures from industry sources put the total amount of home loans granted by banks around SA at about 1 500.

Association of Mortgage Lenders spokesman Lance Edmunds said reports from mortgage lenders around SA had shown most had an extremely low level of applications in the pipeline, and an even lower level of approvals.

"There is cause for concern and the main problem seems to be ... the lack of affordability on the part of prospective homeowners. Most mechanisms for housing delivery to begin are in place, but no one is taking the plunge."

However, Edmunds said the mass construction of low-cost homes was a lengthy process and there was still time for mortgage lenders to get the lending process under way, even if they did not meet the 50 000 loans target.

The loans were aimed primarily at the R1 500 to R2 500-a-month income bracket and were backed by government's capital subsidy scheme. Loans ranged from R10 000 to R65 000 and would amount to R2bn over 12 months.

Calculations showed that for mortgage lenders to meet the target they would have to disperse almost 4 200 loans a month, and should have granted roughly 17 000 loans to date.

Absa group communications GM Alec Hogg said the bank had granted a total of 106 loans between June 5 — when government's low-cost housing programme was officially launched — and the end of August. This was actually fewer than the number of loans which the bank had granted before the housing programme came into being and there were several reasons for this.

"We believe the primary reason is the lack of stock at the lower end of the

Continued on Page 2

Housing

(123) BD 6/10/95

Continued from Page 1

market. We have marketed the concept hard ... and were expecting a high level of demand. While there is a certain amount of demand, we are concerned that the building and construction industry will be unwilling to enter the market due to the thin margins in this particular sector," he said.

Standard Bank home loans division GM Duncan Reekie said the bank had 200 loans in the pipeline, of which 50 had been approved, registered and had government subsidies. Although progress had been slow in the first four months, there were signs it was starting to pick up.

"The programme was introduced at a time when we were entering into a high interest rate cycle, and that always makes it difficult for lower income earners.

"The lack of employment has affected affordability levels and we are experiencing difficulties with a low level of stock at the bottom end of the housing market," he said.

Nedcor was unavailable for comment. First National Bank home loans and property finance chief manager Andre Latre said just over 140 loans had been approved since June which he also attributed to the lack of low-cost housing units.

It appeared construction and building companies were unsure of their position as there were conflicting messages coming from national and provincial housing ministries on housing policy.

Housing attracting interest at trade fair

PTD 6/10/95

(123) (257)

John Dludlu

HOUSING and telecommunications are two of several sectors to have attracted interest from US firms participating in the third annual Made in USA trade fair at Gallagher Estates, Midrand.

One exhibitor, Barnes International Trading president Lina Barnes, said her corporation was finalising plans for a housing joint venture with Cape Town-based firm Bham, Tayob & Kahn. If clinched, the deal would see the two partners co-operating in building "moderate-income" or affordable houses in the Cape townships.

The parties also planned to expand into other sectors, such as construction of schools and social infrastructure.

Barnes said she would bring a group of construction experts to the joint venture, while the Cape Town firm would provide finance for the project.

Discussions were also under way with the Northern Cape provincial government to participate in their housing projects, she said.

Bham, Tayob & Khan is understood to be involved in plans to renovate stadiums as part of Cape Town's bid to host the Olympic Games.

Apart from the housing deal, Barnes hoped to set up a firm in SA to export pork to the Pacific Rim countries, a move which would slash transport costs for her firm.

Another US firm, Cleveland-based telecomunications operator Telecom Cleveland said a flood of interest had greeted its products, and was hoping to sell its computers, faxes and telephones to SA in the near future.

A representative of the US commerce department at the fair, Melissa Grimm, said the fair represented one of the key initiatives by the commerce department to focus on the 10 "emerging markets", which included SA.

The department aimed to use the fair to create US/SA partnerships, especially linkages with disadvantaged black SA firms.

The department's exhibition stand, displaying items from US firms, was one of those which had attracted "good interest" from SA visitors.

A good number of the 200 firms at the fair already has some form of representation in the SA market, via distribution or licensing agreements.

Des Hickman, sales manager for J Melnick & Co, which sources confectionery and grocery items from the US and Europe and sells them to major SA retail chains, said the fair — which runs until tomorrow — had helped to attract interest from neighbouring countries such as Zambia, Botswana and Malawi.

The fair has been used by companies in southern Africa to market their products to the US market.

Swaziland-based arts and craft firm Endlotane Studios' Albert Reck said it was crucial that they introduced their products to the US market, as the regional market was too small. During the fair, he had identified a need to appoint more agents in SA.

Provinces build 700 000 houses

(123) Sowetan 6/10/95

By Joshua Raboroko

SEVEN provincial governments have injected more than R2,5 billion into the provision of low cost housing in their 1995-96 budgets despite hassles from banks and local transitional authorities.

The provinces have approved the building of about 700 000 houses for the homeless to reduce the housing backlog estimated at more than 3 million and still growing.

At the top of the list is Gauteng which approved 78 000 units at a cost of R700 million, KwaZulu R484 million (46 000 units), Western Cape R211 million (15 941 units), Northern Province R154 million (27 000 units), North West R156 million (28 000 units) and Mpumalanga R373 million (290 000) units.

The figures were released by housing MECs for the provinces in Durban at the Institute of Housing in Southern Africa conference, the theme of which was "Botshabelo Accord – One Year Later – Where are the Houses?"

The provinces form part of the Housing Accord and were reporting back to other signatories on the progress made since the agreement was signed by the government, banks, developers, political and community based organisations in the Free State last year.

Provincial MECs said they were delighted at the progress they have made, in spite of the fact that financial institutions are still reluctant to grant home loans in the low-income market.

Bureaucratic bungling, a lack of proper financing and public ignorance were largely to blame for the lack of new houses in the country, they told delegates at the conference.

Gauteng MEC for housing Mr Dan Mofokeng said the state should regulate the housing environment more effectively, whether it related to landlord-occupant relationships, greater law and order, land and property speculation and consumer protection. He said: "If one looks at housing legislation in most countries these elements are present."

Mofokeng called for far-reaching changes to the existing housing policy to speed up the provision of houses.

Stop moaning – we're on track, says homes chief

ARG 7/10/95 (123)

CHARLENE CLAYTON
Property Reporter

ROLE-PLAYERS in South Africa's housing drive have been told to reconsider their commitment to the national housing programme rather than look for scapegoats.

National housing director-general Billy Cobbett said the present housing policy was not perfect but "it was the right one".

Addressing the national congress of the Institute of Housing of Southern Africa in Durban, Mr Cobbett warned that people should curb their criticisms.

The Botshabelo Accord signed at the national housing summit in October last year by the various role-players was in fact about commitment and not about houses, he said.

In the main, when it came to commitment, the government had delivered.

He highlighted the failure of government and role-players in educating the public on the housing policy.

Mr Cobbett admitted the policy had weaknesses. He said the relationship between central and provincial government was inadequate and that decision-making processes were slow.

"This is something only government can fix, and we will fix it," said Mr Cobbett.

Local government was not carrying out its role as the delivery arm of central government. This would be remedied by the forthcoming local government elections.

The difficulties faced by transitional local governments — they did not have the necessary resources or even legislation in place — were not fully acknowledged.

He said government subsidies were unlikely to be increased, describing it as "an easy option that the state could not afford. Asking for such an increase signalled a decrease in commitment, he said.

The Development Facilitation Bill, which was being finalised, would solve the problem of the availability of land for development, said Mr Cobbett.

And the proposed national housing finance corporation was expected to make payments to the 75 percent of people who could not afford finance through traditional banking structures.

Indemnity fund to be set up soon

(123)

BD 11/10/95

Robyn Chalmers

THE National Home Builders Registration Council expects to set up the long-awaited indemnity fund early next year as part of the comprehensive builders warranty mechanism to protect consumers against defective workmanship.

Council MD Peter Allsopp announced this week that a 1,3% levy would be payable on all new housing contracts of up to R250 000 signed after January 31 next year — significantly lower than the 4% to 5% levy mooted earlier this year.

Allsopp said the registration council had been able to announce the low percentage levy by spreading the risk of the scheme over a greater number of contractors and houses after the ceiling for warranty cover was lifted to R250 000 from R65 000 last month.

"We are now discussing the details of how the indemnity fund will be set up and how the levy will be paid to ensure that the procedure does not effect the contractor's working capital," he said.

The discussions would pave the way for the introduction of the comprehensive builders warranty mechanism by February 1.

Allsopp said the money paid into the fund would be used to indemnify home owners should contractors not honour obligations to rectify defective or shoddy work. Payment from the fund was, however, seen as a last resort.

He said the council was aiming to cover about 60 000 houses between February 1 and January 31 1997. Financial institutions would be applying cut-off dates for contractors looking to qualify for mortgage funds.

In a separate development, the mortgage indemnity fund announced it had approved 22 areas in eight provinces for indemnity cover, bringing the total to 229.

Top IFP, ANC officials 'on Vlakplaas payroll'

BD 11/10/95

Stephané Bothma

PRETORIA — Eight high-ranking IFP officials were registered as monthly paid Vlakplaas informers in August 1990 — not to obtain information from them, but to buy their allegiance and to control them.

Two ANC officials were also registered with the same motive, the Transvaal Supreme Court heard yesterday.

The court for the first time heard yesterday that the Vlakplaas unit C10, commanded by Col Eugene de Kock, was part of the "third force".

Willie Nortje, a State witness in De Kock's murder and fraud trial, testified that C10 was closely involved with Inkatha in the early 1990s and that the unit sympathised with the organisation.

On the one hand, the IFP was infiltrated by the unit so the organisation could be monitored, but on the other hand C10 also supplied it with weapons, Nortje told the court.

The documentation proving the registration of the Inkatha members had since disappeared from police head office.

"Head office merely said the documents are missing. My only conclusion is that the documentation was deliberately destroyed," Nortje said.

Nortje, one of the first C10 members to disclose details of alleged third force activities by police to the Goldstone commission of inquiry in March last year, said he had spilt the beans "to survive".

"I did not see it as a solution to once again cover up everything," he told the court.

But an undertaking given by Judge Richard Goldstone at the time, that he would receive indemnity from prosecution and that he would not be required to testify in open court, had an influence on his decision to testify, Nortje said.

"I was very upset when I learnt later that Goldstone did not have the authority to grant indemnity, but it was too late and there was no turning back.

"I believe I would have acted differently had I known at the time that I would have to testify in an open court in SA. I could have turned to the (police) generals," Nortje told the court.

He admitted to having played an important role in persuading other C10 members to turn State witness against De Kock.

□ A decision on whether the State would continue paying the legal fees of De Kock would be taken within a week or two, police commissioner George Fivaz said yesterday. Police legal teams were studying submissions in this regard by the lawyers of the former Vlakplaas police base commander, Fivaz told a media briefing.

They would make recommendations to the State attorneys, who would consult the finance department. "There is still a possibility of informing the cabinet about certain issues contained in the previous contracts and about certain recommendations from the State attorneys," Fivaz said.

Before his early retirement in 1993, De Kock reached an agreement the police would cover all legal costs in the event of prosecutions arising from his 27-year career as a policeman. The state has so far paid R2,6m for his defence.

Fivaz last month informed De Kock that the police were considering cancelling the contract on his legal fees. De Kock was given until October 9 to submit representations in this regard. — Sapa.

Failure to pay 'may lead to backlash'

(123) BD 11/10/95

Bonile Ngqiyaza

DP LEADER Tony Leon warned yesterday that "law-abiding citizens" might, out of bitterness, cease to pay rent and services charges if municipalities continued compelling them to pay while boycotters had their debts written off.

Speaking at a local election rally in Sandton, Johannesburg, Leon said out of 2-3-million people in greater Johannesburg, only 220 000 were ratepayers.

The total debt in Johannesburg, he said, was R1,8bn, and in the Western Cape it was accumulating at the rate of R6m a month. More than R300m in "old service arrears" had been written off.

"If current levels of service delivery and payment for services continue, local government faces collapse and the millions of rands spent on this election will be up in smoke."

Leon said the more than R40m spent on Masakhane, the campaign introduced by government nine months ago to get communities to pay for rent and services charges, appeared to have cost more than it saved. Instead of extending a campaign which appeared to be failing, as the Gauteng government had done, it would be more "practical and cost-efficient" to implement workable solutions, he said.

Government was being soft on defaulters and tolerant of those who continued to boycott payments, and unless immediate action was taken to tackle the problem, the "culture of non-payment and entitlement could win the day", Leon said.

He said government was indulging boycotters by writing off debts and refusing to act against them.

Cape Town City Council officials had, for instance, said they were afraid to sit in on proposed public hearings on rent and service arrears in case communities "do not hear what they want to hear" about the scrapping of debts.

He said it was clear the Masakhane campaign consisted of "nothing but sentimental appeals to patriotism".

"We ... propose radical economic surgery to cut wastage to the bone by contracting out council services, privatisation, and the creation of enterprise zones in high unemployment areas," Leon said.

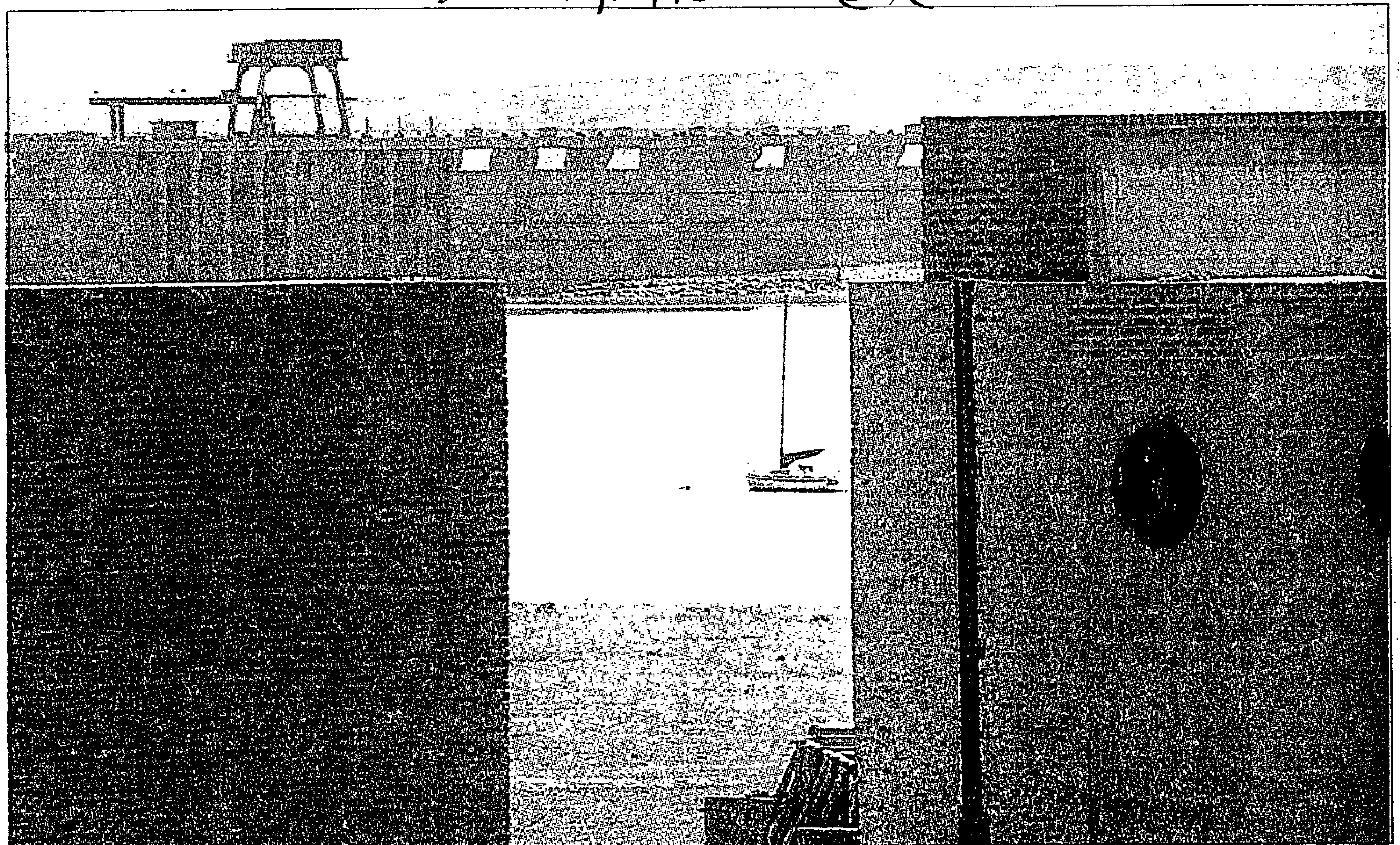
Police accused of role in thefts from pound

September's water consumption 7% over target

Water savings still not enough

Star 12/10/95 (123)

■ BY TROYE LUND



Dry run ... the Vaal Dam is at its lowest level in five years – only 14% full. The level used to be at the top of the wall in the foreground; and boats passed through the opening. PICTURE: THYS DULLAART

Rand Water's customers appear to be ignoring the urgent appeals to save water – savings figures for September, released last night, are dismally worse than August's.

Greater Johannesburg and East Rand towns were singled out as the worst culprits and face over R3-million in fines for September.

Next on Rand Water's blacklist is Pretoria TMC with a R1-million penalty.

Mining companies were the most conscientious consumers but will still be liable for a R500 000 fine.

A general target of a 20% saving was set by the Department of Water Affairs when additional tariffs were first imposed in August. September savings are 7% below this target.

"Meeting the target is essential is to stop our primary sources of water drying up by next year," said Rand Water spokesman, Archer Davis. He added that the penalty per kilolitre would go up by R1 a month – by December, R5 will be charged per kilolitre over the prescribed limit.

Recent rains had not helped the "crisis still worsening each day" because there was no runoff into storage dams in the catchment area.

According to Davis there were complex factors which influenced areas where consumption remained high.

"In many of the deprived communities, the reticulation infrastructures have deteriorated and have not been suitably installed or maintained by municipal local authorities. This has itself been influenced by numerous logistical difficulties ranging from crime to threats on municipal workers to a lack of appreciation of the importance of individual responsibility in this regard," said Davis.

Davis is convinced that the punitive tariffs are an effective way of "keeping the water crisis top of mind" because the impact on the community is immedaitely felt.

Rand Water is also concerned that much of the water in poorer areas is lost through leaking pipes which cash-strapped local authorities cannot afford to fix.

Although acknowledging the difficult circumstances, Rand Water urged their customers to realise the "danger of losing this precious commodity".

"It is remarkable that the mining industry has managed to put effective systems in place to conserve as much as they have. It says a great deal for all employed in the industry and I hope others will take heed of our cautions," Davis said.

University of Western Cape

Lack of water seen as a threat to top fiscal areas

BD 12/10/95 (123)

Edward West and Kathryn Strachan

CAPE TOWN — The success of two of SA's top economic provinces, Gauteng and Western Cape, could become the direct cause of their economic failure as water shortages made it difficult to cope with high population growth in future, said the University of Stellenbosch's Graduate School of Business.

The university said in its findings in an economic competitiveness survey of the nine provinces that Western Cape and Gauteng would be faced with water shortage problems by 2010, making it difficult to cope with high population growth rates.

SA's population and populations of countries north of its borders would tend to migrate where opportunities existed, the survey said. Water availability could, in future, necessitate balanced regional development.

The survey showed Gauteng contributed almost 38% to SA's GDP, and its density of economic production was almost R5m/km², about 14 times that of the second largest provincial economy, KwaZulu-Natal. Belgium's average economic density was R20m/km².

Mpumalanga was the best economic performer in the early 1990s at 2% growth a year. Northern Province and Western Cape were the only other two provinces to report positive growth, albeit it very moderate. The conclusion was that the economies of the provinces were in an "extremely tenuous situation".

Current investment ratios in Gauteng, KwaZulu-Natal and Western Cape were barely sufficient to maintain capital stock. Ratios in the other provinces were significantly below replacement rate, indicating the deteriorating trend of SA's competitiveness.

On the respondents' perspectives on government, the survey deduced that government, influenced by pressure groups, was perceived to be an obstruction to business development in the three largest provinces. There was little confidence in justice and security systems, and fiscal policy was seen to discourage entrepreneurial activity.

The large differences in the poverty gap between the provinces suggested a likelihood that the economic dependence of poorer provinces on wealthier provinces would remain with SA for some time.

A common denominator in the study was the low ratings awarded in all nine provinces to aspects of management relating to human development. Aspects covered willingness to delegate, intercultural understanding, social responsibility and employee turnover.

·12 1995

Most could have services by 2004

BD 12/10/95 (123)

Nicola Jenvey

DURBAN — Nearly every metropolitan household would have access to basic municipal services by 2004, providing imbalances in local government financing were addressed urgently and boldly, the Tongaat-Hulett planning forum report revealed.

Released yesterday, the report proposed a restructuring of the metropolitan fiscus, and examined two scenarios for municipal service delivery until 2015.

It indicated the council had resources available to deliver "a reasonable quality of life" and an attractive, well-functioning location for commercial and industrial investment within 20 years.

Under an "affordable" scenario, 10% of the population would have access to basic services, 20% to intermediate service levels and 70% to full municipal services by 2004. This was compared to the 40% who are currently without access to basic services.

The alternative "high service level" scenario envisaged full service access to 93% within 10 years, rising to 100% by 2015.

Providing water, sanitation and electricity under the "affordable" scenario would cost R9,3m in 1995 rand terms compared to R11,2m for the alternative.

Central to the success of the programme would be R6m in capital market borrowings and a continuation of the government housing subsidy scheme and the joint service board levies.

The culture of non-payment also had to be reversed.

The report estimated a 3,4% per annum real increase in expenditure on non-trading services — road maintenance, sewerage and refuse disposal — would be necessary. This translated into an aggregate 4,5% a year escalation in rates and general taxation.

Basic service backlogs required 500 000 water connections and 380 000 sanitation connections by 2004. Electricity switch-ons had to top 30 000 a year until 2015.

Real tariff increases were "inevitable" with high-income households paying an average 17% more per unit of consumption in 2015 under the "affordable" scenario, or 45% more with the high scenario.

Service bills could be kept to R16 a month (in 1995 terms) for basic level consumers, R79 for intermediate level consumers and R310 for full level consumers.

Durban's 1994/95 operating expenditure totalled R3,6bn of which R574m was spent in black townships. Expenditure on areas containing 65% of the population was less than 30% of the total.

Spotlight on African housing

■ HOUSING REPORTER

About 450 delegates from 53 African nations will next week be taking part in the All African Housing Ministers' Conference, which will focus on living conditions in the continent.

The three-day conference is expected to draft a position for Africa on living conditions.

The draft will be presented to the UN Commission for Human Settlements' Habitat Two conference in Istanbul, Turkey, in June. Habitat Two aims to make the world's cities, towns and villages healthier, safer, more just and economically sustainable.

It will also focus on cities and townships as they are affected by urbanisation and influx.

The first Habitat conference was held 20 years ago in Vancouver, Canada, and drew international attention to problems in both rural and urban settlements.

Habitat Two's aim is to have a blueprint for urbanisation ready by the year 2000. This will be particularly important for South Africa, as the country is faced with a 1,5-million housing unit backlog estimated to be growing annually by 200 000.

The conference will include participation of the private sector and non-governmental organisations.

(123) Star 13/10/95

SA to strengthen ties with Cuba

The South African Government was totally opposed to the isolation of Cuba in the socio-political and economic spheres, Foreign Minister Alfred Nzo said during his visit to Cuba yesterday.

Speaking at a lunch hosted by Cuban Foreign Minister Roberto Gonzales, he said it was for this reason that South Africa had voted for the lifting of the US blockade against Cuba at the 49th session of the United Nations General Assembly.

In his speech, Nzo conveyed President Nelson Mandela's "warm greetings" to Cuban President Fidel Castro and reiterated Mandela's invitation to Castro to visit South Africa.

He said it would be the worst form of political immorality and gross ingratitude if Africa were to forget the "tremendous sacrifices" the Cuban people made by supporting the freedom struggles of the peoples of southern Africa.

"Many countries of Africa have actually benefited from the dedicated services of your specialists in many fields, more particularly in support of medical services of many developing African countries.

"South Africa is part of that Africa which will never forget your internationalist solidarity. We take the opportunity of my first visit to your country to convey this deep gratitude to your people," said Nzo.

SA's establishment of diplomatic relations with Cuba had bolstered ties in various fields, such as culture, socio-economic issues and trade, he added.

South African exports to Cuba had increased from R36,5-million in 1993 to R41,61-million in 1994, while Cuba's exports to South Africa amounted to R14,6-million last year and were expected to increase in the future.

"I am pleased to learn that your embassy in Pretoria is in the process of planning seminars in South Africa to inform the South African business sector about business opportunities in Cuba," Nzo said. – Sapa.

Beijing names new envoy to Pretoria

China's key envoy in Africa has been reassigned to Beijing and appointed assistant minister for foreign affairs (Africa and Middle East affairs).

Li Peiding, who has ambassador status but is officially described as the director of the Chinese Cultural Centre, is to leave his post in Pretoria at the end of the month. He will be replaced by Beijing's ambassador to Harare, Gu Xiner, a veteran diplomat.

South Africa and the People's Republic of China do not have formal diplomatic relations. South Africa recognises the Republic of China (Taiwan) instead.

Li, who has been in Pretoria for 15 months, said he would pursue opportunities to ensure that changes took place.

The two governments have held tentative talks about establishing formal ties since 1990, in the face of a concerted effort by Taiwan to maintain ties with South Africa. The Taipei government has invited numerous parliamentarians to the island and has poured millions of rands into South Africa to boost its standing locally. – Pretoria Bureau.

Farmers' land demands on union agenda

(291)

■ BY NORMAN CHANDLER
PRETORIA BUREAU

Star 13/10/95

South African farmers are preparing to make a last-ditch attempt to get the Government to backtrack on major aspects of its land distribution and restitution proposals.

They are to make their stand at next week's South African Agricultural Union (SAAU) national congress.

The Transvaal Agricultural Union (TAU) and the Natal Agricultural Union are putting forward resolutions criticising government infringements on property rights, and demanding that property rights be enshrined in the final constitution.

They are also concerned about the implications of the new Labour Relations Act and that the SAAU had not been given an opportunity to make recommendations to a parliamentary committee.

The SAAU, which represents about 60 000 farmers, will also be changing its constitution.

An important amendment, to be discussed at the meeting to be held near Vereeniging on October 17 and 18, is one which allows for 90 representatives – on a proportional basis – from all provinces, subject to the number of registered members in the provinces, gross value of production, contributions made to the financing of the SAAU, and the area they service as farmers.

This is regarded as opening the door to subsistence farmers who have in the past not been able to be part of the largely whites-only farming unions.

The TAU will also raise the crime issue, which "together with escalating unemployment and illegal immigration ... disrupts agriculture while increasing production and insurance costs".

R61-bn to be spent over 10 years

Govt pledges basic services for everyone

Star 13/10/95 (123)

BY JOVIAL RANTAO
POLITICAL REPORTER

The Government will have to spend R61-billion over the next 10 years as part of its strategy to provide basic services to every South African.

This announcement was made by Minister Without Portfolio Jay Naidoo in Pretoria yesterday.

The programme is part of the Government's 25-year strategic plan to create sustainable urban and rural centres.

Dr Chippy Olver, director of urban development in Naidoo's ministry, said sources for the R61-billion would be Government grants and loans from organisations such as the Development Bank of Southern Africa.

Olver said: "Within 10 years it will be possible for this country to give everyone basic services."

At least 55% of the urban population would have services such as tarred roads, waterborne sewerage, street lights and full electricity connections.

About 20% of the population would qualify for intermediate services, and 25% for basic services. Olver said rural areas in South Africa had a backlog of 2,6-million unbuilt houses, 16 170 schools (29 556 classrooms) and about 700 clinics.

A total of 3,5-million households were without electricity and 3,9-million without sanitation. Naidoo said: "Urban areas are the productive heart of the economy, and projections show that an estimated 75% of the country's population will be living in urban areas within the next 25 years.

"To manage such large-scale and rapid urbanisation will require major public investment in municipal infrastructures, security and local economic development to ensure that our cities are internationally competitive," Naidoo said.

An integrated land reform programme in target areas could boost job creation, income levels, market development, small-scale agricultural development, and infrastructures.

Olver said the urban strategy would be implemented in three phases. The first phase was the stabilisation phase, which the Masakhane campaign had addressed.

The second phase would aim to consolidate planning, housing, infrastructure, economic development, social policies and related programmes.

The third phase would be the management of urban growth and development.

Housing programme tops 10 000-mark

■ BY PATRICK BULGER
POLITICAL CORRESPONDENT

Cape Town – The Government's housing programme had produced 10 163 houses – including six in Johannesburg – over the past 17 months, according to figures given to Parliament by Housing Minister Sankie Nthembi-Nkondo yesterday.

In Gauteng, only 1 277 houses were "built with State funds" since May 1 last year, Nthembi-Nkondo said in reply to a question from PAC housing spokesman, Patricia de Lille.

Soweto had received 506 houses, Germiston 10, Pretoria 67, Kempton Park 209, Midrand 12 and Roodepoort 26.

De Lille, who claimed the housing shortage was as high as 7-million units, slammed the figures as an indictment of government's incremental housing policy. "If we are going to go this way, we are never going to be able to provide houses to all the people," she said.

According to an urban development strategy document produced by the Department of Housing and the RDP ministry yesterday, "the Government's aim is to increase housing's share of the budget to 5% and housing delivery to a sustained 350 000 units per annum within five years".

Figures for the other provinces are: KwaZulu-Natal 2 826; Eastern Cape 478; Free State 1 857; Western Cape 2 029; Northern Province 118, Northern Cape 1 068 and Mpumalanga 510. No figures were available for North West.

Star 13/10/95 (123)

Govt to change face of SA cities

(123) Star 13/10/95

The Government of National Unity is set to begin tackling in earnest the enormous challenge of revamping South Africa's cities along non-racial lines.

The scale of the task is formidable, according to a new discussion document called The Urban Development Strategy of the GNU.

The document is the product of an interdepartmental Urban Development Task Team and it was produced under the joint auspices of the Department of Housing and the Ministry in the Office of the President (the Reconstruction and Development Ministry).

The drafting process entailed months of consultation with national, provincial and local government departments and officials, urban policy makers and experts and other urban stakeholders. It will shortly be joined by a similar document on the rural sector. The document is intended to form the basis of the GNU's approach to the urban development challenge.

The document notes that up to 26-million South Africans (about 65% of the population) already live in metropolitan areas, cities and towns and that these areas account for fully 80% of South Africa's Gross Domestic Product. By the year 2000 the percentage of people in urban areas will have risen to 70% and 75% by 2010. By then, up to 42-million people could be living in urban areas.

The challenges facing the public and private sector include: 4-million people have access only to untreated water; about 8-million have access only to minimal sanitation; about 17-million do not have electricity and about 8-million do not have formal road access to their homes.

Providing an appropriate mix of basic, intermediate and full service investments will cost about R61-billion over the next decade. Two realities are recognised by the discussion document – one that people need services – and the other that service provision has to expanded in an affordable manner.

"The Government believes that a 10-year programme costing between R60-billion and R70-billion capital expenditure and R7-billion to R10-billion in land costs is feasible from a macro-economic point of view."

This is premised on an economic growth rate of at least three percent. About 55% of the service provision will be "full services" intended for households earning between R1 700 and R3 500 a month and which will cost between R270 and R350 a month; about 25% of service provision will be "intermediate services" intended for households earning between R800 and R1 700 a month and costing between R100 and R130 a month and finally 20% of the service provision will be "basic services" for households earning less than R800 a month and costing between R35 and R50 a month.

"Recurrent operating funding will be increasingly generated at local level. This requires, first, that all consumers at least pay at appropriate levels. Existing tariffs and taxes will also have to rise by two to three percent a year during the duration of the programme.

"Systematic steps will have to be taken to ensure redistribution from richer to poorer households," the document says. It adds that "many poor households will continue to experience difficulties paying for services in full" and that "there is relatively limited scope for extensive redistribution through local taxes and charges".

These constraints imply that central government transfers to local government totalling about R700-million will have to continue.

Unusually for an African state and unlike previous government policies, the document argues that there is "no justification for interventionist policies which attempt to prevent urbanisation". It argues that "estimates of projected population growth in the urban areas generally suggest that there is little reason to expect the rate of urban growth to reach unmanageable proportions" although this could change depending on unforeseen and severe environmental crises in the countryside.

One of the controversial issues involved in the urban debate is the extent to which policies directed at improving services will contribute to the existing divide between township and suburb. The document says that "rebuilding the townships is an essential part of urban reconstruction and integration. The dormitory role of low-income areas must finally be terminated.

"The intention is certainly not to reinforce the segregation between different parts of the city."

The document also looks at issues like urban transportation, concluding that the policy towards the country's public passenger transport system requires immediate reappraisal.

A flexible housing policy is also needed, the document says, explaining that "the GNU does not believe in a single, uniform housing solution".

"The goal is to secure shelter and tenure for all South Africans but it is fully acknowledged that the form this takes could vary sharply.

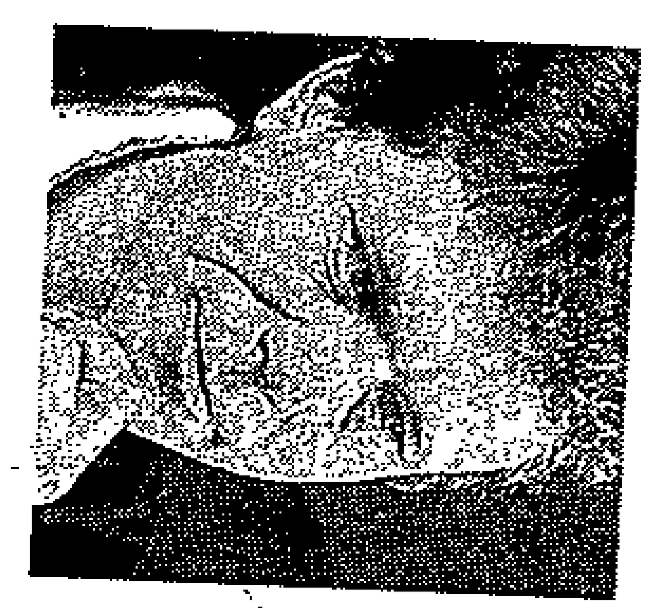
"Informal settlements, for example, have become part and parcel of the urban landscape and offer many people the feasible option. Others attach greater value to formal structures and environments.

"Others do not wish to own property and would rather rent. The Government does not wish to prescribe and will continue to develop a range of options."

The intention is to be able to deliver 350 000 housing units a year within the next five years.

The document warns, however, that "the housing backlog will simply be beyond reach if fully serviced formal housing is the norm".

Refreshingly, the urban development strategy represents a sharp break with ideologically driven solutions.



Patrick Bulger

SA's homeless start building own houses

JOHANNESBURG: Saving 50 cents a day, Ms Queen Kasa hopes to have enough money to move from her tin shanty in Durban to a cement low-income house.

For now though, she's putting her energy into a four-day housing conference starting on Monday that will also bring together 44 African housing ministers to tackle the continent's housing problems.

"A group of us got together and approached banks for housing loans. They wouldn't give them to us because we didn't have traceable addresses or collateral. That's why we're here," said Ms Kasa, a member of the South African Homeless People's Federation.

The African Housing Ministers' Conference is being held here to list Africa's housing problems before the international Habitat II Housing Conference in Turkey next June, UN Commission on Human Settlements secretary Mr Joe Mungai said.

Members of the SA Homeless Federation, with 700 members, have come from all over SA to show African housing ministers at the conference that South Africans are prepared to take housing provision into their own hands.

The group is directly involved in home building. Its houses cost as little as R8 200 and so far, eight Durban houses have been built without government subsidies.

Zimbabwe and Namibia were good examples of housing successes, Mr Mungai said.

"They have taken the housing initiative into their own hands to accommodate both people living there and refugees who are returning. I think we'll see the same thing in SA." — Sapa

(123) CT 13/10/95

FORUM

Standardisation will cause massive rise in municipal wage bills

(123) CT(BR) 13/10/95

Poorer areas that belong to the metropolitan body must be given more powers

BY ANN CROTTY

The long-term implications of the resolution of the recent municipal workers' strike point to staggering increases in municipal wage bills country-wide, as conditions of local government employment are standardised across the country.

To date, the highly segmented manner in which local authorities are governed has resulted in lower-graded workers receiving considerably different wages for the same work.

Ahead of this year's wage negotiations with the Greater Johannesburg Transitional Metropolitan Council, the minimum wage of a rubbish collector in Ennerdale was R500 a month; in the Johannesburg area it was R1 200 and, in some regions of what was formerly the Transkei was R125 a month. So, depending on where he worked, a dustman earned between R1 200 and R125 a month.

Because they were negotiating with one body instead of the various employer bodies that had previously negotiated wages and conditions, the Greater Johannesburg metropolitan branch of the South African Municipal Workers' Union was able to push for uniformity on wages.

As a result, the Ennerdale and Johannesburg rubbish collectors are now on R1 500 a month. But in the former Transkei they are still on R125.

For organised labour the more immediate issue to be resolved is the need for uniformity and standardisation in terms of employment — the issue of pay level and conditions is an ongoing one.

It is this push for standardisation that has put so much force behind the union's demand for the repeal of annexure J of Local Government Proclamation 42 which will result in the allocation of powers and functions to weaker and poorer metropolitan substructures that belong to the strong and wealthy metropolitan body.

"We want a single employer base for metropolitan government with strong power functions," says the union's spokesman, Weizmann Hamilton.

There is little doubt that for the next few years much of the union's energies will be devoted to what Hamilton describes as the complete revision of the system that underpins the segmented terms and conditions that apply to municipal workers across the country.

As he sees it, this is in line with ANC policy to transform local authorities and create a system of one city one tax base.

He says it is not just a question of parity of wages, the need to improve the skills level of lower-graded workers must also be addressed.

Ability is not recognised, so workers continue to do the same low-grade work

As yet there has been no attempt at training or developing a career path for these workers who comprise the bulk of the union's members.

Because paper qualifications are relied on and recognition is not given to experience and ability to do the job, lower-grade workers spend most of their working lives at the same low grades of employment.

The June negotiations, conducted directly between the union and the the Greater Johannesburg TMC, for the first time ever resulted in establishing the same pay for workers in a broad spread of municipalities, including Dobsonville, Deep Meadow, Johannesburg and Ennerdale.

As Hamilton notes: "Nowhere in South Africa are we as advanced in this policy (of standardisation); we have set a precedent for the rest of the province and for the rest of the country."

The cost implications are staggering. Hamilton said it would take considerable research to establish the full extent of the additional wage bill.

As to the question of who is going to carry it, Hamilton says: "In the short-to-medium term if the municipal authorities don't have the funds, they must be provided by central government."

As things stand the authorities facing the biggest wage bill increases certainly do not have the funds in their own coffers from which to make the additional payments.

The comparative poverty of black and, particularly, rural black local authorities is part of the reason behind the present segmentation of wages and conditions.

The number of many grades used to evaluate jobs and determine wage levels in any local authority depends on the external grading of that local authority.

The system of external grading is regulated by the Promotion of Local Authority Affairs Act of 1983.

According to the act, 13 factors are weighted in a formula that determines grading from grade one which is the smallest, Ashburton in KwaZulu Natal, to grade 15 which is the largest, Johannesburg. The 13 factors include 12 services and the level of income of that authority.

The 12 services are: water meters; water purification; electricity meters; sewerage points; sewerage purification; roads; erven; housing; fire services; ambulances; library books and trading licences.

In a recent report entitled Labouring Locally, Nobom Tshiki refers to the fact that the external grading of a local authority plays a role in determining the number of salary levels found within a local authority. "For instance, questions of how large a local authority is and how many responsibilities it has are two of the factors that are taken into consideration when the number of grades is determined."

According to Tshiki, whose report also addresses the lack of skills training, in terms of the act the allocation of the weightings "did not benefit those authorities which are situated in small towns, rural areas or black authorities.

"Most of these towns do not offer services such as library facilities and ambulance services."

In addition, most of the services which have high weightings such as erven, water meters, electricity meters, sewerage points and roads are not available in rural areas and some black local authorities.

Tshiki says: "Income has the highest weighting.

"Because of the sources from which it is generated — most of which are not available in small, rural or black local authorities — these authorities are further disadvantaged."

Even if standardisation of wages takes a number of years, it is unlikely that many of the black and rural local authorities will have upgraded their income resources sufficiently to cover the increased wage bill. Hence, Hamilton's call that central government make up the shortfall in the medium term.

Tshiki says that in addition to the differences between differently graded authorities, the fact that there are differences between identically graded local authorities confuses the situation further.

"What this means for lower-graded workers is that the principles of equal pay for work of equal value and equal pay for equal work are not applied.

"These are the very principles that organised labour is fighting for," Tshiki says.

WASTE DELIVERY *Municipal workers, above, trash the streets of Johannesburg, drawing attention away from the core issues*

PHOTO: TJ LEMON

ENERGETIC *Samwu spokesman Weizmann Hamilton, right*

PHOTO: JOHN WOODROOF

That fight is not helped by the lack of centralised bargaining, says Tshiki, who suggests that "the problem of grading systems used in local authorities and the hostile labour relations environment can best be addressed through the introduction of centralised bargaining".

Hamilton sees the complete overhaul of the role of the Municipal Employers Organisation (MEO) and the Employers' Organisation for Local Authorities (Eola) as critical to the process of revision.

He describes the organisations as anachronisms which represent local authorities that no longer exist.

In Gauteng, the Gauteng Association of Local Authorities has been established to replace the MEO and Eola. The association cannot register until after the local elections next month.

If annexure J is not repealed it could throw the agreement reached between the union and the Greater Johannesburg TMC in June into contention.

A large part of the union's success in these negotiations can be attributed to the fact that the MEO and Eola were barred and talks were conducted directly with the councillors on behalf of the Greater Johannesburg TMC.

Even if annexure J is repealed, the ability of the TMC to negotiate binding deals ahead of the election may be called into question.

This would be one way of the government delaying the budgetary effect of standardisation of wages in the sector.

But given the labour movement's commitment to the issue, it could only be a delaying tactic.

40 000 flock to city a month

(123)

BARRY STREEK
POLITICAL STAFF

CT 13/10/95

AN estimated 40 000 people a month were moving to the city, the Minister in charge of the RDP, Mr Jay Naidoo, said yesterday.

He warned these people had started "to assert their frustration as demonstrated in the mushrooming squatter settlements and land invasions".

Releasing the government's strategy documents for urban and rural development into the next century, he said urbanisation had become one of South Africa's major challenges.

Mr Naidoo said the strategies were a 25-year vision for urban and rural development that would guide public and private investment in addressing past distortions.

The urban development document said the metropolitan areas and large cities were growing rapidly, and it was estimated the present urban population varied between 19,6 million and 26m.

It was also estimated 75% of the population would live and work in cities and towns by 2010.

Concerning the Cape Metropolitan area, the document said a development framework must plan for housing, jobs and transportation systems across a territory of 4 500km².

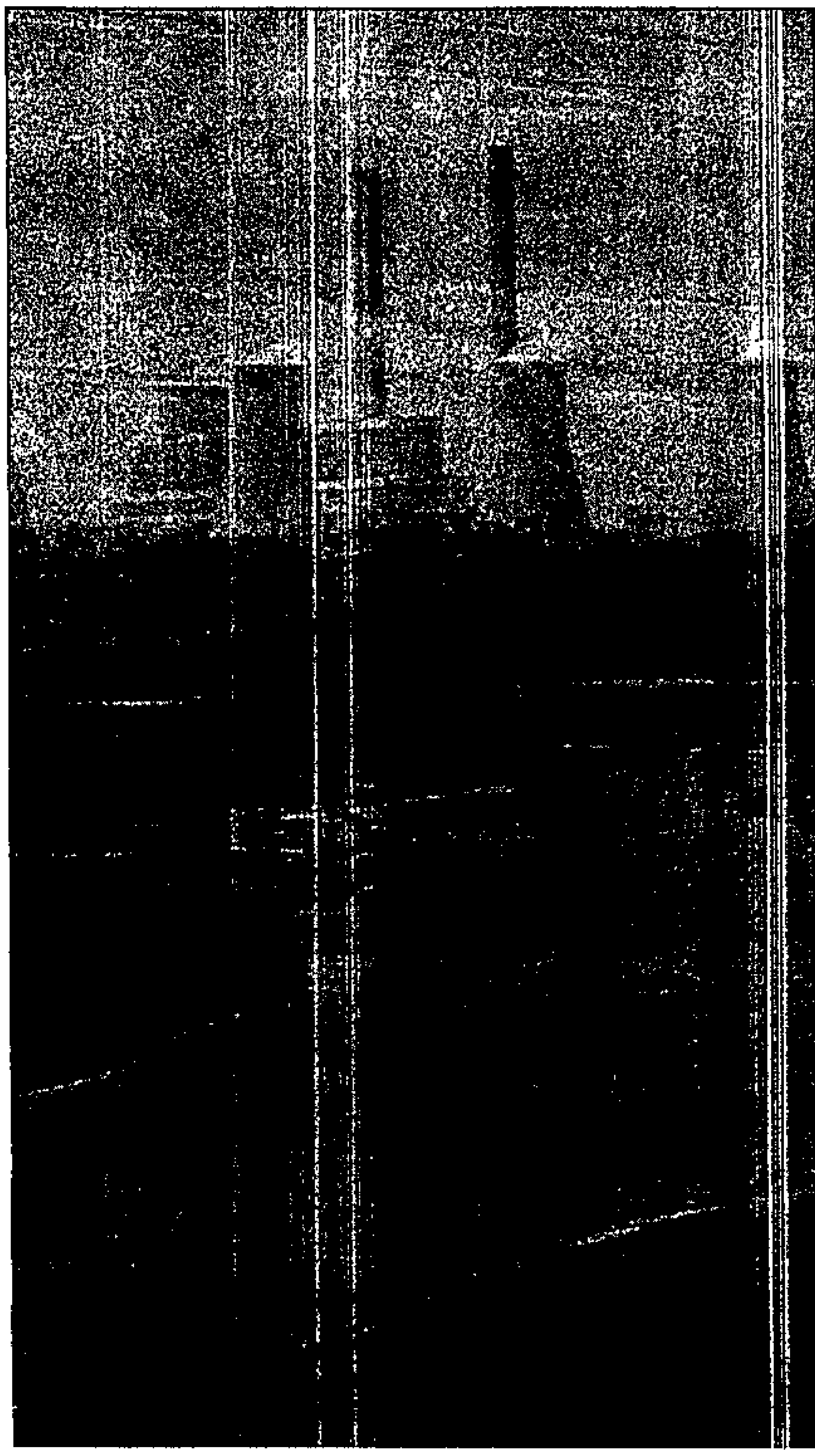
The document said the growth rate was sufficiently normal to suggest that effective urban management was possible and there was therefore no justification for interventionist policies which tried to prevent urbanisation.

The government's vision was that by 2010, cities and towns would be based on integrated urban and rural development strategies and be centres of social and economic opportunity for all, the document said.

● See Page 5

Water crisis: It's not about when or how much you can water your garden. It's about how

Abuse behind the



Duvha power station near Witbank was built there so it uses the Olifants River for cooling. But the Olifants' water is so polluted that the power station must draw millions of litres a week from the Vaal instead PHOTOGRAPH: NAASHON ZALK

Eddie Koch

A FRONT-PAGE article in a national newspaper recently reported on how the Johannesburg city council was encouraging suburban residents to spy on neighbours who might be illegally watering their gardens.

The report was a classic example of the way ordinary folk who water their gardens or clean their motor cars with hosepipes have been identified as the main culprits for South Africa's present water crisis — and have been subjected to the only major efforts to conserve this resource.

But the story of the Olifants River (see below) shows that the country's flood of water problems has at its fountainhead a body of water law made up of regulations that were drafted up to 300 years ago when water scarcity was not a problem.

"Two primary legal constraints are 'private water' and 'riparian rights'. Private water essentially includes rainfall, soil water and ground water occurring on or underneath private land, together with streams which rise and flow over a single piece of private land. The state has little control over what a private landowner does with his private water. South African water law does not recognise the hydrological cycle as an indivisible continuum, nor does it acknowledge water as a national asset," says Simon Forster, special adviser to Water Minister Kader Asmal.

The average irrigation water required for one hectare of land is enough to meet the domestic needs of almost 900 people a year

"Water flowing in a public stream (any stream which is not deemed to be private) is public water. However private landowners can and do have rights to divert and use a portion of both the normal and surplus flow of a public stream. Riparian water rights from part of the title deeds of land and were originally granted when river utilisation was negligible. Today, with the immense pressure on water resources, riparian land owners are technically and legally capable of pumping many rivers dry, particularly during low flow periods."

Forster estimates that more than 65 percent of all water currently used in South Africa is either privately owned or used under historically obtained riparian rights. Private water used up by the accelerated pumping of groundwater, dryland and rain-fed farming — including forest plantations — and the proliferation of small dams on farms has resulted in a huge decrease in water reaching rivers.

Says Forster: "When viewed in conjunction with the expansion in irrigation that has taken place during the last two decades, the conclusion can be made that a relatively small number of landowners now control the greater portion of the nation's utilisable water."

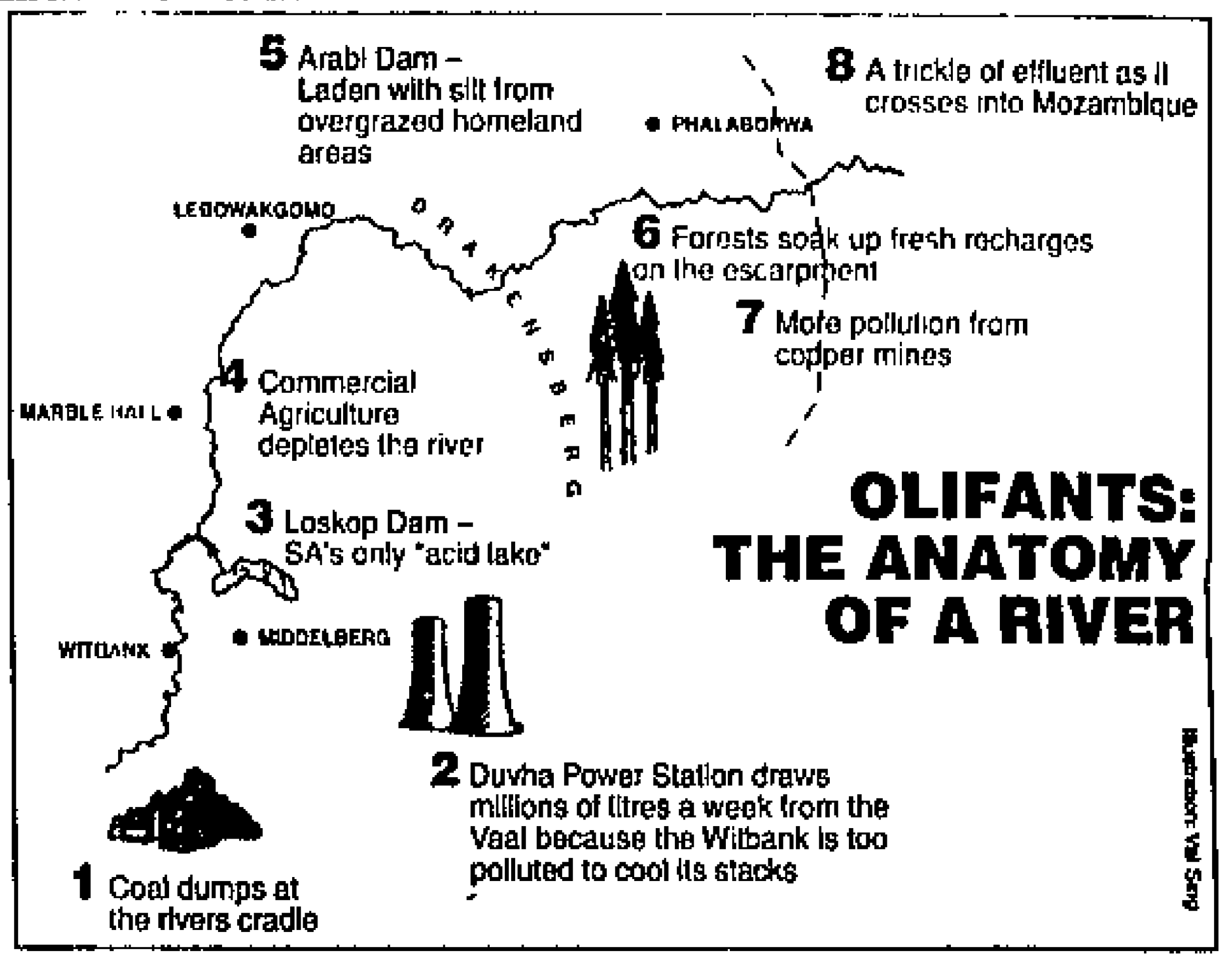
He points out that the average

A river dammed and destroyed

(23)

MG 13-19/10/95

To trace the course of the Olifants River is to trace a history of appalling environmental degradation, writes **Eddie Koch**



LOOK at a map of South Africa and you will see sprinkled over it names that reveal how rivers were once venerated by the early inhabitants, black and white, of this country. Amanzimtoti, the Sweetness of Water; Bloemfontein, the Fountain of Flowers; and Witwatersrand, the Ridge of White Waters, are just some of the prominent ones.

Yet this respect for rivers has been ignored in the way natural water in South Africa has been managed over the last three decades — a time in which a small group of powerful landowners and industrialists have been able to gouge out a huge gap between these beautiful names on the map and the barren reality on the ground they describe.

Take the Olifants. There can be few rivers in the world that have been manipulated, twisted, polluted, dammed and denuded like this one has. It begins near the town of Trichard in Mpumalanga province, surrounded by coal dumps that seep sulphur and other industrial toxins into its cradle.

From there the river flows northwards, through other collieries, to another misnamed place: the Witbank (White Banks) Dam.

A massive coal-fired power station called Duvha was built on the edge of this dam so it could draw water for cooling from it. By the time the Olifants River gets here, though, it is so polluted with sulphates and salts that its water creates a thick scale on Duvha's cooling towers and threatens to corrode them. The power station now draws millions of litres a week from the Vaal for cooling.

From Witbank, the Olifants pushes further north, through more coalfields scattered with ochre-coloured effluent dams that leach into the rivers' supplies, until it reaches the Loskop Dam which Simon Forster, special adviser to Water Minister Kader Asmal, describes as "fast becoming the only acid dam in the country".

Downstream of the dam, between Loskop and Marble Hall, lies some of the richest farming land in the country where landowners have used their riparian water rights to construct an amazing network of canals and mechanised systems that irrigate vast fields of wheat, maize and orange trees that supply Gauteng's industrialised areas with food.

These are some of the most efficient farms in the country, but they use so much water from the river that, says Forster, "there is literally not a cupful left" to supply settlements of rural people who were removed from the valley and shunted into the KwaNdebele and Lebowa homelands. A few kilometres away from these well-watered estates lie parched villages that have water trucked in to them every day.

The Olifants then trickles into a section of the former Lebowa homeland, where it veers east towards the sea and picks up fresh water from a new catchment area. But these lands have been overgrazed and eroded lands (they were never supplied with proper irrigation), so that by the time it flows into the Arabi Dam, east of Lebowakgomo, it has picked up tons of silt and soil.

From there the river flows through more degraded villages, and a couple of asbestos mines that leave their toxic fibres in its waters, until it is joined by the Steelpoort and Blyde Rivers near the Northern Transvaal Drakensberg escarpment. These rivers should refresh the Olifants with mountain water, but the Steelpoort has been heavily polluted by mines along its course and the Blyde River has been sucked dry by huge pine and bluegum forests.

Trees in these plantations can use more than 100 litres a day each and their roots reach into groundwater some 20m below the surface. So the Blyderivierspoort Dam, just under the escarpment, lies well below its proper level and its waters are laden with silt and pollution gathered upstream. The Olifants then winds across the Lowveld to Phalaborwa, where industries discharge more effluent into it.

The river's load of silt, sulphates and other pollutants have devastated aquatic life in the Kruger National Park. By the time the river crosses into Mozambique it is, according to Forster, no more than "a little trickle of effluent" (see opposite).

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ongoing mismanagement and environmental damage have ruined resources

water shortage

(123)
MG 13-19/10/95

irrigation water required for one hectare of land is enough to meet the domestic needs of almost 900 people a year. Water losses associated with the supply of irrigation water are around 30 percent. A one-percent reduction to 29 percent would meet the basic water needs of nine million people.

Water restrictions imposed on urban consumers and increased tariffs on users of bulk water from government dams, mainly municipalities and large industries, are one way of ensuring that water is conserved.

But government-owned water is just a tiny proportion of the resource and the only long-term solution lies in a thorough overhaul of the country's water law to allow the state to regain control of the bulk of water resources and allocate these in a planned and equitable way.

The Department of Water Affairs and Forestry has begun to do just that, by preparing a White Paper on water law reform. This will allow for the creation of catchment authorities that will have real powers to allocate and control water use. In this way rivers like the Olifants can be better cared for and used by a greater proportion of the population — instead of being subjected to an unregulated system that encourages the owner-takes-all principle.

But organised commercial agriculture, which feels under siege from new land restitution and redistribution laws, has already indicated it will fiercely resist any initiatives that will erode their rights to water — especially at a time when years of drought have pushed many farmers to the wall.

The owners of large agricultural estates and plantations will also be emboldened by property clauses in the interim Constitution that are interpreted by many as a protection of their land and thus riparian and private water rights.

In 1852, Chief Seattle wrote an often-quoted letter in response to US government requests for title to his peoples' land. It said: "How can you buy or sell the sky? The land? The idea is strange to us. If we do not own the freshness of the air and the sparkle of the water, how can *you* buy them? ... The rivers are our brothers. They quench our thirst ... So you must give to the rivers the kindness that would give any brother."

In South Africa, the waters have been bought and sold under a system of private management that defies compassion.

"This highly distorted access to natural resources is not the fault of the 'haves'. Large-scale bulk water users such as forestry, agriculture and municipalities are merely responding to the legal circumstances concerning the control of water," says Forster.

"The fault lies with the laws which govern the ownership, allocation, access to, use and management of water, and the political system which maintained such laws." The only solution, he says, is for the state to take back public ownership of the rivers and the groundwater.

The problem is that civil strife in South Africa is more likely to take place over water reform than the land that is often mistakenly described as the most heavily contested resource in this country.

A river barely runs through it

MG 13-19/10/95

Mozambique's rivers all originate elsewhere — and by the time they get to the drought-ravaged country, they are almost useless. **Justin Arenstein** reports


PHOTOGRAPH: HENNER FRANKENFELD

MOZAMBICAN goodwill towards South Africa is drying up — with a growing clamour that South Africa is responsible for that country's increasingly parched crops and dwindling rivers.

Not even a flying visit to Maputo late last week by South Africa's water guru, Kader Asmal, is expected to satisfy Mozambique's increasingly militant agriculturalists, who are convinced that South Africa is over-utilising a limited resource.

The growing outrage in southern Mozambique stems from the fact that Mozambique has been forced to rely on its rivers for water because of its severely under-developed water infrastructure.

None of these rivers, however, originate within the country and all are heavily utilised by neighbouring countries such as South Africa, Zimbabwe and Swaziland before entering Mozambique. After three years without any significant rains, Mozambique's rivers are drying up.

Mozambican government authorities contend that a number of South African dams on the Injaka and Inkomati rivers in Mpumalanga and the increased agricultural use of the Olifants and Crocodile rivers have aggravated this situation to the point where many of Mozambique's once major waterways have ceased to flow.

Asmal was attempting to address this growing dissatisfaction when he flew to Maputo last week for an urgent one-day meeting with his counterparts there.

"Yes, South Africa is very aware that the Mozambicans are unhappy about the quantity of water reaching them. In fact, the Mozambicans were so unhappy that they declined to sign a proposed Memorandum of Understanding — they called it a 'feel-good document'," said Peter van Niekerk, Asmal's chief engineer for project planning and a delegation member.

"Instead, they immediately signed a draft document calling for the creation of a joint water commission between our two countries. This is much more than we had expected or hoped for and, as a result, a formal treaty between South Africa and Mozambique is scheduled to be signed in early November — after the two countries' Cabinets approve the document, of course."

Acknowledging that the proposed treaty won't bring any dramatic or other gains for either Mozambique or South Africa in the short term, Van Niekerk explained that "the present drought is so severe that we don't have the capacity to supply Mozambique with much more water than it's currently getting.

"But what we're actually doing is laying the framework for 10 to 15 years from now. This agreement will be the keystone for similar treaties throughout the sub-continent."

Although no formal complaint has yet been lodged with South African authorities, it is also hoped that Asmal's visit will quash grumblings for a World Court lawsuit against South Africa for allegedly violating international water conventions.

"We've informed the South Africans that we don't agree with unilateral decisions to build dams on international rivers such as the Sable River," explains Mozambican National Water Board Director Luis Elias.

"We depend on the rivers that flow from neighbouring countries, but if we don't like their decisions what can we do?" asks southern Mozambique's Regional Director for Water Affairs, Issufo Cautamia. "We can't just go and knock the dams down."

Although the threatened legal action is seen as nothing more than a political lever to impress the South Africans with Mozambique's seriousness, the threat itself could seriously harm South Africa's image both within the sub-continent and in the Organisation for African Unity (OAU). South Africa has repeatedly tried to emphasise that although it is a regional superpower, it will not bully its neighbours.

Declining to comment on a possible meeting between Minister Asmal and his regional counterparts to establish non-riparian rights to water systems for all the countries within the sub-continent, South Africa's Director of Legal Services for Water Affairs, Willem Labuschagne, would only say that "non-riparian rights are on the cards. But there is no concrete framework for this yet and only long negotiating will produce such a framework."

Labuschagne also dismissed hopes for "quick fix" solutions to water shortages via exchange programmes with countries such as Zambia and Zaire which have abundant water.

"Water exchange schemes with such countries is just talk at the moment," he said.

"Water supplies to Mozambique should increase, though, when programmes such as the eradication of exotic trees along water courses in South Africa begin to have an effect. These plants can consume up to 30 percent of river-borne water."

Labuschagne also added that the entire body of South African water legislation is presently being reviewed, including farmer's riparian rights to water that flows through their property.

"This process allows for public participation and good suggestions will definitely not be ignored," he said.

● Submissions can be sent to Dr Kader Asmal, Minister of Water and Forestry Affairs, Private Bag X9052, Cape Town, 8000. — *African Eye News*

Govt has built 10 163 houses

(123)

Tim Cohen

BD 13/10/95

CAPE TOWN — Housing Minister Sankie Mthembi-Nkondo said yesterday 10 163 houses had been built with state funds since the election, requiring the housing ministry to make up a huge backlog if the ANC was to keep its promise of a million houses in five years.

Answering a parliamentary question by PAC MP Patricia de Lille, Mthembi-Nkondo said most houses had been built in KwaZulu-Natal (2 826) and the Western Cape (2 029).

In Gauteng 1 277 houses were built, in the Eastern Cape 478, in the Free State 1 857, in Northern Province 118, in Northern Cape 1 068 and in Mpumalanga 510.

Figures for Northwest were not available.

NEWSMAKER

Indemnity boss feels at home in affordable housing's drive

(123)

ST(BT) 15/10/95

AT the age of 32 Nkululeko Sowazi is a veteran of the battle to bring affordable housing to the poor.

But he has only recently moved into the limelight with his appointment in September as managing director of the Mortgage Indemnity Fund, politically one of the most powerful institutions in the Department of Housing.

The MIF was set up to insure bank loans for homes in low-income areas against politically motivated boycotts. The creation of such a fund was a precondition for banks to resume lending in townships, a market they had abandoned after being hard hit by the bond boycotts of the mid-1980s.

But the powers of the MIF go beyond indemnifying banks, as the fund could become the key indicator of a township's stability. An area that does not get MIF approval could be deprived of private-sector development funds.

To date, says Mr Sowazi, almost 300 areas have been assessed and 80% approved. Townships are evaluated according to the efficiency of local government structures, stability levels and previous repayment records.

Mr Sowazi does not dispute that areas not yet indemnified by MIF will find themselves redlined. "These areas would not have received bank lending in any case. Our assessment highlights the problems which can then be addressed by the relevant authorities."

NKULULEKO SOWAZI, MD, Mortgage Indemnity Fund
Education: Salesian Boys' High, Wits, UCLA
Previous employer: Kagiso Trust

He also stresses that areas are being revisited frequently. A number of townships previously denied MIF cover have since had that decision reversed, after further information was provided by local and regional governments.

The notion of denying help to low-income communities sits uncomfortably with Mr Sowazi, who has devoted much of his adult life to political work.

In 1986, in his final year of a BA degree at Wits University, he was detained. Soon after his release, Mr Sowazi, an active member of the SA National Students Congress, fled the country, fearing further arrests.

He completed his undergraduate degree in 1989 after being awarded a United Nations scholarship at the US International University in San Diego, California. Two years later he finished a master's degree in urban and regional planning at the University of California in Los Angeles.

It was only on his return to South Africa in 1992, when he joined the Kagiso Trust as deputy director of national projects, that he was first confronted with the realities of providing basic housing to all South Africans.

He represented the trust on the National Housing Forum, the body which formulated housing policy in the transition period, and is thus well aware of the difficulties in delivering affordable housing.

"A new policy environment takes time to be implemented and translated into delivery."

To date about 230 000 subsidies have been awarded under the government's scheme, but this will only lead to new homes early next year, Mr Sowazi says.

He is also wary of criticising the banks, which have been accused of reluctance to re-enter the market despite guarantees.

"We can only judge the banks' lending records once the strategy has been in place for a considerable period," he says.

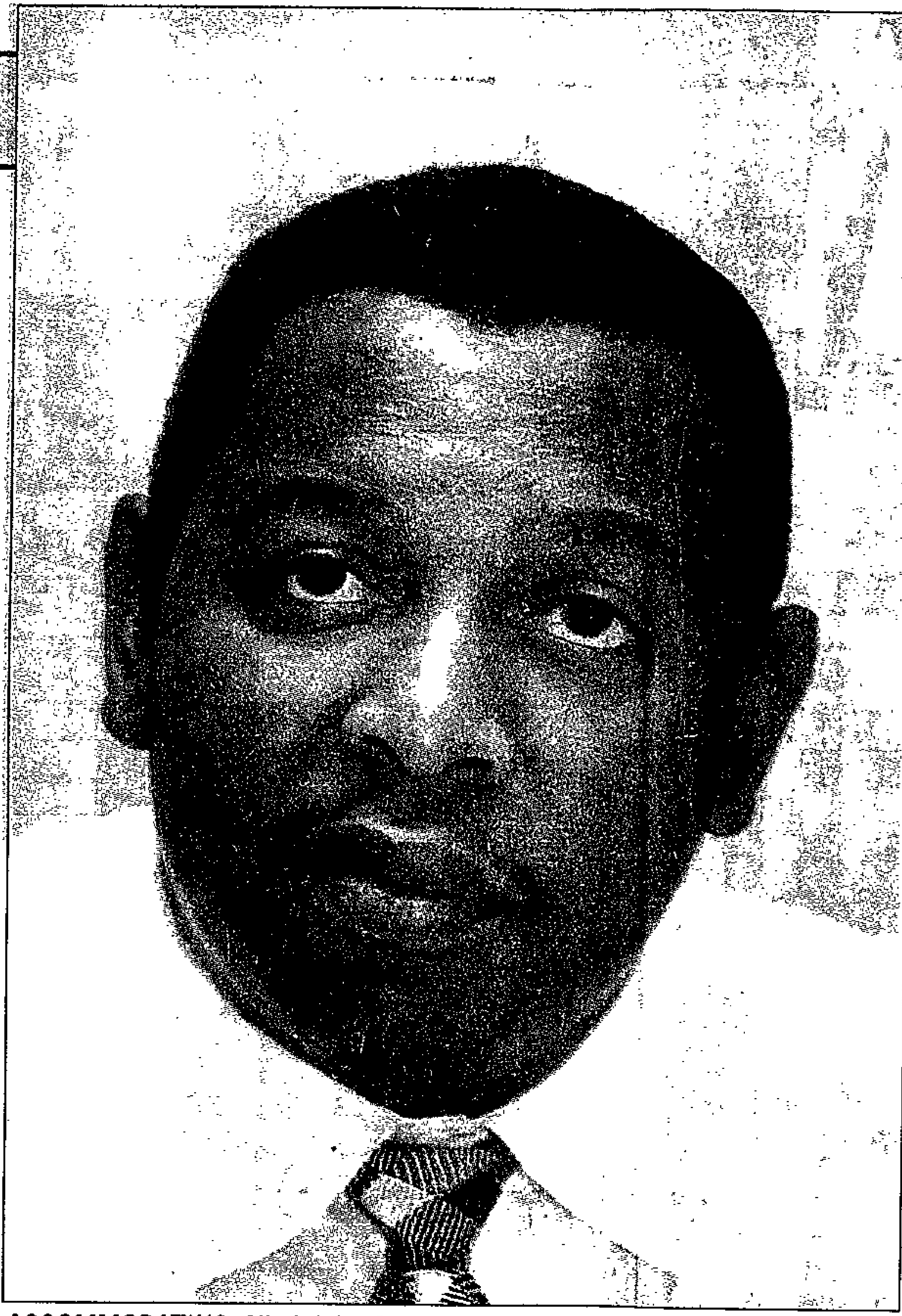
A key function of the MIF is to establish a database on bank lending to low-income areas, which can then be used to monitor the banks' move into the low-income market. In the current fiscal year the banks committed themselves to 50 000 loans in MIF-covered areas, a figure that now appears far too ambitious.

The MIF reports to a board consisting of representatives from regional and national governments, but may soon fall under the proposed National Housing Finance Corporation.

The MIF will be in place for three years after which it is hoped a semblance of normality will return to township lending.

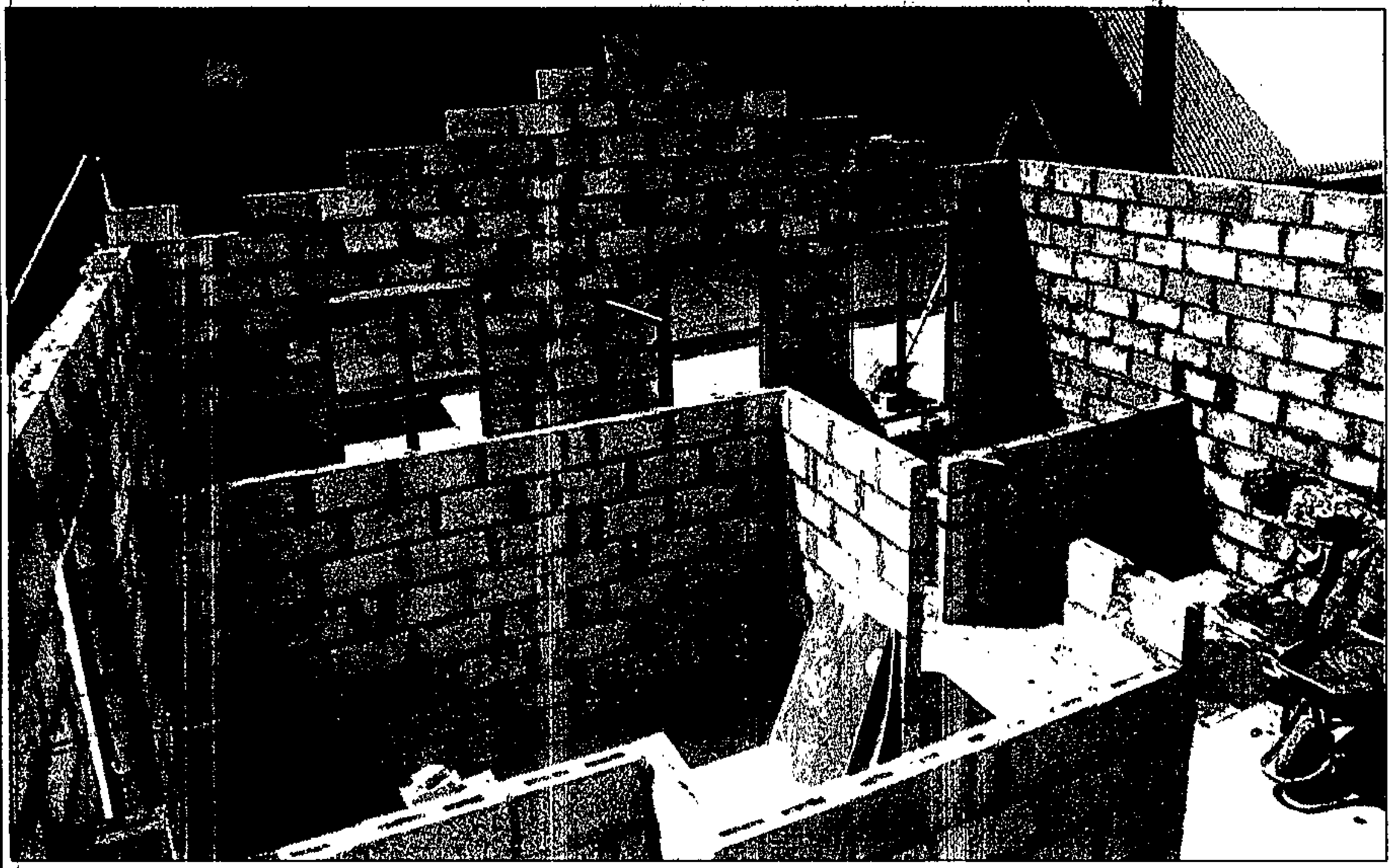
Mr Sowazi is confident that once proper local government is in place, repayment levels will pick up significantly. "We must not forget that the lack of access to credit has been caused largely by unemployment and unaffordability rather than boycotts."

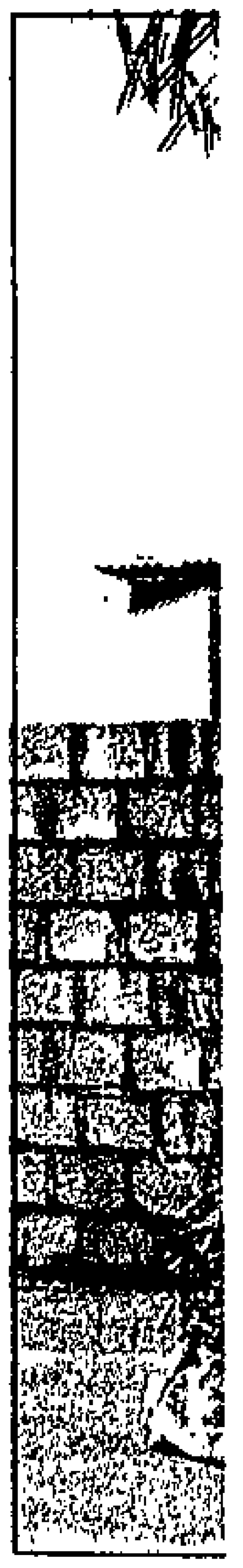
Sven Lünsche



ACCOMMODATING: Nkululeko Sowazi Picture: COBUS BODENSTEIN

THIS IS THE HOUSE THAT R





UP IT GOES . . . a peep inside an R8 000 house under construction ST. 15/10/95 Pictures: RUVAN BOSHOFF

(123) S

Sex 'n drugs and garden graves

By CHERILYN IRETON: London

FIFTY pounds each was all Rosemary and Fred West were fined for kidnapping, sexually assaulting and torturing their nanny in the early days of their alleged killing orgy.

That was in 1973. This week survivor Caroline Owens dominated court proceedings in Winchester as she relived her nightmare in 1972 when, as a 17-year-old, she was abducted by the Wests and taken to 25 Cromwell Street.

She blames herself for the deaths of the girls who were dismembered and buried at the Wests' home, now dubbed the Gloucester "House of Horrors".

Miss Owens said she had not reported that she had been raped because she was afraid of recounting the details in court. Now she believes the Wests might have been stopped had she spoken up.

At that point, only Mr West's daughter Charmaine, aged eight, had been killed. According to charges laid against Mrs West, the sex-and-killing spree continued for another 14 years.

Mrs West has denied killing 10 women, including her daughter. Mr West committed suicide in his prison cell on New Year's day.

In the first week of evidence, a bespectacled Mrs West sat in the court taking notes as witnesses, including her 76-year-old mother, gave evidence.

Daisy Letts said her daughter had indicated that Mr West was capable of murder. When Mrs Letts had asked Mrs West what had happened to Charmaine, she was told the girl had gone to live with her mother, Rena Costello.

The child's body was found in a garden grave last year by detectives investigating her disappearance.

A neighbour, Elizabeth Agius, said Mr West had wanted to turn the underground cellar into a torture room.

Mrs Agius confided in a policeman that she had woken up naked in bed with the couple after visiting them for tea. She believes she was drugged. Mr West told her he had had intercourse with her while she was unconscious.

Mrs Agius said she once babysat for the couple while they drove around looking for young girls to turn into prositutes. "Fred took Rose with him because, having a young girl in the car, it was easier to pick up young girls," she told the court.

"He said he liked girls between 15 and 17. He said you could get more money for virgins. He tried to get them to come and live with him and put them on the game if they wanted it."

Mr West told Mrs Agius that he preferred young runaways because they had nowhere to go.

Former Cromwell Street lodgers testified that casual sex and drugs were commonplace at the Wests' home in the early 70s.

Ben Stanniland, now 41, said that on his first night with the Wests, Mrs West had got into bed with him and a friend. Another lodger, David Evans, said Mrs West was always visiting in his room "because she liked sex".

Another tenant, barmaid Liz Brewer, said Mrs West had told her that when she retired she would spend all her time engaged in sexual activity.

By LINDA RULASHE

THIS is the house that takes a week to build — at a cost of only R8 000.

The brainchild of the Homeless People's Federation, it is part of a scheme offering people the chance to build their own homes at a fraction of private-sector costs.

The house costs just more than R200 a square metre, while low-cost housing offered by the private sector costs an average of R600 a square metre.

It is well within the reach of people eligible for the R15 000 housing subsidy offered by the government.

The house can be between $56m^2$ and $72m^2$ in size and can include two bedrooms, a living room, a kitchen, a bathroom and a toilet.

The house will be on display from tomorrow at the World Trade Centre in Kempton Park, where delegates from 44 African countries are meeting for the African housing ministers' conference to draw up a housing policy for the continent.

Their recommendations will be submitted to the United Nations-sponsored Habitat II international meeting in Turkey next June. Habitat II aims to have a blueprint for world-wide urbanisation ready by the year 2000.

The Homeless People's Federation scheme has received widespread support from squatter communities.

Queen Kasa, one of the model-home builders visiting the World Trade Centre, said that women, especially, had embraced the idea.

"We encourage one another to pass on building skills so that other people can build houses of their own," she said.

The housing foundation's support organisation has been encouraging communities to "put bricks and mortar together by themselves" since the project started at the beginning of the year.

Joel Bolnick, the director, said: "Our policy is to mobilise people through saving schemes, which are then used for loans at community level.

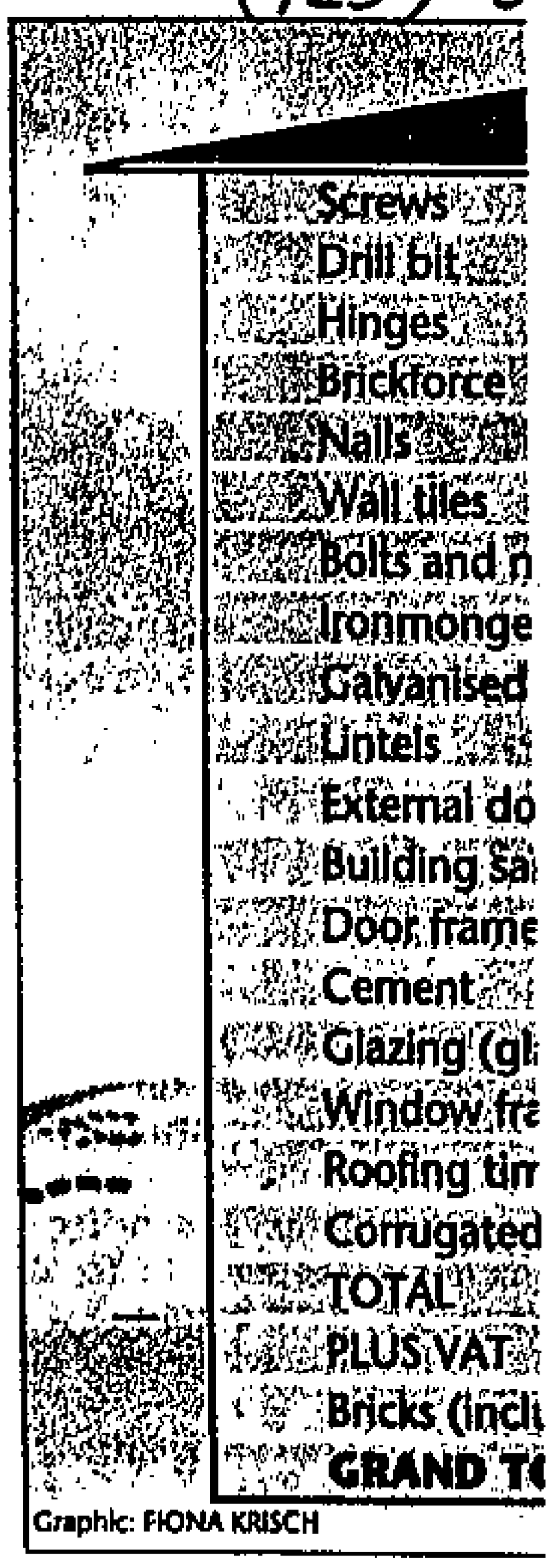
"Despite all the myths, poor people can manage their own money hopefully encourage bankin to begin giving them credit.

The cost of the homes is l imum by people making the and tiles, by using their own securing materials from su counted prices.

Contractors are exclud process and homes are desi consultation with technical the people who will live in out the cost of hiring archit

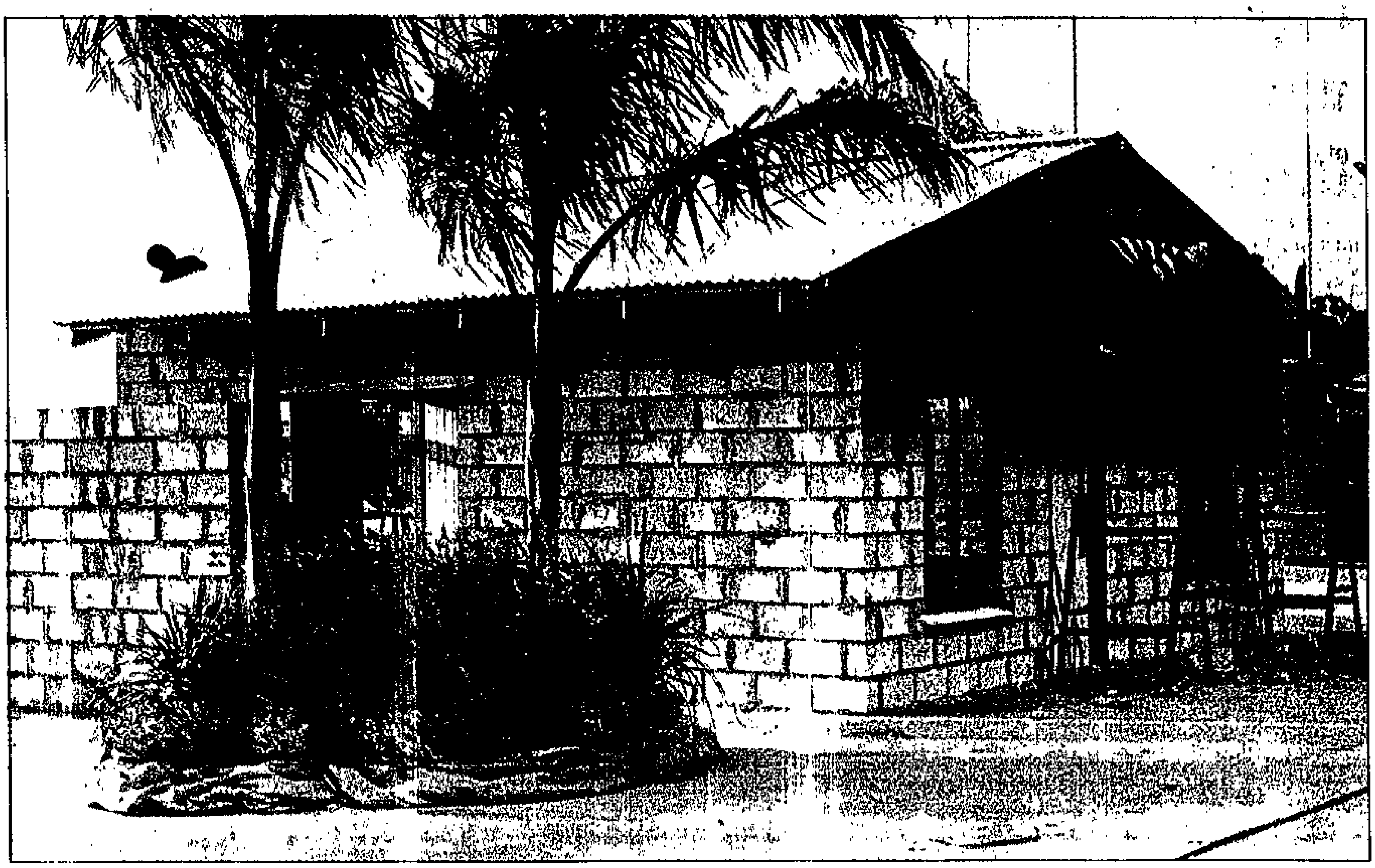
Builders try to meet high some have made mistakes.

"One house, for example, because the builders hadn't



Graphic: FIONA KRISCH

reach for respectable homes they can afford



: RUVAN BOSHOFF

AND IT'S DONE . . . the finishing touches are added and the house is ready for occupation in just a week

(123) ST 15/10/95

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COST OF HOUSE

Screws	R5,00
Drill bit	R7,10
Hinges	R8,04
Brickforce	R26,00
Nails	R30,48
Wall tiles	R50,00
Bolts and nuts	R63,75
Ironmongery	R78,00
Galvanised ridge cap	R104,80
Lintels	R142,34
External doors	R216,00
Building sand	R239,40
Door frames	R393,00
Cement	R472,50
Glazing (glass and putty)	R550,00
Window frames	R692,40
Roofing timber	R921,54
Corrugated iron	R970,20
TOTAL	R4 970,55
PLUS VAT	R695,88
Bricks (including VAT)	R2 442,80
GRAND TOTAL	**R8 109,23**

Graphic: FIONA KRISCH

manage their own money, which will hopefully encourage banking institutions to begin giving them credit."

The cost of the homes is kept to a minimum by people making their own bricks and tiles, by using their own labour and by securing materials from suppliers at discounted prices.

Contractors are excluded from the process and homes are designed — after consultation with technical advisers — by the people who will live in them, cutting out the cost of hiring architects.

Builders try to meet high standards but some have made mistakes.

"One house, for example, started to sag because the builders hadn't put in lintels to support the window and door frames," said Shawn Cuff, a foundation technical adviser. "But of the estimated 100 houses that have been, or are being, built only three have been adversely affected."

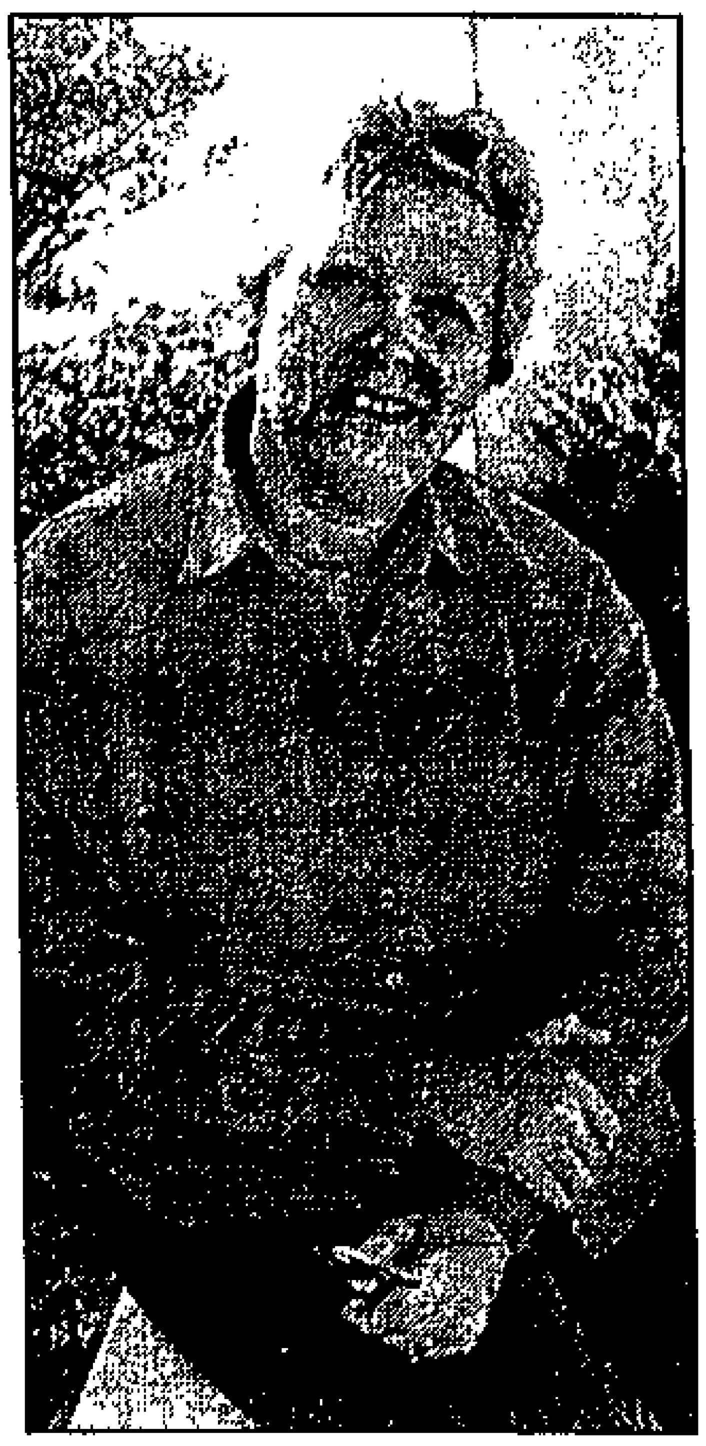
The building industry has been somewhat sceptical about the scheme because it does not follow building norms.

Subsidies have also not been forthcoming, even though the Housing Ministry has given the project its support.

However, the government has pledged R10-million for a revolving credit fund from which people will be able to get loans. A Housing Ministry committee is also investigating ways to assist people involved in the scheme.

Bright idea brings peer to Cape Town

By RAY HARTLEY
Political Correspondent



BARONESS CHALKER
A live wire

WEARING her holiday clothes at the breakfast table of a Cape Town guesthouse, the British Overseas Development Minister, Baroness Lynda Chalker, had the look of someone used to interrupting her holidays to conduct business.

While her husband, Clive Landa, a pair of binoculars around his neck, wandered patiently around the pool outside, the baroness spoke enthusiastically of the wind-up radio factory she would open the next day.

Based on the idea of British inventor Trevor Baylif, the wind-up radio failed to attract the attention of sceptical investors until Lady Chalker and her overseas development ministry decided to invest £140 000 (R800 000) in its development two years ago.

"In 1991 we were working simultaneously in northern Iraq and Bangladesh and in the West Indies, where if one had a means of communicating, you could have stopped unnecessary rushes of refugees and migrants, you could have told people not to drink water that was poisoned," she said.

The wind-up radio seemed to offer a solution to the problem of communicating with those who did not have electricity or batteries to run conventional radios.

"The thing was to get a lot of minutes' of play for only a little winding. We all thought it was rather a bright idea," she said.

A site in Montagu Gardens in Milnerton was chosen to produce the radio.

Owned by the Baygen power company, the factory which will produce the hand-powered radio began production this week, after being opened by Lady Chalker.

Spotlight on housing in Africa

(123) Star 16/10/95

■ BY TROYE LUND

Housing ministers from 53 African countries, representatives of the continent's private sector and members of non-governmental organisations (NGOs) started arriving in Johannesburg yesterday to attend the Ministerial Housing and Urbanisation Conference at the World Trade Centre.

For three days, delegates will thrash out Africa's housing problems and attempt to consolidate a regional position to present at the United Nations Conference on Human Settlements in Istanbul in June.

"Civil strife in Africa is destroying homes faster than they can be constructed. Social progress cannot happen without better human habitat," Dr Wally N'Dow, secretary-general of the UN Conference on Human Settlement (Habitat 2), said at a press conference yesterday.

Habitat 2, to be held in Istanbul next year, was constituted to make the world's cities, towns and villages productive, safe, equitable and sustainable. For this reason, and to ensure the collective views of Africa are reflected at the Istanbul conference, it invited all African states to participate in this week's Housing and Urbanisation Conference.

The conference is part of a series of conferences, organised by the United Nations, which are "negotiating the human future". Last year's population conference in Cairo and Beijing's recent women's conference were also part of this series.

"Homes are the basis of human society, they are essential to peace and stability," said N'Dow.

He predicts that this week's conference will raise African governments' level of consciousness and information about the relationship between shelter and sustainable development. It will highlight how governments have to enter into a partnership with the private sector and local authorities. Together they must "grapple with possible strategies and investigate what has worked elsewhere".

The conference will begin today after the opening address by Deputy President Thabo Mbeki.

■ The UN hopes to set up an office in South Africa to support efforts to address the housing shortage, N'Dow said yesterday.

He said the UN Development Programme's office in South Africa did not have the capacity to add housing to its functions. – Reuter.

Support for low-cost home builders

■ HOUSING REPORTER

Homeseekers will soon have easier access to legal and financial advice and will be able to build their own R15 000 four-roomed house as the Government finalises its plans to provide housing support centres throughout the country.

The centres will be established within a few months and will enable homeseekers to build a house that falls within the parameters of the government housing subsidy, according to Department of Housing spokesman Stephen Laufer.

Last week, the Homeless People's Federation built a four-roomed house as an example of what can be achieved with the Government's subsidy and community participation. The house is on exhibit at the African housing ministers' conference at the World Trade Centre.

The federation will be building the first 10 low-cost houses in Sebokeng and has already built houses in KwaZulu-Natal, Western Cape and the Free State.

The centres will advise and support communities in planning and funding new housing developments and upgrading them. It will also supply prospective home owners with building materials at affordable prices.

However, the scheme will need community involvement: "The community would make bricks and roof tiles themselves, thereby cutting costs," said Laufer.

Using a government subsidy and community participation, a house could cost about R8 000 to build, and about R7 000 can be used to cover the cost of land and infrastructure.

Once established, the housing support centres will be funded by the Government, the private sector and communities.

Delays pose threat to plans for homes

BD 16/10/95 (123)

Robyn Chalmers

PLANS to build thousands of low-cost houses could be jeopardised as delays in implementing the mass housing programme allow inflation to erode the value of subsidies, industry figures show.

Industry sources said at the weekend that building material prices were expected to jump at least 13% this year and up to 20% in 1996, reducing the number of houses that could be built with the R15 000 maximum subsidy.

"The housing programme has to get under way as soon as possible," BMI Building Research Strategy consulting unit director Llewellyn Lewis said.

"If this does not happen by next year, formal and emerging contractors will be in real trouble."

Stellenbosch University's Economic Research Bureau has predicted that building material costs will rise 14% this year and 16% in 1996, while input contract prices are expected to rise 14% this year and next.

Housing department figures on a house currently under construction at the World Trade Centre by the Homeless People's Federation show that the cost of building materials to construct the unit would be R8 109,23.

Assuming that the subsidy was R15 000, housing department figures showed that the R8 109, 23 would leave R6 890,77 to cover the cost of land and infrastructure.

The expected rise in material costs would add another R1 135 to the house's cost this year and another R1 459 in 1996, cutting the cash available to cover land and infrastructure costs.

RDP Office documentation, meanwhile, shows that a large chunk of the national housing subsidy could go towards upgrading municipal infrastructure.

It was estimated more than R20bn over 10 years would be needed from the housing subsidy.

According to the document: "This would mean that about 50% to 60% of the money made available from the housing subsidy would be used to contribute towards the cost of internal services, with the remaining 40% to 50% available for top structures."

Although Nail holds 41% of Af- vices community earlier this year

UN, SA in discussion to establish housing unit

Robyn Chalmers (123)

BD 16/10/95

THE UN was discussing with SA the establishment of a unit to focus on housing and urbanisation, UN Centre for Human Settlements (Habitat) secretary-general Wally N'Dow said at the weekend.

The proposed think-tank would support SA's bid to address its critical housing [illegible] as well as the country's urbanisation trend.

"The unit would not make a large financial contribution to housing, but would advise and work with housing authorities.

N'Dow arrived in SA at the weekend to participate in the All African housing ministers' conference at the World Trade Centre.

He said the 45 African housing ministers at the conference would produce a blueprint for low-cost housing and urbanisation in Africa which would be presented to the UN Commission for Human Settlements Habitat II conference in Turkey next year.

He said SA's housing conditions were among the world's worst, but its incremental housing policy was fundamentally sound, and other African countries could learn important lessons from it.

N'Dow said the goal of Habitat II was to make the world's cities, towns and villages productive, safe, equitable and sustainable.

The All African housing ministers' conference kicks off today with an address by Deputy President Thabo Mbeki.

African ministers draft urban housing plan

(123)

Robyn Chalmers

BD 17/10/95

SA's housing policy and reconstruction and development programme would play an integral role in producing a blueprint for low-cost housing and urbanisation in Africa, Deputy President Thabo Mbeki said at the All African housing ministers' conference which kicked off yesterday at the World Trade Centre.

Attended by 45 African housing ministers, the conference was expected to produce a blueprint for low-cost housing and urbanisation in Africa which would be presented to the UN Commission for Human Settlements Habitat II conference in Turkey next year.

"We are embracing the principles of the draft global plan of action, and therefore have something to contribute. The focus of Habitat II on sustainable human settlements and integrated development is therefore not new to SA," Mbeki said.

The objective of the global plan was to improve conditions through creation of a legal, institutional and regulatory environment which could facilitate the construction and improvement of housing by all social groups, but especially the poor.

UN Centre for Human Settlements secretary-general Wally N'Dow said Habitat II, with the support and co-operation of the UN development programme, was working closely with the SA housing ministry and provincial administrations.

Shelter-Afrique acting MD Saad Yahya said the importance of a global plan could be seen in statistics coming out of Africa. These showed that one African in three was a town dweller and that most urban residents lived in uplanned settlements.

Sacob: regional council taxes must go

BD 18/10/95

PORT ELIZABETH — THE SA Chamber of Business (Sacob) yesterday called for the abolition of regional services council taxes.

But although delegates at the chamber's annual convention in Port Elizabeth agreed to pass the motion calling for the abolition, they were unable to agree on a suitable replacement.

Some delegates proposed Sacob hold off on a decision until the national and provincial tax regimes were revamped.

The Johannesburg Chamber of Commerce and Industry said the existing system — which taxes companies' turnover and payroll — was inherently flawed, opaque and expensive to administer, while the regulations governing it were too complicated. A tax surcharge and higher VAT were mooted.

Last week the inland revenue department dismissed the chamber's proposal to piggyback the levies on income tax, saying the department was already understaffed and did not have the capacity to collect an additional tax.

Housing delay dents building activity

BD 18/10/95 (123)

Edward West

CAPE TOWN — The housing programme delay had prompted a decline in building and construction activity in the third quarter, Stellenbosch University's Bureau of Economic Research said yesterday.

The decline had bruised confidence in both the residential and non-residential sectors of the market, and expectations for the fourth quarter were generally negative.

But bureau said the setback's link to the housing programme meant prospects could only improve, and most respondents were positive about 1996.

The bureau also expected economic growth — especially fixed investment — to spill over into the building industry in due course.

The survey found that both contractors and subcontractors experienced the setback in activity, and tendering activities had risen sharply. The lull had forced a levelling off in previous steep increases in building costs.

Finance facilities were becoming more accessible, but the cost of finance and insufficient demand for building were rated the most serious dampeners on industry activity.

Architects reported lower employment, fewer projects at sketch plan stage and fewer contracts. Business confidence had dropped and architects who responded to the survey were cautious about fourth-quarter prospects.

Quantity surveyors also reported lower employment, fewer projects at sketch plan stage and fewer projects at bills of quantity stage. Fewer contracts were awarded and the profession was pessimistic, the survey showed.

PROP

'Vital housing role for business'

(123) BD 18/10/95

Robyn Chalmers

PRIVATE sector participation in forging a global plan of action for housing and urbanisation in Africa was vital if the plan was to be sustainable, private sector representatives at the all-African housing ministers' conference were told this week.

The conference in Kempton Park is being attended by 45 African housing ministers, members of the private sector and other officials whose task is to draft a position for Africa regarding human living conditions.

The plan of action, which was expected to be finalised and released today, will be presented to the UN Commission for Human Settlements Habitat II conference in Turkey next year.

Deputy President Thabo Mbeki called on the private sector to participate in forging a global plan of action for housing and urbanisation as well as to make its presence known in the local housing environment.

Mbeki said the role of the private sector was vital in ensuring that SA's housing settlements were sustainable and that better living conditions were created for all.

UN Centre for Human Settlements secretary-general Wally N'Dow said it was clear that whatever plan of action evolved from the conference, it would need the support and partnership of the private sector to succeed.

"The aim of private sector participation in the conference is twofold.

"It is to come up with mechanisms for a private sector partnership with governments to implement the plan of action coming out of Turkey, and to help develop a strategic agenda for delivery of low-cost housing in Africa," he said.

N'Dow said cities and towns would inevitably assume central places in the economic and development policies formulated by both the international and national governments.

These policies would also be key to the investment strategies of the private sector.

Although Africa was still predominantly rural, N'Dow said the urbanisation phenomenon was increasing the political, economic, social and environmental roles of its cities and towns.

It was also exacerbating poor housing conditions and infrastructure, service deficits and environmental deterioration, especially in and around cities.

"What is exacerbating it even more is the fact that the rapidity of urbanisation has not been matched by an equal growth in urban employment opportunities, resulting in millions living in poverty," he said.

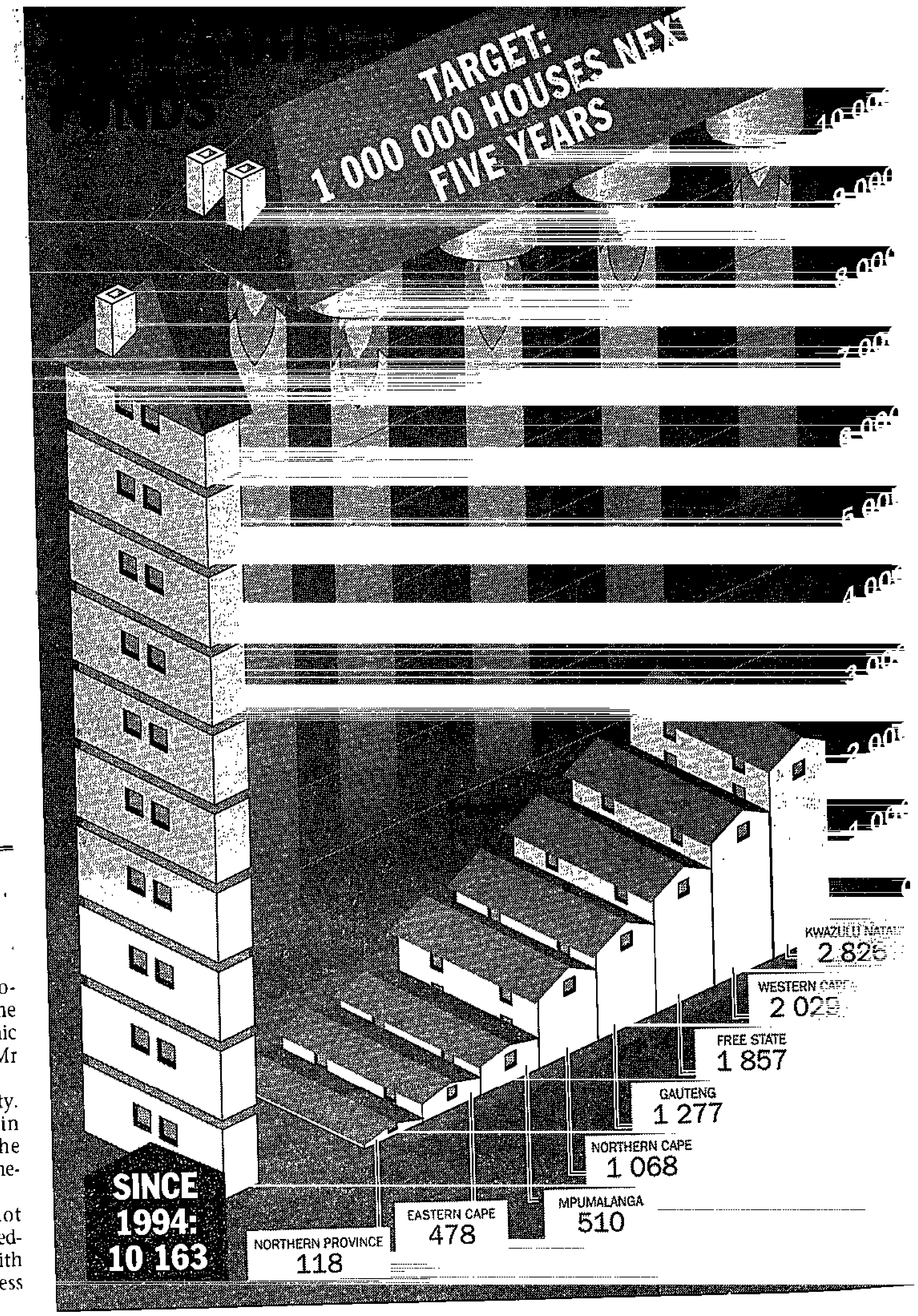
Ugandan Lands, Housing and Physical Planning Minister and current African Group chairman Tom Butime said sub-regional meetings had been held in Senegal, Zaire and Uganda in the run-up to the conference in Johannesburg.

He said it was obvious from these meetings that governments alone could not shoulder the responsibilities of meeting people's aspirations for adequate shelter and sustainable human settlements in urban areas.

Hence it was necessary for partnerships with the private sector, non-governmental organisations, community-based organisations and other stakeholders.

Butime said the poor human settlement conditions in Africa were a manifestation of poverty levels in the region and national, regional and global plans of action were needed that would deal with employment and poverty reduction measures.

"It is in this regard that we hope that the donor community as well as the multilateral and bilateral agencies will support our endeavours to enable us to meet the goals and commitments for Habitat II in our region," he said.



Housing 'vision' needed

JOHANNESBURG: Providing shelter could create and maintain a democratic process despite poverty, and this was the vision Africa needed to present at next year's international housing conference, President Nelson Mandela said yesterday.

He was closing the All Africa Housing Ministers' conference at the World Trade Centre in Kempton Park, where African ministers met for three days to list and suggest solutions to Africa's housing problems ahead of the United Nations' Habitat II conference in Istanbul, Turkey, next June.

"A successful housing programme can at one and the same time become a force for economic and social liberation," said Mr Mandela.

Africa's challenge was poverty. The greatest single resource in solving this challenge was the energy and creativity of the homeless themselves.

The government could not solve the problem alone and needed meaningful co-operation with the private sector and homeless communities. — Sapa

(123) CT 19/10/95

W CAPE SECOND IN NEW HOMES

State builds 10 000 houses in 18 months

CT 19/10/95 (123)

OF THE 10 163 houses built with state funds in the past 18 months, most have been built in kwaZulu/Natal and the Western Cape. **ANTHONY JOHNSON** reports.

JUST over 10 000 houses have been built with state funds in the 18 months since the present government took office, Housing Minister Ms Sankie Mthembi-Nkondo told Parliament yesterday.

One in five of these — 2 029 homes — had been built in the Western Cape, she said.

Western Cape Housing minister Mr Gerald Morkel said earlier this month that the Western Cape government had set itself the target of building 200 000 houses in the first year of its new government — but only 487 subsidies had been paid out so far.

The director-general of the national Department of Housing, Mr Billy Cobbet, has confirmed that the government is committed to building a million houses in its first five years in office.

Ms Mthembi-Nkondo said in reply to Ms Patricia de Lille (PAC) that 10 163 houses had been built with state funds in eight provinces since May 1994. The North-West province had been unable to say how many houses had been built.

During the past 18 months, most houses had been built in kwaZulu/Natal (2 826), followed by the Western Cape (2 029), Free State (1 857), Gauteng (1 277), Northern Cape (1 068), Mpumalanga (510), Eastern Cape (478) and Northern Province (118).

Ms Thembi-Nkondi said in reply to Mr Jac Rabie (NP) that while her department was "very keen" to promote innovation in the construction industry, it was not investigating the feasibility of specific construction methods.

Her department would consider the establishment of agri-villages based on the German model in rural and semi-rural areas.

Where freehold tenure was available, the provincial housing board could consider such a project in terms of existing housing subsidy arrangements.

If freehold tenure was not viable, the institutional housing subsidy which was currently being developed could in future be applicable to the agri-village model.

African vision for housing

BD 19/10/95 (123)

PROVIDING shelter could create and maintain a democratic process despite poverty, and this was the vision Africa needed to present at next year's international housing conference, President Nelson Mandela said yesterday.

He was closing the All Africa Housing Ministers' conference at the World Trade Centre in Kempton Park, where African ministers met for three days to list and suggest solutions to Africa's housing problems ahead of the UN's Habitat II conference in Istanbul, Turkey next June.

"We are presented with a historic opportunity to challenge economic and social relations. A successful housing programme can at one and the same time become a force for economic and social liberation."

Africa's challenge was poverty. Many people were too poor to benefit from a pure market approach to the housing problem.

"Yet poverty does not mean hopelessness. The greatest single resource we have in solving this challenge is the energy and creativity of the homeless themselves."

SA's approach to housing showed while government had an important role to play, it could not solve the problem alone.

In the past, housing had often been used as a social and political control. The poor had been hidden, evicted and harassed, he said.

Tenure security, access to credit and effective, accountable governance were the most important criteria to solve the housing problem.

In SA, the poor themselves had to implement the housing programme as the state only facilitated the process and developed infrastructure.

"But by involving the people, we shall not only ensure that they get jobs, but also that they will claim ownership of the process and the final product," Mandela said.

Earlier, Housing Minister Sankie Mthembi-Nkondo said she wanted a review of SA's housing policy to incorporate incremental housing targeted at lower income groups.

"I have appointed a task team to help me to know why delivery is so slow. We are addressing this problem and an announcement will be made within a few weeks," she said.

The minister objected to criticism of her support for incremental housing — rejected by former housing minister Joe Slovo as a policy that would lead to shantytowns — saying South Africans had to accept reality.

Zimbabwe's Public Construction and National Housing Minister Enos Chikowore said he believed a regional forum of housing ministers was needed to deal with housing on a more regular basis. "This body will exchange experience in human settlements, form policies and collectively push for a higher priority to be given to shelter in resource allocation by our governments." — Sapa-Reuter.

Thousands neglect to make repayments

Repossessed homes project fails to take off

BD23/10/95 (123)

Robyn Chalmers

THE initiative to rehabilitate the repossessed homes market appears to be stumbling, with an official report showing that more than 60% of people occupying about 13 500 repossessed homes under the programme have failed to begin repayments.

The statistics — disclosed in the first annual report on government's Servcon joint venture with banks — could prove a serious blow to the housing programme.

Servcon, a vital component of the low-cost housing strategy, is designed to deal with non-performing bank loans of at least R700m. But Servcon MD Denis Creighton said at the weekend the home owners were either unwilling or unable to begin repayments, and firmer direction was needed from government.."

Shifting non-payers into cheaper, low-cost housing — another component of Servcon's plan — could prove difficult, he warned, given the lack of housing delivery.

The Servcon programme was set up last October following an agreement between the Association of Mortgage Lenders and government to deal with the repossessed properties.

Under the plan, original home owners occupying repossessed properties would repurchase the property on an instalment plan, subsidised by the banks for the first five years.

Occupants who could not afford to buy back their properties would be placed on an affordable rental programme for nine months, at the end of which they had to move out and government would provide relocation assistance — dubbed rightsizing.

Creighton said the main problem was declining affordability levels of affected home owners. Many had lost jobs and been re-employed in lower paying jobs, while some occupants were employed in the informal sector.

Servcon had been successful in certain areas, and a number of deals with occupants were under way, but the percentage was far lower than expected.

Banking industry sources said mortgage lenders were pumping large sums into the Servcon process, but were getting increasingly irritated with criticism from government and other arenas.

"We are perceived as being a soft target and are picking up a lot of flak at the moment, yet there is no housing delivery going on in any sector of the market," said one source.

Creighton said the nine-month rental programme would come into operation next month, and he hoped the housing programme would have started to deliver by the time the first occupants would have to relocate.

Provinces set to establish housing support centres

Robyn Chalmers (123)

BD 23/10/95

PROVINCIAL governments are proposing 33 housing projects across SA as the springboard for the housing support process, scheduled to take off over the next few months.

The centres — outlined in the draft White Paper on Housing — would help people, especially the poor, to house themselves, providing support in areas including training, technology and affordable building materials.

Housing ministry delivery support directorate adviser Ken Finlayson said at the weekend it was vital that the R50m set aside in the budget as grant funding for the support centres was used as productively as possible.

"Each provincial housing board now has to look at the proposed projects and identify how many can be used productively to support the housing process at the grassroots level.

"The housing support standing committe will submit an implementation plan to the National Housing Board on this issue by the end of the month," Finlayson said.

He recently visited India with Housing Minister Sankie Mthembi-Nkondo to study the housing support mechanism employed there.

After the visit, a report was issued saying an enabling environment was needed to ensure that appropriate forms of support could be directed to people-centred initiatives.

It was necessary for people, especially the very poor, to identify what support was needed from different structures.

This was in order to access and use housing subsidies and non-conventional credit facilities to build housing adequate to meet their needs.

Support needed could be information; access to land or land tenure and to subsidies, formal and nonformal credit; advice for planning, technical design and construction; and access to small and emerging builders.

The report also said an interim policy or set of operational guidelines should be formulated by the housing support task team to guide the housing support process.

The policy should include links with the subsidy scheme, training grants and programmes, and seed and start-up capital where required.

20-year rural power plan

(123) Star 26/10/95

A project to electrify 2,5-million rural homes by 2015 has been announced by Mineral and Energy Affairs Minister Pik Botha in Pretoria.

Refsa, a wholly owned subsidiary of the Central Energy Fund, would co-ordinate and finance the provision of solar energy to rural communities.

"The financing will be sourced from the department, the reconstruction and development programme and outside sources through the RDP office," Botha said. "The solar units will be sold to the communities and paid for on terms still to be decided on."

Provincial and local government, the private sector and non-government bodies would be involved in the project.

Botha said the programme was essential to reduce dependence on traditional biomass fuels.

"The ... consequences of 12-million tons of trees disappearing in smoke every year are formidable. More than 13-million South Africans ... depend on firewood, dung and crop waste for energy."

The project was announced at a national energy seminar attended by about 90 energy sector representatives. – Sapa.

Housing delays 'over'

(123)

POLITICAL STAFF

CT 26/10/95

THE building of houses would get off the ground next year "because we have removed the obstacles", the Minister in charge of the RDP, Mr Jay Naidoo, said.

Speaking in an interview yesterday, he said the government's RDP is finally on a roll — except in the crucial area of housing.

Despite unexpected delays, caused by consulting communities and planning, as well as mistakes with some of the early RDP programmes, money is now beginning to flow to hundreds of projects countrywide.

Mr Naidoo said in an interview yesterday: "All major programmes are now off the ground.

"But there have been delays in providing houses," he said.

He said the government would release proposals soon to deal with these delays.

As the search for water widens, the schemes become more expensive

BD 26/10/95 (123)

Michael Moon

WHILE much of the country gasps with thirst and billions of rands are spent to bring water to the Highveld from Lesotho, some farmers can afford to irrigate mielie fields liberally; and in townships, rivers of water run from poorly maintained supply systems.

The current drought has focused attention on one of the country's more complex strategic planning issues — water tariffs.

The public is constantly being told of the need to conserve water. But because urban South Africans are accustomed to paying relatively little for water, and see profligate use around them, they have little incentive to save.

When something is cheap and easily available, the perception grows that it is plentiful and therefore not worth looking after.

Plans proceed to meet growing demand for water in industrial and urban complexes; and as the search widens to remote places of water abundance, the transfer schemes grow more elaborate and expensive.

Inevitably, the question has been asked: is such a demand-driven policy sustainable? Should we not be looking at new ways of "managing" the demand for water?

The water affairs and forestry department has been exploring an economic approach to tariff setting which would have the effect of reorganising the way water is allocated.

The theory goes that such a restructuring could ensure more efficient usage of existing resources and curtail the need for costly dam and water transfer schemes.

An official proposal for economic, or "true" or "right", pricing of water was recently aired in a department discussion document tabled at a water conservation conference (Business Day, October 3).

Simply put, the idea is that, in addition to the charge for water delivery, water itself is priced. It is proposed that marginal costs be used to determine the prices.

At present, water has no real monetary value in SA, where it has always been regarded as a free or public good, belonging to no-one in particular. Should it continue to be so?

"Economic theory suggests that, in the absence of abundance, water as a product should not be free, but should be priced according to its value as a commodity," said the discussion document.

This implies taking an entirely new approach to water. The compilers of the document acknowledge their proposal is "radically different" to anything followed in SA thus far. Similar projects have been only tentatively ventured in a handful of other water-scarce countries.

The proposal looks beyond simple cost-recovery for the impounding and conveying of water — a common practice worldwide but one possibly better suited to countries where water and capital are relatively abundant.

The World Bank has shown an interest in the latest thinking because it is at the cutting edge of international strategic planning and could provide a blueprint for other water-scarce regions.

In his address at the opening of the conservation conference, Water Affairs Minister Kader Asmal warned that full economic pricing would result in "massive" tariff increases, but said all consumers were being effectively subsidised, with big consumers subsidised to a greater degree.

This inequity would have to be remedied. "Bold, but considered, change" was needed in water policy, said Asmal.

His researchers suggest that pricing arrangements may strongly influence the way water is employed, and a "suitable price signal" could be part of sustainable resource management.

The document emphasises the need to be sure that the costs of new water transfer schemes, such as any planned future extensions to the Lesotho Highlands project, are not higher than the costs involved in changing utilisation of current capacity to achieve most efficient use.

The bottom line is that demand at current levels in SA will outstrip natural supplies within three decades, a trend exacerbated by accelerated economic growth.

Even if such growth did produce the capital needed to finance high-tech water supply schemes, the scope for such undertakings is not infinite. There are few remaining opportunities for domestic transfers, and plans such as that to divert Zambezi water to Gauteng are riddled with complications such as costs, political risk and environmental concerns. The only other option — desalination — is presently prohibitively expensive.

Economic pricing of water would raise costs for all consumers although, since bulk charges are only a small proportion of total costs, domestic consumers would come off best. It is the agricultural industry which would be hardest hit.

Existing irrigation tariffs rarely recover capital costs of schemes and often do not even meet operating and maintenance costs.

Trading rights

Economic tariffs would mean that these implicit subsidies would have to go.

But the effects on farmers would clearly have to be addressed. The document raises the possibility of switching to more water-efficient irrigation methods or opting for less water-intensive crops.

Most radical, if water rights could be traded on an open market, farmers would be provided with another area to make adjustments. Such water markets are developing successfully in the US and elsewhere and have been effective in reallocating water to most efficient uses.

The suggestion that marginal costs provide the benchmark for economic pricing as they take into account future costs of new projects and, being forward looking, are an estimate of an upper price level. They take into account opportunity costs, as well as the extent to which valuable resources such as labour, land, capital and water are being utilised and can therefore encourage efficient allocations.

Underpinning all theories is an understanding that water will become much more expensive. Is this feasible in SA, where demand is for better and more plentiful water in underdeveloped areas populated by people in dire financial straits? Is a market-based approach not inappropriate in the context of reconstruction and development?

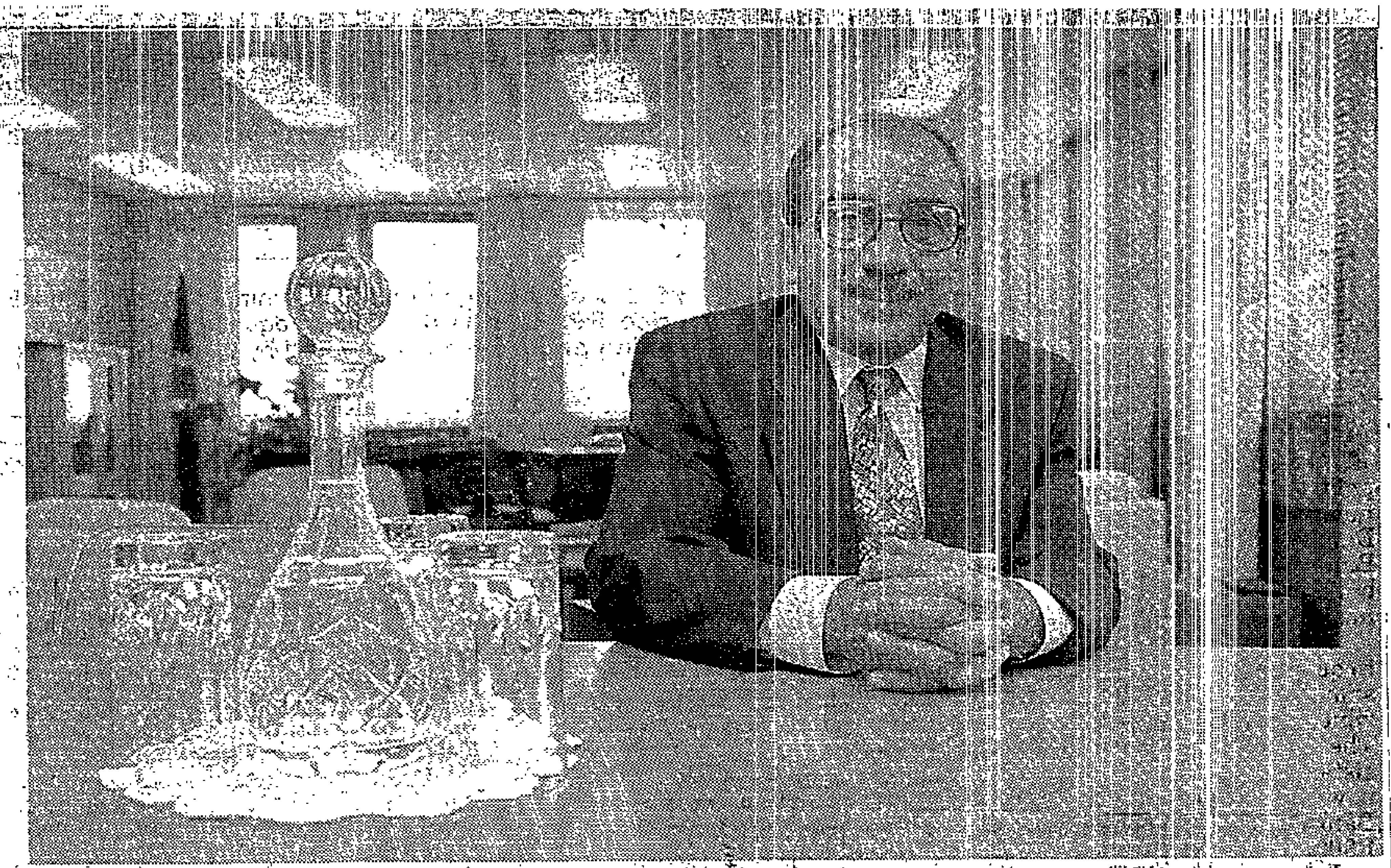
Water Affairs deputy director general Mike Muller says that, on the contrary, the proposal is very supportive of the RDP.

It has the potential for "combining the optimal use of investment with delivery of services", he says. Firstly, it would reduce the investment needs of the sector, releasing resources for other purposes.

Secondly, it would generate a surplus that could be used to fund services in "donor catchments" and achieve greater "interbasin" water equity.

Muller's view is supported by World Bank economist John Roome, who believes surpluses generated by a new tariff system should be used to fund subsidies for those unable to afford full tariffs — although a sector like agriculture would have first call on funds to help introduce conservation measures and adjust to the new system.

There are clearly many questions to be answered before government can introduce such fundamental changes, and the discussion document is at pains to point out that this is merely the beginning of a debate on the issue. But it is an issue which will not go away. The harsh realities that govern our water resources will force it onto the agenda.



Water Affairs and Forestry Minister Kader Asmal says bold change is needed in water policy. Picture: TERRY SHEAN

Finding an answer to the riddle of tariffs

(123) BD 26/10/95

Michael Schur

WATER Affairs and Forestry Minister Prof Kadar Asmal spoke recently (Business Day, October 3) of the need for a comprehensive plan to improve dramatically "the care we take to manage our sources of water; the efficiency with which we use water, and the equity with which we allocate water". Underlying much of what he was saying was that tariffs should be structured so that users paid the "right" or "economic" price for water.

This theme was explored in more detail in a paper by John Roome of the World Bank and in a water affairs document, Bulk Water Tariffs in SA: A Possible New Approach. In both cases it was suggested that the department move towards marginal cost pricing in the determination of water tariffs.

Marginal cost pricing is simply the setting of the price of an item equal to the cost of producing one extra unit of the item. In economic theory, marginal cost represents the opportunity cost (or total sacrifice) to society of producing an item. Price, on the other hand, is a measure of a commodity's marginal value to society. If price is set equal to marginal cost, then the commodity's marginal value to society is equivalent to its marginal social cost, so marginal cost pricing is assumed to be essential for efficient allocation of resources.

There are numerous ways in which the water sector can benefit from adopting marginal cost pricing. Appropriate pricing mechanisms will ensure that our scarce water resources are managed in a sustainable way. Pricing reform would not only raise sufficient revenues to meet the financial requirements of infrastructure development, but could earn a surplus which could be used to subsidise communities that could not afford the marginal cost for their water consumption.

While the sentiments underlying the national water conservation conference are to be applauded, there are considerable problems — theoretical and practical — in applying marginal cost pricing principles.

Theoretically, ideal pricing rules are frequently far removed from the methods used in practice. Divergence from marginal cost pricing principles occurs for a number of reasons. First, the indivisibility (lumpiness) of capital implies ambiguity in the definition of marginal cost.

For example, the short run marginal costs of a large-scale water scheme at less than full capacity will entail only operational and maintenance costs, since these are the only costs attributable to additional consumption. Long-run marginal costs include the sum of short-run marginal costs and marginal capacity costs — the cost of extending capacity.

Strict marginal cost pricing would imply that price should equal short-run marginal cost when capacity is under-utilised, but should be raised to ration existing capacity if increases in demand result in full capacity. The implications for the water sector — which frequently entails construction to meet demand for a number of years ahead — are wide fluctuations in price and consequent difficulties in long-term investment planning.

An additional problem involves the potential for disparity between economic efficiency and financial viability. If, for example, average water supply costs are falling (the marginal cost is below average cost) as a consequence of economies of scale, then the application of marginal cost pricing would result in financial losses for the water authorities. Third, there is also the possibility that the concern of macro-economic policy to combat inflation (and hence to limit price increases of nationalised industries) is incompatible with allocation policy and a "first best" pricing rule.

In Charging User Fees for Social Services: The Case of Education in Malawi, Thobani (1983) has argued that perhaps the most important inadequacy of marginal cost pricing is that it reflects society's valuation of the service, which can diverge from individual willingness to pay.

For example, an individual's perception of the potential benefits of a service may well be below that of society, and hence renders him or her unwilling to pay the full marginal cost. Thobani suggests an alternative to marginal cost pricing is to reduce the price (and hence subsidise the service) to a level that induces the individual to utilise the service. In an imperfect world, where the "optimal" price to charge is unknown, the rule of thumb for a given subsidy would be to raise the price whenever there is excess demand and to use surplus revenues to expand the service.

In this respect, surpluses generated in urban water schemes could provide subsidies to the rural areas. Cross-subsidisation is desirable if the amounts to be transferred do not cause major distortions in supply or demand.

These arguments suggest that capital indivisibility, gaps between economic efficiency and financial viability, as well as conflicts between macro-policy and sector requirements, may help to explain why theoretically optimal pricing principles are often far removed from prices determined in the real world. Equity considerations may be compromised in the striving for efficiency gains via appropriate pricing.

While the Minister made it clear that equity and efficiency are equally important, it will be necessary to develop policy that finds the correct balance between the two — meeting the basic needs of all South Africans, and preserving a scarce economic resource.

☐ **Schur is an economist at Palmer Development Group.**

Task force puts dent in problem of bond boycotts

Robyn Chalmers (123) 0026/10/95

THE national joint task force set up by Sanco and Khayalethu Home Loans (KHL) last year has made inroads into resolving the boycotting of almost 15 000 bonds under the KHL banner valued at an estimated R390m.

Reporting on its first 11 months of operation, National Joint Task Force national facilitator Saths Moodley said yesterday many successes had been achieved, which he attributed to the process adopted by the task force.

"Following months of intensive discussion and negotiation, a major breakthrough was achieved when agreement was reached in July with the community of Cape Town's Khayelitsha constituting 1 665 KHL clients and R65m in assets.

"Since the signing of that agreement, other agreements to proceed with the payment normalisation process have also been reached with the communities of Khutsong, Thabong, Kanana, Jouberton and Botshabelo," he said.

Moodley said the process adopted by the task force included negotiations with communities rather than individuals, and total community involvement.

In addition, the task force would meet on a weekly basis.

"The process ... is further enhanced by the fact that local persons, nominated by the community and some of whom had helped orchestrate boycotts during the apartheid era, are assisting with the payment normalisation programme," he said.

However, KHL network and operations GM Siza Khampepe said there had been difficulties encountered in a number of communities which had been resistant to the concept of resuming bond payments.

"We estimate that about 60% of the communities are receptive to the concept and have been sensitised, but the crux of the issue will be when we begin to reschedule debt.

"This should be completed by March next year and we believe there will be some long and hard negotiations ahead of us," he said.

Khampepe said KHL had a total of 27 000 clients with bonds valued at R710m around SA on its home loan book, of which 45% were currently making regular bond payments.

Sanco finance and economic development head Sandi Mgidlana said the civic organisation was uncertain about the payment normalisation programme when it first entered into the agreement with KHL last year, but was now encouraged by the results.

"We see that the process is starting to bring communities together and beginning to forge trust. We realise that in order for mass housing delivery to begin, the housing environment must first be normalised, after which financial institutions will have no excuse for not getting involved in the low-cost housing market," he said.

Govt plans to supply solar energy to 2,5m rural homes

CT 27/10/95 (123)

BARRY STREEK

THE government has launched a new initiative to electrify 2,5 million rural homes by 2015 by using solar energy.

The programme was opened by Mineral and Energy Affairs Minister Mr Pik Botha when he addressed a national energy workshop in Pretoria.

Refsa, a wholly owned subsidiary of the Central Energy Fund, the state-owned energy holding company, would co-ordinate and finance the provision of electricity-generating photovoltaic cells — solar energy — to rural communities, his ministry said.

It would be financed by his department, the RDP and outside sources through the RDP office.

The solar units would be sold to the communities concerned and paid for on terms still to be decided.

"The purchase price gradually met by the purchasers will then be applied again to finance other purchasers via a revolving credit fund. Overheads will be minimised."

Trained

Provincial and local government as well as the private sector and NGOs would be involved.

Consumers of solar energy would be trained in using the electricity provided and in carrying out simple maintenance tasks, and local entrepreneurs would be trained to perform more complex maintenance and repairs.

"The United States is showing great interest in assisting us with this programme.

"The Refsa initiative dovetails well into Eskom's off-grid rural school electrification programme and the Independent Development Trust's project for rural clinics," says the department's statement.

The programme was also necessary to reduce rural dependence on traditional biomass fuels.

"The financial and ecological consequences of 12 million tons of trees disappearing in smoke every year are formidable.

"More than 13 million South Africans — about one third of our citizens — depend on firewood, dung and crop waste, for energy," the statement noted.

(123)

LOW COST HOUSING FM 27/10/95

Africa opens doors to SA

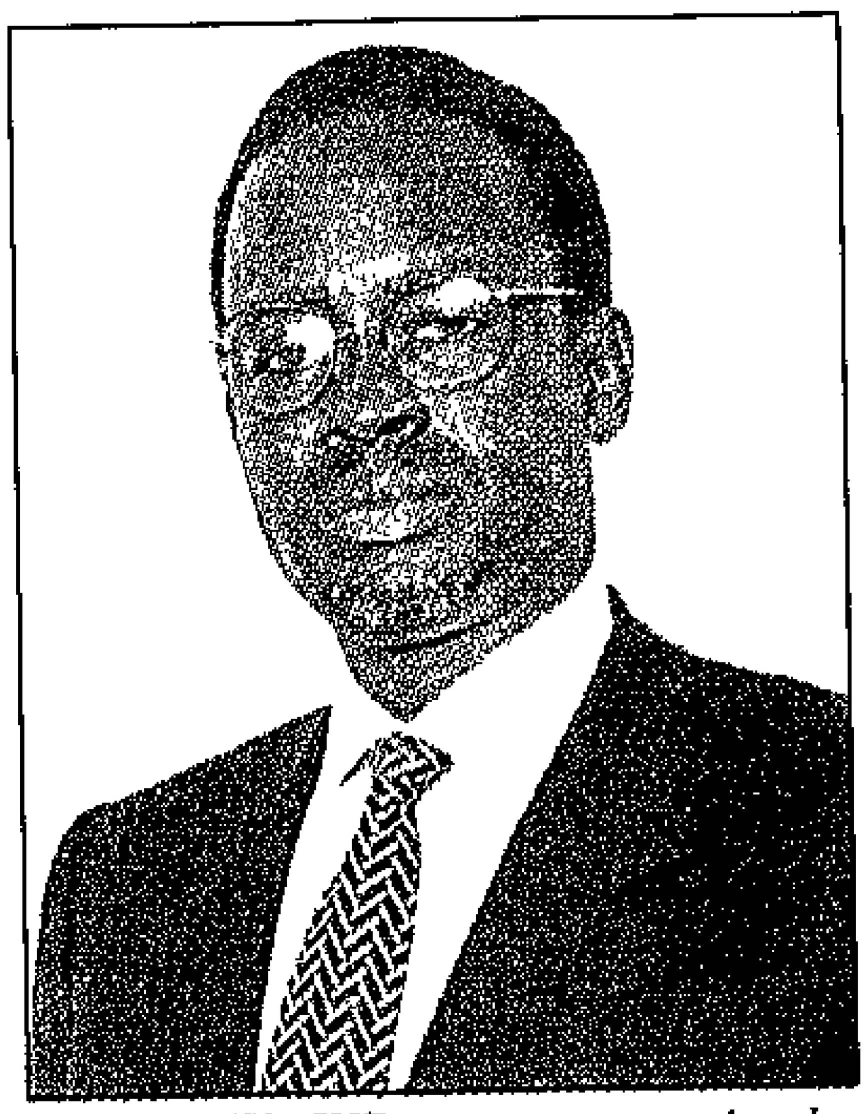
The gathering of 44 African housing ministers in Johannesburg under the auspices of the UN recently may open important doors for SA.

Not only can government learn from the successes and failures of housing and infrastructure delivery to the disadvantaged in the rest of Africa, but enormous potential exists for SA's private sector to manufacture and export building materials and technology for low cost housing on the continent.

The ministerial conference is one of a series of preparatory meetings to draw up a global plan for cities' needs in the face of rapid urbanisation and deteriorating living conditions.

The plan will be tabled next year in Instanbul at the UN's Conference on Human Settlements (Habitat II). In practical terms that meeting will decide on the allocation of resources and funding internationally.

Habitat II secretary-general Wally N'Dow assured journalists that all UN humanitarian programmes would be measured by their attention to, and effectiveness in, Africa. He also announced the establishment of a Johannesburg office for Habitat II's affiliated UN Development Programme. Resident representative is David Whaley. The office will help promote southern Africa's interests at Habitat II forums, and will provide liaison for the private sector.



Habitat II's N'Dow . . . *measuring by African standards*

While it is no surprise that the mainstream of housing in Africa and other developing areas is self-built homes, the SA government continues to give mixed signals about its commitment to incremental housing.

In 1985 the Kenyan government began building 15 m²-20 m² single room core or shell homes with serviced sites at a cost of about US$6 000 per unit — a relatively expensive product aimed at substantially fewer people than SA's housing programme.

Sierra Leone, whose housing policy like SA's was formed in 1994, has embarked on the provision of serviced plots of 348 m² averaging $2 000 each, with subsidised interest rates. But its prevailing interest rate is 30%, reflecting that country's political instability.

Looking further afield, Sri Lanka launched a five year, 1m houses programme in the Eighties, which achieved 925 000 units by the end of the target period. That programme involved small kick-starter loans of between $500 and $1 000 per family. Remaining resources were provided by the families themselves, with the final housing product usually ending up three times the value of the starter amount. To solve the problem of squatters in cities Sri Lanka provided land tenure.

Its small loan programme is being emulated in Namibia. Windhoek's "Build Together" housing programme began in 1992 and provides small income-linked loans of between R1 000 and R22 000 with subsidised interest rates of 9%-14%, against the prevailing market rate of 17%.

About 50% of borrowers are woman-headed households, who build the homes themselves. Most houses now average 50 m² in size.

Its self-help building programme runs along similar lines to SA's Homeless People's Federation, but does not have the savings element of its SA counterpart.

Namibia won the World Habitat Award for 1995, Sri Lanka in 1987.

UN adviser Lalith Lankatilleke, who worked on Sri Lanka's and Namibia's housing programmes, was seconded in May to the SA Department of Housing as housing programme advisor. He says governments must learn to structure their housing programmes around the self-help initiatives of its people.

Examples of these in SA are the Homeless People's Federation's seven building information and training centres and numerous individual community programmes in small villages around the country.

Government must resist the temptation to over-professionalise and bureaucratise these kinds of programmes, says Lankatilleke.

As in much of Africa, the SA government's ability to deliver housing is hampered by the desire to centralise government and the opposing desire to democratise it. This is a constitutional matter but lies at the heart of many constraints now being identified by a task team headed by Housing Minister Sankie Mthembi-Nkondo. The team's first phase of operation is largely political, aimed at addressing government's own blockages at various levels of planning. Its second phase is private-sector driven to provide, for example, clearer instructions to developers on such subjects as cross-subsidisation and standards. ■

Naidoo pledges RDP cash boost for improved municipal services

(123)

Star 28/10/95

An additional R700-million will be committed to the Reconstruction and Development Programme specifically for municipal services in developing communities throughout South Africa, Minister without Portfolio Jay Naidoo said yesterday.

He announced recently that R750-million had been allocated to upgrade municipal services in 614 communities.

Applications for the funding of municipal services had been so large and projects were moving so quickly and efficiently that it had been decided to extend the programme by another R700-million, Naidoo said.

This would be funded from money originally earmarked for housing. Naidoo explained that the money was not being taken away from the housing budget but shifted from funds allocated for infrastructure. It would be reallocated once the housing programme was under way.

Constitutional development director (local government facilitation) Richard Kruger said applications for funding had far exceeded allocations.

"KwaZulu-Natal was only allocated R149-million for this programme but we received applications for R1,5-billion."

Gauteng had been allocated R86-million but applications of R2,5-billion had been received.

"Mpumalanga was allocated R49-million, but we had already received applications for R71-million before it was even allocated any money," he said.

Even with the additional R700-million allocation, SA would still need to find billions of rands to fund the backlog of municipal services, Kruger said.

Work on municipal service upgrades had already begun in every province except KwaZulu-Natal, where it would begin soon.

Naidoo said the R1,45-billion municipal services upgrade programme was expected to bring basic water services, sanitation, new roads and new sporting facilities to more than 1 000 developing communities around the country.

"Some 3,5-million people will be positively affected by this programme," he added. – Sapa

Mortgage fund to cover previously deferred areas

(123) CT (BR) 30/10/95

STAFF WRITER

Johannesburg — The Mortgage Indemnity Fund has approved cover in two areas in the Free State and Northwest Province where cover was previously deferred.

Nkululeko Sowazi, the managing director of the fund, said at the weekend that cover for the areas had been deferred earlier this year, but that decisive action by the local authorities and communities had led to this week's favourable decision for Khutsong (Carltonville) and Kutlwanong (Odendaalsrus).

"These developments show that the (fund) wishes to extend its cover as widely as possible, though always within the constraints laid down by the minister of housing when the (fund) was set up," Sowazi said. "If those requirements are satisfied, we will take account of changing social realities."

Sowazi said owners of mortgaged houses located in areas not yet covered by the fund were being effectively denied the right to sell their houses.

"This, according to estate agents and potential sellers, is because some accredited banks will not provide mortgage finance for purchasers of such houses, ostensibly on the grounds that they are not covered by the (fund).

"Those banks appear to be unaware of a specific ruling of the (fund) to extend cover in instances where mortgages were registered before May 31 this year — a ruling which was made in response to a request from the banks themselves.

"Apart from hardship caused to these individuals, such practice does not promote the purpose for which the (fund) was established."

Housing cash stays unspent

(123) BD 30/10/95

Robyn Chalmers

PROVINCIAL housing boards around SA are struggling to spend the R1,8bn allocated by the housing ministry in April, with the Gauteng and KwaZulu-Natal boards having spent less than 7% of their budgets over the past six months.

Sources close to government indicated that actual funds spent by the other seven provincial housing boards through the allocation of subsidies were all significantly lower than expected.

However, one source said the long lead time involved in getting a housing project off the ground distorted these figures, as did the fact that subsidies were paid only on transfer of title.

The boards of all nine provinces were awaiting the report-back from the task team investigating ways to unblock the delivery logjam, expected within weeks, which they hoped would speed up the delivery process.

CEO of the KwaZulu-Natal board Dean Barnes said that of the housing budget allocation of R351m for the province for the current financial year, R267,6m had been allocated but only R7m had been spent — less than 2%.

Gauteng board chairman Martin van Zyl said that over the past six months the board had paid out R30m in subsidies on 1 900 houses. This constituted less than 7% of the budget allocation of R437,4m.

R700-m housing funds rerouted

(123) Star 31/10/95

■ BY HOPEWELL RADEBE

About R700-million originally earmarked for national housing development has been reallocated to upgrading of municipal services, Minister without Portfolio Jay Naidoo announced yesterday.

Added to the original injection of R750-million for upgrading of municipal services, the new total is R1,45-billion.

Naidoo said that because of an overwhelming demand for municipal services in developing communities throughout the country, his office had to commit an additional amount to help as part of the RDP programme.

He said the money was initially meant for housing projects in the Department of Housing. It has been reallocated to the Department of Constitutional Development to upgrade services in 614 areas.

The money was expected to bring basic water services, sanitation, new roads and new sporting facilities to about 3,5-million people in 1 000 developing communities around the country.

Naidoo commended provincial governments for their co-operation in changing RDP philosophy and vision into delivery.

Applications from the various provinces for funding municipal services have, however, exceeded the RDP budget by billions.

Scams 'overrun' claims for land

(123)

Louise Cook

BD 31/10/95

THE land claims process was being overrun with scams, with unwary victims paying for services unnecessarily, land claims chief commissioner Joe Seremane said yesterday.

Some were paying R10 for claims forms which were free, while others were paying R20 to have the claim processed — a function his department also did free of charge.

"Unsuspecting and uninformed communities, desperate for land, could be milked dry."

Seremane said more than 4 000 claims had been submitted so far. In some areas, lawyers were advertising cut-price offers to help lodge claims.

Other deals involved the claimant splitting half the land won with the body that helped lodge the claim. Police had been called in to one case, after a victim lost R30 000 in a claims deal.

Police said various scams had been reported across SA.

Land Affairs Minister Derek Hanekom said the Commission on Restitution of Land Rights was accessible to everyone and would help people document claims.

"The restitution process has been structured in such a way that people can submit their claims directly and free of charge."

Water will be obtained at great cost — survey

(123) BD 31/10/95

Michael Moon

COMMERCE and industry would probably have to "pay dearly" for water in the future because of the twin legacies of drought and government's commitment to supplying water to everyone, an international survey of water costs has shown.

The National Utility Services, which provides water, energy and fuel cost analyses to 750 000 business clients worldwide, undertook the 15-nation survey.

The company found that water costs in SA rose 7,45% in the 12 months to July this year, against an inflation rate of about 10%.

SA moved up one place to twelfth on the 15-nation "league table" of water prices.

It replaced the US, which moved down a position.

SA charged 192,80c a cubic metre and the US 189,67c/m³.

Below them were Norway (152,68c) and Canada (131,31c).

The most expensive water was in Germany, which charged users an average of 743,3c/m³. Belgians now pay 576,79c and the French 535,22c.

SA recorded the fourth highest annual increase of the nations studied.

The biggest rise, of 20,84%, was in Belgium and was the result of investments required to meet European standards on water supply.

The second largest increase was in the Netherlands (16,45%), followed by Italy (8,04%).

Water prices in Australia decreased 18,04% on average over the year as a result of the removal of cross-subsidies between the business and domestic sectors. The price in Australia is now 345,43c.

Indications of future price increases in SA included: a rapid rise in demand from rural villages, increases in levies for the Lesotho Highlands Water Scheme and the possible replacement of lead piping to conform to water quality standards laid down by the World Health Organisation, the National Utility Services said.

More areas approved for mortgage indemnity

CT (BR) 1/11/95 (123)

By Maggie Rowley

Cape Town — A further 73 areas have been approved for cover under the government-initiated Mortgage Indemnity Scheme (MIS) for low-cost housing.

This brings to 302 the number of areas granted approval out of a total number of 410 which have been assessed to date countrywide by the Mortgage Indemnity Fund, according to Managing Director of the fund, Nkululeko Sowazi.

Default

The MIS is a short-term measure introduced by the government to facilitate the re-entry of banks into areas where they had withdrawn en masse due to the high number of borrowers who had defaulted on their loan repayments.

The scheme indemnifies home lenders against losses sustained as a result of a breakdown in the legal process, preventing beneficial occupation of properties repossessed following default on loans.

Of the new areas now granted cover under the MIS, 25 are in Gauteng, 15 in KwaZulu Natal, and nine in the Western Cape.

Gauteng areas now granted include Diepsloot, Finsbury South, Gracelands (Ellspark Ext 4), Kagiso (Hospital View), Khutsong, excluding extension 2, Nelpamius, Protea North, Sebokeng (zones 6, 7, 10, 14, 17, 20 and 24), Soweto (Risk areas 3, 7, 10, 12 and 13) Mofolo South & Klipspruit, Chiawelo Extension 6, West Rand Agricultural Holdings and Protea South.

Areas now covered in KwaZulu Natal include Bonella, Dassenhoek, Inanda (Ohlange), Mondlo, Motala Farm, Mpophomeni, Mpumalanga, Nazareth, Phumphele, Shakaville, Waterloo (Phase 1a, 2a and 2b).

Areas in the Western Cape now qualifying for cover include Hillview, Kleinvlei, Lotus River, New Horizon, Riebeeck Kasteel, Zwelihle and Zwelithemba.

IMENT

MICS

Scheme for cheaper end-user finance for low-cost housing 'under consideration'

(~~32~~) (123) CT (BR) 2/11/95

By MAGGIE ROWLEY

Cape Town — Draft proposals for the National Housing Finance Corporation (NHFC), aimed at providing cheaper end-user finance for the low-cost housing market, are currently being considered by the Council of South African Banks (COSAB) and the contractual savings industry.

Johan De Ridder, the chairman of the task committee that has drawn up the proposals, said once they had had an official response from these two industries and made adjustments possible, proposals would be submitted to government. This would pave the way for implementation by the NHFC, aimed at facilitating finance at the wholesale level for end-users in 1996.

He said the proposals did not represent a short-term miracle and the scheme was likely to take six to 12 months to come on stream.

Lance Edmunds, a spokesman for Cosab, said the banks still had to formulate an official response to the proposals and this was likely to take a further couple of weeks.

"It represents new territory for the contractual savings industry and ourselves, and as such it is fair to say our response to the proposals is 'guarded'."

Edmunds said it was possible the financial institutions that have the necessary infrastructure in place would be the ones to administer the lending in terms of the NHFC.

"Market forces determine the cost of money and the implications along the line are that there will have to be an additional government subsidy of some sort to be able to offer finance at a discount to the going rate," Edmunds said.

"But there is still a lot of fine tuning to be done before we have a truly workable solution."

Mortgage indemnity extended to two areas

(123) Sowetan 2/11/95

By Joshua Raboroko

THE Mortgage Indemnity Fund, set up by the Government to indemnify banks against risk, has approved two more areas bringing to 300 the number of areas that are now covered by the scheme.

The decision to cover two townships Khutsong near Carletonville in the North West and Kutloanong near Odendaalsrus in the Free State was taken at the meeting of the MIF at the weekend.

MIF's managing director, Mr Nkululeko Sowazi, told *Sowetan* this week that cover on the areas had been deferred earlier this year but decisive action by the local authorities and communities had led to the favourable decision.

Many areas not covered

According to estate agents many areas, including Soweto, the Vaal Triangle and townships affected by the bond and rent boycotts in the 1980s, are still not covered by the MIF thus causing problems for people wishing to buy or sell houses.

When the MIF first assessed Khutsong there was a bond boycott in Extension 2 and the rate of properties which had been re-possessed by banks in the area was extremely high.

However, representations were received from communities after they resumed payment of services – which have increased by 61 percent in August this year.

Upgraded infrastructure

Infrastructural projects worth R18 million, including street lighting and tarring of roads were planned by the Transitional Local Council.

Cover for Kutloanong had also been deferred due to the high rate of house repossession in the area.

Sowazi said the extension of cover to the two areas showed that the MIF wished to extend its cover as widely as possible, although always within the constraints laid down by the Minister of Housing when the fund was originally set up.

"If those requirements are satisfied, we will take account of changing social realities. They also show communities can change their economic circumstances by controlling and influencing their social environment," Sowazi said.

He said the owners of mortgage houses located outside areas covered by the fund were apparently being effectively denied the right to sell their houses.

Banks won't finance

"This, according to estate agents and potential sellers, is because some accredited banks will not provide mortgage finance for the buyers of such houses, ostensibly on the grounds that they are not covered by the fund," Sowazi said.

He said those banks appeared to be unaware of a specific ruling of the MIF to extend cover in instances where mortgages were registered before May 31, 1995 – a ruling, it might be added, that was made possible in response to a direct request from the banks themselves.

"Apart from hardships caused to these individuals, these practices do not promote the purpose for which the fund was established," Sowazi said.

Political indecision bedevils attempts to end bond boycotts

(123)

ROBYN CHALMERS

BD 2/11/95

GOVERNMENT's task of reversing the culture of bond boycotts, or non-servicing of bonds, was never going to an easy one, but there are recent indications that the extent and severity of the problem have been greatly underestimated.

It is too early to judge whether any particular programme aimed at addressing the situation is bound for failure or success, but there are a number of indications that boycotts will be with us for longer than many may have hoped.

The optimism surrounding the launch of the Masakhane campaign earlier this year, along with the deal reached between banks and government to normalise bond repayments, created a false sense of optimism. We are still a long way from such a situation, but the current crises in housing delivery necessitates that lending to the lower income sector by mortgage lenders resumes, which in turn means that overcoming the culture of bond boycotts is critical.

To put the problem into perspective, mortgage lenders estimated during negotiations with government earlier this year that they had about 16 000 repossessed properties and non-performing loans on their books — a figure which appears to have grown somewhat, though no updated figures are available.

Khayalethu Home Loans, the end-user finance subsidiary of the SA Housing Trust, has a total of 27 000 clients with bonds valued at R710m on its books, of which an estimated 15 000 bonds with a value of R390m are not being serviced.

To assess how to reverse the culture of bond boycotts, one needs to look at their evolution. It was only partly political. A large number of township residents simply were unable to afford repayment of their bonds after interest rates began to rise in the late 1980s. In addition, there were a significant number who saw an easy way to avoid paying their bonds.

The political element of the boycotts is well known, but affordability was an important — and often underestimated — part of the problem which started in the 1980s when interest rates were as low as 12%. Banks were lending extensively into the then 99-year-leasehold market, and all had lent on the traditional basis of a variable rate mortgage. When interest rates climbed to the historic highs of 22%, many homeowners were unable to afford higher repayments and the arrears deteriorated significantly.

Association of Mortgage Lenders president Johan Myburgh says it was clear that the affordability factor was not taken into account adequately and that loans, particularly those under government-assisted schemes, had been extended to a segment of the market which was hazy on the interest rate cycle.

Myburgh says banks had to bear the brunt of substantial repossessions and many non-performing loans. This was coupled with the inability of bank officials to gain access to properties because of the politicised state of communities.

At Khayalethu Home Loans, until recently initiatives directed at resolving non-payment disputes with community leaders were largely unsuccessful, and the interest that accrued against the loan accounts of a number of clients was reaching alarming proportions.

Out of this situation arose two initiatives — Servcon, a joint venture between government and mortgage lenders — and the National Joint Task Force, an initiative of the SA National Civics Organisation and Khayalethu Home Loans. Both were attempts to begin recovering some of the losses suffered by the various lending institutions involved, as well as to assist and rehabilitate families.

Servcon admits it underestimated the problem when it first kicked off, and has met with limited success to date, although there are signs that the organisation is beginning to make headway. While there appears to be an element of affected people who are ambivalent about repaying their loans, the crux of the problem for Servcon seems to be the affordability issue, with a large percentage of affected people simply unable to begin their repayments which are scheduled for the end of the year.

Those eligible for rightsizing — whereby government will assist people to move to more affordable accommodation — are unlikely to benefit from the practice until stock at the lower end of the market is delivered on a large scale.

The National Joint Task Force is making some progress in its discussions with communities, having recently signed agreements with communities in Khayelitsha, Thabong, Botshabelo and Jouberton, among others, to proceed with the payment normalisation process. The task force's approach is based on co-opting local people, who often helped organise the boycotts in the past, to enter into discussions with community leaders. It depends on the moral force of the community to ensure that, once an agreement is entered into, all the affected members take part.

However, the test of these agreements will come when they are implemented and people realise they now have to pay for what has been free all these years.

Government's thrust at overcoming the bond and services boycott — as well as redlining — has been an attempt to stabilise the environment by way of a number of interventions. These include the reinstitution of an effective local government administration, the repair of basic services and their maintenance, the reinstatement of due legal process to enable the enforcement of legal agreements, and the resumption of payment for services, rent and housing loans.

All of this was packaged within governments' Special Presidential Projects, the Masakhane campaign and the Mortgage Indemnity Fund. The problem to date has been that these projects, launched amid much fanfare, have been slower than expected in getting off the ground — and necessarily so in certain cases. Government's big dilemma now is how to get these campaigns off the ground as soon as possible, but in a sustainable way.

The National Housing Finance Corporation is a further crucial element of government's strategy, aimed specifically at overcoming the affordability problem as it will provide finance for lower income families at reduced interest rates. Progress on the corporation has been bogged down during negotiations between government and financial institutions on what sort of equity stake banks and life offices will take in the body, and how it will be floated. But it is vital that this body, or something similar, is launched soon.

Unfortunately for all parties concerned, neither Servcon nor the National Joint Task Force can be truly effective until government begins delivering on the promises embodied within the RDP. While the Masakhane campaign has heightened the awareness of township residents of the need to begin repayments, it has failed to light any fires and is unlikely to do so until politicians take a firm stance.

Once again, the problem comes down to indecision on the political front. This time the criticism is not limited to a single ministry but to political leaders from the top down who appear to have been vacillating on — or simply ignoring — the bond boycott issue in the run-up to the local government election.

Politicians have to start taking the hard decisions — and showing that they mean business when it comes to bond and services boycotts — no matter how politically unpopular those decisions are. Now that the local government elections are over, perhaps we will see some action on this front. And action is essential if we are to see low-cost housing take off.

Turning back the tide of non-payment

(123) MG 3-9/11/95

Gaye Davis

CHRIS NGCOBO'S past experience of local government elections was as a Soweto activist, organising people to boycott them. So it was an historic moment when he cast his vote in Diepkloof this week.

But the poll meant more to Ngcobo than making his mark on a ballot paper. As national manager of the Masakhane campaign, Ngcobo needs local government structures in place that not only function, but are seen as legitimate.

It's been a tough year for Ngcobo, crossing the country at the head of a campaign aimed at turning around the culture of non-payment of rates and services he once helped foster.

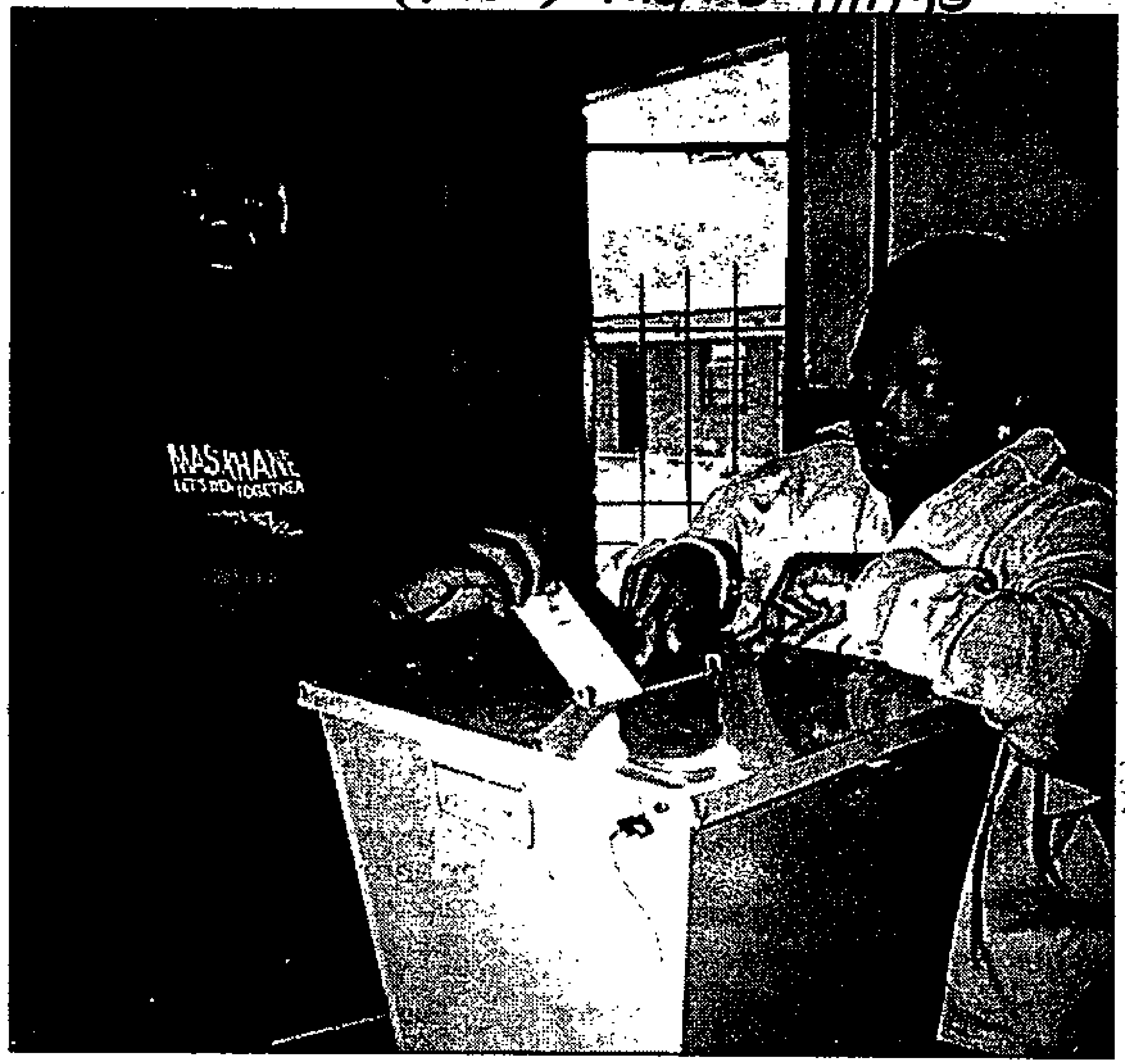
He and his team have sown the Masakhane ("let us build together") message and seen it take root, flourish briefly and then wither. It is a general trend bucked only in the Northern Cape, where rates of payment continue to improve.

It's also a trend that, if not halted, will see some local authorities — especially those comprising small former white areas and large black townships — facing cash-flow crises as early as mid-1996, according to Andrew Boraine, deputy director-general of the Department of Constitutional Development.

A review of the campaign in September showed a key problem was that while the campaign succeeded in sparking grassroots awareness, line function departments and local authorities were left out of the loop, Boraine said.

Roused by Ngcobo's roadshows, residents would set about starting to make payments — only to have their goodwill blunted on finding paypoints no longer operating, billing systems in chaos and officials disinterested.

Ngcobo is now gearing for a kind of Masakhane Mark II, a re-launch which will focus on gearing local authorities to power the campaign themselves and which will dovetail with a massive training programme for newly-elected councillors and council employees.



The power behind Maskhane: Chris Ngcobo casts his vote

PHOTOGRAPH: RUTH MOTAU

Another leg of the revitalised campaign will be mobilising community and civic organisations to support their local authorities and especially councillors, who will have the unenviable task of spelling out the bottom line to residents: no pay, no gain from the RDP.

Boraine now heads up a new team which will provide for close liaison between the Masakhane Campaign, local authorities, provincial governments and line function departments such as housing.

The training programme for newly elected councillors and council employees would aim at equipping them to meet their new responsibilities in terms of implementing Masakhane, Boraine said.

"Looking back at Masakhane over the past year we realised it can't just be a moral or political call by people like Archbishop Desmond Tutu and President Mandela," he said. "There has to be a total strategy."

While Ngcobo's campaign will still run its roadshows, Boraine's team will focus on the financial and technical aspects of breathing new life into shattered municipalities, with local authorities themselves being the dynamo.

More than R1,5-billion of RDP funds will be channelled to local authorities over the next three years in terms of the government's Municipal Infrastructure Programme. About R850-million was allocated this year and a further R700-million was coming, Boraine said.

Handing funds over to municipalities reliant on inter-governmental grants to keep functioning would be like "pouring money into a bottomless pit", according to Ngcobo. Hence, the need for training.

Before receiving funds, local authorities would have to have business plans vetted by provincial legislatures and the RDP office. Funds may only be spent on providing basic services: water, sanitation, refuse removal, electricity and roads.

Former black local authorities will have to be reconstructed. "We'll be asking whether they have pay points, whether their billing system is in place. Their delivery system has to be jacked up."

Boraine said he expected by December 15 to receive the first of what will be monthly reports detailing the financial status of every local authority in the country — their cash-flow situation, the amount of arrears outstanding, payment levels and tariffs levied.

"Until now we've had no accurate picture regarding payments. It's been a disaster. Most figures available relate only to Gauteng and payment levels are bad." But former townships in the old Transvaal, where boycotts began in 1983, would be the "hardest nut to crack", because of their size and the scale of the problem. Another area that would receive special attention was the Eastern Cape, where poverty levels were high.

And now for the hard work

(2044)

Marion Edmunds

A MASSIVE task of re-evaluation and restructuring lies ahead for town, city and rural councils, now that the elections have taken place in most parts of South Africa.

While local government has been in a state of flux since the April elections last year, real change in priorities and service delivery can only start to kick in now that there are legitimate elected representatives sitting on local councils.

Minister Roelf Meyer's Department of Co[illegible]stitutional Development will coord[illegible]ate the post-election transition, from a national level, although spokespeople say that there will be wide-sp[illegible]ad consultation with stakeholders. MG 3-9/11/95

One of the first steps will be to set up a Local Government Forum which will become the voice for organised local government in these consultations.

The Department also plans to provide training for councillors where it can, and re-open negotiations in rural areas with farmers, traditional leaders and interest groups to re-evaluate and hopefully find agreement on the form of rural local government.

Newly-elected councillors' first task will be to elect representatives to sit on Metropolitan and District Councils. Their second will be more difficult: to start a restructuring process to merge the administrations of apartheid town councils which were hitherto kept separate, but now fall under one council.

Newly-elected councillors will also have to prepare budgets reflecting the new realities of racially mixed towns. This will mean a shift in the way services [illegible] delivered, so as to settle inbalan[illegible] of the past. It will demand close co[illegible]ltation with the RDP office through [illegible]ally active RDP forums.

Transnet housing projects under way

BD 3/11/95 (123)

Robyn Chalmers

A NUMBER of parastatals are making inroads into the housing backlog, with Transnet Housing set to spend more than R80m on 1 200 homes this year while Intersite has a number of projects under way at rail stations across SA.

Transnet Housing manager Ronnie van Jaarsveld said the organisation would launch a project at Richard's Bay later this month, one of the largest housing developments it had yet undertaken.

Van Jaarsveld said almost 850 low-cost homes would be built at Richards Bay over the next two years at a cost of R51m in Aquadene, which was situated about 4km from the Richards Bay's central business district.

He said negotiations to obtain 35ha of land in Aquadene from the former House of Representatives was initiated in mid-1993 and concluded early last year with the signing of a deed of sale.

"The transfer of land to Transnet Housing was concluded in September this year," Van Jaarsveld said.

"However, in terms of the conditions of sale, Transnet Housing could proceed with town planning, planning of engineering services, installation of services and construction, prior to the transfer."

The Aquadene project would be executed in phases and in the first phase, 176 houses would be built at a cost of R10,5m.

The prices in this phase would range from R53 000 for a $36m^2$ house to R78 000 for a $60m^2$ house.

Van Jaarsveld said a number of other projects would be undertaken during the current year, and while Transnet employees would be given preference, the houses would be sold to private individuals as well.

SA Rail Commuter Corporation property arm Intersite was also moving ahead with a number of projects, mostly upgrades and extensions of stations around SA, but it was also involved in business parks and residential schemes.

Intersite Western Cape regional manager Kevin Roman said the division had undertaken a R50m residential project on the Langevlei green belt adjacent to Retreat Station.

Homes built under the project, which would cost between R65 000 and R150 000, would be offered first to people who were moved to the Cape Flats during the apartheid era.

Intersite had also entered into a joint venture with Harries Projects for the development of a R9m business park at Wetton Station in the Cape consisting of 45 units.

Construction was under way on the second phase of Freeway Park, a business complex at Koeberg Road Station in the Cape.

Document looks at the cost of services

Kathryn Strachan

(123)

BD 3/11/95

IT WOULD cost between R26bn and R63bn to provide basic services for rural areas within a 10-year period, a presidential discussion document states.

The document on a rural development strategy for government stated that 65% of the rural population did not have access to an adequate water supply, and 95% had inadequate sanitation facilities. Moreover, there was a backlog of 151 clinics, almost 30 000 classrooms and about 100 000km of rural roads.

This meant that 2,6-million households did not have an adequate water supply, and 3,91-million households did not have adequate sanitation. About 3,5-million households did not have electricity.

While it was difficult to develop an accurate provincial perspective, the overriding perception was that communities with the poorest access to infrastructure were in the Northern Province, Eastern Cape and KwaZulu-Natal.

Costs for a basic service full coverage programme extended to R63bn, while the capital costs for a partial coverage programme, probably more realistic within a 10-year time frame, ranged from R18,2 to R40,5bn. This partial programme would cover 85% of water, 43% of roads and 50% of electricity required.

In setting up a financial framework for investment in rural infrastructure, the state had to decide whether to opt for a basic needs or an economic growth approach, whether resources should be directed to communities least served or to stimulate development in settlements with stronger economies. Or the approach could be neutral so all households received equal support.

The need for rural services, defined by people without access, was double that of urban areas. It was still not clear how the negative incentive effect of the urban housing subsidy was to be countered, without a strategy for rural housing and within tight budget constraints. The proposed land reform settlement grant was one example of a bid to counter this.

Housing programme's budget poorly spent

(123) ST (BT) 8/11/96

By SVEN LUNSCHE

HALFWAY through the current fiscal year provincial housing departments have spent less than 10% of their combined R3,2-billion budget on low-cost housing.

With the exception of the Western Cape, which has allocated almost a third of its budget, most provinces have barely started their housing plans, Department of Housing figures show.

Since May last year 10 000 new houses have been built, hardly denting the backlog of 1,5-million low-cost homes, as the housing plan has been plagued by problems which have delayed its implementation.

HOUSING BUDGETS

	Funds 31/3/95	Spending (% of total) 1/4 - 30/9	Subsidies approved by 30/9
Western Cape	R257m	R77m (29,9%)	15 965
Eastern Cape	R516m	R25m (4,8%)	16 052
Northern Cape	R80m	R5m (6,6%)	2 485
Free State	R192m	R19m (9,7%)	15 902
Kwazulu-Natal	R604m	R43m (7,2%)	42 245
North West	R245m	R11m (4,3%)	28 711
Gauteng	R722m	R104m (14,4%)	79 328
Mpumalanga	R201m	R18m (8,8%)	27 403
Northern Province	R348m	R4m (1,1%)	13 377
TOTAL	R3 164m	R306m (9,6%)	241 468

Graphic: FIONA KRISCH — Source: DEPARTMENT OF HOUSING

The Department, however, is confident the programme will take off in the next few months. Deputy director-general Neville Karsen estimates that at least 25% of funds will have been allocated by the March year-end.

That will leave about R2,4-billion to be rolled over into the 1996/7 fiscal year, when Mr Karsen expects the programme to be in full swing.

He says his department is negotiating a new system of progress payments with the provinces in which they pay developers at various stages of a housing project and not only on completion.

Under the programme the government provides one-off capital subsidies ranging from R5 000 to R15 000 a family.

The figures show that 241 468 subsidies have been approved, the bulk (232 000) linked to 386 housing projects around the country.

Mr Karsen says work has started on 124 of these projects. Only about 750 individual subsidies have been approved to date.

The banks' return to the township has also yielded poor results — only 2 156 loans having been awarded since June.

Arrears push Eskom's RDP programme into the dark

ST(BT) 5/11/95 (123)

By THABO KOBOKOANE

ESKOM has warned that arrears of R230-million are threatening to slow its township electrification programme.

Peter Adams, media relations officer at Eskom, says that by end September Eskom had switched on 203 000 homes and is on target to electrify 300 000 homes this year.

This will bring the number of township and rural homes linked to the grid to 835 000 since the drive began in 1990.

A further 300 000 homes a year will be electrified until the end of the decade under Eskom's commitment to the reconstruction and development programme.

"It would be tragic, though, if Eskom's RDP successes were cut short by continued non-payment," Mr Adams says. Attempts to secure payments or cut off non-payers are being hampered by harassment and kidnappings, he says.

Since the mid-1980s Eskom has lost over R1-billion in non-payment of electricity accounts in the townships.

Mr Adams says the arrears are split evenly between individual consumers, serviced directly by Eskom and township transitional councils.

Eskom is also incurring losseson prepaid meters, mainly through illegal tampering and technical faults.

Mr Adams says that even those individuals who are paying do not necessarily do so in full. "In Soweto, for example, the 70% of customers who regularly meet their bills pay between 30% and 100% of the total account."

He says that 19 transitional councils, many of them on the East Rand, have incurred the most debt and remain "problem areas". This is in spite of an agreement reached between provincial governments and Eskom in August to roll over R1-billion in debts incurred before February 28 into a suspense account. The agreement was intended to ensure that the new local authorities would not have to service debt accumulated by previous "unrepresentative councils".

Debts accumulated after February will have to be settled by December with interest.

"Eskom is engaged in an ongoing programme of negotiation and inducement so that councils pay at least their current accounts, with payment of interest to be tackled afterwards.

"At a certain point Eskom will be compelled to take legal action.

"With regard to arrears for individual households, we will have no alternative but to use our credit-control measures and cut off electricity supply."

"Only if negotiations fail to bring the desired result will we be forced to switch off electricity, both to local government and individuals," he warns.

Eskom's mounting arrears mirror a recent trend in the townships of a renewed drop in municipal service payments.

After some early successes the government's Masakhane campaign reported recently that service payments had fallen significantly between June and August this year.

In Soweto 30% of residents paid for their services in June. Two months later it had dropped to 24%. The respective figures for East Rand townships are worse, having plunged from 68% to 16% in the case of Katlehong.

Housing corporation's listing mooted

(123) BD 6/11/95

Robyn Chalmers

THE possibility of listing the National Housing Finance Corporation has been raised in discussions between government and financial institutions on setting up the institution — a key component of government's housing policy.

The launch of the corporation, originally scheduled for September, has been delayed a number of times as government, banks and contractual savings institutions discuss a way forward. Institutions will have an equity stake in the corporation, but the extent of ownership has not yet been settled.

The corporation will attempt to mobilise housing finance for the lower end of the market.

Consultant Johan de Ridder, who is heading the team investigating its establishment, said yesterday that no official response had yet been formulated by financial institutions, but he was optimistic. "We do not expect that the corporation will be launched before the beginning of next year, and it will then take between six months and a year for it to be properly effective."

De Ridder said that one of the biggest obstacles in the current housing environment were the real and perceived risks, particularly as financial institutions still had significant amounts invested in repossessed houses and non-performing loans.

A financial institution source said that the proposal which had been put to the private sector had a few flaws, but discussions were taking place on ways in which these could be overcome.

A confidential document on the corporation said it should be established as a conventional, if possible listed, public company in terms of the Companies Act. It would be a national intermediary institution and perform certain normal functions of a bank.

Joint water commission established

BD 7/11/95

Stephane Bothma

(123)

CO-OPERATION in water matters between SA and Botswana was boosted yesterday with the setting up of a joint water commission, water affairs and forestry said yesterday.

Water Affairs Minister Kader Asmal and his Botswana counterpart, DN Magang, held talks in Kasane, Botswana, where wide-ranging discussion took place. The talks culminated in an agreement to establish the joint commission.

"This agreement is a breakthrough in the strengthening of bilateral relations. It will provide a forum where the two countries can agree on mutually beneficial and equitable water resources development."

The two countries share the Limpopo, Molopo and Nossob river systems. As semi-arid neighbours, both have problems of water resource management.

The ministers discussed water resource planning, rural water supply and sanitation, water quality, environmental issues, groundwater mapping and water conservation.

According to the department, more international joint water supply projects would be required to meet the challenge of water demand.

Asmal said water resource management in the subcontinent required a long-term view.

"Perspectives gained today will be broadened at the Southern African Development Community ministerial conference on water resources management in Pretoria this month, and will enable all southern African countries to embark on purposeful water resources management."

(123)

Masakhane campaign 'a failure'

BD 7/11/95

Non-payment in townships at crisis level

Robyn Chalmers

PRELIMINARY figures emerging from government show non-payment of bonds and services in townships has reached critical levels, and is a core reason behind the failure of government's housing programme to deliver.

Initial estimates from government and the Mortgage Indemnity Fund — which indemnifies banks against losses sustained following a breakdown in law and order —, suggest financial institutions have up to 70 000 non-performing loans and repossessed properties on their books.

The figure covers all financial institutions, including the SA Housing Trust's Khayalethu Home loans, and is far more than the 16 000 which banks alone estimated they were holding in black areas last year.

It is now believed these figures were significantly underestimated.

The figures also suggest that up to 65% of people in black townships are not paying for their services, a growing number of local government structures are close to bankruptcy and the Masakhane campaign, which tried to boost payments, has failed to take root.

Government sources said the lack of service payments was close to a point where further write-offs would have severe implications for the fiscus.

The sources said the general level of services, particularly in black townships, had improved only marginally or not at all, and the reconstruction and development programme had had a negligible effect.

Mortgage Indemnity Fund chairman Johan de Ridder refused to disclose the report's findings, which he said would be finalised before the year-end. But he said preliminary reports had shed light on the slow delivery taking place on the housing front.

"The housing policy was forged on a number of assumptions, including that the breakdown in local administration and the due process of law was rectified and the non-payment of bonds and services was moving to a more normal scenario. Unfortunately, this is taking longer than anticipated and we are even finding a deterioration in services as well as bond and service boycotts in a few areas. This means the private sector is finding the risk too great to invest in township areas and the housing programme cannot deliver."

He said sustainable investment in housing and infrastructure would be difficult to achieve until service payments and bond repayments were at more normal levels.

Eskom said at the weekend it lost about R1bn in non-payment of electricity accounts in the townships in the

Continued on Page 2

Payments

(123)

BD 7/11/95

Continued from Page 1

past 10 years, while current arrears of R230m were threatening to slow down its electrification programme.

Eskom media relations officer Peter Adams said despite Eskom's decision to roll over the R1bn, 19 transitional councils — many on the East Rand — remained problem areas and were incurring increasing amounts of debt.

Sources close to government said a huge political campaign, backed by a strong administrative strategy, was needed if the tide of bond and service boycotts was to be turned back.

One source said it was useless to give political support to a campaign calling on people to begin paying services and resume bond repayments unless this was backed by setting up pay points, an education campaign and a consolidated billing system. "Unless we have a concerted effort on this front, the RDP Office's recently released urban and rural infrastructure strategy is unlikely to get off the ground.

"In addition, government must normalise the situation in the townships with a strong legal system which it must now be able to enforce. A lot of newly elected officials will find themselves taking over financially unstable or bankrupt administrations, and this has to be addressed urgently."

A Development Bank of Southern Africa spokesman said inadequate institutional capacity at local level had proved to be a major constraint to development. This had been exacerbated by institutional transformation.

Tutu hopes they'll pay

(123)

Sowetan 8/11/95

ANGLICAN Archbishop Desmond Tutu yesterday expressed the hope that the boycott of bonds and services payments in black townships would ease after the installation of new local government structures.

A Johannesburg financial daily reported yesterday that preliminary figures emerging from the Government showed non-payment of bonds and services in townships had reached critical levels, and was a core reason behind the failure to deliver the Government's housing programme.

Tutu, one of the leading figures behind the Masakhane campaign, which tried to boost payments, said Masakhane had made a difference in boosting payments, although that difference was not a critical one.

He said he hoped people would see legitimacy in the new local government structures and representatives they had elected.

Tutu said he hoped people would respond positively to the appeals being made to them (regarding payment for bonds and services).

According to the newspaper report, initial estimates from the Government and the Mortgage Indemnity Fund – which indemnifies banks against losses sustained following a breakdown in law and order – suggest financial institutions have up to 70 000 non-performing loans and repossessed properties on their books.

The figure covered all financial institutions, including the SA Housing Trust's Khayalethu Home loans, and was far more than the 16 000 which banks alone estimated they were holding in black areas last year.

However, it was now believed these figures were significantly underestimated.

The figures also suggested that up to 65 percent of people in black townships were not paying for their services, a growing number of local government structures were close to bankruptcy and the Masakhane campaign had failed to take root.

The reports quoted Government sources as saying the general level of services, particularly in black townships, had improved only marginally or not at all, and the RDP had had a negligible effect. No immediate comment was available from the RDP office in Pretoria.

Mortgage Indemnity Fund chairman Mr Johan de Ridder said sustainable investment in housing and infrastructure would be difficult to achieve until service payments and bond repayments were at more normal levels. – *Sapa.*

Govt departments rethink floundering Masakhane

BD 8/11/95 (123)

Robyn Chalmers

THE reconstruction and development programme (RDP) office, housing department and provincial and constitutional affairs department are to re-evaluate the Masakhane campaign amid indications that the repayment initiative is struggling to take root among communities.

RDP office spokesman Connie Molusi said yesterday the departments were evaluating the progress in promoting, among communities, the need for payment of bonds and services.

"There are a number of weaknesses, but there are also strengths, and the campaign is a dynamic process which has to be re-evaluated and refocused according to needs," he said.

This followed estimates this week that non-payment of bonds and services in townships had reached critical levels, with financial institutions holding up to 70 000 non-performing loans and repossessed properties. It was also suggested that up to 65% of township residents were not paying for their services, putting a growing number of local authorities in financial difficulty.

Molusi said newly elected local governments were duty-bound to ensure that services were delivered on a cost-recovery basis. The RDP was helping these structures kickstart the process.

"We are working with the new local government structures on a co-operative basis to ... evaluate what has been done in terms of the Masakhane campaign. It is both too risky, and incorrect, to project at this stage that the campaign has been a total failure, but it is no secret that it must be re-focused and re-engineered to allow the RDP to work effectively," he said.

Government was also working on a community safety plan to ensure that a stable environment began to emerge and that steps could be taken to recover costs of services delivered. There were cases of destitution where service costs could not be afforded. The RDP office was working with the welfare and population development department on a strategy to deal with this.

A Masakhane campaign spokesman said that although a number of problems had been encountered in implementing the campaign, there had been progress in a variety of communities.

The campaign was perceived to be failing only because there had not been an overnight success in turning around the culture of non-payment, but it had always been mooted as a long-term process, he said.

R190m injection for rural housing

BD 8/11/95 (123)

Nicola Jenvey

DURBAN — The KwaZulu-Natal housing board would provide a further funding allocation of R190,2m for 21 new predominantly rural-based schemes in the province, bringing total funding approved this year to R677,1m.

Board chairman Charles van Eck said yesterday the allocations comprised six project-linked subsidies valued at R71,9m, three community capacity-building projects (R2,56m) and 10 consolidation subsidies (R115,7m).

CEO Dean Barnes said the logjams involving land frozen under the Ingonyama Trust Act remained a problem for subsidies to rural people.

The issue was receiving attention at national level and a solution could be found by March.

The controversial Ingonyama Trust Act appointed King Goodwill Zwelethini trustee over the KwaZulu-Natal tribal area, which currently accounted for 43% of the province's land. Even land already incorporated into towns could be bound into the Trust.

The additional funding brought the total number of housing projects approved this year to 237 and would create about 65 000 housing opportunities.

Van Eck said the board did not build houses, but provided opportunities for communities to make use of the government subsidy to build their own homes.

He believed the board would spend more money next year than it had spent this year. Government's introduction of progress payments to developers would also facilitate increased spending, Van Eck said.

Tutu hopeful over service payments

Johannesburg – Anglican Archbishop Desmond Tutu expressed the hope this week that the boycott of bonds and services payments in black townships would ease following the installation of new local government structures.

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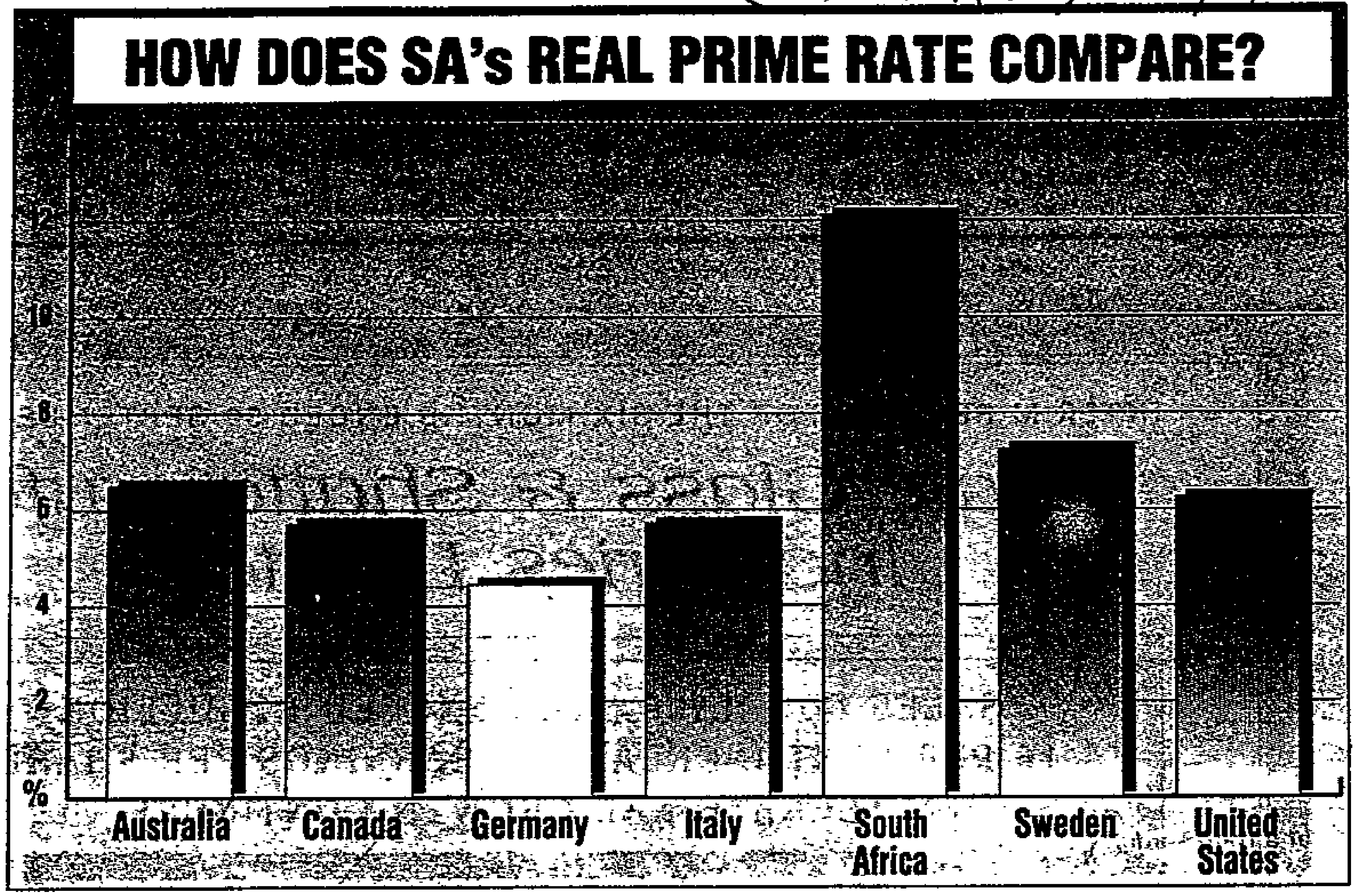
(123) Star 9/11/95

Bitter pill for homeowners

(123) MtG (BM) 10-16/11/95

When will Stals ease up on interest rates and give homeowners a break, asks **Reg Rumney**



Real rates around the world: They used to call 12 percent usury

GRAPHIC: SEAN ZINTL

REAL interest rates — adjusted for inflation — in South Africa are punitively high, especially for those buying a new home, but the reaction from economists and the man-in-the-street is curiously muted.

The prime rate, the rate banks are supposed to lend to their best customers, is 18,5 percent, and the mortgage bond interest rate is 18,25 percent.

Inflation dropped in September to its lowest level in 23 years at 6,4 percent.

Subtract the inflation rate from the prime rate and you have a rate of around 12 percent, higher than any country in the industrialised world.

Yet so far the only criticism of the the monetarist policy imposed on South Africans by SA Reserve Bank governor Chris Stals has come from those seen to be on the far left, such as former ANC economic adviser Vella Pillay.

High interest rates hurt small and medium-sized businesses, which do not have access to equity capital — and which may pay even more than the prime rate. High rates also pose a particular problem for new homeowners who face large monthly repayment bills.

It is common cause that home ownership is an important social stabiliser and that home ownership is restricted mainly to a small, white middle class in South Africa. Yet present high interest rates actively militate against widening ownership of formal houses.

The latest Amalgamated Banks of South Africa (Absa) housing survey shows a decrease in the average price, adjusted for inflation, of medium-sized houses in the third quarter of this year of 3,4 percent compared to the same quarter of last year.

The survey puts the average cost of a medium-size house at R173 000.

"In the third quarter of 1995 the monthly repayment on a new 80 percent bond for a medium-size house over a 20-year term was R2 125, against R1 757 in the third quarter of 1994."

So while house prices dropped in real terms, the cost of paying for a modest house rose by 21 percent, largely because the mortgage rate rose an average of 2,7 percentage points over that period.

What reasons are advanced for the bank's high interest rate policy, in the face of declining inflation?

Stals has said that he considers not the present inflation rate but future inflation. Here, money supply is important. The broadest measure of money supply, M3 is growing. Yet the correlation between money supply and inflation is not convincing, and strict monetarism has been out of favour for some time now in the West.

According to Southern Life chief economist Sandra Gordon, the Reserve Bank takes three factors into account when deciding on interest rate levels:

- Underlying inflationary pressures.
- International interest rate trends.
- Credit extension to the private sector.

Though inflation hit an historic low in September it could rise again towards the 10 percent level. The sharp drop in inflation was due mainly to lower food prices. Yet core inflation — after stripping out food, non-alcoholic beverages and the costs ofhome ownership — has eased.

Indeed, why strip out the cost of home ownership, which has a weighting of 15,5 percent in the Consumer Price Index basket? The inclusion of this cost in the CPI means interest rates themselves contribute to inflation and the Reserve Bank can contribute to a drop in the official inflation rate by lowering rates.

It seems unlikely, says Gordon, that there will be much upward pressure on international interest rates during most of 1996.

The growth in credit extension is worrying, particularly as, according to the Reserve Bank, credit during 1995 has increasingly been used for direct financing of consumption spending by households. Yet Gordon notes there is evidence that high rates are beginning to slow credit extension.

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P.T.O.

HOUSING (123) FM 10/11/95

Behind the hold-up

The Housing Ministry's task force, formed three months ago to identify constraints in housing delivery, has produced a preliminary report with recommendations to Minister Sankie Mthembi-Nkondo.

Largely political, the recommendations are to be supplemented by practical proposals to developers, specifically on housing standards and cross-subsidisation. There is no easy answer to the problem of delivery, says the report, adding that before it can take place a number of preconditions must be fulfilled:

- A definition of the nature and standards of services has to be provided;
- Local administration needs to be functioning to carry out services; and
- A change in attitude towards the payment for services needs to take place.

The group reports a breakdown in normal legal procedures in large parts of the country, which in turn affects the contractual relationships involved in home ownership. It calls for greater force to implement the law and for more and better paid police.

The report says implementation of housing policy has been hampered by several factors under government's direct control. Among them:

- Policy inconsistency at all levels has sent mixed messages about the standards of services and houses, the roles of government, the private sector and incremental housing;
- Agreements reached with the banks on a mortgage indemnity scheme and the builders warranty scheme have not been sufficiently supported or promoted publicly by key political figures; and
- Deficient managerial capacity in provincial and local administrations.

While the housing boards have allocated subsidies, there is no implementation or follow-up by provincial departments responsible for delivery. Some provinces are worse than others. Gauteng appointed a housing department head only a month ago. The North-West and Northern provinces are still without one.

Decentralised control

Provincial administrations are constitutionally charged with delivery of certain governmental functions, including housing. "But no-one can get things moving," says one source. "Everyone wants a say. It is good in principle to have decentralisation so that people are accountable. But we're sitting in a crisis with a decentralised management infrastructure and decentralised political accountability. Further, every move of any significance has to be agreed by nine provinces before it can happen."

The report says that communication with people regarding procedures and conditions of the capital subsidy needs to be improved. Provincial Housing Board offices are relatively inaccessible. Within these offices, there are no proper secretarial services and employees are unable to answer questions or assist the public. It is not known how many applicants go to banks. There are suggestions that banks also administer non-credit-linked subsidy applications.

The reports finds that people have no way of knowing how to get access to builders as there is no clearly defined housing office with trained people. Further, resistance to agreements between lenders and borrowers is being fuelled by the SA National Civics Organisation in various parts of the country. Finally, the report says developers are reluctant to engage in the housing process because of business and security risks. According to one developer, however, "the real work is not to identify problems, as these are well known, but to develop strategies and implement them. We are concerned by reports that there have been no meetings for some time between the Housing Minister and the nine provincial MECs."

He says that the main hold-up is the lack of uniform commitment to the White Paper policies by the provinces, adding that communities do accept incremental housing. ■

State sold 43 248 houses

(123) Star 10/11/95

Cape Town – A total of 43 248 state-owned houses were sold to their occupants between April 27 last year and September 30 this year, Housing Minister Sankie Mthembi-Nkondo said yesterday.

In the Eastern Cape 14 743 houses were sold, in the Free State 9 208, Western Cape 7 018, KwaZulu Natal 6 994, Mpumalanga 2 650, Gauteng 1 463 and Northern Cape 1 172, she said in reply to a question by Senator Errol Moorcroft (DP).

She said this constituted 23,67% of the total number of state-owned houses being rented in Eastern Cape, 24% in the Free State, 30,19% in the Western Cape, 26% in KwaZulu Natal, 15% in Mpumalanga, 0,86% in Gauteng and 78% in the Northern Cape.

No state-owned houses were sold in Northern Province, and North West was unable to furnish the required figures. – Sapa.

ers
AT MAY, WE ARE STILL

Occupants buy houses from state

(123) Sowetan 10/11/95

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No state-owned houses were sold in Northern Province and the North West government had been unable to furnish the required information.

Meanwhile, although the Gauteng Provincial Housing Board has approved 77 000 subsidies, only R31-million in project-linked and individual subsidies have been paid out, resulting in 3 000 houses being built this year.

A *Sowetan* correspondent reports that board chairman Mr Martin van Zyl said this week that most of the approved subsidies had not been used and that out of 65 projects planned, only 15 performing well.

However, he stated that delivery of houses was expected to speed up now that there were democratically-elected local councils.

Rural poverty slows Eskom's RDP drive

(123) (247) (55)

Mungo Soggot

BD 10/11/95

ESKOM has grossly overestimated figures for rural electricity usage, which means it will take far longer to recoup its R1bn-a-year slice of the reconstruction and development programme's mass electrification drive.

The parastatal said yesterday electricity usage in many rural areas was a seventh of the figure it had estimated for the 20-year break-even business plan set up when it started the electrification drive four years ago.

The group had still to estimate likely losses from the shortfall, which in some cases was less than 20% of what it needed to break even.

Industry commentators said the underrecovery could slow the electrification programme, which was already affected by widespread non-payment.

However, Eskom insisted the roll-out would not be jeopardised by the paltry demand for electricity. It would still make 300 000 new connections a year to the national electricity grid for the rest of the decade. Its drive, which makes up the bulk of the RDP office's programme, costs about R1bn a year.

"The poverty in rural areas is much worse than we thought and people use much less electricity," an Eskom spokesman said.

Many rural customers who had just been connected were using as little as 45 kilowatt hours a month, while the average was 83kwh.

When Eskom launched the programme in 1991 it was banking on average usage in newly-electrified areas reaching 370 kwh a month by year seven, which would allow it to break even in 20 years. This meant that in areas where electricity use was the most paltry Eskom was underrecovering about

Continued on Page 2

Eskom

(123) (247) (55)

BD 10/11/95

Continued from Page 1

R50 a month per connection — netting R7 instead of the R62 it would get from a customer who used 370kwh.

Eskom was selling "starter electricity kits" — including a kettle, an iron and a hot plate — at cost price in many areas in a bid to stimulate demand.

Eskom had never expected profit from the electrification drive, but it had also not expected such a loss.

Eskom had made more than 235 000 new connections to the national grid by the end of October and was on track for 300 000 this year.

It cost between R4 500 and R6 000 to make a connection in rural areas.

Local authorities have their own electrification programmes, which are supposed to bring the annual total to 500 000 connections.

The cash flow crunch from meagre demand comes on top of Eskom's struggle against non-payment, which has left it with arrears of about R230m.

Eskom has already admitted that non-payment could force it to slow down its electrification push.

Gauteng, Bavaria sign co-operation agreement

Stephané Bothma (123) BD 10/11/95

Gauteng premier Tokyo Sexwale signs a joint protocol agreement with Bavarian Prime Minister Edmund Stoiber at Sexwale's Pretoria offices yesterday. The pact provides for a joint task team to implement trade, industry, tourism, science, investment and policing exchanges. Picture: NICKY DE BLOIS

PRETORIA — The establishment of solar energy production facilities was a field for future co-operation between Gauteng and the German province of Bavaria, Bavarian prime minister Edmund Stoiber said yesterday.

Signing a co-operation agreement with Gauteng premier Tokyo Sexwale, Stoiber said that the province could not produce enough electric energy and therefore a great market for solar energy existed in the region.

The agreement, signed at Sexwale's Pretoria office, provided for a joint task team to implement trade, industry, tourism, science, investment and policing exchanges.

Sexwale said SA was keen to create an economy based on small and medium enterprises, as was the case in Bavaria. Gauteng was the economic "dynamo" of SA and therefore the Bavarian contribution would benefit the country as a whole.

Sapa reports Stoiber said he had never been asked so extensively about the German federal system as during his talks with SA leaders.

He said President Nelson Mandela and Deputy Presidents F W de Klerk and Thabo Mbeki had shown a lot of interest in German assistance with SA's constitutional structure.

"We are offering to share our experience. The future lies with federalism."

He said if the German federal system was compared with certain central government structures such as that of France, one could see that federalism benefited all regions. "We have no underdeveloped regions," he said.

A bit of RDP in the pot?

CP 12/11/95

(123)

By LUNGA MASUKU

"RDP" HAS come to mean something new to shocked township residents in Mpumalanga's capital city of Nelspruit.

Residents of KaNyamazane are bitterly referring to the RDP as "Ripping off Destitute People" – following the arrest of four crime syndicate members who used the banking details of RDP housing grant applicants to commit fraud amounting to R40 000.

Four Nelspruit town council employees appeared in the Nelspruit magistrate's court this week for allegedly using the town council's stamp on post office receipts to collect mail order items posted to the addresses of RDP housing applicants.

The four women allegedly ordered kitchen equipment and even furniture by mail order – giving the banking details and addresses of residents who had applied for RDP housing grants.

"This has been going on for the past 18 months and the women have bought more than R40 000 of household goods," said council official Kenneth Mzima.

He said the women had often been seen carrying pots at the office, but no one had questioned them.

According to KaNyamazane police spokesman Captain Samuel Mabunda, affected residents did not even know that mail order deliveries had been made to their post boxes – until they received summonses to pay for the goods.

Captain Mabunda said some of the mail order items had been recovered from the four town council employees.

He said police had uncovered the syndicate when a police officer ordered cooking pots by mail order – only to discover that someone else had signed for her post at the post office before she could fetch the pots.

"We then launched an investigation, and received numerous complaints from members of the public that they had received summonses to pay for items they had not received," said Captain Mabunda.

■ The four women facing charges of fraud are: Nelly Mkhize, a cleaner at the town council; Zodwa Mkhonta and Margaret Mabilane, both administrative clerks; and Mirriam Hassin, who works in the town council's licensing department.

Captain Mabunda said the women were out on bail of R400 each and would appear in court again on November 23. – **African Eye News**

Bond boycott cost bank R165-m

Star 13/11/95 (123)

By Bongiwe Mlangeni
Housing Reporter

The bond boycott in most black townships has cost Khayelethu Home Loan Bank about R165-million and has brought 15 housing projects to a halt, according to general manager Siza Khampepe.

He said the lost amount constituted about 12 000 houses, most of which are still occupied despite having been repossessed.

Khayelethu is among several lending institutions still suffering from the effects of bond and service boycotts introduced by civic associations in the 1980s as part of a strategy to bring down the former government.

Most of the banks have repossessed the houses but have been unable to evict the occupants or resell the properties. This has led to banks being reluctant to enter the lower end of the market, notwithstanding the government's introduction of the low cost housing programme.

"The amount we lost, when repaid and reinvested, could have allowed us to produce about 30 000 homes in a period of three years," said Khampepe.

He said out of 45 Khayelethu projects nationwide, 15 had been affected by boycotts.

Khayelethu is now taking part in the Government's plan to normalise conditions in the townships, Khampepe said.

"We have joined forces with the SA National Civic Organisation to bring an end to instability and to get to know what the problems are in communities."

He added that Khayelethu was willing to participate fully in the low cost housing programme if the communities became more stable.

Tshwete appeals to Khayelitsha over Masakhane

CT 13/11/95 (123)

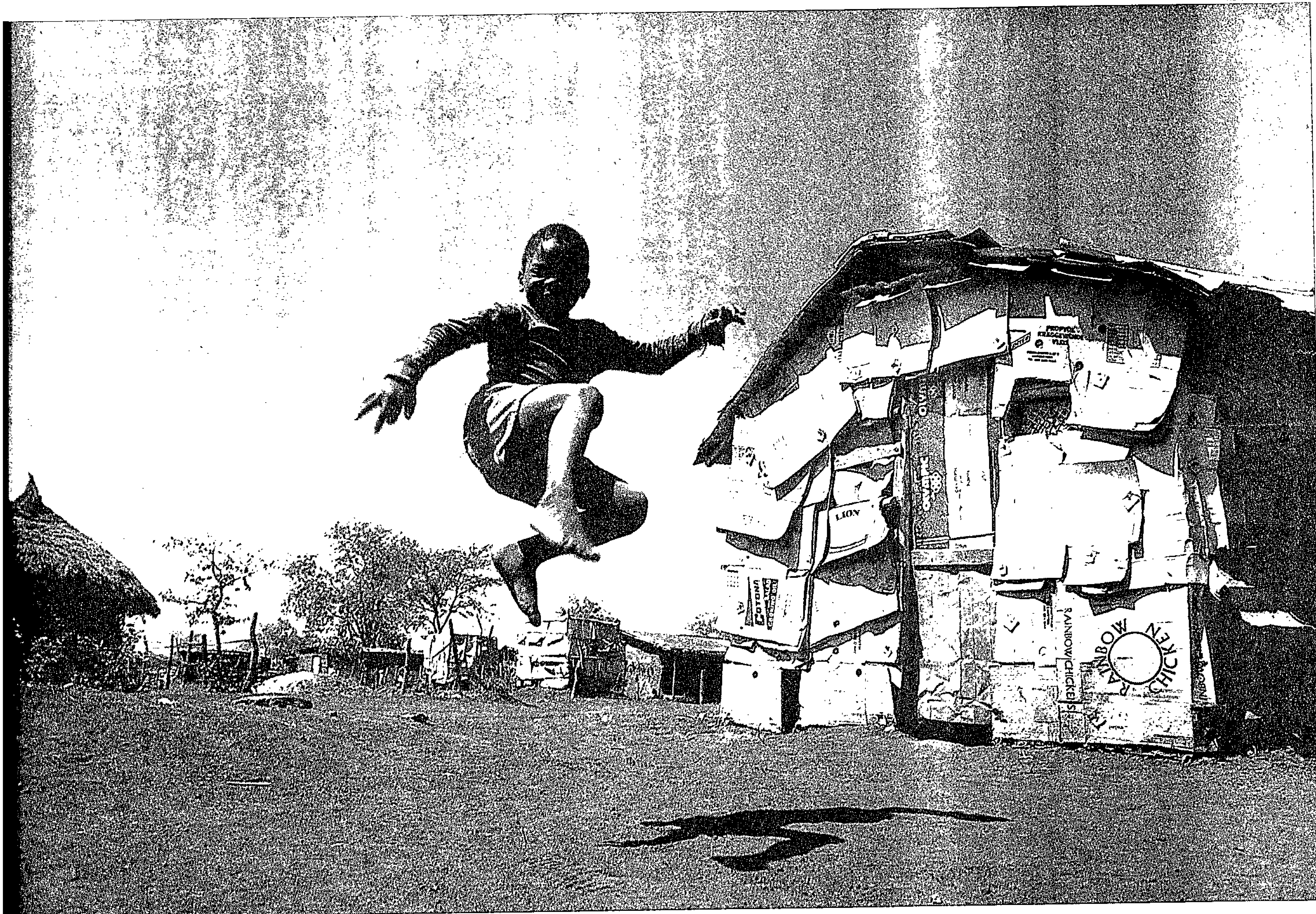
MINISTER of Sport and Recreation Mr Steve Tshwete has appealed to all groups in Khayelitsha to rally behind the Masakhane Campaign.

"Those who agitate against payment of rent and services are people bent on undermining the democratic government," he said.

Mr Tshwete was speaking after a meeting of the ANC alliance in the area, called to discuss media reports of dissension within its ranks over Masakhane.

The reports were strenuously denied by the leadership in the area, a denial which was backed up with statistics which proved six times more residents were currently paying up than when Masakhane kicked off in Khayelitsha in August.

Khayelitsha mayor Mr Vuyani Ngcuka said earlier the resistance to Masakhane was confined to one small pocket, representative of less than five percent of the area's population. — Staff Reporter



... conditions if plans ... State support and private sector initiative to upgrade informal settlements come to fruition.

New housing policy empowers

(123) Star 15/11/95

The housing crisis is getting worse rather than better. Utopian solutions are crumbling in the face of hard economic reality. Now, a recent survey indicates that if South Africa is to tackle the problem effectively, existing informal settlements need to be upgraded and large-scale incremental housing schemes introduced. David Robbins reports.

The hard reality of the housing crisis is that more than 4,5-million South Africans of working age are unemployed, and a further 3,5-million earn salaries of less than R1 000 a month.

While these people and their dependents, who constitute more than two-thirds of black urban dwellers, are in most need of housing solutions, they find themselves out of reach of formal finance institutions and the property development industry. They simply don't earn enough to qualify for loans.

Clearly, this is one of the dynamics which underlie the rapid growth of informal settlements in and around most South African towns and cities. And due to the scale of the problem, the chances of success of conventional schemes to adequately rehouse these people are slim.

It's becoming a truism that for any housing policy to be effective, urgent attention must be paid to the urban poor and their informal settlements. So, what's the solution?

Enter the incremental housing philosophy, and some new research commissioned by the national business initiative (NBI) which indicates that the incremental approach is being widely supported by those who have benefited from it so far.

"The value of the research is that it shows all is not doom and gloom on the housing front," says Brian Whittaker, the NBI's executive director of development. "It also shows that poor people are willing to take responsibility for their own lives. Our housing policy needs to build on their resourcefulness; indeed, it should actively acknowledge people's resourcefulness and sense of responsibility as a valuable national asset."

At its best, Whittaker explains, the incremental housing philosophy seeks to empower people to realise their own housing goals through a mix of state support, family and community involvement and private sector initiative. Existing settlements can be upgraded in this way, or new settlements created, provided they are well located and offer secure tenure, basic services and facilities. And it must be possible to improve the basic housing in these settlements over time – in other words, incrementally.

Incremental housing schemes are not new in South Africa. Considerable experience has been accumulated around the Independent Development Trust's (IDTs) capital subsidy scheme which has provided serviced sites worth R7 500 each to 100 000 households in informal settlements around the country.

But are the broad assumptions about the efficacy of incremental housing accurate?

To answer this question, the NBI commissioned professors Jeff McCarthy and Doug Hindson, both of the Institute for Social and Economic Research, University of Durban-Westville, and housing consultant Mike Oelofse to make a detailed examination of eight of those areas in which subsidies had been provided.

The results of this evaluation were made public yesterday.

In all the informal settlements studied, more than half the household incomes were less than R800, and unemployment averaged 20%. Nevertheless, stable communities had developed, with an average length of individual household residence of more than a decade. In some of the older settlements, periods of residence had reached 30 years and more.

Perhaps the most startling discovery made by the researchers was the level of personal investment which had gone into individual properties. Actual figures ranged from R2 500 to much higher amounts in the more established settlements, and had been derived from part-time family labour, personal savings, housing clubs and community loan schemes.

When these personal investments are extrapolated on to a national level, funds raised for urban development from sources other than the capital subsidies would probably amount to around R500-million for the 100 000 households.

This is a solid vote of confidence for the incremental housing philosophy, says Whittaker, and by the very people it is designed to assist.

"In countries with limited resources – and South Africa is certainly one of them – policy makers must make do with what they've got. It's therefore important that the energy and personal resources released by the incremental housing approach are not wasted."

The researchers nevertheless asked questions designed to establish whether people are happy or unhappy about the way upgrading and incremental housing have impacted on their lives?

Overall, the response has been positive. The most frequently identified advantage of the upgrading process was the provision of water and sewerage, although criticisms of specific reticulation systems ranked first on the list of spontaneously mentioned problems.

When researchers asked what positive changes had followed infrastructural upgrading programmes, the most common reply concerned improvements to individual houses. This suggests that housing improvements are a direct outcome of general upgrades. Not surprisingly, therefore, the researchers found that when asked what should be done differently in future upgrades, most people replied: pay more attention to upgrading houses as well as services.

The study also included in-depth interviews with key local actors to establish what social and socio-economic changes were taking place in the upgraded informal settlements under review. Here, the study revealed what the researchers refer to as "a minor revolution in social relations, forms of financing, institutional development, capacity building and managerial practice".

As a consequence of this revolution, several broad trends in development processes can be identified.

The first relates to the need to more fully integrate the upgrading of services and housing with the community itself.

The second is the shift, engendered by the formation of new and more legitimate local government structures, in the nature of support institutions. Local independent trusts are being transformed into public/private/community partnerships.

The third relates to the consequent need for developers, civic organisations, community representatives and local government to redefine their roles in the development of South Africa's informal settlements. The private sector should also begin to understand these settlements, and the incremental housing concept in general, as a new business frontier.

But the study also identifies some important areas for improvement in the application of the incremental housing philosophy:

- Locations (either new or existing) identified for upgrading must meet the need of residents for access to urban opportunities.
- More resources must be made available for housing and community facilities, rather than simply upgrading the services infrastructure without increasing the subsidy.
- Community participation in upgrading programmes should be further encouraged.
- Special attention must be given to the relationship between the fixed capital costs of upgrading and the recurring costs of service charges.

These have not been well understood in the past, and it is crucial for the success of upgrading programmes that people not be provided with services they cannot afford to pay for on a monthly basis.

- The process of upgrading should be so designed that it is a continuous and sustainable process.

The Star ... Wednesday November 15 1995

'Upgrade settlements to solve housing crisis'

(123)

'Unrealistic' to think that more than 7 million people in settlements can be accommodated in conventional housing

Star 15/11/95

By David Robbins

As the housing crisis deepens, new research shows that there is little alternative to large-scale upgrading and incremental housing programmes in South Africa's informal settlements.

More than 7 million people currently live in these settlements, the vast majority of them earning less than R1 000 a month. This places them beyond the reach of formal loan and housing schemes.

"To move these millions of people into conventional homes is socially and technically impossible in the short to medium term, and financially non-sustainable in the long term," say the researchers. "And to leave them in their present situation is to court major health and environmental problems."

The findings of the study, commissioned by the National Business Initiative (NBI) and undertaken by social scientists working at the Institute of Social and Economic Research at the University of Durban-Westville, were made public yesterday.

Main conclusions indicate that upgrading schemes and incremental housing solutions are viewed positively by a majority of those who live in the areas studied.

An Independent Development Trust (IDT) subsidy of R750-million for infrastructural upgrading encouraged the communities to inject an estimated R500-million of their own resources into housing improvements.

"A minor revolution" in social relations and forms of financing had taken place in settlements affected by the IDT and other upgrading programmes, the study found.

The NBI's executive director for development, Brian Whittaker, said a policy which accommodated the findings would be in the interests of the urban poor and in the interests of government, because of the considerable allied investment which would be likely to take place.

"If the needs of the urban poor are ignored, or are not catered for on an appropriate scale, the most visible consequences in the major urban areas will be a proliferation of land invasions and unserviced shack housing, increasingly difficult urban management, and a general decline in local and international investor confidence in South African cities as places in which to do business."

► New housing policy empowers
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Indemnity for building of 72 000 homes offered

HOUSING REPORTER (123)

Star 17/11/95

About 72 000 houses are to be built in 303 areas which have received mortgage indemnity cover.

This makes it possible for banks to lend to buyers in areas that were formerly red-lined because of instability.

Mortgage Indemnity Fund (MIF) managing director, Nkululeko Sowazi, yesterday said the fund ensures loans for people seeking to buy affordable housing. Buyers also qualify for a government subsidy.

He stressed that banks need stability to grant loans.

Before an area can be covered by mortgage indemnity, the MIF looks at the payment rate, maintenance of infrastructure, levels of crime and violence and the rate of bond defaults.

Sowazi said efforts to stabilise an area had to come from local government structures and the community.

"There is a need to upgrade infrastructure. We also look at whether there is efficient local administration and resolution of ongoing disputes. Operation Masakhane can play a big role in this," he said.

Sowazi said the MIF wishes to extend its cover as widely as possible, though always within the constraints laid down by the minister of housing.

Boycott cost banks R800-m

(123) sowetan 17/11/95

By Joshua Raboroko

THE bonds and services boycott in most black townships has cost banks up to R800 million, according to sources that cited this as one of the primary reasons for the non-delivery of low-cost housing.

Figures released yesterday by the Government, the newly formed Mortgage Indemnity Fund (MIF) and the Association of Mortgage Lenders (AML) reveal that lending institutions are still suffering from the effects of the boycotts introduced by civic associations in the 1980s.

MIF chairman Mr Johan de Ridder told a Press conference in Johannesburg yesterday that financial institutions had about 44 000 non-performing loans and repossessed properties on their books. He said figures would be available at the end of the year.

Director-General of Housing Mr Bill Cobbett said the Government was committed to providing affordable homes through the subsidy scheme. The scheme would, however, not get off the ground if boycotts continued.

He urged the newly elected local authorities, communities and related organisations to vigorously implement the Masakhane Campaign launched by President Nelson Mandela,

Khayalethu Home Loans Bank Mr Siza Khampepe said they lost about R165 million because of the boycotts, which affected about 15 projects.

Stokvel makes dreams of own houses a reality

Star 20/11/95 (123)

95 Soweto women have been pulling together and saving

THYS DULLAART

A home at last ... Hilda Sekhute (centre) and her friends Lilian Makhotla and Lorinda Ntamela are proud of the houses they will be occupying soon.

By Bongiwe Mlangeni
Housing Reporter

Hilda Sekhute's heart pounds with pride as she stands on a hill watching men in green overalls put bricks and mortar together to complete her dream house.

"It is my sweat and hard work that puts me here today," she says.

She shares this joy with 95 other women from Soweto who will soon occupy their houses and have been saving R200 a month with the Community Bank from July last year to make their dreams a reality.

When they came together in February last year to form a stokvel, their wish seemed unreachable.

"It was a new concept. Often we form stokvels to assist us with burials. This time we thought that a proper house while we were still alive, would make us happier," she says.

Almost every day, Sekhute and other members of the stokvel travel to Ennerdale and Lowley, where 11 houses will be completed this week, to check on the progress.

It is their collective ambition that has kept them close despite the many hurdles, says Sekhute, who lives in a back-yard room.

She recalls how she used to fax letters to the Gauteng government every day, appealing for all kinds of help. However, no response was forthcoming from the authorities.

After several visits to banks and government buildings, the women contacted the Urban Foundation, which introduced the group to the Community Bank.

Through the bank they were taught how to save, how much to save, how to get a subsidy and how to repay a loan.

Last month the first houses were built and all 96 will be finished by next month.

The prices range from R22 000 for a two-bedroom unit with a kitchen and a lounge to R35 000 for a three-bedroom house.

Most of the women are domestic workers and secretaries, while some are hawkers. "We did not wait for the Reconstruction and Development Programme to find us, we found it first," Sekhute adds.

New housing deal on cards at Eskom

(123)

Eskom's black workers will for the first time be allowed to occupy family houses previously reserved for whites only, after being confined in the past to overcrowded hostels. Eskom decided last week to change its housing policy after three years of negotiations with trade unions.

An Eskom spokesman said the new policy included upgrading hostels into single quarters and increasing housing loans from R13 000 to R22 000. Hostels presently house between 6 and 12 workers per room.

National Union of Mineworkers spokesman Sue Moorhead said: "We have made significant gains for our members with the new Eskom accommodation policy. We now have to make sure that the policy works and that we get involved in local and regional housing structures to push for results."

Workers who wish to buy Eskom houses will receive a 20% taxable discount based on the market value of the house, while those who rent privately will receive a rental subsidy.

Star 21/11/95

Moorhead said the new policy meant that family houses would now be open to all workers and the only criteria would be number of years of service and number of dependants. She said Eskom's decision took the unions by surprise because the issue had been negotiated for three years without an agreement. "Now the mines have to follow Eskom's cue. Black people are still bundled into one room while their colleagues enjoy the luxury of family houses." — Own Correspondent.

Helping the poorest

The MIF frees the flow of bond finance from the private sector to the susbsidised end of the market. **Joshua Raboroko** explains how

(123)

Sowetan 21/11/95

THE NEWLY APPOINTED managing director of the Mortgage Indemnity Fund – a Government organisation established to provide affordable homes to the poor – is committed to bringing houses to "even the poor of the poorest" in South Africa.

Mr Nkululeko Sowazi, a veteran of the battle to bring low-cost housing to the marginalised in rural and urban communities, is the first black at the helm of one of the most powerful institutions in the Housing Ministry headed by Mrs Sankie Mthembi-Nkondo.

The MIF reports to a board consisting of representatives from regional and national governments (many from the Ministries of Housing, Finance and Constitutional Development).

Sowazi believes he can play a cardinal role in the MIF because he can draw from personal experience: he was born in the squalid ghetto of Pimville, Soweto, 32 years ago.

Owning a home at the time was a privilege rather than a right because "blacks were regarded as temporary sojourners in urban areas", he says.

The MIF was created after discussions in the National Housing Forum (NHF) and the signing of the Record of Understanding between the Housing Department and the Association of Mortgage Lenders (representing banks).

In terms of this understanding, the Government agreed to provide cover against "political risks" to lenders who lend to people in black townships previously red-lined by banks as a result of the boycotts that started in the 1980s.

In return, banks committed themselves to resuming lending at the Government-subsidised end of the market, granting around 50 000 loans in the first year to the state-subsidised housing private sector.

The MIF plays an important role in the Government's housing strategy because it frees the flow of bond finance from the private sector to the subsidised end of the market.

However, the powers of the MIF go beyond indemnifying banks from lending to townships. If a community does not play a key role in helping to remove the "risk factor", it might be deprived of development by the MIF and banks.

The Government has set aside R400 million in the next three years to provide cover against the risk of boycotts.

Sowazi said the fund has assessed 302 black areas throughout the country where housing development can now take place. Townships were evaluated according to the level of payment for bonds and services, political stability, infrastructure upgrading and functioning of local authorities.

Sowazi says the assessed areas would not have received bank lending had they not been assessed by the MIF.

Nkuleleko Sowazi ... committed to providing houses for the poor.

However, there are some areas in Gauteng, like the Vaal Triangle (Sebokeng and Palm Springs), Soweto (Tshiawelo and Meadowlands Extension 10), Pretoria (Garankuwa), East Rand (parts of Thokoza and Vosloorus) and Khayelitsha in the Western Cape, where bond boycotts still continue.

Initial estimates by the Government and the MIF suggest that financial institutions have up to 44 000 non-performing loans and repossessed properties on their books.

There is speculation that these figures have risen significantly, despite the Masakhane Campaign launched by President Nelson Mandela.

Sowazi says: "When the MIF first assessed most areas, there was a bond boycott and the incidence of non-performing loans and repossessed properties in these areas was extremely high."

He declines to give the exact amounts that the banks have lost but says judging from the fact that an average house costs R50 000 and that there are 70 000 homes not paying bonds, the figure may be quite high.

There are various reasons for the non-payment of bonds. These include dissatisfaction with the developers or builders, political instability and the ineffectiveness of local government structures.

Helping low-income earners is one of the priorities of Sowazi, who has spent most of his life in politics. In his first year of a bachelor of arts degree at Wits University in 1986 he was detained.

After his release he became an active member of the South African National Students Congress. He fled the country in 1989 out of fear of being detained again.

He completed his BA in 1991 when he got a scholarship from the United Nations. Afterwards he obtained a Master's degree in Urbanisation and Regional Planning at the University of California in Los Angeles.

Sowazi returned to South Africa in 1992 and joined Kagiso Trust as deputy director of national projects. He came to understand the need for developing affordable homes when he served on the NHF, which helped to formulate housing policy during the transition period.

He says this housing policy was based on a number of assumptions, including the need to rectify the breakdown in local administration, restoring the due process of law and moving the non-payment of bonds and services to a more normal scenario.

Unfortunately, he says, this process is slow and there is still a bonds and services boycott in some areas. The result is that the private sector found the risk too great to invest in townships and this affected the delivery of houses.

Sowazi is cautious about levelling criticism against banks, whom developers and home-buyers have accused of not lending to potential black buyers. "We can only judge the banks' lending records once the MIF has completed its assessment," he says.

An essential duty of the MIF is to establish a data base on bank lending to low-income groups.

After the Botshabelo Accord the banks committed themselves to granting 50 000 loans for low-cost housing.

"Those people who have problems with banks can come to the MIF," says Sowazi. "I am confident the banks will adjust their practices as soon as possible to take account of the availability of MIF cover."

Non-payment may cripple governance

(123) Sowetan 21/11/95

THE Government's coffers would run dry and governance would collapse unless people started paying for municipal services, newly-elected greater Johannesburg mayor Mr Isaac Mogase said yesterday.

Addressing the 50 councillors of the Greater Johannesburg Transitional Metropolitan Council, Mogase said the payment for services and their provision were crucial for the city.

He said his main mayoral concerns included crime, job creation, service payment and provision, land invasion and bond boycotts.

National Party caucus leader Mr Jacoob Makda promised his party would leave petty politics outside the council when it came to providing for services.

The Democratic Party's Mr Anchen Dreyer promised the DP would make a constructive contribution to the city.

Also elected at the TMC's inaugural meeting was the executive committee of 11, in which the ANC has seven seats, the NP three and the DP one.

ANC members are Collin Matjila (chairman), Kenny Fihla (deputy chairman), Reginald Dubazana, Patrick Slusk, Lindsey Bremner, Sizakele Nkosi and Eugene Robson. NP members are Makda, Peter de Wet and Sarel van der Westhuizen. Peter Horwitz represents the DP.

Dr Nick Padayachee will act as TMC chief executive officer. – *Sapa.*

POLITICS

(123)

Eskom workers get houses

Sowetan 21/11/95

By Abdul Milazi
Labour Reporter

BLACK workers at Eskom, who have for years been confined to overcrowded hostels, will for the first time be allowed to occupy family houses previously reserved for whites only.

This follows Eskom's decision last week to change its housing policy after three years of persuasion and negotiation by trade unions.

According to an Eskom spokesman, the new policy included upgrading the hostels into single quarters and increasing the housing loan from R13 000 to R22 000.

Currently hostels, including those on the mines, house between 12 and 16 workers per room.

National Union of Mineworkers (NUM) spokesperson Ms Sue Moorhead said "We have made significant gains for our members with the new Eskom Accommodation Policy. We now have to make sure that the policy works and that we get involved in local and regional housing structures to push for results."

Workers who wish to buy Eskom houses will receive a 20 percent taxable discount based on the market value of the house while those who are renting privately will receive a rental subsidy.

Moorhead said the new policy means that family houses will now be open to all workers regardless of job grade and the only criteria would be the number of years of service and number of dependents.

She said Eskom's decision took the unions by surprise because the issue had been negotiated for three years without an agreement being reached.

"Now the mines have to follow Eskom's cue. Black people are still bundled into one room while their white colleagues enjoy the luxury of family houses," she said.

Special benefits for whites to go — Eskom

(123) (280) (25) (552)

Renee Grawitzky

BD 21/11/95

THE all-white Mineworkers Union is to hold a strike ballot over Eskom's new housing policy, which includes the removal of "special benefits" for its white employees.

White workers at Eskom's power stations have been entitled to preferential benefits, including low rentals and subsidies on water and electricity. In terms of the new policy, these are to be phased out over seven years.

Eskom sources said the main aim of the policy was to upgrade hostels and ensure that all employees had equal access to housing benefits, including rental and housing subsidies.

Eskom would work jointly with the unions to agree on how the hostels should be upgraded.

National Union of Mineworkers housing unit co-ordinator Sue Moorhead said over 7 000 workers lived in Eskom hostels. The company had agreed to upgrade hostels to allow for one person a room.

Moorhead said the mining houses now had to follow in Eskom's footsteps. This could include the conversion of hostels into family units.

Theo Rawana reports that National Hostel Residents' Association chairman Zakhele Mlambo said at a conference in Durban at the weekend that the administration of SA's 500 hostels, which housed 1,5-million people, was in a chaotic state.

Mlambo called on government to finance the training of personnel to help in the running of hostels. He said upgrading in private sector hostels was not taking place.

Hostel leadership was hamstrung by the fact that in most areas — especially Gauteng — they had no channels to lobby government, he said.

Cost of housing is major inflationary pressure

CT(BR)22/11/95 (123)

By Derek Tommey

Johannesburg — The major inflationary pressure in the South African economy at the moment is the cost of housing, according to an analysis of the latest consumer price indices.

The cost of a house (excluding the purchase price) rose 15,4 percent in the 12 months to the end of October, Central Statistical Services (CSS) reports. The main reason for this increase was apparently the two mortgage rate increases which took the rate of interest which housebuyers have to pay from 16,25 percent to 18,25 percent.

The CSS estimated that the average family's biggest single outlay is for housing which took about one fifth of its total budget.

An increase of this size in the cost of housing had a major effect on the consumer's cost of living.

How great is shown by the fact that if the rise in housing costs had been excluded the year-on-year rise in the CPI would have been only 4,7 percent instead of the reported 6,3 percent, said the CSS report.

Increases

The good news was that there seemed to be no further increases in the mortgage rate in the pipeline. This means that housing costs should exert only a small upward pressure on the CPI in the coming months.

So, even in the unlikely event of the cost of other items continuing to rise at their present rate, the inflation rate next year ought to drop to at least 4,7 percent.

And if mortgage rates were to drop next year, which also seemed a possibility, the CPI could fall even lower.

A one percentage point cut in the mortgage rate could, for example, lead to a further one percentage point cut in the CPI to push it below 4,0 percent.

Other major price increases in the 12 months ended October included a 15,9 percent rise in the cost of reading matter and an 18,4 percent rise in the cost of domestic servants.

Medical care and health expenses rose 9,1 percent. The cost of communications rose 10,6 percent and that of transport by 7,7 percent.

Cities can double in 20 years

CT 23/11/95 (123) ~~23~~ 26

POLITICAL STAFF

SOUTH AFRICA's cities could double in size in 20 years and a totally new vision of spatial planning and urban development was necessary, the Deputy Minister of Land Affairs, Mr Tobie Meyer, said yesterday.

"The reality is that the restructuring of South African cities has started and in some cases is already at an advanced stage," he said at a workshop about the future of urban and regional planners at Club Mykonos.

The increased immigration to the city as a result of depressed circumstances in rural areas, as well as natural growth were expected to lead to the doubling of the urban population over the next two decades.

Mr Meyer said the present urban structure was the product of policy decisions of the past and was largely determined by political decision-makers, market forces and first world planning principles.

"The strong geographic division into residential, business and industrial use which was applied in planning schemes must be addressed.

A land development strategy, improving the physical environment, had to enjoy high priority in the future.

Servcon looking at low-cost rental plan

BD 23/11/95 (123)

Amanda Vermeulen

SERVCON, the joint venture housing company established by the banks and government, is canvassing the viability of renting repossessed properties to people unable to afford their present housing, say banking sources.

Servcon head Denis Creighton said yesterday several options had been suggested for home owners who could not afford their mortgages but could be relocated to more affordable properties — dubbed rightsizing by Servcon.

Home owners who were failing to pay their bonds were to be given a nine-month grace period under the existing programme before having to find alternative accommodation. This grace period was likely to start early next year.

But Creighton said the lack of delivery of new low-cost housing could have a serious affect on attempts to relocate people once the nine months were up.

There was a need, also, to create the appropriate institutional capacity, such as housing associations, to deliver accommodation housing in the sector, he said.

But the current programme had proved fundamentally sound in the past six months, and should be allowed to continue.

If necessary, it should be enhanced, he said.

"It is crucial that we do not create expectations by jumping the gun on the rental issue," Creighton said.

"But if such a decision was taken and properly implemented, it could be in the best interests of the banks, government and those sections of the public involved."

Banking sources said informal talks were taking place to test the proposals. But it was too early, they said, to say whether or not the policy would be adopted.

The banks' total number of houses in possession is about 13 500. The Mortgage Indemnity Fund said last week that a total of 44 000 properties were either in possession or owners were not servicing their home loans.

The banks originally asked government for six months in which to assess how many of these loans could be rehabilitated.

The Mortgage Indemnity Fund said that the banks would ask government for more time as only 20% of the properties had been assessed.

Clash on privatisation could usher in new Act

BD 23/11/95

Renee Grawitzky

PRIVATISATION could be the first flashpoint for strike action under the new Labour Relations Act as it was being sold to workers under the guise of black economic empowerment at the expense of thousands of jobs, National Union of Metalworkers of SA general secretary Enoch Godongwana said yesterday.

Speaking at a joint Cosatu-IR Network "big guns" conference on the Labour Relations Act, Godongwana said privatisation was a possible prescription for first world economies. It would, however, lead to serious confrontation in SA. Strike law could be tilted in favour of working people under the new LRA.

Godongwana said that despite the new Act, illegal strikes would still take place.

He said there could be fewer, but bigger, industrial strikes because the battles would be about broader macroeconomic issues.

Capacity-building within Cosatu and especially among shop stewards was a prerequisite for any decision to establish workplace forums. A move to immediately rush into establishing forums would represent a danger to the labour movement.

This view was expressed by both Cosatu general-secretary Sam Shilowa and National Education Health and Allied Workers Union president Vusi Nhlapo.

Shilowa said labour had to be clear about what it wanted from workplace forums. "We will spend time negotiating workplace forum constitutions."

Nhlapo said a number of factors had to be put in place before forums could be established. These included worker and shop steward capacity-building, the need for a paradigm shift in the workplace, which would require a change in attitudes and which would take some time to ensure a move away from a climate of adversarialism.

Nhlapo said employers had a responsibility to assist in the training of shop stewards. Shilowa said the first test of the new LRA was whether employers would release shop stewards for training in the Act.

Govt moves to step up homes plan

(123)

MAGGIE ROWLEY
PROPERTY EDITOR

CT 24/11/95

THE government is to remove a major obstacle to the RDP housing programme by introducing progress payments to low-cost housing developers.

To date developers have shied away from the low-cost housing market owing to the high holding costs of development under the old regulations, which dictated they were only paid for their services once beneficiaries of the government capital subsidy scheme took transfer of the properties.

Yesterday's announcement by the Minister of Housing, Ms Sankie Mthembi-Nkondo, follows a meeting with the nine provincial ministers of housing late last week where agreement was reached on a package of new and amended housing subsidy policy instruments and changes in the hostels upgrading policy.

Concession

The measures, she said, would be implemented in each province by the regional housing ministers, who are expected to make announcements shortly.

Ms Mthembi-Nkondo said progress payments in project-linked schemes aimed at reducing developers' holding costs and easing their cash flow were expected to facilitate delivery of housing.

Payments, she said, would be made against a catalogue of five milestones. Fixed amounts would be paid out when engineering designs and specifications were approved by local authorities, when the general plan was approved by the surveyor-general, when services were handed over to the local authority and on transfer of individual properties to the name of the subsidy beneficiary. The fifth and final payment would be made on completion of the top structure.

Ms Mthembi-Nkondo also said the government had granted a concession to disabled people and those over 65 years of age who had difficulties in paying their housing loans. They would not be forced out but would be given additional assistance to stay on in their communities.

Consumer to carry costs of expensive new water projects

CT(MR) 24/11/95 (12B)

By Fiona Leney

Johannesburg — The days of cheap water are over, and consumers should brace themselves for paying the true value of a precious and vanishing resource, the water department says.

With South Africa fast developing its last water resources, the options for providing adequate supplies were limited, Johan van Rooyen of the Department of Water and Forestry, said yesterday.

At a conference on sustainable water supplies, Van Rooyen said the cost of increasingly expensive new water projects would have to be borne by consumers.

"Vaal users will have to carry the full cost through water tariffs," he said. The department charges 39,6c for a cubic metre of "raw" water — about 25 percent of the total tariff paid by urban users. The rest is added by Rand Water and local authorities for purification and distribution. The cost of the new projects will push the raw-water tariff to about 80c a cubic metre, although the rise in the final total domestic tariff will be pegged to 25 percent, phased in over time.

Poorer users are to be cushioned by a "lifeline tariff", aimed at subsidising basic supplies.

Experts said that curbing individual consumption was the only way South Africa could keep up with the demands of a growing population and rising industrial output. But the options were limited.

Curbing agricultural irrigation, which accounted for 50 percent of water use, compared with a combined urban and industrial use of 27 percent, was a complex and sensitive topic. Farmers paid far less for their water than other consumers, a situation which had to change, said Archer Davis of Rand Water.

"Agriculture uses a lot of water, and it is not where wealth is generated. The pricing structure should reflect that," he said. But economists said that a sharp rise in farm water prices was likely to push up food prices and inflation. In any case, much irrigation re-uses return flows from urban areas. Van Rooyen said that this water could only be recycled at the cost of desalination, a process still too expensive to be worthwhile.

New projections suggest that even the Lesotho Highlands Water Project, due to come on-stream in 1998, and once touted as the answer to Gauteng's water problems, is not going to meet the region's industrial and domestic needs for long. By 2006, demand will outstrip the water supplied by phase one of the project. The planned second and third phases may not be feasible, according to recent data which suggests not enough water is available in the Orange River catchment area.

Van Rooyen said the river's flow was being reappraised, and results would be available in early 1997.

But the Water Research Commission said that the river was barely running, and the lack of water was raising fears for the ecologically important wetlands around the river's mouth. With the Orange River prospects so poor, the Tugela basin in KwaZulu Natal is the next possible supply source.

This, the cheapest of the supply options, will mean raising about R2,2 billion. With more costly projects under consideration, the department may need to go to capital markets for funding.

STORMY OUTLOOK *Johan van Rooyen, of the Department of Water Affairs and Forestry, shelters from the rain outside the Gauteng water conference*

PHOTO JOHN WOODROOF

New housing policy to benefit the most needy

□ Aged, poor and hostel residents will be able to get loans

ARG 24/11/95 (123)

HOUSING Minister Sankie Mthembi Nkondo and housing MECs have agreed on changes to a hostels upgrading policy and on new guidelines for relocation assistance for house owners unable to repay bank loans, the housing ministry has announced.

Disabled people and those older than 65 who have problems repaying bonds are to be assisted so that they can remain in their communities.

Relocation help is to be given to those who have defaulted on bank loans.

These measures, agreed to by the Association of Mortgage Lenders and the government in October, refer to non-performing loans and repossessed properties held by member banks of the association and the South African Housing Trust on May 31 this year.

Residents would be given the option to continue to live in their houses provided they were willing to pay under a different formula.

Those unable to afford to buy back repossessed houses or repay non-performing loans could opt to relocate with government assistance.

Relocation amounts corresponded to subsidy levels and were graded according to household income.

At the lowest level, households earning R800 a month or less would get R15 000 in relocation aid.

Amendments to the hostels upgrading policy would provide greater flexibility in dealing with conditions in individual institutions, the ministry said.

The government's hostels policy had set a limit of 15 sq m for a four-person hostel unit to qualify for government support.

The ministry said this had proved unworkable and was being replaced by financial limits which would restrict funding to R15 000 a family and R3 750 an individual.

Although these amounts were linked to the national housing subsidy norms, they would be paid to public sector owners of rented hostel accommodation and not to individuals.

This meant hostel dwellers would still qualify for a housing subsidy should they choose to buy or build, the ministry said. — Sapa.

New home builders' warranty

AAG 24/11/95 (123)

Staff Reporter

A NEW five-year home builders' warranty scheme is in place to protect future homeowners from shoddy workmanship.

Explaining the scheme to a number of city contractors, Billy Cobbett, national director-general of housing, said the housing market needed to be stabilised and normalised.

"We are presently engaged in the biggest housing project the country has ever seen but we need to change the context of our housing delivery.

"For years people refused to pay their bond repayments citing poor workmanship and construction faults as the reasons, and in many cases their grievances were legitimate.

"This image needs to be changed and with the home builders' warranty scheme now in place we are giving the consumer protection in the industry."

Provincial Housing Minister Gerald Morkel said while he supported the scheme in principle, his concern was how it would impact on the already slow delivery of houses.

"We need to protect homeowners against shoddy workmanship but we must not let the process hinder the speedy delivery of units."

New payment plan will aid developers

Amanda Vermeulen (123) BD 24/11/95

THE housing department's new and amended housing subsidy policies will have far-reaching implications for the construction industry, institution-owned housing and the relocation of non-paying homeowners to more affordable housing.

The department said yesterday that institutions — such as housing associations or church groups — could access subsidies to buy or build accommodation, either for rental or for purchase by individuals.

This would provide rental accommodation for homeowners who lived and worked in urban areas, but wanted to invest their housing subsidies in building homes in the rural areas.

Housing director-general Billy Cobbett said one of the most important changes in policy would be the progress payments to housing developers, easing their cash-flow problems while housing developments were being built.

In terms of the new policy, progress payments — to be paid out of subsidies — within project-linked schemes were designed to reduce developers' holding costs, and should facilitate delivery of housing.

Fixed payments would be made at five different times prior to delivery of housing. The first payment would be on approval of engineering designs and specifications by the local authority.

The next four payments would be made: once plans were approved by the surveyor-general; on the hand-over of services to the local authority; after the transfer of individual properties to the beneficiary of the subsidy; and the rest on completion of the house.

Hostel dwellers, who had voiced their unhappiness about the previous policy which allowed for upgrading of a maximum of $15m^2$ for a four-person hostel unit, would now be allocated R15 000 a family, and R3 750 a person.

These amounts would be linked to national housing subsidy norms, but would be paid to public sector owners of rental hostel accommodation, and not to individuals.

Hostel dwellers could still qualify for a home-ownership subsidy if they chose to buy or build.

Residents who had not paid their bank loans would get relocation assistance, in terms of the record of understanding last year between the Association of Mortgage Lenders and government.

Asmal's water plan

BD 24/11/95 (123)

Kevin O'Grady

PRETORIA — The long-term water crisis facing Southern African Development Community (SADC) countries could result in "conflict, both internally and between countries", Water Affairs Minister Kader Asmal said yesterday.

Opening a conference of SADC water affairs ministers, Asmal said the crisis could "cripple the sustainability of our development if not handled with great foresight".

The time had come for SADC countries to plan for the development of water resources on a regional basis.

He suggested building dams in water-rich areas and focusing agricultural production in areas where the most favourable climate and soils occurred.

"Should we not irrigate in those areas where greatest returns can be achieved and export the products to where the needs are?" he asked.

"We should imaginatively remove all historical boundaries to facilitate an objective and broad view on the resources and development potential of the region as a whole ..."

An underlying principle should be to strive for more diversified economies throughout the region and for co-operation to be based on equity and mutual development, he said.

Apart from the relief from drought that could be achieved through inter-basin water transfers, the diversified and regionally integrated economies which could result would also alleviate the effects of drought.

"The dull legalisms of the past, based on prior application and with heavy emphasis on sovereign rights, must be replaced by new principles of fairness, equity and environmental protection," Asmal said.

Thought should be given to harnessing "the mighty rivers of Africa, like the Zambezi and Zaire rivers, for the transfer of water to the south. It may just hold the trigger to greater infrastructural developments, training and the interlinking and diversifying of our economies."

End to Northern Province drought may be in sight

BD 24/11/95

PRETORIA — "It looks as if the drought — even that in the Northern Province — has broken," a weather bureau spokesman said yesterday.

He was commenting on soaking rains that had fallen over large sections of SA since last Friday.

The forecast indicated that whatever respite people enjoyed from the rain, particularly in the eastern half of the country, would be brief.

While some clearing was expected today, a cold front was expected to push in from the east tomorrow, bringing more rain to Gauteng, Mpumalanga, Northern Province and the northeastern Free State.

Sections of the Limpopo River on Northern Province's border were in flood yesterday.

This was apparently because farmers along the Limpopo had erected makeshift dams to save what water they could during the past years of drought.

Officials at Beitbridge border post north of Messina said the Limpopo was flowing strongly, but had not burst its banks. The border post between SA and Botswana at Zanzibar was reopened after being closed on Tuesday and Wednesday.

The Tzaneen Dam, a major source of water to Northern Province fruit farmers, began receiving an inflow yesterday after 111mm of rain fell in the district. Officially registered as empty on Monday, the dam stood at just more than 0,5% of its capacity yesterday morning. Many KwaZulu-Natal Midlands rivers and streams were also reported to be in flood.

Water affairs and forestry spokesman Klause Triebel said another 600mm to 800mm of rain was needed to affect appreciably the level of Gauteng's primary water source, the Vaal Dam. — Sapa.

Asmal's water plan

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Electricity tariff restructure on cards

(123)

RECOMMENDATIONS on the restructuring of the electricity industry would be presented to local governments next week, a senior government official said.

ARG 25/11/95

"Between now and February we will discuss the proposals with all the major stakeholders to discuss the pros and cons," deputy director-general of provincial affairs and constitutional development Andrew Boraine told a parliamentary committee.

He said the recommendations were contained in a report just finalised by an electricity working group reporting to the inter-governmental forum of national and provincial ministers, Minmec.

The recommendations included the separation of the distribution of electricity from generation and transmission and the rationalisation of the electricity supply industry into a single national distribution company.

It also recommended a single national tariff system, "not a single national tariff, but a single national tariff system," Mr Boraine said.

The committee also wanted to see the introduction of "cost reflective tariffs to level the playing area between the Eskom-supplied areas and the local authority-supplied areas, a national electrification levy to fund electrification as well as the right of the local authorities to tax electricity in their area to raise revenue for development projects.

"These are fairly major changes ... and it would be important for all the local authorities to get involved in the debate because we have to finalise the report for Cabinet by February next year."

Mr Boraine said that unless the electricity distribution system was rationalised, it would not be able to meet the targets set down for the electrification of homes.

Many local authorities were not financially viable and the more poor consumers were connected to the electricity grid, the more subsidies would be needed. — Reuter.

Electricity industry in for a shock if recommendations are accepted

Cape Town – A government working group has proposed a radical shake-up of South Africa's electricity industry and the introduction of a national levy to help fund electrification, deputy constitutional development director-general Andrew Boraine said yesterday.

The recommendations would be formally presented to the Cabinet for approval in February, Boraine told a parliamentary public hearing on proposed new local government legislation.

The recommendations are contained in the interim report of an electricity working group representing all major players in the industry. The group operates under the auspices of Minmec, the intergovernmental forum comprising several local government MECs.

Boraine said the report made "radical recommendations" and urged all interest groups to respond before February to the issues raised in the document.

The report calls for the separation of responsibilities for the distribution, generation and transmission of electricity and the rationalisation of the industry into a single national distribution company in order to achieve savings and help meet electrification targets.

"These are fairly major changes. I think it is very important for all stakeholders to become deeply involved in the debate," Boraine said. – Sapa

(123) Star 25/11/95

Houses – or castles

(123) cp

PROVIDING a million houses in five years is a noble ambition of the government. But unless decisive policy steps are taken quickly to speed up the implementation of the housing subsidy schemes, this grandiose ambition will remain just a pipe-dream, writes MMANAMANE MAILA, a town planner in Gauteng.

THE government's determination to change the material conditions of the disadvantaged people of South Africa, especially in the area of housing, is a bold and welcome policy shift from any of the past governments. Equally bold and ambitious is Gauteng's goal to deliver 150 000 houses a year to the millions of urban dwellers without any formal shelter.

But there are serious hurdles to the speedy provision of affordable housing. These include the question of land availability, the institutional framework within which housing is to be delivered, the capacity of the provincial government and the developers to deliver houses within a reasonably short time and the need for and extent of public participation.

■ There are at the moment no mechanisms from the government side through which access to land can be made for the thousands of urban homeless people. This is despite the fact that the provincial housing boards (those that are operational) have thousands of project-linked housing subsidies on the basis of the so-called Land Availability Agreements (LAAs) with private land owners. In almost all these LAAs, the negotiation for the land price is undertaken by the land owner and the developer – and often the asking price is far beyond the land's actual "market value". As the developer cannot carry this cost, it is passed on to the beneficiaries of the housing project. At the end of the lengthy housing delivery process, the beneficiaries get far less than the project-linked housing subsidy had intended to offer. In some transactions, one cannot but feel that land prices are deliberately inflated for the land owner's benefit. This occurs precisely because the government has allowed the so-called "market forces" to determined the land prices.

To curb this profiteering the government should negotiate with land owners well before the actual development of the land takes place. This can be done along the lines of creating a "land bank" from which suitably located pockets of land could be released when the time for development comes.

The land cost would most likely be reduced as the government would be negotiating under less pressure from the land owners than is the case now with developers. Far less deductions for land purchase would be made from the beneficiaries' housing subsidy allocations.

Secondly, a more reasonable asking price based on proper land evaluation would be possible as opposed to the current situation – where, it seems, no such evaluations are taking place. The prerequisite for evaluating the land's worth before fixing a price would be in keeping with what is required in respect of the acquisition of rural land from private owners in terms of the Provisions of Certain Land for Settlement Act (Act 126 of 1993).

A more co-ordinated urban land acquisition policy would help speed up housing delivery as a lack of access to land is the greatest hindrance.

■ Then there is the question of capacity to deliver and the current town planning legislation through which land development must take place.

This is where the proposed Development Facilitation Bill comes in. The bill is intended to speed up the occupation and development of land which has already been acquired. It offers a short-cut route compared to the lengthy town planning ordinances and regulations route presently in use, where to proclaim a township can take more than a year.

■ Another question is the capacity of those in charge to help speed up housing delivery. When this issue is discussed in the media, one often gets the impression that South Africa is in dire need of project managers, who must brought in from elsewhere. But we have more than enough project managers. What is lacking, is enough staff to handle the applications for development projects in government departments. Too often the application "gets lost" or the person dealing with it is "on leave", etc. Such responses do not augur well for speedy housing delivery – and one thinks they occur simply due to too few people dealing with too many applications for project-linked subsidies or land-related issues like township establishments.

Surely an option of employing experienced personnel on a contract basis is not far-fetched.

■ Another question is the capacity, ability and sincerity of developers. Sadly, many developers go into this market with the sole aim of making a quick buck at the expense of unsuspecting needy communities. However, one must give credit to some dedicated developers who really know their craft and are out to make a difference to the lives of homeless people.

Building houses is expensive and requires of developers a sound financial backing that would enable them to spend up-front before they could finally claim their expenditures from the housing boards or financial institutions supporting the venture.

This requirement disadvantages the small aspirant developers mainly from the African communities with no creditworthiness for an overdraft facility.

The frustrations from this often leads to these small developers clubbing together against the implementation of housing projects by big developers in the former's perceived "areas of operation". This has led to delays in the delivery of many project-linked houses while drawn-out negotiations between big and small developers continue.

■ The lack of capacity and sincerity of some big developers can also become a major hindrance to the speedy delivery of affordable housing. Some of them, due to their "popularity", tend to enter into too many social compacts (development agreement) with too many communities at the same time in order to "protect the market" – so that in the end they lack the capacity to deliver. The result is a rushed job with shoddy workmanship.

■ While our country has finally crossed the "Rubicon", many parastatals are still operating in their old styles – albeit with a sprinkling of new middle "managers" from the previously disadvantaged communities. Most of these parastatals are sitting with large tracts of developable land in and around our big cities which are held for this or that purpose which will no longer be realised in the current situation, where extensive pressure is being exerted on vacant land in the urban milieu.

Instead of releasing most of this land for housing for the homeless, they hold onto it like

The Gauteng education department plans to introduce a pilot project

Cheap medicine sought via India

BD 27/11/95

Kathryn Strachan

SA PHARMACEUTICAL companies were setting up joint ventures with Indian manufacturers, who were able to produce extremely cheap medicines, Health Minister Dr Nkosazana Zuma said this week on her return from a visit to India, Taiwan, Cuba and Geneva.

India was unique in that it was able to supply medicines to the public sector at "very, very low prices", Zuma said. India produced the raw materials and the medical products.

Zuma visited pharmaceutical companies in India, some of which were in the process of setting up joint ventures with SA pharmaceutical companies. SA companies would benefit by getting the cheaper raw materials from the Indian companies, as well as learning from their valuable research and development expertise.

The health department was looking at importing medicines from India, as they were far cheaper than medicines which SA imported from Western countries.

These developments will be followed up when the Indian health minister visits SA next month.

However, Zuma said, SA would never be able to produce medicines as cheaply as India, because wages were much higher here.

The health profile of SA and India were very similar. Both suffered from diseases of poverty, such as malnutrition and water-borne diseases, alongside diseases of affluence, such as coronary heart disease.

India also had much information to share on how to deal with communicable diseases.

With SA poised to introduce a national health insurance (NHI) system, a look at the teething problems Taiwan was experiencing in its newly implemented NHI would enable SA to avoid making the same mistakes, Zuma said.

Like SA, Taiwan had the problem of over-servicing by doctors.

The Taiwanese had tackled this through random audits of doctors, which enabled them to detect irregularities and poor service.

As a result, the claims on their NHI had dropped dramatically.

Taiwan had also deterred unnecessary visits to doctors by making patients pay a certain amount for each visit, she said.

These measures would not necessarily be introduced in SA.

The minister said her visit to Taiwan had focused also on that country's successful nutrition scheme.

Of her visit to Cuba, where she signed an intergovernmental agreement to bring Cuban doctors to SA, Zuma said the country had also been able to keep down costs by producing 95% of the medicines it used. It also produced most of its vaccines.

As health was a priority in Cuba, there was an emphasis there on training doctors.

But admission to medical schools was subject to an unusual affirmative action policy.

The entrance requirement had been set lower for boys than for girls, "otherwise males would be extinct in the field of health", Zuma said.

Masakhane will be recharged

BD 27/11/95

Nomavenda Mathiane

(123)

THE success of the local government elections has prompted government to come up with new programmes for the Masakhane campaign.

Gauteng Masakhane co-ordinator Moeti Mpuru said housing MEC Dan Mofokeng would announce the new schemes shortly. They would take advantage of the favourable conditions created by the elections.

The Masakhane campaign was launched by President Nelson Mandela last July to encourage payment for services in order to speed up RDP delivery.

The schemes will challenge the business sector to create favourable conditions for local economic development and help with the provision of "life skills" for local communities.

Mpuru said the new programmes would be designed for the specific municipalities and their problems.

He said it was difficult to judge the success of Masakhane because municipalities differed from each other. The payment of services was not the proper barometer to judge the success of the campaign, as the resumption of payments was not its only goal.

The new programmes would seek to raise payment levels while educating residents about what they were paying for and how much services cost. Municipalities' billing systems would be upgraded to ensure there were enough pay-points for communities.

He said the campaign had failed in some areas because councillors had not taken it seriously. In addition, transitional councillors had been unwilling to act because they had not known if they would be re-elected.

The amalgamation of white and black councils and the local government election process had consumed most of the councillors' time and energy, he said.

Sanitation White Paper launched

P

Kathryn Strachan (123)

SIX ministries yesterday joined together to launch the draft White Paper on sanitation. BD 30/11/95

At Pretoria's Union Buildings launch of the White Paper, Water Affairs and Forestry Minister Kader Asmal said an estimated 21-million people in SA did not have any access to adequate sanitation.

Nearly 8-million of them were in urban areas (31% of urban people) and 14-million were in rural areas (about 85% of the rural population).

At least 2-million people still relied on the unacceptable bucket system.

Sanitation extended far beyond toilets and sewers and this was illustrated by the draft White Paper. It was a process encompassing institutional, economic, technical, environmental, health, social and educational issues.

For this reason the ministries of water affairs and forestry, environmental affairs, education, health, provincial affairs and constitutional development, and housing joined together to launch the effort.

For the first time in SA an interdepartmental national sanitation task team had been established to initiate the process of policy formulation on sanitation, and to develop strategy proposals for implementing the policy.

The draft White Paper was intended to serve as a basis for a series of nine provincial consultations at which all interested parties could contribute.

Asmal said widely available lower-level services were preferable to unsuccessful higher-level service designs.

Now Govt takes sanitation out of the closet

(123)

By Anita Allen
Science Writer

Star 30/11/95

Sanitation came out of the closet yesterday with the launch of a draft white paper which will go down in the SA record books as the first white paper to be drafted by no fewer than six ministries working together.

The aim of the paper is to change sanitation from a taboo subject to "table talk", says Water Affairs and Forestry Minister Kader Asmal.

Departments involved are Water Affairs, Education, Environment Affairs, Health, Provincial Affairs and Constitutional development, and Housing. For the implementation phase – which is to begin immediately – Arts, Culture, Science and Technology plus the RDP office are also included.

"Half of SA has inadequate sanitation. The subject must be discussed as openly and frankly as possible and be rectified, otherwise there will be no health, no dignity under our new democracy," says Asmal.

15% are taking big risks in the bedroom

Many people are happy to take their clothes off, but are too embarrassed to suggest using a condom

Star 30/11/95

By Janine Simon
Medical Correspondent

Almost 15% of South Africans didn't use a condom when they had sex with a new or different partner this year, the first local usage and attitude study on condoms has shown just days before World Aids Day tomorrow.

Most respondents (52%) said they didn't use a condom because they didn't have one with them, and couldn't put off the moment, Peter Smith, MD of condom manufacturers LRC Industries, said in Johannesburg yesterday.

"A total of 35% of people were happy to take off their clothes, but too embarrassed to suggest using a condom!" he added.

The respondents were all aged between 18 and 45, regular committed, or occasional users of condoms, and had all bought and used a condom in the previous two months.

Researchers endured abuse, and had to approach more than 5 000 respondents to generate sufficient statistical data for the study, which was commissioned by LRC, the manufacturers of Durex condoms.

The aim was to investigate why the commercial condom market had stopped growing, or more simply, why people didn't use condoms.

The market swelled 20% in 1993, when Aids awareness programmes took off, but slowed in 1994, and flattened in 1995, Smith said.

The study showed that, despite the years of hype about Aids, more than 60% of South Africans still claimed to use condoms solely or primarily as a contraceptive.

A total of 16% used condoms as protection against sexually transmitted diseases and 22% were not concerned about Aids, disease and/or unwanted pregnancies. Indications were that South Africa remained a conservative society.

Six out of 10 people still bought condoms from pharmacies, and, unlike in Europe where women buy the condoms, in 76% of local cases, it was the men who did the buying, Smith said.

Opposition fears one-party domination

Star 30/11/95

By Mondli Makhanya
Political Reporter

South Africa's fledgling democracy was being jeopardised by the domination of one political party, opposition party leaders warned yesterday.

At a World Trade Centre conference on multiparty democracy, leaders of parties ranging from the Democratic Party to the Pan Africanist Congress and the Freedom Front warned that the monopoly of power by the ANC was unhealthy for democracy.

The conference is being held under the aegis of the Dutch Foundation for a Democratic South Africa (DFSA). Among other things the DFSA funds political parties in in attempt to ensure a vibrant democracy.

Arguing that his organisation's real support was not reflected by the minuscule percentages it scored in national, provincial and local elections, PAC deputy president Dr Motsoko Pheko said the domination of the political scene by one party did not bode well for the country.

"The monopoly of power destabilises," said Pheko. He said the country needed to curb poverty so as to put an end to the crime that was breeding political instability.

His views were echoed by DP leader Tony Leon, who said "one-party domination" was one of the "dangers" which could prevent South Africa's democracy from maturing. This domination negated the concept of democracy as "a competition of ideas".

"Race and ethnicity still tend to dominate the politics of South Africa. Voting still occurs along overwhelmingly racial lines," said Leon.

IFP leader and Home Affairs Minister Mangosuthu Buthelezi said the new constitution's working draft was a camouflage for the ANC's bid to centralise power. He said it would "put an end to constitutionality in SA for ever".

Local government must also take responsibility for housing projects

Star 30/11/95

(123)

By Bongiwe Mlangeni
Housing reporter

Imagine life without a home, without food and clothes. If you are lucky enough to have a comfortable home, think of how it would be to share it with 15 other people, using the same water tap and toilet and using the kitchen as both a cooking and sleeping place.

It sounds hideous but this is a way of life for the more than 8 000 people living on the Johannesburg streets, the 20 000 on the housing waiting list and thousands more sharing overcrowded flats.

The problem affects about 2,9 million people who are beginning to ask why the houses promised by the GNU are not being delivered.

These are the same people who walked to the polls in their thousands on November 1 to vote in the belief that the election of a local government was the last step needed to facilitate change.

Since the beginning of the year not more than 3 000 low cost houses have been constructed in Greater Johannesburg and only a few buildings have been identified by the Johannesburg Trust for the Homeless (JTH) as possible sites for renovation.

But now there are new councils the homeless have expectations, according to Mapule Sebone of the JTH.

Homeless people ask where the houses are

"They would like to see more affordable buildings coming up, they would like to participate in building new blocks," she says.

The JTH is looking at temporary homes but she says the council will have to make it possible for the homeless to move into their own permanent homes.

Before the transitional council left office there were plans to form a metropolitan housing delivery team to identify and co-ordinate low cost housing projects and to ensure that they were implemented.

The message being sent by the Minister of Housing, Sankie Mthembi-Nkondo, is that local government will have to play a substantial role in ensuring that housing delivery occurs in its areas of jurisdiction, albeit with assistance from provincial and national levels.

The responsibilities that lie ahead are huge and will involve identification of land and its rapid development, which should include the provision of the necessary security of tenure and essential services.

The provision of land cannot be made without addressing land invasion and this makes it imperative for the council to find the means to prevent further invasions while simultaneously offering immediate accommodation for the people who have been evicted.

One of the options, according to Aziz Shaik, chief executive officer of the Goldev Corporation, will be to facilitate support for housing delivery agencies and encourage constant communication between the council and communities.

A council report formulated by the Transitional Metropolitan Council states that the council should create a housing vision and begin to look at securing subsidies to make it possible for developers and homeseekers to access loans.

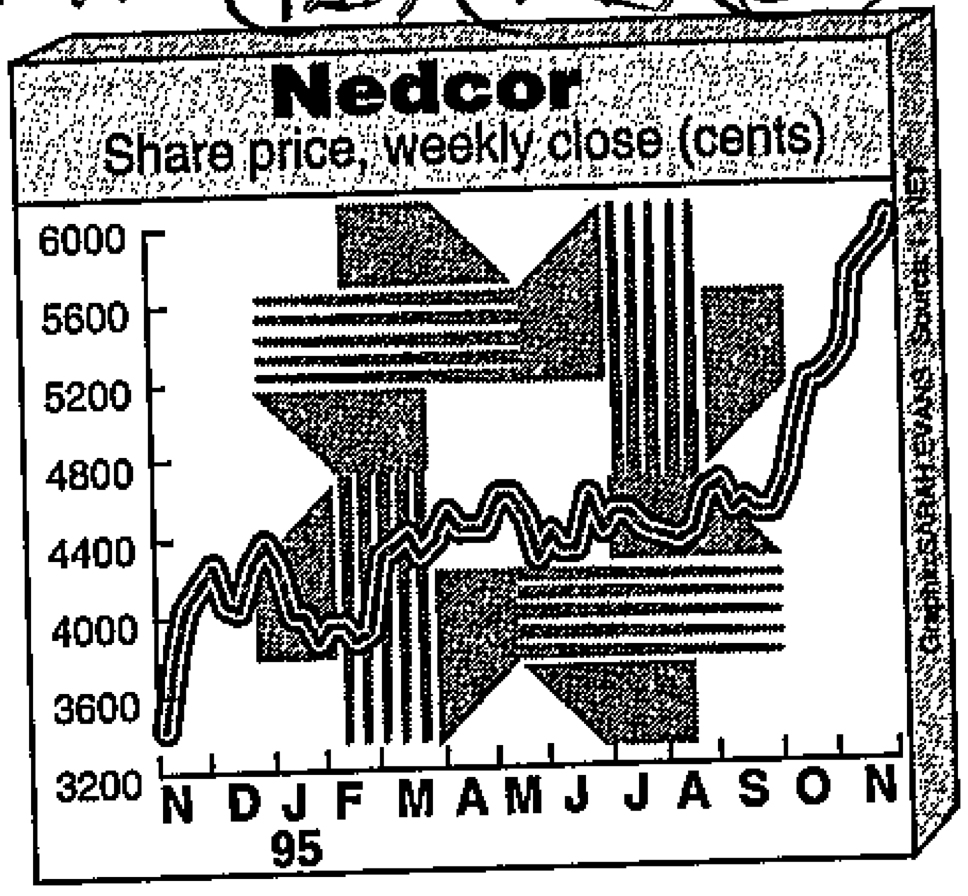
Other challenges include:

- lobbying for necessary policy changes;
- ongoing consultation with the community and private sector;
- the building and allocation of new housing units;
- introducing a policy to regulate tenants' and landlords' relationships;
- introducing projects to encourage small emerging contractors;
- looking at rapid land release.

Nedcor 'is committed to affordable housing'

BD 1/12/95 (123) (68)

Adrienne Giliomee



NEDCOR was committed to providing funding for affordable housing and realistic housing projects, chairman John Maree said in the group's report.

He said building of houses was a long-term project, but the lack of progress had been disappointing. "It is imperative that government moves rapidly and innovatively. Government has the responsibility to finalise housing policies so that the various players, including business, can play their role in the provision of houses."

He said Nedcor had not only made R6,7bn in bond funds available during the year, but had also put together a number of important deals, including an agreement with USAid that would facilitate the financing of housing.

"I firmly believe that, provided government puts the policy framework in place and draws on the expertise and resources of the private sector, 1996 can see the beginning of a major house building programme."

During the year, Nedcor divided the Perm into Permanent Bank and Peoples Bank. Maree said the transition to two new banks would give each a greater focus on the segment of the market it served. It would also be of benefit to a large number of stakeholders who had not had access to financial and banking facilities.

Referring to the SA economy, Maree said the success achieved in the fight against inflation was a most positive development that would further encourage foreign participation and new investment.

However, high growth rates would only be achieved if there was close cooperation between government and business, with each one understanding its role and playing it properly.

"Winning nations such as Germany and Japan have demonstrated that economic success is based on government creating a growth-friendly environment and the private sector creating businesses that are efficient, competitive and of world-class standards."

Nedcor increased earnings 25% to 386c a share for the year to September 30, while taxed profit jumped 29,7% to R782m.

The share price had increased more than fourfold since 1991, having moved from R13,25 to its current level of R60.

The housing crunch

Sowetan 4/12/95

(123)

Financial institutions withdraw housing loans in the townships as they no longer want to burn their fingers, reports **Joshua Raboroko**

THE HOUSING BOOM envisaged by the Government and financial institutions may not get off the ground if the level of payment of home loans and services is not normalised soon.

Statistics released by the Government and banks show that there are more than 50 000 people who are not paying off their bonds.

The homes of about 13 500 of them have been repossessed. A large number of cases also sit with banks in their loan portfolio as non-performing.

The South African Housing Trust's financial arm Khayalethu Homes Loans also reported recently that 30 000 of their home loans were being boycotted countrywide.

The Government, banks and Khayalethu say most of the non-performing loans are in Gauteng's Soweto, the Vaal Triangle and East Rand townships.

The reason for non-payment of loans includes a reluctance to pay because of defects in the houses, violence, unemployment, disability, poverty and old age.

Because of this, banks are said to have lost more than R4 billion. Khayalethu estimates that the boycott has cost them R135 million.

As a result, banks withdraw their investments in townships because they do not want to burn their fingers anymore. This means the housing shortage – which already stands at 3,9 million – is getting worse.

The reported flood of illegal immigrants into South Africa from neighbouring countries is drastically affecting the property market as well.

Estate agent Mr Ronald Ennik said: "With few resources and no legal rights, these people are forced to set up informal settlements on any piece of available land with close proximity to water."

The influx also places an additional strain on the economy, which means the Government's undertaking to provide more than 50 000 houses a year remains bleak.

However, a ray of light is that the major role-players have identified a number of steps aimed at resolving the crisis. They have come up with a coherent housing strategy to hasten the delivery of low-cost houses.

One such strategy is the formation of Servcon Housing Solutions Pty, a company set up as a joint venture between the Government and the Association of Mortgage Lenders, representing banks.

Servcon manages the portfolio of the properties repossessed by banks and evictions where non-payment continues.

The company will also look at alternative solutions where banks have been unable to achieve repossession because of a breakdown in the due process of law.

Servcon's chief executive Mr Denis Creighton said: "It is essential that the historical breakdown in the housing process be turned around in the very near future.

"Restoring normality to the housing environment should be viewed as a priority. The breakdown in the normal housing process will undermine not only the delivery of housing, but the RDP and the economy as a whole."

Servcon is presently administering a portfolio of 13 500 repossessed homes for banks throughout the country. It has visited occupants of repossessed homes to find solutions to their problems.

As one of the solutions, the company will give households a five-year period during which they can pay occupational rent. After this period, they can then apply to rebuy the house.

Housing Minister Sankie Mthembi-Nkondo ... a task force has given her a preliminary report on the constraints on housing delivery.

They will be offered an opportunity to repurchase the property at a settlement price, taking into account the amount still owing to the bank and the adjusted cost of the property.

The sale will be concluded on the basis of an instalment agreement with the bank subsidising instalments for five years. Transfer will be given after six years. No deposit will be required.

Other potential home-buyers will also be given an opportunity to buy the property at the present value, subject to a normal assessment of affordability.

Owners and occupants who cannot afford to continue paying for their property will be allowed to stay on the property for a further grace period of nine months, provided they pay an affordable rental.

The Government has agreed to give financial help to ex-borrowers, to assist them to obtain alternative affordable housing. This will only be payable on registration of the new affordable houses.

Banks will also assist borrowers in default with their mortgages – three or more installments arrears – to retain their homes by rescheduling the loan where it can be afforded.

Uncooperative occupants who refuse to pay or accept any of the conditions set out by Servcon will face legal action after all attempts to settle amicably have been exhausted.

Servcon said it is committed to streamlining its operations with the activities and spirit of Operation Masakhane and the RDP.

To facilitate housing delivery, the Housing Ministry and MECs for housing have also agreed on an amended housing subsidy policy on hostel upgrading. Hostel dwellers can now apply for a subsidy to upgrade their structures.

In addition, the Housing Ministry's task force, formed three months ago to identify constraints in housing delivery, has submitted a preliminary report with recommendations to Minister Sankie Mthembi-Nkondo.

Largely political, the recommendations will be supplemented by practical proposals to developers. There is no easy answer to the problem of delivery, according to the report.

Stringent measures for loans unveiled

123

By Joshua Raboroko

SOUTH African banks and the Department of Housing have released a series of stringent credit guidelines for affordable housing from April 1.

The guidelines will apply to applicants whose monthly gross household income does not exceed R3 500 and the purchase price of property is R65 000 or less.

Sowetan

Managing director of the Council of Southern African Banks Mr Lance Edmunds said yesterday that individuals applying for home loans would be screened in terms of credit guidelines. Banks will exercise their discretion over properties to be bought, which must comply with the bank's area assessment guidelines relating to security.

5/12/95

Lending decision

Conformity with these guidelines will not automatically entitle applicants to credit. The final lending decision remains within the discretion of the bank.

The key determinant for qualification for a home loan is disposable income after meeting normal household expenditure. The monthly instalment is not to exceed 25 percent of gross household income and will often be less than 25 percent, depending on affordability.

The new criteria will require all applicants to pay a minimum cash deposit of five percent. The deposit must be saved over a minimum of six months and a maximum of 12 months if it is linked to a government subsidy.

Edmunds said that if the applicant could provide a savings record, the applicant would have to pay five percent of the purchase price plus the transfer and other costs in cash.

Call for low-cost housing boost

(123)

Proper legislation to protect landlords and tenants will encourage the building of flats and ease demand, says city planning chief

Star 5/12/95

By Shirley Woodgate

A huge supply of high-density rented accommodation and many more low-cost houses in the R65 000 to R85 000 bracket is needed to address the housing shortage, according to Greater Johannesburg director of city planning Jean Luc Limacher.

"Although the greatest need is for lower-priced houses, most of the new houses are in the R100 000 bracket, which is out of range of average salary earners. On the other hand, no high-density flats designed specifically for renting have been built since 1974," he said.

Limacher blames the 20-year hiatus in the construction of rented accommodation on the lack of a proper legal framework to manage the relationship between tenant and landlord. "Lack of proper legislation to protect both parties has made it too risky to enter the market again. The two-way protection is essential to encourage the small investor," he adds.

"There's huge demand for properties costing less than R85 000 by people earning between R3 500 and R4 000 a month. But what we're seeing is most units selling at R150 000 and above, and very little under R100 000."

While the greatest housing demand was from the lower-income groups, there was also growing pressure to increase the density of residential suburbs, bringing the country into line with the rest of the world, he said.

"In terms of the RDP it is inevitable, not only to promote a more effective city, but sound economic growth by preventing urban sprawl which necessitates the provision of services (roads, sewerage and water supply) over long distances.

"Nobody can force anyone to comply, but the pressure is in response to a strong trend not to retain large properties that have become too expensive to maintain, and lack the security, which has created a demand for smaller group housing projects with a single entrance.

"The move towards smaller properties has already occurred in America and Europe. In Australia, 500 to 700sq m properties are considered large. In South Africa a large stand is 4 000 to 6 000sq m and in Hyde Park the norm stretches for 8 000sq m.

"Ultimately it is a matter of economics. People want more rest, more play and travel, rather than maintaining immaculate lawns in extensive gardens."

Greater densification was possible in Johannesburg because the standards of infrastructure installed in the past were very high.

"We are not talking of an overnight development, nor a lowering of standards and a deterioration of the quality of life. We are talking about urban form changes in the next generation, depending on economic growth and job creation," Limacher said.

A government spokesman confirmed that a task team had been launched to investigate all housing legislation, including the Rents Act, and the joining of five different housing departments under one roof. But data was still being collated, and any early decisions were unlikely.

Housing standards needed to avoid 'RDP slums'

THE Mortgage Indemnity Fund has huge potential to unblock finance and allow the reconstruction and development programme to begin the process of providing affordable housing, Clay Brick Association (CBA) executive director Nic Louw said recently.

"It is now the appropriate time for definitive standards to be implemented as guidelines for the housing that will be built. The CBA has long been concerned that RDP houses are going to be short-term affordable slums rather than quality housing for a nation looking for long-term solutions."

He said the association realised current needs could be partially supplied using cardboard, plastic and other substitutes for housing, but these would never establish home owners' self-esteem or develop responsible citizenship.

SA had to turn to old tried and tested solutions to housing issues and model itself on societies which had achieved stability and safety through home ownership.

There was a misconception that clay bricks were unaffordable. But recent research by Cape Town University and quantity surveyors Walters & Simpson showed clay bricks were affordable, particularly when maintenance was taken into account.

"Now that funds are reaching the affordable housing pipeline, we must ensure the housing provided outlasts the bond repayment term," he said.

BD 6/12/95 (123)

Cost-effective construction

(123)

Business Day Reporter

BD 6/12/95

A THERMALLY efficient, reinforced, dry-stacking building system which could be used on low-cost housing was now available in SA, Insulated Masonry System SA (IMSI) director Bob Stanley said last week.

The system, pioneered in the US in the 1970s, cost less than conventional methods as the blocks were dry-stacked and could be laid without cement mortar jointing.

"The system can be erected with unskilled labour. Only one trained mason is required on the job," Stanley said.

Transnet set on building 842 homes

BD 6/12/95 (123)

Jacqueline Zaina

RICHARDS Bay Transnet Housing has launched a R51m project, with plans to build 842 houses over a period of three years.

Transnet Housing was the seventh largest home-loan financier in SA, said executive manager Johan van der Westhuizen at the launch of the Aquadene project on November 30. The company, he said, managed about 55 000 employee home loans countrywide with a value of R2,6bn.

The above average economic growth experienced by Richards Bay during the past decade had led to the demand for housing exceeding supply.

The project, which is situated 4km from the central business district, would be built in five phases and was expected to be completed by 1997, said Van der Westhuizen.

The first phase, consisting of 176 houses, would be built at a cost of R10,5m. A total of 250 home owners would benefit from subsidies provided by the Provincial Housing Board of KwaZulu-Natal, said Van der Westhuizen.

All potential buyers were represented by their trade unions, companies, local authorities and community leaders on a project working committee. The committee, which was governed by a protocol stipulating the rules of the development, had elected Protekon as project manager.

Project Services of Transnet Housing senior manager Johann Rauch said: "This approach to development is facilitating the planning and execution process, ensuring the houses remain affordable."

Van der Westhuizen said employees of Spoornet, Portnet and Alusaf and the local community were the primary beneficiaries of the project, with 115 houses allocated to Transnet employees, 40 to Alusaf and 21 houses being made available to the local community.

Van der Westhuizen said the project was in keeping with Transnet's commitment to the reconstruction and development programme in terms of which it had established Vision 2000 to ensure that every one of its 115 000 employees was a homeowner by the turn of the century.

One of the strategies to realise that vision was a renewed focus on projects, with about R84m budgeted for projects in this financial year. The company was involved in 15 housing projects, with 1 205 houses expected to be built before the end of the financial year.

Home loan guidelines take effect next year

(123)

By Maggie Rowley

CT (BR) 7/12/95

Cape Town — The new, more stringent credit guidelines for affordable housing would come into effect on April 1 next year, the Council of South African Banks said yesterday.

The banks tried introducing the new criteria in June but granted a nine-month moratorium following an outcry at the "overnight" implementation which hastened many deals in the pipeline.

The moratorium expires on March 31 next year. From April 1 the guidelines will apply to applicants whose monthly household income does not exceed R3 500 and where the purchase price of the property is not more than R65 000.

Applicants for credit-linked housing subsidies will be screened in terms of credit guidelines while the properties will have to comply with the bank's area-assessment guidelines relating to security.

Lance Edmunds, the council's general manager of housing, said disposable income after normal household expenditure would be the key criterion for qualification of a loan.

"The monthly home-loan instalment cannot exceed a maximum of 25 percent of monthly gross household income and will often be less than 25 percent.

"Income is to be based on the household income and expenditure on the applicant's statement of actual monthly household expenditure and the total debt commitment cannot exceed 35 percent."

The new criteria will require all applicants to pay a minimum cash deposit of 5 percent. The deposit must be saved over a minimum of six months and a maximum of 12 months if it is linked to a government subsidy. Where the saved deposit is not linked to a subsidy application, a lump sum will be acceptable providing it can be shown to have been saved.

"If the applicant cannot provide a savings record but a credit record can be established by other means — such as a reference to recent fixed instalment obligations such as rent repayments — the applicant will have to pay 5 percent of the purchase price plus the transfer and other costs in cash."

Housing trust to revise role

BD 7/12/95

Amanda Vermeulen

(123)

THE SA Housing Trust is to revise its specific role, function and structure in relation to the broader framework of housing delivery in future, in a bid to reposition the organisation.

In the trust's annual report for the year to June acting chairman Meyer Kahn said the operating results had been disappointing but not unexpected. The trust posted a loss of R57m, down on last year's loss of R62m.

"The boycott of bond repayments continues, involving about 45% of our clients. Cash flow accordingly remained under pressure and ongoing efforts to resolve these boycotts showed little success."

Kahn said new initiatives and approaches had to be found and implemented to resolve the bond boycott problem — and the future sustainability of the organisation depended on one of these initiatives, Khayalethu Home Loans (KHL), a company responsible for end-user home loan finance.

KHL and the SA National Civics Organisation had, he said, formed a national joint task force so as to investigate the range of "apparent and real" problems of KHL customers.

Delay for low-cost credit duct

BD 7/12/95 (123)

Amanda Vermeulen

THE long-awaited National Housing Finance Corporation, which is to provide a channel for funds to reach the poor for low-cost credit, will not be launched this year as planned by all the stakeholders.

Johan de Ridder, chairman of the Mortgage Indemnity Fund and project leader of the implementation committee of the corporation, said yesterday the three main stakeholders — government, the contractual savings industry and the banks — were still negotiating.

The finance corporation would be used to channel wholesale money from foreign and local investor institutions to retail financiers targeting the lower end of the housing market where the crisis was worst.

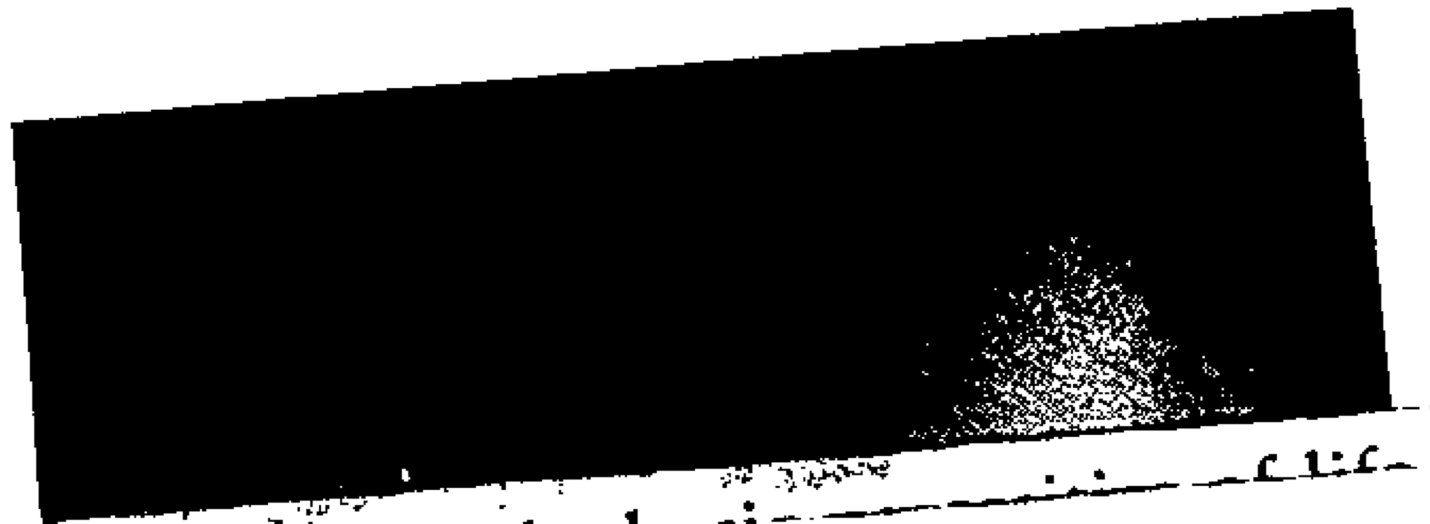
Industry sources said yesterday the delay in launching the housing corporation would further stall the delivery of low-cost housing. De Ridder said, however, the banks could still provide mortgages, as the implementation of the finance corporation was never a prerequisite for lending in low income areas under the record of understanding reached by government and banks last year.

De Ridder said he hoped a final proposal document would be available to stakeholders by the end of January, which made it likely the corporation would not be established until at least March.

No final agreements or required cabinet decisions were yet on the table. The post of funding corporation CE would soon be advertised, he said.

Housing department director-general Billy Cobbett said the corporation would have five main functions, in terms of the current discussions, but he declined to name them.

He said he was reluctant to set a date by which the corporation would be established, saying he would discuss its function only once it had become reality.



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Plan could create more homeowners

(123) Star 7/12/95

By Bongiwe Mlangeni
Housing Reporter

A new housing subsidy scheme, which could bring home ownership within the reach of many more people, has been put forward after three years of discussions in Government and housing forums.

The institutional subsidy is in addition to the individual subsidy scheme introduced in June and brings in the concept of "social housing". For Johannesburg inner city residents, the concept could mean a solution to their housing problems when the ideas start on a large scale next year.

The Seven Buildings Project illustrates how the concept might work.

This project recently won a five-year battle for a government subsidy to enable tenants to buy – for about R15 000 each – the flats they were renting.

The tensions between landlords and tenants, which left hundreds in the streets after evictions, prompted members of the housing sector to suggest social housing as an alternative.

Cope Affordable Housing spokesman Cecile Arcand says social housing could be defined as "housing by the community for the community".

"The institutional subsidy would be available only to groups whose members were earning less than R3 500 a month.

"The principle behind the concept is that social housing should run on a non-profit basis or receive state subsidies."

EWS

Provincial energy agreement signed

(SS)(123)

Bloemfontein – An energy supply co-operation agreement was signed by the premiers of the Free State, Northern Cape and Eastern Cape in Bloemfontein yesterday, and witnessed by US Energy Secretary Hazel O'Leary.

The agreement earmarks rural areas for regional co-operation in energy development.

The US-South Africa Binational Commission Sustainable Energy Committee prioritises provincial development.

Riemvasmaak, where people recently returned to ancestral land, was already using solar energy at its clinic. – Sapa.

Star 7/12/95

Pay for services — Holomisa

CT 11/12/95 (123)

STAFF REPORTER

THE Masakhane Campaign in Khayelitsha received a shot in the arm yesterday when the Deputy Minister of Environmental Affairs, Mr Bantu Holomisa, urged all residents to pay for municipal services.

Mr Holomisa, fresh from a public row over his allegations that disunity within the ANC had led to a witch-hunt against him and others dubbed populists, was addressing a Masakhane rally arranged by the ANC and attended by about 1 000 people, who received him warmly.

He called for maximum unity in making the campaign an even bigger success than that claimed by local organisations.

Mr Holomisa repeated his apology to the ANC for the row, undertaking to take it up in the organisation instead.

The president of Cosatu, Mr John Gomomo, also spoke in support of Masakhane at the rally, which started almost three hours late.

He also indicated that attempts would be made at a meeting today between Cosatu and the government in Pretoria to solve their differences over privatisation.

Boks scrum down for Masakhane

ARG 15/12/95 (723)

Staff Reporter

THE Springbok rugby team has put its weight behind a Masakhane development campaign project in Atlantis.

Springbok rugby team manager Morné du Plessis has handed town mayor Noel Williamns a cheque for R16 500 for the project.

The money was raised by Springbok lock Mark Andrews for a project he completed for Total Oil. It will be used to help construct a day-care centre and a children's playground in Saxonsea, Atlantis.

Handing the cheque to Mr Williams, Mr Du Plessis said sport and the community could never be separated. Since the Rugby World Cup the Springbok team had pledged their support for the Masakhane "let's build together" campaign.

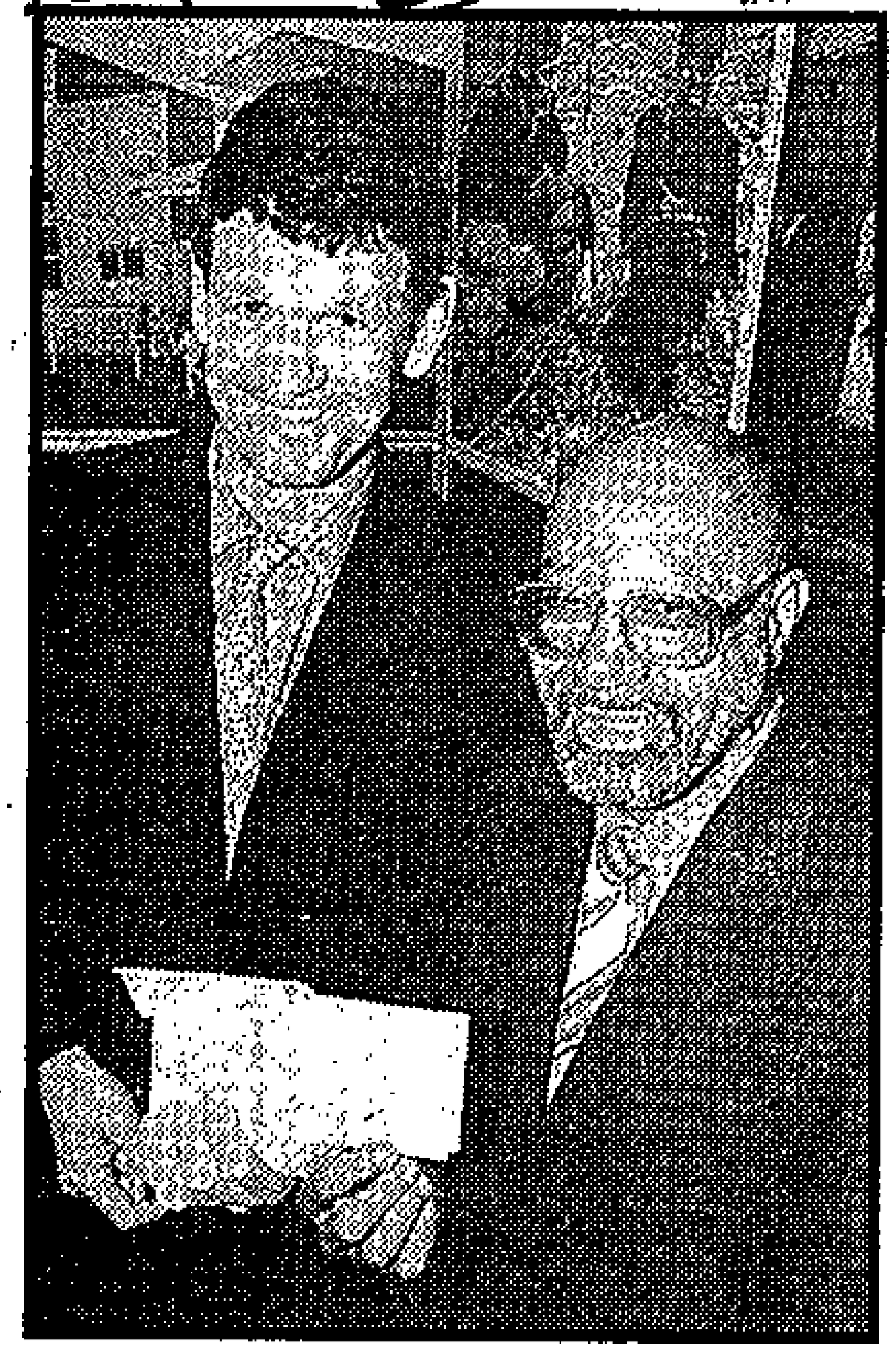
"It was suggested to us by Archbishop Desmond Tutu and we chose it as our course and from then on all the players put their weight behind it and supported the many projects."

Mr Williams said the residents were very grateful as the money was urgently needed and much appreciated by a community which was firmly behind the rugby team and had demonstrated that it was possible to build together for a better environment

He said the Saxonsea project began in April when 150 residents started working together to construct a day-care centre, pavements, develop an open-space area and a playground.

"The project is nearing completion and has employed only local labour organised into working committees with building material being purchased locally too.

"It has been so successful in gaining the co-operation of the community and uplifting their living standards that all future projects in Atlantis will be undertaken according to the Masakhane concept as laid down in the guidelines of the reconstruction and development programme," Mr Williams said.



CASH INJECTION: Springbok team manager Morné du Plessis hands Atlantis mayor Noel Williams a R16 500 cheque which Springbok Mark Andrews donated to the Masakhane project in Saxonsea, Atlantis.

Iomes vision hits reality

:pping into predecessor Joe Slovo's shoes has not been easy for Minister Sankie Mthembi Nkondo. Housing Reporter Bongiwe Mangeni assesses the situation in a wrap-up of 1995 in this sector in Gauteng

(123) Star 15/12/95

When Housing Minister Sankie Mthembi-Nkondo slipped into the late Joe Slovo's shoes, she thought would simply be to implement ... plan. Little did she know that ... have to walk along a steep of obstacles.

...sing ministry planned to have ...s of South Africans housed this ... this has proved to be impossible ...

... grand "mass housing" plan, ...ceived widespread approval ... impressive on paper than in re-

... hope was given to the homeless ...minent figures from many sec... ...luding banks, a federation of the ..., central and provincial govern... ...ivic movements and the con... industry – met at the Botshabe... ... last year to find ways of ... the housing crisis.

...ments reached at the summit ... core of what later turned out ... Government's policy on hous-

... summit, the ministry negotiat... ...ement with banks to give cred... income groups previously seen ...y. The banks agreed to extend ...onths 50 000 loans for low-cost ...orth R2-billion.

... suggested by the summit that ...al housing would be the only way of accommodating the vast ... whose earnings are less than ...onth, which constitutes about ...e population. The plan aimed to ... people with a serviced site and a ... structure consisting of a room ... Residents could later add on to ... structure.

...mmit presented the burden of ...ing as the shared responsibility ...ment, the homeless and the private sector.

In January this year when Mthembi-Nkondo took over after Slovo's death, she announced her commitment to ensuring that her predecessor's dream to build a million houses in five years was accomplished. However, in no time she also voiced her unhappiness about the incremental housing plan.

Mthembi-Nkondo blasted the Slovo plan which, she said, called for "toilets in the veld", but at the same time she is aware of the inherent financial problems in building four-roomed houses as a basic structure, as she has mooted.

The current national budget is R2,92-billion – 80% higher than last year. With such a significant increase, South Africans expected more houses to be built than ever before to house the country's poor and repair houses vandalised during violence.

Gauteng netted about R800-million of the budget to build about 77 000 houses, making it the largest beneficiary of the housing budget as the province with the largest backlog.

However, only 10% of the national budget has been put to use with about 11 000 houses delivered, largely because of the private sector's reluctance to invest in lower sectors and the lack of legitimate local government structures.

In Gauteng, fewer than 2 000 houses have been built, despite the provincial government's promise to provide 150 000 by May this year.

A recent survey done by the Department of Housing showed that Gauteng lagged behind four provinces – KwaZulu Natal, Free State, Northern Cape and Western Cape – raising a concern as the province remained the pivot of the country's rapid urbanisation.

June became an important month for the ministry when it launched its housing plan and information campaign. A consumer help-line and a tabloid called Home Truths were put at the disposal of home-seekers.

Included in the plan was a subsidy of up to R15 000 for people earning less than R3 500 a month. The final piece to fall into place in this jigsaw was the Defects Warranty Scheme – a system put in place to accredit and regulate home builders.

At this time, Mthembi-Nkondo and her team were ready to see the delicate policy mix become the reality of bricks and cement.

However, over the past months the housing plan has started to show cracks, pushing Mthembi-Nkondo to appoint a committee to review the policy.

The financial institutions made it clear that they were in business more than in a charitable pact, as expected.

The banks announced tougher lending criteria to low income groups, hiking interest rates in the lowest market segment to as much as 22,5%, substantially higher than for other segments of the population. This move was challenged by developers who could not continue with their contracts as they had assumed interest rates would be at about 17%.

Mthembi-Nkondo stated that the banks were betraying the Government and reneging on their commitment to the Record of Understanding at Botshabelo.

But the president of the Mortgage Lenders Association Johan Myburgh reacted strongly to the accusations saying that banks had to protect themselves and not be faced with the loss they experienced during the rent and bond boycotts of the 1980s.

"The fact that we are presently in a cycle of rising interest rates is unfortunate and banks, in taking a longer term view, are prepared to grant loans on a fixed rate basis for up to 10 years which is a substantial," he said.

After lengthy discussions, the banks agreed to temporarily relax their controversial lending criteria until end of March next year, in an attempt to help kick-start the mass housing programme.

But still builders focused on houses costing more than R65 000 and fewer low-cost houses were being built.

To resolve the logjam, a progressive payment, instead of subsidies being paid out at the end of construction, was introduced. This means the builders would be paid in stages after finishing a specific task until the house was completed.

The establishment of legitimate local government structures after last month's elections has renewed hopes that mass delivery will begin. And the Gauteng legislature has revealed plans to embark on a project to revamp derelict office blocks in the Johannesburg as residential buildings.

Local government and housing MEC Dan Mofokeng said the plan would provide dwellings for thousands of the homeless in the next year.

With local structures in place, home-seekers can only hope for speedy delivery in the new year.

The housing ministry will have to ensure that its plans translate into reality for millions. Local government will also have a huge role to play to make it work as the scheme relies on functioning communities.

This review of Slovo's housing plan could smooth the road ahead, but Mthembi-Nkondo still has a long and bumpy walk before all South Africans can enjoy a roof over their heads.

■ This is the fifth article in a series which wraps up what has been happening in various sectors in the province.

(123) ARG 16/12/95

State hedges on footin
bill for arrears write-

JEAN LE MAY
Staff Reporter

THERE is no such thing as an arrears write-off — it is all a question of who is going to pay.

This warning has been given by Billy Corbett, director-general in the Department of National Housing, in an interview with Saturday Argus.

Mr Corbett was commenting on the most recent turn-around by the Cape Town City Council on the question of R327 million owed in arrears.

Last week the council sent the on-off proposal to scrap arrears back for further investigation.

And in spite of warnings from city treasurer Eddie Landsberg that the city would face insolvency if it went ahead with the write-off, the executive council (Exco) voted that the city should have 100 councillors — a move which would make it the biggest council in the country and would cost ratepayers R10 million a year.

A table of arrear accounts displayed to Exco recently by Mr Landsberg showed that R92 million was owed for rates, R63 million for electricity, R23 millon for water, R44,5 million for housing and R103 mllion for sundry debtors, including black local authorities.

Mr Corbett told Saturday Argus "a municipality was perfectly free to write off housing arrears incurred by its citizens, but if the arrears are for funds from national housing, the municipalities will still owe us the money".

"We have no intention of writing off arrears. They'll have to find the money somewhere, probably from their own ratepayers.

"The people who are calling for a write-off should instead concentrate on getting people who incurred the arrears to pay," said Mr Corbett.

Andrew Boraine, deputy director-general of the Department of Constitutional Development and Provincial Affairs, warned that there had been no commitment by government of funds "for the purpose of helping local authorities which had written off arrears".

There was no budget allocation for this purpose this year, he said, and the write-off situation was being "looked at" before a decision could be made on allocating funds next year.

'Clearly, one has to distinguish between housing and municipal services," he said.

"As far as services are concerned, there was a Minmec (council of national and provincial ministers) decision in November, 1994 that a local authority could write off arrears for all groups incurred before January, 1994 — the province can't and the central government can't because they are not the creditors.

"This has been done in many cases. Often the local authorities and the residents who incurred the debts came to some arrangement about payment. Or if the amount is really irrecoverable it is put in a suspense account and then written off over a number of years.

"At the same Minmec meeting, it was decided that we would examine the financial situation of local authorities who had written off arrears and help them out financially if possible. This was essential to help the poorer local authorities.

"We are waiting for reports in this regard from local authorities. There are more than 700 of them and I can't say how many have written off arrears. As far as I know, no substantial amounts have been involved."

Mr Landsberg did not pull punches in warning the Exco.

"Should you go to the extreme of writing off all debts up to the present, the council may find itself in deep trouble," he told them.

"Look at the total arrears in relation to the total financial position. We don't have the finan-

■ There is no commitment by the state to give financial help to local authorities which write off arrears, warns deputy director-general of Constitutional Development and Provincial Government Andrew Boraine.

WARNING: Deputy-director Andrew Boraine.

P.T.O.

eT 18/12/95

Mayors back Masakhane

(123)

SPECIAL CORRESPONDENT

JOHANNESBURG: Mayors from throughout South Africa came together for the first time here yesterday to pledge their commitment to the Masakhane campaign.

They signed the Mayors' for Masakhane pledge, which details such plans as ensuring efficient service delivery and promoting accountability.

"Now is the time for (mayors) to become more visible in their roles and get down to work by becoming involved with the Masakhane campaign," said Greater Johannesburg mayor Mr Isaac Mogase.

Mr Chris Ngcobo, national manager of Masakhane, said the pledge would become an important mobilising tool. Although the payment of services had risen countrywide since the inception of the campaign, levels had dropped in some areas of Gauteng, he said.

"It is our belief that the drop ... was connected to the impending local elections ... This will change, especially now that mayors and councils find they have to explain to people the essential nature of services and housing payments."

Electricity supply revamp welcomed

BD 18/12/95 (123)

Mungo Soggot

THE proposed shake-up of the electricity supply industry had been welcomed by most interest groups and final proposals should be presented to government in February, national electricity regulator spokesman Johan du Plessis said at the weekend.

Du Plessis said the proposals, which involve transforming the fragmented electricity distribution industry into a single decentralised distributor, had been discussed with Eskom, local authorities and most interest groups — including trade unions, the Chamber of Mines, the SA Agricultural Union, civic associations and some major companies.

All interest groups had agreed the current set up had to go. Some, however, had expressed caution about the proposed changes' effect on tariffs, and the openings it made for privatisation.

But the proposed shake-up, details of which first emerged last month, faced no major opposition.

Mayors pledge support to Masakhane

(123) BD 18/12/95

Deborah Fine

NEWLY elected mayors from 18 towns countrywide signed an agreement at Johannesburg's metropolitan council chambers yesterday pledging their allegiance to the principles and initiatives of the nation-building Masakhane campaign.

Campaign manager Chris Ngcobo said he believed last month's election of democratic local governments had finally put in place local authority structures which enjoyed the confidence of communities. Mayors and town councils were now in a legitimate position to explain to their wards the essential nature of services and housing as well as the importance of regular rates, services and bond payments.

Masakhane officer Spencer Malongete told the mayors the campaign was about re-establishing governance at local-authority levels and trans-

Continued on Page 2

Masakhane

(123) BD 18/12/95

Continued from Page 1

forming the culture of non-payment created by the liberation movements. However, he warned that forcing people to make payments was likely to sabotage the campaign.

Mayors had to realise they were dealing with "highly politicised constituents" who deemed it necessary to take part in creating new rates and tariff structures as well as steps to undo the boycott culture.

Informing people of plans to upgrade communities and consulting them on ways to increase payments to facilitate development would also solve the problem of residents refusing to make payments until services had been delivered.

Malongete urged business to help by providing professional expertise on information, administrative and accounting systems as well as training for local government employees.

Picture: Page 8

Mayors support Masakhane

(723) Sowetan 18/12/95

By Khangale Makhado

FOURTEEN mayors from across the country yesterday put their weight behind the Masakhane campaign when they signed a pledge in support of the programme.

By signing the pledge at the Johannesburg Transitional Metropolitan Chambers in Braamfontein, the mayors dedicated themselves towards serving the needs of the people in their respective communities.

Their support for the campaign will be in the form of building integrated cities, ensuring efficient delivery of services and promoting accountability.

The mayors have also noted that the success of Masakhane depended on cooperation between the Government, labour, the private sector and individuals within communities.

This, the mayors stated in their pledge, could only be made possible by promoting safety, security and peace.

Addressing the media after the meeting, campaign manager Mr Chris Ngcobo said the campaign was about more than just the payment for services.

"We are convinced that the advent of democratic local government has finally put in place structures and people who enjoy the confidence of the communities.

"The mayors and councils are now in a position as never before to explain to the people the essential nature of services and housing payments, and to motivate them to improve the situation dramatically," Ngcobo said.

He said organisers of the campaign had visited 619 communities in all the provinces and the meetings held were attended by about 400 000 people.

Mayors gather in support of Masakhane

By Lorna Zokufa
City Reporter

Mayors from throughout South Africa came together for the first time in Johannesburg yesterday to pledge their support and commitment to the Masakhane campaign.

The Mayors for Masakhane pledge, which was signed by mayors from as far as Butterworth in the Eastern Cape, George and Mmabatho, details plans such as ensuring efficient service delivery and promoting accountability.

"We are past the era where mayors just used to cut ribbons. Now is the time for them to become more visible in their roles," said Greater Johannesburg mayor Isaac Mogase.

He said all the mayors should remember that they had been employed to bring meaningful changes to their communities.

"Masakhane is about payment of services and we as mayors must ensure that we provide services efficiently and also encourage our constituencies to pay for those services," Mogase added.

Masakhane national manager Chris Ngcobo said that although the payment of services had risen countrywide since the inception of the Masakhane campaign, levels had dropped in some parts of Gauteng.

(123) Star 18/12/95

Government must open door for housing, says Nedcor boss

eJ(BR) 19/12/95 (123)

By Llewellyn Jones

Johannesburg — The financial services industry has demonstrated its commitment to provide finance for those able to afford housing, and to provide resources for realistic housing projects, writes Nedcor chairman John Maree in the group's annual report for 1995.

The provision of acceptable housing remains one of the country's priorities and, while understanding the fact that housing is a long-term project, the lack of progress is nevertheless disappointing, he said.

"It is imperative that government moves rapidly and innovatively to ensure that large numbers of houses are built. The expectation of our people is that they actually see new houses being put on the ground.

"Government has the responsibility to finalise housing policies so that the various players, including business, can play their role in the provision of houses."

He said Nedcor had not only made R6,7 billion of bonds available this year, it had also put together a number of deals, including an agreement with USAid that would facilitate the financing of housing.

Framework

"I firmly believe that, provided the government puts the policy framework in place and draws on the expertise and resources of the private sector, next year could see the beginning of a major house-building programme."

On the economy, he said the achievement of high levels of economic growth was the country's greatest priority and should take precedence in all its planning.

"High growth rates, however, will be achieved only in circumstances of close co-operation between government and business, with each one understanding its role and playing it properly and effectively.

"It is therefore of concern that policy frameworks are only now being put into place and that in certain areas policy is still being thought through and discussed."

Business would only invest once it was confident that there was policy stability: "It cannot operate efficiently in an environment of uncertainty," he said.

Policy definition was therefore an essential prerequisite for economic growth and the government urgently needed to get policy in place in all areas of activity.

CALLING FOR ACTION *John Maree, the chairman of Nedcor*

Mayors for Masakhane

Sowetan 20/12/95 (123)

Masakhane is more than paying for rent and services. Each individual must take responsibility for nation building. Khangale Makhado explains why…

IT IS ALMOST a year since the launch of the Masakhane Campaign, which was devised with the sole purpose of reversing the culture of non-payment of rent and services, especially in the townships.

This culture had formed an integral part of the struggle aimed at bringing about the downfall of the apartheid regime. Also, there was no delivery of services, so communities argued that paying for non-existent services defied logic.

When the new Government came into being after the April 1994 elections, the culture of non-payment naturally had to make an about-turn.

As a result, the Masakhane Campaign became part of a drive to normalise governance and the provision of basic services at local level.

Economic development

Its aim was to persuade people across South Africa that they ought to contribute to rebuilding the country by participating in the process and paying for housing and other services.

When the campaign was launched, the masses were told it was aimed at accelerating the delivery of basic services and housing for the homeless and to stimulate economic development in both urban and rural areas.

It was also aimed at promoting the payment of rent, service charges and bond payments, thereby creating conditions for large-scale investments in housing and local economic development.

The Masakhane Campaign got a boost last Sunday when 14 mayors from major towns around the country pledged their support for the campaign.

The newly elected office-bearers convened at Johannesburg's Metropolitan Council chambers to discuss ways and means of popularising the campaign.

Other discrepancies

In their pledge, the community leaders took note of the fact that towns, villages and townships have been divided along ethnic and racial lines. These have different standards of infrastructure, separate tax bases and various other discrepancies.

The mayors committed themselves to integrating the previously divided communities by operating on the principle of non-racialism.

In the past, local administrations were not accountable to anyone either. Because they were not accountable to communities, people were unwilling to pay rent to those whom they had not elected.

However, as Masakhane Campaign manager Mr Chris Ngcobo, put it: "We are convinced that the advent of democratic local government has finally put structures and people in place who enjoy the confidence of the people.

"The mayors and councils are now in a position, as never before, to explain to the people the essential nature of services and housing payments and to motivate them to improve the situation dramatically."

Ngcobo further argues that there is broad agreement at local level, in the provinces and in national Government that Masakhane should continue at least for the duration of the Government of National Unity.

He concedes that the Government will collapse if people continue with their non-payment of rent and other services.

According to Ngcobo, Masakhane is about much more than just payment for housing and services, although that is important. Most important is for every individual to take responsibility for the community and for building the nation.

Partnership for upliftment

The campaign also entails a partnership for upliftment between individuals and their communities, the Government and the private sector..

It is about joining hands to fight crime too and creating conditions in which the law is respected and which allow law enforcement agencies to do their work properly.

Individuals and communities will be inspired to take responsibility and through their own initiatives, create jobs and improve their living and working environment.

While many people will argue that the Masakhane Campaign has been a damp squib and a waste of taxpayers' money, the Masakhane Campaign committee thinks otherwise.

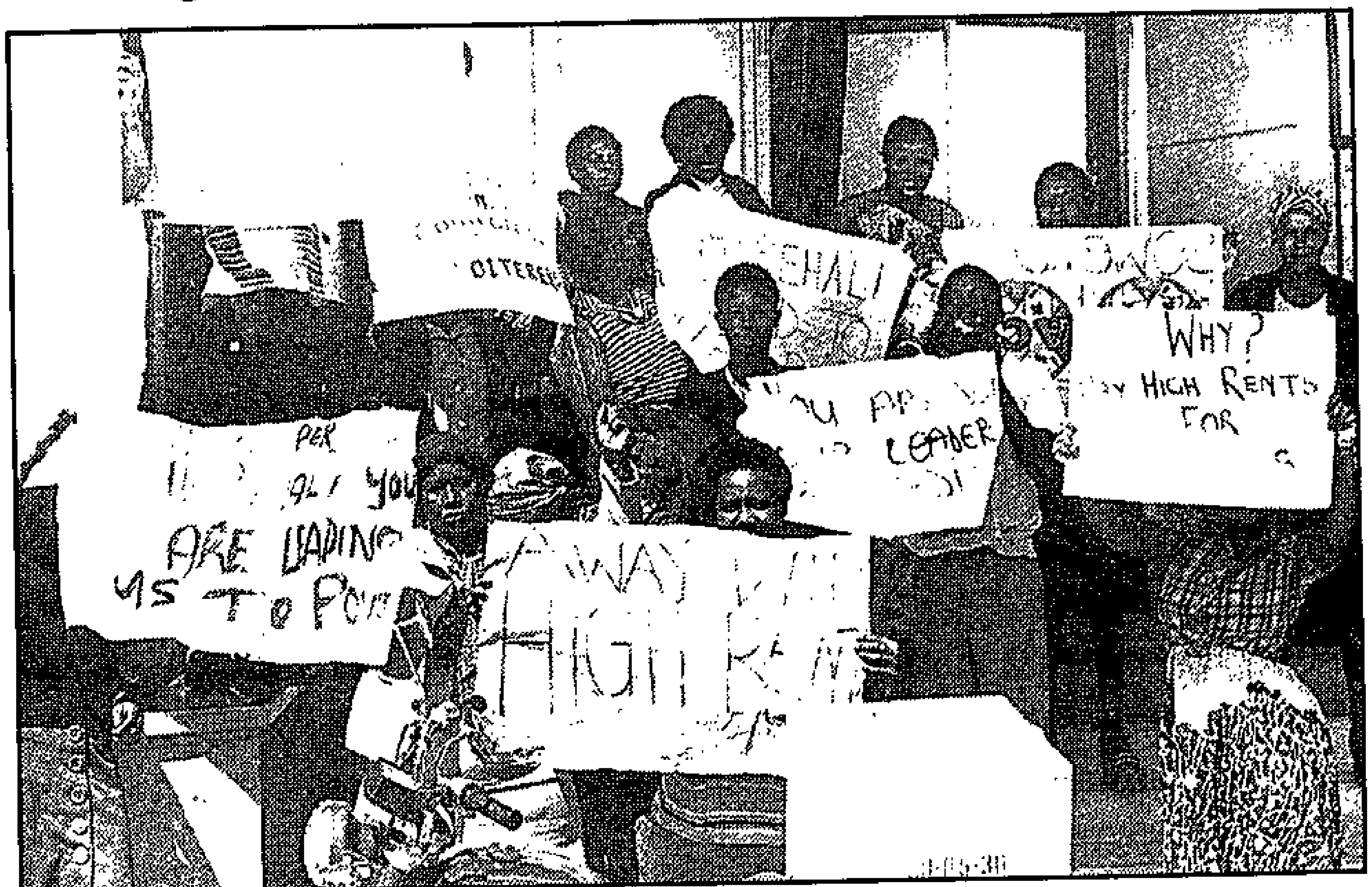
Many successes

The campaign, the organisers claim, has had more successes than failures. For example, four special-purpose trucks donated by Mercedes-Benz, visited 619 communities in all nine provinces in the past year.

This week's "Mayors for Masakhane" meeting has the aim of mobilising all the country's mayors in the first few months of 1996 to pledge their support for the campaign.

An analysis shows the campaign and its roadshow was effective in achieving its goal of informing the public of the need to pay for services: a record 73 percent paid.

When all is said and done, the results of paying for services will have to be visible before others decide to abandon their old ways and resume paying – lest they stand in the way of development.



The past … The Masakhane Campaign is trying end the rent and service boycotts.

Electrification connections fall short of national target

Mungo Soggot (123) BD 21/12/95

SA's mass electrification programme is set to make about 420 000 connections to the national grid this year — 30 000 short of target.

Eskom said yesterday it was poised to attain its 300 000 share of the 450 000 target after a record 47 000 connections last month.

But the national electricity regulator said that while some local authorities' electrification projects had progressed well, widespread turmoil at local government level and uncertainty about the future of the electricity supply industry had hit many programmes. It appeared 120 000 new connections would be made, instead of the 150 000 targeted.

A regulator spokesman said some local authorities appeared to be holding back until clarity emerged on the shake-up in the industry, which was likely to result in a single, decentralised national distributor. Their electrification push had also been slowed by the lack of housing delivery.

Eskom electrification planning manager Diana Theron said although Eskom was committed to making 300 000 connections a year until 1999, its annual capital outlay on electrification would be cut 10% in real terms until then.

It would therefore grow more difficult for it to meet its reconstruction and development programme commitment, particularly since the electrification programme was increasingly focusing on rural areas which were much more expensive to electrify.

Eskom hoped to chisel the cost of a connection from R3 372 to R2 421 in real terms by 1999.

Electrification projects manager Phumlani Moholi said whereas most of the connections this year had been made in the second half after the infrastructure had been erected, Eskom hoped to have wrapped up half of next year's target by June.

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BD 21/12/95 (123)

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Electricity for 300 000 homes in '96

Sowetan

123 21/12/95

By Joshua Raboroko

ESKOM is to spend R1 billion to electrify more than 300 000 homes and to create jobs in urban and rural areas in the new year.

Eskom electricity projects manager Mr Phumlani Moholi told a media conference in Johannesburg yesterday that 150 000 other electrification projects would be undertaken by local authorities nationally.

Most of the homes to be electrified would be in rural areas in the nine provinces, particularly in KwaZulu-Natal, Northern Province, the Eastern Cape and North West.

"The company is committed to electrifying 300 000 houses every year depending on community needs. The challenge is greater in the rural areas," he said.

The company would sub-contract small businesses and local communities in the delivery of most projects to create jobs for thousands of unemployed people.

Moholi said it was hoped that 50 percent of the work would be completed by June and 80 percent in September, provided there were no disruptions such as theft of property, robbery and violence in the areas.

He said the setback to many projects had been criminal elements who had caused delays to projects. With its high level of violence, KwaZulu was one of the areas hardest hit.

For the projects to succeed, residents would be expected to pay for the services to avoid cut-offs, Moholi said.

He disclosed that Eskom had lost about R200 million as a result of non-payment of tariffs by residents between 1991 and 1995. However, the level of payments had increased in most areas.

About 5 000 households are having their electricity supply cut off every month and the penalty for reconnection ranges from R50 to R750.

Eskom's national planning manager Mrs Diana Theron said the company was planning to undertake more projects a soon as new housing developments took place.

Housing policy too slow

Sowetan 22/12/95

With a shortfall of three million homes the authorities at all levels need to speedily arrive at a new housing policy, reports **Joshua Raboroko**

(123)

Moses Ndabambe, a former Transkeian, came to the gold mines of Johannesburg in 1980 to seek his fortune. But, after years of hard slogging underground, the machines stopped running.

Ndabambe was offered an R800 retrenchment package and asked to go back home. He had grown used to the bright lights of the city, however, and wanted to remain here.

But he did not have a home. He saw an open space on platform three of Johannesburg's railway station. There he built himself a shelter out of plastic and empty mealie-meal bags while seeking greener pastures.

It was not long before he found himself face to face with the law – the police charged him with illegally occupying the station. After paying admission of guilt fines, he kept on returning to the station.

"I became a guest in many jails. I joined other people who had invaded unoccupied flats in the city. Again and again I was frustrated when the law took its course," says Ndabambe.

Temporary relief

He found temporary relief when he joined hundreds of other people who occupied land in and around Johannesburg. Most of these settlements were near white suburbs and downgraded property values.

He is now employed and lives in the former SA Defence Force Drill Hall in Johannesburg as he still does not have a house.

The housing shortage has forced homeless people to seek shelter on street pavements, in railway stations, parks, disused buildings and any open field.

According to Housing Minister Mrs Sankie Mthembi-Nkondo, the housing backlog stands at three million. It remains the most critical factor in the way of development.

The actors in this drama are desperate homeless people, who have invaded land in search of shelter and security next to angry homeowners determined to protect their property rights, land value and personal safety.

Deeper problem

But land invasions are symptomatic of a deeper problem. Apartheid housing policies, by trying to keep black people out of cities, actively contributed to the present frustrations of the homeless.

Inappropriate policies, inadequate financing, racial fragmentation of housing authorities and the corruption that inevitably follows scarce resources all contributed to the existence of millions of homeless people.

Illegal land invasions, however, are not the solution to the plight of the homeless. While they may find short-term relief, the unplanned settlement of people undermines the ability to develop low-income housing.

The lack of sites has already resulted in sprawling, unplanned shanty towns, often on the periphery of white suburbs, but close to jobs and transport.

In addition, the unplanned nature of settlements generally makes it difficult and costly to provide services such as water and sewerage. Also, invaders often settle on land that is geographically unsuitable, prone to sink holes, rain and wind.

Finally, illegal invasions undermine any planning in the allocation of development finance for subsidies, bulk services and roads.

Permanent legal tenure is also difficult to provide in such circumstances, condemning land invaders to a life of constant instability and insecurity.

Homeless again ... land invasions, like those at Moffat Park, undermine the development of low-income housing.

Land invasions can also promote political opportunism, resulting in queue-jumping by some to the detriment of others.

In many instances, organised land invasions establish authority for a leadership which can exploit the new occupants, resulting in cycles of violence, exploitation and conflict.

Such conditions do not promote the stability and security that homeless people and their established neighbours are seeking.

International and local experience shows that illegal invasion of land is often only a short-term solution for the homeless. It is undesirable because it is detrimental to an effective and equitable housing programme for the poor.

Fast-track solutions are needed to provide urgent relief.

Since coming to office in April 1994, the Government has taken decisive action towards achieving the national goal of one million new homes over the next five years.

A comprehensive subsidy policy has been put in place to finance housing for the poor. This has resulted in R1,2 billion being allocated to housing boards for subsidies, more than 90 000 subsidies being awarded with a promise of 50 000 new mortgage loans in the new year.

As speedy and decisive as these interventions have been, they have not kept pace with the demand of the homeless for land. There is an urgent need to respond to present backlogs on a scale and at a pace not possible within the present housing policy

What is needed is a fast-track approach. Support programmes for housing construction such as technical advice centres, training of small building contractors and, in particular, establishing lending institutions for housing loans, are all necessary to ensure the long-term success of a fast-track system.

Finally, provincial and local governments must commit themselves to a fast-track system as well as to providing the longer-term investment required to overcome the housing crisis.

Reforms on line for electricity distribution

ST(BT) 24/12/95 (123)

By MARCIA KLEIN

ELECTRICITY distribution, currently undertaken by Eskom and more than 350 local government bodies, is unsustainable in its present form and could be rationalised under a single distributor by as early as mid-1996.

A draft report by the Electricity Working Group, which will be presented to the government after feedback, says rationalisation has to take place to meet the RDP electrification target.

Eskom, which generates 96% of the country's electricity, distributes to about 40% of consumers by number or 60% by sales volume. The balance is distributed by local government bodies.

The working group, which includes government and local government organisations, Eskom and the National Electricity Regulator, had to recommend a distribution structure and look at the effect of rationalisation on the funding of local governments.

The draft says the generation and transmission sectors are operating efficiently. But distribution "is unable to meet the objectives of the industry".

In the proposed dispensation, electricity would be supplied by a single distributor owned either by the state or by Eskom and local governments jointly. "Whether it is a parastatal or a private company, it should remain in the public sector," says Ian McRae, co-chairman of the working group.

The group's aim is to establish an industry financially independent of the government. It must also meet the objectives of the RDP and restructure without increasing electricity prices or collapsing local governments which collectively earned a surplus of R1,7-billion in 1994 from sales of electricity and used this to fund other services.

As alternative sources of revenue do not seem to be available, the electricity supply industry would have to foot the bill for these services.

The draft says the electrification programme is not economically feasible and has to be subsidised. It costs R2 500 to bring electricity to the average small house.

The draft says the industry has to bring electricity to 60% of the population who do not have it and continue to supply lowest cost electricity to industrial, commercial and agricultural consumers.

Power surge from Eskom

By THABO KOBOKOANE

MORE than 297 000 houses have been electrified this year and Eskom is on track to exceed its target of 300 000, according to Phumlani Moholi, the utility's electrification projects manager.

This means that more than 904 000 houses in urban and rural areas have been connected to the national grid since the drive to electrify 300 000 houses a year began in 1991.

At least 300 000 houses will be electrified every year until the end of the decade in terms of Eskom's commitment to the reconstruction and development programme. Eskom is set to achieve this target, despite theft of electricity, meter tampering and non-payment of accounts, which has cost it more than R1-billion since the mid-1980s.

Mr Moholi says a further 150 000 electrification projects will be undertaken next year by local authorities.

Diana Theron, electrification planning manager at Eskom, says 90% of the utility's projects will be undertaken in rural areas, where there is a backlog, and because of the slow start in the government's housing programme.

Only 10% of the 300 000 houses earmarked for next year will be electrified in urban areas.

The rural areas represent a challenge for Eskom, says Mrs Theron, because they are expensive to electrify and "we only have a budget of R1-billion annually, which continues to decline in real terms annually.

"It is getting tighter every year . . . and there is a lot of pressure to improve our planning in order to meet our targets," she says.

LETTERS

Still no houses for the poor

(123) BD 27/12/95

DOMINIC TWEEDIE

BEFORE Joe Slovo became, surprisingly, the first post-apartheid housing minister — even before the government of national unity (GNU) and the reconstruction and development programme (RDP) — there was the National Housing Forum (NHF). The regional housing meetings, the Botshabelo accord and the housing White Paper of 1994 were essentially events in a launch campaign for products precooked in the NHF oven.

In other words, Slovo bought his policies off the peg. The new, mass low-cost housing production method was to be cloned out of the old suburban one.

The existing housing finance and construction industry and their methodology were to be at the core. People and organisations from these industries have strongly influenced subsequent events, and former NHF personalities have staffed many of the structures, the number of which is wondrous to behold.

They include the National Housing Board (NHB), the provincial MECs and provincial housing boards, the subsidy mechanism, the Mortgage Indemnity Fund (MIF), Operation Masakhane, Servcon Housing Solutions, the National Home Builders' Registration Council, the National Housing Finance Corporation, the building support centre scheme as well as new local authorities and substructures.

The banks have Cosab and the Association of Mortgage Lenders (ALH). The construction industry has Cocosa, the ABA, NAFBI, Nabcat, the NAHB, IHSA, AGC, Bifsa, Safcec and many others, not to mention the variety of firms.

Some, but not many, of these groupings may disappear in a unification process. There are also non-governmental organisations, community-based organisations and civic associations that are part of the SA National Civics Organisation (Sanco).

The magnet that draws all these bodies, as the moon draws the tides, is the huge pot of subsidy money allocated by central government. Is it R2bn? Will it be 5% of GNP soon? It hardly matters. It is so large as to be bigger than the greediest imagination. Only a small proportion has been spent.

All these groups have laboured mightily, and brought forth a mouse. Output is slightly above 10 000 units in 18 months. The need is much greater than the 350 000 units a year that were projected to be built.

This is failure. The present minister, Sankie Mthembi-Nkondo, is not responsible for the shape of things she inherited from the late Joe Slovo, but neither can she be said to have done much to change matters. Nothing stands completely still, however. Forces are on the move.

The banks and the construction industry are consolidating and reinforcing their stance. The banks have achieved an arm lock: Unless their non-performing loans and properties in possession are rescued for them by government (via Masakhane and Servcon) nothing moves — not even for the majority of homeless whom the banks have no intention of helping. They have become the dog in the manger.

The banks have also locked up the construction sector via the registration council. This non-statutory scheme is nevertheless compulsory because no bank finance will be granted to firms that do not submit to it. Deprivation of finance is a business death penalty. The council is cartelisation in the guise of consumer protection — a very old tradition in the building trade.

There is movement also from a completely different direction. It has long been recognised internationally (for example by the UN Centre for Human Settlement) that it is the poor that house themselves, and that the typical sequence in developing countries is occupation-shelter-services-title — the exact reverse of the suburban mortgage-bonded process.

Sure enough, in SA we have a housing boom of this kind, totally outside the whole alphabet soup complex. This is the squatter movement, also ongoing since before Joe Slovo's time. The land affairs ministry is compelled to recognise this movement, and the upcoming Development Finance Act will regularise an official quasi-squatting procedure. There will be interim title, and a simple route to township status. The housing department is ready to assist with building support centres.

The de facto settlement of millions of people without the benefit of the NHF-originated policies and structures makes a lot of them seem rather irrelevant and very expensive. This contradiction may provide the occasion for the minister to intervene and make her personal contribution to SA housing history.

Beyond that, it is the actual planning of individual towns and cities that will begin to aggregate the numbers of houses needed. This process — the conscious, site-specific design of our new urbanism — has hardly begun.

□ **Tweedie is a freelance builder, designer and consultant. He has worked in homeless people's settlements in different parts of SA.**

Poor support for Masakhane 'hampering housing plans'

BD 28/12/95 (123)

Robyn Chalmers

LACK of capacity at local government level and poor political support for the Masakhane campaign at all levels is severely hampering progress on the low-cost housing front, says the Mortgage Indemnity Fund.

Attempts to make significant progress with the campaign, the reconstruction and development programme and Servcon were unlikely to succeed until strong links were formed between communities and local authorities, fund CE Nkululeko Sowazi said.

Assessment of areas for cover under the mortgage indemnity scheme had gone well, with more than 450 areas assessed and 329 areas granted cover. However, the granting of cover had caused problems as it was moving ahead of other key components of the housing programme, such as the Masakhane campaign, which were all meant to fit together.

The fund was set up this year to indemnify banks against loss where they were unable to repossess homes because of a breakdown in the due process of law. Areas granted cover were more likely to attract investment.

Sowazi said normalisation of bond and service payments was slow because many local authorities' relationships with communities were limited. "We are finding that local government structures have a huge impact on housing delivery mechanisms and the payment normalisation process. Outside parties are unlikely to be able to forge the relationship that local authorities can. For Masakhane to work, the circumstances of communities have to be upgraded in a visible form and there has to be an ongoing process of education and communication." Sowazi stressed that support from all levels of government was essential for the payment normalisation process to succeed.

There were few signs that people

Continued on Page 2

Housing

(123)

Continued from Page 1

BD 28/12/95

were buying into Servcon — a joint venture between banks and government set up to deal with non-performing bank loans and repossessed properties — but this was likely to be a long process, he said.

Since the local government elections, local authorities had expressed interest in the mortgage indemnity scheme, particularly as many were in severe financial straits.

Local authorities' financial difficulties would force them to be more active in finding solutions to services boycotts and non-payment for services attributable to a lack of comprehensive billing systems and paypoints. It was recently estimated by government sources that up to 65% of people in townships were not paying for services, and that further write-offs would have severe implications for the fiscus.

Figures from the fund showed banks had significantly underestimated the extent of problems with repossessions and non-performing loans. More than 42 000 were recorded across the country, against banks' original estimate of 16 000.

Khayalethu Home Loans, the SA Housing Trust's home loan finance subsidiary, had been particularly badly affected with about 45% of its clients taking part in a bond boycott.

Sources said the housing policy was forged on several assumptions, including that the breakdown in local administration and the due process of law was rectified and the non-payment of bonds and services was moving to a more normal scenario.

This was not happening. Information from the fund showed bond and service payment boycotts were worsening in a few areas. This meant the private sector, mortgage lenders in particular, found the risk in townships too great to invest and the housing programme could not deliver.

Rental stock shortage as people flock to cities

BD 29/12/95 (123)

Robyn Chalmers

AN ACUTE shortage of residential rental property stock has materialised in cities around SA over the past few months, and rentals are under pressure largely due to the rise in the bond rate and the influx of people to the cities, estate agents said yesterday.

Camdon First National CEO Scott McRae said a large number of foreign businessmen had come into SA on a temporary basis after the local government elections and this was placing further pressure on rental stock.

"The situation is only likely to be relieved if there is a drop in mortgage rates, the prospects of which are not good right now.

"A spate of new developments for rental would also relieve the situation but the lead time before new developments come onto the market ensures this will not happen in the near to medium term," he said.

De Huizemark joint MD Andre Hamman said good price gains in residential property had been made since last year's general election which was one of the reasons for the sharp rise in rentals. A further factor was that formerly disenfranchised people were now able to choose where they could live, there was greater pressure on rental housing in the more central areas.

"A large number of people have relocated to former whites only areas, and since they are often not able to sell their township properties, they have been forced into renting homes.

Hamman said the trend was widespread and it was inevitable that rental stock would come under increasing pressure and be subject to regular increases which could be greater than average bond repayments.

However, rentals for flats appeared not to have followed the same trend as house rentals, with Rode & Associates head Erwin Rode saying flat rentals had weakened in real terms across the board over the past year.

However, Rode said Durban's flat market had continued to do well, with bachelor and three bedroomed flats having performed above average since 1990 and rentals having grown in real terms by more than 60% over the past five years.

The growth in real rentals for most flats in Cape Town, however, had been negative since 1993.

The Johannesburg market for bachelor and one-bedroomed flats had also performed reasonably well, with a real growth in rentals.

Call to find a way forward

Concern over progress on housing policy

(123)

BD 29/12/95

Robyn Chalmers

THERE are growing rumbles of discontent among parliamentary and provincial officials about the performance of the housing ministry, particularly regarding the slow progress being made on the housing White Paper.

The White Paper, government's official document on the way forward for housing, was published for comment more than a year ago, but appears to have been quietly buried since then.

In addition, Housing Minister Sankie Mthembi-Nkondo met the nine provincial housing ministers last month to discuss pressing housing issues for the first time since July — a four-month gap between meetings.

An industry source said there had been little direct contact between the provincial ministers and the housing ministry until last month's meeting, at which important decisions were believed to have been taken on the powers of provincial housing ministers. "The minister appeared to have cocooned for a while to ensure she was up to speed with a range of issues, but there are a number of important announcements due early next year."

Parliamentary sources said concern had been expressed about the slow progress on the White Paper and on the blockages identified in the low-cost housing programme.

One official said the ANC study group had submitted to the housing ministry a range of suggestions on and criticisms of the White Paper but had not yet had feedback. Another said there had been little communication with the parliamentary standing committee on housing, despite members' requests for clarification on issues.

"There is a strong call from a number of involved bodies for a comprehensive meeting with all the stakeholders in housing to find a way forward and clear up the confusion surrounding housing issues," said the source.

Housing department director-general Billy Cobbett said the ministry was dealing with a wide range of issues, including the White Paper. Another was the task team report.

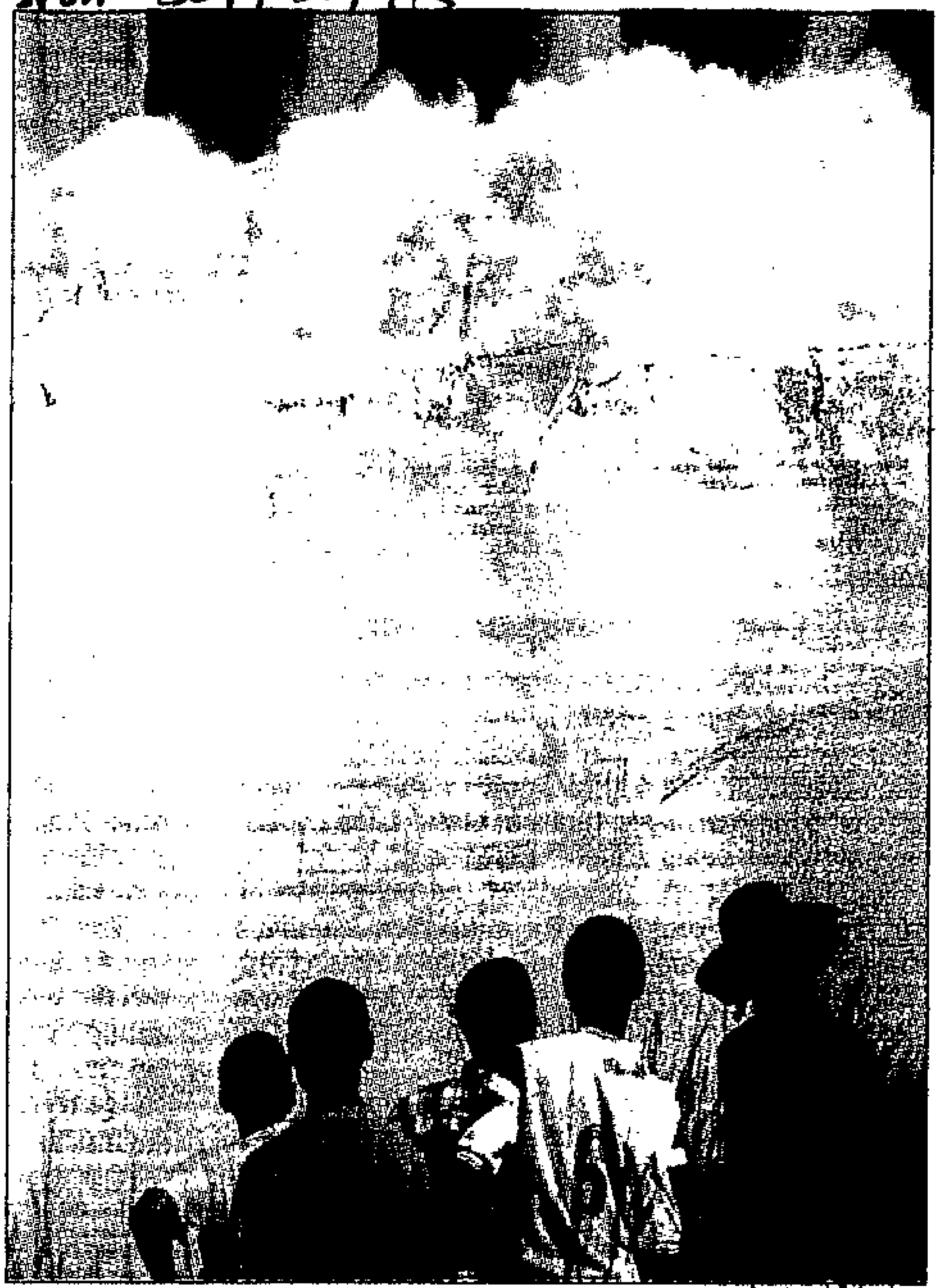
A government official said much of the confusion would be cleared up when the ministry published the task team report, which addressed constraints in housing delivery, early next year. While significant adjustments could be made to the White Paper, the basic thrust of the housing programme would remain the same.

Other recommendations expected in the task team report included greater force to implement the law and for more police who were better paid as there had been a breakdown in legal procedures regarding home ownership in large parts of SA.

Dams fill, but water quotas are here to stay in new SA

(123) Star 30/12/96

By WILLIAM-MERVIN GUMEDE



Children watch the Vaal Dam's overflow PHOTOGRAPH: THYS DULLAART

Water quotas will be a permanent feature of the daily lives of South Africans in the near future in spite of the filling of some of the country's dams in recent weeks, according to the water affairs and forestry department.

Communications head Christa Barnard said water shortages remain one of South Africa's biggest problems.

Water Affairs minister Kader Asmal announced this week that water restrictions in Gauteng are to be lifted following the good inflow of water into most of the province's dams.

Rand Water Board chief Vincent Bath said residents of the greater Johannesburg and Pretoria metropolitan areas would no longer pay penalties for exceeding quotas.

But he said in the long run "some kind of penalty system" would be imposed "to discourage wastage".

Barnard said a draft paper for a future water policy was in progress and should be ready in the first half of next year.

She said the paper would be a culmination of the department's water conservation campaign started in September.

Tony Heard, special adviser to Asmal, also warned that in spite of heavy rainfalls there was still a water shortage. "It remains a critical problem and people should continue to conserve water," he said.

The heavy rains have relieved the drought in most of the areas around the Vaal River system which includes Rustenburg, Kimberley, Welkom, Bethal, and Carletonville.

According to Barnard, the Vaal Dam is expected to reach maximum capacity today.

Barnard said it was vital that as much water as possible was stored in the Vaal River system to ensure adequate supplies for the next two years.

The dams in the Vaal River system supply water to Gauteng, as well as Sasol II, parts of the North-West and power stations in Mpumalanga.

The Sterkfontein Dam, a reserve for the Vaal Dam, was only 46% full and water still had to be used sparingly.

Despite good rains over much of South Africa's drought-stricken areas, several parts of the Northern Province remain disaster areas, agriculture department spokesman Gerry Mashapu said this week.

In the Letaba district the situation is so severe that water still has to be transported to the villages. More than one million citrus and subtropical fruit trees are said to have died in the protracted drought.

The Messina district is also still drought-stricken, while 30% of the Soutpansberg area, and parts of Phalaborwa and Koedoesrand face severe drought.

Major dams have received little inflow and the available water may be used only by primary consumers.

Mashapu said livestock had decreased to less than 30% of the normal carrying capacity in most of these areas.

According to the water affairs department, water restrictions are beginning to be lifted in parts of KwaZulu Natal.

Barnard said water releases from the Klipfontein Dam regulate the flow in the White Mfolozi River. The Goedertrouw Dam, however, is still only 30% full.

Home defects scheme slammed by builders

(123)

By TOM HOOD

THE government-backed Home Defects Warranty Scheme will result in the cost of housing in the lower end of the residential market being increased for those people who can least afford it, says a leading Cape builder, Barry van Breda.

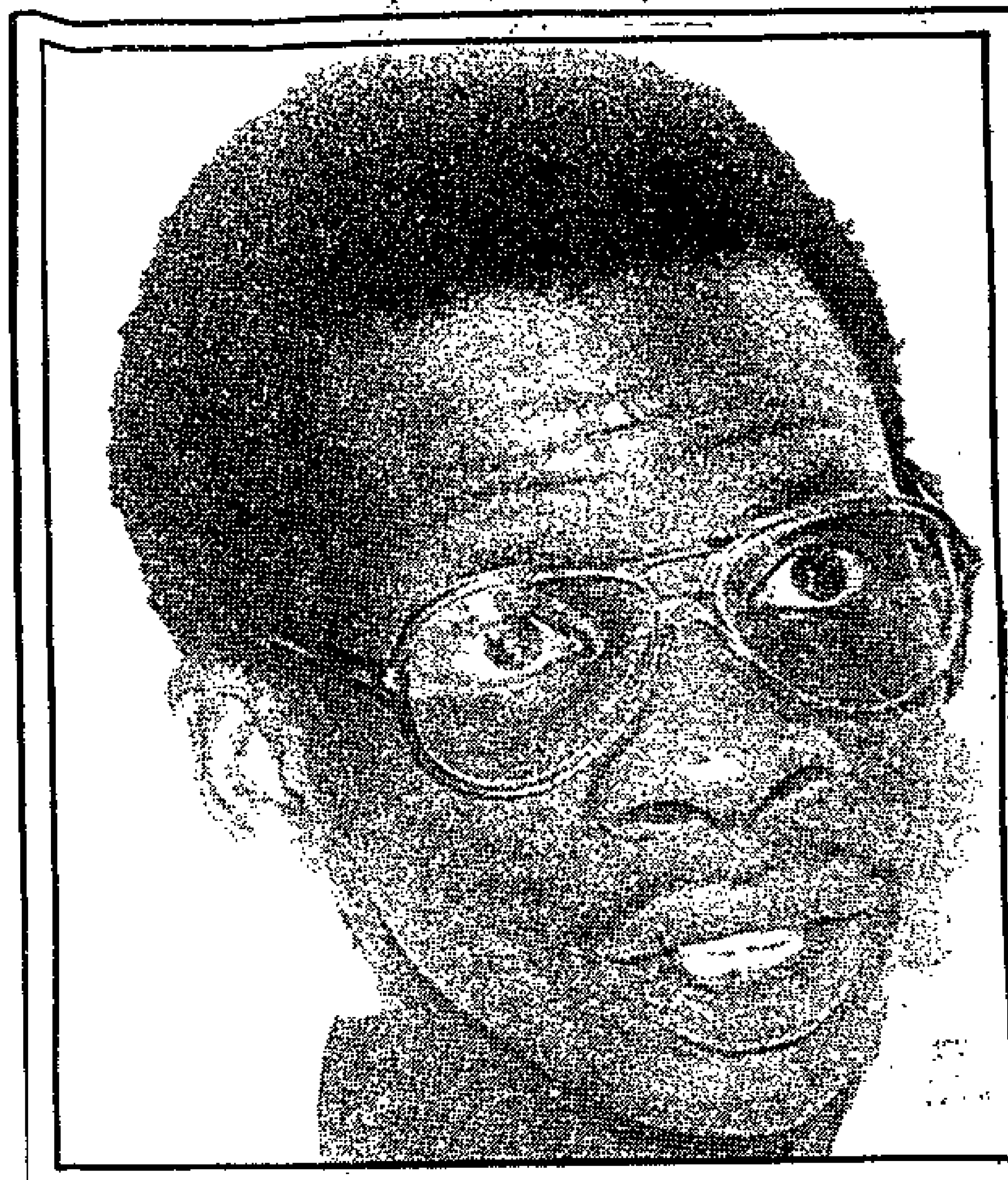
"The scheme is ill-conceived and unlikely to achieve its original intention of putting an end to consumer boycotts."

Mr van Breda, outgoing president of the Cape Master Builders Association, said the ball was now clearly in the court of the banking community and it remained to be seen whether they would deliver on their promises to grant at least 50 000 loans to low-income home owners within the next 12 months.

If they did not deliver, the building industry would withdraw from the scheme, he said. But he added he was optimistic about the future of the building industry in the Western Cape.

Mr van Breda said the industry would be boosted by the increase in tourist trade, several large hotel developments in Cape Town, the forthcoming Goodwood showground and the Milnerton racecourse and Tyger Valley redevelopments.

ST (M) 31/12/95



CUNNINGHAM NGCUKANA of Nactu

Second breath for Masakhane

(123)

Nedlac to give new life to reconstruction campaign

CP 3/12/95

By JEFFERSON LENGANE

A FRESH look is to be taken at the Masakhane campaign – which some say has failed.

At a meeting of Nedlac's executive council this week, Nedlac's Development Chamber recommended that the Masakhane programme be redefined and relaunched in February 1996.

Based on a brief discussion memorandum from government, a drafting committee has been established to develop proposals for submission to the chamber.

■ Among the issues the committee will look at are: a definition of the campaign's objectives, institutional responsibility for the campaign, the changed context of the campaign given the local government elections, which issues should be included in the campaign, funding options, making documents more user-friendly and instruments for measuring the campaign's success.

■ Following the government's tabling of its proposed urban and rural development strategies to the chamber last month, the chamber this week also agreed on a process for considering these documents.

Advertisements have been placed calling for public submissions and over 1 000 sets of documents have been issued to interested parties.

The deadline for submissions is tomorrow – after which chamber discussions will begin to seek consensus on urban and rural development strategies.

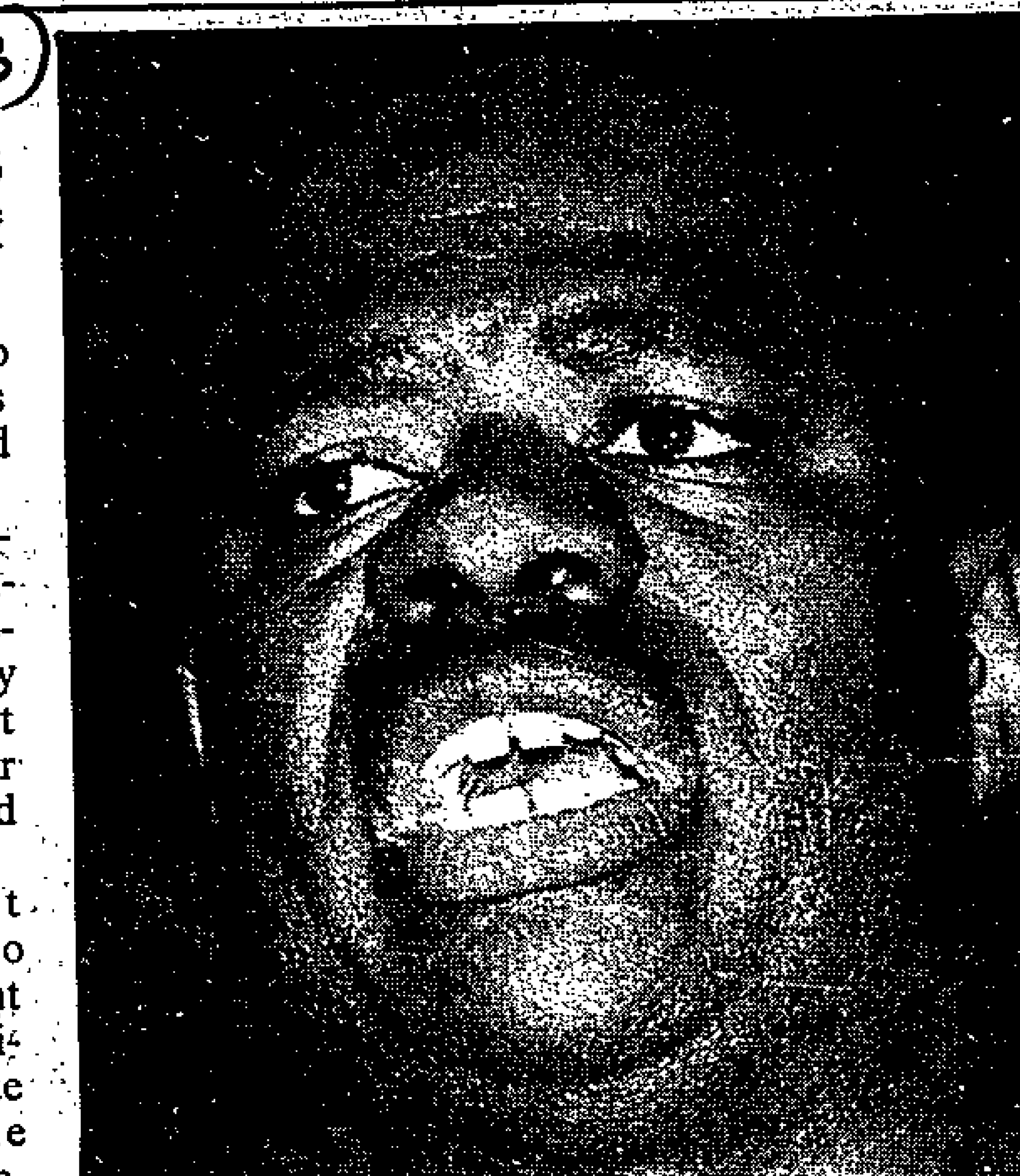
The chamber aims to produce an unanimous report, to be taken into account in the drafting of a White Paper.

Public hearings will be held in January 1996 and the report is to be finalised by the end of that month.

The chamber is also considering the matters of housing policy and rental stock.

The chamber also announced the establishment of a National Development Agency (NDA) this week – but the community partner in the chamber accepted this with reservations.

Minister Without Portfolio Jay Naidoo said that the government must take a final decision on the draft minute of agreement on the issues – which will constitute a binding agreement.



SAM SHILOWA of Cosatu.